



## Summary of Consolidated Financial Statements for the Fiscal Year Ended June 30, 2022 [IFRS]

August 9, 2022

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: Shintaro Hashimoto, Executive Officer, Global CFO  
 Tel.: +81-3-6716-0706  
 Scheduled date of ordinary general meeting of shareholders: September 28, 2022  
 Scheduled date of the start of dividends payment: September 29, 2022  
 Scheduled date to submit annual securities report: September 29, 2022  
 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, 2022 (from July 1, 2021 to June 30, 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		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, 2022	49,810	15.4	5,814	8.4	5,605	14.7	3,895	11.5	3,147	11.5	4,404	23.2
Year ended June 30, 2021	43,175	4.6	5,362	-	4,887	-	3,493	-	2,822	-	3,575	-

	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, 2022	79.71		79.03		10.3		6.7		11.7	
Year ended June 30, 2021	70.08		69.61		9.9		6.1		12.4	

(Reference) Investment profit on equity method Year ended June 30, 2022: 6 million yen Year ended June 30, 2021: (0) million yen

#### (Reference)

	EBITDA		EBITDA Margin	
	Million yen	%		%
Year ended June 30, 2022	8,697	0.2		17.5
Year ended June 30, 2021	8,680	0.3		20.1

### (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, 2022	83,634		35,827		31,704		37.9		801.37	
As of June 30, 2021	84,041		32,933		29,236		34.8		739.44	

### (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, 2022	5,514		(1,658)		(8,510)		14,756	
Year ended June 30, 2021	6,023		(1,133)		631		19,079	

### 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			
Year ended June 30, 2021	-	0.00	-	13.00	13.00	513	18.6	1.8
Year ended June 30, 2022	-	8.00	-	9.00	17.00	671	21.3	2.2
Year ending June 30, 2023 (forecast)	-	10.00	-	11.00	21.00		22.3	

### 3. Forecast of Consolidated Financial Results for the Year Ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

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

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of the parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	56,000	12.4	6,550	12.6	6,350	13.3	4,420	13.5	3,720	18.2	94.03	

## (Reference)

	EBITDA		EBITDA Margin
	Million yen	%	%
Full year	9,550	9.8	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 June 30, 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 June 30, 2022 917,835 shares As of June 30, 2021 841,835 shares  
(iii) Average number of shares during the period:  
Year ended June 30, 2022 39,489,023 shares Year ended June 30, 2021 40,268,344 shares

## (Reference) Summary of individual operating results

1. Individual Operating Results for the Year Ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(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, 2022	24,383	8.3	865	(33.1)	1,299	(2.9)	524	46.1
Year ended June 30, 2021	22,523	2.7	1,294	(42.4)	1,338	(43.2)	358	–

	Earnings per share	Earnings per share after adjustment of potentially dilutive shares
	Yen	Yen
Year ended June 30, 2022	13.28	13.16
Year ended June 30, 2021	8.91	8.85

(2) Individual Financial Position

	Total assets	Net equity	Equity ratio	Book value per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	50,104	13,606	27.2	343.91
As of June 30, 2021	56,442	13,920	24.7	352.08

(Reference) Net worth equity capital As of June 30, 2022 13,606 million yen As of June 30, 2021 13,920 million yen

\* 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

- The Group applies the International Financial Reporting Standards (hereinafter “IFRS”) to and after the fiscal year ended June 30, 2016.
- 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.
- EBITDA = operating profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss
- EBITDA margin = EBITDA / revenue
- 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.
- 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.....	2
(1) Overview of operating results for the fiscal year ended June 30, 2022.....	2
(2) Overview of financial position during the fiscal year ended June 30, 2022.....	5
(3) Overview of cash flows in the period of the fiscal year ended June 30, 2022.....	5
(4) Future prospects.....	5
(5) Basic policy on profit distribution and dividends for the current and next fiscal years.....	10
2. Basic Approach to the Selection of Accounting Standards .....	10

## 1. Overview of Operating Results, etc.

### (1) Overview of operating results for the fiscal year ended June 30, 2022

#### (i) Explanation of the operating environment

During the fiscal year (July 1, 2021 to June 30, 2022), there were changes that reduced the impact of the Covid-19 pandemic on both the global economy and the Japanese economy, including rises in the Covid-19 vaccination rate. There were signs of recovery in corporate activities. However, uncertainty is growing again about the economic outlook, caused by the rapid increase in new Covid-19 variant cases, the prolonged war in 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 235.7 billion yen, with online marketing research valued at 79.2 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, the marketing research sector has returned to a steady growth trend for the medium- to long-term, as marketing research shifts even further online as a result of the pandemic.

