



# Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending June 30, 2024 [IFRS]

November 14, 2023

Listed Company: MACROMILL, INC.  
 Stock Exchange: Tokyo Stock Exchange  
 Code Number: 3978  
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 Scheduled date to submit quarterly report: November 14, 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)

(Amounts of less than one million yen are rounded off.)

## 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2024 (from July 1, 2023 to September 30, 2023)

(1) Consolidated Business Performance (Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of the year ending June 30, 2024	9,607	7.8	326	(62.5)	284	(65.9)	18	(94.8)
First quarter of the year ended June 30, 2023	8,909	(18.2)	870	(23.1)	835	(20.8)	364	(44.4)

	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 quarter of the year ending June 30, 2024	(113)	–	54	(87.0)	(2.98)	(2.98)
First quarter of the year ended June 30, 2023	204	(60.5)	419	(33.9)	5.18	5.13

\* In June 2023, the Company decided to sell all of the shares in Siebold Intermediate B.V. Therefore, in FY06/23, the Company classified Siebold Intermediate B.V. and its subsidiaries as discontinued operations. Accordingly, the Company retroactively reclassified revenue, operating profit, and profit before tax for the first quarter in FY 06/23 into figures for continuing operations, excluding discontinued operations.

(Reference)

	Business Profit		EBITDA	
	Million yen	%	Million yen	%
First quarter of the year ending June 30, 2024	710	(18.4)	1,212	(12.0)
First quarter of the year ended June 30, 2023	870	(23.1)	1,377	(24.5)

## (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of September 30, 2023	88,395	41,639	37,120	42.0
As of June 30, 2023	94,154	42,330	37,657	40.0

## 2. Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2023	–	10.00	–	11.00	21.00
Year ending June 30, 2024	–	–	–	–	–
Year ending June 30, 2024 (forecast)	–	12.00	–	13.00	25.00

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

## 3. Forecast of Consolidated Financial Results for the Year Ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

(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	44,000	8.3	5,600	24.5	5,900	58.3	4,000	(52.4)	3,200	(57.8)	83.78

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

(Reference)

	EBITDA	
	Million yen	%
Full year	7,700	11.6

\* Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No

New: –

Exclusion: –

(2) Changes in accounting policies and changes of accounting assumptions

(i) Changes in accounting policies as required by IFRS: No

(ii) Changes in accounting policies other than (i): No

(iii) Changes in accounting assumptions: No

(3) Number of shares outstanding (common stock)

(i) Number of shares issued (including treasury stock) at the end of the term:

As of September 30, 2023	40,480,500 shares	As of June 30, 2023	40,480,500 shares
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(ii) Number of shares of treasury stock at the end of the term:

As of September 30, 2023	2,285,835 shares	As of June 30, 2023	2,285,835 shares
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(iii) Average number of shares during the period:

Three months ended September 30, 2023	38,194,665 shares	Three months ended September 30, 2022	39,562,665 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, 2017.
- (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) As the Company acquired 17.4% of Toluna's shares as consideration for the transfer of the Overseas business segment to Toluna, Toluna became an equity method affiliate of the Company from the fourth quarter of the fiscal year ended June 30, 2023. To show the business performance of the Group, the Company states Business Profit which subtracts the equity method investment gains/losses related to Toluna from Operating Profit from the fiscal year ending June 30, 2024.
- (4) Based on (3), the Company calculates EBITDA = business profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss
- (5) EBITDA is 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 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 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.

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## 1. Qualitative Information about Consolidated Financial Results for the Quarter

### (1) Overview of operating results for the first quarter

#### (i) Explanation of the operating environment

During the first quarter (July 1 to September 30, 2023), restrictions on economic activities due to the Covid-19 pandemic were eased in Japan and globally, and there were signs of a moderate recovery in corporate activity. However, the economic outlook remained uncertain chiefly due to the weaker yen, price increases, continued global inflation primarily caused by the prolonged war in Ukraine, which led to increases in materials prices, and increased interest rates.

In this situation, more companies from different industries are entering the marketing research market in which the Group operates, including companies that collect and analyze digital data and those that offer consulting services and reports. The market is being redefined as the insight market, with revenue including that from related industries. In 2022, the size of the insight market in Japan was 431.5 billion yen (up 11.3% year on year). Within the insight market, the marketing research market was valued at 259.0 billion yen (up 9.9% year on year) (\*1).

