Summary of Consolidated Financial Statements for the Fiscal Year Ended June 30, 2021 [IFRS]

August 12, 2021

Listed Company:	MACROMILL, INC.
Stock Exchange:	Tokyo Stock Exchange
Code Number:	3978
URL:	https://www.macromill.com
Representative:	Toru Sasaki, Representative Executive Officer, Global CEO
Contact:	Masahiro Shimizu, Executive Officer, Global CFO
Tel.:	+81-3-6716-0706
Scheduled date of ordinary general meeting of shareholders:	September 29, 2021
Scheduled date of the start of dividends payment:	September 30, 2021
Scheduled date to submit annual securities report:	September 30, 2021
Supplementary material for financial results:	Yes
Briefing on financial results:	Yes (for analysts and institutional investors)

1. Consolidated Financial Results for the Year Ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

(1) Consolidated Business Performance

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

(Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of the parent		Total comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended June 30, 2021	43,175	4.6	5,362	–	4,887	–	3,493	–	2,822	–	3,575	–
Year ended June 30, 2020	41,270	(6.8)	396	(94.9)	8	(99.9)	(1,685)	–	(2,131)	–	(1,847)	–

	Basic earnings per share	Diluted basic earnings per share	Return on equity (ROE)	Return on assets (ROA)	Operating profit to revenue
	Yen	Yen	%	%	%
Year ended June 30, 2021	70.08	69.61	9.9	6.1	12.4
Year ended June 30, 2020	(52.94)	(52.94)	(7.4)	0.0	1.0

(Reference) Investment profit on equity method Year ended June 30, 2021: (0) million yen Year ended June 30, 2020: 2 million yen

(Reference)

	EBITDA		EBITDA margin
	Million yen	%	%
Year ended June 30, 2021	8,680	0.3	20.1
Year ended June 30, 2020	8,651	(5.6)	21.0

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Owners' equity per share
	Million yen	Million yen	Million yen	%	Yen
As of June 30, 2021	84,041	32,933	29,236	34.8	739.44
As of June 30, 2020	77,150	30,736	27,563	35.7	683.61

(3) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended June 30, 2021	6,023	(1,133)	631	19,079
Year ended June 30, 2020	7,785	(2,157)	(2,395)	13,310

2. Dividends

	Dividend per share					Total amount of dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended June 30, 2020	–	0.00	–	11.00	11.00	443	–	1.5
Year ended June 30, 2021	–	0.00	–	13.00	13.00	513	18.1	1.8
Year ending June 30, 2022 (forecast)	–	8.00	–	8.00	16.00		23.4	

3. Forecast of Consolidated Financial Results for the Year Ending June 30, 2022 (from July 1, 2021 to June 30, 2022)

(Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	47,400	9.8	5,100	(4.9)	4,700	(3.8)	3,200	(8.4)	2,700	(4.3)	68.47

(Reference)

	EBITDA		EBITDA margin
	Million yen	%	%
Full year	7,900	(9.0)	16.7

* Notes
(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No
New: –
Exclusion: –

(2) Changes in accounting policies and changes of accounting assumptions
(i) Changes in accounting policies as required by IFRS: No
(ii) Changes in accounting policies other than (i): No
(iii) Changes in accounting assumptions: No

(3) Number of shares outstanding (common stock)
(i) Number of shares issued (including treasury stock) at the end of the term:
As of June 30, 2021 40,380,500 shares As of June 30, 2020 40,320,300 shares
(ii) Number of shares of treasury stock at the end of the term:
As of June 30, 2021 841,835 shares As of June 30, 2020 135 shares
(iii) Average number of shares during the period
Year ended June 30, 2021 40,268,344 shares Year ended June 30, 2020 40,255,415 shares

(Reference) Summary of individual operating results
1. Individual operating results for the Year Ended June 30, 2021 (from July 1, 2020 to June 30, 2021)
(1) Individual operating results (Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Recurring profit		Profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended June 30, 2021	22,523	2.7	1,294	(42.4)	1,386	(43.2)	358	–
Year ended June 30, 2020	21,934	(4.3)	2,245	(33.3)	2,440	(31.2)	(2,227)	–

