# FY6/2019 Q1
# Financial Results

November 7, 2018

MACROMILL
a Macromill Group company

Ticker Code: 3978 (TSE Sec.1)

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Unless otherwise indicated, financial information for Macromill contained herein for the fiscal year ended June 30, 2015 and subsequent fiscal years has been presented in accordance with IFRS and that for the fiscal years ended June 30, 2014 or earlier has been presented in accordance with Japanese GAAP (“J-GAAP”). J-GAAP financial information and IFRS financial information are prepared on the basis of different accounting principles and are not directly comparable. On October 24, 2014, Macromill completed the acquisition of MetrixLab, and MetrixLab became a wholly owned subsidiary of Siebold Intermediate B.V., a wholly owned subsidiary of Macromill, as of the same date. Macromill’s consolidated results of operations for the year ended June 30, 2015 reflect MetrixLab’s results of operations for the period of approximately nine months, whereas Macromill’s consolidated results of operations for the year ended June 30, 2016 reflect MetrixLab’s results of operations for the full twelve months. This impacts the comparability of Macromill’s consolidated results of operations for the years ended June 30, 2015 and 2016.

These materials contain non-GAAP financial measures, including adjusted EBITDA, EBITDA and adjusted net income attributable to owners of the parent. These non-GAAP financial measures should not be considered in isolation or as a substitute for the most directly comparable financial measures presented in accordance with J-GAAP or IFRS, as the case may be. Please refer to reconciliation tables for details.

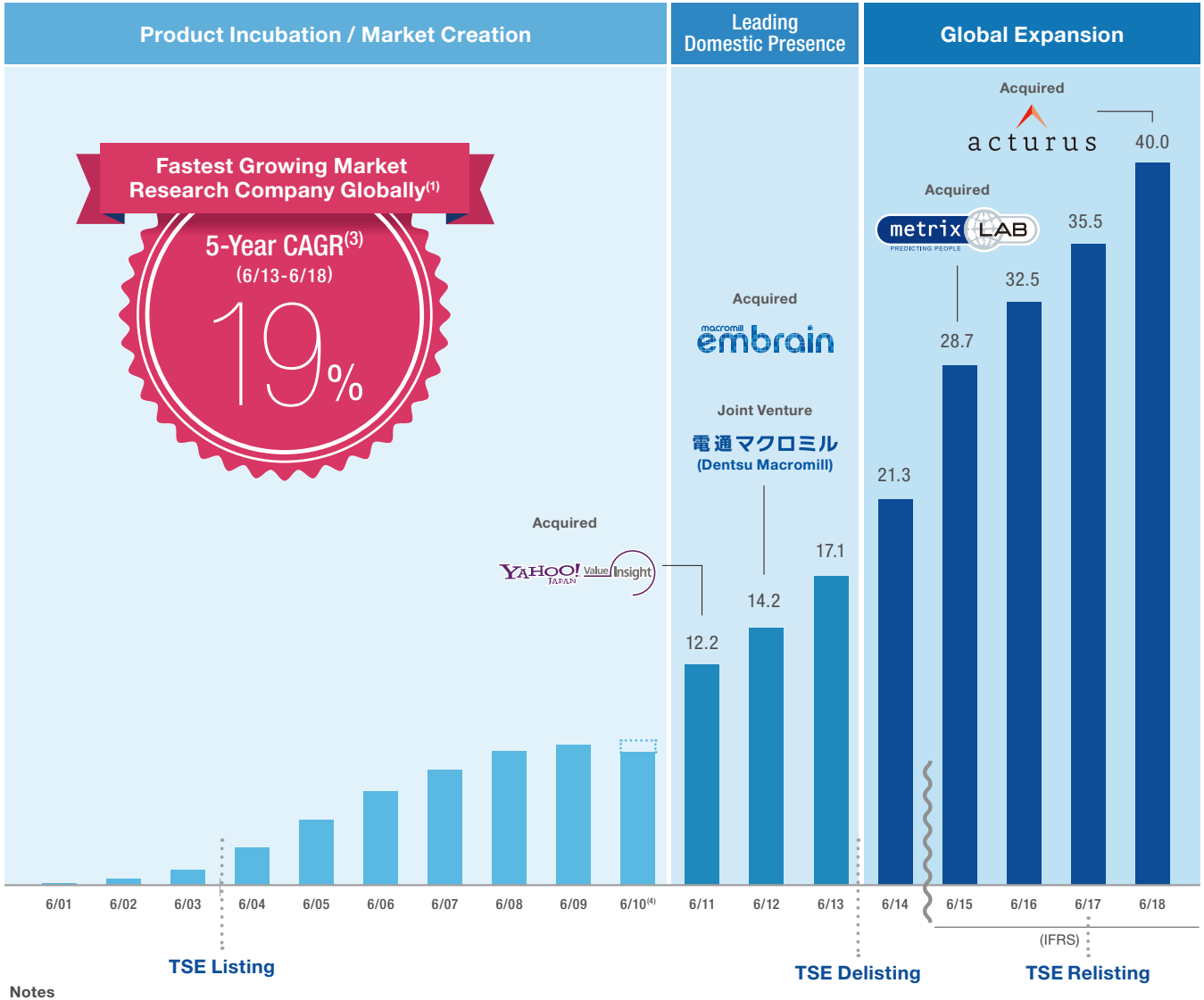
# FY6/2019 Q1 Key Takeaways



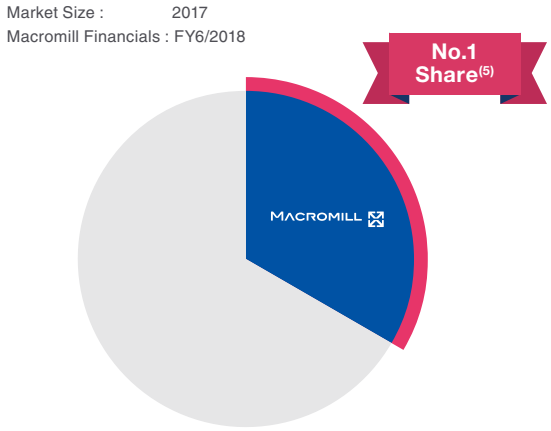
- ☑ Strong start in Q1 with revenue growth of 18% and EBITDA growth of 16% growth and the strength we saw in Q4 has continued
- ☑ Steady organic growth and M&A have resulted in Japan revenue growth of 14% and Global revenue growth of 30%
- ☑ In the consolidated bases, additional organic operating leverage led further EBITDA expansion
- ☑ Q1 Net Income was down 14% YOY which was expected due to one time refinance cost which will contribute to improved performance in future quarters
- ☑ We continue to be the fastest growing global research company with best-in-class operational excellence and profitability - keeping us on the path to deliver on our annual guidance, mid-term plan and our ambitious vision

# We are the Fastest Growing Market Research Company[1]

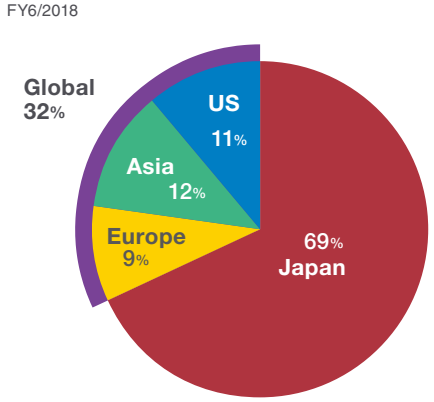
## Consolidated Revenue[2]




## Japan Ad Hoc Online MR Share[5]




## Revenue by Region[6]




**Notes**

1. Source: ESOMAR Global Market Research 2013/2014/2018, Macromill's revenue CAGR growth between 2012 & 2013 and 2017 (4yr & 5yr CAGR) are highest among the largest 25 global marketing research companies (excluding IQVIA (ex-QuintilesIMS), a health care IT service provider)
2. 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
3. 5-Year revenue CAGR for FY6/2013-6/2018 (Compound average annual growth rate based on the figures for FY6/2015-6/2018 (IFRS) and FY6/2013-FY6/2014 (J-GAAP)). 5-year CAGR has been calculated using J-GAAP and IFRS financials, which are not directly comparable
4. The dotted line indicates potential revenue contribution from the subsidiary (AIP) disinvested in this year.
5. Online MR Share = Macromill standalone and Dentsu Macromill Insight revenue from sales of ad hoc online market research solutions in Japan (FY6/2018) / Total Japan ad hoc Online MR market (2017) in terms of revenue as calculated by the Japan Marketing Research Association (JMRA)
6. Proportion of net revenue before intersegment eliminations

# Positioned at The Intersection of Online Marketing Research and Digital Marketing

## Research & Business Intelligence

## Digital Solutions

Data Analytics
Research & Consulting

Market Research (MR)

MACROMILL GROUP

Digital Marketing

Digital Ad Agency

Our Solutions Deliver Consumer Perspectives on...