In this economic and market environment, the Group disclosed in August 2021 a new MBTP (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 business scale and profit. Before the formulation of the new MTBP, the Group changed its management vision in consideration of changes in the business environment of the future. 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 its own consumer panel in order to continue to be an innovator in the marketing business industry.

#### (ii) Explanation of the operating results

An overview of the Group's operating results is as follows(\*3):

Consolidated financial results (Million yen unless otherwise indicated)	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022	Increase/decrease	Change %
Revenue	43,175	49,810	+6,634	+15.4%
Japan and Korea Business	34,088	37,736	+3,647	+10.7%
Overseas (ex-Korea) Business	9,221	12,293	+3,071	+33.3%
EBITDA	8,680	8,697	+17	+0.2%
Operating profit	5,362	5,814	+452	+8.4%
Profit before tax	4,887	5,605	+717	+14.7%
Profit attributable to owners of the parent	2,822	3,147	+325	+11.5%

During the fiscal year, revenue amounted to 49,810 million yen (up 15.4% 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 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 as the Group actively recruited to expand the research capacity to fulfill orders for research projects as revenue was experiencing a growth trend. We also actively recruited for the new businesses the Group had begun to focus on, including the Data Utilization Support (Data Consulting) business. Outsourcing

expenses also increased as the Group took steps to maximize external capacity through outsourcing to tap into expanding client demand. M&A and other expenses, including those related to IT, also rose. Meanwhile, depreciation decreased as the Group canceled the contract for part of its office space due to the growth of remote working.

Consequently, the Group recorded earnings before interest, taxes, depreciation and amortization (EBITDA) (\*4) of 8,697 million yen (up 0.2% year-on-year). Due to the increase in revenue, operating profit, profit before tax, and profit attributable to owners of the parent all grew significantly from the year-ago level to 5,814 million yen (up 8.4% year-on-year), 5,605 million yen (up 14.7% year-on-year), and 3,147 million yen (up 11.5% year-on-year), respectively.

Return on equity (ROE calculated using the data for the preceding 12 months) stood at 10.3% (up 0.4 percentage points year-on-year). The interest coverage ratio (\*5: calculated in the last 12 months) resulted in 21.6 times (compared with 12.9 times in the same period of the previous fiscal year).

(iii) Explanation of operating results by segment

The overview of operating results by segment of the Group is as follows(\*3):

Consolidated financial results by segment (Million yen unless otherwise indicated)	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022	Increase/decrease	Change %
Revenue	43,175	49,810	+6,634	+15.4%
Japan and Korea Business	34,088	37,736	+3,647	+10.7%
Overseas (ex-Korea) Business	9,221	12,293	+3,071	+33.3%
EBITDA	8,680	8,697	+17	+0.2%
Japan and Korea Business	7,660	7,091	(568)	(7.4%)
Overseas (ex-Korea) Business	1,020	1,670	+650	+63.8%
Operating Profit	5,362	5,814	+452	+8.4%
Japan and Korea Business	5,076	5,038	(37)	(0.7%)
Overseas (ex-Korea) Business	286	841	+554	+193.6%

(Japan and Korea Business)

In Japan, while the impact of the Covid-19 pandemic remains, demand for marketing research from client companies is expanding as the resumption of economic activities continues. In this environment, the Group resumed in the second quarter the operation of the portion of its offline research services that had been suspended in the first quarter due to the declaration of a state of emergency. During the fourth quarter, revenue from online research was firm owing to the expansion of deal sizes as a result of the integration of sales and delivery and a proposal-oriented sales approach, among other initiatives. Revenue from digital and other new business fields continued to expand. Meanwhile, requests from client companies for marketing research increased, and the Group's human resources proved insufficient to meet the demand for online research. As a result, the Group lost opportunities to a certain extent. Responding to the situation, the Group is actively recruiting to expand internal capacity to meet demand, while simultaneously utilizing external capacity through outsourcing.

