



Summary of Consolidated Financial Statements for the First Nine-Month Period of the Fiscal Year Ending June 30, 2022 [IFRS]

May 12, 2022

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 Stock Exchange: Tokyo Stock Exchange
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 Scheduled date to submit quarterly report: May 13, 2022
 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)

1. Consolidated Financial Results for the First Nine-Month Period of the Fiscal Year Ending June 30, 2022 (from July 1, 2021 to March 31, 2022)

(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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine-month period of the year ending June 30, 2022	37,951	14.6	6,117	18.9	5,924	23.7	4,119	23.4
First nine-month period of the year ended June 30, 2021	33,105	(1.3)	5,147	(14.9)	4,789	(17.4)	3,337	(15.2)

	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 nine-month period of the year ending June 30, 2022	3,397	24.3	4,295	25.0	86.10		85.37	
First nine-month period of the year ended June 30, 2021	2,734	(21.3)	3,435	(8.6)	67.80		67.37	

(Reference)

	EBITDA		EBITDA margin	
	Million yen	%	%	
First nine-month period of the year ending June 30, 2022	8,208	8.7	21.6	
First nine-month period of the year ended June 30, 2021	7,554	(7.2)	22.8	

(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 March 31, 2022	82,360		36,060		32,059		38.9	
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
Year ended June 30, 2021	–	0.00	–	13.00	13.00
Year ending June 30, 2022	–	8.00	–		
Year ending June 30, 2022 (forecast)				9.00	17.00

(Note) Revisions from dividends forecasts announced most recently: Yes

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	Yen
Full year	49,000	13.5	5,600	4.4	5,300	8.4	3,700	5.9	2,950	4.5		74.70

(Note) Revisions from financial results forecasts announced most recently: Yes

(Reference)

	EBITDA		EBITDA margin	
	Million yen	%	%	
Full year	8,400	(3.2)	17.1	

* 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 March 31, 2022 | 40,480,500 shares | As of June 30, 2021 | 40,380,500 shares |
| (ii) Number of shares of treasury stock at the end of the term: | | | |
| As of March 31, 2022 | 917,835 shares | As of June 30, 2021 | 841,835 shares |
| (iii) Average number of shares during the period: | | | |
| Nine months ended March 31, 2022 | 39,464,565 shares | Nine months ended March 31, 2021 | 40,326,235 shares |

* 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 nine months

(i) Explanation of the operating environment

During the first nine months (July 1, 2021 to March 31, 2022), there were changes that would reduce the impact of the Covid-19 pandemic on the global and Japanese economies, including rises in the Covid-19 vaccination rate. There were signs of recovery in corporate activities. However, uncertainty grew over economic activities which had appeared to be recovering, for instance the rapid increase in new Covid-19 variant cases, in the war between Russia and Ukraine, and rising crude oil prices.

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 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 steady growth trend for the medium- to long-term, as marketing research shifts even further online.

In this economic and market environment, the Group disclosed in August 2021 a new MTBP (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 MTBP, the Group changed its management vision in consideration of anticipated changes in the business environment of the future. Our 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 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 our own consumer panel with the goal of spreading innovations in the marketing business industry.

(ii) Explanation of the operating results

Consolidated financial results (Million yen unless otherwise indicated)	Nine months ended March 31, 2021	Nine months ended March 31, 2022	Increase/decrease	Change %
Revenue	33,105	37,951	+4,846	+14.6%
Japan and Korea Business	26,568	29,317	+2,748	+10.3%
Overseas (ex-Korea) Business	6,649	8,758	+2,109	+31.7%
EBITDA	7,554	8,208	+654	+8.7%
Operating profit	5,147	6,117	+970	+18.9%
Profit before tax	4,789	5,924	+1,134	+23.7%
Profit attributable to owners of the parent	2,734	3,397	+663	+24.3%

During the first nine months (July 1, 2021, to March 31, 2022), revenue amounted to 37,951 million yen (up 14.6% year-on-year) as both the Japan and Korea Business and the Overseas (ex-Korea) Business segments recorded double-digit growth, reflecting a reduction in the impact of Covid-19 and increased demand for marketing 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, total employee expenses increased significantly continuing from the first half as the Group actively recruited to expand operational capacity in order to meet increasing orders for research projects. As well as meeting demand for existing projects, we also actively recruited for the new businesses we want to focus on in the future, including the Data Utilization Support (Data Consulting) business and the Marketing Activation Support (Ad distribution, etc.) business. Outsourcing expenses also increased as the Group took steps to meet expanding demand from clients through outsourcing. Meanwhile, depreciation fell as the Group cancelled the contract for part of its office space in response to the increase in remote working.