	Earnings per share	Earnings per share after adjustment of potentially dilutive shares
	Yen	Yen
Year ended June 30, 2021	8.91	8.85
Year ended June 30, 2020	(55.33)	–

(2) Individual Financial Statement

	Total assets	Net equity	Equity ratio	Book value per share
	Million yen	Million yen	%	Yen
As of June 30, 2021	56,442	13,920	24.7	352.08
As of June 30, 2020	53,477	14,705	27.5	364.71

(Reference) Net worth equity capital As of June 30, 2020 14,705 Million yen As of June 30 2021 13,920 Million yen
<Reason for difference from the previous fiscal year actual results of the individual operating results>
Macromill recognized a loss on the valuation of shares of subsidiaries and associates and provision of allowance for doubtful accounts in the fiscal year ended June 30, 2020. This creates a difference in the results between the fiscal year ended June 30, 2021 and the fiscal year ended June 30, 2020.

* This summary of financial results is not subject to audits conducted by certified public accountants or audit firms.

* Note regarding proper use of results forecasts and other special comments
(1) The Company has decided to conduct a share buyback program at the Board of Directors meeting held on May 13, 2021.
This transaction based on the above resolution of the board of Directors has completed on July 8, 2021.
Regarding this transaction of the share buyback program, refer to the "Notice Regarding the Status of Share Buyback Program and its Completion" disclosed on July 9, 2021.
Note that "Basic earnings per share" in the Forecast of Consolidated Financial Results include the impact of the share buyback program up to July 8, 2021.
(2) The Group applies the International Financial Reporting Standards (hereinafter "IFRS") to and after the fiscal year ended June 30, 2016.
(3) The forward-looking statements, such as results forecasts, included in this document are based on information available to the management as of the date of the document and certain assumptions that the management considers reasonable. The Company does not promise that the forecasts will be achieved. Actual results may differ significantly due to a range of factors.
(4) EBITDA = operating profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss
(5) EBITDA margin = EBITDA / revenue
(6) EBITDA and EBITDA margin are not the indicators specified by IFRS, but are the financial indicators that the Group considers useful for investors to evaluate the business results of the Group.
(7) EBITDA and EBITDA margin should not be considered as indicators to replace the other indicators shown in accordance with IFRS because they do not include some of the items that affect the profit for the year, so they are subject to significant restrictions as a means of analysis. EBITDA and EBITDA margin disclosed by the Group may be less useful in comparison with the same or similar indicators of other competitors because they are calculated according to a different method from that of such other companies.

Accompanying Materials - Contents

1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended June 30, 2021

(i) Explanation of the operating environment

During the fiscal year ended June 30, 2021 (July 1, 2020 to June 30, 2021), the global economy saw vaccination campaigns and other initiatives aimed at reducing the impact of the Covid-19 pandemic in some countries and regions. However, the situation differed by region, and therefore the outlook for the future remained uncertain amid moves to restrict economic activities once again. In Japan’s economy, too, the outlook for the end of the crisis currently remains uncertain, with a state of emergency declared in regions facing a surge in Covid-19 cases and restrictions on economic activities imposed in response to the resurgence of the disease, causing concerns about the prolonged negative impact on the economy.

Looking specifically at the marketing research sector, the total global marketplace reached an estimated value of $46.4 billion, with online marketing research accounting for $20.5 billion (*1). In Japan, the size of the overall marketing research sector was 220.2 billion yen, with online marketing research valued at 80.7 billion yen (*2). Although there is also the concern that the market will contract again in the short term due to the impact of the Covid-19 pandemic, the anticipated adverse effect could be alleviated by the marketing research sector shifting even further online in the medium term.

In this economic and market environment, the Group’s results continued to be negatively affected by the Covid-19 pandemic, but the effect gradually diminished and, with revenue in the fiscal year ended June 30, 2021 exceeding the level a year earlier, there are growing indications of a recovery in revenue. The Group considers the safety and health of its clients, consumer panels, employees and other stakeholders to be its top priority. Therefore, the Company has been implementing measures to prevent the spread of the virus in line with government guidelines in each region. Simultaneously, the Group has been actively implementing measures in response to the changing business environment to increase opportunities to use online marketing research, which is the Company’s strength. This includes submitting new proposals to clients and strengthening our research structure through remote working.

