

# FY6/2023 Q1 Financial Results

November 10, 2022



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## Notes for this entire material

1. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss (For Segment EBITDA, applied Segment Profit instead of Operating Profit)
2. Revenue and operating profit of each segment and region are shown using figures before elimination of inter-segment offsets, and the total amount of revenue and operating profit of both segments or regions do not match the consolidated revenue and operating profit (the difference is the amount of intersegment / interregional elimination)
3. Constant FX figures are calculated by applying the rate of the current fiscal year to the financial results of the same period of the previous fiscal year. We present financials results on a constant currency basis because we believe that this provides a framework for assessing how Macromill’s business and, in particular, overseas businesses including MetrixLab and Macromill EMBRAIN, performed without taking into account the effect of the fluctuations between the euro and the yen since the same period in the prior year, but please note , it only excludes the effect of currency exchange between the Euro/Yen and the Won/Yen, but not exclude the effects of currency exchange on all local currencies (for example, between the Euro/USD). Please see the following table for the actual exchange rate applied.

	Q1 (3 months)	
	FY6/2022 Q1	FY6/2023 Q1
1 Euro =	130.18	139.59
1 KRW =	0.0955	0.1033

# FY6/2023 Q1 Key Takeaways

	Q1 (3 months) Actual	
Consolidated Performance	<b>Revenue : 12.43 bn JPY</b> YoY <b>+14%</b> (+11% in CFX)	<b>OP : 0.81bn JPY</b> YoY <b>-28%</b> ( -29% in CFX)

- Consolidated Revenue achieved double-digit growth as strong demand for our services continued from the previous fiscal year
- Operating Profit decreased due to the impact of increased Total Employee Expenses caused by the expansion of operational capacity

- Q1 results are progressing as expected against full-year guidance, and we will continue to aim for double-digit Revenue and Profit growth on the full-year basis
- We made steady progress in improving productivity and expanding operational capacity as planned

- To achieve the Mid-term Business Plan (MTBP), we will continue to promote the expansion of operational capacity by centered on improving productivity
- We are aiming for continuous Revenue growth and steady improvement in Profit margins

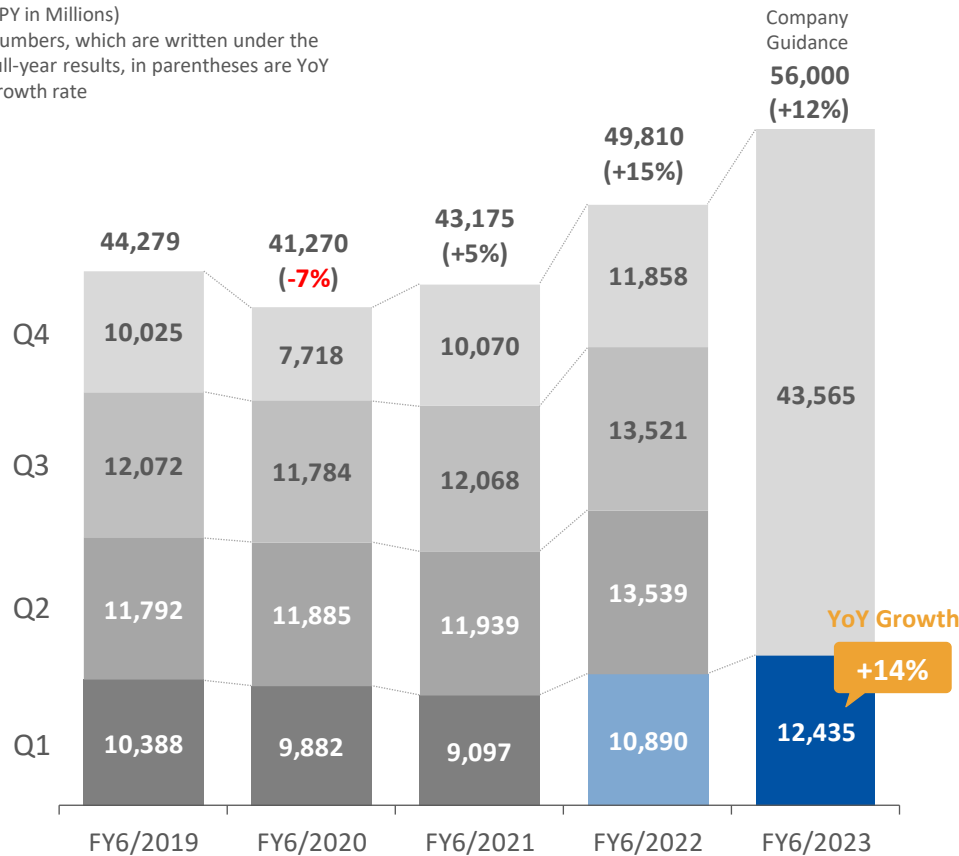
# **FY6/2023 Q1 Financial Update**

# FY6/2023 Q1: Consolidated Results - Summary

Q1 Revenue achieved double-digit growth as strong demand for our services continued from the previous fiscal year  
 Operating Profit decreased YoY due to an increase in costs associated with the expansion of operational capacity, but improved significantly from FY6/2022 Q4  
 Q1 results are progressing as expected against full-year guidance

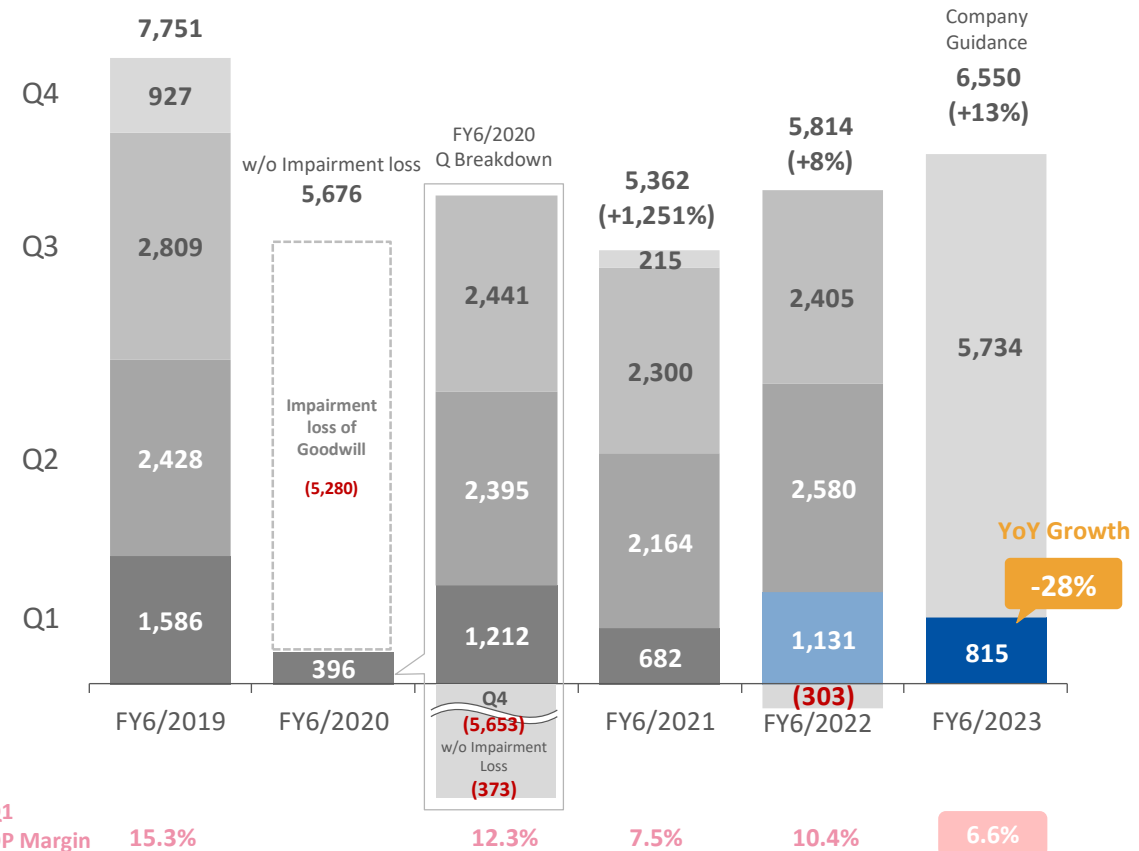
## Revenue

Consolidated (IFRS)  
 (JPY in Millions)  
 Numbers, which are written under the full-year results, in parentheses are YoY growth rate



## Operating Profit (OP)

Consolidated (IFRS)  
 (JPY in Millions)  
 Numbers, which are written under the full-year results, in parentheses are YoY growth rate



Q1 OP Margin: 15.3% (FY6/2019), 12.3% (FY6/2020), 7.5% (FY6/2021), 10.4% (FY6/2022), 6.6% (FY6/2023)

# Consolidated Statement of Operations (P/L)

YTD (3 months)

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Revenue grew in both the Japan and Korea Business segment and the Overseas (ex-Korea) business segment

Operating Profit decreased in both segments due to an increase in Operating Expenses to expand operational capacity

Consolidated IFRS (JPY in Millions)		3 months		
	FY6/2022 Q1 Actual	FY6/2023 Q1 Actual	YoY Variance	YoY Growth
<b>Revenue</b>	<b>10,890</b>	<b>12,435</b>	<b>+1,545</b>	<b>+14 %</b>
Japan and Korea Business Segment	8,149	8,909	+759	+9 %
Overseas (ex-Korea) Business Segment	2,781	3,575	+794	+29 %
<b>EBITDA</b>	<b>1,823</b>	<b>1,536</b>	<b>- 286</b>	<b>- 16%</b>
<b>Operating Profit</b>	<b>1,131</b>	<b>815</b>	<b>- 316</b>	<b>- 28%</b>
Japan and Korea Business Segment	939	802	- 137	- 15%
Overseas (ex-Korea) Business Segment	191	9	- 182	- 95%
<b>Operating Profit Margin</b>	<b>10.4%</b>	<b>6.6%</b>	<b>- 3.8pt</b>	
<b>Profit Attributable to Owners of the Parent</b>	<b>518</b>	<b>204</b>	<b>- 313</b>	<b>- 61%</b>

## Notes

1. Revenue and operating profit of each segment and region are shown using figures before elimination of inter-segment offsets. Please see the common footnote on p.2 for more detail.

# FY6/2023 Q1: Operating Profit Waterfall

YTD (3 months)

Both segments delivered a significant increase in Revenue, but OP declined due to the rise in expenses, such as Total Employee Expenses, etc

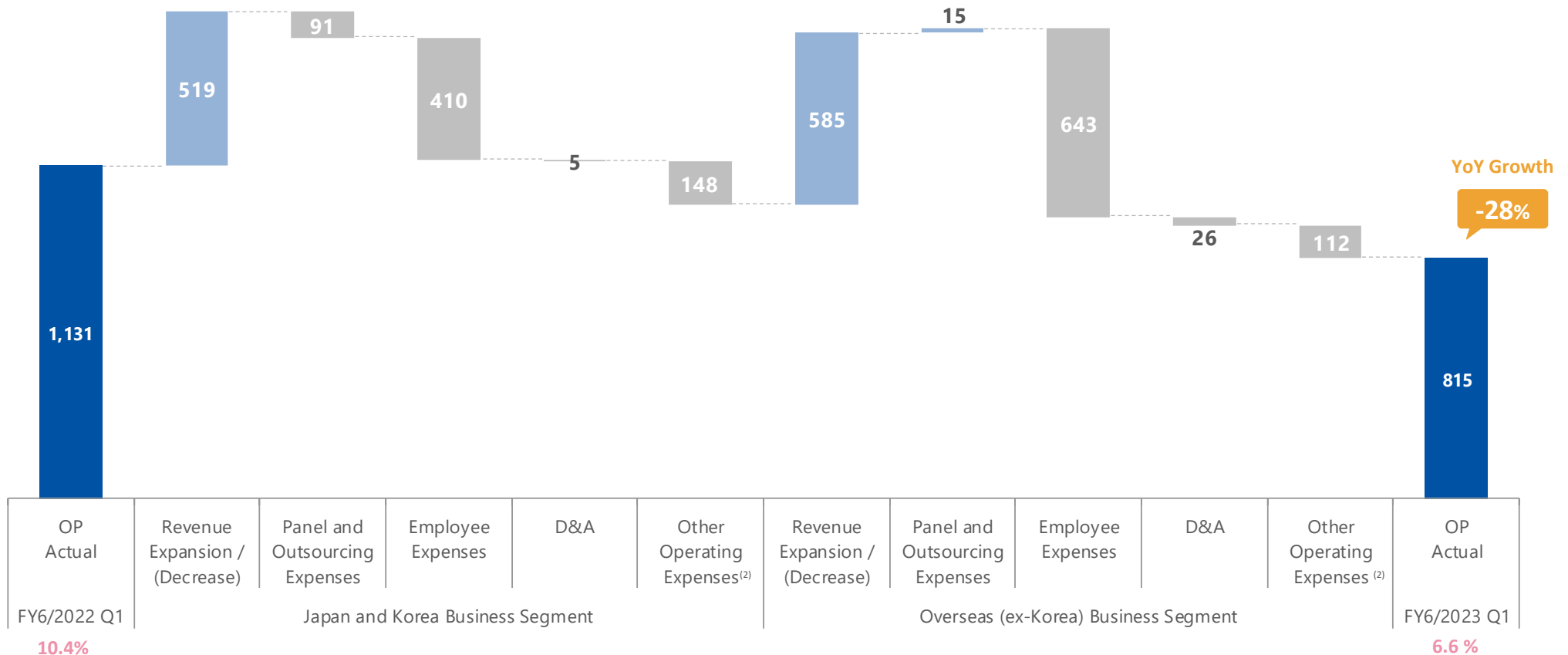
Other Expenses increased due to the revival of sales activities from easing of Covid-19 restrictions on movements and an increase in IT Expenses

## Operating Profit (OP) Waterfall Analysis<sup>(1)</sup>

Consolidated (IFRS)  
(JPY in Millions)

Japan and Korea | Breakdown of Consl. YoY Growth **-12%**

Overseas (ex-Korea) | Breakdown of Consl. YoY Growth **-16%**



### Notes

- The impact of "Revenue Expansion/(Decrease)" effects and "Panel and Outsourcing Expenses" on "Operating Profit" is calculated and described based on margin improvement/deterioration. "Employee Expenses", "D&A", and "Other Operating Expenses" are shown using actual differences from the same period of the previous year.
- Other Operating Expenses includes Other Operating Income, Other Operating Expenses, and Share of the Profit on Investments Accounted for Using the Equity Method in addition to Other in Operating Expenses

# FY6/2023 Q1: Operating Expenses

YTD (3 months)

8

Total Employee Expenses increased due to increased headcounts from recruitment initiatives in the previous fiscal year and additional recent hires

In addition, Other Expenses for expanding sales activities and Outsourcing Expenses for expanding Operational capacity increased at greater rates than the rate of Revenue growth

Consolidated IFRS (JPY in Millions)	3 months			
	FY6/2022 Q1 Actual	FY6/2023 Q1 Actual	Variance	YoY Growth (%)
<b>Revenue</b>	<b>10,890</b>	<b>12,435</b>	<b>+1,545</b>	<b>+14 %</b>
<b>Operating Expenses Total</b>	<b>9,759</b>	<b>11,620</b>	<b>+1,861</b>	<b>+19 %</b>
Panel Expenses	1,755	2,008	+253	+14 %
Outsourcing Expenses	1,433	1,698	+265	+18 %
Others <sup>(1)</sup>	1,228	1,485	+257	+21 %
D&A	686	718	+32	+5 %
Employee Expenses	4,657	5,711	+1,054	+23 %

