



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

May 15, 2023

Listed Company: MACROMILL, INC.
 Stock Exchange: Tokyo Stock Exchange
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 Scheduled date to submit quarterly report: May 15, 2023
 Scheduled date of the start of dividends payment: –
 Supplementary material for quarterly financial results: Yes
 Briefing on quarterly financial results: Yes (for analysts and institutional investors)

1. Consolidated Financial Results for the First Nine-Month Period of the Fiscal Year Ending June 30, 2023 (from July 1, 2022 to March 31, 2023)

(1) Consolidated Business Performance (Amounts of less than one million yen are rounded off.)
 (Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine-month period of the year ending June 30, 2023	43,457	14.5	5,227	(14.6)	4,951	(16.4)	3,405	(17.3)
First nine-month period of the year ended June 30, 2022	37,951	14.6	6,117	18.9	5,924	23.7	4,119	23.4

	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 nine-month period of the year ending June 30, 2023	2,654	(21.9)	3,088	(28.1)	67.08		66.50	
First nine-month period of the year ended June 30, 2022	3,397	24.3	4,295	25.0	86.10		85.37	

(Reference)

	EBITDA		EBITDA margin	
	Million yen	%	%	
First nine-month period of the year ending June 30, 2023	7,537	(8.2)	17.3	
First nine-month period of the year ended June 30, 2022	8,208	8.7	21.6	

(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 March 31, 2023	85,076		36,979		32,512		38.2	
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
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	40,500	7.3	4,300	(14.6)	4,200	(15.4)	9,200	136.2	8,500	170.1	215.16

(Note) Revisions from financial results forecasts announced most recently: Yes

1. The Company categorizes the Overseas (ex-Korea) Business Segment as discontinued business after today (in the middle of the fourth quarter of FY6/2023). Thereby, the Company discloses revised Revenue, EBITDA, Operating Profit, and Profit before Tax as the continuing business retroactively from the beginning of the period. Profit for the year and Profit attributable to owners of the parent include both the continuing business and the discontinued business.
2. In line with the change in note 1 above, the Company discloses previous year (FY6/2022) Revenue, EBITDA, Operating Profit, and Profit before Tax as the continuing business excluding the discontinued business.
3. The Basic Earnings per Share is estimated based on the press release “Notice Regarding Approval of Share Buyback Program” announced today.

(Reference)

	EBITDA		EBITDA margin
	Million yen	%	%
Full year	6,550	(7.8)	16.2

* 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 March 31, 2023 | 40,480,500 shares | As of June 30, 2022 | 40,480,500 shares |
| (ii) Number of shares of treasury stock at the end of the term: | | | |
| As of March 31, 2023 | 892,435 shares | As of June 30, 2022 | 917,835 shares |
| (iii) Average number of shares during the period: | | | |
| Nine months ended March 31, 2023 | 39,575,365 shares | Nine months ended March 31, 2022 | 39,464,565 shares |

* 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 Company has decided to conduct a share buyback program at the Board of Directors meeting held on May 15, 2023.
The basic earnings per share in the financial forecasts have been included the impact of share buyback.
- (2) The Group applies the International Financial Reporting Standards (hereinafter “IFRS”) to and after the fiscal year ended June 30, 2016.
- (3) 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.
- (4) EBITDA = operating profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss
- (5) EBITDA margin = EBITDA / revenue
- (6) 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.
- (7) 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 nine months

(i) Explanation of the operating environment

During the first nine months (July 1, 2022 to March 31, 2023), restrictions on economic activities due to the Covid-19 pandemic were eased in Japan and the world, and there were signs of recovery in corporate activities. However, the economic outlook remained uncertain due to policy interest rate hikes in various countries, exchange rate fluctuations, the prolonged war in Ukraine, and rises in prices of resources, energy, and raw materials, 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 (*3)