Aside from the impact of Covid-19, the business environment in which the Group operates is changing dramatically. Clients marketing challenges are becoming increasingly sophisticated and diverse, with more consumer contact points (touchpoints) and the increasingly widespread use of all kinds of big data, AI and marketing tools. In the digital-related domain in particular, changes in the business environment have been accelerating. This is partly because the regulations for handling personal information are being strengthened worldwide, and the revised Act on the Protection of Personal Information will be enforced in Japan. Consequently, leading platform operators are experiencing a growing trend of handling personal information more carefully, which is expected to continue. As a result, we can now see cases where the distribution of digital advertising by our clients is starting to be affected.

In the short term, these changes in the business environment may create challenges for the Group. However, marketing activities are indispensable for client companies. New demand to accurately understand changes in consumers’ perception and behavior are emerging as a result of the pandemic. In addition, we regard the shift to digital in clients’ marketing activities as an unstoppable trend in the medium- to long-term. We understand that the ‘New Normal’ obligated by the spread of , including client initiatives to promote Digital Transformation (DX), will lend further impetus to this trend.

The Group maintains an active approach to supporting the digitization of marketing activities undertaken by client companies. Our solid relationships with our consumer panels will continue to provide added value in the age of digitization. The Group has been undertaking initiatives for comprehensively handling a huge amount of diverse data points, including attribution, purchase, and consumption data, and behavioral, awareness and biological data, which are available from these consumer panels. The Group aims to address the changes in the business environment by proactively offering new consumer insights obtained through these initiatives as its proprietary services to client companies.

(ii) Explanation of the operating results

An overview of the Group's operating results is as follows:

Consolidated financial results (Million yen unless otherwise indicated)	Fiscal year ended June 30, 2020 (Previous fiscal year)	Fiscal year ended June 30, 2021 (Fiscal year)	Increase/decrease	Change %
Revenue	41,270	43,175	+1,904	+4.6%
Japan and Korea Business	33,025	34,088	+1,063	+3.2%
Overseas (ex-Korea) Business	8,380	9,221	+841	+10.0%
EBITDA	8,651	8,680	+28	+0.3%
Operating profit	396	5,362	+4,965	–
Profit before tax	8	4,887	+4,879	–
Profit attributable to owners of the parent	(2,131)	2,822	+4,953	–

During the fiscal year ended June 30, 2021, while revenue in both the Japan and Korea Business and the Overseas (ex- Korea) Business segments were affected by the pandemic from the start, the impact diminished with each passing quarter. Demand of marketing research in clients was on the recovery path and, as mentioned earlier, new demand to accurately understand changes in consumers' perception and behavior are also emerging as a result of the pandemic. Under such circumstances, the Group's consolidated revenue for the fiscal year ended June 30, 2021 exceeded the level a year earlier, reaching 43,175 million yen (up 4.6% year-on-year). (For an overview of results by segment, refer to "(iii) Explanation of operating results by segment" in the following section).

In terms of expenses, Other in Operating Expenses such as office utilities and travel expenses decreased due to the introduction of remote working and restrictions on traveling. However, as a result of revenue recovery, which was faster than anticipation, employee expenses rose sharply to strengthen the structure for receiving orders, and outsourcing expenses also increased. As a result, operating expenses increased year-on-year but since the Company recorded an impairment loss of 5,280 million yen for goodwill linked to the Overseas Business (ex-Korea) in the fourth quarter of the previous fiscal year, total operating expenses were lower than the level a year earlier.

Consequently, the Group recorded earnings before interest, taxes, depreciation and amortization (EBITDA) (*3) of 8,680 million yen (up 0.3% year-on-year). Also, as an impairment loss was recorded for the previous fiscal year, operating profit, profit before tax, and profit attributable to owners of the parent all increased significantly from the previous year, with operating profit of 5,362 million yen (396 million yen in the same period of the last fiscal year), profit before tax of 4,887 million yen, and profit attributable to owners of the parent of 2,822 million yen. The above profits include the impact of recording income of 341 million yen from paycheck protection subsidies mainly in the Overseas Business (ex-Korea).