In this economic and market environment, the Group disclosed in August 2023 a new MTBP (Mid-term Business Plan) for the three years to the fiscal year ending June 30, 2026. 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, 2024, the first year of the Mid-term Business Plan, the Company is focusing on restoring the growth of the online research and digital research businesses, the Group's flagship businesses, which are profitable. To develop the businesses that will drive revenue and profit, the Company will expand business in Asia and strengthen global research. The Company will also develop data utilization support (data consulting) and platform-type solutions, and it will continue the transformation of its business model.

As described in the "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)" published on May 15, 2023, the Group transferred the business of the MetrixLab Group, a group of companies composing Macromill's Overseas (ex-Korea) Business segment, to UK-based Toluna. Thus, the Overseas (ex-Korea) Business is classified as discontinued operations from the fourth quarter of the fiscal year ended June 30, 2023. The revenue, operating profit and quarterly profit before tax disclosed are figures for continuing operations and do not include figures for discontinued operations. Quarterly profit attributable to owners of the parent only in continuing operations and profit attributable to owners of the parent that includes both profit in continuing operations and profit in discontinued operations are both disclosed.

Due to the exclusion of the Overseas (ex-Korea) Business, the relative importance of the Korea Business within the Group has increased. The Company has changed its reportable segments. From the first quarter of the fiscal year ending June 30, 2024, the reportable segments are the Japan Business and the Korea Business.

(ii) Explanation of the operating results

An overview of the Group's operating results is as follows: (\*2)

Consolidated financial results (Million yen unless otherwise indicated)	Three months ended September 30, 2022	Three months ended September 30, 2023	Increase/decrease	Change rate
Revenue	8,909	9,607	+698	+7.8%
Japan Business revenue	7,770	8,495	+724	+9.3%
Korea Business revenue	1,141	1,117	(23)	(2.1%)
EBITDA (*3)	1,377	1,212	(165)	(12.0%)
Business profit (*4)	870	710	(160)	(18.4%)
Japan Business business profit (*4)	757	689	(67)	(9.0%)
Korea Business business profit	112	20	(92)	(82.0%)
Gains (losses) of certain affiliated company accounted for using equity method (*5)	–	(383)	(383)	–
Operating profit	870	326	(544)	(62.5%)
Quarterly Profit before tax	835	284	(551)	(65.9%)
Quarterly Profit (loss) attributable to owners of the parent related to continuing operations	305	(113)	(419)	–
Quarterly Profit (loss) attributable to owners of the parent	204	(113)	(318)	–

i. Japan Business

In the Japan Business, revenue in the online research and digital research businesses, which the Company defines as Focus Business, rose 5.9% year on year to 3,404 million yen, reflecting increases in the number of companies that it deals with and the number of projects, which were a result of active sales activities from the second half of the previous fiscal year.

Revenue in the global research and consulting businesses and new businesses, which the Company defines as Future Business, increased 14.1% year on year to 1,331 million yen primarily due to continued strong performance in the consulting area.

Revenue from offline research services and data provision as well as subsidiaries which the Company defines as Foundation Business, including a joint venture with an advertising agency, stood at 3,759 million yen, up 11.0% year on year. Monitas, Inc., which became a consolidated subsidiary in the fourth quarter of the previous fiscal year, contributed to the increase in revenue.

On the expense front, total employee expenses increased at a higher rate than the revenue growth rate due to the addition of personnel from the second half of the previous fiscal year. Meanwhile, the Company worked to improve the productivity of internal resources and increase in-house operations. This led to a reduction in outsourcing expenses to a level lower than the previous fiscal year. Meanwhile, the Company invested in core research system upgrades for the sustainable growth of revenue and the improvement of profitability, resulting in increased system-related costs.

As a result, revenue in the Japan Business stood at 8,495 million yen (up 9.3% year on year). Business profit, excluding the Company's share of loss on investments in Toluna amounting to 383 million yen, came to 689 million yen (down 9.0% year on year).

ii. Korea Business

Revenue in the Korea Business was soft due to declines in public surveys conducted by the government and the research budgets of major corporate clients. These decreases were a result of negative business sentiment.