- Attitudes, Lifestyle Choices, Preferred Products
- Behavior on Digital Platforms

Through...

- Customized Online Questionnaires
- Purchase Data
- Digital Ad / Website Access Logs
- Social Media Data

To Empower Clients' Decision-Making on...

- Brand Engagement, Product Innovation, Customer Value
- Media Planning, Creative & Campaign Effectiveness and Optimization

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

## Clients' Marketing Process

R&D Phase | Marketing / Control Phase

Understanding Markets → Concept Development → Marketing Planning → Launch → Effectiveness Mesurement

## Macromill Group Solutions

| Understanding Markets | Concept Development | Marketing Planning | Launch | Effectiveness Mesurement |
|---|---|---|---|---|
| Market Exploration<br>Brand Assessment | Optimize Product Development<br>Concept Test | Ad Pretesting<br>Pricing Evaluation<br>Package Test<br>Sales Activation | | Ad Effectiveness<br>CS<br>Brand Lift |

Ad-related area

Global network of 44 offices in 15 countries

MACROMILL GROUP

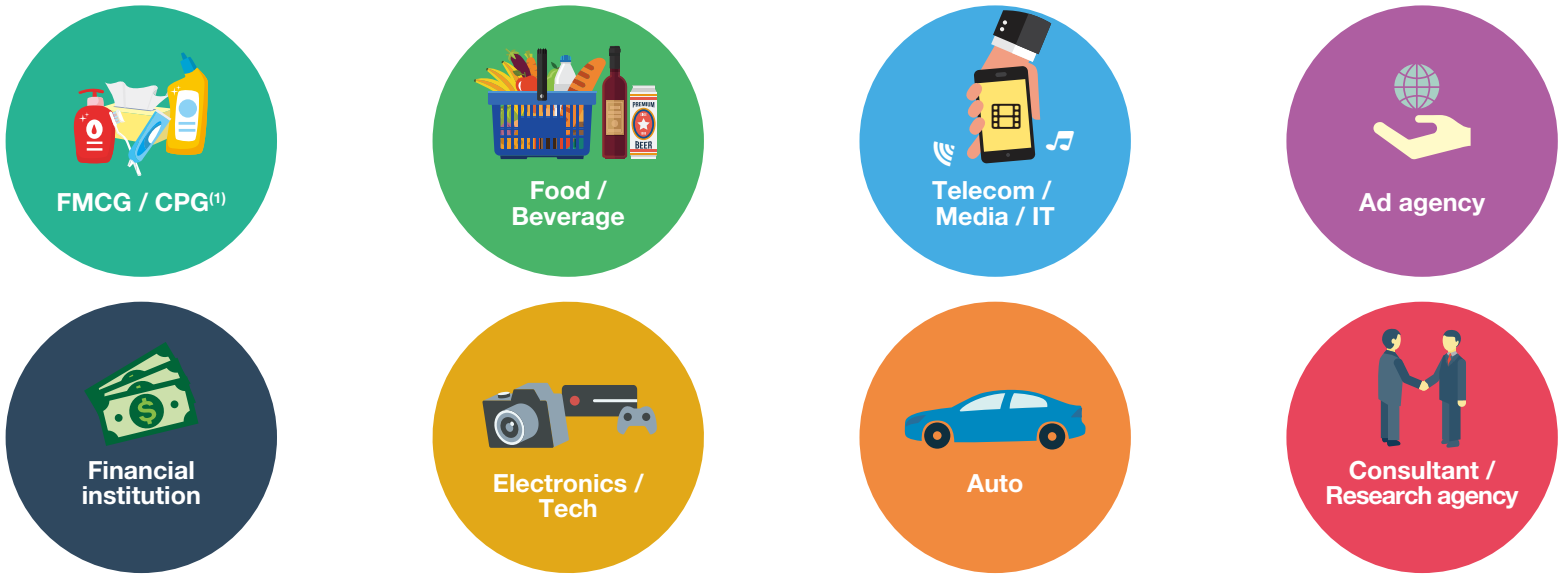


10M Proprietary Panel

Total 110M Global Cosumer Research Panel

100M Global Panel Network

# Who we work with




MACROMILL GROUP

## Extensive Client Coverage

Serving **4,000+ Brands & Ad Agencies** in more than **90 Countries**

**Revenue from 70% of Large Clients**[2] Grew YoY (FY6/2017 → FY6/2018)

## Superior Client Penetration

**c. 60%** of Top 25 Global Brands are Our Clients[3]

## Global Blue-chip Client Base

**9 of Top 10** Largest FMCG[1] Companies[4]

**7 of Top 10** Largest IT Companies[4]

## Sticky Client Base

**96.5%** Retention Rate in Japan[5]

**91.9%** Retention Rate for Global (excl. Japan)[6]

**Notes**

1. FMCG = Fast Moving Consumer Goods / CPG: Consumer packaged goods (incl. non-durable goods such as soft drinks, toiletries, etc.)
2. Large Accounts with annual revenue of >JPY10mm or Euro 0.1mm
3. Based on Millward Brown "BRANDZ TOP100 most valuable global brands 2018". Include clients for which we provide deminitions services and clients who use two or more research companies in FY6/2018
4. Top 10 in terms of market cap as of June 30, 2018. The definition of industries is based on Capital IQ primary industry classifications; FMCG = beverages, food products, and household & personal product. IT = information technology
5. 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 FY6/14 to FY6/18
6. 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). 3 year average from FY6/16 to FY6/18

# Pursuing a Big Market Opportunity

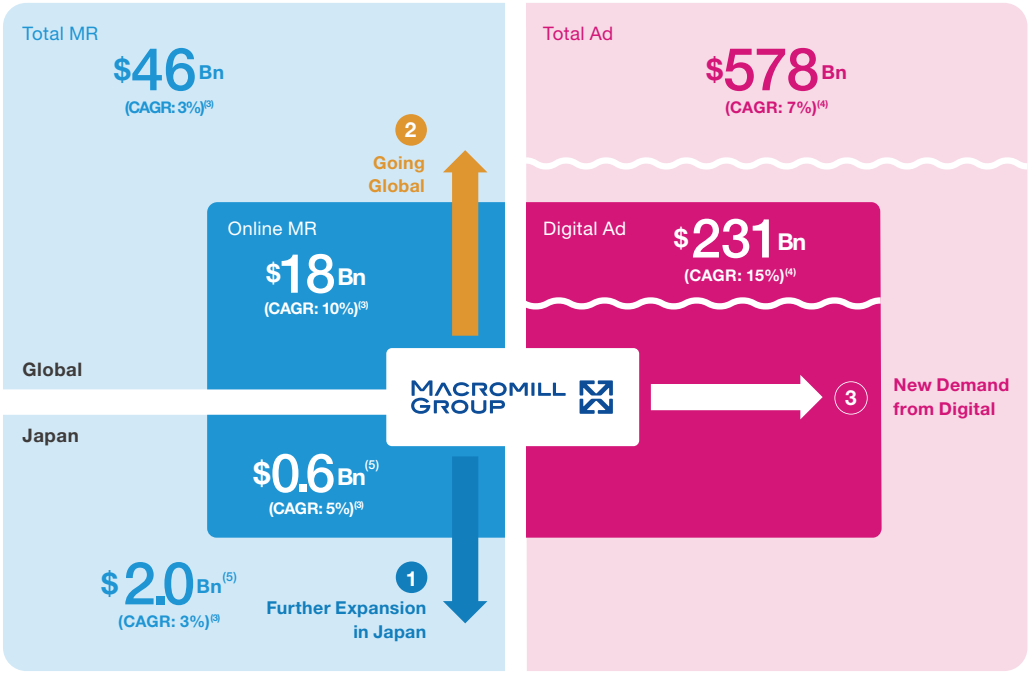
## Our Market Opportunity[1]