Return on equity (ROE calculated using the data for the preceding 12 months) stood at 9.9% (up 17.4 percentage points year-on-year, or down 0.1 percentage points year-on-year excluding the goodwill impairment loss recorded in the fourth quarter of the fiscal year ended June 30, 2020.) The interest coverage ratio (*4: calculated in the last 12 months) was 12.9 times (from 1.1 times in the corresponding period of the prior fiscal year or 14.6 times excluding the impairment loss of goodwill posted in the fourth quarter of the fiscal year ended June 30, 2020).

(iii) Explanation of operating results by segment

The overview of operating results by segment of the Group is as follows:

Consolidated financial results by segment (Million yen unless otherwise indicated)	Fiscal year ended June 30, 2020 (Previous fiscal year)	Fiscal year ended June 30, 2021 (Fiscal year)	Increase/decrease	Change %
Revenue	41,270	43,175	+1,904	+4.6%
Japan and Korea Business	33,025	34,088	+1,063	+3.2%
Japan	29,447	29,978	+531	+1.8%
Korea	3,596	4,127	+531	+14.8%
Overseas (ex-Korea) Business	8,380	9,221	+841	+10.0%
US	4,021	4,246	+225	+5.6%
Europe	3,188	3,513	+325	+10.2%
Other	1,171	1,463	+292	+24.9%
Segment EBITDA	8,651	8,680	+28	+0.3%
Japan and Korea Business	8,006	7,660	(345)	(4.3%)
Overseas (ex-Korea) Business	645	1,020	+374	+58.0%
Segment profit or loss	396	5,362	+4,965	–
Japan and Korea Business	5,712	5,076	(636)	(11.1%)
Overseas (ex-Korea) Business	(5,315)	286	5,602	–

(Japan and Korea Business)

In Japan, despite the impact of the Covid-19 pandemic, demand for marketing research from client companies continued to recover as economic activities gradually resumed. The Group introduced the implementation of flexible sales measures with integrated sales and delivery team structure in response to client needs and continued to focus on the sale of digital marketing products, including the DMP Solution (*5). During the fourth quarter, the Group suspended the operation of a part of its offline research services in response to the re-declaration of a state of emergency. Consequently, revenue in the offline research remained sluggish. However, revenue from online research and digital area recovered to compensate for this. In addition, given that revenue in the Japan Business was most severely affected by COVID-19 in the fourth quarter of the fiscal year ended June 30, 2020, revenue in the fourth quarter of the fiscal year ended June 30, 2021 rose sharply year-on-year, leading to an upswing in revenue for the fiscal year ended June 30, 2021.

In Korea, a movement to substitute offline research with online research accelerated, following the pandemic. The Group, which excels in online research, maximized this business opportunity and continued to grow revenue from online research. Sales activities in the digital business, including the panel big data service, also grew steadily. As a result, the Group achieved double-digit year-on-year growth in revenue in the Korea Business during the fiscal year ended June 30, 2021, even amid the impact of Covid-19.

Consequently, the Japan and Korea Business segment recorded revenue of 34,088 million yen for the fiscal year ended June 30, 2021 (up 3.2% year-on-year). In terms of expenses, outsourcing expenses increased to meet the recent growth in research demand and employee expenses rose sharply to develop a structure for receiving orders in the future. With depreciation and IT expenses, which are included in other in operating expenses, also increasing, segment profit came to 5,076 million yen (down 11.1% year-on-year).

(Overseas (ex-Korea) Business)

In the Overseas Business (ex-Korea), we operate in North America, Europe, Latin America, the Middle East and certain Asian countries which are reported separately from Japan and Korea. The Covid-19 pandemic continued to have global repercussions, and also caused a severe impact on the Group's business in some regions. Nonetheless, the Group increased its market shares of some global key accounts (*6) and acquired new projects. The fourth quarter revenue of the Overseas Business (ex-Korea) segment recovered to pre-COVID-19 levels and the segment also achieved double-digit revenue growth for the fiscal year ended June 30, 2021.

As a result, the Overseas Business (ex-Korea) segment recorded revenue of 9,221 million yen (up 10.0% year-on-year) and a profit of 286 million yen (Loss of 5,315 million yen in the fiscal year ended June 30, 2020 due to the recording of impairment loss of goodwill).