## Notes

1. Others includes Other Operating Income, Other Operating Expenses, and Share of the Profit on Investments Accounted for using the Equity Method in addition to Other in Operating Expenses



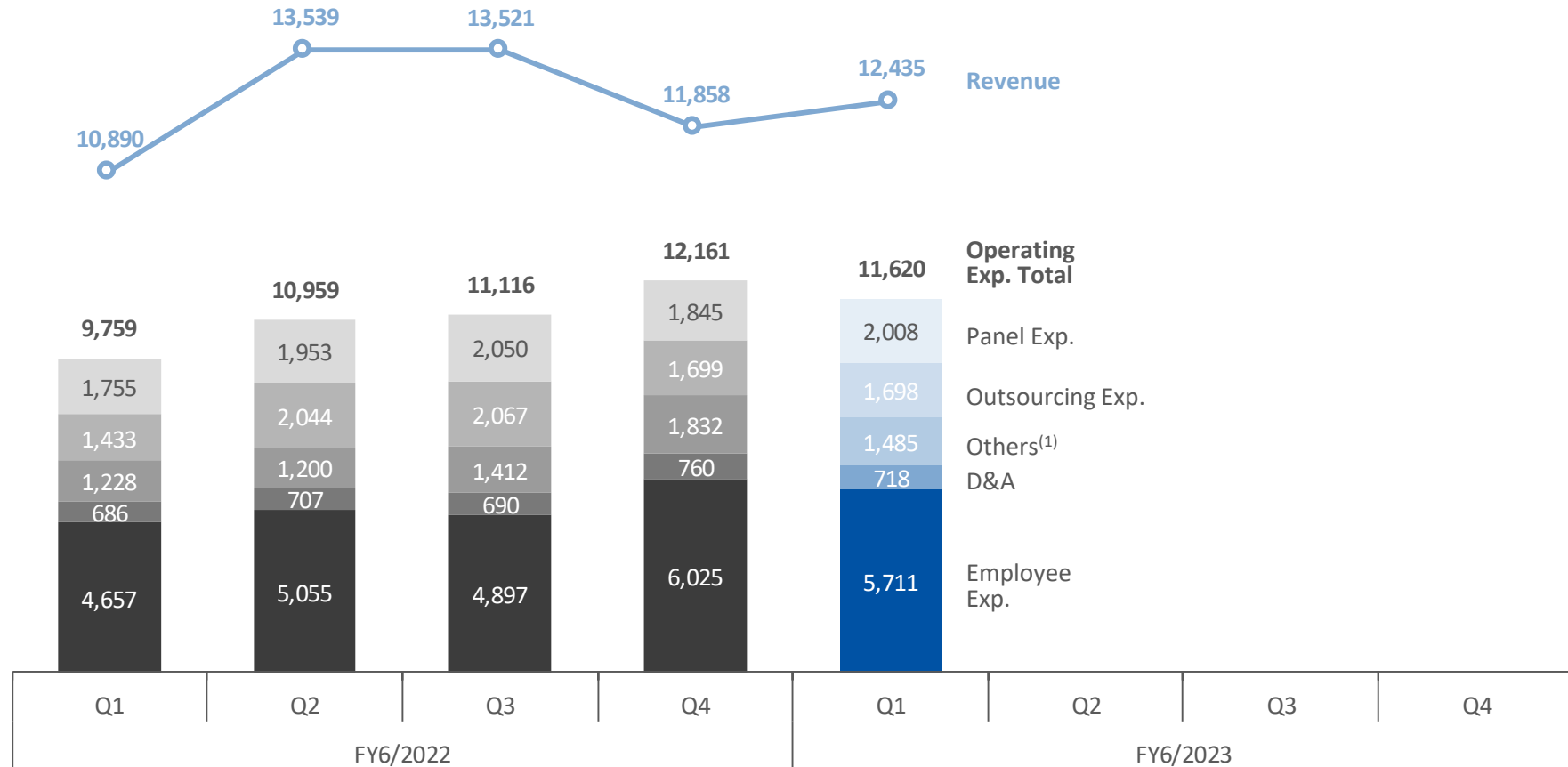
# Quarterly Operating Cost Trend

Q1 Total Operating Expenses decreased compared to FY22 Q4

This was due to decrease in bonuses in Total Employee Expenses and M&A-related expenses in Other Expenses

## Quarterly Operating Cost Trend

Consolidated (IFRS)  
(JPY in Millions)



Notes

1. Others includes Other Operating Income, Other Operating Expenses, and Share of the Profit on Investments Accounted for using the Equity Method in addition to Other in Operating Expenses

# Trend in Employee/Outsourcing Expenses & Headcount

We made steady progress in improving productivity and expanding operational capacity as planned

The number of consolidated employees in Q1 increased by 321 YoY, and recently it has risen significantly in the Overseas (ex-Korea) Business Segment

## Trend in Total Employee Expenses and Outsourcing Expenses

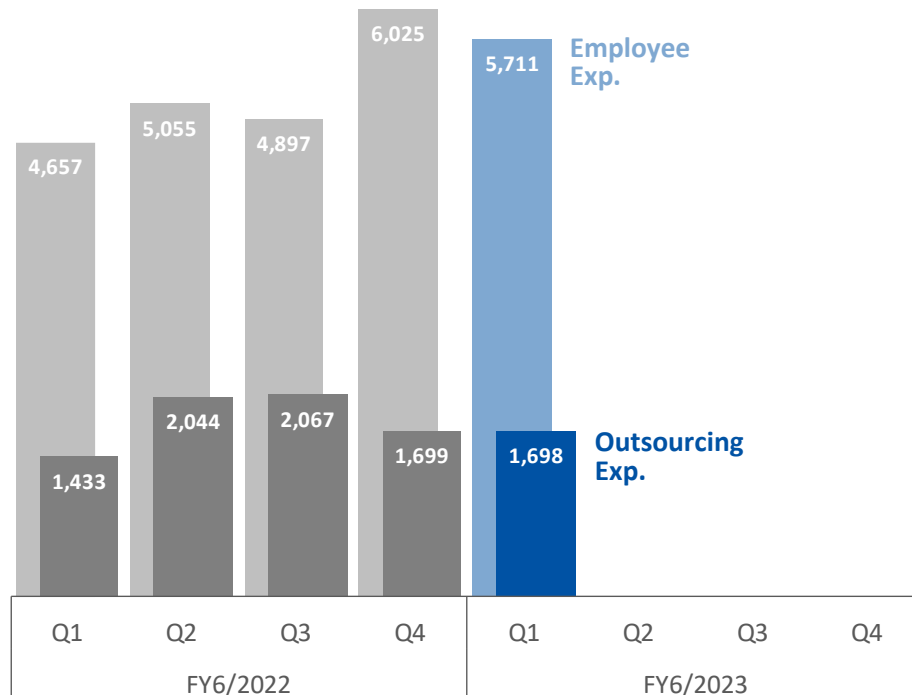
Consolidated (IFRS)  
(JPY in Millions)

YoY Growth

Revenue: +14%

Employee Exp.: **+23%**

Outsourcing Exp.: **+18%**



## Headcount Trend<sup>(1)</sup>

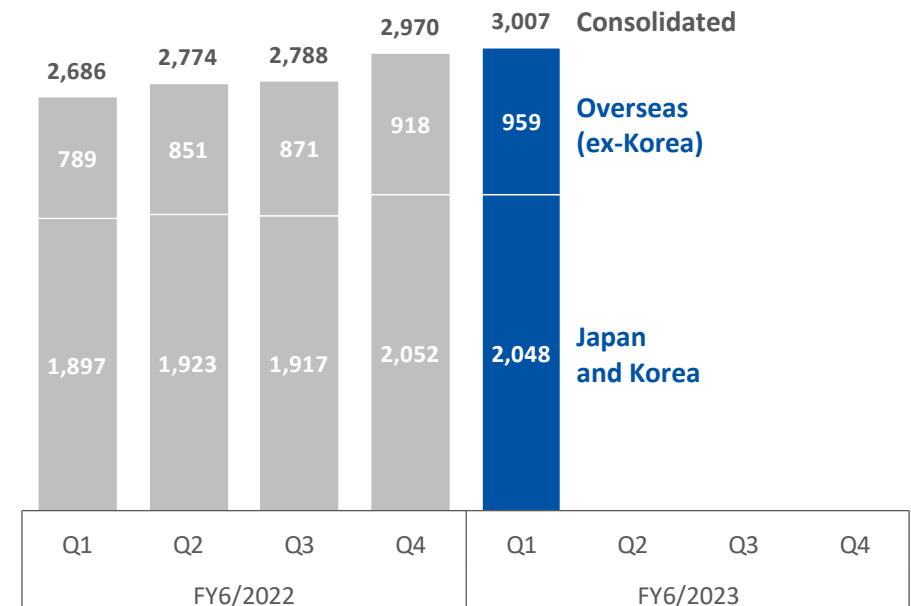
Consolidated  
(Person)

YoY Increase

Consolidated: **+321**

Overseas (ex-Korea): +170

Japan and Korea: +151



Notes

1. Headcount figures do not include temporary employees

# Outlook for OP Margin expansion

In FY6/2023, we will proceed the OP Margin improve through the following steps

In FY6/2024, we will aim to achieve the Operating Profit target in the MTBP based on the profit margin improvement in this fiscal year

## Anticipated steps to improve OP Margin

		Outsourcing Expenses	Total Employee Expenses	Key Points
1st Step	FY6/2022	Material Increase (Exceeds Revenue Growth)	Material Increase (Exceeds Revenue Growth)	<ul style="list-style-type: none"> <li>Respond to the current increase in client demand by leveraging Outsourcing Expenses and rapidly hiring new talent to fill the demand/supply gap</li> </ul>
	FY6/2023	1H	Material Increase (Exceeds Revenue Growth)	Material Increase (Exceeds Revenue Growth)
2nd Step		2H	Suppress increase trend (However, exceeds Revenue Growth)	Increase in normal pace (Slower than Revenue Growth)
3rd Step	FY6/2024	Compressed to the original level (Slower than Revenue growth, in this fiscal year)	Increase in normal pace (Slower than Revenue Growth)	<ul style="list-style-type: none"> <li>Maximize the expanded internal operational capacity and suppress Outsourcing Expenses to their original level. Manage the growth in Outsourcing Expenses down to less than Revenue increase on a YoY basis</li> </ul>

# Consolidated Statements of Financial Position (B/S)

M&A conducted on July 1, 2022 caused goodwill increase and transfer of items from equity to liability  
 Q1 profit YoY decrease resulted in the rise of Net Debt/EBITDA ratio and the decrease in ROE

Consolidated IFRS (JPY in Millions)	FY6/2022 as of June 30, 2022	FY6/2023 as of Sep. 30, 2022	Variance
<b>Total Current Asset</b>	<b>27,759</b>	<b>26,671</b>	<b>(1,088)</b>
Cash and cash equivalents	14,756	11,605	(3,150)
Trades and Other Receivables	7,966	8,823	857
<b>Total Non-current Asset</b>	<b>55,874</b>	<b>55,694</b>	<b>(179)</b>
Goodwill	42,928	43,055	127
Japan and Korea Business Segment	39,957	40,069	112
Overseas (ex-Korea) Business Segment	2,970	2,985	14
<b>Total Liabilities</b>	<b>47,806</b>	<b>47,662</b>	<b>(143)</b>
Borrowings and Bonds <sup>(1)</sup>	31,555	31,441	(113)
<b>Total Equity</b>	<b>35,827</b>	<b>34,703</b>	<b>(1,124)</b>

## Target Financial KPIs

<b>Net Debt/ EBITDA</b>	<b>2.21 x</b>	<b>2.62 x</b>	
Net Debt	19,228	22,005	2,777
EBITDA <sup>(2)</sup>	8,697	8,410	(287)
<b>ROE<sup>(2)</sup></b>	<b>10.3%</b>	<b>9.4%</b>	-0.9pt

Note

1. The sum of Short-term Borrowings, Long-term Borrowings, and Bonds
2. Calculated in the last twelve months

# Consolidated Statements of Cash Flows (C/F)

Cash flow from Financing Activities improved from last year, due to regular payment decrease from refinancing in March 2022 and the absence of 5 billion yen bond redemption in this fiscal year

Cash flow from Operating Activities in Q1 is negative as in previous years

Consolidated IFRS (JPY in Millions)	3 Months		
	FY6/2022 Q1Actual	FY6/2023 Q1Actual	Variance
Cash Flows from Operating Activities	- 1,526	- 1,641	- 114
Cash Flows from Investing Activities	20	- 352	- 372
Free Cash Flows <sup>(1)</sup>	- 1,435	- 1,960	- 525
Cash Flows from Financing Activities	- 6,911	- 1,065	+5,845
Increase/(decrease) in Cash and Cash Equivalents	- 8,417	- 3,059	+5,357
Cash and Cash Equivalents at the end of the period	10,588	11,605	+1,016

Note

1. Free cash flow = Cash flows from operating activities ± cash flows from investing activities - interest paid

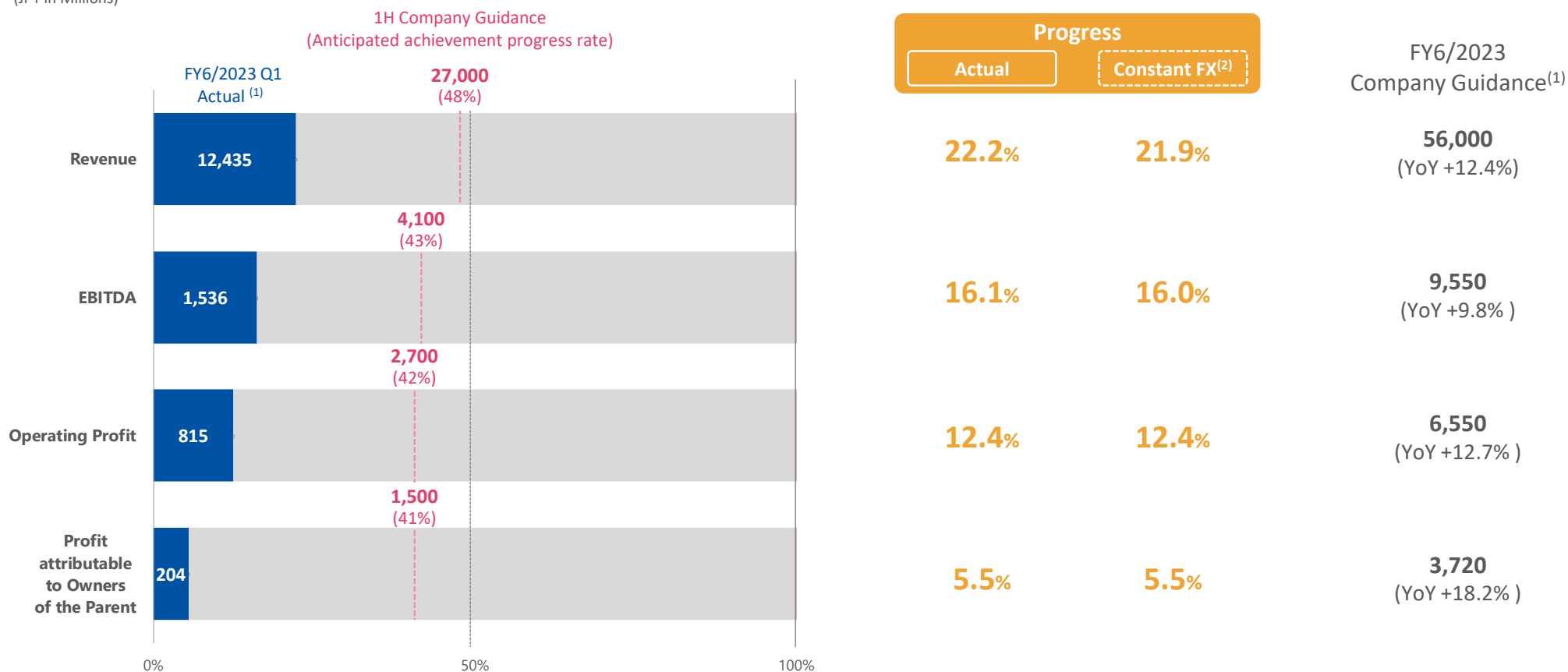
# FY6/2023 Q1 Results: % of Achievement vs. Guidance