In Korea, a 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 fiscal year.

Consequently, the Japan and Korea Business segment recorded revenue of 37,736 million yen for the fiscal year ended June 30, 2022 (up 10.7% year-on-year). In terms of expenses, total employee expenses rose significantly to develop a structure for receiving orders, while outsourcing expenses also grew to meet expanding client demand. M&A expenses and those related to

systems also rose. Because of these increases in expenses, segment profit was 5,038 million yen (down 0.7% 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 (\*6) and acquired new projects. Revenue in the Overseas (ex-Korea) Business segment was therefore strong through the year and grew significantly from the previous fiscal year.

As a result, the Overseas (ex-Korea) Business segment recorded revenue of 12,293 million yen (up 33.3% year-on-year) and a profit of 841 million yen (up 193.6% year-on-year).

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 (12 months)	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022	Change rate
JPY/EUR (yen)	127.06	132.23	+4.1%
JPY/KRW (yen)	0.0940	0.0980	+4.3%

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, 2021	Three month period ended June 30, 2022	Change rate
JPY/EUR (yen)	131.65	137.02	+4.1%
JPY/KRW (yen)	0.1002	0.1048	+4.6%

Notes:

- (1) Source: ESOMAR Global Market Research 2021, announced by the European Society for Opinion and Marketing Research (ESOMAR) in September 2021. ESOMAR expanded the definition of the global marketing research market 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 2020 report, the closest definition to the former market size). In addition, we state the market size based on the estimation for 2021, newly provided by ESOMAR in its 2021 report (ESOMAR had only reported a past performance in its report previously. But from the report dated 2021, ESOMAR has newly disclosed the future estimates for 2021 since there is an impact of Covid-19 on the 2020 figure).
- (2) Source: JMRA 47th Annual Business Management Survey, announced by Japan Marketing Research Association (JMRA) in June 2022.
- (3) Segment figures are before the elimination of inter-segment transactions.
- (4) 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.
- (5) Interest Coverage Ratio = (operating profit + interest income + dividends income) / interest expense.
- (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 in these accounts on a global basis.

(2) Overview of financial position during the fiscal year ended June 30, 2022

At the end of the fiscal year, assets totaled 83,634 million yen, a decrease of 407 million yen from the end of the previous fiscal year. This was mainly the result of increases such as a 686 million yen growth in trade and other receivables, a 978 million yen expansion in contract assets, a 705 million yen rise in right-of-use assets, and a 1,226 million yen increase in goodwill, which offset a 4,323 million yen decrease in cash and cash equivalents.

Liabilities stood at 47,806 million yen, down 3,301 million yen from the end of the previous fiscal year. The fall primarily reflected decreases, including a 6,032 million yen drop in bonds and borrowings and a 525 million yen reduction in income taxes payable, which offset a 779 million yen increase in lease liabilities, 1,225 million yen growth in trade and other payables, and a 323 million yen rise in contract liabilities.

Equity was worth 35,827 million yen, an increase of 2,894 million yen from the end of the previous fiscal year. The growth was largely attributable to profit for the period of 3,895 million yen, which offset dividends paid of 1,187 million yen.

(3) Overview of cash flows in the period of the fiscal year ended June 30, 2022

Cash and cash equivalents (“cash”) at the end of the fiscal year decreased 4,323 million yen from the end of the previous fiscal year to 14,756 million yen. The status of each of the cash flow segments and contributing factors for the fiscal year are as follows:

(Cash flow from operating activities)

Net cash provided in operating activities amounted to 5,514 million yen (down 508 million yen year-on-year).

This was mainly due to an increase in trade and other receivables of 1,216 million yen, income taxes paid of 2,400 million yen, and interest paid of 236 million yen, which offset profit before tax of 5,605 million yen, depreciation and amortization of 2,844 million yen, and a growth in trade and other payables of 977 million yen.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 79.7 days (up 1.3 days year-on-year) and 57.9 days (up 3.2 days year-on-year), respectively.

