



Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending June 30, 2022 [IFRS]

November 11, 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: Ryo Takahashi, Vice President, Corporate Communication & IR Division
 Tel.: +81-3-6716-0706
 Scheduled date to submit quarterly report: November 12, 2021
 Scheduled date of the start of dividends payment: –
 Supplementary material for quarterly financial results: Yes
 Briefing on quarterly financial results: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2022 (from July 1, 2021 to September 30, 2021)

(1) Consolidated Business Performance (Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of the year ending June 30, 2022	10,890	19.7	1,131	65.8	1,056	88.4	654	101.1
First quarter of the year ended June 30, 2021	9,097	(7.9)	682	(43.7)	560	(49.2)	325	(56.8)

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share		Diluted basic earnings per share	
	Million yen	%	Million yen	%	Yen	Yen	Yen	Yen
First quarter of the year ending June 30, 2022	518	119.7	634	220.1	13.14		13.05	
First quarter of the year ended June 30, 2021	235	(67.4)	198	(67.1)	5.85		5.81	

(Reference)

	EBITDA		EBITDA margin	
	Million yen	%		%
First quarter of the year ending June 30, 2022	1,823	28.4		16.7
First quarter of the year ended June 30, 2021	1,420	(24.8)		15.6

(2) Consolidated Financial Position

	Total assets		Total equity		Equity attributable to owners of the parent		Ratio of equity attributable to owners of the parent	
	Million yen		Million yen		Million yen		%	
As of September 30, 2021	77,074		32,660		29,242		37.9	
As of June 30, 2021	84,041		32,933		29,236		34.8	

2. Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2021	–	0.00	–	13.00	13.00
Year ending June 30, 2022	–				
Year ending June 30, 2022 (forecast)		8.00	–	8.00	16.00

(Note) Revisions from dividends forecasts announced most recently: No

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	

(Note) Revisions from financial results forecasts announced most recently: No

(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 September 30, 2021	40,380,500 shares	As of June 30, 2021	40,380,500 shares
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(ii) Number of shares of treasury stock at the end of the term:

As of September 30, 2021	928,135 shares	As of June 30, 2021	841,835 shares
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(iii) Average number of shares during the period:

Three months ended September 30, 2021	39,459,167 shares	Three months ended September 30, 2020	40,320,165 shares
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* Summaries of quarterly consolidated financial statements are 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

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1. Qualitative Information about Consolidated Financial Results for the Quarter

(1) Overview of operating results for the first quarter

(i) Explanation of the operating environment

During the first quarter (July 1, 2021, to September 30, 2021), there were changes that reduced the impact of the Covid-19 pandemic on the global economy, including rises in the Covid-19 vaccination rate in some countries and regions. Japan's economy was affected by a re-declaration of a state of emergency in regions where Covid-19 cases were rising as a result of the resurgence of the disease, but there were signs of a recovery in corporate activities.

Looking specifically at the marketing research sector, the total global marketplace reached an estimated value of \$81.2 billion, with online marketing research accounting for \$52.5 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 the global market and the Japanese market were both adversely affected by the Covid-19 pandemic for a period of time, we believe that the marketing research sector has returned to a steady growth trend for the medium- to long-term as marketing research shifts even further online amid the pandemic.

In this economic and market environment, the Group disclosed in August 2021 a new MTP (Mid-term Business Plan) for the three years to the fiscal year ending June 30, 2024. The Group has developed strategies to achieve the Plan's targets and is striving to expand the business scale and profit. Before the formulation of the new MTP, the Group changed its management vision in view of changes in the future business environment. The new vision is "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 is working 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. The Company will continue to offer innovative services based on varied data obtained from the consumer panel that it has originally created, with the goal of sharing these innovations across the marketing business industry.

(ii) Explanation of the operating results

Consolidated financial results (Million yen unless otherwise indicated)	Three months ended September 30, 2020	Three months ended September 30, 2021	Increase/decrease	Change %
Revenue	9,097	10,890	+1,793	+19.7%
Japan and Korea Business	7,220	8,149	+929	+12.9%
Overseas (ex-Korea) Business	1,909	2,781	+872	+45.7%
EBITDA	1,420	1,823	+402	+28.4%
Operating profit	682	1,131	+449	+65.8%
Profit before tax	560	1,056	+495	+88.4%
Profit attributable to owners of the parent	235	518	+282	+119.7%

During the first quarter, revenue amounted to 10,890 million yen (up 19.7% year-on-year) as both the Japan and Korea Business and the Overseas Business (ex-Korea) segments recorded double-digit growth, reflecting a reduction in the impact of Covid-19 and expansion in demand for our marketing services from clients. (For an overview of results by segment, refer to "(iii) Explanation of operating results by segment" in the following section).

On the expense front, the Group is actively recruiting people to expand research capacity to fulfil orders for research projects as revenue

is experiencing an increasing trend. The Group is also actively recruiting people for the new businesses that it has begun to focus on, including the data utilization support (data consulting) business and the marketing measures support (ad distribution, etc.) business. In addition, to supplement insufficient internal capacity, the Group is taking steps to meet expanding demand from clients through initiatives including building a structure for receiving orders by using external capacity through outsourcing. For those reasons, total employee expenses increased significantly year-on-year in the first quarter, just as they had in the preceding fourth quarter. Outsourcing expenses also rose. As a result, operating expenses climbed year-on-year.

Consequently, the Group recorded earnings before interest, taxes, depreciation and amortization (EBITDA) (*3) of 1,823 million yen (up 28.4% year-on-year). Due to the increase in revenue, operating profit, profit before tax, and profit attributable to owners of the parent all increased significantly from the year-ago level to 1,131 million yen (up 65.8% year-on-year), 1,056 million yen (up 88.4% year-on-year), and 518 million yen (up 119.7% year-on-year), respectively.

