FY6/2023 Q2 Financial Results

February 14, 2023

MACROMILL
a Macromill Group company

Ticker Code: 3978 (TSE Prime)

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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, <u>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).</u> Please see the following table for the actual exchange rate applied.

	Q2 YTD (6 Months)		Q2 Standalone (3 months)	
	FY6/2022 Q2 YTD	FY6/2023 Q2 YTD	FY6/2022 Q2 Standalone	FY6/2023 Q2 Standalone
1 Euro =	130.32	141.98	130.45	144.07
1 KRW =	0.0960	0.1038	0.0963	0.1040

FY6/2023 Q2 Key Takeaways

	Q2 Standalone (3 months)			Q2 YTD (6 months)		
Consolidated Performance	Revenue:	15.73 bn JPY	YoY +16% (in CFX +12%)	Revenue:	28.17 bn JPY	YoY +15% (in CFX +12%)
	OP:	2.08 bn JPY	YoY -19% (in CFX -22%)	OP:	2.89 bn JPY	YoY -22% (in CFX -24%)

- Q2 standalone financial result continued its trend from Q1, with double-digit growth in Consolidated Revenue and decrease in Operating Profit
- Total Employee Expenses are continuing to increase to expand operational capacity in line with the increasing demand for our services

- Q2 YTD Revenue resulted in +15% YoY, OP in -22% YoY
- The decrease in Q2 YTD OP is in line with the Initial Guidance, and both Revenue & Profits are progressing well in line with the full-year Guidance

- 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

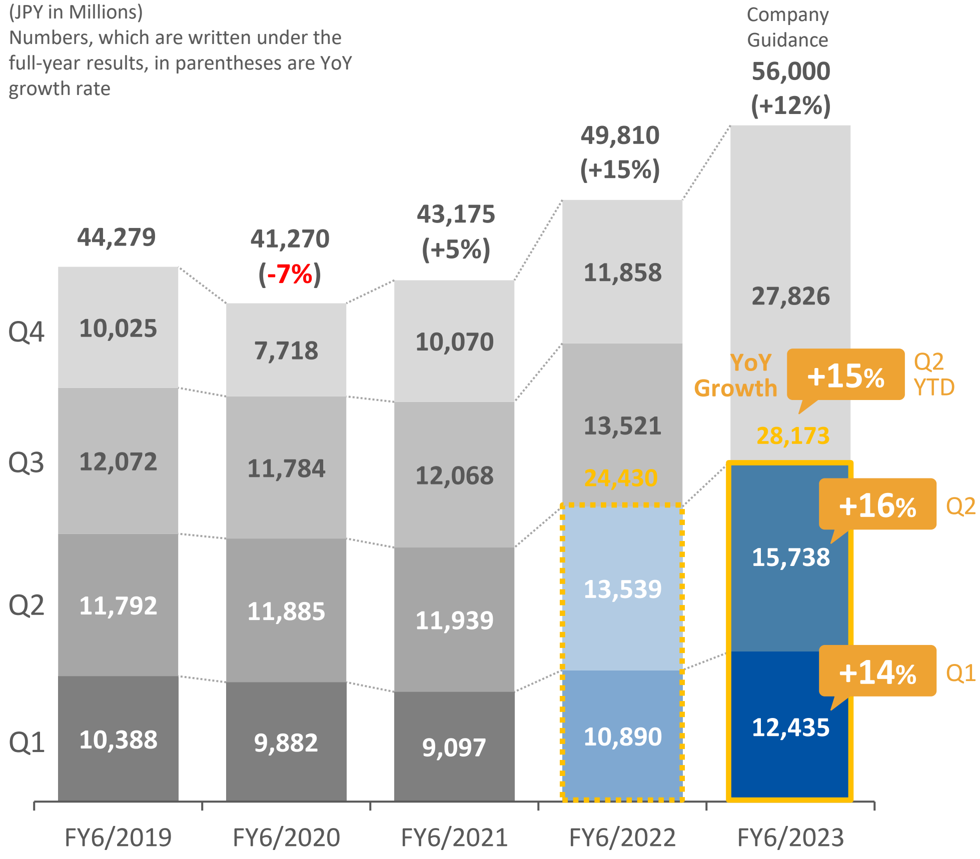
FY6/2023 Q2 Financial Update

FY6/2023 Q2: Consolidated Results - Summary

Q2 YTD Revenue achieved double-digit growth as strong demand for our services continued
Operating Profit continued to decrease YoY but is progressing as expected against the full-year guidance

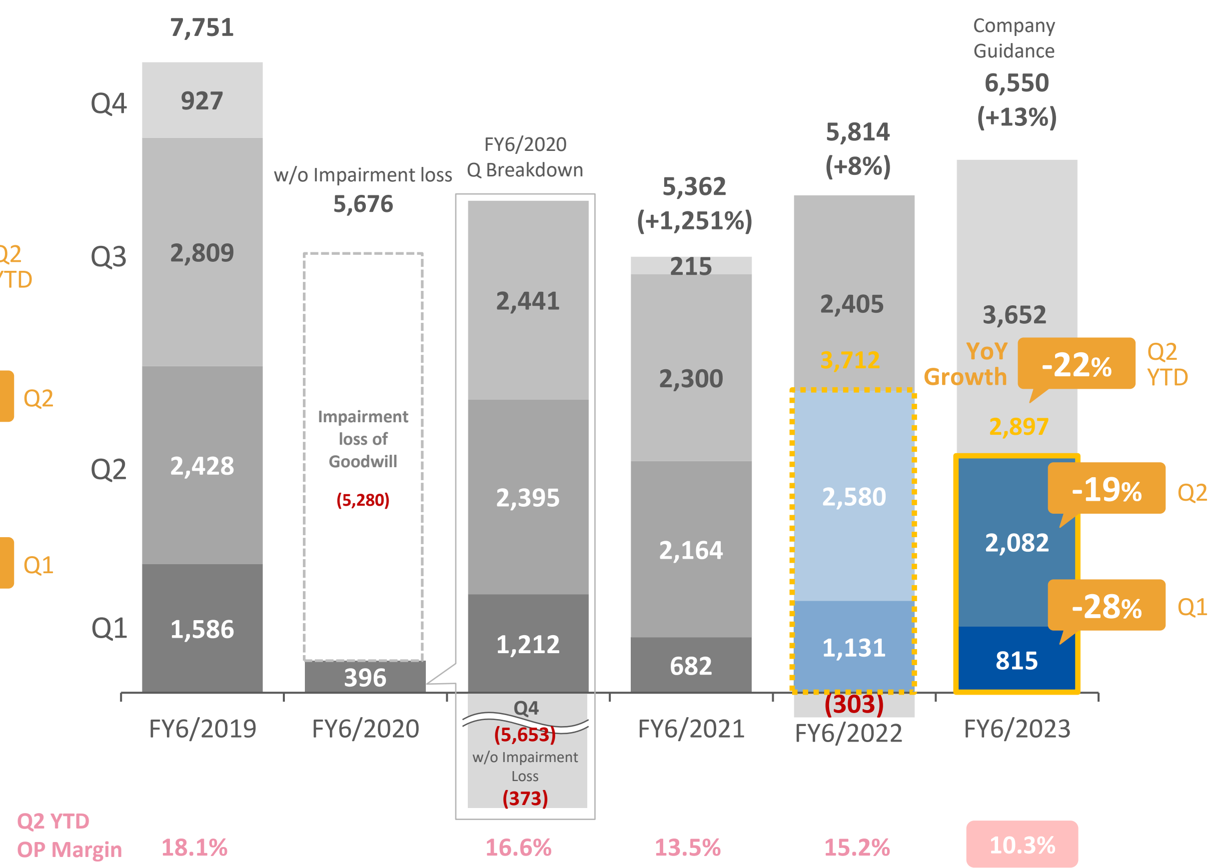
Revenue

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



Consolidated Statement of Operations (P/L) Q2 Standalone (3months)

Q2 standalone Revenue grew, especially led by Overseas ex-Korea business

Operating Profit decreased due to a rise in Operating Expenses to expand the capacity

Consolidated IFRS（JPY in Millions）

		3 months			
		FY6/2022 Q2 Actual	**FY6/2023 Q2 Actual**	YoY Variance	YoY Growth
Revenue		**13,539**	**15,738**	**+2,198**	**+16 %**
	Japan and Korea Business Segment	10,629	11,571	+941	+9 %
	Overseas (ex-Korea) Business Segment	2,953	4,220	+1,266	+43 %
EBITDA		**3,289**	**2,849**	**△440**	**△13%**
Operating Profit		**2,580**	**2,082**	**△498**	**△19%**
	Japan and Korea Business Segment	2,259	1,828	△430	△19%
	Overseas (ex-Korea) Business Segment	321	250	△71	△22%
Operating Profit Margin		**19.1%**	**13.2%**	**△5.8pt**	
Profit Attributable to Owners of the Parent		**1,428**	**1,014**	**△413**	**△29%**

Note
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.

Consolidated Statement of Operations (P/L)

Q2 YTD (6 months)

Q2 YTD Revenue and Operating Profit trends remained the same as the Q2 standalone result

Q2 YTD Revenue increased by +15% YoY, Operating Profit decreased by -22% YoY

Consolidated IFRS（JPY in Millions）

6 months

		FY6/2022 Q2 YTD Actual	**FY6/2023 Q2 YTD Actual**	YoY Variance	YoY Growth
Revenue		**24,430**	**28,173**	**+3,743**	**+15 %**
	Japan and Korea Business Segment	18,779	20,481	+1,701	+9 %
	Overseas (ex-Korea) Business Segment	5,735	7,796	+2,061	+36 %
EBITDA		**5,113**	**4,385**	**△727**	**△14%**
Operating Profit		**3,712**	**2,897**	**△815**	**△22%**
	Japan and Korea Business Segment	3,198	2,630	△568	△18%
	Overseas (ex-Korea) Business Segment	513	259	△253	△49%
Operating Profit Margin		**15.2%**	**10.3%**	**△4.9pt**	
Profit Attributable to Owners of the Parent		**1,946**	**1,219**	**△727**	**△37%**

Note

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 Q2: Operating Profit Waterfall

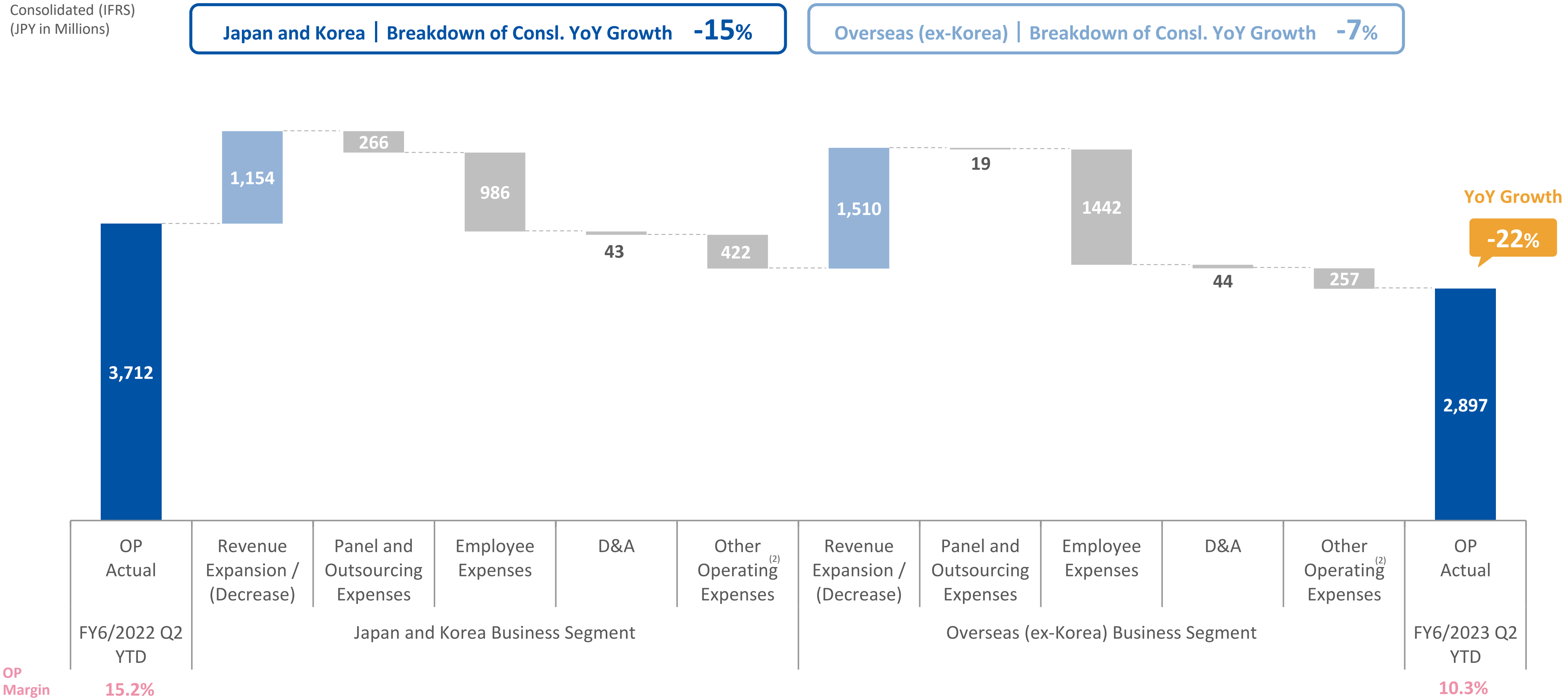
Q2 YTD (6 months)

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 the easing of Covid-19 restrictions and an increase in IT Expenses

Q2 YTD Operating Profit (OP) Waterfall Analysis[1]

Consolidated (IFRS)
(JPY in Millions)



Note
1. 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.
2. 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 Q2: Operating Expenses