(Cash flow from investing activities)

Net cash used in investing activities was 1,658 million yen (down 524 million yen year-on-year).

The cash outflow primarily reflected the acquisition of intangible assets of 958 million yen and the purchase of shares of subsidiaries of 872 million yen.

(Cash flow from financing activities)

Net cash used in financial activities was 8,510 million yen (down 9,141 million yen year-on-year).

The cash outflow primarily reflected repayments of long-term borrowings of 12,880 million yen, the redemption of bonds of 5,000 million yen, repayment of lease liabilities of 1,181 million yen, and dividends paid of 829 million yen, partially offset by proceeds from long-term borrowings of 11,800 million yen.

(4) Future prospects

1) Mid-term prospects

The Group disclosed in August 2021 an MTBP (Mid-term Business Plan) for the three years to the fiscal year ending June 30, 2024. Additionally, ahead of making the update to the MTBP, the vision for the Group was revamped as follows, in anticipation of the future business environment:



# Build your Data Culture

## Mission

Our Mission is to create innovative data and insights that drive clients' smarter decisions. We focus on creating an environment where employees can maximize their potential while building a profitable and valuable company.

## Vision

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.

## Values

Think New, Think Deep  
Act Now, Act Together  
Be True, Be Open  
Own It, Enjoy It



The Group’s new vision, as shown in the figure above, is based on 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 pioneering 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. We are 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 unchanged. The Company will firmly maintain the consolidated dividend payout ratio of 20-30% it set as a long-term goal 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 JPY <b>43.1bn</b>	Revenue JPY <b>57.0bn</b> Implied Annual Growth Rate: <b>9.7% (3Y CAGR)</b>
Profits	OP Margin <b>12%</b>	OP Margin <b>15%</b>
	Consolidated ROE <sup>(1)</sup> <b>9.9%</b>	Consolidated ROE <sup>(1)</sup> <b>10% +</b>
Leverage	Credit Rating (R&I) <b>BBB+ (Stable)</b> + Net Debt/EBITDA <b>2.3x</b>	Maintain credit rating <b>BBB+ or higher</b> + Net Debt/EBITDA <b>2.0x – 2.5x</b>
Shareholder Return	Consolidated dividend payout ratio <b>18.6%</b> + Share Buyback <sup>(3)</sup> JPY <b>0.8bn</b> (vs NSO <sup>(2)</sup> 2.3%)	Consolidated dividend payout ratio <b>20%~30%</b> + Share Buyback <b>in a timely manner</b>

Note  
1. ROE: Return On Equity; 2. NOS: Number of Shares Outstanding; 3. Period of acquisition May 14, 2021 to July 8, 2021

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 a 6% average annual growth over the next three years to 2024 in the Research Business (accounting for 56% of consolidated revenue in the fiscal year ended June 2021 when the Company announced the Mid-term Business Plan). This category is centered on online research and is expected to achieve stable growth in the future and is one 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 its digital and other new business (13% of the consolidated revenue), which strengthens 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 to 2024 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 a 9% average annual growth over the next three years from the Overseas (ex-Korea) Business (21% of the consolidated revenue). We will deliver this by expanding business globally despite being an emerging force, and by focusing on 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 resources. 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 recruitment and development of talent that possess those skills. In this way, while investment in people 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. Simultaneously, over the course of the Medium-term Business Plan, the Company will pursue a policy of curbing the rising rate of total employee expenses to achieve 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 from the fiscal year ended June 2021. 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 this plan, in the fiscal year, the first year of the MTBP, revenue in the research business in Japan grew 5% year-on-year and revenue in the digital and other new business grew 28% year-on-year. In the overall Japan business, the growth rate exceeded the average annual expansion target in the MTBP. Overseas, revenue in the Korea Business grew 22% year-on-year, and revenue in the Overseas (ex-Korea) Business grew 33% year-on-year. Revenue at the entire Group in the first year of the MTBP exceeded the annual growth rate target set in the MTBP.

