



## Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending June 30, 2021 [IFRS]

November 12, 2020

Listed Company:	MACROMILL, INC.
Stock Exchange:	Tokyo Stock Exchange
Code Number:	3978
URL:	<a href="https://www.macromill.com">https://www.macromill.com</a>
Representative:	Toru Sasaki, Representative Executive Officer, Global CEO
Contact:	Masahiro Shimizu, Executive Officer, Global CFO
Tel.:	+81-3-6716-0706
Scheduled date to submit quarterly report:	November 13, 2020
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, 2021 (from July 1, 2020 to September 30, 2020)

(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, 2021	9,097	(7.9)	682	(43.7)	560	(49.2)	325	(56.8)
First quarter of the year ended June 30, 2020	9,882	(4.9)	1,212	(23.6)	1,102	(15.6)	753	(16.3)

	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, 2021	235	(67.4)	198	(67.1)	5.85	5.81
First quarter of the year ended June 30, 2020	723	(8.5)	602	(38.7)	18.03	17.79

(Reference)

	EBITDA		EBITDA margin	
	Million yen	%		%
First quarter of the year ending June 30, 2021	1,420	(24.8)		15.6
First quarter of the year ended June 30, 2020	1,888	(1.6)		19.1

### (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, 2020	74,872	30,245	27,247	36.4
As of June 30, 2020	77,150	30,736	27,563	35.7

### 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, 2020	—	0.00	—	11.00	11.00
Year ending June 30, 2021	—	—	—	—	—
Year ending June 30, 2021 (forecast)	—	0.00	—	11.00	11.00

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

### 3. Forecast of Consolidated Financial Results for the Year Ending June 30, 2021 (from July 1, 2020 to June 30, 2021)

(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	40,000	(3.1)	3,400	756.5	3,000	—	1,950	—	1,600	—	39.74

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

(Reference)

	EBITDA		EBITDA margin	
	Million yen	%		%
Full year	6,500	(24.9)		16.25

\* 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, 2020   | 40,320,300 shares | As of June 30, 2020                   | 40,320,300 shares |
| (ii) Number of shares of treasury stock at the end of the term:                |                   |                                       |                   |
| As of September 30, 2020   | 135 shares        | As of June 30, 2020                   | 135 shares        |
| (iii) Average number of shares during the period                               |                   |                                       |                   |
| Three months ended September 30, 2020  | 40,320,165 shares | Three months ended September 30, 2019 | 40,126,039 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 Group applies the International Financial Reporting Standards (hereinafter “IFRS”) to and after the fiscal year ended June 30, 2016.
- (2) The forward-looking statements, such as results forecasts, included in this document are based on information available to the management as of the date of the document and certain assumptions that the management considers reasonable. The Company does not promise that the forecasts will be achieved. Actual results may differ significantly due to a range of factors.
- (3) EBITDA = operating profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss
- (4) EBITDA margin = EBITDA / revenue
- (5) EBITDA and EBITDA margin are not the indicators specified by IFRS, but are the financial indicators that the Group considers useful for investors to evaluate the business results of the Group.
- (6) EBITDA and EBITDA margin should not be considered as indicators to replace the other indicators shown in accordance with IFRS because they do not include some of the items that affect the profit for the period, 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.

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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, 2020 to September 30, 2020), the global economy showed signs of recovery, such as the gradual resumption of economic activities as the impact of the Covid-19 pandemic diminished in some countries and regions. However, the situation differed by region, and therefore the outlook for the future remained uncertain. While the Japanese economy also showed signs of recovery after the lifting of the state of emergency, it is still uncertain when the impact of the Covid-19 pandemic will come to an end.

Looking specifically at the marketing research sector, the total global marketplace reached an estimated value of \$46.4 billion, with online marketing research accounting for \$20.5 billion (\*1). In Japan, the size of the overall marketing research sector was 229.1 billion yen, with online marketing research at 76.1 billion yen (\*2). Although there is concern that the market will contract in the future due to the Covid-19 pandemic, the anticipated adverse impact could be alleviated by the further shift online of the marketing research sector in the medium term.

In this economic and market environment, the Group's results continued to be negatively affected by the Covid-19 pandemic. More specifically, economic activity and consumer spending have stagnated as the Japanese and other governments around the world called on their citizens to exercise self-restraint and avoid going outside and restricted entry to their countries. The resulting impact of sudden changes in the schedule and nature of marketing activities by clients drove the delay, downscaling, and/or cancellation of planned research projects. The Group considers the safety and health of its clients, consumer panels, employees and other stakeholders to be its top priority and has been implementing measures to prevent the spread of the virus in line with government guidelines in each region. Simultaneously, the Group has been actively implementing measures in response to the changing environment to increase opportunities to use online marketing research, which is the Company's strength, including making new proposals to clients and strengthening its research structure through remote working.