Financial results including revenue of MACROMILL EMBRAIN CO., LTD. in the Japan and Korea Business segment are prepared based on the Korean won, while revenue and other financial results of the Overseas Business (ex-Korea) are prepared based on the Euro. The exchange rates used for each are shown in below table.

Computation period (12 months)	Fiscal year ended June 30, 2020 (Previous fiscal year)	Fiscal year ended June 30, 2021 (Fiscal year)	Change rate
JPY/EUR (yen)	119.88	127.06	+6.0%
JPY/KRW (yen)	0.0909	0.0940	+3.4%

The average currency exchange rates used for trades during the fourth quarter are shown below:

Computation period (3 months)	Three month period ended June 30, 2020	Three month period ended June 30, 2021	Change rate
JPY/EUR (yen)	117.65	131.65	+11.9%
JPY/KRW (yen)	0.0879	0.1002	+14.0%

Notes:

(1) Reference: ESOMAR Global Market Research 2020, announced by European Society for Opinion and Marketing Research (ESOMAR) in September 2020. With respect to the size of the global marketing research market in 2019, this research report for 2020 shows a value about 1.6 times larger than in the previous year (Scenario 1) and a value about 1.9 times larger (Scenario 3) due to the expansion of the industry definition. However, the statement here is made based on the value closest to the existing market size (Scenario 2).

(2) Reference: JMRA 46th Annual Business Management Survey, announced by Japan Marketing Research Association (JMRA) in June 2021.

(3) EBITDA: Earnings before interest, tax, depreciation and amortization. The Company defines it as operating profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss. The Company uses it as a major management indicator to measure the profitability of each business as it enables us to calculate the size of cash flow generated from each business more accurately.

(4) Interest Coverage Ratio = (operating profit + interest income + dividends income) / interest expense.

(5) DMP: Data Management Platform, a technology platform used for collectively managing and analyzing big data accumulated on online servers and log data in a company's website and ultimately optimizing an action plan of marketing activities for online advertising campaigns and product development. DMP Solutions are a series of services aimed at enhancing our customers' DMP, including support for establishing a DMP, consumer panel data supplied regularly to each customer's DMP, and additional research to augment or compensate for the data stored on the DMP.

(6) Global Key Accounts: Corporate groups operating globally by leveraging their large research and marketing budgets that the Company considers as key accounts for the Group to grow further. The Group seeks to increase sales activity to such accounts on a global basis.

(2) Overview of financial position during the fiscal year ended June 30, 2021

At the end of the fiscal year under review, assets totaled 84,041 million yen, an increase of 6,890 million yen from the end of the previous fiscal year. This was mainly the result of increases such as a 5,769 million yen increase in cash and cash equivalents, a 1,046 million yen increase in trade and other receivables, and a 944 million yen increase in contract assets, which offset a 1,056 million yen decrease in right-of-use assets.

Liabilities stood at 51,107 million yen, up 4,693 million yen from the end of the previous fiscal year. The increase primarily reflected increases such as a 3,201 million yen increase in bonds and borrowings, a 799 million yen increase in trade and other liabilities, and a 723 million yen increase in other current liabilities, which offset a 1,055 million yen decrease in lease liabilities.

Equity was worth 32,933 million yen, an increase of 2,197 million yen from the end of the previous fiscal year. The increase was largely attributable to profit for the period of 3,493 million yen, which offset purchase of treasury shares of 727 million yen and dividends paid of 690 million yen.

(3) Overview of cash flows in the period of fiscal year ended June 30, 2021

Cash and cash equivalents ("cash") at the end of the fiscal year increased 5,769 million yen from the end of the previous fiscal year to 19,079 million yen. The status of each of the cash flow segment and contributing factors for the fiscal year are as follows:

(Cash flow from operating activities)

Net cash provided in operating activities amounted to 6,023 million yen (down 1,761 million yen year-on-year). This was mainly due to an increase in trade and other receivables of 1,728 million yen, income taxes paid of 1,418 million yen ,and interest paid of 237 million yen, which offset profit before tax of 4,887, depreciation and amortization of 3,016 million yen, and an increase in trade and other payable of 871million yen.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 78.4 days (down 12.9 days year-on-year) and 54.6 days (down 9.2 days year-on-year), respectively.