Consolidated financial results (Million yen unless otherwise indicated)	Nine months ended March 31, 2022	Nine months ended March 31, 2023	Increase/decrease	Change %
Revenue	37,951	43,457	+5,505	+14.5%
Japan and Korea Business	29,317	31,700	+2,383	+8.1%
Overseas (ex-Korea) Business	8,758	11,953	+3,194	+36.5%
EBITDA	8,208	7,537	(671)	(8.2%)
Operating profit	6,117	5,227	(890)	(14.6%)
Profit before tax	5,924	4,951	(972)	(16.4%)
Profit attributable to owners of the parent	3,397	2,654	(743)	(21.9%)

During the first nine months, revenue amounted to 43,457 million yen (up 14.5% 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 7,537 million yen (down 8.2% year-on-year), reflecting an increase in employee expenses, etc., operating profit of 5,227 million yen (down 14.6% year-on-year), profit before tax of 4,951 million yen (down 16.4% year-on-year) and profit attributable to owners of the parent of 2,654 million yen (down 21.9% year-on-year) for the first nine months.

Return on equity (ROE: calculated using the data for the preceding 12 months) stood at 7.4% (down 3.8 points year-on-year). The interest coverage ratio (*5: calculated in the last 12 months) came to 24.0 times (18.9 times in the corresponding period of the prior fiscal year).

(iii) Explanation of operating results by segment

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

Consolidated financial results by segment (Million yen unless otherwise indicated)	Nine months ended March 31, 2022	Nine months ended March 31, 2023	Increase/decrease	Change %
Revenue	37,951	43,457	+5,505	+14.5%
Japan and Korea Business	29,317	31,700	+2,383	+8.1%
Overseas (ex-Korea) Business	8,758	11,953	+3,194	+36.5%
Segment EBITDA	8,208	7,537	(671)	(8.2%)
Japan and Korea Business	7,042	6,291	(751)	(10.7%)
Overseas (ex-Korea) Business	1,178	1,246	+67	+5.8%
Segment profit	6,117	5,227	(890)	(14.6%)
Japan and Korea Business	5,531	4,650	(881)	(15.9%)
Overseas (ex-Korea) Business	586	567	(19)	(3.2%)

(Japan and Korea Business)

Year-on-year growth in revenue in the research business in Japan was in single digits, reflecting a recovery in revenue generated by offline research services from the levels seen amid the COVID-19 pandemic and strong revenue from global research, the effects of which were partially offset by reductions in research budgets at certain client companies in the third quarter attributable to a decline in business sentiment.

Revenue from Digital and Other New business fields continued to grow double digits year on year, reflecting the strong performance in data utilization support (consulting), which started in earnest in the previous fiscal year, and other businesses.

The Company experienced excess demand for online research and was not able to handle orders due to limits on internal human resources until the first half. In the third quarter, the Company expanded internal capacity to meet demand and opportunity losses were reduced. In the third quarter, the Company resumed consultative selling, which it had ceased due to brisk demand. The Company will tap into more demand and expand earnings by improving internal human resources productivity and controlling outsourcing.

In Korea, the Group achieved double-digit year-on-year growth in revenue in the first six months, reflecting the replacement of offline research by online research amid the Covid-19 pandemic and the positive effect of exchange rates. In the third quarter, growth in revenue slowed chiefly due to the economic downturn. In the first nine months, the Korea Business achieved double-digit year-on-year growth in revenue due to strong results in the first six months and the positive effect of exchange rates.

Consequently, the Japan and Korea Business segment recorded revenue of 31,700 million yen (up 8.1% 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 client demand. As a result of these rises in expenses, segment profit amounted to 4,650 million yen (down 15.9% 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 nine 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 11,953 million yen (up 36.5% year-on-year) and a profit of 567 million yen (down 3.2% year-on-year).

From today onwards (from the middle of the fourth quarter), the Group discloses Overseas (ex-Korea) Business Segment separately as discontinued business for the reasons stated in "Notice Regarding Debt-Equity Swap of Loans to Consolidated Subsidiaries, Changes in Subsidiaries (Share Transfer), and Acquisition of Shares in Toluna Holdings Limited (Conversion into Equity-Method Affiliate)" announced today, and in "1. (3) Explanations about forward-looking information including forecast of consolidated financial results ", and "Significant Subsequent Events" of this article.