### Market Research

Market Research Spending Size: 2017A
Actual CAGR: 2012A-2017A

### Digital Marketing[2]

Ad Spending Size: 2017A
Forecast CAGR: 2017A-2022E



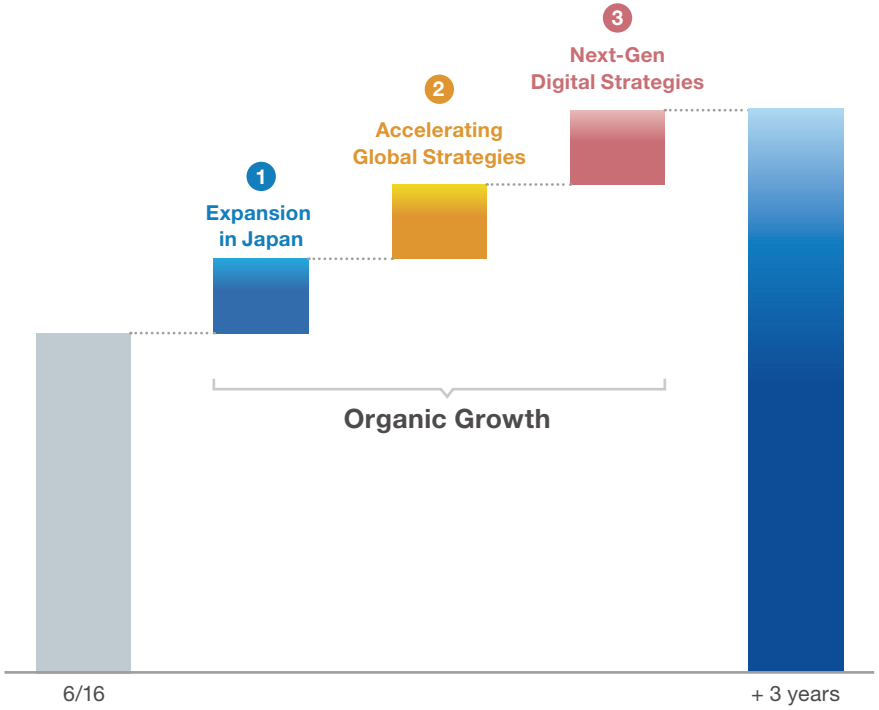

**Source**
Global Market Research spending: ESOMAR- Global Market Research (9/2018)
Japan Market Research spending: Japan Marketing Research Association (7/2017, 7/2018)
Ad spending: eMarketer- Worldwide Ad Spending (9/2018)

## Consolidated Revenue Growth (Illustrative)

**Aiming for c. 10% Organic Revenue CAGR[6]** ... FY6/2016 ~ FY6/2019

**Global Revenue[7] : c. 30% → c. 40%**
of total consolidated revenue

**Digital Revenue[8] : c. 10% → c. 20%**
in 6/16A in 6/19E




**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 CAGR for 2012A-2017A
4.Future estimate CAGR for 2017A-2022E
5.Exchange rate: USD/JPY = 110
6.Excludes impact of potential M&A and strategic alliances
7.Global Revenue = (consolidated annual revenue generated from global research conducted for Japanese companies and revenue generated from offices outside of Japan (both on a management accounting basis)) / consolidated annual revenue
8.Digital Revenue = (consolidated annual revenue from digital marketing solutions, such as AccessMill, DMP solutions, ACT Copy and CE (on a management accounting basis)) / consolidated annual revenue. Digital marketing solutions refer to our market research and marketing analytics solutions that meet one or more of the following criteria: (1) it is a 100%-focused digital marketing solution; (2) it monitors or evaluates digital media, websites or other digital stimulus; (3) it leverages non-survey digital/social data; or (4) it utilizes one of our value-added digital delivery channels, such as our dashboard. Marketing analytics refers to the business of collecting, analyzing, organizing and presenting data drawn from Internet users, including data collected from panelists, with a view to demonstrating and explaining the impact and effectiveness of an entity's digital marketing efforts (such as digital advertisements)

# FY6/2019 Q1 Results[1]: Summary

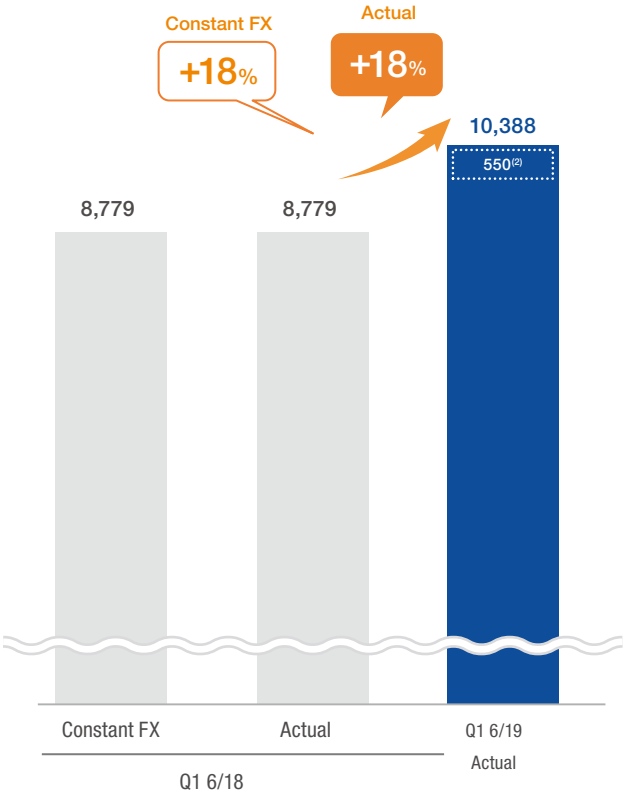
**Q1 Standalone**



## Revenue

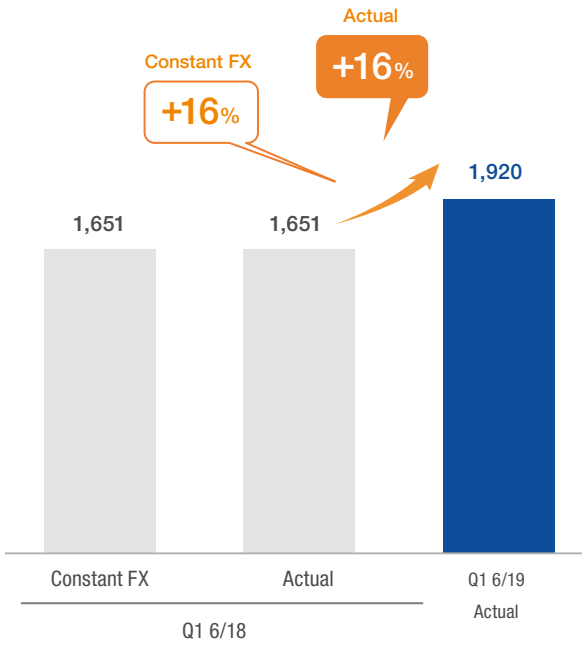
Consolidated (IFRS)
(JPY MM)

HMM[2] & CENTAN Contribution[3]




## EBITDA[4]

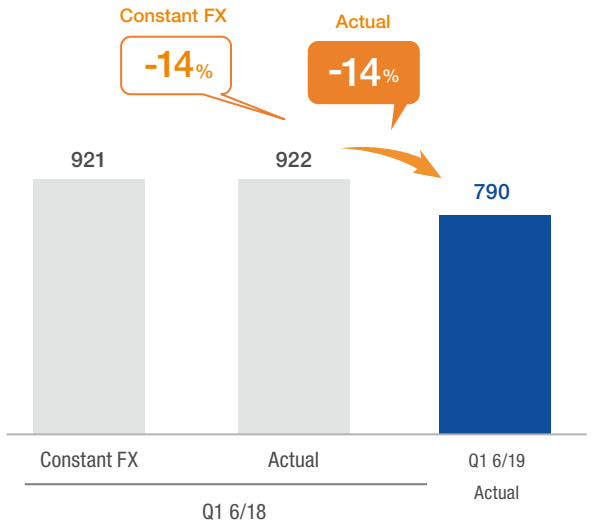
Consolidated (IFRS)
(JPY MM)




Margin 18.8% 18.8% 18.5%

## Profit Attributable to Owners of the Parent

Consolidated (IFRS)
(JPY MM)