The Group will strive to mitigate the negative impact of the market conditions by continuing to leverage its structural strengths to develop products. These products will include purchase data from its proprietary consumer panel, which the Company has already launched in Japan. This sets the Company apart from other significant research firms in Korea.

Revenue in this segment was 1,117 million yen, down 2.1% year on year. Business profit declined 82.0% year on year to 20 million yen due to the decrease in revenue and an increase in expenses related to new business operations.

The Company's consolidated return on equity (ROE: calculated using the data for the preceding 12 months) stood at 4.0% (down 5.3 points year-on-year). The interest coverage ratio (\*6: calculated in the last 12 months) came to 20.6 times (23.2 times in the corresponding period of the prior fiscal year).

Financial results including revenue of MACROMILL EMBRAIN CO., LTD. in the Korea Business segment are recorded in Korean won. Exchange rates are as stated below.

Computation period (3 months)	Three months ended September 30, 2022	Three months ended September 30, 2023	Change rate
JPY/KRW (yen)	0.1033	0.1107	+7.2%

Notes:

- (1) Reference: JMRA 48th Annual Business Management Survey, announced by Japan Marketing Research Association (JMRA) in June 2023.
- (2) Segment figures are before the elimination of inter-segment transactions.
- (3) EBITDA: Earnings before interest, tax, depreciation and amortization.  
The Company defines EBITDA as Business 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.
- (4) The Company transferred its Overseas Business (ex-Korea) segment to Toluna in exchange for considerations, including a 17.4% stake in Toluna. This has resulted in Toluna being an equity-method affiliate of the Company from the fourth quarter of the fiscal year ended June 30, 2023. To show the business performance of the Group, the Company states Business Profit which subtracts the equity method investment gains/losses related to Toluna from Operating Profit from the fiscal year ending June 30, 2024.
- (5) Share of loss on investments in Toluna accounted for using equity method
- (6) Interest Coverage Ratio = (operating profit + interest income+ dividends income) / interest expense

(2) Explanations about financial position

(i) State of assets, liabilities, and equity

At the end of the first quarter, assets totaled 88,395 million yen, a decrease of 5,758 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 7,388 million yen and a decrease in investments accounted for using equity method of 919 million yen, which more than offset increasing factors, including an increase in trade and other receivables of 831 million yen and an increase in goodwill of 517 million yen.

Liabilities stood at 46,756 million yen, down 5,066 million yen from the end of the previous fiscal year. This was mainly due to a decrease in bonds and borrowings of 4,857 million yen.

Equity was worth 41,639 million yen, a decrease of 691 million yen from the end of the previous fiscal year. The decrease was largely attributable to dividends paid of 820 million yen, which offset profit for the period of 18 million yen.

(ii) State of cash flow

Cash and cash equivalents (“cash”) at the end of the first quarter decreased 7,388 million yen from the end of the previous fiscal year, to 10,866 million yen. The status of each of the cash flow segments and contributing factors in the first quarter are as follows.

(Cash flow from operating activities)

Net cash used in operating activities amounted to 625 million yen (up 1,015 million yen year-on-year).

This was mainly due to cash outflows, such as an increase in trade and other receivables of 590 million yen and income taxes paid of 588 million yen, despite profit before tax from continuing operations of 284 million yen and depreciation and amortization of 502 million yen.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 84.4 days (up 2.6 days year-on-year) and 52.3 days (up 1.4 days year-on-year), respectively.

(Cash flow from investing activities)

Net cash used in investing activities came to 556 million yen (down 203 million yen year-on-year).

This was primarily due to 143 million yen for acquisition of property, plant and equipment and 240 million yen for acquisition of intangible assets.

(Cash flow from financing activities)

Net cash used in financial activities was 6,222 million yen (down 5,156 million yen year-on-year).

Cash outflows primarily included 5,000 million yen for redemption of bonds, 415 million yen for dividends paid, 221 million yen for repayments of lease liabilities and 258 million yen for dividends paid to non-controlling interests.

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

The Group makes no change to its forecast of consolidated financial results for the fiscal year ending June 30, 2024 announced on August 14, 2023 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.