Consequently, the Group recorded earnings before interest, taxes, depreciation, and amortization (EBITDA) (*3) of 8,208 million yen (up 8.7% 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 6,117 million yen (up 18.9% year-on-year), 5,924 million yen (up 23.7% year-on-year), and 3,397 million yen (up 24.3% year-on-year), respectively.

Return on equity (ROE calculated using the data for the preceding 12 months) stood at 11.3% (up 20.4 percentage points year-on-year, or up 4.2 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 using the data for the preceding 12 months) resulted in 18.9 times (compared with -1.3 times in the same period of the previous fiscal year), and if the impairment loss of goodwill recognized in the fourth quarter of the fiscal year ended June 30, 2020 was excluded, it would have amounted to 12.7 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)	Nine months ended March 31, 2021	Nine months ended March 31, 2022	Increase/decrease	Change %
Revenue	33,105	37,951	+4,846	+14.6%
Japan and Korea Business	26,568	29,317	+2,748	+10.3%
Overseas (ex-Korea) Business	6,649	8,758	+2,109	+31.7%
Segment EBITDA	7,554	8,208	+654	+8.7%
Japan and Korea Business	7,060	7,030	-29	(0.4)%
Overseas (ex-Korea) Business	494	1,178	+684	+138.4%
Segment profit or loss	5,147	6,117	+970	+18.9%
Japan and Korea Business	5,182	5,531	+349	+6.8%
Overseas (ex-Korea) Business	(34)	586	+621	—

(Japan and Korea Business)

In Japan, while the impact of the Covid-19 pandemic remained, demand for marketing research from client companies was on an upward trend as economic activities resumed. During the first quarter, the Group suspended the operation of part of its offline research services due to the declaration of a state of emergency, but resumed the operation in the second quarter at its end. During the third quarter, revenue from online research was firm owing to the expansion of deal sizes. This was a result of the integration of sales and delivery and a proposal-oriented sales approach, among other initiatives, which the Group had implemented in the previous fiscal year. Revenue from digital and other new business fields continued to expand. Meanwhile, demand from client companies for marketing research increased, and the Group's human resources became insufficient to meet demand for online research. As a result, the Group lost some opportunities. Responding to the situation, the Group is taking steps to build a structure for receiving orders by hiring new human resources to increase internal capacity and by using external capacity through outsourcing.

In Korea, the movement to substitute offline research with online research accelerated following the Covid-19 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 nine months.

Consequently, the Japan and Korea Business segment recorded revenue of 29,317 million yen (up 10.3% 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 of increased revenue more than offset the increased expenses, and segment profit increased to 5,531 million yen (up 6.8% year-on-year).

(Overseas (ex-Korea) Business)

In the Overseas (ex-Korea) Business, we operate in North America, Europe, Latin America, the Middle East, and certain Asian countries which are reported separately from Japan and Korea. The business was significantly affected by Covid-19 in the first quarter of the previous fiscal year, but since then, it has been recovering steadily. The Group gained wallet share of some global key accounts (*5) and acquired new projects. Revenue in the Overseas (ex-Korea)

Business segment was therefore strong in the third quarter, continued from the first half and grew significantly from the previous fiscal year.

As a result, the Overseas (ex-Korea) Business segment recorded revenue of 8,758 million yen (up 31.7% year-on-year) and a profit of 586 million yen (a loss of 34 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 (ex-Korea) Business are prepared based on the Euro. The exchange rates used for each are shown in the table below.

Computation period (Nine months)	Nine months ended March 31, 2021	Nine months ended March 31, 2022	Change rate
JPY/EUR (yen)	125.37	130.39	+4.0%
JPY/KRW (yen)	0.0925	0.0963	+4.1%

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

Computation period (Three months)	Three months ended March 31, 2021	Three months ended March 31, 2022	Change rate
JPY/EUR (yen)	127.91	130.52	+2.0%
JPY/KRW (yen)	0.0966	0.0972	+0.6%

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 the financial position

(i) State of assets, liabilities, and equity

At the end of the first nine months, assets totaled 82,360 million yen, a decrease of 1,680 million yen from the end of the previous fiscal year. This was mainly the result of increases such as a 3,015 million yen growth in trade and other receivables, which offset a 5,775 million yen decrease in cash and cash equivalents.