Q2 YTD (6 months)

Total Employee Expenses grew due to increased headcount from recruitment initiatives introduced in the previous fiscal year and additional recent hires in Overseas ex-Korea business segment

As a result, Q2 YTD Total Employee Expenses, in particular, increased in YoY growth rate and amounts

Consolidated IFRS（JPY in Millions）	YTD (6 months) FY6/2022 Q2 YTD Actual	FY6/2023 Q2 YTD Actual	Variance	YoY Growth
Revenue	**24,430**	**28,173**	**+3,743**	**+15 %**
Operating Expenses Total	**20,718**	**25,276**	**+4,558**	**+22 %**
Panel Expenses	3,708	4,361	+653	+18 %
Outsourcing Expenses	3,477	4,189	+712	+20 %
Others[1]	2,427	3,111	+684	+28 %
D&A	1,394	1,475	+81	+6 %
Employee Expenses	9,712	12,140	+2,428	+25 %

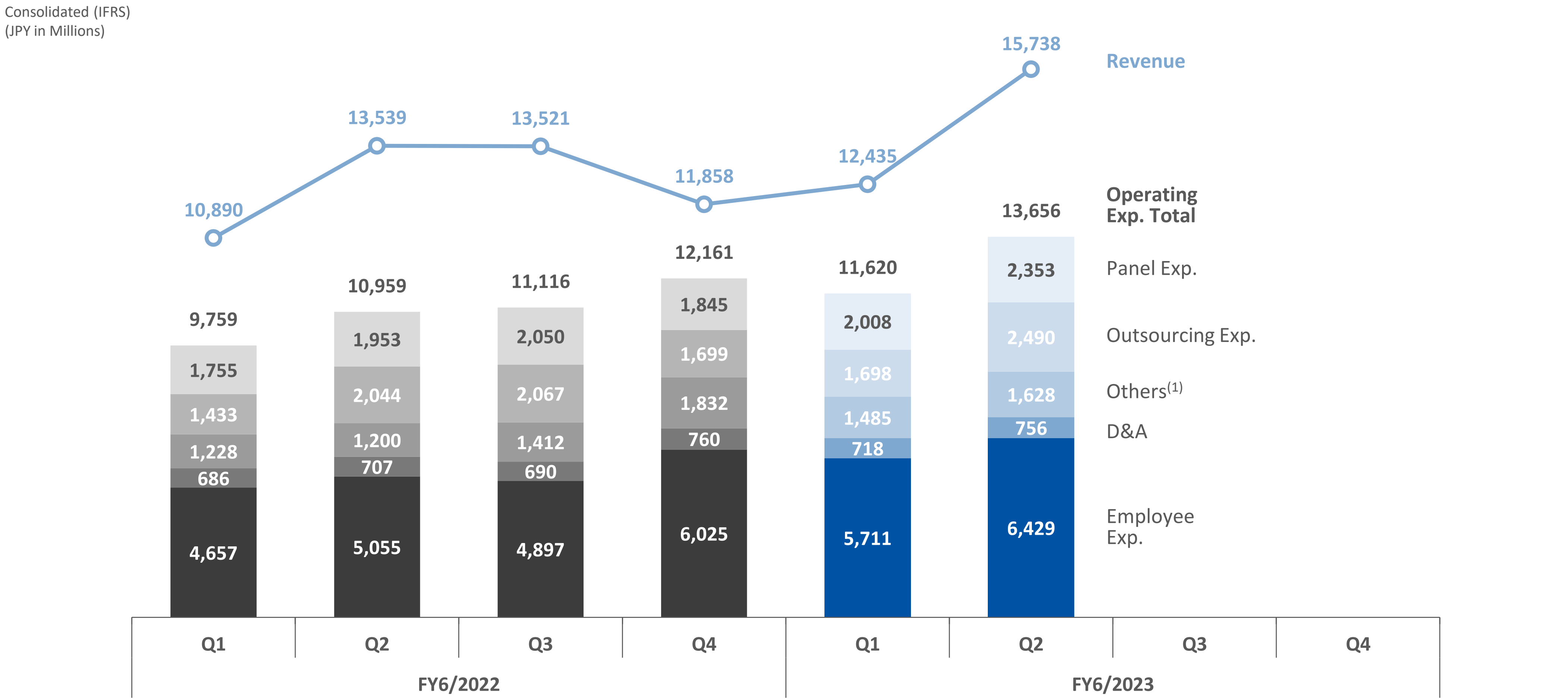
Note
1. Others includes Other Operating Income, Other Operating Expenses, and Share of the Profit on Investments Accounted for using the Equity Method in addition to Other in Operating Expenses

Quarterly Operating Cost Trend

Compared to FY22 Q4, Operating Expenses decreased in FY6/2023 Q1 due to a decrease in Total Employee Expenses (Bonus) and Others (M&A-related expenses)

From Q1 to Q2, Total Employee Expenses and Outsourcing Expenses increased due to the expanded operational capacity

Quarterly Operating Cost Trend



Note
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

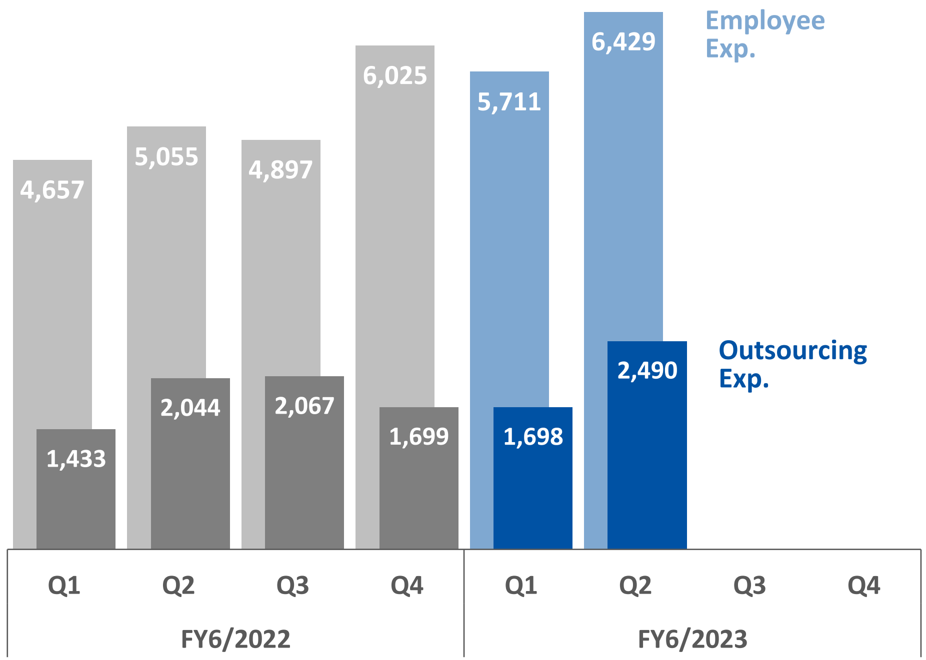
Trend in Employee/Outsourcing Expenses & Headcount

Productivity and expanding operational capacity are improving steadily as planned

Trend in Total Employee Expenses and Outsourcing Expenses

Consolidated (IFRS)
(JPY in Millions)

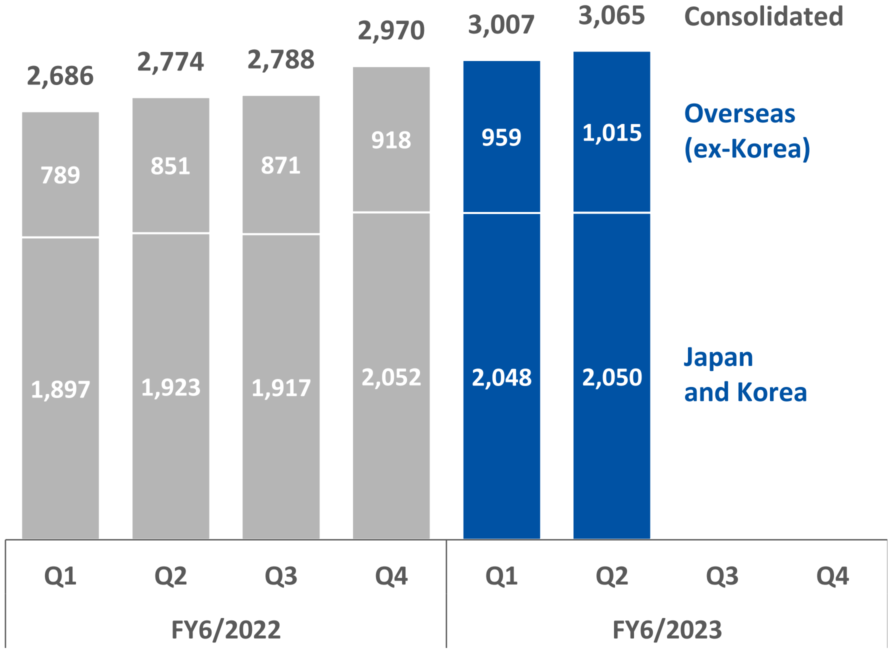
YoY Growth		FY6/2022	FY6/2023
	Revenue:	+14%	+16%
	Employee Exp.:	+23%	+27%
	Outsourcing Exp.:	+18%	+22%



Headcount Trend[1]

Consolidated
(Person)

YoY Increase		FY6/2022	FY6/2023
	Consolidated:	+321	+291
	Overseas (ex-Korea):	+170	+164
	Japan and Korea:	+151	+127



Note
1. Headcount figures do not include temporary employees

Outlook for OP Margin expansion

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

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

Anticipated steps to improve OP Margin

Step	Period		Outsourcing Expenses	Total Employee Expenses	Key Points
1st Step	FY6/2022		Material Increase (Exceeds Revenue Growth)	Material Increase (Exceeds Revenue Growth)	■ Respond to the current increase in client demand by leveraging Outsourcing Expenses and rapidly hiring new talent to fill the demand/supply gap
1st Step	FY6/2023	1H	Material Increase (Exceeds Revenue Growth)	Material Increase (Exceeds Revenue Growth)	■ Significantly increased due to headcount uplift in the last year ■ Expand the internal capacity by pursuing operational efficiency with increased proficiency of the new employees ■ Leverage Outsourcing until internal capacity increases
2nd Step	FY6/2023	2H	Suppress increase trend (However, exceeds Revenue Growth)	Increase at a normal pace (Slower than Revenue Growth)	■ Gradually **control the Total Employee Expenses increase to a pace below the Revenue growth** including added value improvement and automation ■ Leverage the expanded internal operational capacity and suppress outsourcing
3rd Step	FY6/2024		Compressed to the original level (Slower than Revenue growth, in this fiscal year)	Increase at a normal pace (Slower than Revenue Growth)	■ 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

Consolidated Statements of Financial Position (B/S)

Q2 YTD Profits decreased YoY, resulted in the rise of Net Debt/EBITDA ratio and the decrease in ROE

As usual, Cash position decreased and Net Debt increased from the end of previous fiscal year to Q2 end

Consolidated IFRS（JPY in Millions）	FY6/2022 as of June 30, 2022	**FY6/2023 Q2 as of Dec. 31, 2022**	Variance
Total Current Asset	**27,759**	**28,098**	**+338**
Cash and cash equivalents	14,756	12,022	(2,733)
Trades and Other Receivables	7,966	10,873	+2,906
Total Non-current Asset	**55,874**	**55,400**	**(474)**
Goodwill	42,928	42,945	+17
Japan and Korea Business Segment	39,957	40,073	+115
Overseas (ex-Korea) Business Segment	2,970	2,872	(98)
Total Liabilities	**47,806**	**47,536**	**(270)**
Borrowings and Bonds[1]	31,555	31,283	(271)
Total Equity	**35,827**	**35,962**	**+134**

Target Financial KPIs

Net Debt/ EBITDA	**2.21 x**	**2.66 x**	
Net Debt	19,228	21,213	+1,985
EBITDA[2]	8,697	7,969	(728)
ROE[2]	**10.3%**	**7.8%**	-2.6pt

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)

Q2 YTD Cash Flows from Operating Activities were negative due to the decrease in profit

Cash Flows 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

Consolidated IFRS（JPY in Millions）	6 Months		
	FY6/2022 Q2 YTD Actual	**FY6/2023 Q2 YTD Actual**	Variance
Cash Flows from Operating Activities	**1,360**	**(28)**	**(1,388)**
Cash Flows from Investing Activities	**(291)**	**(853)**	**(562)**
Free Cash Flows(1)	1,184	(789)	(1,973)
Cash Flows from Financing Activities	**(7,362)**	**(1,843)**	**+5,518**
Increase/(decrease) in Cash and Cash Equivalents	(6,292)	(2,725)	+3,567
Cash and Cash Equivalents at end of period	12,769	12,022	(747)