(Cash flow from investing activities)

Net cash used in investing activities came to 1,133 million yen (down 1,024 million yen year-on-year).

The cash outflow primarily reflected acquisition of intangible assets of 838 million yen and acquisition of property, plant and equipment of 303 million yen.

(Cash flow from financing activities)

Net cash provided in financing activities amounted to 631 million yen (up 3,026 million yen year-on-year).

The cash inflow primarily reflected proceeds of 14,939 million yen from the issuance of bonds, which offset cash outflows of 11,652 million yen for repayments of long-term borrowings, 1,302 million yen for repayments of lease liabilities, and 727 million yen for the purchase of treasury shares.

(4) Future prospects

1) Mid-term prospects

While the Group has pursued corporate management in line with the three-year Medium-term Business Plan, which announced in August 2019, the Covid-19 pandemic was not foreseen at the time the Medium-term Business Plan was formulated and announced. For this reason, rather than waiting for the duration of the plan to end, the Company made updates to the details of the plan in light of the changes in business performance and the current management environment and developed a new three-year plan that will take us up to the fiscal year ending June 2024. Additionally, ahead of making the update to the Medium-term Business Plan, the vision for the Group was revamped as follows, in anticipation of the future business environment.

The Group's new vision, as shown in the figure above, is based around the concept of "Build your Data Culture - We aspire to be the driving force in helping our clients build data cultures by utilizing our data-native approach to solve today's marketing challenges and support business success". Under this vision, the Company will work to transform its business model into that of a "Professional Marketing Services Company" that not only solves the research challenges of client companies but also provides better support for overall marketing issues from upstream, particularly in its Japanese operations. Moving forward, the Company will continue to provide innovative products that utilize the wide range of data gained from the consumer panels it maintains while striving to broaden innovation across the entire marketing business area.

As we work to deliver the world view presented in the new vision above with the aim to become "Global top 10 and No.1 in Japan and No.1 in Asia" in the previous Medium-term Business Plan, the Company aims to achieve record profit in the fiscal year ending

June 2024, targeting consolidated revenue of 57 billion yen, a consolidated operating profit margin of 15%, and consolidated ROE of 10% or higher in the new Medium-term Business Plan, as shown in the below figure. In addition, the target level of financial leverage will remain the same as previously, and the Company will aim to reduce its Net Debt/EBITDA ratio from 2.5x to the 2.0x range while maintaining its existing credit rating. The policy of strengthening shareholder return will also remain the same. The Company will firmly maintain the consolidated dividend payout ratio of 20-30% it has set as a long-term target since relisting on the Tokyo Stock Exchange, while continuing to implement flexible share buybacks as necessary.

	FY6/2021 (Actual)	New MTBP Target FY6/2024 (in 3 years)
Revenue	Revenue 43.1bn JPY	Revenue 57.0bn JPY Implied Annual Growth Rate: 9.7% (3Y CAGR)
Profits	OP Margin 12%	OP Margin 15%
	Consolidated ROE[1] 9.9%	Consolidated ROE[1] 10%+
Leverage	Credit Rating (R&I) BBB+ (Stable) + Net Debt/EBITDA 2.3x	Maintain credit rating BBB+ or higher + Net Debt/EBITDA 2.0x – 2.5x
Shareholder Return	Consolidated dividend payout ratio 18.1% + Share Buyback 0.8bn JP (vs NSO[2] 2.3% :)	Consolidated dividend payout ratio 20%~30% + Share Buyback in a timely manner

Note
1. ROE: Return On Equity; 2. NOS: Number of Shares Outstanding

Specifically, the Company will pursue a policy of future business growth in each of the four business categories listed below.

Firstly in Japan, the Company will aim to achieve 6% average annual growth over the next three years in the Research Business (accounting for 56% of consolidated revenue in the fiscal year ended June 2021), a category centered on online research expected to achieve stable growth in the future and where the Company has established a market position with a leading share (over 30%). In addition, the Company aims to achieve 20% average annual growth over the next three years in the digital and other new business (13% of the consolidated revenue), which consolidates the traditionally high-growth digital space with the data utilization support (data consulting) business the Company has now entered in earnest, the marketing measures support (ad distribution, etc.) business and the life sciences business.

