



Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending June 30, 2023 [IFRS]

November 10, 2022

Listed Company: MACROMILL, INC.
 Stock Exchange: Tokyo Stock Exchange
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 Scheduled date to submit quarterly report: November 11, 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)

(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, 2023 (from July 1, 2022 to September 30, 2022)

(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, 2023	12,435	14.2	815	(28.0)	747	(29.3)	364	(44.4)
First quarter of the year ended June 30, 2022	10,890	19.7	1,131	65.8	1,056	88.4	654	101.1

	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	
First quarter of the year ending June 30, 2023	204	(60.5)	419	(33.9)	5.18		5.13	
First quarter of the year ended June 30, 2022	518	119.7	634	220.1	13.14		13.05	

(Reference)

	EBITDA		EBITDA margin	
	Million yen	%	%	
First quarter of the year ending June 30, 2023	1,536	(15.7)	12.4	
First quarter of the year ended June 30, 2022	1,823	28.4	16.7	

(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, 2022	82,366		34,703		30,883		37.5	
As of June 30, 2022	83,634		35,827		31,704		37.9	

2. Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual
	Yen				
Year ended June 30, 2022	–	8.00	–	9.00	17.00
Year ending June 30, 2023	–	–	–	–	–
Year ending June 30, 2023 (forecast)	–	10.00	–	11.00	21.00

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

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 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	56,000	12.4	6,550	12.6	6,350	13.3	4,420	13.5	3,720	18.2	94.03	

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

(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 September 30, 2022	40,480,500 shares	As of June 30, 2022	40,480,500 shares
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(ii) Number of shares of treasury stock at the end of the term:

As of September 30, 2022	917,835 shares	As of June 30, 2022	917,835 shares
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(iii) Average number of shares during the period:

Three months ended September 30, 2022	39,562,665 shares	Three months ended September 30, 2021	39,459,167 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 Group applies the International Financial Reporting Standards (hereinafter “IFRS”) to and after the fiscal year ended June 30, 2016.

(2) 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.

(3) EBITDA = operating profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss

(4) EBITDA margin = EBITDA / revenue

(5) 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.

(6) 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 to September 30, 2022), restrictions on economic activities due to the Covid-19 pandemic were eased in Japan and globally, and there were signs of recovery in corporate activities. However, the economic outlook remained uncertain due to exchange rate fluctuations, the prolonged war in Ukraine, and rises in raw materials prices, among other factors.

Looking specifically at the insight industry (including marketing research and related sectors), the total global marketplace reached an estimated value of \$98.4 billion, with online marketing research accounting for \$64.0 billion (*1). In Japan, the size of the overall marketing research sector was 235.7 billion yen, with online marketing research 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 amid the pandemic.

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.

In the fiscal year ending June 30, 2023, the second year of the Mid-term Business Plan, the Company will continue to transform its business model from a "Marketing Research Company" to a "Professional Marketing Services Company". This will support solving all the marketing issues that client companies face beyond marketing research issues as stated in the Vision laid out in our Mid-term Business Plan.

(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)	Three months ended September 30, 2021	Three months ended September 30, 2022	Increase/decrease	Change %
Revenue	10,890	12,435	+1,545	+14.2%
Japan and Korea Business	8,149	8,909	+759	+9.3%
Overseas (ex-Korea) Business	2,781	3,575	+794	+28.6%
EBITDA	1,823	1,536	(286)	(15.7%)
Operating profit	1,131	815	(316)	(28.0%)
Profit before tax	1,056	747	(309)	(29.3%)
Profit attributable to owners of the parent	518	204	(313)	(60.5%)

During the first quarter, revenue amounted to 12,435 million yen (up 14.2% year-on-year) as the Japan and Korea Business and the Overseas Business (ex-Korea) segments recorded revenue growth. This reflected increased demand for marketing from clients, a continuation of the trend observed in the previous fiscal year. (For an overview of results by segment, refer to "(iii) Explanation of operating results by segment" in the following section.)

On the expense front, personnel expenses, in particular, increased significantly as the Group actively recruited in the previous fiscal year to expand research capacity. This allowed the business to receive and fulfill orders for research projects as revenue was on an upward trend. This rise boosted personnel expenses from the year-ago level. The business is also actively recruiting for the new businesses that it is focusing on, including the data utilization support (consulting) business. Outsourcing expenses also rose as the Group maximized external capacity through outsourcing to tap into expanding client demand. In addition, other expenses increased chiefly due to the expansion of operating activities resulting from the recovery from Covid-19.

Consequently, the Group recorded earnings before interest, taxes, depreciation and amortization (EBITDA) (*4) of 1,536 million yen (down 15.7% year-on-year), reflecting an increase in personnel expenses, etc., operating profit of 815 million yen (down 28.0% year-on-year), profit before tax of 747 million yen (down 29.3% year-on-year) and profit attributable to owners of the parent of 204 million yen (down 60.5% year-on-year) for the first quarter.