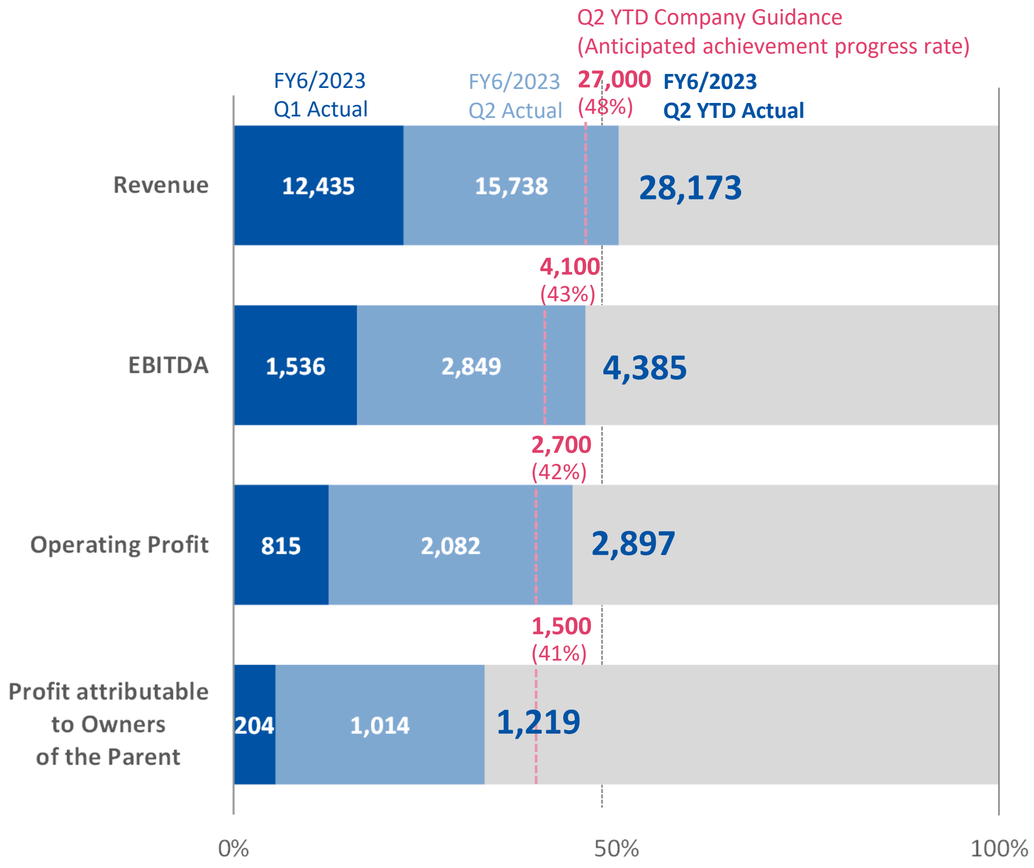
Note
1. Free cash flow = Cash flows from operating activities ± cash flows from investing activities - interest paid

FY6/2023 Q2 Results: % of Achievement vs. Guidance

Q2 YTD Revenue & Profits are progressing well in line with the initial guidance, going forward, aim to achieve the full-year guidance

FY6/2023 Q2 YTD Actual vs. FY6/2023 Company Guidance

Consolidated (IFRS)
(JPY in Millions)



	Progress: Actual	Progress: Constant FX(2)	FY6/2023 Company Guidance(1)
Revenue	50.3%	49.4%	56,000 (YoY +12.4%)
EBITDA	45.9%	45.2%	9,550 (YoY +9.8%)
Operating Profit	44.2%	43.6%	6,550 (YoY +12.6%)
Profit attributable to Owners of the Parent	32.8%	32.1%	3,720 (YoY +18.2%)

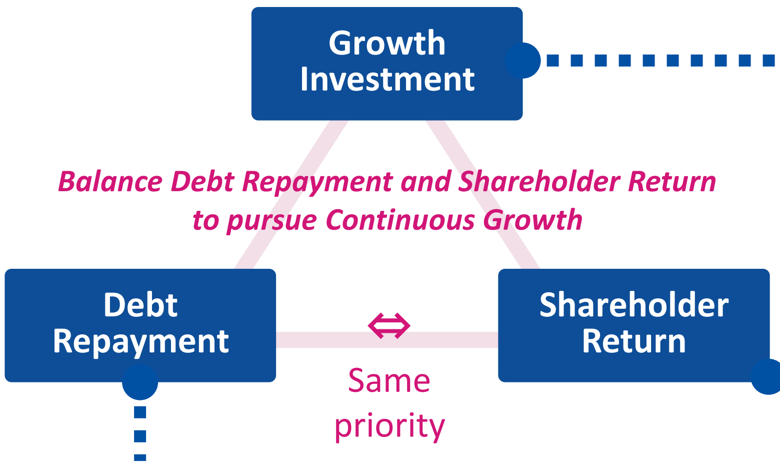
Note
1. Company guidance for FY6/2023 are based on FX rate of 1Euro = JPY 135.00 and 1KRW = JPY 0.1000
2. Please refer to the common footnotes on p.2 for the calculation method of the Constant FX and its significance

Capital Allocation

"Growth investment" remains our top priority going forward, both "Debt Repayment" and "Shareholder Return" are set next at the same priority level

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



Specific plan for "Growth Investment"

- Growth Investment remains our Top Priority
- Strategic up-front investment in talent is in progress
- In addition to organic growth, we plan to accelerate investments to realize inorganic growth going forward
  - Active pursuit of M&A
  - Talent and system investment in new business areas

Specific plan for "Debt Repayment"

- Repay existing debt as planned, and aim to control the leverage ratio within the target level (Net Debt / EBITDA ratio target: 2.0x – 2.5x)
- The Group will not actively pursue a net-cash position after reaching the target leverage ratio

Specific plan for "Shareholder Return"

- Setting shareholder return and debt repayment at the same priority
  - Maintain the dividend increase momentum, and aim to achieve 20 - 30% dividend payout ratio at the consolidated level
- Conduct share buyback in a timely manner based on the stock price level and cash surpluses

Japan and Korea Business Segment Update

FY6/2023 Q2: Segment Performance Summary

Q2 YTD Segment Revenue increased in Japan and Korea, resulting in an increase of +9% YoY for the whole segment

Q2 YTD Segment Profit decreased by -18% YoY mainly due to a rise in Total Employee Expenses in the Japan business

(JPY in Millions)	FY6/2022 Q2 YTD Actual	**FY6/2023 Q2 YTD Actual**	Variance	YoY Growth	YoY Growth Constant FX[1]
	YTD (6 Months)				
Japan and Korea Business Segment	**18,779**	**20,481**	**+1,701**	**+9 %**	**+8 %**
Japan	15,847	17,042	+1,194	+8 %	+8 %
Korea	2,938	3,447	+508	+17 %	+8 %
Segment Profit	**3,198**	**2,630**	**△568**	**△18%**	**△19%**

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

FY6/2023 Q2: Segment Performance Summary

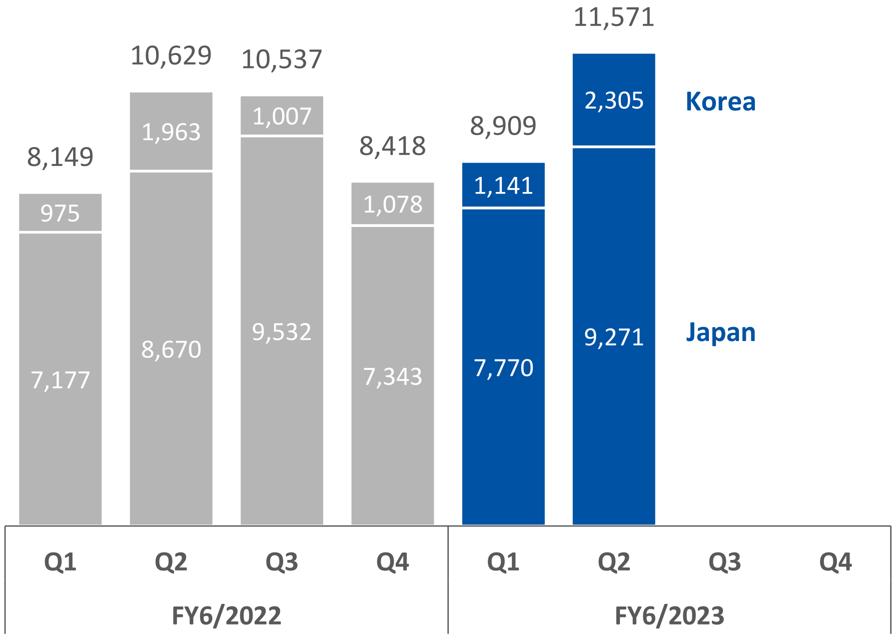
Q2 standalone Segment Revenue continued steady growth

Segment Profit Margin remains below last year's number due to increased headcounts from recruitment initiatives introduced in the previous fiscal year

Quarterly Segment Revenue Trend

(JPY in Millions)

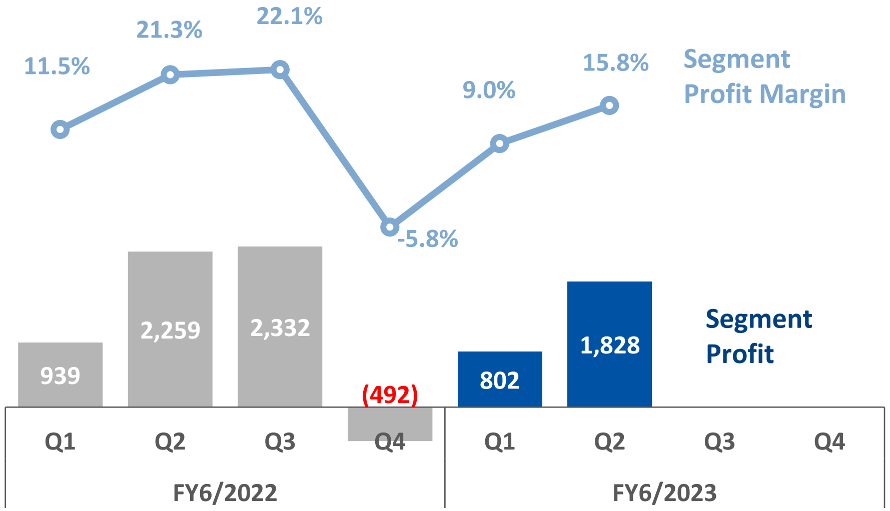
YoY Growth			
	Actual:	+9%	+9%
	Constant FX[1]:	+8%	+7%



Quarterly Segment Profit and Profit Margin Trend

(JPY in Millions)

YoY Growth			
	Actual:	-15%	-19%
	Constant FX[1]:	-15%	-20%



Note

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

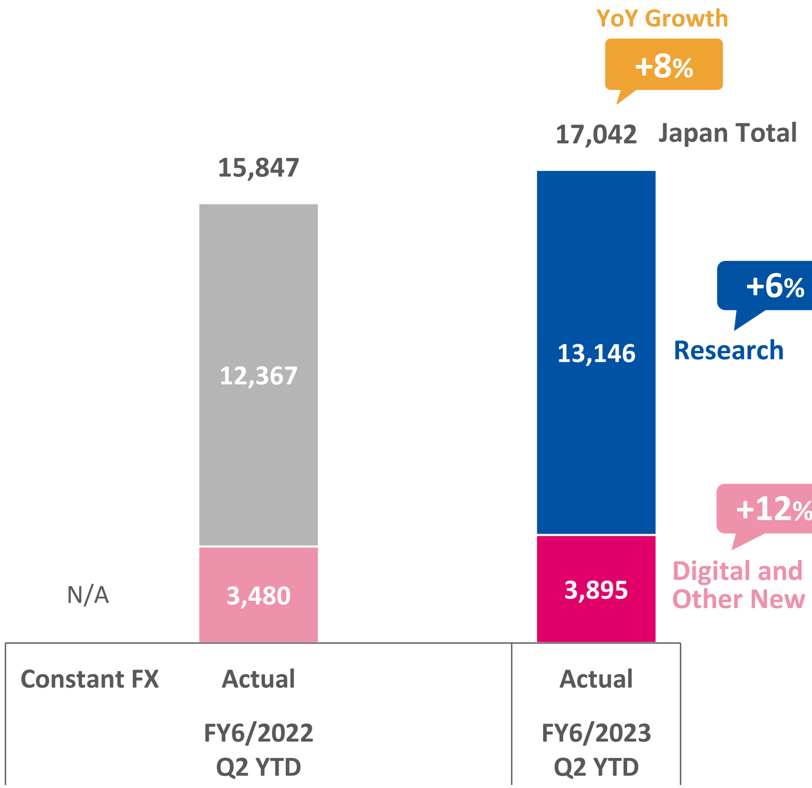
FY6/2023 Q2: Japan Business Summary

Expansion of operational capacity in the Online Research business was our top priority, and the success of the initiative resulted in steady growth of Revenue in the Research business

We will focus on outbound sales expansion to reduce opportunity loss in the 2H and going forward