We made steady progress as planned against the Q1 assumption in the full-year guidance

We aim to achieve double-digit growth in line with the full-year guidance

## FY6/2023 Q1 Actual vs. FY6/2023 Company Guidance

Consolidated (IFRS)  
(JPY in Millions)



Note

1. Company guidance for FY6/2023 are based on FX rate of 1Euro = JPY 135.00 and 1KRW = JPY 0.1000
2. Please refer to the common footnotes on p.2 for the calculation method of the Constant FX and its significance

# **Japan and Korea Business Segment Update**

# FY6/2023 Q1: Segment Performance Summary



Mainly driven by the Japan business, Q1 Segment Revenue increased by +9% YoY

Q1 Segment Profit decreased by 15% YoY mainly due to a rise in Total Employee Expenses in the Japan business

3 Months					
(JPY in Millions)	FY6/2022 Q1Actual	FY6/2023 Q1Actual	Variance	YoY Growth (%)	YoY Growth Constant FX <sup>(1)</sup>
<b>Japan and Korea Business Segment</b>	<b>8,149</b>	<b>8,909</b>	<b>+759</b>	<b>+9 %</b>	<b>+8 %</b>
Japan	7,177	7,770	+593	+8 %	+8 %
Korea	975	1,141	+165	+17 %	+8 %
<b>Segment Profit</b>	<b>939</b>	<b>802</b>	<b>- 137</b>	<b>- 15%</b>	<b>- 15%</b>

Note

1. Please refer to the common footnotes on p.2 for the calculation method of the Constant FX and its significance



# FY6/2023 Q1: Segment Performance Summary



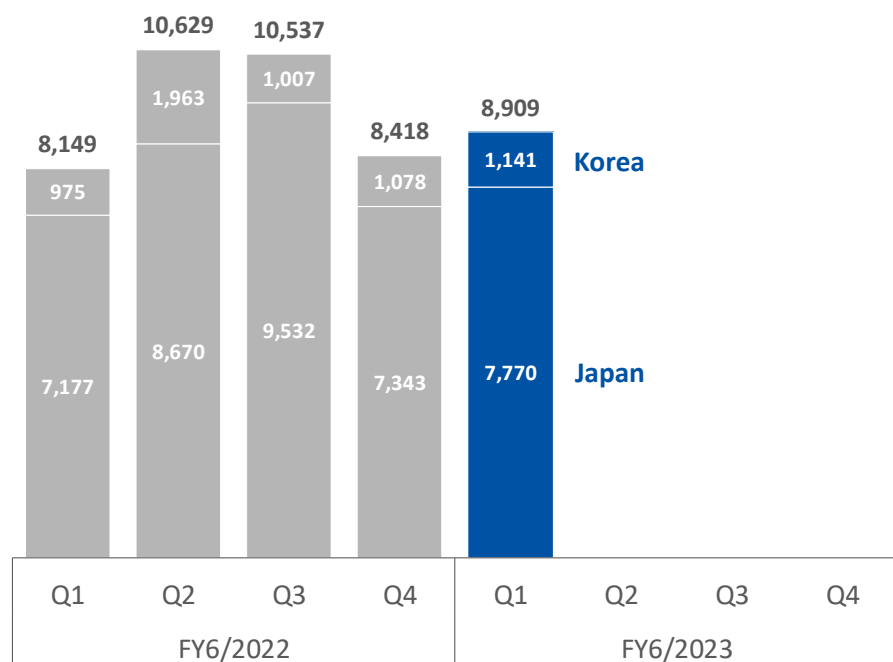
Q3 in Japan and Q2 in South Korea are the strongest quarters, and Q1 is a slow season in both regions, but Segment Revenue continued a steady growth trend

Segment profit in Q1 decreased YoY due to an increase in Total Employee Expenses, but it improved significantly from FY6/2022 Q4, which was in deficit

## Quarterly Segment Revenue Trend

(JPY in Millions)

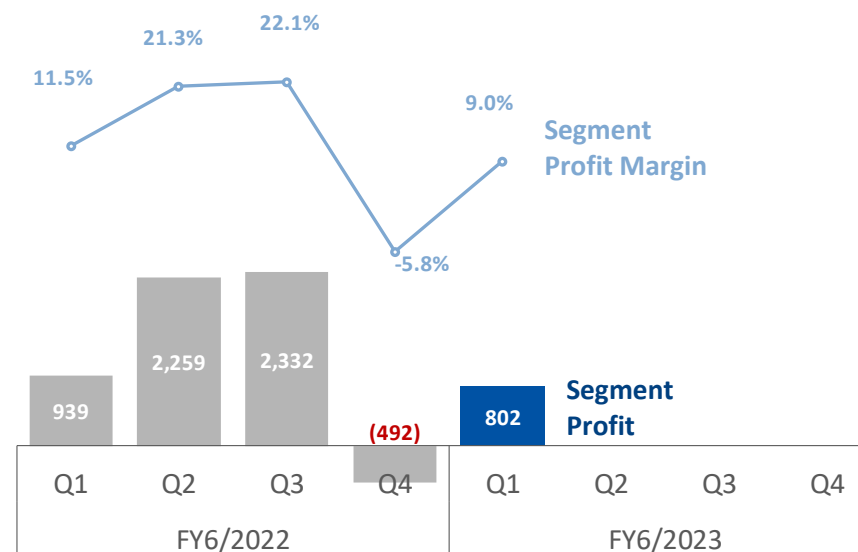
YoY Growth Actual: **+9%**  
Constant FX<sup>(1)</sup>: **+8%**



## Quarterly Segment Profit and Profit Margin Trend

(JPY in Millions)

YoY Growth Actual: **-15%**  
Constant FX<sup>(1)</sup>: **-15%**



Note

1. Please refer to the common footnotes on p.2 for the calculation method of the Constant FX and its significance

# FY6/2023 Q1: Japan Business Summary



Operational capacity in the Research business expanded as expected

However, demand for our services continues to exceed our operational capacity, and opportunity losses still occurred

## Q1 Japan Revenue (3 months)

(JPY in Millions)

## Quarterly Japan Revenue Trends

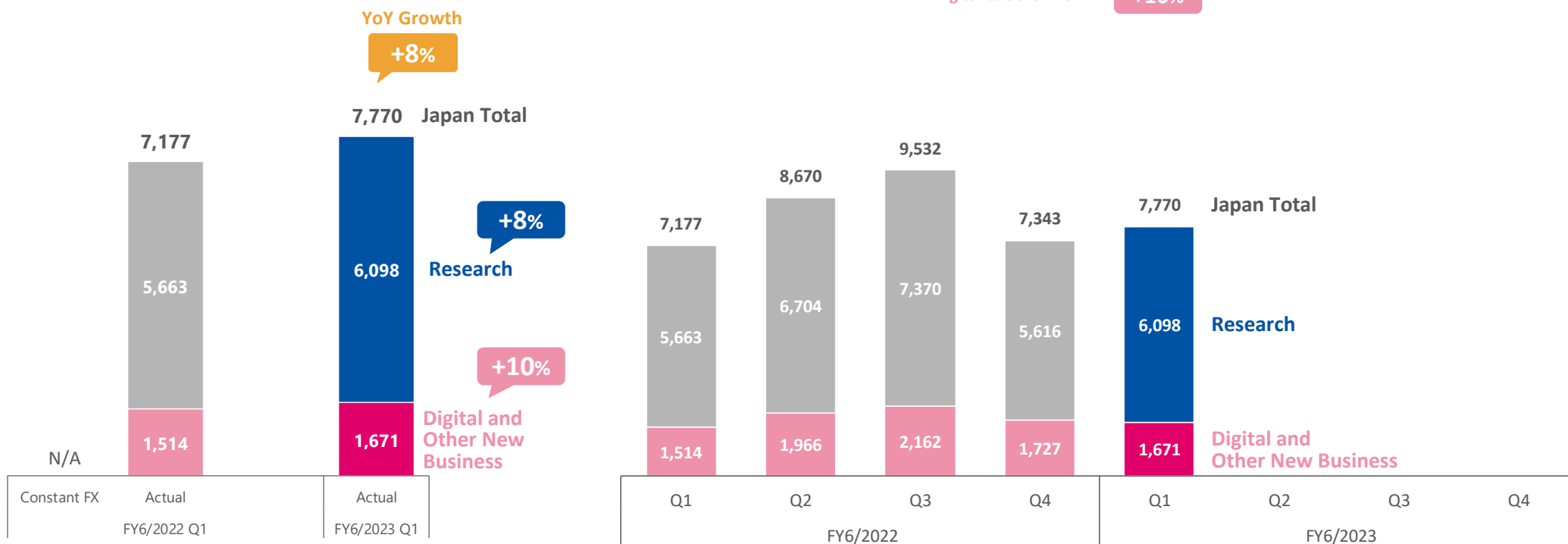
(JPY in Millions)

YoY Growth

Japan Total: **+8%**

Research: **+8%**

Digital & Other New: **+10%**



Note

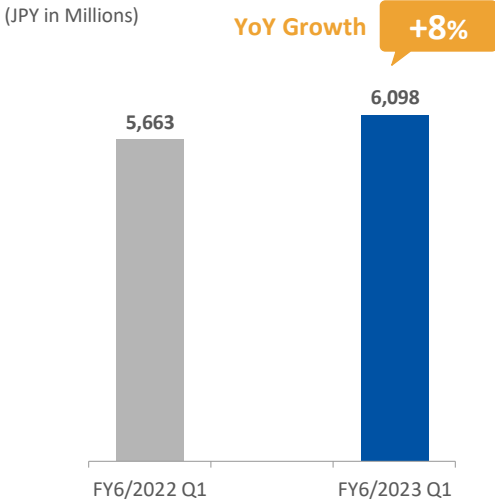
1. Please refer to the solution portfolio page (p.[35]) for each solution



Q1 Research business exceeded the MTBP target growth rate, but Digital and Other New businesses missed the target

We will continue to aim for 20% growth in Digital and Other New businesses after Q2 with the growth led by New Business Initiatives

### Q1 Research Business Revenue (3months)



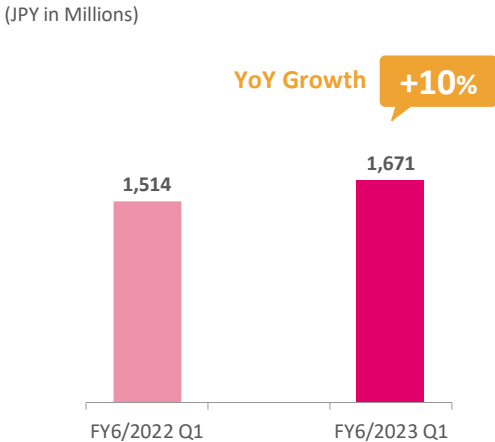
### Q1 Business Performance Commentary

#### Research Business

**Target Growth Rate in MTBP:**  
Per Annum  
**6%**

- Client demand is continuing to be strong and exceeds our expectations
- Initiatives to partner with clients (Sales and delivery structure, Macromill Consortium, etc.) succeeded and the size of the project continues to expand
- Online Research maintains its growth. However, opportunity loss due to the operational capacity shortage remains, so we will focus on operational capacity expansion
- Offline Research increased significantly in reaction to the resume of services due to the removal of the restrictions imposed by the state of emergency in FY22 Q1

### Q1 Digital & Other New Business Revenue (3m)



#### Digital and Other New Business

**Target Growth Rate in MTBP:**  
Per Annum  
**20%**

- Client companies are considering alternative measurement methods for third-party cookies, which are scheduled to be phased out in the second half of 2024
- As a result, Revenue of the DMP Sync service decreased. The impact on the digital measurement service is minimal, and Revenue continued to grow. However, overall Digital Revenue declined in Q1, and this trend is expected to continue during the transition period
- Among Other New Businesses, the data utilization support (consulting) business continued to perform well
- Revenue in the Life Science business declined in Q1 due to the large scale of projects and volatility, but is expected to grow from Q2 onwards

# FY6/2023 Q1: Korea Business Summary

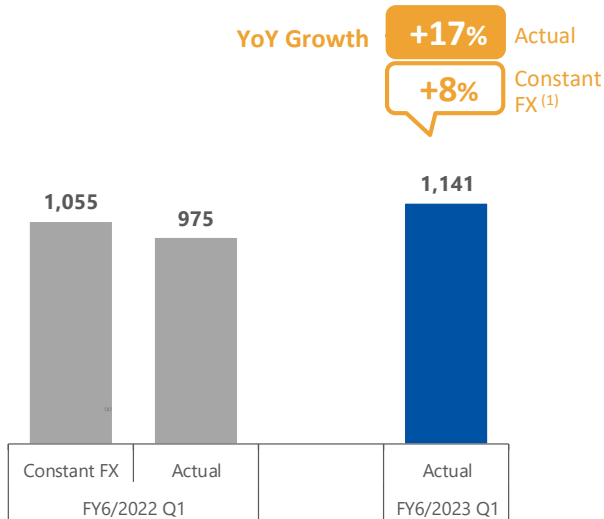


Due to the impact of Covid-19, Online Research is spreading in the Korean marketing research sector

In Q1, the digital field and projects with strategic clients performed well, and Revenue increased by double digits, partly due to the positive impact of FX rates