Return on equity (ROE calculated using the data for the preceding 12 months) stood at 11.0% (up 20.1 percentage points year-on-year, or up 2.5 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) resulted in 14.7 times (compared with -0.3 times in the same period of the previous fiscal year, and if the impairment loss of goodwill posted in the fourth quarter of the fiscal year ended June 30, 2020 was excluded, it would have amounted to 13.5 times).

(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)	Three months ended September 30, 2020	Three months ended September 30, 2021	Increase/decrease	Change %
Revenue	9,097	10,890	+1,793	+19.7%
Japan and Korea Business	7,220	8,149	+929	+12.9%
Overseas (ex-Korea) Business	1,909	2,781	+872	+45.7%
Segment EBITDA	1,420	1,823	+402	+28.4%
Japan and Korea Business	1,368	1,438	+70	+5.1%
Overseas (ex-Korea) Business	52	384	+332	+636.4%
Segment profit or loss	682	1,131	+449	+65.8%
Japan and Korea Business	806	939	+132	+16.5%
Overseas (ex-Korea) Business	(124)	191	+316	—

(Japan and Korea Business)

In Japan, despite the impact of the Covid-19 pandemic, demand for marketing research from client companies was on an expanding trend as economic activities gradually resumed. During the first 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 offline research remained sluggish. However, revenue from online research and digital and other new business fields grew strongly. As a result, revenue in the first quarter grew double digits year-on-year.

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 in the first quarter under review.

Consequently, the Japan and Korea Business segment recorded revenue of 8,149 million yen (up 12.9% year-on-year). In terms of expenses, outsourcing expenses increased to meet the recent growth in research demand and total employee expenses rose sharply to develop a structure for receiving orders in the future. However, the effect from increased revenue more than offset the increased expenses, and segment profit increased to 939 million yen (up 16.5% 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. Business worldwide is continuing to be affected by Covid-19, as is the Group. However, the impact of Covid-19 has eased significantly from a year earlier. Meanwhile, the Group gained wallet share of some global key accounts (*5) and acquired new projects. revenue in the Overseas Business (ex-Korea) segment was therefore strong in the first quarter and grew significantly from a year earlier, when revenue was strongly affected by the Covid-19 pandemic.

As a result, the Overseas Business (ex-Korea) segment recorded revenue of 2,781 million yen (up 45.7% year-on-year) and a segment profit of 191 million yen (a loss of 124 million yen a year ago).

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 (3 months)	Three months ended September 30, 2020	Three months ended September 30, 2021	Change rate
JPY/EUR (yen)	124.08	130.18	+4.9%
JPY/KRW (yen)	0.0893	0.0955	+6.9%

Notes:

- (1) Source: ESOMAR Global Market Research 2021, announced by the European Society for Opinion and Marketing Research (ESOMAR) in September 2021. ESOMAR has expanded the definition of the global marketing research market since last year (from the 2020 report). We state a global market size according to the new definition provided by ESOMAR from this year. (Since ESOMAR report 2021 does not disclose Scenario 2, which is described in the report 2020, the closest definition to the former market size). In addition, we state the market size based on the estimation on 2021, newly provided by ESOMAR in its 2021 report (ESOMAR had only reported a past performance in its report previously. But from the report 2021, ESOMAR has newly disclosed the future estimates for 2021 since there is an impact of Covid-19 on 2020 figure).
- (2) Source: 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) 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) Explanations about financial position

(i) State of assets, liabilities, and equity

At the end of the first quarter, assets totaled 77,074 million yen, a decrease of 6,967 million yen from the end of the previous fiscal year. This was mainly due to decreasing factors such as a decline in cash and cash equivalents of 8,491 million yen.

Liabilities stood at 44,413 million yen, down 6,694 million yen from the end of the previous fiscal year. The fall primarily reflected decreases, including a 5,802 million yen decline in bonds and borrowings and a 576 million yen drop in income taxes payable.

Equity was worth 32,660 million yen, a decrease of 272 million yen from the end of the previous fiscal year. The decline was largely attributable to dividends paid of 871 million yen, which offset profit for the period of 654 million yen.

(ii) State of cash flow

Cash and cash equivalents (“cash”) at the end of the first quarter decreased 8,417 million yen from the end of the previous fiscal year, to 10,588 million yen. The status of each of the cash flow segments and contributing factors in the first quarter are as follows:

(Cash flow from operating activities)

Net cash used in operating activities amounted to 1,526 million yen (up 205 million yen year-on-year).

This was mainly the result of 1,056 million yen of profit before tax and 686 million yen of depreciation and amortization, partially offset by a 1,100 million yen increase in trade and other receivables and 1,022 million yen of income taxes paid.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 86.8 days (up 0.8 days year-on-year) and 50.2 days (up 3.2 days year-on-year), respectively.

(Cash flow from investing activities)

Net cash gained in investing activities came to 20 million yen (up 423 million yen year-on-year).

This is primarily reflected in the outflow related to the acquisition of intangible assets of 195 million yen which is offset by the income gain due to the sale of investments of 297 million yen.

(Cash flow from financing activities)

Net cash used in financial activities was 6,911 million yen (up 5,228 million yen year-on-year).

The cash outflow primarily reflected repayments of long-term borrowings of 825 million yen, the redemption of bonds of 5,000 million yen, repayment of lease liabilities of 285 million yen, and dividends paid of 506 million yen.

(3) Explanations about forward-looking information including forecast of consolidated financial results

The Group makes no change to its forecast of consolidated financial results for the fiscal year ending June 30, 2022 announced on August 12, 2021 at the present point.

The Group prepared the forecast of consolidated financial results based on information accessible as of the date of its announcement. A variety of future factors may cause actual financial results to differ from its forecasts.