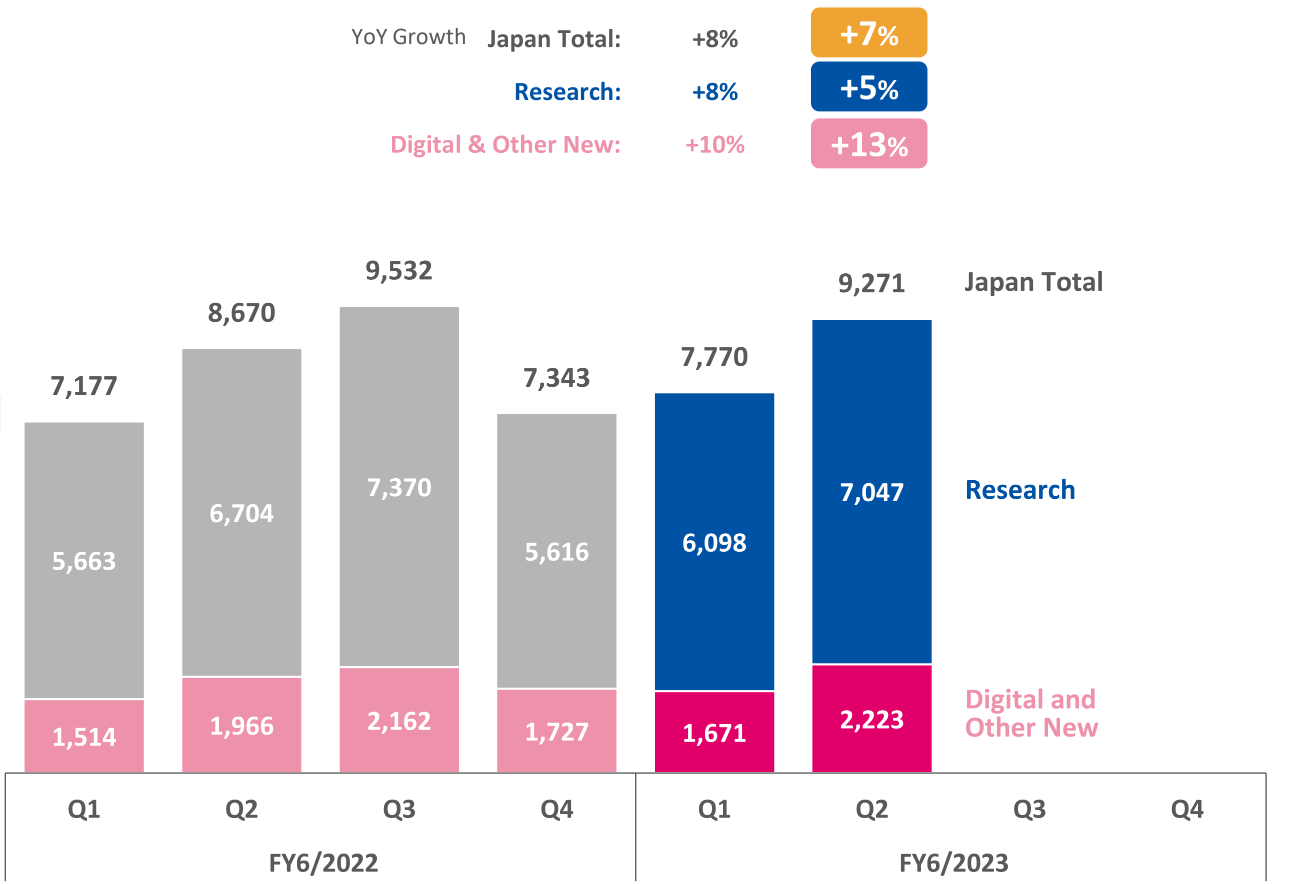
Q2 YTD Japan Revenue (6 months)

(JPY in Millions)



Quarterly Japan Revenue Trends

(JPY in Millions)



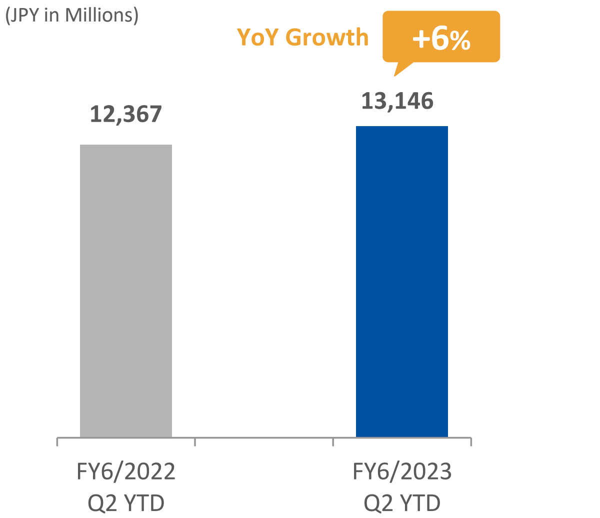
Note
1. Please refer to the solution portfolio page (p.[35]) for each solution

FY6/2023 Q2: Japan Business - Business Performance

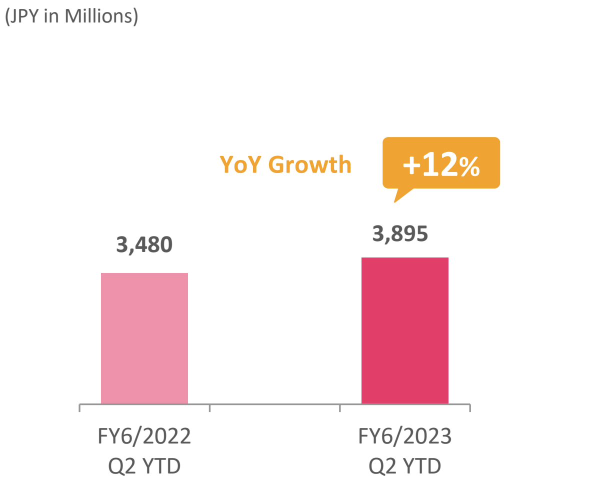
Research business's growth was in line with the MTBP target growth rate, but Digital and Other New Business missed the target

In Digital and Other New Business, Other New Business is expected to keep its strong growth momentum, but close attention needs to be paid to Digital Revenue trend considering the condition of digital advertising market

Q2 YTD Research Business Revenue (6 months)



Q2 YTD Digital & Other New Business Revenue (6m)



Q2 YTD Business Performance Commentary

Research Business

Target Growth Rate in MTBP:
Per Annum
6%

- Client demand is continuing to be strong and exceeds our expectations
  Global research projects have been expanded
- Initiatives to partner with clients (Sales and delivery structure, Macromill Consortium, etc.) succeeded and the size of the project continues to expand
- Online Research operational capacity expands as expected. Opportunity loss due to the operational capacity shortage remains but shrinking its size. We will focus on outbound sales expansion in 2H and forward
- 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

Digital and Other New Business

Target Growth Rate in MTBP:
Per Annum
20%

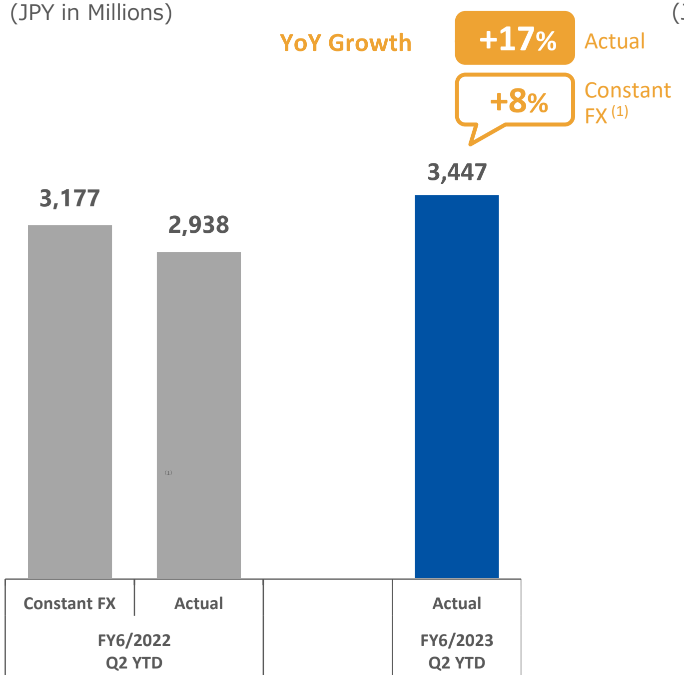
- Client companies are considering alternative measurement methods for third-party cookies, which are scheduled to be phased out in the second half of 2024
- As a result, Revenue of the DMP Sync service decreased. Digital Revenue declined in 1H, and this trend is expected to continue during the transition 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 achieved growth in Q2 which offset the decline in Q1

FY6/2023 Q2: Korea Business Summary

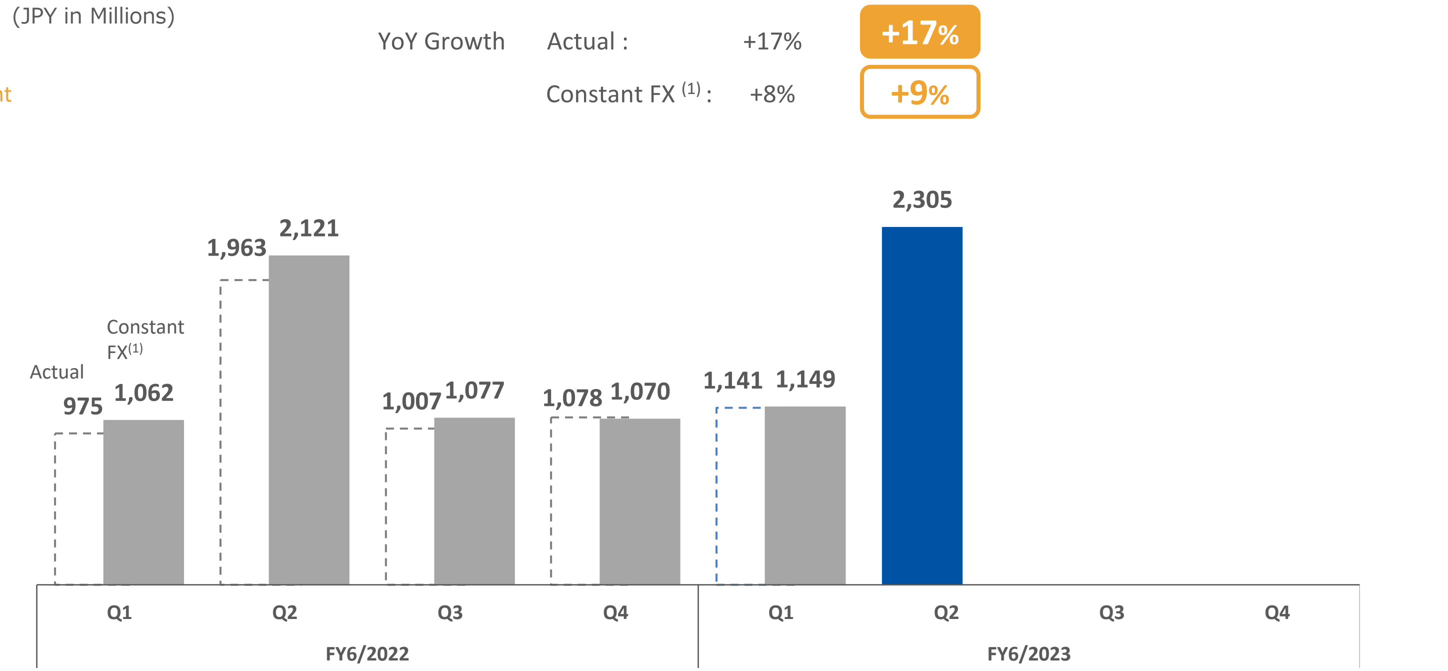
Due to the impact of Covid-19, Online Research is spreading in the Korean marketing research sector

Strategic clients continued to perform well, and Revenue increased by double digits, partly due to the positive impact of FX rate

Q2 YTD Korea Revenue (6 Months)



Quarterly Korea Revenue Trends



Q2 YTD Korea Business 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. 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

Note
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 Q2: Segment Performance Summary

ROW

Q2 YTD Segment Revenue achieved over +20% growth in all regions

Q2 YTD Segment Profit materially impacted due to increase in Total Employee Expenses from employee retention and increased capacity to deliver future growth

(JPY in Millions)		FY6/2022 Q2 YTD Actual	FY6/2023 Q2 YTD Actual	YoY Growth	Variance	Variance Constant FX[1]
		YTD (6 Months)				
Overseas (ex-Korea)	**Revenue**	**5,735**	**7,796**	**+2,061**	**+36 %**	**+25 %**
	US	2,327	3,062	+735	+32 %	+21 %
	Europe	2,341	3,191	+850	+36 %	+25 %
	ROW	1,067	1,542	+474	+45 %	+33 %
Segment Profit		**513**	**259**	**△253**	**△49%**	**△54%**

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

FY6/2023 Q2: Overseas Business Summary

ROW

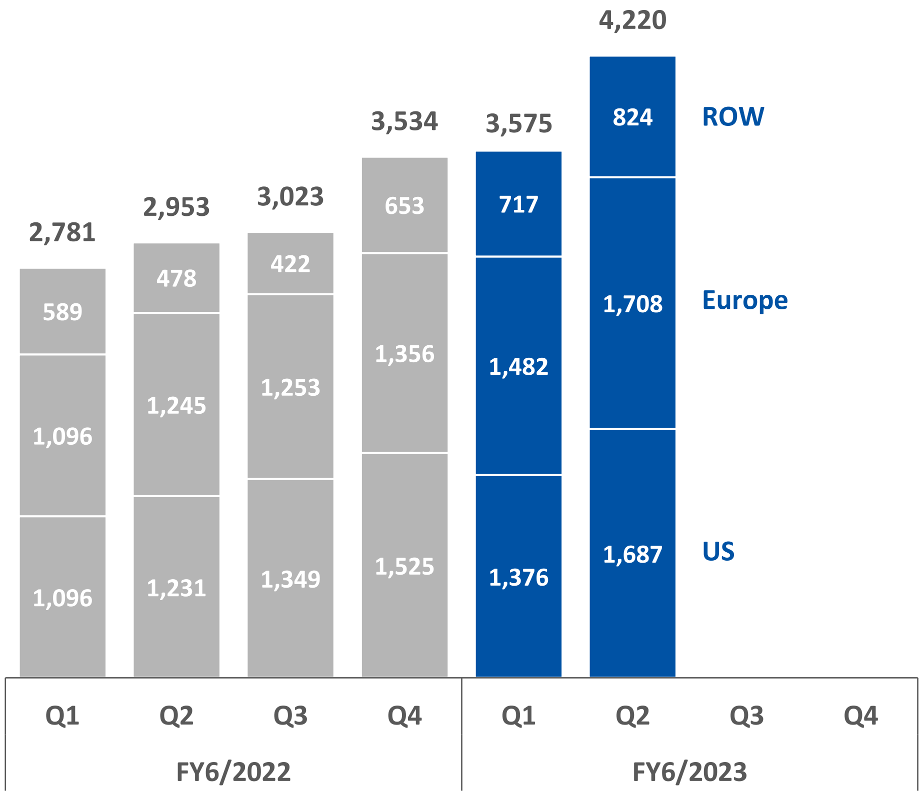
Historically Q2 has been this segment's strongest quarter, and for this year, our Q2 Revenue achieved a historical high