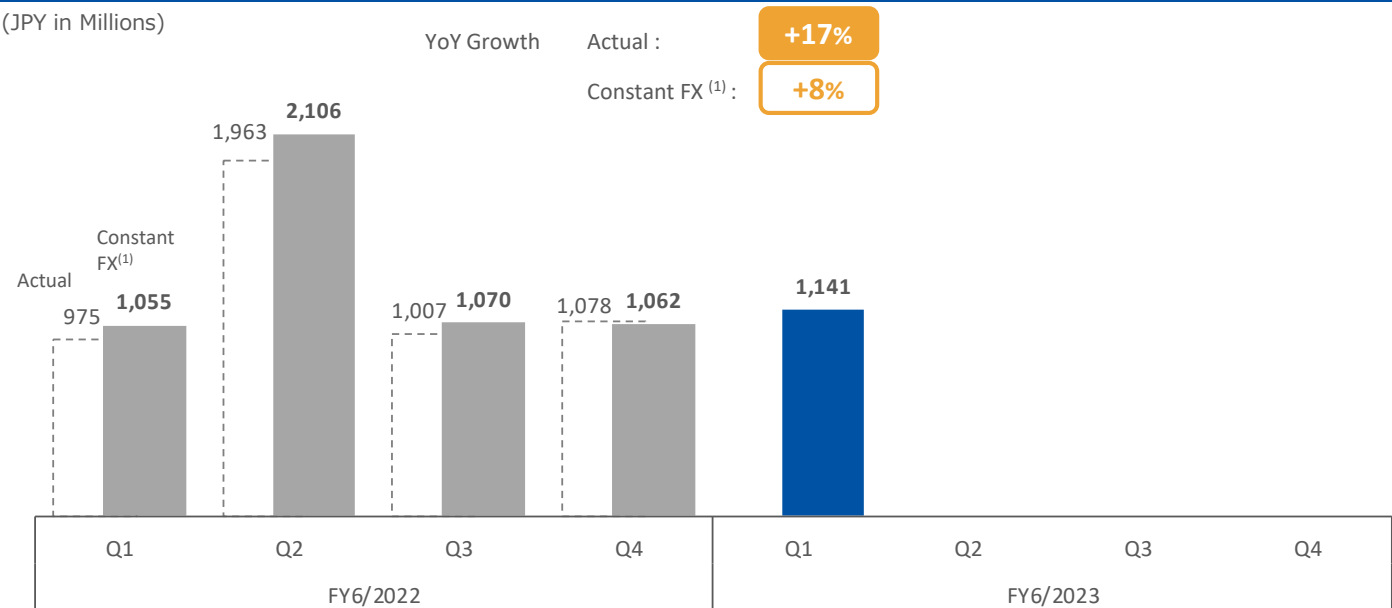
## Q1 Korea Revenue (3 Months)

(JPY in Millions)



## Quarterly Korea Revenue Trends

(JPY in Millions)



## Korea Business Q1 Performance Commentary

Target Growth Rate in MTBP:  
Per Annum **16%**

- Online Research Revenue, which grew significantly in the previous fiscal year, has been able to maintain its scale and is trending upwards steadily
- Digital solutions, including Data related services, grew +14% YoY in Q1. In addition, Revenue from our strategic client, an electronics company, expanded
- Macromill Group is the only research company that owns a proprietary consumer panel in Korea. We aim to further expand digital Revenue by leveraging this asset. We launched a new subscription-type purchase data service in FY6/2023 Q1, which is already operational in Japan
- Digital will continue to be our growth driver this year and beyond. This will include the expansion of new digital services rooted in our panel data

### Notes

1. Please refer to the common footnotes on p.2 for the calculation method of the Constant FX and its significance

# **Overseas (ex-Korea) Business**

## **Segment Update**

# FY6/2023 Q1: Segment Performance Summary



ROW

22

Achieved double-digit Revenue growth in all regions with the growth in Europe leading the rest of regions

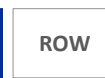
Segment Profit materially decreased due to increase in Total Employee Expenses from employee retention and increased capacity

		YTD (3 Months)				
		FY6/2022 Q1 Actual	FY6/2023 Q1 Actual	YoY Growth	Variance	Variance Constant FX <sup>(1)</sup>
(JPY in Millions)						
<b>Overseas (ex-Korea)</b>	<b>Revenue</b>	<b>2,781</b>	<b>3,575</b>	<b>+794</b>	<b>+29 %</b>	<b>+20 %</b>
	US	1,096	1,376	+280	+26 %	+17 %
	Europe	1,096	1,482	+385	+35 %	+26 %
	ROW	589	717	+127	+22 %	+14 %
	<b>Segment Profit</b>	<b>191</b>	<b>9</b>	<b>- 182</b>	<b>- 95%</b>	<b>- 95%</b>

## Notes

1. Please refer to the common footnotes on p.2 for the calculation method of the Constant FX and its significance

# FY6/2023 Q1: Overseas Business Summary



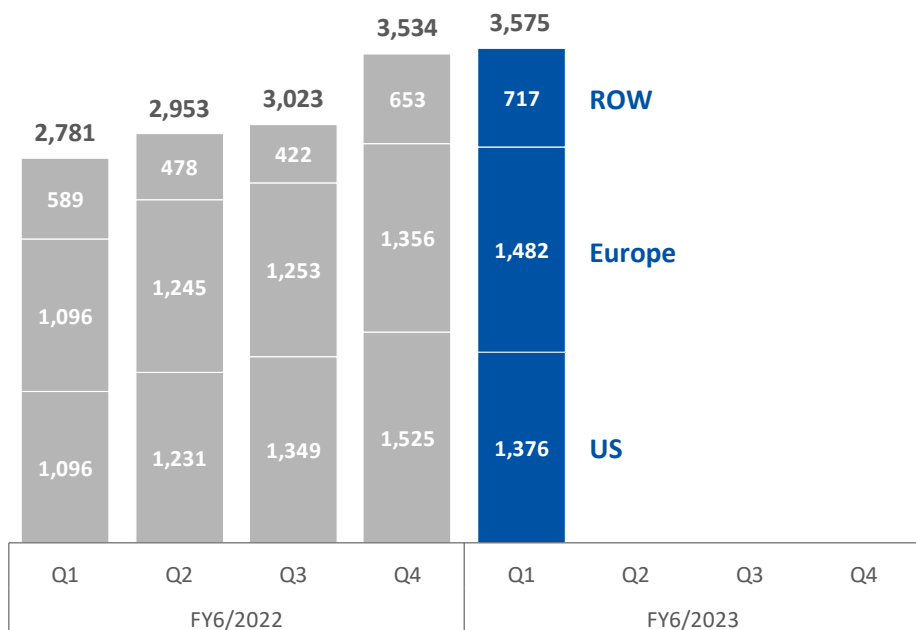
FY6/2022 was an irregular year, but in the pre-Covid periods, Q2 was the strongest quarter, and we anticipate Q2 to be the strongest season in this fiscal year

From Q2 onward, we anticipate Segment Profit will improve along with Revenue growth

## Quarterly Segment Revenue Trend

(JPY in Millions)

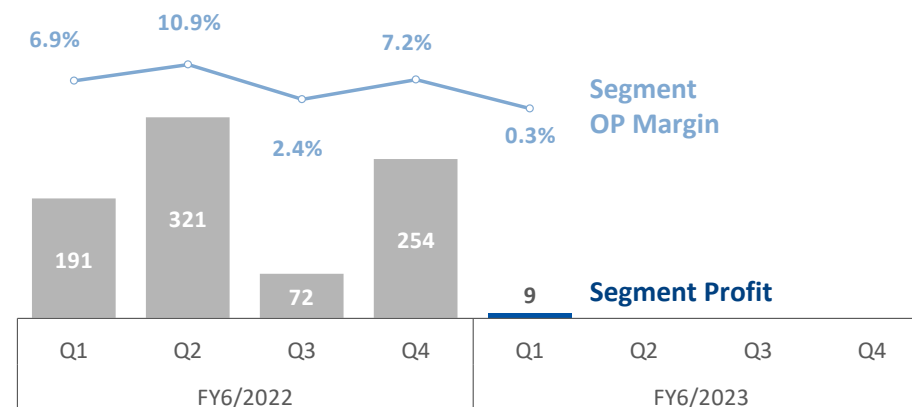
YoY Growth Actual : **+29%**  
 Constant FX<sup>(1)</sup> : **+20%**



## Quarterly Segment Profit and OP Margin Trend

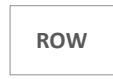
(JPY in Millions)

YoY Growth Actual : **-95%**  
 Constant FX<sup>(1)</sup> : **-95%**



**Notes**

1. Please refer to the common footnotes on p.2 for the calculation method of the Constant FX and its significance

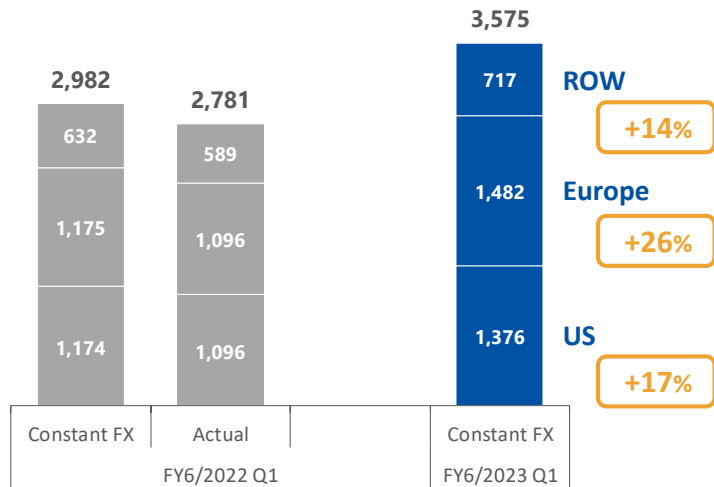


We achieved double-digit growth in Q1 Revenue in all regions, even on a Constant FX basis

## Q1 Overseas (ex-Korea) Revenue (3 Months)

(JPY in Millions)

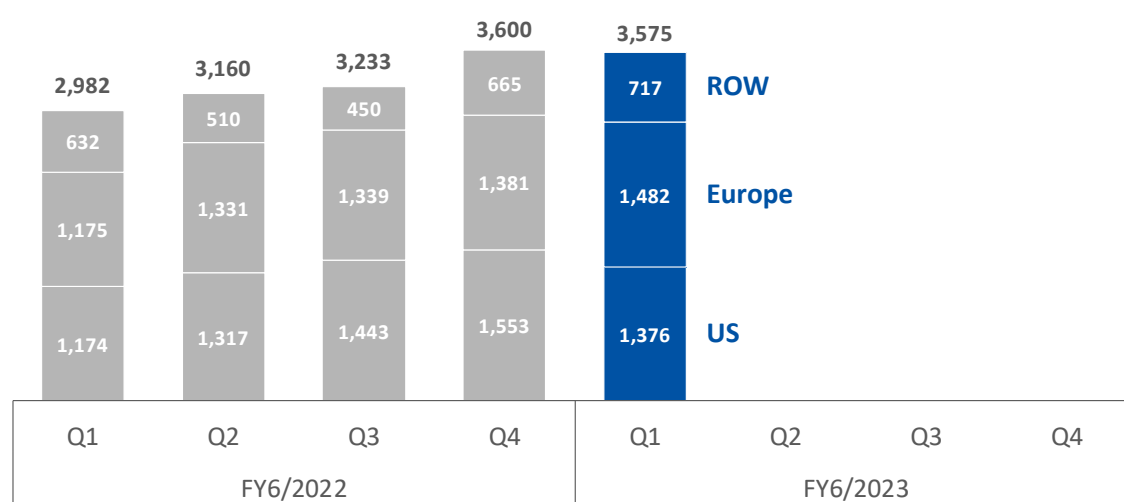
YoY Growth **+29%** Actual  
**+20%** Constant FX<sup>(1)</sup>



## Quarterly Overseas (ex-Korea) business Revenue trends in Constant FX

(JPY in Millions)

YoY Growth Actual : **+29%**  
 Constant FX<sup>(1)</sup> : **+20%**



## Overseas (ex-Korea) Business Q1 Performance Commentary

Target Growth Rate in MTBP:  
 Per Annum **9%**

- In Europe and ROW, we delivered on 'the share of wallet' strategy with several existing clients, as well as expanding with recent new customer wins
- New customer wins for Revenue growth: FMCG, OTC/Healthcare, and Travel industries
- We are investing in Talent retention to increase operational capacity to meet the growing demand for our services
- We opened new offices in South Africa and Poland

### Notes

1. Please refer to the common footnotes on p.2 for the calculation method of the Constant FX and its significance

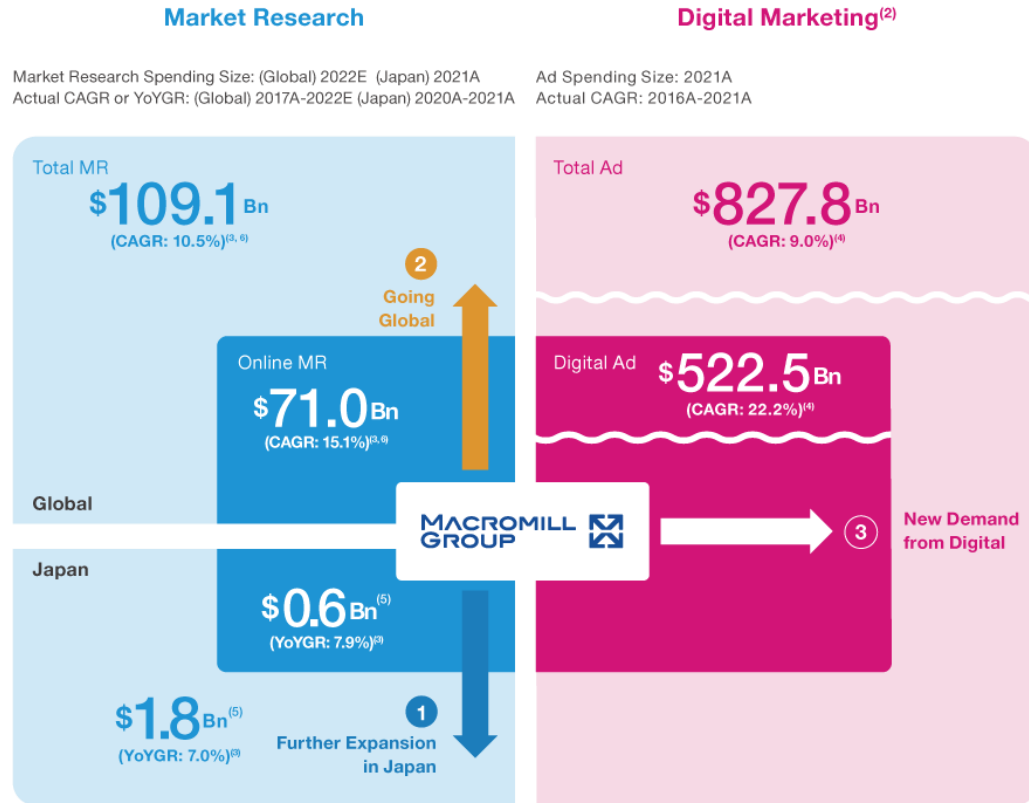


# Appendix

- i. Mid-term Business Plan (FY6/2021~FY6/2024)
- ii. Summary of our Company

# Big Market Opportunity and Our New Mid-term Business Plan

## Our Market Opportunity<sup>(1)</sup>



**Source**  
Global Market Research spending: ESOMAR - Global Market Research (9/2022)  
Japan Market Research spending: Japan Marketing Research Association (6/2022)  
Ad spending: eMarketer - Worldwide Ad Spending (9/2017, 10/2022)

**Notes**

- The diagram is for illustrative purpose only and is not intended to depict relative market size to scale, or to show the current or future revenue or profit of Macromill group in each market
- The market size includes solutions which Macromill group does not offer currently, and shows the size of the digital ad market as a sub-component of the total ad market. We generally do not plan to expand our business to cover all of this market, but believe it is helpful to show because we believe that there is a correlation between the growth of this market and the growth of sales of our digital marketing solutions.
- Historical or YoYGR for (Global) 2017A-2022E (Japan) 2020A-2021A
- Historical CAGR for 2016A-2021A
- Exchange rate: USD/JPY = 130
- 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).