Margin 10.5% 10.5% 7.6%

**Notes**

1. Financials (actual) for Q1 6/18 and financials for Q1 6/19 are presented by using the period-average rate of €1 = ¥130.37 and €1 = ¥129.55 respectively. Financials (constant FX) for Q1 6/18 are calculated by using the same period-average rate of €1 = ¥129.55. Each exchange rate is used to translate MetrixLab's consolidated results of operations for each of the 3-months periods ended September 30, 2018 and 2019 into yen, as applicable, in connection with the consolidation into our consolidated financial statements. We present financials for Q1 6/18 on a constant currency basis because we believe that this provides a framework for assessing how Macromill's business and, in particular, Macromill's overseas businesses including MetrixLab, performed without taking into account the effect of the fluctuations between the euro and the yen since the same period in the prior year. The selected financial data for Q1 6/18 presented above on a constant currency basis should be considered in addition to and not as a substitute for results reported in accordance with IFRS
2. We had acquired majority stake of Tokyo Survey Research Inc. from Hakuhodo on July 2, 2018, and had changed its business name to H.M. Marketing Research, Inc. (HMM) as of October 1, 2018.
3. Acturus Inc. which we had acquired in the second quarter of FY6/2018 had completely merged with MetrixLab U.S. as of July 2, 2018. As a consequence, we will no longer be able to segregate and disclose the two entities separately, so the M&A contribution for FY6/2018 Q1 is sum of HMM and CENTAN only.
4. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss

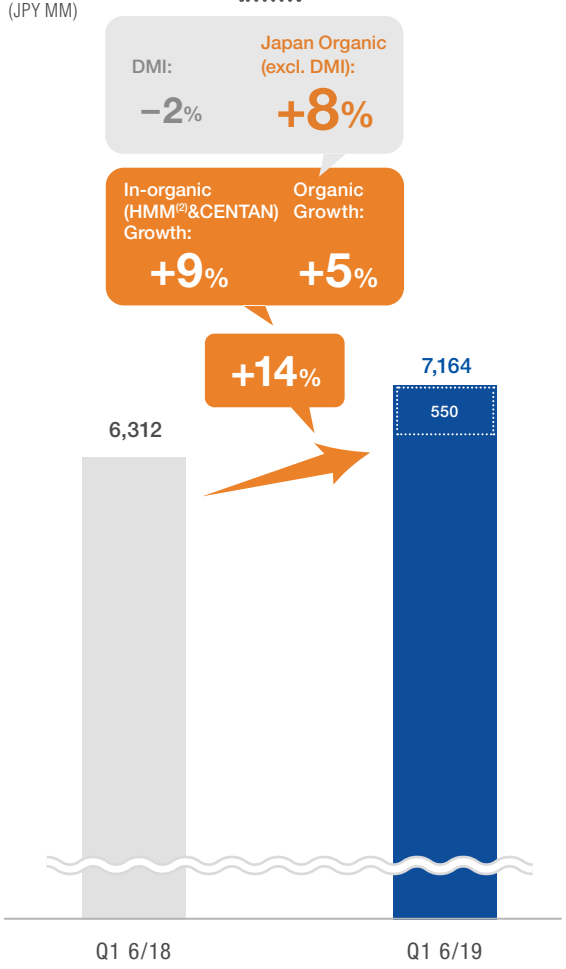
# Strong Revenue Growth Continues Across All Revenue Drivers



## Japan

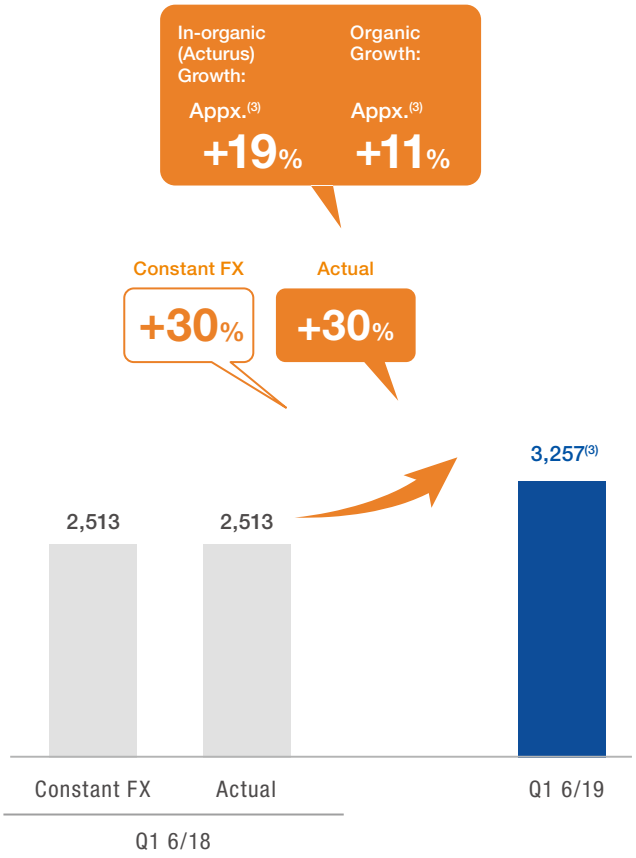
Consolidated (IFRS)
(JPY MM)

HMM[2] & CENTAN Contribution




## Global (Excl. Japan)[1]

Consolidated (IFRS)
(JPY MM)

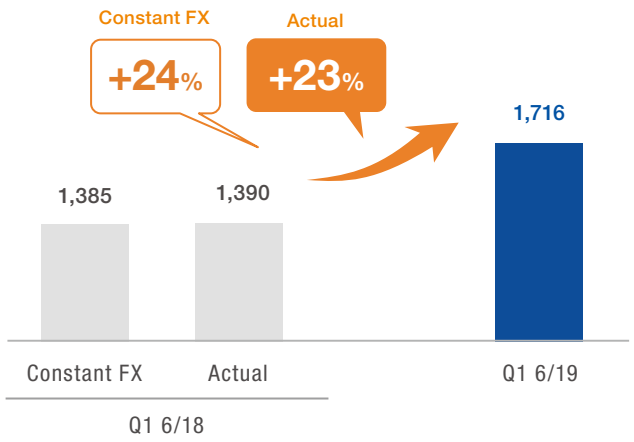



## Digital Marketing Revenue[1]

Consolidated (IFRS)
(JPY MM)

Revenue Growth of Key Solutions[4] (Q1 over Q1)

| MACROMILL a Macromill Group company | | METRIXLAB a Macromill Group company | |
|---|---|---|---|
| DMP Solutions | +74% | "B-HEALTH" | +89% |
| AccessMill | +27% | "CE" | +76% |

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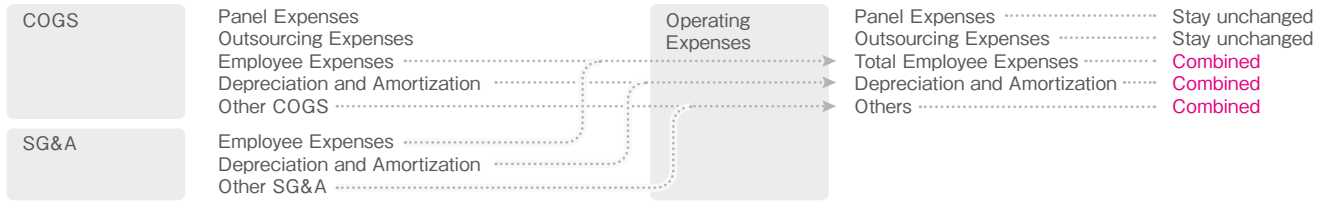
3. Acturus Inc. which we had acquired in the second quarter of FY6/2018 had completely merged with MetrixLab U.S. as of July 2, 2018. As a consequence, we will no longer be able to segregate and disclose the two entities separately and we are indicating the organic and in-organic growth rate for FY6/2019 Q1 growth rate estimated as above.
4. Top two highest revenue growth solutions in each business segment (solutions with revenue over JPY100M or EUR1M). Calculated on a local currency basis

# FY6/2019 Disclosure Update (1/2)

| | | |
|---|---|---|
| Applied IFRS 15 | Revenue Recognition | ☑ **No Significant Change** |
| | Cost Breakdown | ☑ **Until FY6/2018: COGS and SG&A**<br>**⇒ FY6/2019: Operating Expenses** |
| Consolidated Profit & Loss Statement (PL) | Cost Breakdown Disclosure Frequency | ☑ **Until FY6/2018: Once in a year (Full year results)**<br>**⇒ FY6/2019: Every Quarter** |



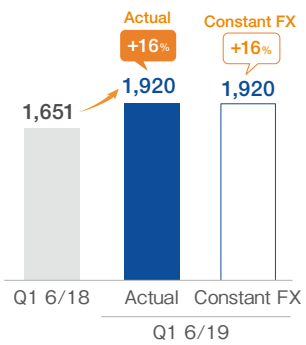
# FY6/2019 Disclosure Update (2/2)