Compared to Q1, Q2 Segment Profit is in a recovery trend, but YoY growth remains lower than a previous year due to investment in employee retention and increased capacity to deliver future growth

Quarterly Segment Revenue Trend

(JPY in Millions)

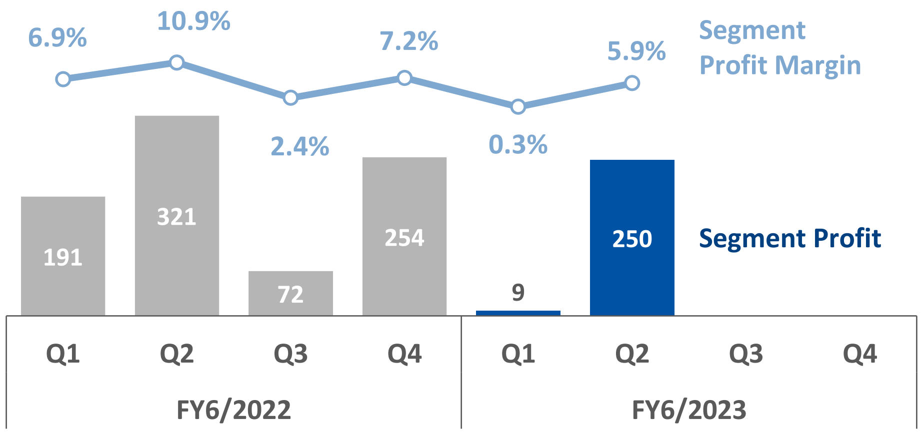
YoY Growth			
Actual :	+29%	+43%
Constant FX(1) :	+20%	+29%



Quarterly Segment Profit and Profit Margin Trend

(JPY in Millions)

YoY Growth			
Actual :	-95%	-22%
Constant FX(1) :	-95%	-29%



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

FY6/2023 Q2: Overseas Business Summary

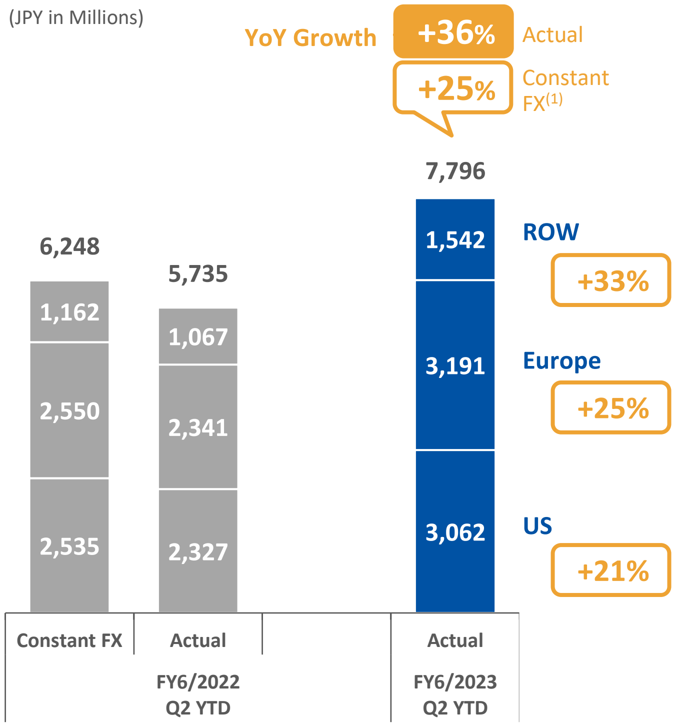
ROW

We performed well in both Q1 and Q2 in all regions, even on a Constant FX basis

Resulted in strong Q2 YTD Revenue growth across all regions

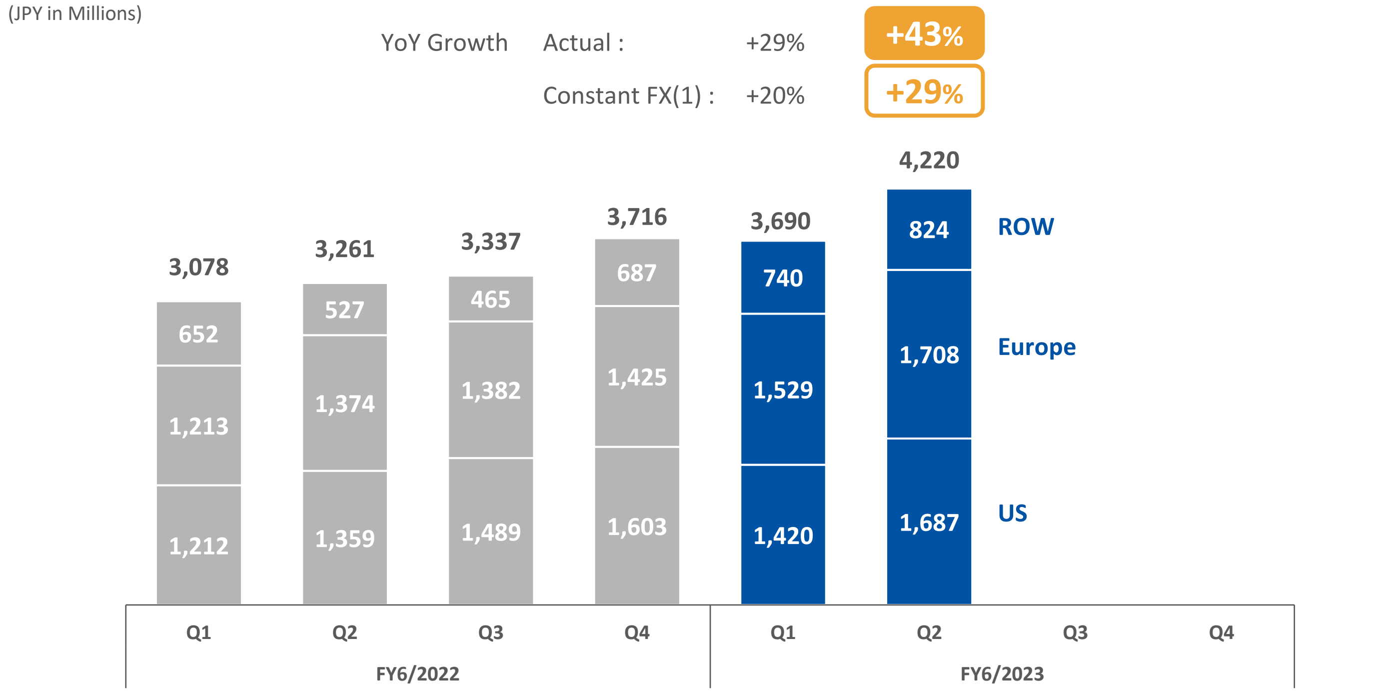
Q2 YTD Overseas (ex-Korea) Revenue (6 Months)

(JPY in Millions)



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

(JPY in Millions)



Overseas (ex-Korea) Business Q2 Performance Commentary

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

- We delivered on 'the share of wallet' strategy with several existing clients, as well as expanding with recent new customer wins
- Revenue growth: FMCG, OTC/Healthcare, and Energy industries
- Investments in retention (career development, training, inflation dynamic, etc.) and expansion of staff to ensure quality delivery and increasing demand for services from our expanding client base (Number of headcount in Q2: 1,015 +164 YoY, +97 vs. Q4 FY6/2022)

Note
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

ii. Summary of our Company, Market Size

Big Market Opportunity and Our New Mid-term Business Plan

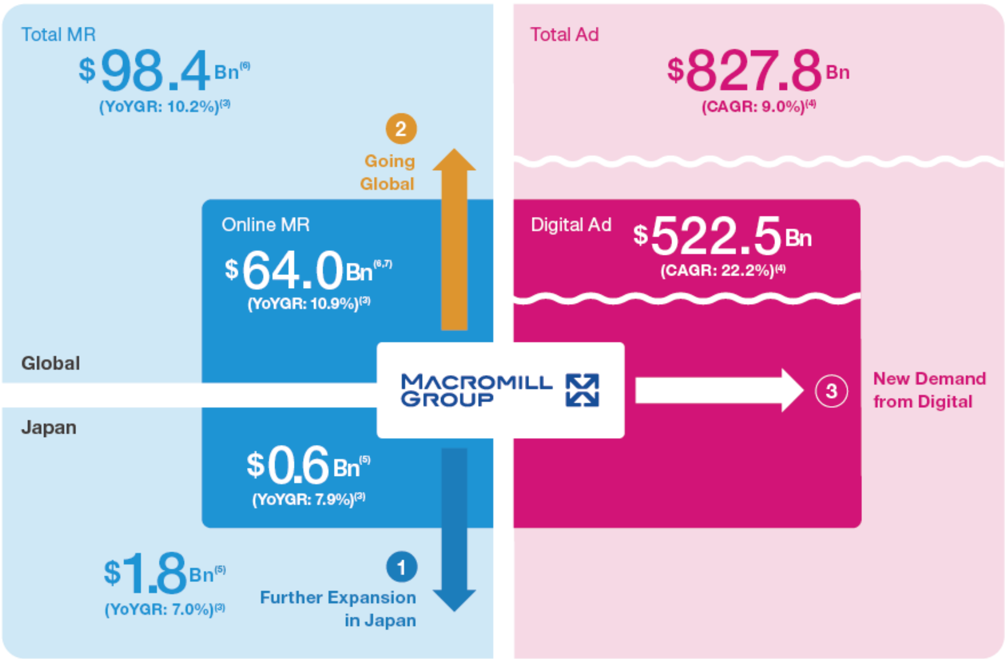
Our Market Opportunity[1]

Market Research

Market Research Spending Size: 2021A
Actual YoYGR: 2020A-2021A

Digital Marketing[2]

Ad Spending Size: 2021A
Actual CAGR: 2016A-2021A



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)

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

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

Notes
1. 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
2. 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.
3. Historical YoYGR(YoY Growth Rate) for 2020A-2021A, for the global market, the net (adjusted) growth rates excluding the inflation rate are shown.
4. Historical CAGR(Compound Annual Growth Rate) for 2016A-2021A
5. Exchange rate: USD/JPY = 130
6. 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).
7. The size of the online MR market is calculated by multiplying the 2021 actual market size of the entire MR market by the 2021 actual composition ratio of online research.

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	MACROMILL a Macromill Group company + DENTSU MACROMILL INSIGHT a Macromill Group company (Joint Venture with Dentsu) + H. M. MARKETING RESEARCH a Macromill Group company (Joint Venture with Hakuhodo) etc.		EMBRAIN a Macromill Group company	METRIXLAB a Macromill Group company
FY6/2021 Revenue Actual	24.1bn (Composition Ratio : 56%)	5.8bn (Composition Ratio : 13%)	4.1bn (Composition Ratio : 10%)	9.2bn (Composition Ratio : 21%)
Target Growth Rate	Per Annum: 6% (3Y CAGR)	Per Annum: 20% (3Y CAGR)	Per Annum: 16% (3Y CAGR)	Per Annum: 9% (3Y CAGR)
FY6/2024 Target Revenue	28.5bn (Composition Ratio : 50%)	10.0bn (Composition Ratio : 18%)	6.5bn (Composition Ratio : 11%)	12.0bn (Composition Ratio : 21%)
3 Years Variance	+4.4bn (Composition Ratio : -6%)	+4.2bn (Composition Ratio : +5%)	+2.4bn (Composition Ratio : +1%)	+2.8bn (Composition Ratio : +0%)

Transforming Our Business Model

Expecting strong synergies with our existing business in Research and Data Provision, we launched "Data Utilization Support (Data Consulting) Business" and "Marketing Activation Support Business" at a full scale from FY6/2022 based on a high demand from our clients - Together with measures to improve the OP margin, this will be the driver for achieving the MTBP

Our Business Fields

Existing Business

Research
(Awareness Data)
Core Business
Domestic Marketing Business
Global Research

Data Provision
(Behavioral, Biological, and Other Data)
Growth Driver
Integrated data（Digital field）
Life Science Business (New Business)

Synergies between business areas

Macromill
Panels

New Challenges

Marketing Activation Support
(Solution)
New Business
CRM
Advertising distribution

Data Utilization Support
(Data Consulting)
New Business
DX execution partner（DMP utilization）
BPO/BPR Consulting

Our "proprietary panel" will continue to be the source of value creation and differentiator in both existing and new business fields

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

FY6/2021 | FY6/2022 | FY6/2023 | FY6/2024 | FY6/2025 onward

Transform into "Professional Marketing Services Company" from "Marketing Research Company"

1. Research & Data
(Awareness, Behavioral, Biological, & Other Data)

2. Data Utilization Support
(Data Consulting)

3. Marketing Activation Support
(Solution)

4. Automation, Tools, and Platform
(Subscription Service, etc.)

Marketing Research Company	Business Model Transformation Period	Professional Marketing Services Company
Revenue increase through share expansion & Profit increase by pursuing optimization	Revenue and Profit increase through the business field expansion Lower Profit due to the up-front large scale investment during the transformation period	Increase Revenue and maximize Profit by developing the ecosystem