## New Mid-term Business Plan (3 years) Target: FY6/2024






Market Position	We aspire to be “ <b>Global Top 10</b> ” and “ <b>No.1 in Japan and No.1 in Asia</b> ”
Revenue	Revenue JPY <b>57.0bn</b> Implied Annual Growth Rate: 9.7% (3Y CAGR)
Profit	OP Margin <b>15%</b> ROE <b>10%</b> or higher
Leverage	Maintain credit rating <b>BBB+</b> or higher + Net Debt / EBITDA <b>2.0x-2.5x</b>
Shareholder Return	Consolidated dividend payout ratio <b>20% ~ 30%</b> + <b>Share Buyback</b> in a timely manner

# Outlook for Next 3 Years

In Japan business, aim to achieve target Revenue with higher growth in "Digital and Other New Business" and maintain stable growth in "Research Business" co-working with all group companies in Japan

Regarding the Overseas business, we aim to demonstrate its strength corresponding to each market. As a result, we aim to achieve the following target growth rate and Revenue, respectively

## Target Revenue and Growth Rate by Business Entities

	Japan Business		Korea Business	Overseas (ex-Korea) Business
	Research Business	Digital and Other New Business		
Business Entities	   etc. <small>(Joint Venture with Dentsu) (Joint Venture with Hakuodo)</small>			
FY6/2021 Revenue Actual	<b>24.1bn</b> (Composition Ratio : 56%)	<b>5.8bn</b> (Composition Ratio : 13%)	<b>4.1bn</b> (Composition Ratio : 10%)	<b>9.2bn</b> (Composition Ratio : 21%)
Target Growth Rate	Per Annum: <b>6%</b> (3Y CAGR)	Per Annum: <b>20%</b> (3Y CAGR)	Per Annum: <b>16%</b> (3Y CAGR)	Per Annum: <b>9%</b> (3Y CAGR)
FY6/2024 Target Revenue	<b>28.5bn</b> (Composition Ratio : 50%)	<b>10.0bn</b> (Composition Ratio : 18%)	<b>6.5bn</b> (Composition Ratio : 11%)	<b>12.0bn</b> (Composition Ratio : 21%)
3 Years Variance	<b>+4.4bn</b> (Composition Ratio : -6%)	<b>+4.2bn</b> (Composition Ratio : +5%)	<b>+2.4bn</b> (Composition Ratio : +1%)	<b>+2.8bn</b> (Composition Ratio : +0%)

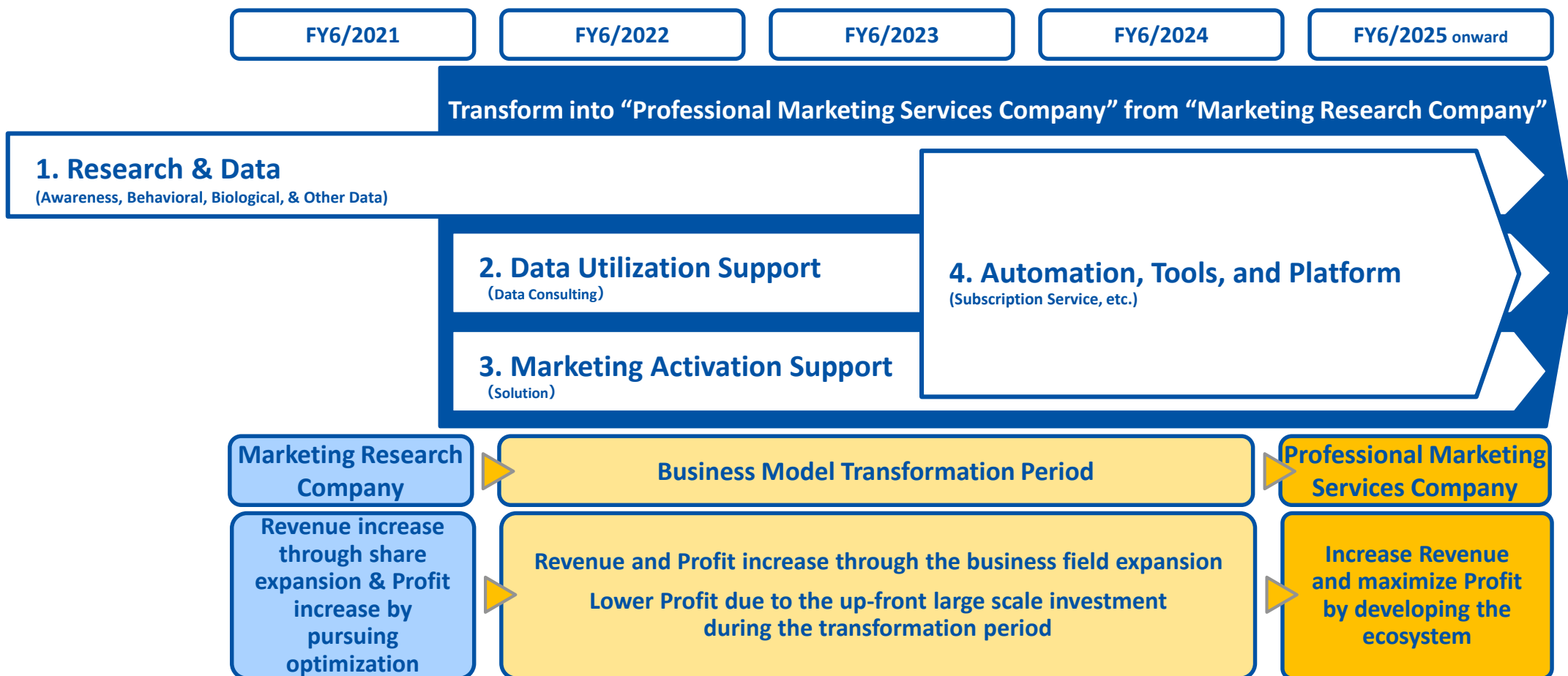
# Japan Business: The Road to Transformation



Set the next 3 years as the business model transformation period

Accelerate the strategic up-front investment in talent for existing and new business fields

## Our Targeted Business Model



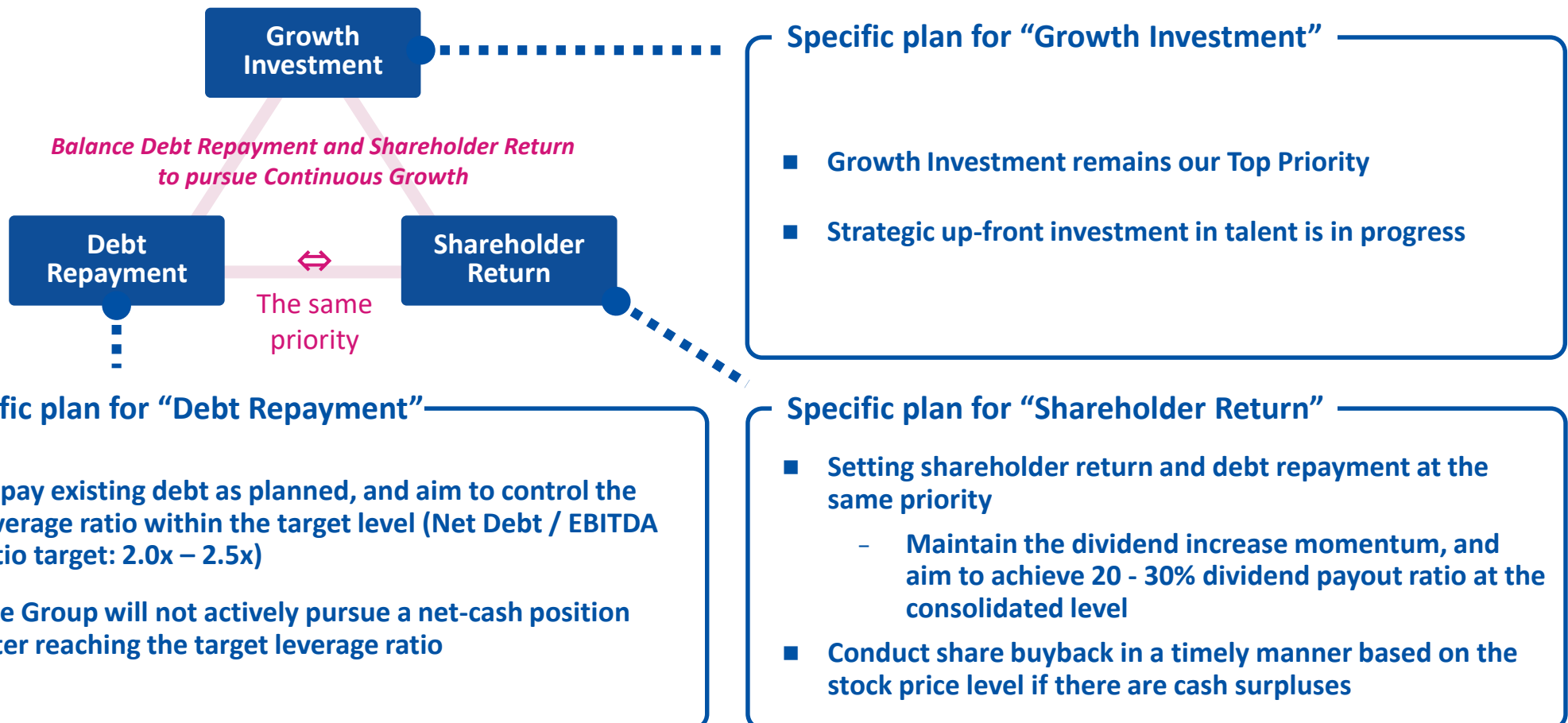
Although the investment will impact the profit margin,  
we will proceed with a strong will in order to grow our Enterprise Value

“Growth investment” remains our top priority going forward

Both “Debt Repayment” and “Shareholder Return” are set at the same priority level (= Enhance shareholder return)

Maintain the dividend increase momentum to achieve 20 - 30% of the Consolidated Dividend Payout Ratio, and conduct share buyback in a timely manner

## Priority in Capital Allocation

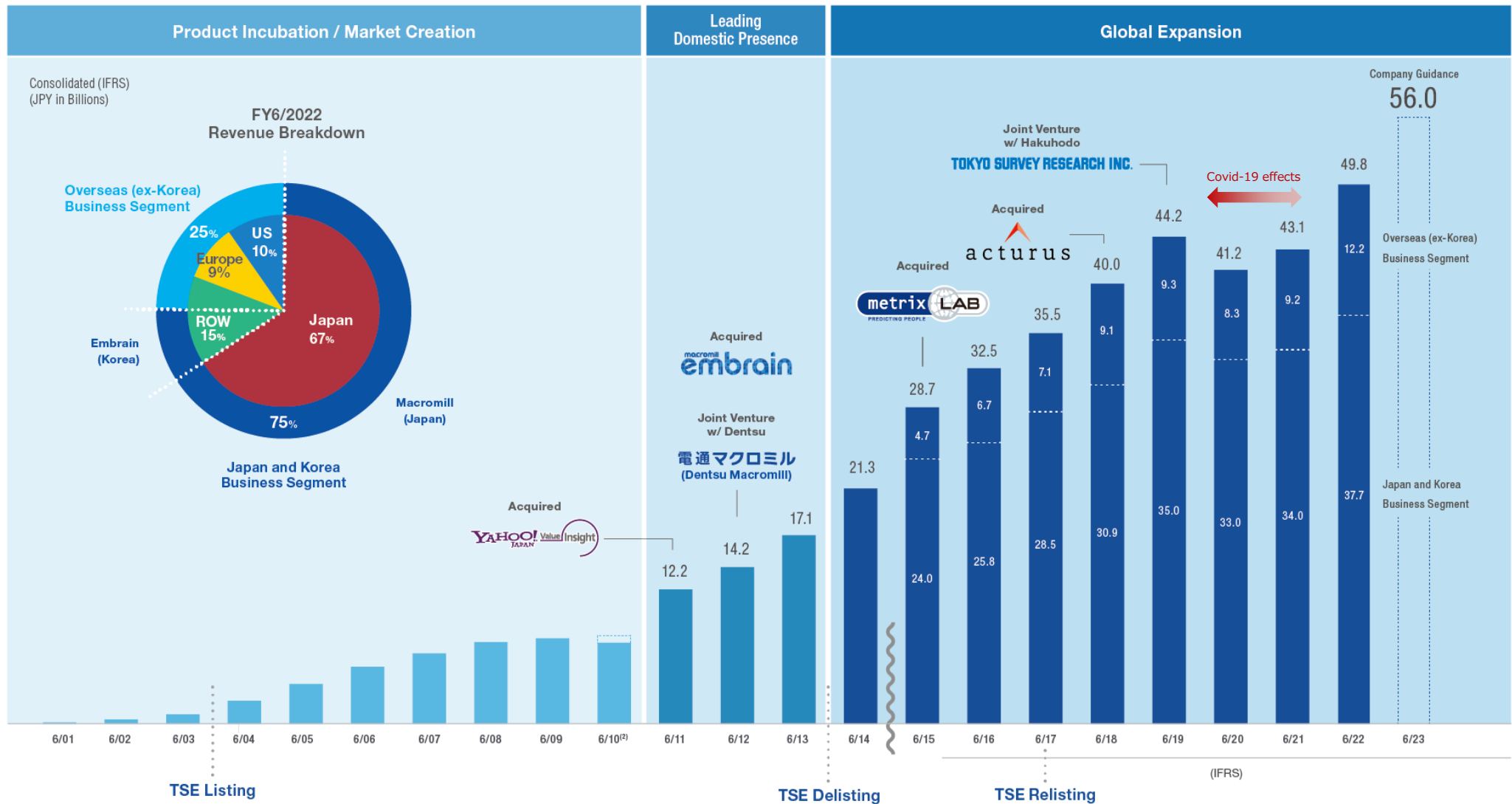


# Appendix

- i. Mid-term Business Plan (FY6/2021~FY6/2024)
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# We are Fast Growing Market Research Company

## Consolidated Revenue<sup>(1)</sup>



**Notes**

1. J-GAAP based financials for FY6/2001-6/2014 and IFRS-based financials for FY6/2015 onwards. J-GAAP and IFRS financial information are prepared based on different accounting principles and are not directly comparable. Macromill believes, however, that the presentation of consolidated revenues on a J-GAAP basis as compared to IFRS would only require immaterial adjustments and that the presentation above appropriately and accurately reflects the consolidated revenue trends for the four fiscal years ended June 30, 2017
2. The dotted line indicates potential revenue contribution from the subsidiary (AIP) divested in this year.

