



Summary of Consolidated Financial Statements for the First Six-Month Period of the Fiscal Year Ending June 30, 2023 [IFRS]

February 14, 2023

Listed Company:	MACROMILL, INC.
Stock Exchange:	Tokyo Stock Exchange
Code Number:	3978
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Scheduled date to submit quarterly report:	February 14, 2023
Scheduled date of the start of dividends payment:	March 6, 2023
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 Six-Month Period of the Fiscal Year Ending June 30, 2023 (from July 1, 2022 to December 31, 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 six-month period of the year ending June 30, 2023	28,173	15.3	2,897	(22.0)	2,738	(23.6)	1,815	(26.0)
First six-month period of the year ended June 30, 2022	24,430	16.1	3,712	30.4	3,583	39.5	2,452	40.0

	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 six-month period of the year ending June 30, 2023	1,219	(37.4)	1,670	(33.9)	30.81		30.55	
First six-month period of the year ended June 30, 2022	1,946	46.0	2,526	55.7	49.33		48.97	

(Reference)

	EBITDA		EBITDA margin	
	Million yen	%	%	
First six-month period of the year ending June 30, 2023	4,385	(14.2)	15.6	
First six-month period of the year ended June 30, 2022	5,113	18.1	20.9	

(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 December 31, 2022	83,498		35,962		31,609		37.9	
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		Yen	Yen	Yen
Year ended June 30, 2022	–	8.00	–	9.00	17.00
Year ending June 30, 2023	–	10.00	–	–	–
Year ending June 30, 2023 (forecast)	–	–	–	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 December 31, 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 December 31, 2022	892,435 shares	As of June 30, 2022	917,835 shares
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(iii) Average number of shares during the period:

Six months ended December 31, 2022	39,569,153 shares	Six months ended December 31, 2021	39,459,517 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 six months

(i) Explanation of the operating environment

During the first six months (July 1, 2022 to December 31, 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 policy interest rate rises in various countries, 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 both the global and the Japanese markets were 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 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 continues 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

Consolidated financial results (Million yen unless otherwise indicated)	Six months ended December 31, 2021	Six months ended December 31, 2022	Increase/decrease	Change %
Revenue	24,430	28,173	+3,743	+15.3%
Japan and Korea Business	18,779	20,481	+1,701	+9.1%
Overseas (ex-Korea) Business	5,735	7,796	+2,061	+35.9%
EBITDA	5,113	4,385	(727)	(14.2%)
Operating profit	3,712	2,897	(815)	(22.0%)
Profit before tax	3,583	2,738	(844)	(23.6%)
Profit attributable to owners of the parent	1,946	1,219	(727)	(37.4%)

During the first six months, revenue amounted to 28,173 million yen (up 15.3% 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, employee expenses, in particular, increased significantly as the Group actively recruited in the previous fiscal year to expand research capacity. This allowed the business to accept and fulfill orders for research projects as revenue was on an upward trend. This rise boosted employee expenses from the year-ago level. The Group is also actively recruiting overseas. Outsourcing expenses rose as the Group utilized external capacity through outsourcing to maximize 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 4,385 million yen (down 14.2% year-on-year), reflecting an increase in employee expenses, etc., operating profit of 2,897 million yen (down 22.0% year-on-year), profit before tax of 2,738 million yen (down 23.6% year-on-year) and profit attributable to owners of the parent of 1,219 million yen (down 37.4% year-on-year) for the first six months.

Return on equity (ROE: calculated using the data for the preceding 12 months) stood at 7.8% (down 3.9 points year-on-year). The interest coverage ratio (*5: calculated in the last 12 months) came to 22.3 times (17.4 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:

Consolidated financial results by segment (Million yen unless otherwise indicated)	Six months ended December 31, 2021	Six months ended December 31, 2022	Increase/decrease	Change %
Revenue	24,430	28,173	+3,743	+15.3%
Japan and Korea Business	18,779	20,481	+1,701	+9.1%
Overseas (ex-Korea) Business	5,735	7,796	+2,061	+35.9%
EBITDA	5,113	4,385	(727)	(14.2%)
Japan and Korea Business	4,198	3,680	(518)	(12.3%)
Overseas (ex-Korea) Business	914	705	(209)	(22.9%)
Operating profit	3,712	2,897	(815)	(22.0%)
Japan and Korea Business	3,198	2,630	(568)	(17.8%)
Overseas (ex-Korea) Business	513	259	(253)	(49.4%)