Aside from the impact of Covid-19, the business environment the Group operates in is changing dramatically. The marketing challenges facing clients are becoming increasingly sophisticated and diverse, with more consumer contact points (touchpoints) and more widespread use of all kinds of big data, AI and marketing tools. In the digital-related domain in particular, changes in the business environment have been accelerating, given that regulations on the handling of personal information are being strengthened worldwide and the revised Act on the Protection of Personal Information will be enforced in Japan. Consequently, leading platform operators are experiencing a growing trend of handling personal information more carefully, which is expected to continue. As a result, we can now see cases where the distribution of digital advertising by our clients is starting to be affected.

In the short term, these changes in the business environment create challenges for the Group. However, marketing activities are indispensable for client companies, and new demands to accurately understand changes in consumers' perception and behavior following the Covid-19 pandemic are emerging. We believe that demand for marketing research will recover as we help our clients conduct more effective marketing activities in the coronavirus and post-coronavirus eras. In addition, we regard our clients shift to digital marketing activities to be an unstoppable trend in the medium- to long-term. We believe that the 'new normal' driven by the Covid-19, including client companies' move to promote digital transformation (DX), will lend further impetus to this trend.

The Group maintains an active approach to supporting the digitization of marketing activities undertaken by client companies. Our solid relationships with our consumer panels will continue to provide high added value in the age of digitization. The Group has been undertaking initiatives for comprehensively handling a huge amount of diverse data points, including attribution, purchase and consumption data, and behavioral, awareness and biological data, which are available from these consumer panels. The Group aims to address the changes in the business environment by proactively offering new consumer insights obtained through these initiatives as its proprietary services to client companies.

## (ii) Explanation of the operating results

Consolidated financial results (Million yen unless otherwise indicated)	Three months ended September 30, 2019	Three months ended September 30, 2020	Increase/decrease	Change %
Revenue	9,882	9,097	-784	-7.9%
Japan and Korea Business	7,593	7,220	-372	-4.9%
Overseas (ex-Korea) Business	2,313	1,909	-404	-17.5%
EBITDA	1,888	1,420	-468	-24.8%
Operating profit	1,212	682	-529	-43.7%
Profit before tax	1,102	560	-541	-49.2%
Profit attributable to owners of the parent	723	235	-487	-67.4%

During the first quarter, revenue amounted to 9,097 million yen (down 7.9% year-on-year) as both the Japan and Korea Business and the Overseas Business (ex-Korea) segments were affected by the Covid-19 pandemic. (For an overview of results by segment, refer to “(iii) Explanation of operating results by segment” in the following section).

In terms of expenses, the Company continued active cost control by promoting the proactive containment of outsourcing expenses and the reduction of personnel expenses, which have a high fixed cost factor, in addition to reducing outsourcing and panel expenses, which have a high variable cost factor, in line with the decline in revenue. However, depreciation associated with system investments made in prior years and other expenses increased.

Consequently, the Group recorded earnings before interest, taxes, depreciation and amortization (EBITDA) (\*3) of 1,420 million yen (down 24.8% year-on-year), operating profit of 682 million yen (down 43.7% year-on-year), profit before tax of 560 million yen (down 49.2% year-on-year) and profit attributable to owners of the parent of 235 million yen (down 67.4% year-on-year) for the first quarter.

Return on equity (ROE calculated using the data for the preceding 12 months) stood at -9.1% (Down 25.7 points year-on-year). It would have been 8.5% (Down 8.1 point year-on-year) excluding the impairment loss of goodwill recognized in the fourth quarter of the fiscal year ended June 30, 2020. The interest coverage ratio (\*4: calculated in the last 12 months) resulted in -0.3 times (compared with 19.4 times in the same period of the previous fiscal year), and if the impairment loss of goodwill posted in the fourth quarter of the fiscal year ended June 30, 2020 were excluded, it would have amounted to 13.5 times.

(iii) Explanation of operating results by segment

The overview of operating results by segment of the Group is as follows:

Consolidated financial results by segment (Million yen unless otherwise indicated)	Three months ended September 30, 2019	Three months ended September 30, 2020	Increase/decrease	Change %
Revenue	9,882	9,097	-784	-7.9%
Japan and Korea Business	7,593	7,220	-372	-4.9%
Japan	6,901	6,427	-474	-6.9%
Korea	693	799	+106	+15.3%
Overseas (ex-Korea) Business	2,313	1,909	-404	-17.5%
US	1,121	908	-213	-19.0%
Europe	881	701	-180	-20.4%
Rest of the World	312	300	-12	-3.8%
Segment EBITDA	1,888	1,420	-468	-24.8%
Japan and Korea Business	1,584	1,368	-216	-13.6%
Overseas (ex-Korea) Business	304	52	-251	-82.8%
Segment profit or loss	1,212	682	-529	-43.7%
Japan and Korea Business	1,077	806	-270	-25.1%
Overseas (ex-Korea) Business	134	-124	-258	-192.5%

(Japan and Korea Business)

In Japan, while the impact of the Covid-19 pandemic remained, demand for marketing research from client companies was on a recovery trend as economic activities gradually resumed. The Group implemented flexible sales measures integrating production and sales in response to customer needs and continued to focus on the sale of digital marketing products, including our DMP Solution (\*5). As a result, revenue was on a recovery trend compared with the immediately preceding fourth quarter of the previous fiscal year, although revenue was still below the year-ago level in online research and digital fields. Meanwhile, offline research and global research projects remained sluggish as they continued to be cancelled and/or postponed. Therefore, overall revenue in the Japan business falls year-on-year.