# Who we work with

- Serving a diversified set of clients, but Revenue concentrated with long-term clients and high retention
- Strategic agency relationships including jointly managed subsidiaries (Dentsu, Hakuhodo)

## Highlights

### Number of Clients

c. **4,400** clients, 90+ countries

c. **2,500** clients  
in Japan

c. **1,900** clients  
in Overseas

### Client Retention Rate of Large Clients<sup>(1)</sup>

**96.6%**  
in Japan<sup>(2)</sup>

**89.7%**  
in Global<sup>(3)</sup>  
(excl. Japan)

Case  
Studies



**ASAHI BREWERIES, LTD.:** One-stop support  
from product development to sales (\*Japanese Only)



**CAPCOM CO., LTD.:**  
Concept creation support

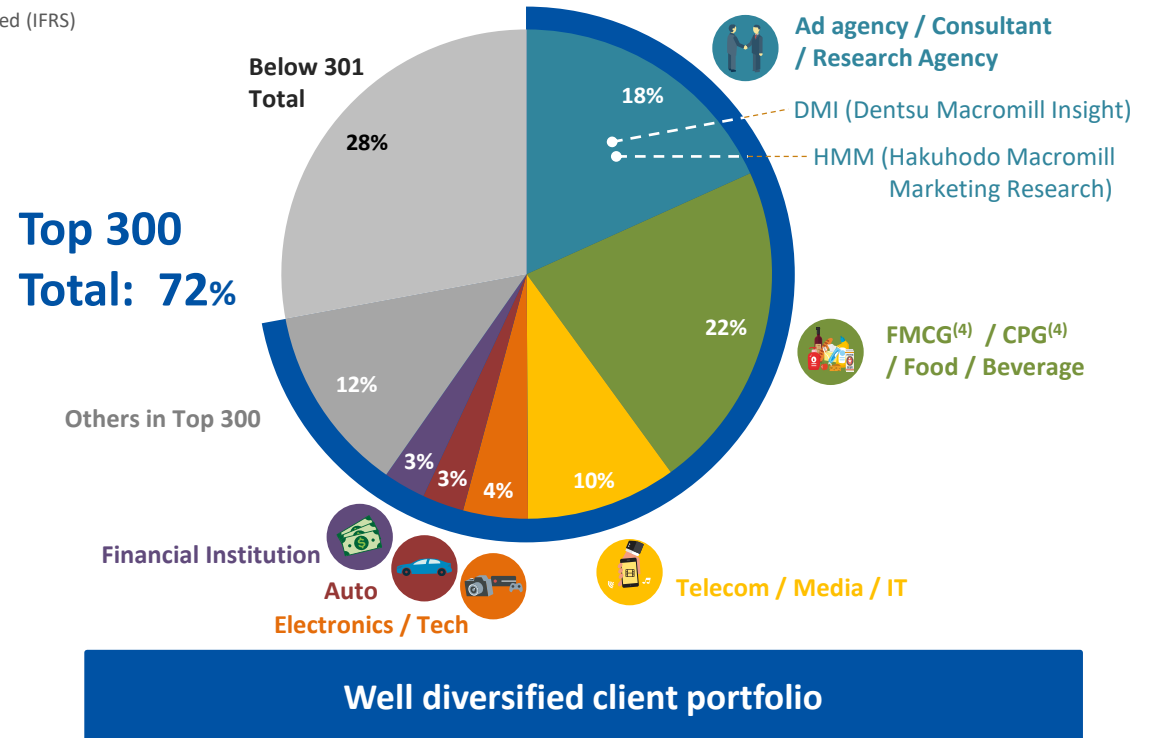


## Notes

1. Large Accounts with annual revenue of > JPY10MM or Euro 0.1MM
2. Retention Rate in Japan = (No. of large clients of Macromill standalone providing over JPY10MM in annual revenue for which Macromill's solutions were rendered and invoiced in the previous year, and for which there were solutions provided or invoiced in the current year) ÷ (No. of large clients of Macromill (standalone) providing over JPY 10MM in the previous year). 5 year average from FY6/17 to FY6/21
3. Retention Rate for Global (excl. Japan) = (No. of large clients of MetrixLab providing over 0.1MM Euro in annual revenue for which solutions were rendered and invoiced in the previous year, and for which there were solutions provided or invoiced in the current year) ÷ (No. of large clients of MetrixLab providing over 0.1MM Euro in the previous year). 5 year average from FY6/17 to FY6/21
4. FMCG = Fast Moving Consumer Goods / CPG: Consumer packaged goods (incl. non-durable goods such as soft drinks, toiletries, etc.)

## FY6/2022 Revenue Breakdown by Client Industries

Consolidated (IFRS)





Macromill's comprehensive set of research solutions are utilized at all phases of our clients' marketing value chain

### Clients' Marketing Process



### Macromill Group Solutions

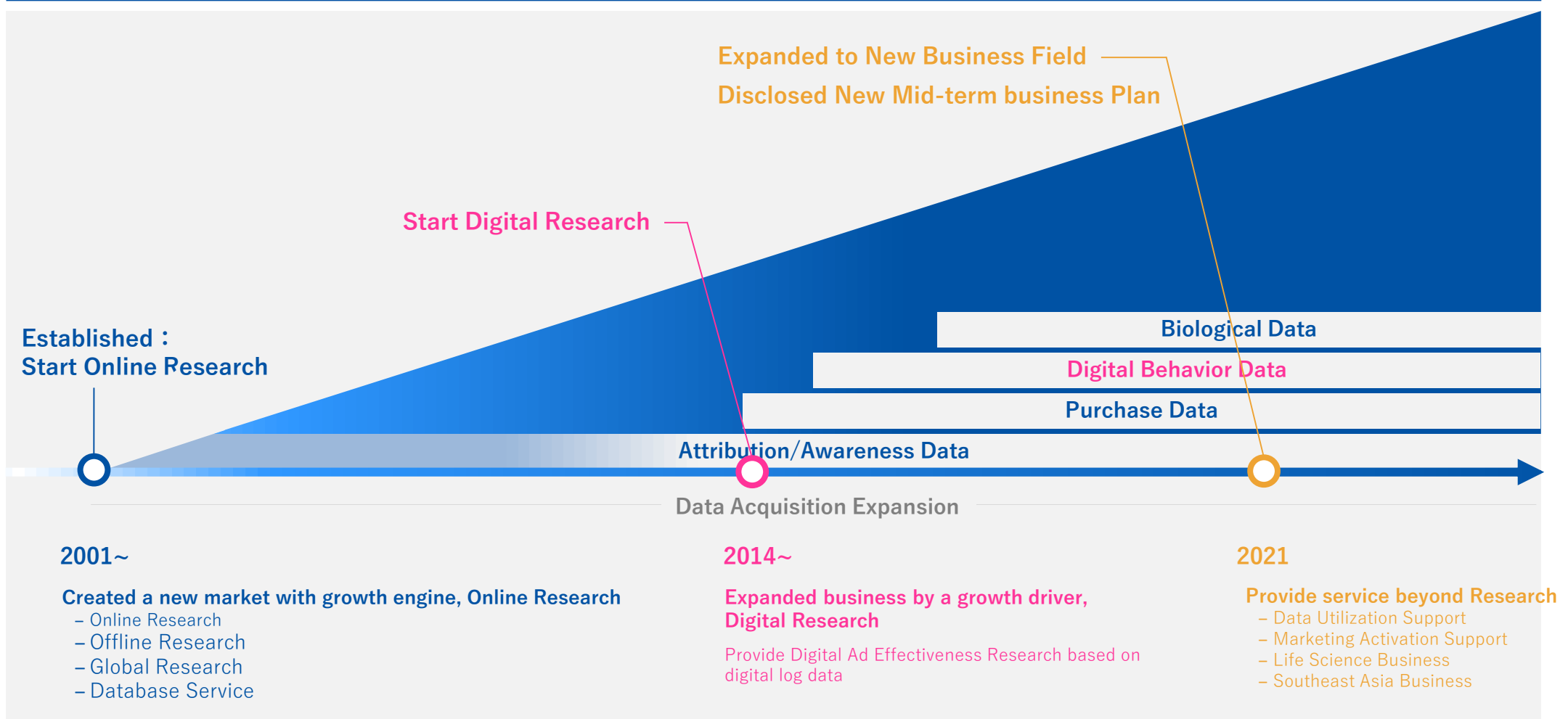


# Japan Business: Our service history



- We expanded our service by acquiring various data leveraging our proprietary panel
- We grew mainly in Online Research business, started Digital Research in 2014 and a new business beyond the Research field in 2021

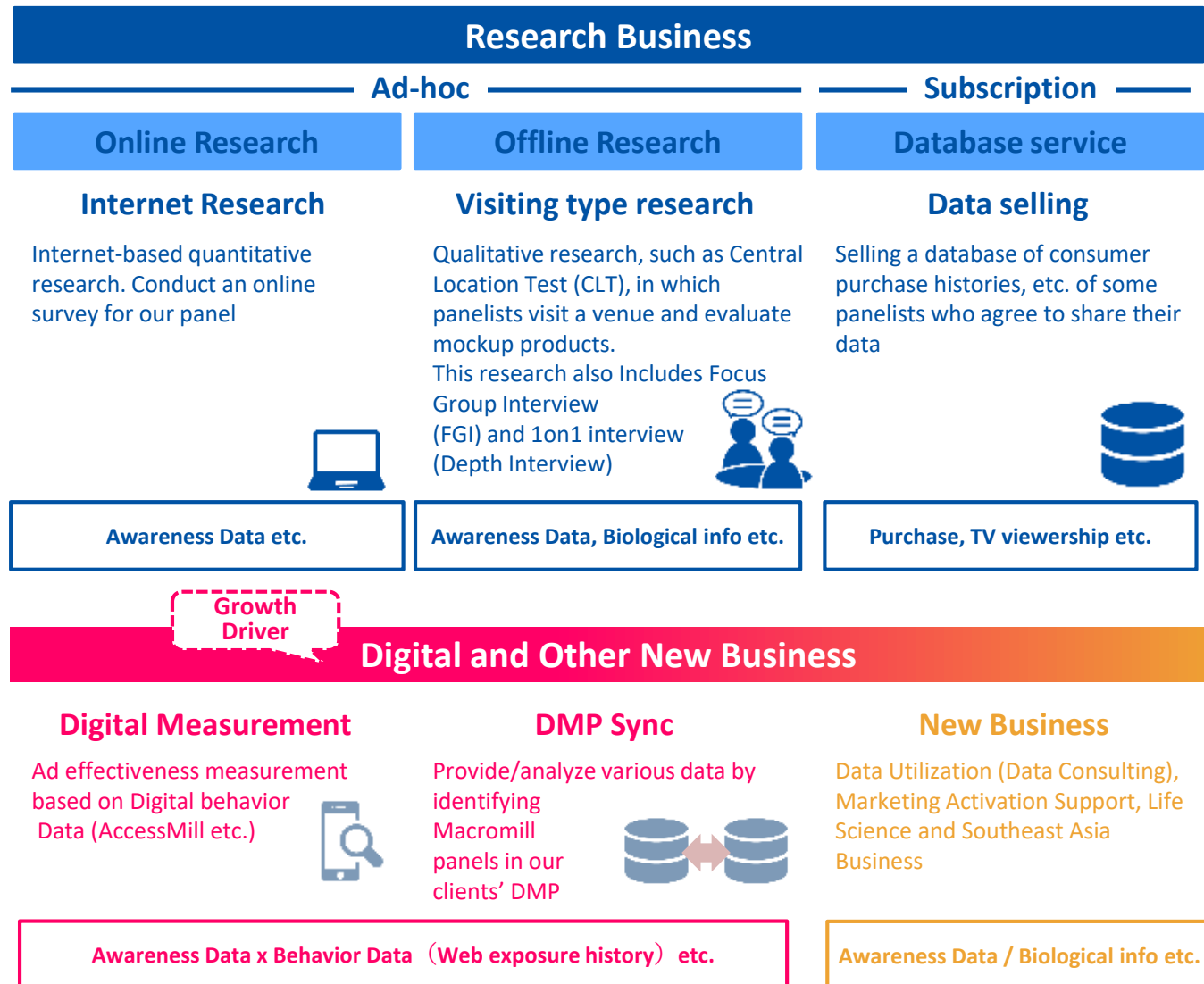
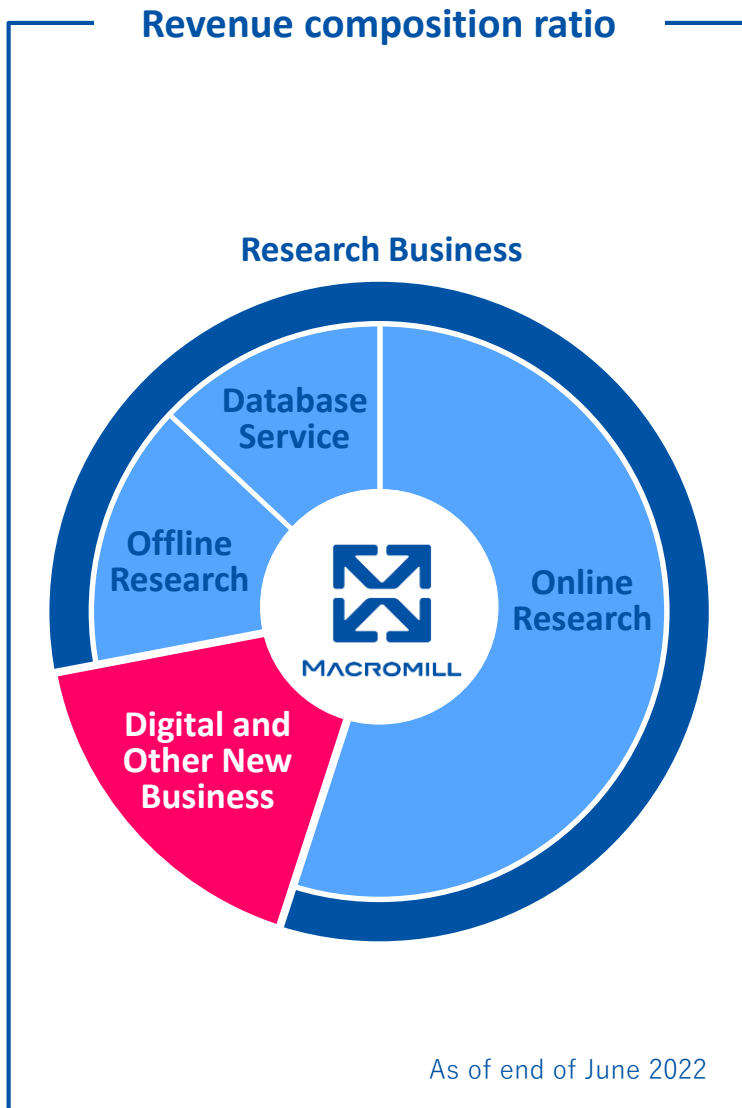
## Service Expansion History



“Marketing Research Company” to “Professional Marketing Services Company”

# Japan Business: Our Services

- Online research-related services have been our core business since its founding and account for the majority of Revenue
- Most of the Ad-hoc type projects have high retention rate for continuity perspective in research/analysis
- Digital and Other New Business are a growth driver



# Historical Trends - Global Market vs. Our Revenue

- Global Marketing Research Market growth is led by Online Marketing Research Market growth
- Macromill Group's revenue growth exceeds overall market growth