## Earnings Announcement Material

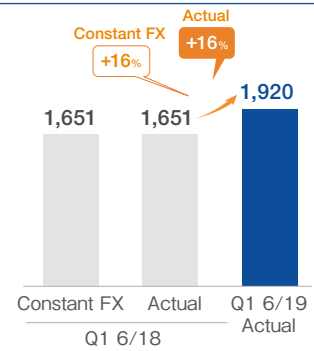
### Constant FX

**☑ Until FY6/2018: Cosntant FX on Current Year Results**
**⇒ FY6/2019: Cosntant FX on Past Year Results**

**Until FY6/2018**

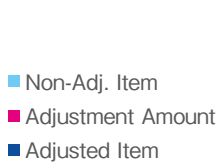



**FY6/2019 ~**

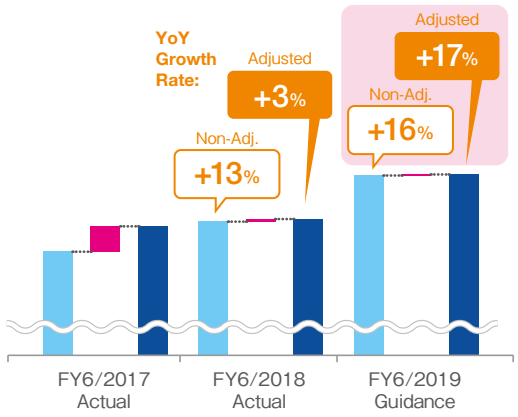



### Adjusted Items

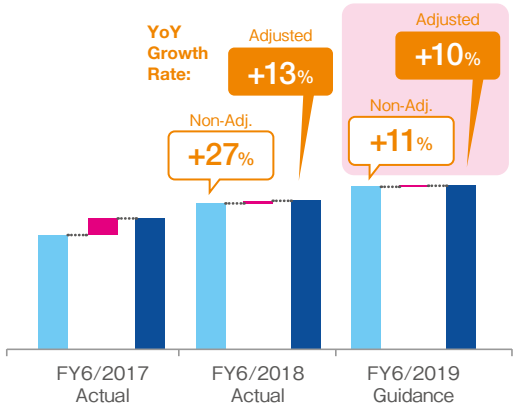
**☑ Until FY6/2018: Adjusted EBITDA & Adjusted Net Income focus**
**⇒ FY6/2019: (Non-Adj.) EBITDA & Net Income focus**




**EBITDA**




**Net Income**



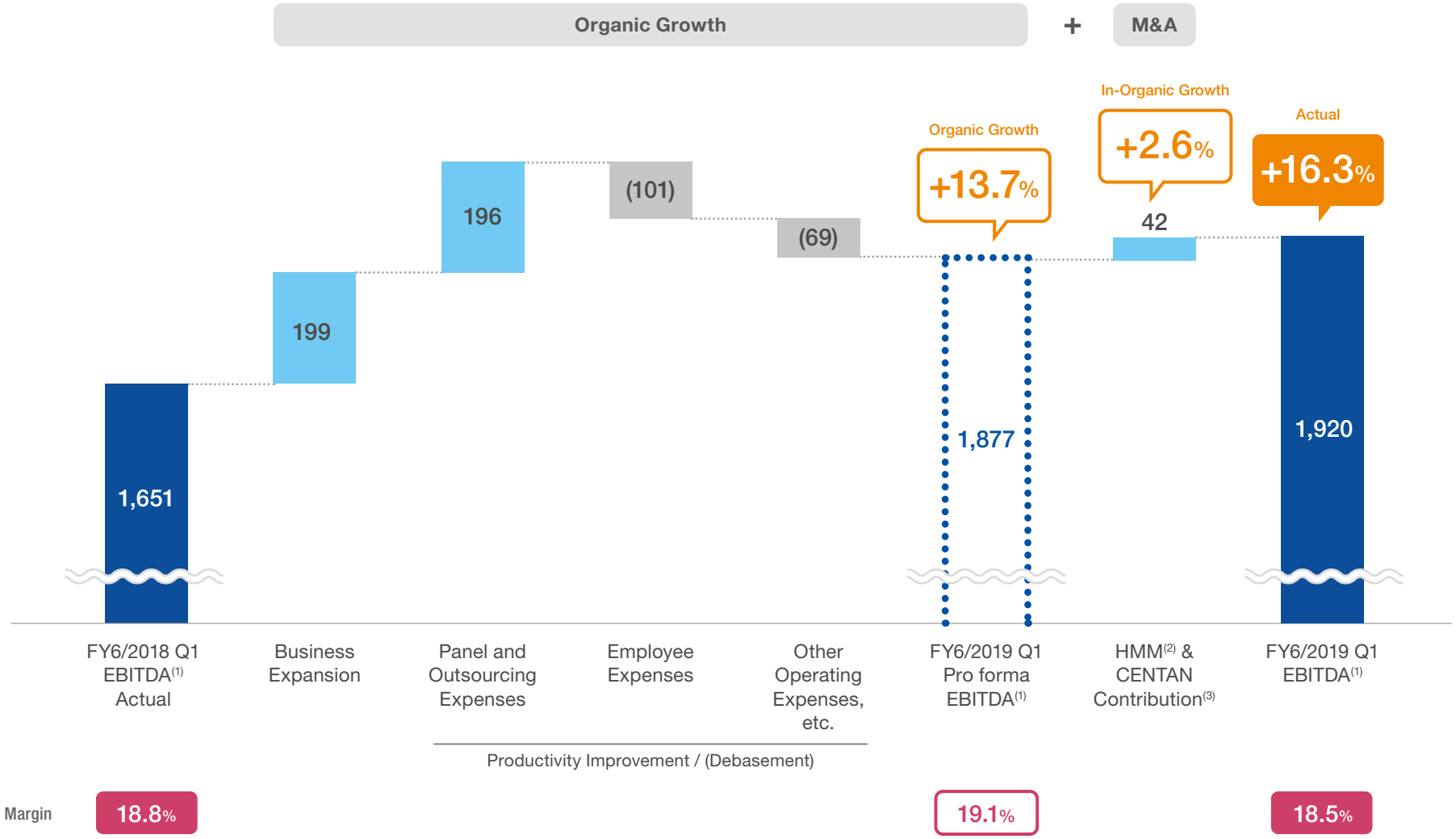
# FY6/2019 Q1: EBITDA Waterfall Chart

**Q1 Standalone**



## EBITDA[1] - FY6/2018 Q1 vs. FY6/2019 Q1

Consolidated (IFRS)
(JPY MM)




**Notes**

1. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss
2. We had acquired majority stake of Tokyo Survey Research Inc. from Hakuhodo on July 2, 2018, and had changed its business name to H.M. Marketing Research, Inc. (HMM) as of October 1, 2018.
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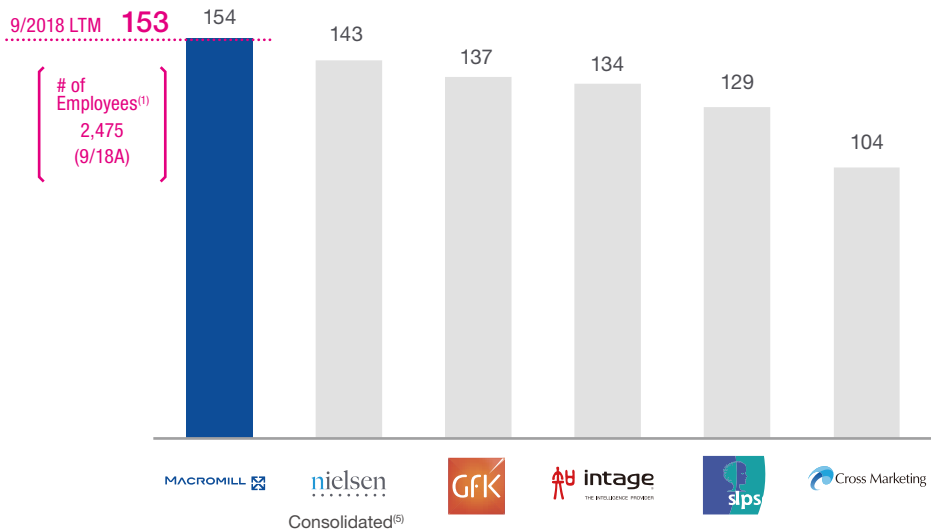
# Best-in-Class Operational Excellence and Profitability Continues