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

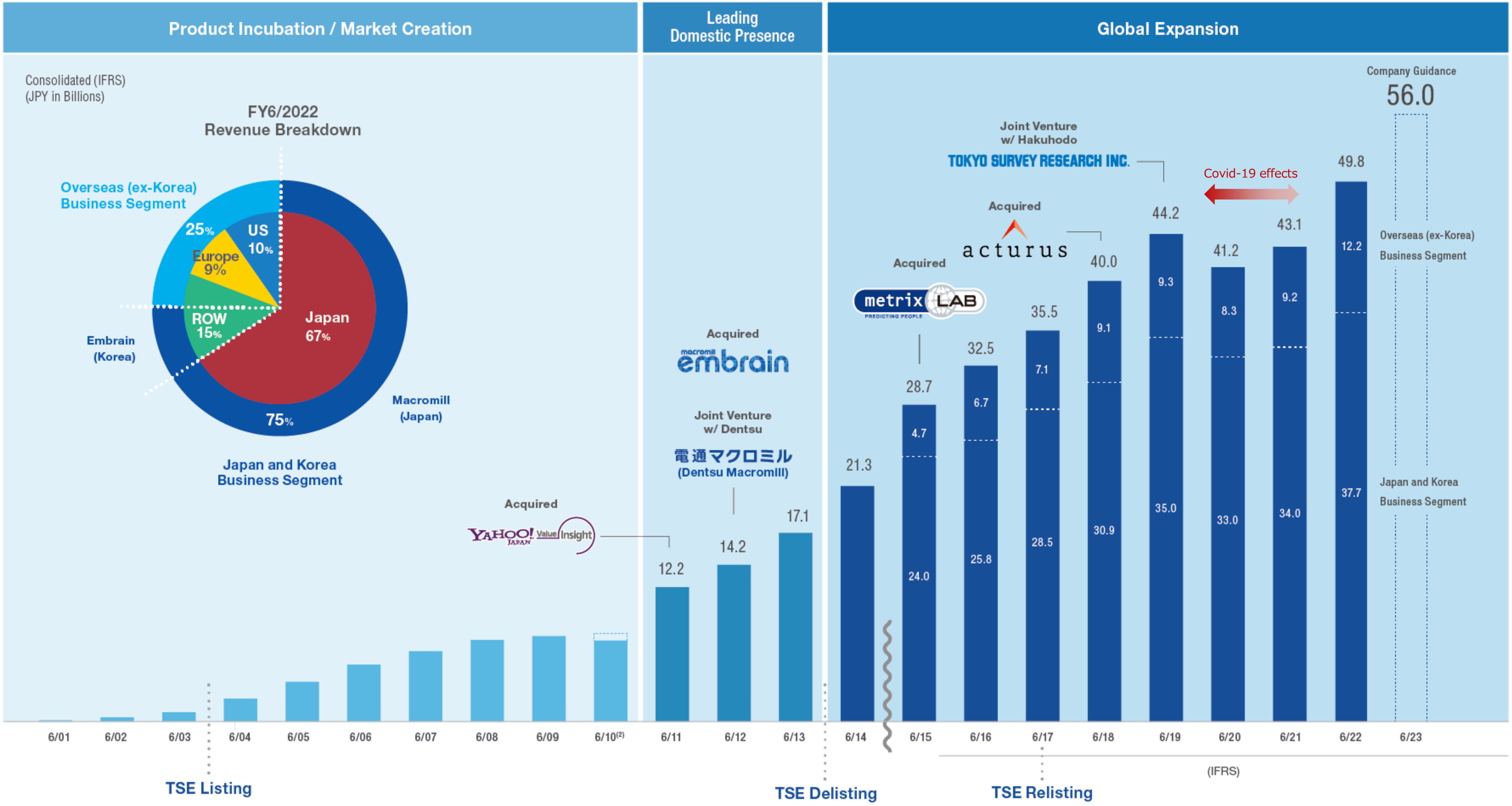
Appendix

i. Mid-term Business Plan

ii. Summary of our Company, Market Size

We are Fast Growing Market Research Company

Consolidated Revenue[1]



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

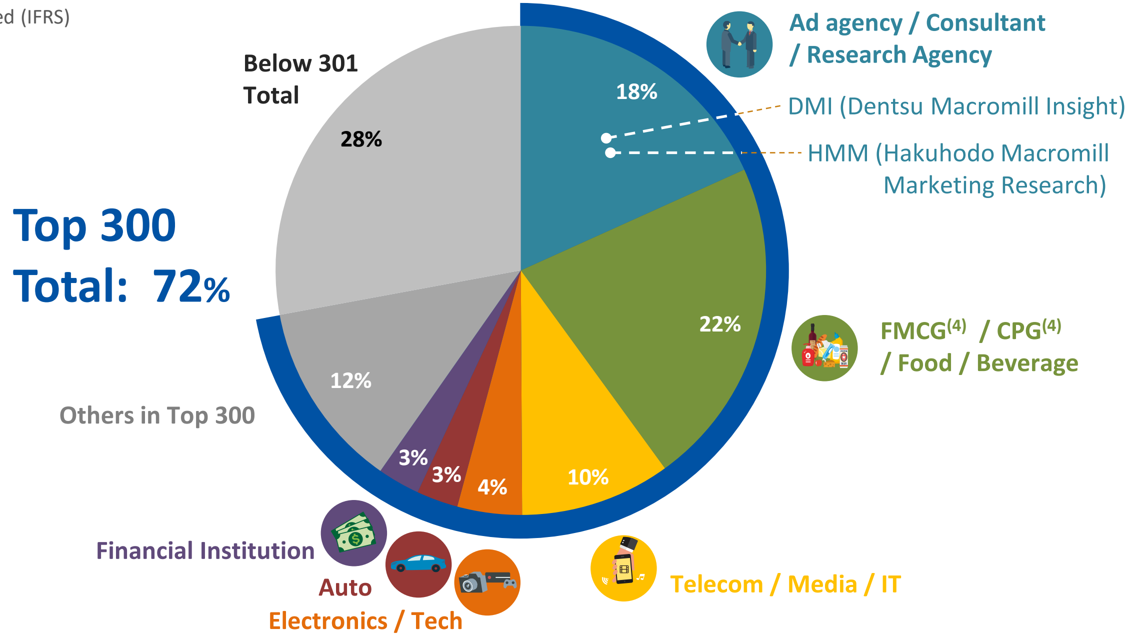
c. 2,500 clients in Japan	c. 1,900 clients in Overseas

Client Retention Rate of Large Clients[1]

96.6% in Japan[2]	89.7% in Global[3] (excl. Japan)

FY6/2022 Revenue Breakdown by Client Industries

Consolidated (IFRS)

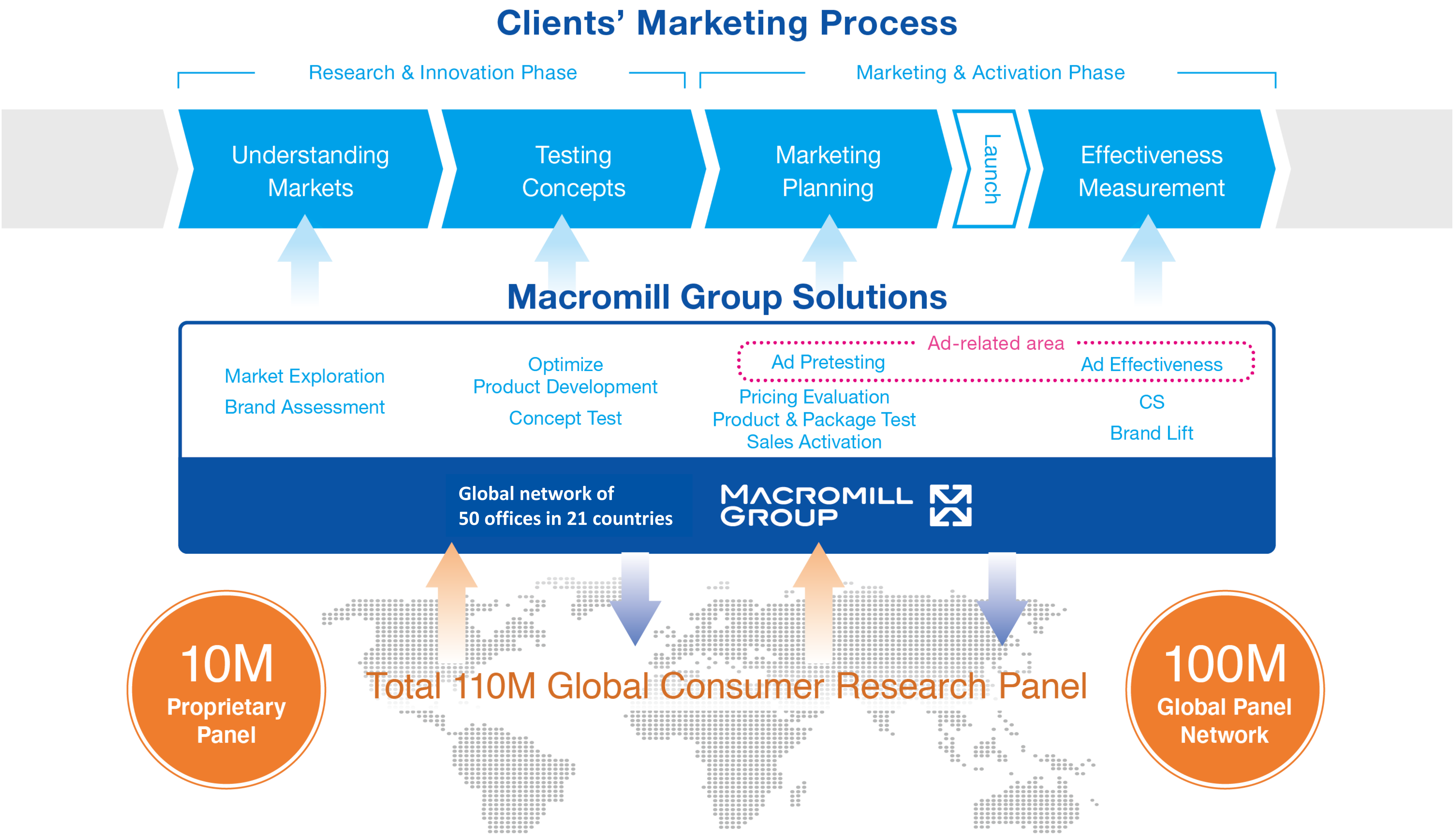


Well diversified client portfolio

Case Studies	ASAHI BREWERIES, LTD.: One-stop support from product development to sales (*Japanese Only)	CAPCOM CO., LTD.: Concept creation support

Note
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.)

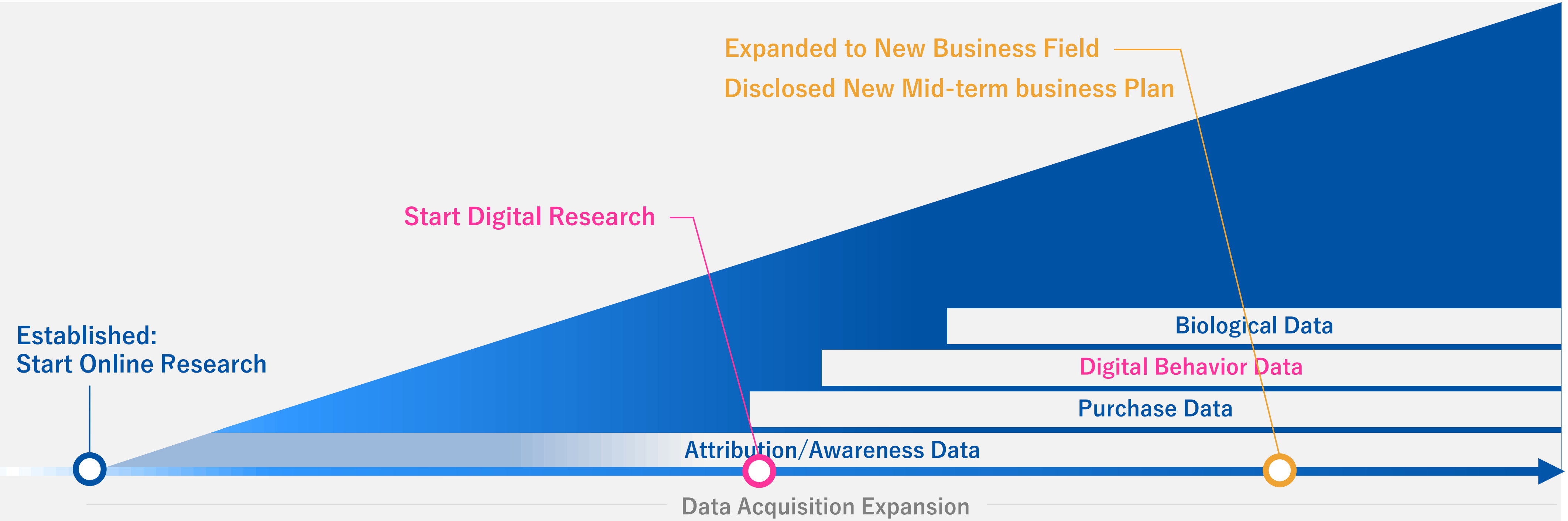
Macromill's comprehensive set of research solutions are utilized at all phases of our clients' marketing value chain



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



2001~

Created a new market with growth engine, Online Research
- Online Research
- Offline Research
- Global Research
- Database Service

2014~

Expanded business by a growth driver, Digital Research

Provide Digital Ad Effectiveness Research based on digital log data

2021

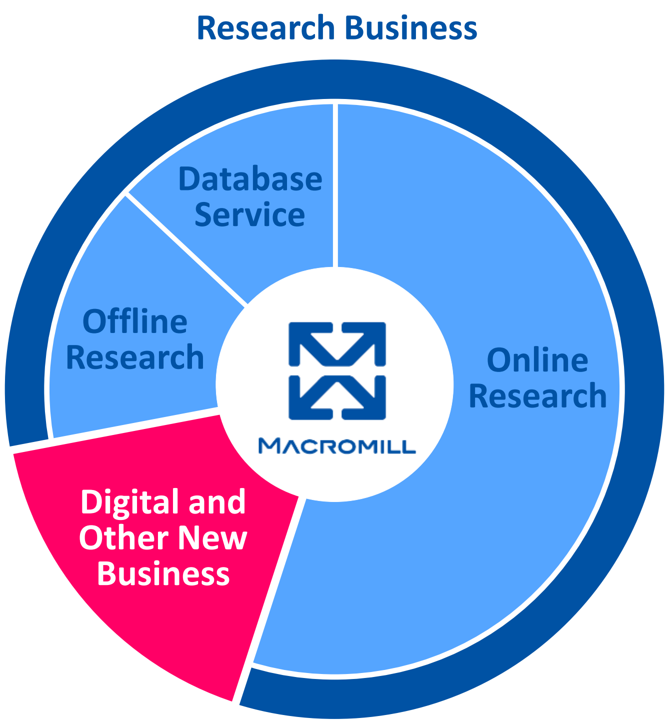
Provide service beyond Research
- Data Utilization Support
- Marketing Activation Support
- Life Science Business
- Southeast Asia Business

"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**

Revenue composition ratio



As of end of June 2022

Research Business

Ad-hoc

Online Research

Internet Research

Internet-based quantitative research. Conduct an online survey for our panel

Awareness Data etc.