(Japan and Korea Business)

In Japan, demand for marketing research from client companies is expanding. In this environment, revenue remains firm in the research business of the Company. Revenue from global research projects increased through the second quarter. Of particular note is the revenue growth generated by the resumption of offline research services. The Group had suspended this operation in the first quarter of the previous fiscal year due to the declaration of a state of emergency. 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, although the research business continues to experience some opportunity losses due to restricted internal human resources and excess demand. The Group is responding to this situation by hiring and training more talent to expand internal capacity to meet demand, while using external capacity via 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. Due also to the positive effect of exchange rates, the Group achieved double-digit year-on-year growth in revenue in the Korea Business in the first six months.

Consequently, the Japan and Korea Business segment recorded revenue of 20,481 million yen (up 9.1% year-on-year). In terms of expenses, employee expenses rose significantly as we developed a structure for receiving orders, while outsourcing expenses also increased to meet expanding client demand. As a result of these rises in expenses, segment profit amounted to 2,630 million yen (down 17.8% year-on-year).

(Overseas (ex-Korea) Business)

In the Overseas (ex-Korea) Business, we operate in North America, Europe, Latin America, the Middle East and certain Asian countries 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 six months, and recorded double-digit growth, also reflecting the positive effect of exchange rates. Meanwhile, employee expenses increased significantly due to strengthened recruitment efforts to meet expanding client demand.

As a result, the Overseas (ex-Korea) Business segment recorded revenue of 7,796 million yen (up 35.9% year-on-year) and a profit of 259 million yen (down 49.4% 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 below:

Computation period (6 months)	Six months ended December 31, 2021	Six months ended December 31, 2022	Change rate
JPY/EUR (yen)	130.32	141.98	+8.9%
JPY/KRW (yen)	0.0960	0.1038	+8.1%

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

Computation period (3 months)	Three months ended December 31, 2021	Three months ended December 31, 2022	Change rate
JPY/EUR (yen)	130.45	144.07	+10.4%
JPY/KRW (yen)	0.0963	0.1040	+8.0%

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, taxes, depreciation and amortization. The Company defines EBITDA 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 with 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 six months, assets totaled 83,498 million yen, a decrease of 135 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 2,733 million yen and right-of-use assets of 552 million yen, which more than offset increasing factors, including an increase in trade and other receivables of 2,906 million yen.

Liabilities stood at 47,536 million yen, down 270 million yen from the end of the previous fiscal year. This was mainly due to a decrease in bonds and borrowings of 271 million yen.

Equity was worth 35,962 million yen, an increase of 134 million yen from the end of the previous fiscal year. The increase was largely attributable to profit for the period of 1,815 million yen, which offset decreasing factors such as dividends paid of 822 million yen and liabilities of 887 million yen related to forward contracts entered into with non-controlling shareholders.

(ii) State of cash flow

Cash and cash equivalents (“cash”) at the end of the first six months decreased 2,733 million yen from the end of the previous fiscal year, to 12,022 million yen. The status of each of the cash flow segments and contributing factors in the first six months are as follows.

(Cash flow from operating activities)

Net cash used in operating activities came to 28 million yen (down 1,388 million yen year-on-year).

This was mainly the result of 2,738 million yen of profit before tax and 1,475 million yen of depreciation and amortization, partially offset by a 2,621 million yen increase in trade and other receivables and 762 million yen of income taxes paid.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 86.9 days (down 2.0 days year-on-year) and 51.5 days (down 3.2 days year-on-year), respectively.

(Cash flow from investing activities)

Net cash used in investing activities came to 853 million yen (down 562 million yen year-on-year).

This was primarily due to the acquisition of property, plant and equipment of 174 million yen and the acquisition of intangible assets of 547 million yen, which offset proceeds from purchase of shares of subsidiaries of 107 million yen.

(Cash flow from financing activities)

Net cash used in financial activities was 1,843 million yen (up 5,518 million yen year-on-year).

This was mainly due to repayments of lease liabilities of 623 million yen, dividends paid to non-controlling interests of 466 million yen, dividends paid of 355 million yen and repayments of long-term borrowings of 339 million yen.

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

The Group makes no change to its forecast of consolidated financial results for the fiscal year ending June 30, 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.