In Korea, a movement to substitute offline research with online research accelerated, following the Covid-19 pandemic. The Group, boasting strengths in online research, maximized this business opportunity despite the pandemic, and performed better than a year ago through sales of online research and sales expansion in the digital field, including the panel big data service.

Consequently, the Japan and Korea Business segment recorded revenue of 7,220 million yen (down 4.9% year-on-year). Looking at expenses, while the segment worked to reduce outsourcing and personnel expenses following the current business conditions, segment profit decreased to 806 million yen (down 25.1% year-on-year), strongly affected by the fall in revenue and a rise in system-related expenses.

(Overseas (ex-Korea) Business)

In the Overseas Business (ex-Korea), we operate in North America, Europe, Latin America, the Middle East and certain Asian countries other than Japan and Korea. In this segment, because many client companies reviewed their marketing activities amid the significant spread of Covid-19, the interruption and downsizing of research projects for which the Group had expected to receive an order continued. In the first quarter under review, while a sign of recovery was observed mainly in research for some global key accounts (\*6), the segment performance remained weaker than the previous year because of Covid-19's sizeable negative impact on the entire segment.

As a result, the Overseas Business (ex-Korea) segment recorded revenue of 1,909 million yen (down 17.5% year-on-year) and a loss of 124 million yen (down 192.5% year-on-year) due to the fall in revenue.

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 (3 months)	Three months ended September 30, 2019	Three months ended September 30, 2020	Change rate
JPY/EUR (Yen)	119.69	124.08	+3.7%
JPY/KRW (Yen)	0.0906	0.0893	-1.4%

Notes:

- (1) Reference: ESOMAR Global Market Research 2020, announced by European Society for Opinion and Marketing Research (ESOMAR) in September 2020. With respect to the size of the global marketing research sector in 2019, this research report for 2020 shows a value about 1.6 times larger than in the previous year (Scenario 1) and a value about 1.9 times larger (Scenario 3) due to the expansion of the industry definition. However, the statement here is made based on the value closest to the existing market size (Scenario 2).
- (2) Reference: JMRA 45th Annual Business Management Survey, announced by Japan Marketing Research Association (JMRA) in September 2020.
- (3) EBITDA: Earnings before interest, tax, depreciation and amortization. The Company defines it 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.
- (4) Interest Coverage Ratio = (operating profit + interest income + dividends income) / interest expense
- (5) DMP: Data Management Platform, a technology platform used for collectively managing and analyzing big data accumulated on online servers and log data in a company's website and ultimately optimizing an action plan of marketing activities for online advertising campaigns and product development. Our DMP Solutions are a series of services aimed at enhancing our customers' DMP, including: support for establishing DMP; consumer panel data supplied regularly to a customer's DMP; and additional research to augment or compensate for the data stored on DMP.
- (6) Global Key Accounts: Corporate groups operating globally by leveraging their large research and marketing budgets that the Company considers as key accounts for the Group to grow further. The Group seeks to increase sales to these accounts on a global basis.

(2) Explanations about financial position

(i) State of assets, liabilities and equity

At the end of the first quarter, assets totaled 74,872 million yen, a decrease of 2,278 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 3,359 million yen.

Liabilities stood at 44,626 million yen, down 1,787 million yen from the end of the previous fiscal year. This was chiefly due to decreases of 745 million yen in bonds and borrowings, 468 million yen in lease liabilities and 304 million yen in income taxes payable.

Equity was worth 30,245 million yen, a decrease of 490 million yen from the end of the previous fiscal year. The decrease was largely attributable to dividends paid of 690 million yen, which offset profit for the period of 325 million yen.

(ii) State of cash flow

Cash and cash equivalents (“cash”) at the end of the first quarter decreased 3,359 million yen from the end of the previous fiscal year, to 9,951 million yen. The status of each of the cash flow segments and contributing factors in the first quarter are as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to 1,320 million yen (up 1,238 million yen year-on-year).

This was mainly due to cash outflows, such as an increase in trade and other receivables of 1,079 million yen and income taxes paid of 519 million yen, despite profit before tax of 560 million yen and depreciation and amortization of 736 million yen.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 86.0 days (down 1.4 days year-on-year) and 47.0 days (up 3.4 days year-on-year), respectively.

(Cash flows from investing activities)

Net cash used in investing activities came to 402 million yen (down 241 million yen year-on-year).

This was mainly due to cash outflows, such as the purchase of property, plant and equipment of 102 million yen and the purchase of intangible assets of 298 million yen.

(Cash flows from financing activities)

Net cash used in financial activities was 1,682 million yen (up 314 million yen year-on-year).

Cash outflows primarily included 826 million yen for repayments of long-term borrowings, 326 million yen for repayments of lease liabilities and 435 million yen for dividends paid.

(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, 2021 announced on August 31, 2020 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.