Offline Research

Visiting type research

Qualitative research, such as Central Location Test (CLT), in which panelists visit a venue and evaluate mockup products.
This research also Includes Focus Group Interview (FGI) and 1on1 interview (Depth Interview)

Awareness Data, Biological info etc.

Subscription

Database service

Data selling

Selling a database of consumer purchase histories, etc. of some panelists who agree to share their data

Purchase, TV viewership etc.

Growth Driver

Digital and Other New Business

Digital Measurement

Ad effectiveness measurement based on Digital behavior Data (AccessMill etc.)

DMP Sync

Provide/analyze various data by identifying Macromill panels in our clients' DMP

Awareness Data x Behavior Data（Web exposure history）etc.

New Business

Data Utilization (Data Consulting), Marketing Activation Support, Life Science and Southeast Asia Business

Awareness Data / Biological info etc.

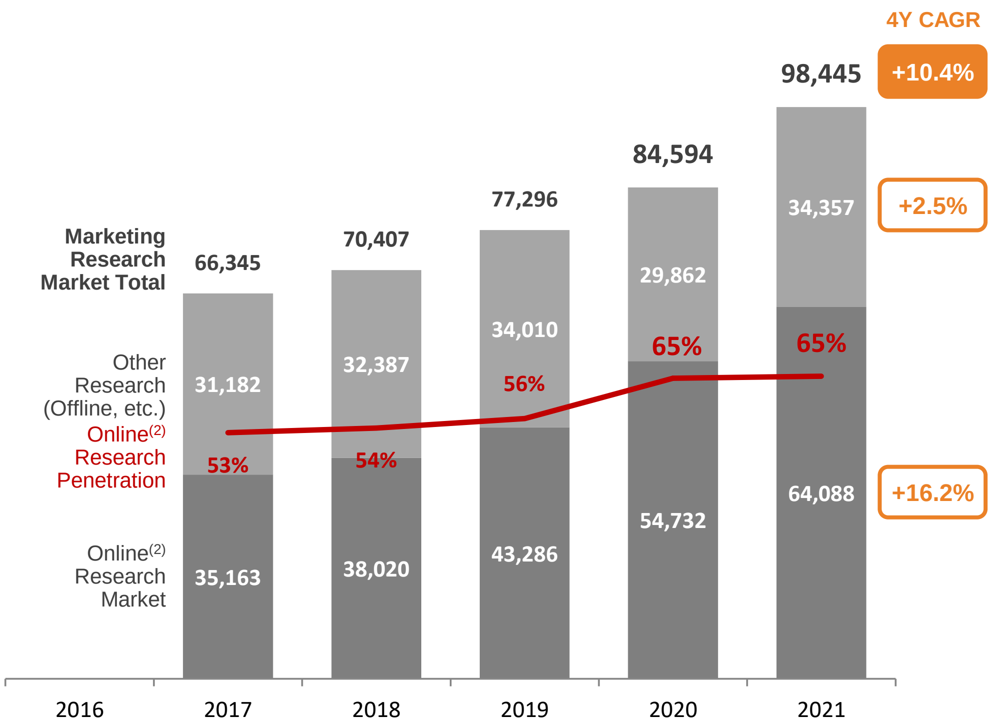
Historical Trends - Global Market vs. Our Revenue

- **Global Marketing Research Market growth is led by Online Marketing Research Market growth**
- **Macromill Group Revenue grows along with the global market growth**

Market Trends – Global Marketing Research Market

ESOMAR(1)
(USD in Millions)

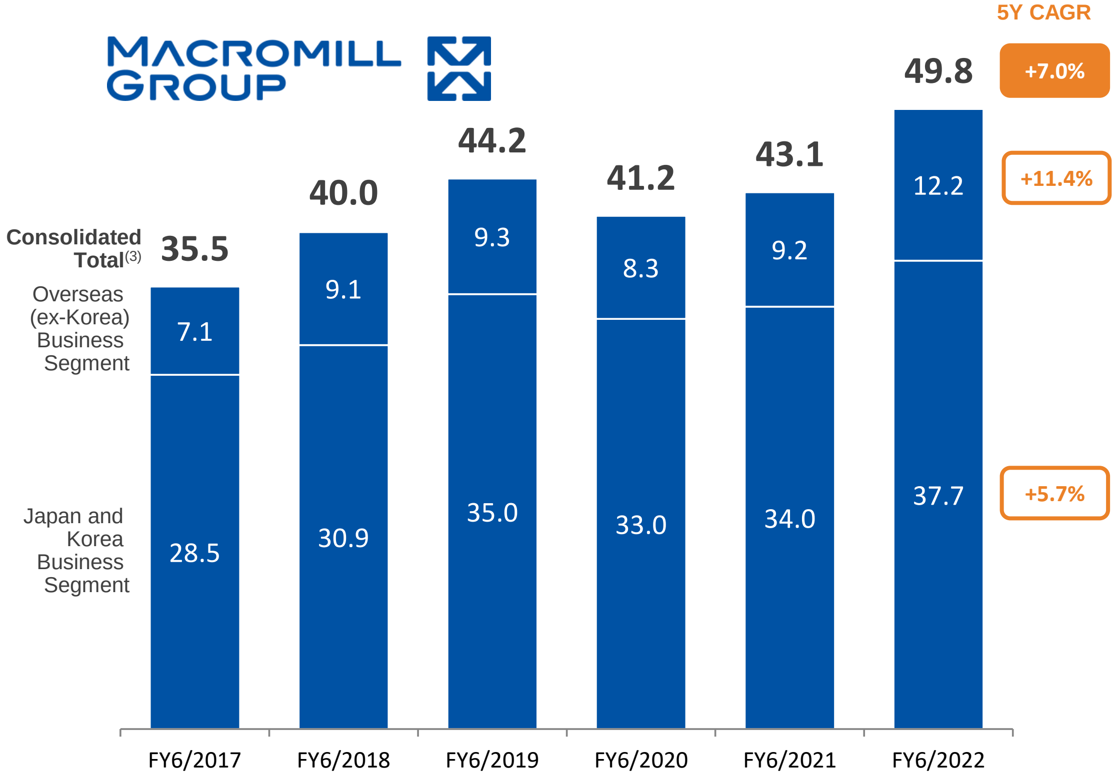
YoY Growth		2018	2019	2020	2021	Inflation Adjusted '20-'21 YoY
	Total:	**+6%**	**+10%**	**+9%**	**+16%**	**+10.2%**
	Others:	+4%	+5%	-12%	+15%	+9.0%
	Online:	+8%	+14%	+26%	+17%	+10.9%



Revenue Trends – Macromill Consolidated Group All

Consolidated (IFRS)
(JPY in Billions)

YoY Growth		FY6/2018	FY6/2019	FY6/2020	FY6/2021	FY6/2022
	Consolidated:	**+13%**	**+11%**	**-7%**	**+5%**	**+15%**
	Overseas:	+29%	+2%	-11%	+10%	+33%
	Japan & Korea:	+9%	+13%	-6%	+3%	+11%



Note

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 2021, the closest definition to the former market size).
2. 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
3. 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)

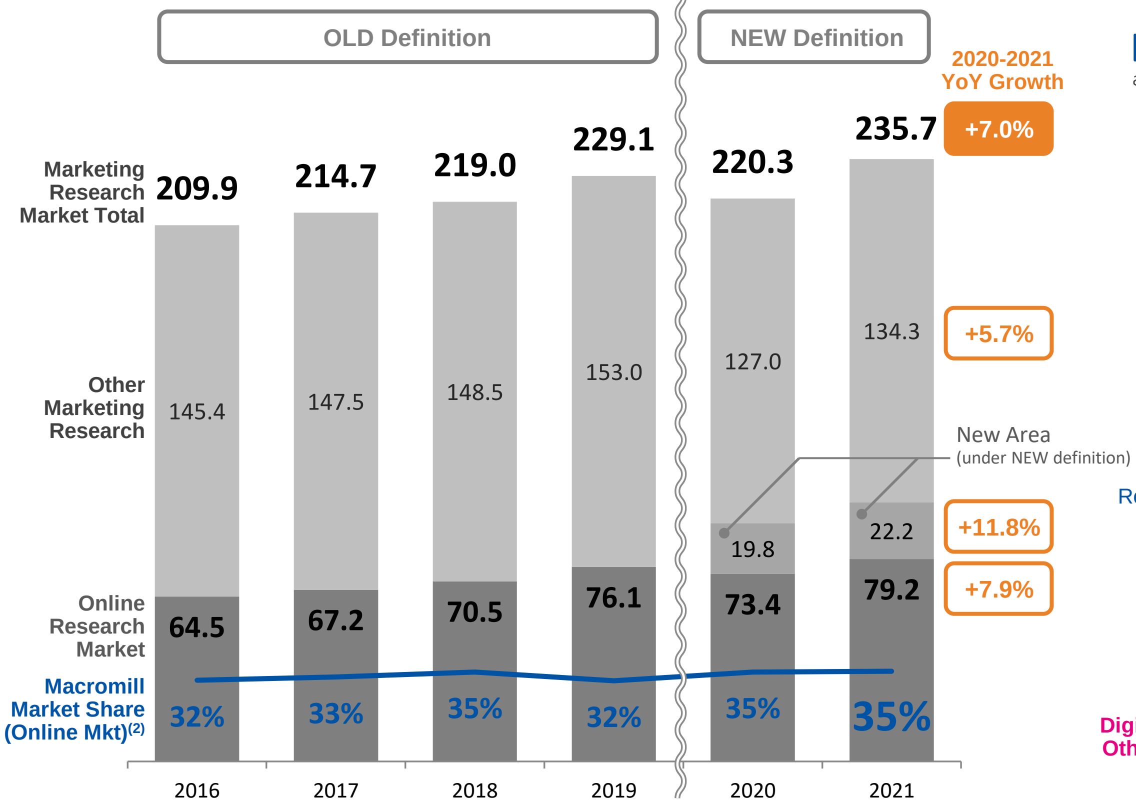
Historical Trends – Japanese Market vs. Revenue in Japan

- 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

JMRA[1]
(JPY in Billions)

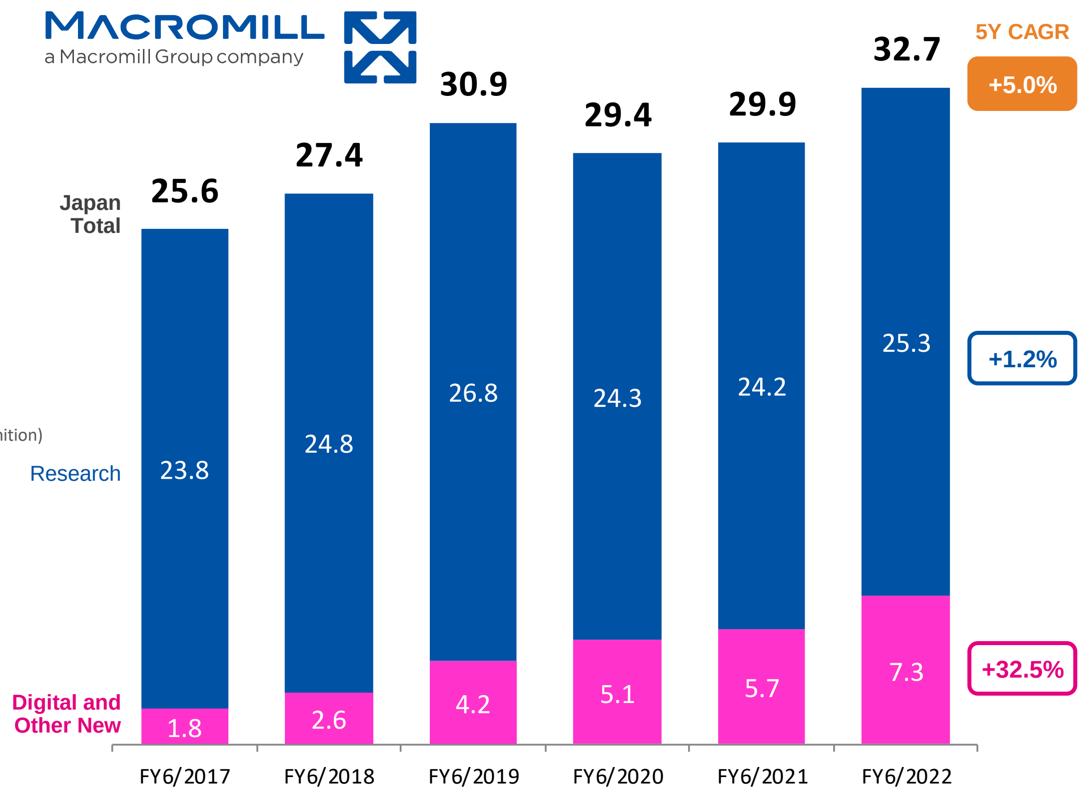
YoY Growth		2016	2017	2018	2019	2020	2021
	Total:		**+2%**	**+2%**	**+5%**	**n/m**	**+7%**
	Others:		+1%	+1%	+3%	n/m	+6%
	Online:		+4%	+5%	+8%	n/m	+8%