## Revenue per Employee[1][2]

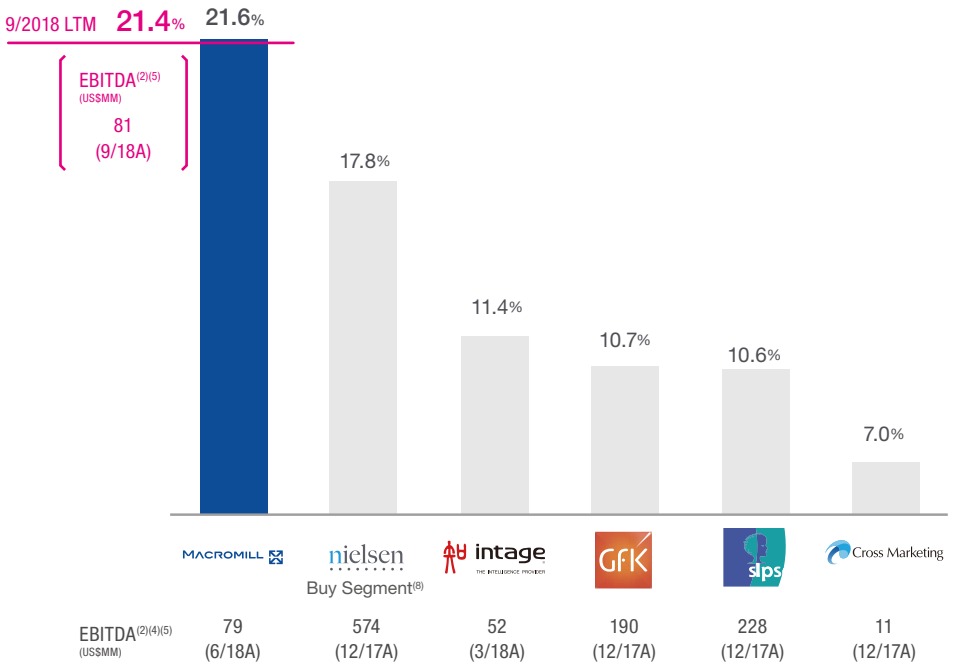
US$000s, Latest FY[3]




**Source** Company Information

## EBITDA Margin[6][7]

Latest FY[3]




**Source** Company Information

**Notes**

1. Includes temporary employees
2. Exchange rate: USD/EUR = 0.83, USD/JPY = 109.8
3. As of September 30, 2018
4. As of the end of each fiscal year as noted on the graph labels
5. Consolidated figures for both the revenue and the number of employees
6. Macromill: Adjusted EBITDA ($80MM in 6/18) = EBITDA + Management Fee + IPO Related Expenses. EBITDA ($79MM in 6/18) = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss
   Nielsen (Buy Segment): EBITDA = Operating Income + (Restructuring Charge + Depreciation and Amortization + Other Items).
   All these figures are for Nielsen "Buy" segment for comparison purposes because it presents similarities with Macromill's business
   GfK: EBITDA based on GfK's disclosure
   Intage and Cross Marketing: EBITDA = Operating Income + (Depreciation + Amortization of Goodwill)
   Ipsos: EBITDA = Gross Profit – (Payroll + General Operating Expenses + Amortization of Acquisition-related Intangibles) + Depreciation & Amortization
   Because the adopted accounting principle and the definitions for EBITDA for each company differ, as well as other reasons, they may not be directly comparable
7. EBITDA margin = EBITDA / Revenue
8. EBITDA of Nielsen's "Buy" segment is used for comparison purposes because it presents similarities with Macromill's business. EBITDA margin for Nielsen on a consolidated basis for the same period was 30.3%

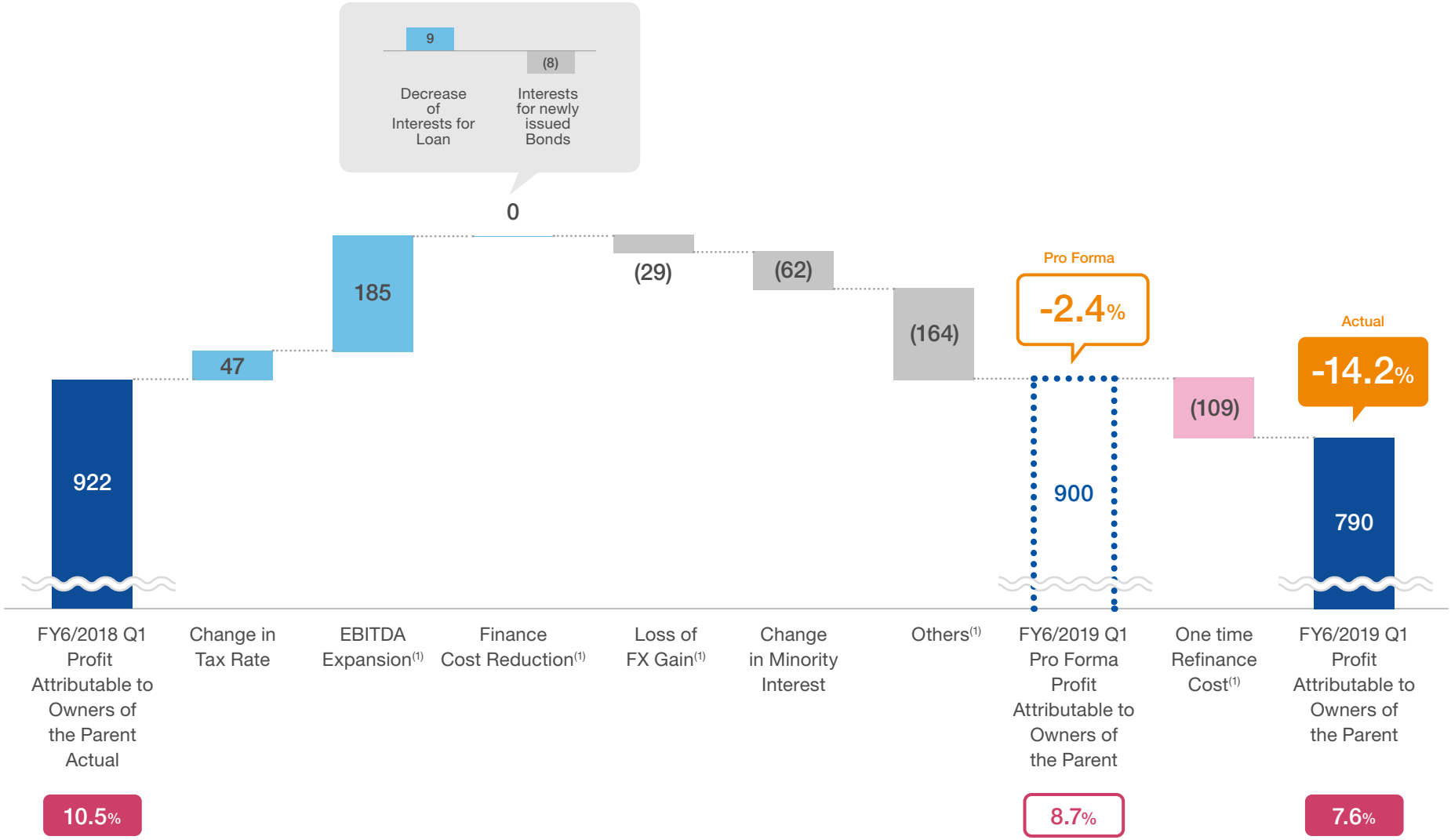
# FY6/2019 Q1: Net Income Waterfall Chart

Q1 Standalone



## Profit Attributable to Owners of the Parent - FY6/2018 Q1 vs. FY6/2019 Q1

Consolidated (IFRS)
(JPY MM)