Aiming to achieve an operating profit margin of 15% in the fiscal year ending June 30, 2024, the Group actively invested in talent in the fiscal year to expand internal capacity. At present, our internal teams are insufficient to meet demand, and the Group will continue to invest in recruitment. The Group will shift its focus from increasing the number of personnel to improving productivity. The Group will strive to improve the operating profit margin by curbing outsourcing expenses, while expanding internal capacity, and slowing the speed of recruitment to the normal level until the fiscal year ending June 30, 2024, the final year of the MTBP.

Under these circumstances, the financial results forecasts for the Group for the fiscal year ending June 30, 2023, which represents the second year of the MTBP, are as follows:

## 2) Forecast for the Fiscal Year Ending June 30, 2023

The Company expects that strong client demand will continue in the entire fiscal year ending June 30, 2023 and both revenue and operating profit will achieve a double-digit increase year-on-year.

In terms of expenses, the Company expects that total employee expenses and other expenses will increase, reflecting continued investment in people and systems, particularly in the first half of the fiscal year. In the second half, the Company plans to curb the pace of increase in personnel expenses and other expenses so that it will not exceed the revenue growth rate. The Company will continue to actively grow outsourcing expenses in order to expand operational capacity to meet orders in the first half.

However, we will reduce the use of outsourcing in the second half - assuming internal capacity expands sufficiently.

Based on the above outlook, the financial results forecasts of the Group for the fiscal year ending June 30, 2023 are as follows:

Consolidated financial results forecasts (Million yen unless otherwise indicated)	Fiscal year ended June 30, 2022 (Actual)	Fiscal year ending June 30, 2023 (Forecast)	Increase/decrease	Change %
Revenue	49,810	56,000	+6,190	+12.4%
EBITDA	8,697	9,550	+853	+9.8%
Operating profit	5,814	6,550	+736	+12.6%
Profit before tax	5,605	6,350	+745	+13.3%
Profit attributable to owners of the parent	3,147	3,720	+573	+18.2%

For the Japan and Korea Business Segment and the Overseas (ex-Korea) Business Segment, to meet the marketing research demand from clients which is outpacing expectations, the Company will continue its investment in talent 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 gaining momentum, thus in response, the Company will strengthen the development and provision of products that realize this new data-related demand.

In specific terms, in the Japan Research business, the Company will continue to strengthen its operational team structure and efficiency to expand internal capacity ahead of the busy third quarter. The Company will also focus on increasing the client retention rate by enhancing service quality through accelerating proposal-based sales activity and solutions which are realized through sales and delivery initiatives.

In the Digital and Other New Business areas where growth is expected, the Company will focus on initiatives with major platform providers where stricter management of data with personal information is required. In addition, in the new businesses such as the Data Utilization Support (data consulting) Business and the Life Science Business, which are performing well, the Company will accelerate initiatives and aim for further revenue growth. In the Japan business, along with the Mid-term Business Plan, the Company will continue to promote its goal of transforming its business model from a marketing research company to a Professional Marketing Services Company in order to facilitate solving all the marketing issues that client companies face beyond only marketing research issues.

In the Korea Business, we aim to expand digital-related services by starting to sell diverse Panel Big 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 existing strategic accounts, while also focusing on gaining business from new clients.

We expect that revenue for the fiscal year ending June 30, 2023 will increase to 56,000 million yen (up 12.4% year-on-year), reflecting these efforts.

The Company expects operating profit of 6,550 million yen (up 12.6% year-on-year), profit before tax of 6,350 million yen (up 13.3% year-on-year) and net income attributable to owners of the parent of 3,720 million yen (up 18.2% year-on-year).

The above forecasts are based on the assumptions of JPY/EUR 135.00 yen and JPY/KRW 0.1000yen.

In addition, the above financial results forecasts were made based on the information available as of the date 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 that 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, through 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, 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 17 yen per share (8 yen for the mid-year dividend payout and 9 yen for the year-end) for the current fiscal year (ended June 30, 2022) and are forecasting 21 yen per share (10 yen for the mid-year dividend payout, 11 yen for the year-end) for the next fiscal year (ending June 30, 2023). Moreover, the consolidated dividend payout ratio based on the dividend payout is 21.3% and reached 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 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.