## Market Trends – Global Marketing Research Market

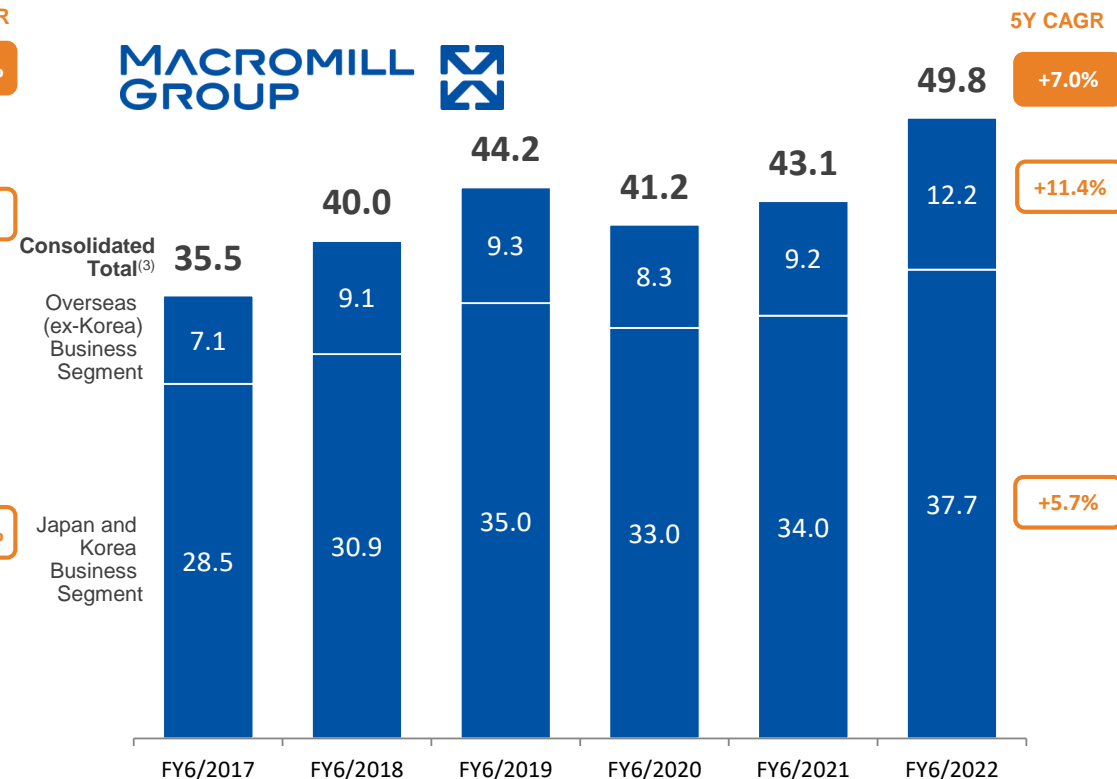
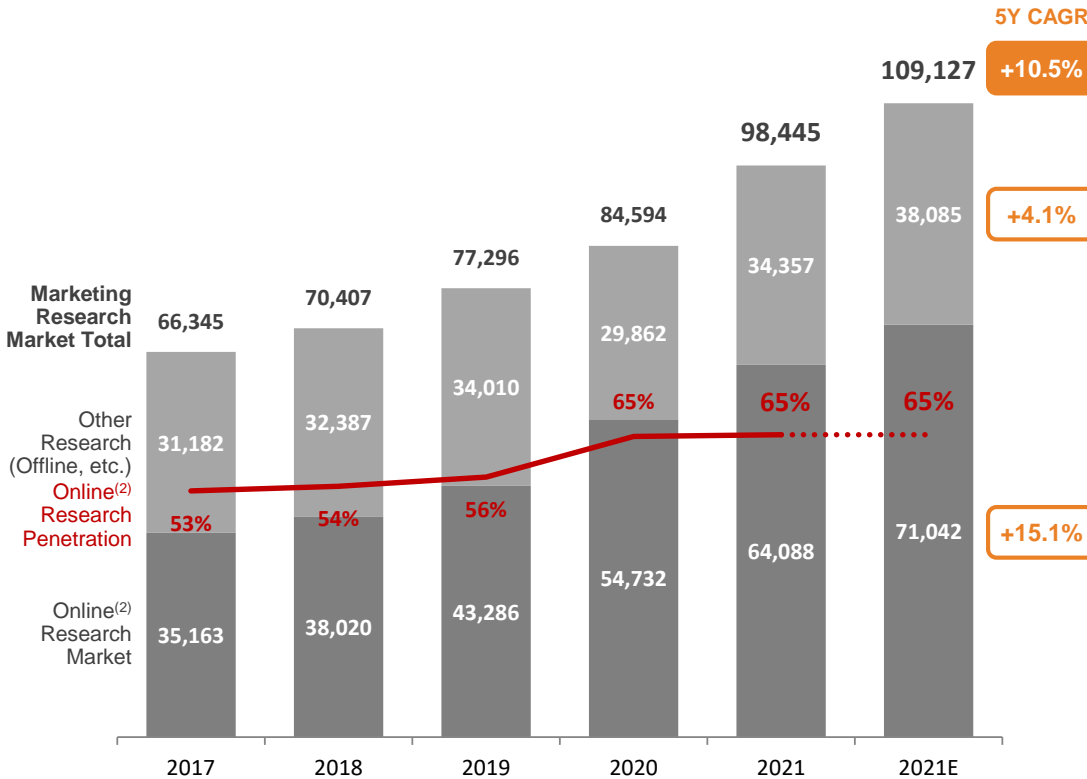
ESOMAR<sup>(1)</sup>  
(USD in Millions)

YoY Growth	<b>Total:</b>	<b>+6%</b>	<b>+10%</b>	<b>+9%</b>	<b>+16%</b>	<b>+11%</b>
	Others:	+4%	+5%	-12%	+15%	n/m
	Online:	+8%	+14%	+26%	+17%	n/m

## Revenue Trends – Macromill Consolidated Group All

Consolidated (IFRS)  
(JPY in Billions)

YoY Growth	<b>Consolidated:</b>	<b>+13%</b>	<b>+11%</b>	<b>-7%</b>	<b>+5%</b>	<b>+15%</b>
	Overseas:	+29%	+2%	-11%	+10%	+33%
	Japan & Korea:	+9%	+13%	-6%	+3%	+11%



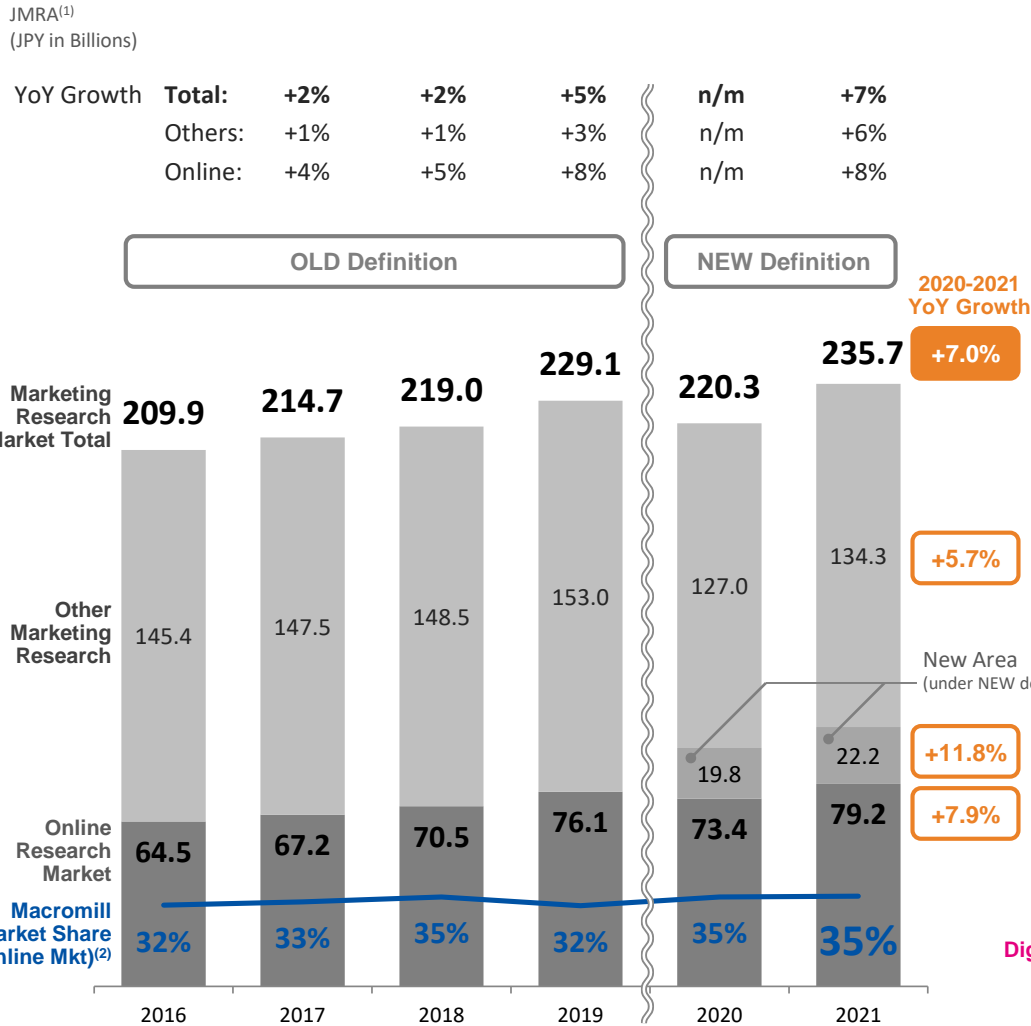
### Notes

- 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).
- Online research consists Online / Mobile quantitative, Audience measurement, Online Traffic / Web Analytics, Automated digital / Electronic, Social Media Monitoring, Online / Mobile Qual qualitative (Group / Depth Interview, etc.) and Online Research Communities (incl. Blogging). To calculate the size of 2021 Online Marketing Research Market figure, multiplying the 2021 Estimated total Marketing Research Market by 2020 Actual % of Online Marketing Research
- Revenue of each segment is shown using gross value including intersegment revenue, and the total amount of revenue of both segments does not match the consolidated revenue (the difference is intersegment revenue)

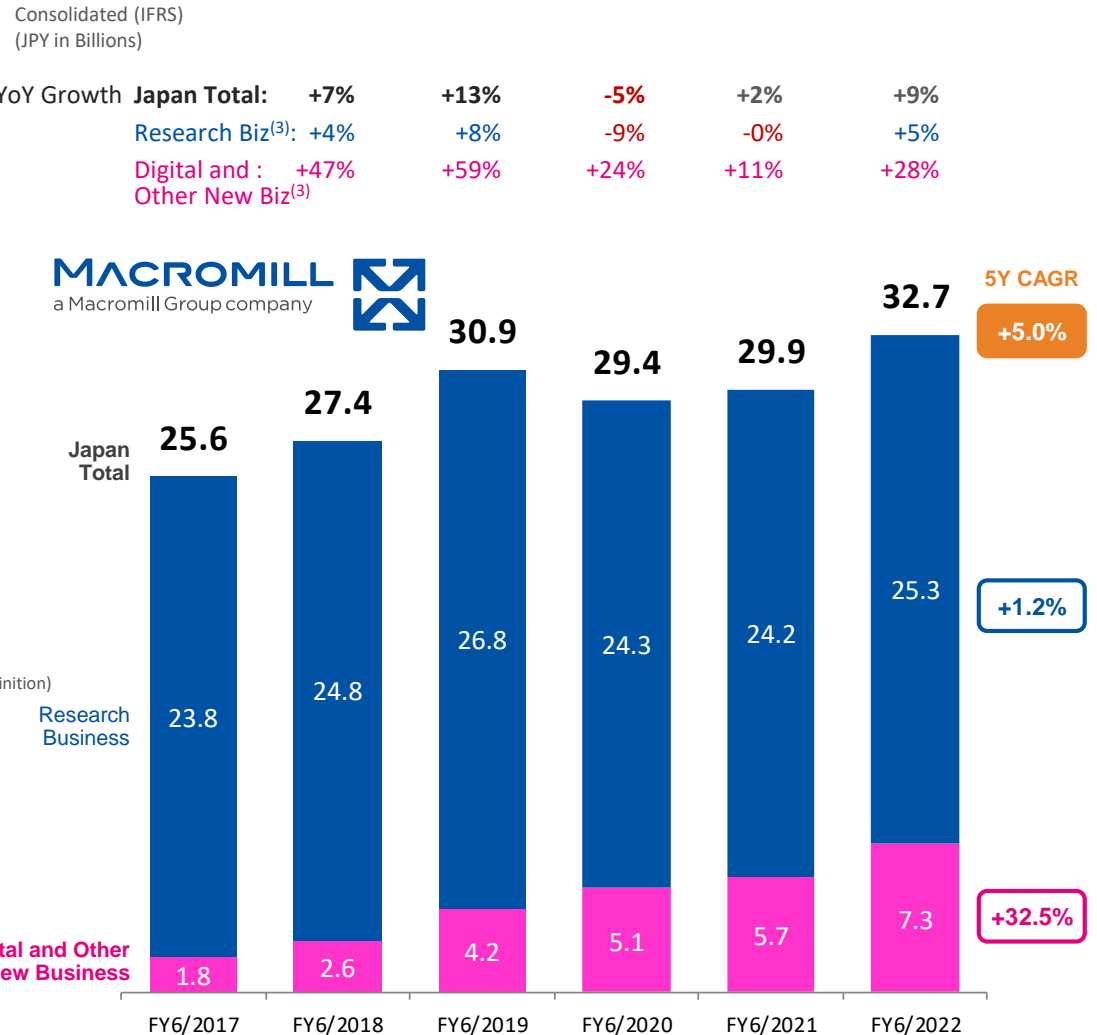
# Historical Trends – Japanese Market vs. Revenue in Japan

- Macromill Japan market share in the online research market is stable at No.1
- Digital and Other New Business is our growth driver in Japan Business

## Market Trends – Japanese Marketing Research Market



## Revenue Trends – Macromill Group Revenue in Japan



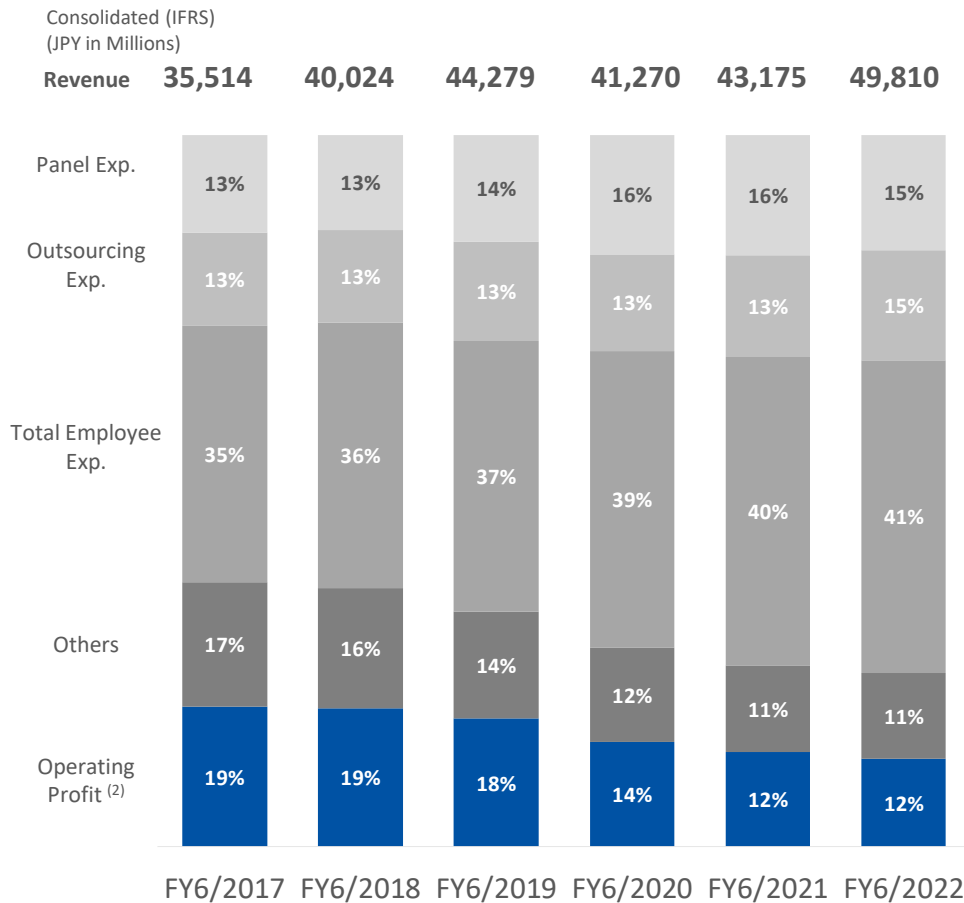
Notes

1. Source: Japan Marketing Research Association (JMRA) - Management statistics (2017/7, 2018/7, 2019/7, 2020/9, 2022/6) The Ad-hoc internet survey is described as Ad-hoc Online
2. Macromill's market share is estimated by the Company
3. Prior to FY6/2019, the items disclosed under the categories of "Digital" and "Non-digital" have been applied to "Digital and Other New Businesses" and "Research Business," respectively.