Revenue Trends – Macromill Group Revenue in Japan

Consolidated (IFRS)
(JPY in Billions)

YoY Growth		FY6/2017	FY6/2018	FY6/2019	FY6/2020	FY6/2021	FY6/2022
	Japan Total:		**+7%**	**+13%**	**-5%**	**+2%**	**+9%**
	Research[3]:		+4%	+8%	-9%	-0%	+5%
	Digital and : Other New[3]		+47%	+59%	+24%	+11%	+28%

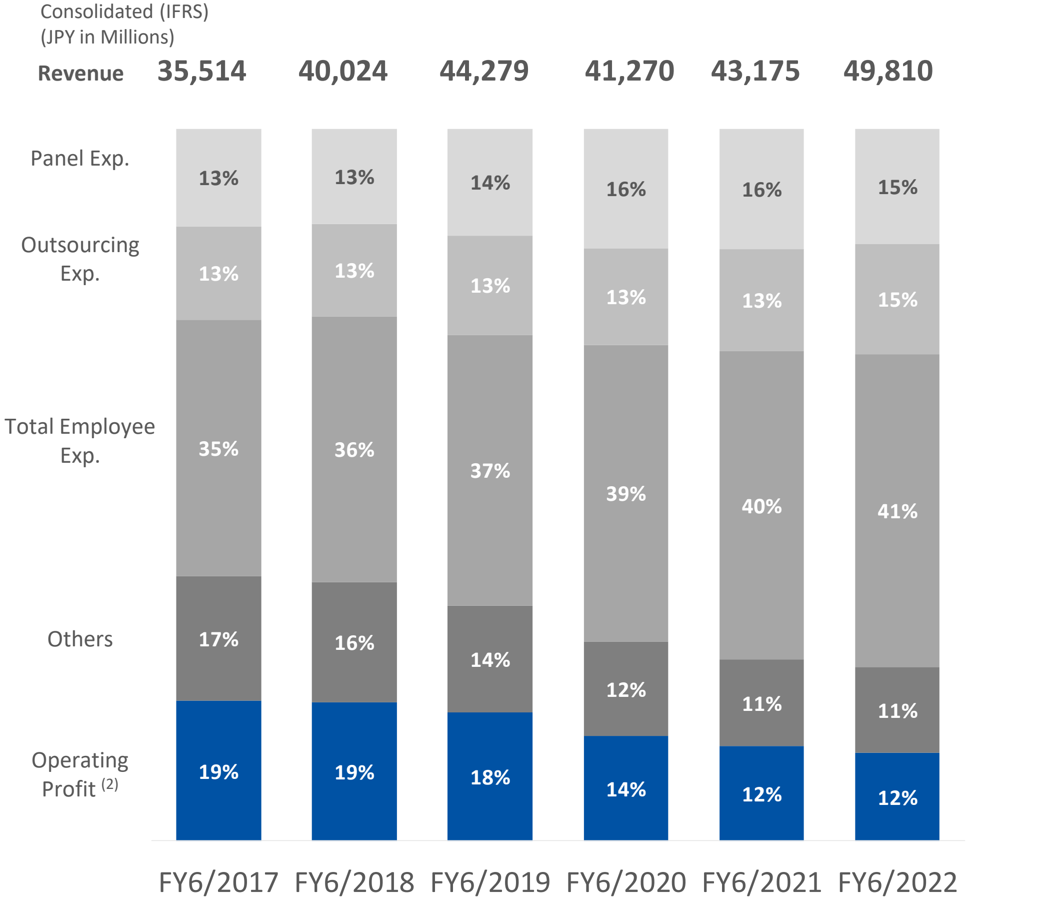


Note
1. Source: Japan Marketing Research Association (JMRA) - Management statistics (2017/7, 2018/7, 2019/7, 2020/9, 2022/6) The Ad-hoc internet survey is described as Ad-hoc Online
2. Macromill's market share is estimated by the Company
3. Prior to FY6/2019, the items disclosed under the categories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

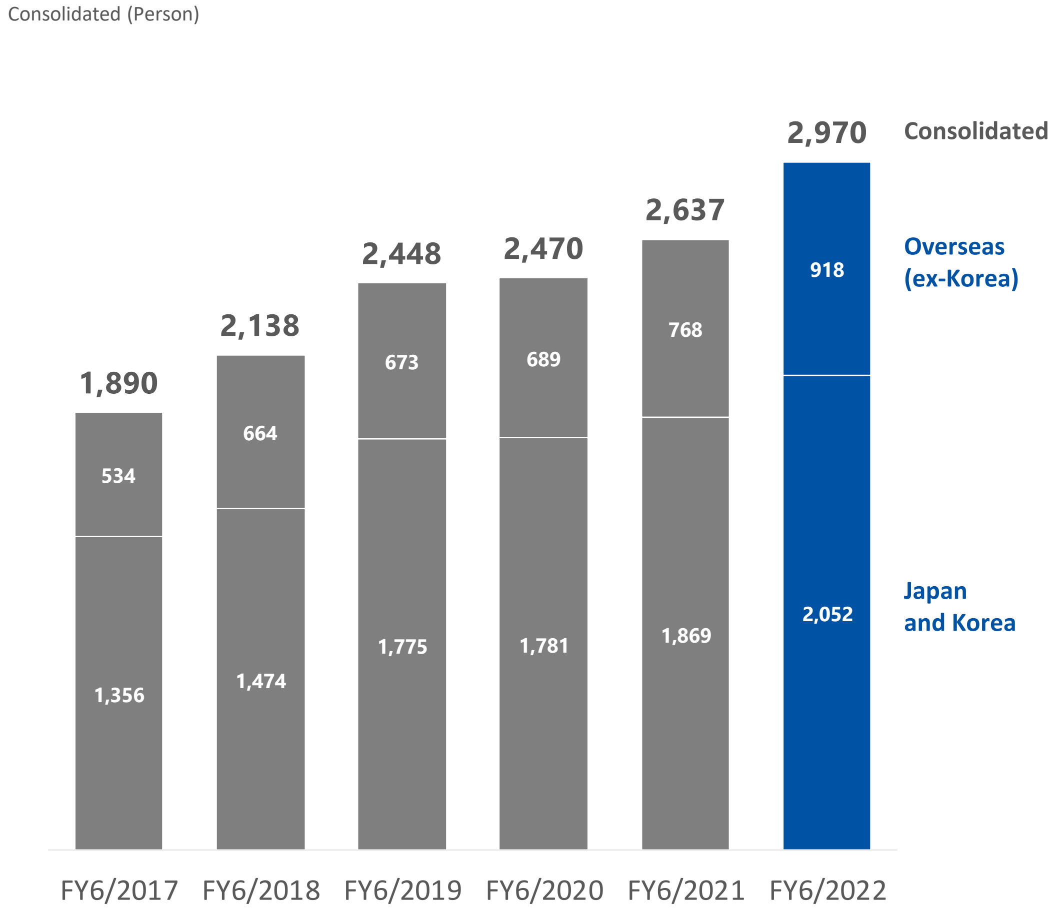
Historical Trend – Cost structure and headcount trend

- **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[1]



Note
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

① Regional / Wallet Share Expansion × ② Panel Access Expansion × ③ Technology / Solution Enhancement

Proven M&A Track Record

2010 Acquisition[1] — Yahoo! Japan Value Insight (Japan)
Regional Expansion | Panel | Technology / Solution
☑ Doubled Panel Access

2012 Acquisition — embrain (Korea)
Regional Expansion | Panel | Technology / Solution
☑ Access to Asian Client and Panels

2012 Joint Venture with Dentsu — 電通マクロミル (Dentsu Macromill) (Japan)
Wallet Share Expansion | Panel | Technology / Solution
☑ Securing earnings stability and improving our ability to develop service in new domains

2014 Acquisition — metrixLAB (Netherlands)
Regional Expansion | Panel | Technology / Solution
☑ Global Client & Panel Base Access

2017 Strategic & Capital Alliance
2018 Acquisition — centan (Japan)
Regional Expansion | Panel | Technology / Solution
☑ Access to Neuro / Biometric marketing Solutions
☑ 10% minority investment > 51% majority acquisition

2017 Acquisition — acturus (USA)
Regional Expansion | Panel | Technology / Solution

2017 Strategic & Capital Alliance
2019 Acquisition — W&S Holdings market research (Indonesia, Thailand, Vietnam)
Regional Expansion | Panel | Technology / Solution
☑ Access to Southeast Asian Client and Panels
☑ 10% minority investment > 51% majority acquisition

2018 Joint Venture with Hakuhodo (51% Majority Acquisition) — TOKYO SURVEY RESEARCH INC. (Japan)
Wallet Share Expansion | Panel | Technology / Solution
☑ Seeking wallet share expansion and enhancement of online/offline integrated solutions

2019 Asset Purchase — DI Asia — Data & Intelligence (Indonesia, Thailand, Vietnam)
Regional Expansion | Panel | Technology / Solution
☑ Expand consumer panel in Southeast Asia
☑ Succession/Acquisition of Online panel asset only

2022 Acquisition — acclimate (Japan)
Wallet Share Expansion | Panel | Technology / Solution
☑ Obtain human resource matching platform that has many registered professionals

2022 Acquisition through a company split — SOUTH (Japan)
Wallet Share Expansion | Panel | Technology / Solution
☑ Obtain 71% majority stake by integrating Macromill Data Consulting Business through a company split

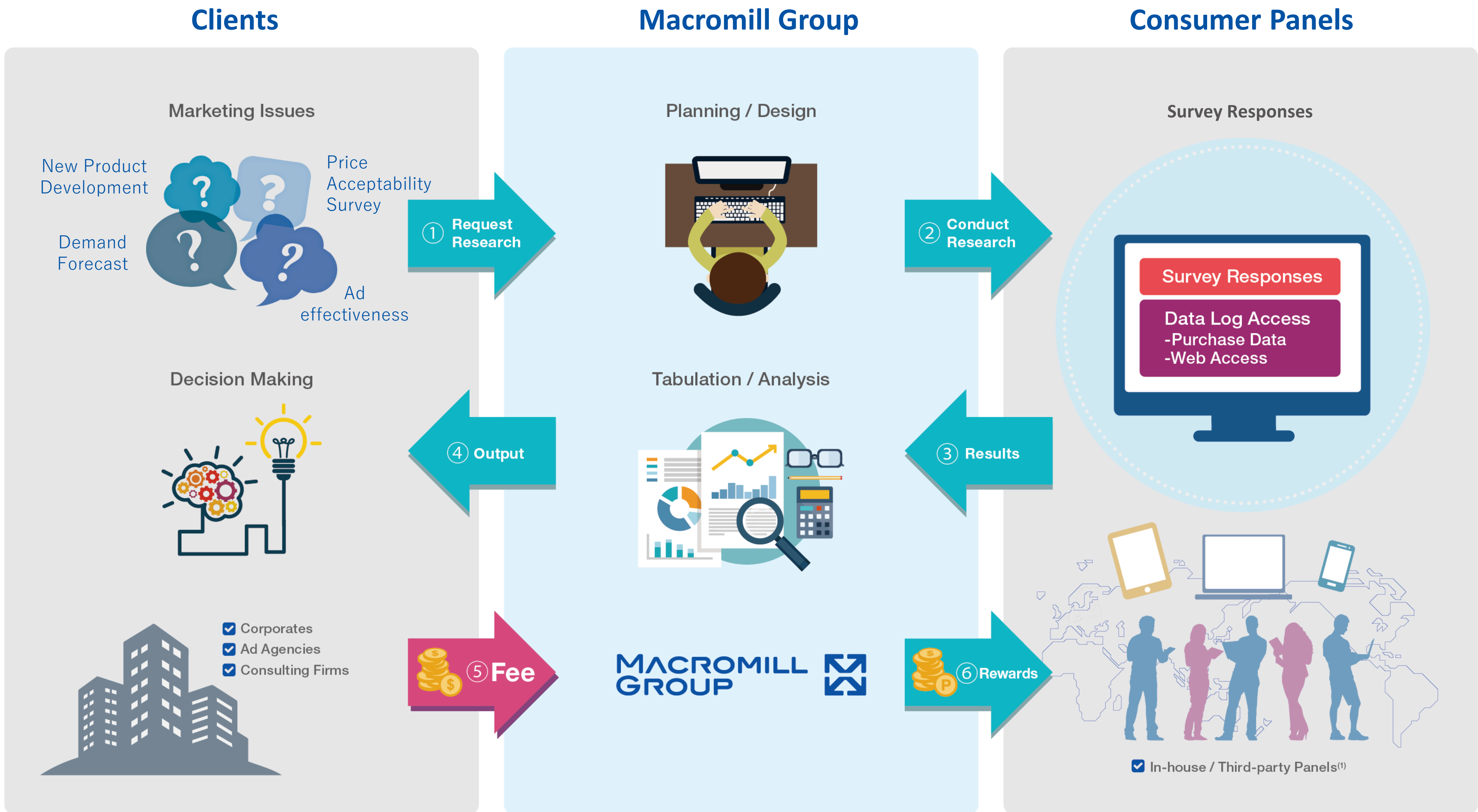
2008 Strategic & Capital Alliance
2022 Additional Stake Acquisition — CITATION JAPAN DESIGNING STRATEGY (Japan)
Wallet Share Expansion | Panel | Technology / Solution
☑ Strategic Alliance in Research Consulting Business field
☑ 15% minority investment > 40% minority investment

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 as in below

Stakeholders	Materiality	SDGs Goals
Client Companies	1. Solving marketing issues	
	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	

Detailed Information

Macromill HP: Sustainability Report 2022 (*Japanese only)

For more details, please refer to Sustainability Report 2022

Build your Data Culture

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a Macromill Group company

Contacts:

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)