Next, looking to overseas, the Company aims to achieve 16% average annual growth over the next three years from the Korea Business (10% of the consolidated revenue), leveraging its leading market position in online research in the country, along with its strength in being the only major research firm in South Korea to possess a proprietary consumer panel. Additionally, the Company aims to expand its market share mainly among global clients to achieve 9% average annual growth over the next three years from the Overseas (ex-Korea) Business (21% of the consolidated revenue) by expanding business globally despite being an emerging force, and by focusing on to the speed, affordability and flexibility that the online/digital space offers.

To achieve the revenue growth described above, the Company is currently investing aggressively in human resource. Through these efforts, the Company will aim to steadily capture client demand that has been recovering at a faster pace than expected by expanding its capacity to handle research orders in-house while building a system to receive additional orders by increasing outsourcing as needed. For new priority businesses such as the data utilization support (data consulting) business and marketing measures support (ad distribution, etc.) businesses, the Company will also pursue the hiring and development of human resources that possess those skills. In this way, while investment in human resources will take precedence in the first half of the Medium-term Business Plan, the Company expects to reduce outsourcing expenses in the latter half by maximizing its expanded internal capacity. At the same time, over the course of the Medium-term Business Plan, the Company will pursue a policy of curbing the rising pace of total employee expenses and achieving a balance between revenue and expenses by actively working to introduce business automation, Artificial Intelligence (AI) and Robotic Process Automation (RPA).

Through growth in each of the four business categories mentioned above, on a consolidated basis the Company also aims to generate 57 billion yen in revenue in the fiscal year ending June 2024, with average annual growth of 9.7% over the next three years. As this revenue growth rate outpaces the increase in fixed cost, the Company expects that an operating leverage effect will be produced, delivering improved profit margins. Through these effects and the fixed cost management measures introduced above (reducing outsourcing expenses through expanded internal capacity, curbing the rising pace of total employee expenses through the active introduction of business automation, AI and RPA), the Company will aim to achieve an operating profit margin of 15% on record profit in the fiscal year ending June 2024.

Under these circumstances, the financial results forecasts for the Group for the fiscal year ending June 30, 2022, which represents the first year of the new Medium-term Business Plan, are as follows:

2) Forecast for the Fiscal Year Ending June 30, 2022

As described in “1) Overview of operating results for the fiscal year ended June 30, 2021” above, the outlook for the end of the Covid-19 pandemic is still unclear, and when formulating a forecast for the fiscal year ending June 30, 2022 under these circumstances, the Company assumes that although the effects of spreading .Covid-19 infections will remain, the economic environment will continue to recover and normalize due to factors such as the spread of vaccinations. In Japan, the production of some offline research products has been suspended due to the current re-declared state of emergency, and the effects of the pandemic also remain in some industries overseas. As a result, the Company expects those effects to remain in the first half of the fiscal year. However, marketing research demand from client companies has already rebounded to pre-pandemic levels and that recovery trend is expected to further strengthen during the second half of the fiscal year.

Based on the above outlook, the financial results forecast for the Group for the fiscal year ending June 30, 2022 are as follows:

Consolidated financial results forecast (Million yen unless otherwise indicated)	Fiscal year ended June 30, 2021 (Current fiscal year)	Fiscal year ended June 30, 2022 (Forecasts for the following fiscal year)	Increase/decrease	Change %
Revenue	43,175	47,400	+4,225	+9.8%
EBITDA	8,680	7,900	(780)	(9.0%)
Operating profit	5,362	5,100	(263)	(4.9%)
Profit before tax	4,887	4,700	(188)	(3.8%)
Profit attributable to owners of the parent	2,822	2,700	(122)	(4.3%)

For the Japan and Korea Business Segment and the Overseas (ex-Korea) Business Segment, the Company believes that the fiscal year ending June 2022 will be a transition period moving from recovery from the Covid-19 pandemic to a growth phase. To meet the marketing research demand from clients which is outpacing expectations, the Company will accelerate its investment in talents and bolster its operational team structure to build a sustainable working environment. Additionally, as digital transformation (DX) accelerates in client companies, the utilization of various forms of data is also accelerating, and in response, the Company will strengthen the development and provision of products that capture this new data-related demand.