Financial results including revenue of MACROMILL EMBRAIN CO., LTD. in the Japan and Korea Business segment are prepared based on the Korean won, while revenue and other financial results of the Overseas Business (ex-Korea) are prepared based on the Euro. The exchange rates used for each are below.

Computation period (9 months)	Nine months ended March 31, 2022	Nine months ended March 31, 2023	Change rate
JPY/EUR (yen)	130.39	142.40	+9.2%
JPY/KRW (yen)	0.0963	0.1041	+8.1%

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

Computation period (3 months)	Three months ended March 31, 2022	Three months ended March 31, 2023	Change rate
JPY/EUR (yen)	130.52	143.19	+9.7%
JPY/KRW (yen)	0.0972	0.1051	+8.1%

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 nine months, assets totaled 85,076 million yen, an increase of 1,442 million yen from the end of the previous fiscal year. This was mainly the result of increases such as a 3,812 million yen increase in trade and other receivables, which offset a 2,248 million yen decrease in cash and cash equivalents.

Liabilities stood at 48,097 million yen, up 290 million yen from the end of the previous fiscal year. This was mainly due to an increase in other financial liabilities of 891 million yen and a decrease in bonds and borrowings of 430 million yen.

Equity was worth 36,979 million yen, an increase of 1,151 million yen from the end of the previous fiscal year. The increase was largely attributable to profit for the period of 3,405 million yen, which offset decreasing factors such as dividends paid of 1,218 million yen and liabilities of 898 million yen related to forward contracts entered with non-controlling shareholders.

(ii) State of cash flow

Cash and cash equivalents ("cash") at the end of the first nine months decreased 2,248 million yen from the end of the previous fiscal year to 12,508 million yen. The status of each of the cash flow segments and contributing factors in the first nine months are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities amounted to 1,738 million yen (down 793 million yen year-on-year).

This was mainly the result of 4,951 million yen of profit before tax and 2,294 million yen of depreciation and amortization, partially offset by a 3,363 million yen increase in trade and other receivables and 1,624 million yen of income taxes paid.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 89.4 days (down 4.2 days year-on-year) and 53.5 days (down 2.5 days year-on-year), respectively.

(Cash flow from investing activities)

Net cash used in investing activities came to 1,289 million yen (down 792 million yen year-on-year).

This was primarily due to the acquisition of property, plant and equipment of 243 million yen and the acquisition of intangible assets of 872 million yen, which offset proceeds from purchase of subsidiary of 107 million yen.

(Cash flow from financing activities)

Net cash used in financial activities was 2,714 million yen (up 5,275 million yen year-on-year).

This was primarily due to 508 million yen for the repayments of long-term borrowings, 937 million yen for the repayments of lease obligations, 751 million yen for dividends paid and 466 million yen for dividends paid to non-controlling interests.

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

In August 2021, the Group announced a new Mid-term Business Plan (three years) until the fiscal year ending June 30, 2024. We are formulating strategies to achieve the plan and pursuing expansion of business scale and profits. In the fiscal year ending June 30, 2023, the second year of the Mid-term Business Plan, we will continue to support the resolution of all marketing issues from upstream, not just the research issues of client companies, under the vision set in the Mid-term Business Plan. We are promoting the transformation of our business model from a "Marketing Research Company" to a "Professional Marketing Services Company".

Until now, this transformation has been centered on Japan, Korea, and other Asian markets. On the other hand, we believed that MetrixLab, which faces a global market centered on Europe and the United States, where the market scale is larger and where technology such as platforms and solutions changes rapidly, needs a larger scale, faster, and drastic transformation.

Meanwhile, Macromill and Toluna Holdings Limited (hereinafter, Toluna), a global research platform and panel provider, determined that combining Toluna and the MetrixLab Group, a group of companies composing of Macromill's Overseas (ex-Korea) Business Segment would enable the two parties to respond to rapid changing market dynamics by multiplying Toluna's strength in technology and panel with MetrixLab's strength of abundant research solutions and client portfolio through a business integration. Thus, the Company transferred MetrixLab group's business to Toluna and acquired its share as an exchange, and the Company have agreed to proceed the transaction to make Toluna a new equity-

method affiliate.