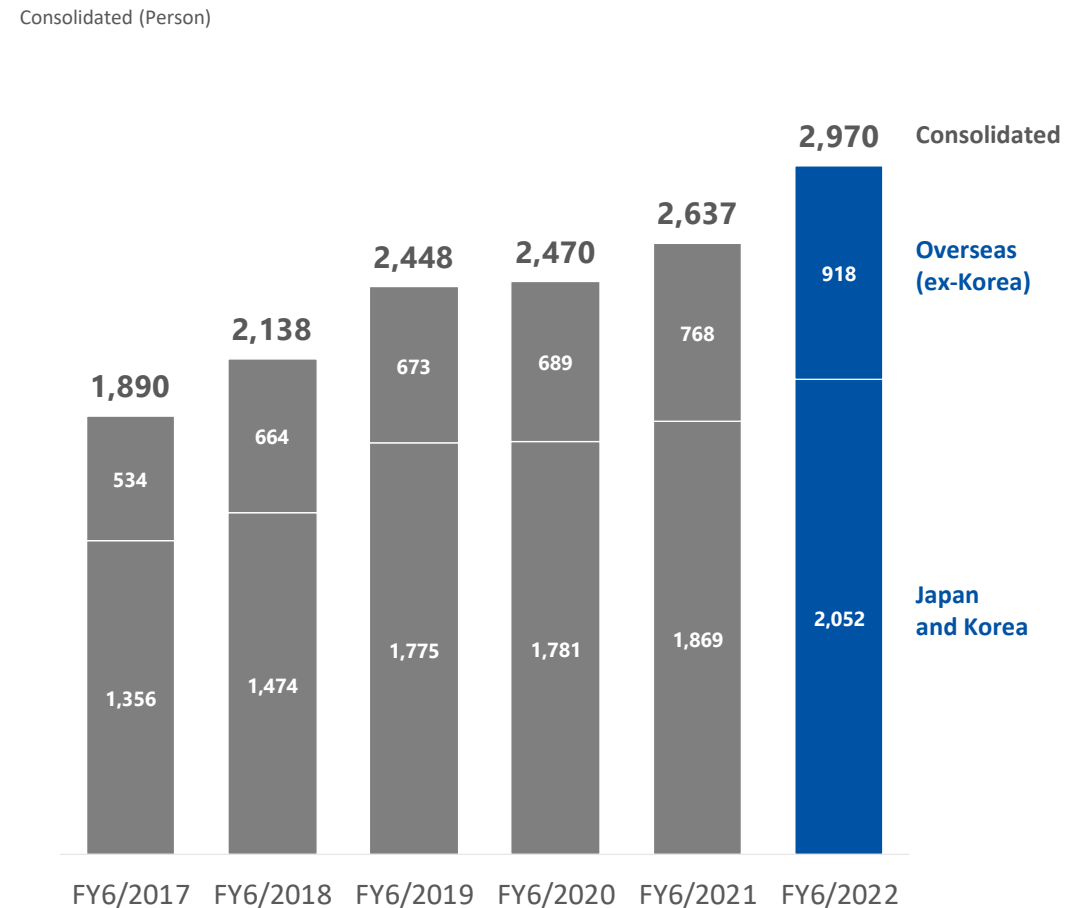
# Historical Trend – Cost structure and headcount trend

- With a stable cost structure, we generate a steady cashflow
- The number of consolidated employees increases as business grows

## Breakdown of Key Cost Items



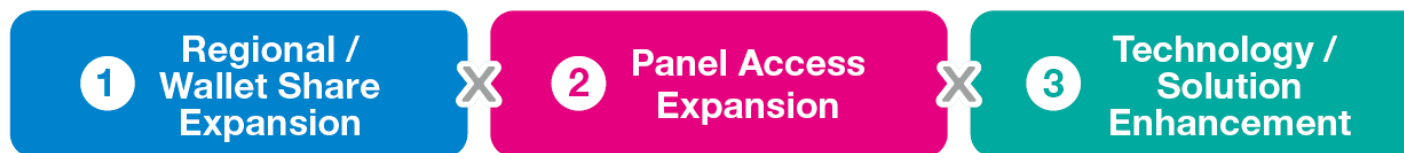
## Headcount Trend<sup>(1)</sup>



Notes

1. Headcount figures do not include temporary employees
2. Others includes Other Operating Income, Other Operating Expenses, and Share of the Profit on Investments Accounted for using the Equity Method in addition to Other in Operating Expenses

# 3-Pillars M&A Strategy for Value Creation



## Proven M&A Track Record

2010 Acquisition<sup>(1)</sup>



✓ Doubled Panel Access



2012 Acquisition



✓ Access to Asian Client and Panels



2012 Joint Venture with Dentsu



✓ Securing earnings stability and improving our ability to develop service in new domains



2014 Acquisition



✓ Global Client & Panel Base Access



2017 Strategic & Capital Alliance  
2018 Acquisition



✓ Access to Neuro / Biometric marketing Solutions  
✓ 10% minority investment > 51% majority acquisition



2017 Acquisition



2017 Strategic & Capital Alliance  
2019 Acquisition



✓ Access to Southeast Asian Client and Panels  
✓ 10% minority investment > 51% majority acquisition



2018 Joint Venture with Hakuodo (51% Majority Acquisition)



✓ Seeking wallet share expansion and enhancement of online/offline integrated solutions



2019 Asset Purchase



✓ Expand consumer panel in Southeast Asia  
✓ Succession/Acquisition of Online panel asset only



2022 Acquisition



✓ Obtain human resource matching platform that has many registered professionals



2022 Acquisition through a company split



✓ Obtain 71% majority stake by integrating Macromill Data Consulting Business through a company split



2008 Strategic & Capital Alliance  
2022 Additional Stake Acquisition



✓ Strategic Alliance in Research Consulting Business field  
✓ 15% minority investment > 40% minority investment



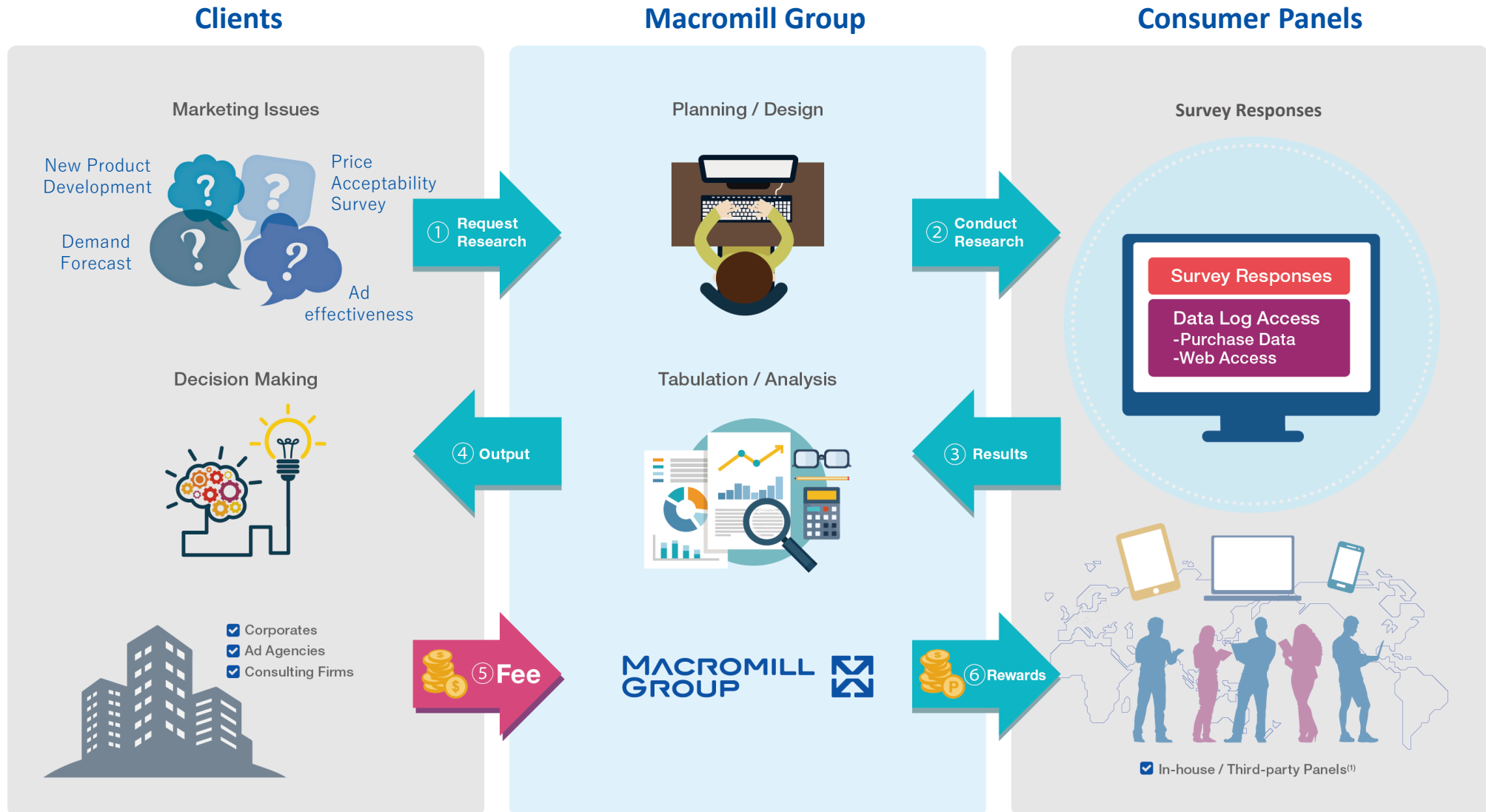
### Note

1. Acquired market research business only

# Our Business Model

- Workflow of our main business, Online Research is as in below
- Monetize scheme is mainly based on “sample size x number of questions”

## Typical market research workflow



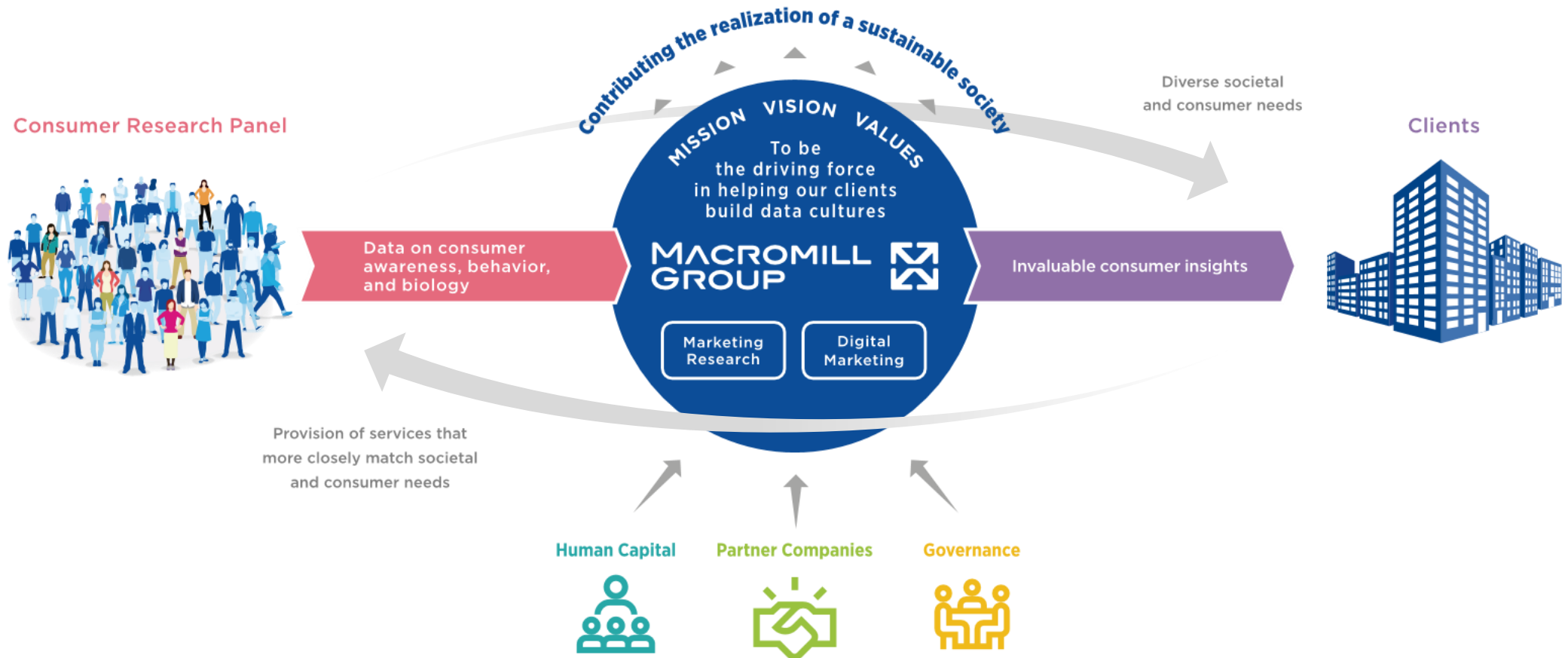
### Note

1. A consumer panel that we access through panel vendors around the world when our proprietary panel does not secure a sufficient number of samples when conducting a research project for a client company of our group


















# Our commitment to Sustainability

The Group considers important issues for society and the Group to achieve sustainable growth from the perspective of the foundation of its corporate activities and the impact on stakeholders, and also considers opportunities and risks in light of changes in the business environment. Based on this, we have identified 9 material issues (👉 Next page)



# Our commitment to Sustainability: Materiality

Stakeholders	Materiality	SDGs Goals	Detailed Information
Client Companies	1. Solving marketing issues	  	  <p><a href="#">Macromill HP: Sustainability Report 2022 (*Japanese only)</a></p> <p>For more details, please refer to Sustainability Report 2022</p>
	2. Creation of new value through data utilization	 	
Consumer Research Panels	3. Find more accurate consumer insights	 	
	4. Promote safe and secure data handling		
Human Capital	5. Establishing an environment where diversified people work together		
	6. Provide an opportunity to challenge new possibility		
	7. Educating data native talent		
Partner Companies	8. Open Innovation		
All	9. Governance		



# Build your Data Culture



## Contacts:

[ir@macromill.com](mailto:ir@macromill.com)

## Macromill IR Information:

[Disclosed Documents Archive](#)

## Fixed-point Survey Data:

[Macromill Weekly Index, etc.](#)

(\*Japanese Only)

## Market Research Report:

[Self-study Report Conducted by  
Macromill \(free\)](#) (\*Japanese Only)