In specific terms, in the Japan business the Company will continue to expand the number of talent ahead of the busy third quarter, strive to strengthen the operational team structure and enhance internal capacity, in an effort to develop a flexible framework for accepting orders and enhancing product quality. In the digital domain where growth is expected, the Company will focus on expanding sales of products such as advertising effectiveness measurement for platforms that are performing strongly. We will also pursue the development of new products through the acquisition of new data. In the Japan business, the Company has stated its goal of transforming its business model from a marketing research company to a Professional Marketing Services Company to support solving all the marketing issues that client companies face beyond marketing research issues. In response to this policy, the Company will promote those endeavors through the new data utilization support (data consulting) business and the launch of the Marketing Activation Support business.

In the Korea Business, we aim to expand digital-related services by preparing diverse big panel data, including the acquisition of purchase panel data, which we have already implemented in Japan.

In the Overseas (ex-Korea) Business, the Company will continue to focus on winning projects from strategic accounts, while also renewing its focus on winning business from new clients as the pace of recovery from the Covid-19 pandemic accelerates.

We expect that revenue for the fiscal year ending June 30, 2022 will increase to 47,400 million yen (up 9.8% year-on-year) despite these efforts.

On the expense front, while depreciation is expected to decline due to the reduction in office rental space, total employee expenses and IT expenses included in others are expected to increase, placing upward pressure on operating expenses overall.

As a result, the Company expects operating profit of 5,100 million yen (down 4.9% year-on-year, up 1.6% year-on-year after adjustment*), profit before tax of 4,700 million yen (down 3.8% year-on-year, up 3.4%year-on-year after adjustment*) and net income attributable to owners of parent of 2,700 million yen (down 4.3% year-on-year, up 8.2% year-on-year after adjustment*).

*The Company recognized the paycheck protection subsidies of 341 million yen regarding Covid-19 in the fiscal year ended June, 2020 and the above-stated adjusted year-on-year ratio excludes the impact of the subsidies

The above forecasts are based on the assumptions of JPY/EUR 130.00 yen and JPY/KRW 0.0960 yen.

In addition, the above financial results forecasts were made based on the information available as of the date when this document was prepared, and therefore actual results may differ from the forecast figures due to a variety of factors.

(5) Basic policy on profit distribution and dividends for the current and next fiscal years

The Company is aware that returning profits to shareholders is an important measure for management. On the other hand, the Company also considers it is important to comprehensively take into account returning profits to shareholders, enhancing internal reserves required for future growth investment, and establishing its financial foundation. Therefore, where there are investments which provide a return greater than the Company's cost of capital, the Company implements strategic investments which will lead to an increase in the corporate value, realize sustainable growth in revenues and profits, and prioritize the establishment of a sound financial foundation to enable them. The Company considers that those will contribute to the achievement of its and its shareholders' common interests.

Therefore, with targeting a consolidated dividend payout ratio of around 20-30% in the long-term, for the time being, the Company's basic policy is to make dividends of surplus to its shareholders in the form of realizing a steady and continuous increase in dividends within the scope of the approach above.

Regarding the purchase of treasury stock, the Company maintains its basic policy of considering the flexible purchase as part of its measures to return profits to shareholders, comprehensively taking into account our business development, investment plans, level of retained earnings and trends in business performance.

Moreover, since the Company's Articles of Incorporation provide that "Unless otherwise stipulated, the matters set forth in the respective items of Article 459, Paragraph 1 of the Companies Act such as dividends of surplus shall be determined by a resolution of the Board of Directors, not by the resolution of the general meeting of shareholders", the Company is able to make dividends and repurchase its own shares in an agile manner.

In accordance with these plans, we will pay a dividend of 13 yen per share for the current fiscal year (ended June 30, 2021) and are forecasting 16 yen per share for the next fiscal year (ending June 30, 2022). Also note that starting with dividends in the next fiscal year, we plan to split dividends into two: an interim dividend and year-end dividend. Moreover, the consolidated dividend payout ratio based on the dividend forecast (16 yen per share) is expected to fall within the 20-30% range the Company has stated as its long-term target to date.

2. Basic Approach to the Selection of Accounting Standards

The Group has adopted IFRS from the fiscal year ended June 30, 2016 in order to improve the international comparability of financial information in equity markets and for greater convenience.