Return on equity (ROE: calculated using the data for the preceding 12 months) stood at 9.4% (down 1.6 points year-on-year). The interest coverage ratio (*5: calculated in the last 12 months) came to 22.6 times (14.7 times in the corresponding period of the prior 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)	Three months ended September 30, 2021	Three months ended September 30, 2022	Increase/decrease	Change %
Revenue	10,890	12,435	+1,545	+14.2%
Japan and Korea Business	8,149	8,909	+759	+9.3%
Overseas (ex-Korea) Business	2,781	3,575	+794	+28.6%
EBITDA	1,823	1,536	(286)	(15.7%)
Japan and Korea Business	1,438	1,309	(129)	(9.0%)
Overseas (ex-Korea) Business	384	227	(157)	(40.9%)
Operating profit	1,131	815	(316)	(28.0%)
Japan and Korea Business	939	802	(137)	(14.7%)
Overseas (ex-Korea) Business	191	9	(182)	(95.1%)

(Japan and Korea Business)

In Japan, demand for marketing research from client companies is expanding. In this environment, online research revenue at the Company remain steady. During the first quarter of the previous fiscal year, 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 once it had ended. During the first quarter, revenue recorded a year-on-year increase due to the suspension of services a year ago. In addition, revenue from Digital and Other New business fields continued to grow, reflecting the strong performance in data utilization support (consulting), which started in earnest in the previous fiscal year, and other businesses. Meanwhile, demand from client companies increased, and the Group's human resources became insufficient to meet the demand for online research. As a result, the Group lost some opportunities. Responding to the situation, the Group is hiring and training more talent to expand internal capacity to meet demand, while using 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. Due to those business activities and the positive effect of exchange rates, the Group achieved double-digit year-on-year growth in revenue in the Korea Business in the first quarter.

Consequently, the Japan and Korea Business segment recorded revenue of 8,909 million yen (up 9.3% year-on-year). In terms of expenses, personnel expenses rose significantly to develop a structure for receiving orders, while outsourcing expenses also increased to meet expanding client demand. As a result of these increases in expenses, segment profit amounted to 802 million yen (down 14.7% 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 other than 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. The Group gained wallet share of some global key accounts (*6) and acquired new projects. Revenue in the Overseas (ex-Korea) Business segment, as a result, was strong in the first quarter, and recorded double-digit growth, reflecting also the positive effect of exchange rates. Meanwhile, personnel expenses increased significantly due to strengthened recruitment efforts to meet expanding client demand.

As a result, the Overseas Business (ex-Korea) segment recorded revenue of 3,575 million yen (up 28.6% year-on-year) and a profit of 9 million yen (down 95.1% 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 Business (ex-Korea) are prepared based on the Euro. The exchange rates used for each are below.

Computation period (3 months)	Three months ended September 30, 2021	Three months ended September 30, 2022	Change rate
JPY/EUR (yen)	130.18	139.59	+7.2%
JPY/KRW (yen)	0.0955	0.1033	+8.2%

Notes:

- (1) Source: ESOMAR Global Market Research 2022, announced by the European Society for Opinion and Marketing Research (ESOMAR) in September 2022. ESOMAR has expanded the definition of the global marketing research market since the 2020 report. From last year, we state a global market size according to the new definition, which includes Marketing Research and related sectors as an Insight industry, provided by ESOMAR. (Since ESOMAR report 2021 and 2022 do not disclose Scenario 2, which is described in the report 2020, the closest definition to the former market size).
- (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 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 82,366 million yen, a decrease of 1,268 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 3,150 million yen, which more than offset increasing factors, including an increase in other current assets of 1,005 million yen and an increase in trade and other receivables of 857 million yen.

Liabilities stood at 47,662 million yen, down 143 million yen from the end of the previous fiscal year. This was chiefly due to decreases of 420 million yen in other current liabilities, 362 million yen in lease liabilities, 239 million yen in trade and other payables and 213 million yen in income taxes payable, which more than offset an increase in other financial liabilities of 1,191 million yen.

Equity was worth 34,703 million yen, a decrease of 1,124 million yen from the end of the previous fiscal year. The decrease was largely attributable to dividends paid of 822 million yen and changes in ownership interests in subsidiaries of 917 million yen, which offset profit for the period of 364 million yen.

(ii) State of cash flow

Cash and cash equivalents (“cash”) at the end of the first quarter decrease 3150 million yen from the end of the previous fiscal year, to 11,605 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 came to 1,641 million yen (down 114 million yen year-on-year).

This was mainly due to cash outflows, such as an increase in trade and other receivables of 801 million yen and income taxes paid of 614 million yen, despite profit before tax of 747 million yen and depreciation and amortization of 718 million yen.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 85.4 days (down 1.3 days year-on-year) and 52.5 days (up 2.3 days year-on-year), respectively.

(Cash flow from investing activities)

Net cash used in investing activities came to 352 million yen (down 372 million yen year-on-year).

This was primarily due to 82 million yen for acquisition of property, plant and equipment and 228 million yen for acquisition of intangible assets.

(Cash flow from financing activities)

Net cash used in financial activities was 1,065 million yen (up 5,845 million yen year-on-year).

Cash outflows primarily included 352 million yen for dividends paid, 319 million yen for repayments of lease liabilities and 232 million yen for dividends paid to non-controlling interests.

(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, 2023 announced on August 9, 2022 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.