For more details of this transaction, please refer to "Notice Regarding Debt-Equity Swap of Loans to Consolidated Subsidiaries, Changes in Subsidiaries (Share Transfer), and Acquisition of Shares in Toluna Holdings Limited (Conversion into Equity-Method Affiliate)" announced today, and "Significant Subsequent Events" of this article.

Considering the impact of the abovementioned event and recent performance, the Company revised its full-year consolidated financial forecasts for the fiscal year ending June 30, 2023 (from July 1, 2022 to June 30, 2023) announced on August 9, 2022. For further information, refer to "Announcement Regarding Recognition of Gains on Share Transfer and Revision of the Consolidated Full-year Financial Forecasts".

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.

(4) Significant Subsequent Events

Macromill, Inc. Board of Directors resolved in its meeting on May 15, 2023, to sign an agreement regarding a transaction (hereinafter the "Transaction") in which Macromill will turn loans worth 63.5 million euro (intercompany loan) to Siebold Intermediate B.V. (hereinafter "Siebold") holding the shares of the MetrixLab Group, into shares in a debt-equity swap (DES) and transfer them together with all the existing shares to Toluna Holdings Limited (hereinafter "Toluna"), and in return acquire shares of 3,992,990,374 common stock (17.4% stake in Toluna) and a loan worth 63.5 million euro with conversion rights to shares in the company (vendor loan). Following the agreement, Siebold and the companies in the MetrixLab Group, which is under Siebold, will no longer be Macromill's consolidated subsidiary after the scheduled date of the share transfer (June 1, 2023), and at the same time Toluna will newly become an equity-method affiliate of Macromill.

(i) Reason for share transfer

The market research industry, in which we operate our main business, is in a major transition period. Specifically, transformation and integration of the market, going beyond the boundaries and definitions of industries, are occurring with the traditional "research business" turning into the "insight industry," which includes digital data analysis and consulting fields. In response to this situation, the Macromill Group has been driving forward transformation of its business model primarily in Japan, Korea, and other Asian businesses, we also believed a similar transformation was indispensable at MetrixLab, which engages in the global market consisting primarily of Europe and the US, where the technologies change faster. In such environment, Macromill has determined to integrate MetrixLab Group that consists of our Overseas (ex-Korea) business with Toluna, which provides a global research panel and research platform. We decided to carry out this transaction, judging that it would allow two companies to respond to such changes in the market environment, through the integration.

(ii) Impact on consolidated results

In light of the transaction, Macromill will lose control over Siebold and MetrixLab Group and anticipate recognizing approximately 5 billion yen capital gain with loss of control. In addition, from today and onward (from the middle of the fourth quarter of FY6/2023), Macromill will categorize Overseas (ex-Korea) Business Segment as discontinued business, and Macromill plans to include capital gain with loss of control in the discontinued business. However, the amount of capital gain is an estimated amount at the present time and may change due to the impact of exchange rates and other factors. In the current consolidated fiscal year, there is no significant impact on the Macromill Group's business performance due to the fact that the acquisition period is one month.

(5) Regarding issue of corporate bonds

At the Board of Directors meeting held on May 15, 2023, Macromill passed a comprehensive resolution regarding the issuance of domestic unsecured straight bonds. The outline is as follows.

- | | |
|---|--|
| (i) Type of Corporate Bond | Domestic unsecured straight bonds |
| (ii) Total amount of bonds for offering | Less than 20 billion yen
(However, it does not prevent multiple issuances within this range) |
| (iii) The amount of each offering corporate bonds | 0.1 billion yen |
| (iv) Payment amount | 100 yen for every 100 yen of each bond |
| (v) Payment period | From June 1, 2023, to July 31, 2023 |
| (vi) Redemption Deadline | Within 10 years |
| (vii) Redemption Method | Lump sum redemption at maturity
(However, there may be cases where buyback clauses and advanced redemption clauses are attached) |
| (viii) Use of funds | Bond redemption funds, loan repayment funds, etc. |
| (ix) Other | Decisions on specific terms of issuance and all matters necessary for the issuance of bonds shall be entrusted to the Executive Officer, Global CFO. |