Liabilities stood at 46,299 million yen, down 4,807 million yen from the end of the previous fiscal year. This was mainly due to a decrease in bonds and borrowings of 5,912 million yen.

Equity was worth 36,060 million yen, an increase of 3,127 million yen from the end of the previous fiscal year. The increase was largely attributable to profit for the period of 4,119 million yen, which offset dividends paid of 1,187 million yen.

(ii) State of cash flow

Cash and cash equivalents (“cash”) at the end of the first nine months decreased by 5,775 million yen from the end of the previous fiscal year to 13,304 million yen. The status of each of the cash flow segments and contributing factors in the first nine months are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities amounted to 2,532 million yen (down 238 million yen year-on-year).

This was mainly the result of 5,924 million yen of profit before tax and 2,084 million yen of depreciation and amortization, partially offset by a 3,615 million yen increase in trade and other receivables and 2,123 million yen of income taxes paid.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 93.6 days (down 0.9 days year-on-year) and 56.0 days (up 1.2 days year-on-year), respectively.

(Cash flow from investing activities)

Net cash used in investing activities came to 496 million yen (down 456 million yen year-on-year).

This was primarily due to the acquisition of property, plant, and equipment for 197 million yen and the acquisition of intangible assets of 558 million yen, which offset 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 7,989 million yen (up 4,716 million yen year-on-year).

The cash outflow primarily reflected repayments of long-term borrowings of 12,699 million yen, the redemption of bonds of 5,000 million yen, repayment of lease liabilities of 865 million yen, and dividends paid of 828 million yen, partially offset by proceeds from long-term borrowings of 11,800 million yen.

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

Taking into account the recent business performance, the Company revised its full-year consolidated financial and dividend forecasts for the fiscal year ending June 30, 2022 (from July 1, 2021 to June 30, 2022) announced on August 12, 2021.

1. Revision of forecast of consolidated financial results for the fiscal year ending June 30, 2022 (from July 1, 2021 to June 30, 2022)

(Million yen unless otherwise indicated)

		Revenue	EBITDA	Operating profit	Profit before tax	Profit for the year	Profit attributable to owners of the parent	Basic earnings per share (yen)
	Previously announced forecast (a)	47,400	7,900	5,100	4,700	3,200	2,700	68.47
	Revised forecast (b)	49,000	8,400	5,600	5,300	3,700	2,950	74.70
	Increase/Decrease (b-a)	1,600	500	500	600	500	250	6.23
	Change % (b/a)	3.4%	6.3%	9.8%	12.8%	15.6%	9.3%	9.1%
(Reference)	Results for the fiscal year ended June 30, 2021 (c)	43,175	8,680	5,362	4,887	3,493	2,822	70.08
	Change % (b/c)	13.5%	(3.2)%	4.4%	8.4%	5.9%	4.5%	6.6%

2. Revision of dividend forecast (July 1, 2021 - June 30, 2022)

Record date	Dividend per share (yen)		
	End of 2nd quarter	Year-end	Annual
Previously announced forecast (Announced on August 12, 2021)	—	8.00	16.00
Revised forecast	—	9.00	17.00
Results for the fiscal year under review	8.00	—	—
(Reference) Results for the previous fiscal year (ended June 30, 2021)	—	13.00	13.00

3. Reason for revision

In the "Japan and Korea Business Segment" and "Overseas (ex-Korea) Business Segment", demand for our services from clients are exceeding our initial expectations. This is primarily in online research, our main business. Thus, the FY6/2022 revenue will overachieve the initial guidance, which the Company announced at the beginning of the fiscal year. Due to the increase in revenue, EBITDA, operating profit, profit before tax, profit for the year, and profit attributable to owners of the parent will overachieve the initial guidance.

Regarding dividends, achieving a distribution of surpluses through stable and continuous dividend increases is our basic policy. Based on the upward revision of the FY6/2022 full-year annual guidance mentioned above, the Company has revised its year-end dividend forecast to 9 JPY, which is 1 JPY up from the initial estimate. Combining with the mid-term dividend payout, the total dividend per share will be revised to 17 JPY.

Notes:

- 1.The Company assumes 1 EUR = 133.02 JPY and 1KRW = 0.0987 JPY for the revised forecast
- 2.The Company 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.