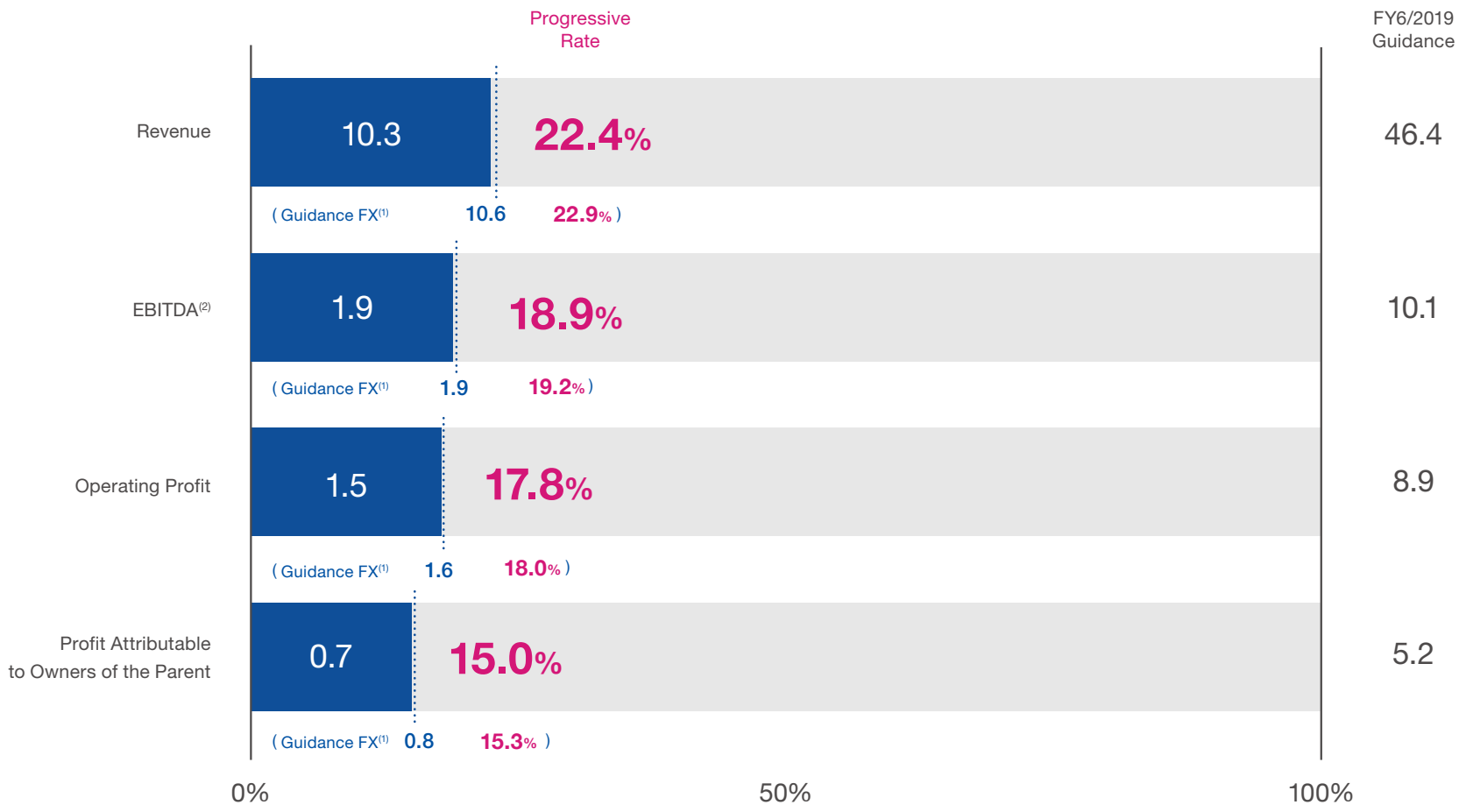



**Note**
1. Figures including tax effect

# FY6/2019 Q1: On Track to Deliver Against Guidance

## FY6/2019 Q1 Actual Results vs. FY6/2019 Company Guidance

Consolidated (IFRS)
(JPY BN)



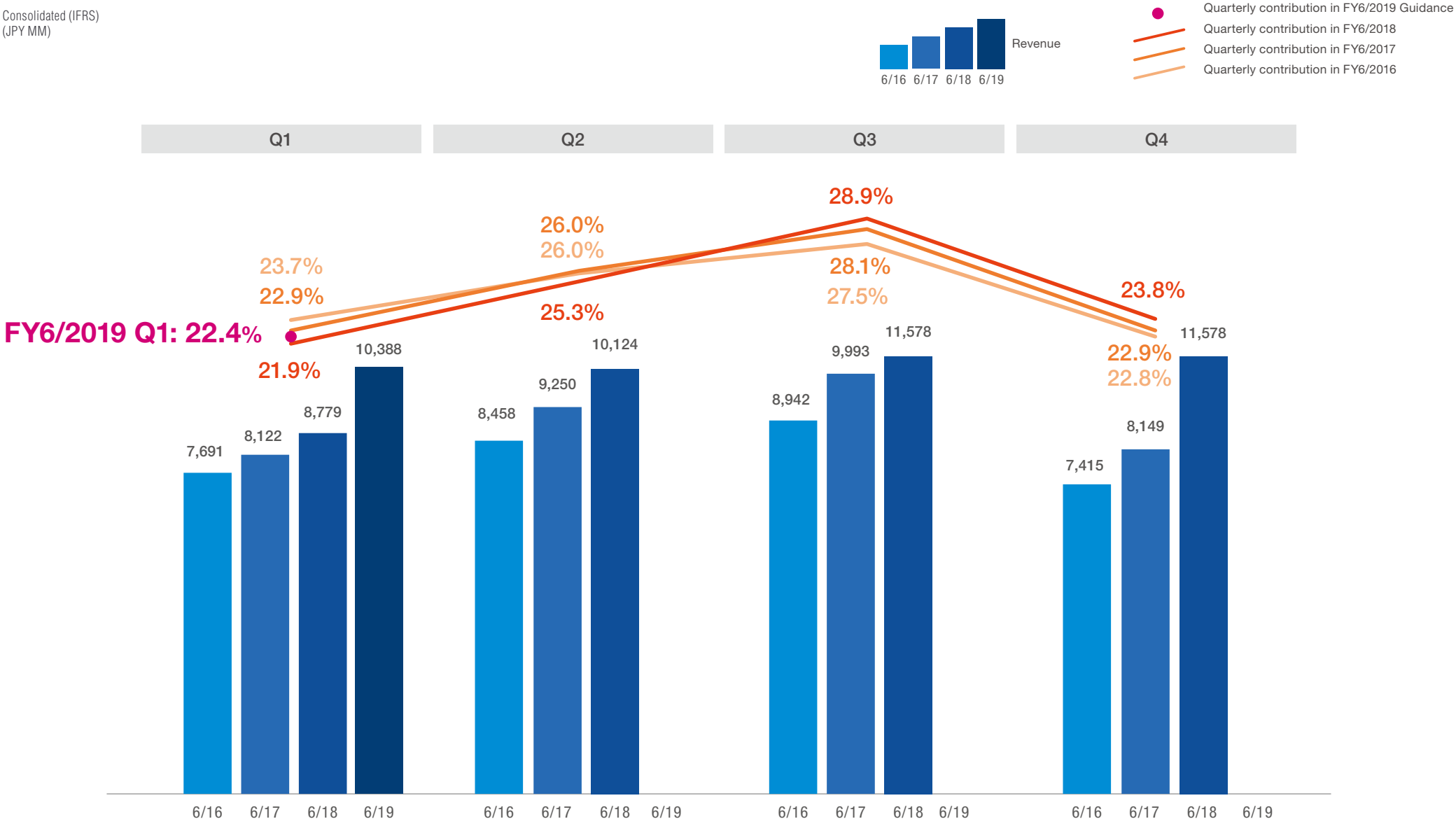

**Notes**

1. Financials for FY6/2019 Q1 (Actual) are presented by using the period-average rate of €1 = ¥129.55. Company guidance for FY6/2019 are based on FX rate of €1 = ¥136.92.
2. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss

# FY6/2019 Q1 Revenue: On Track to Deliver Against Guidance (Continued)

## Quarterly Revenue Trends

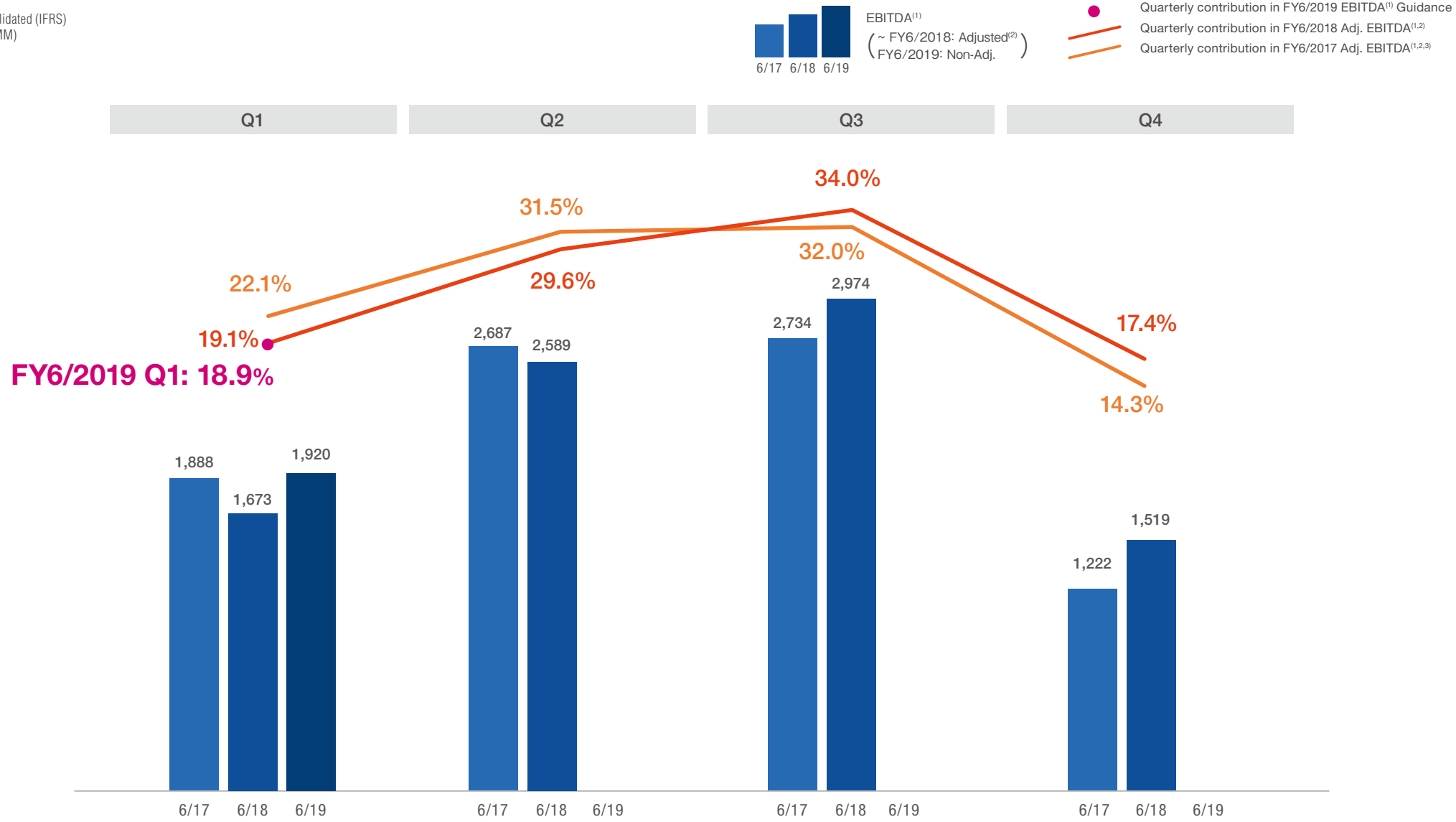
Consolidated (IFRS)
(JPY MM)



# FY6/2019 Q1 EBITDA: On Track to Deliver Against Guidance (Continued)

## Quarterly EBITDA[1] Trends

Consolidated (IFRS)
(JPY MM)

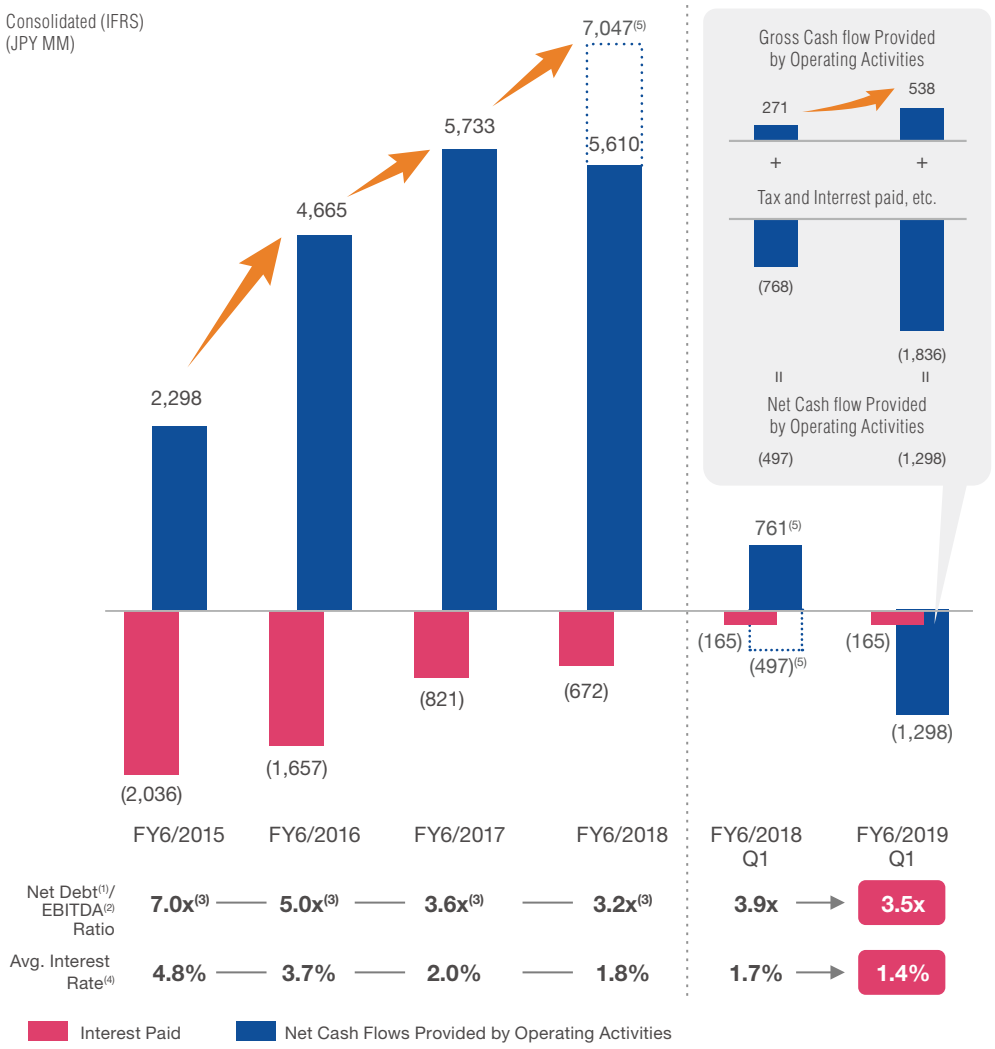



**Notes**

1. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss
2. Adjusted EBITDA = EBITDA + Management Fee + IPO Related Expenses. EBITDA = Operating Profit + Depreciation and Amortization + Goodwill Impairment. Please refer to reconciliation tables on p.40&41 for details
3. Normalized base (We had one particular adjustment item which was originally reconciled in the FY6/2017 Q3 on Q1-Q3 accumulated basis. In order to enable fair quarterly year on year comparison, we had retroacted and normalized such item on a quarterly breakdown), Please refer p.42 for details.

# Strategic Capital Allocation

## Solid Cash Flow Generation




## Capital Allocation Priorities

**Growth Investment**

- Pursue investments to accelerate global & digital growth

**Debt Repayment**

- Pursue Further Deleveraging
  - Net debt(1) / EBITDA(2) ratio : Target less than 3.0x

***Create Balance for Continued Growth***

**Shareholder Return**

- Gradually ramp up dividend payout (per share base)
  JPY 7.0 / share (FY6/2018)
  → JPY 9.0 / share (FY6/2019)

**Notes**

1. Net debt = interest-bearing debt (short-term borrowings + current portion of long-term borrowings + long-term borrowings + lease obligations) - cash and cash equivalents
2. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss
3. Adjusted EBITDA base. Adjusted EBITDA = EBITDA + M&A Related Expenses + IPO Related Expenses + Expenses Related to Going Private Transaction + Management Fee + Refinancing Related Advisory Fees + Retirement Benefits for Retiring Officers. Please refer to reconciliation tables on p.40&41 for details
4. Avg. interest rate = (interest expense in P/L) / (average amount of borrowings at the end of current year and the previous year). Borrowings = short-term borrowings + current portion of long-term borrowings + long-term borrowings. However, since we had issued JPY 10 BN corporate bonds on July 27, 2018, we had applied specific method to calculate avg. interest rate for this Q1 6/2019 as follows: Q1 6/2019 avg. interest rate = (interest expense paid in Q1 for the existing borrowings + interest expense paid in Q1 for bonds issued on July 27, 2018) / (avg. amount of borrowings as of June 30, 2018 and September 26, 2018 (a day before early redemption)) + amount of bonds issued on July 27, 2018)
5. Onetime extraordinary item adjusted base (Public filing figure 5,610M (FY6/2018) or -497M (FY6/2018 Q1) + No A/R factoring services in DMI 1,437M)

Creating

# The First Truly Global Digital

Research Company



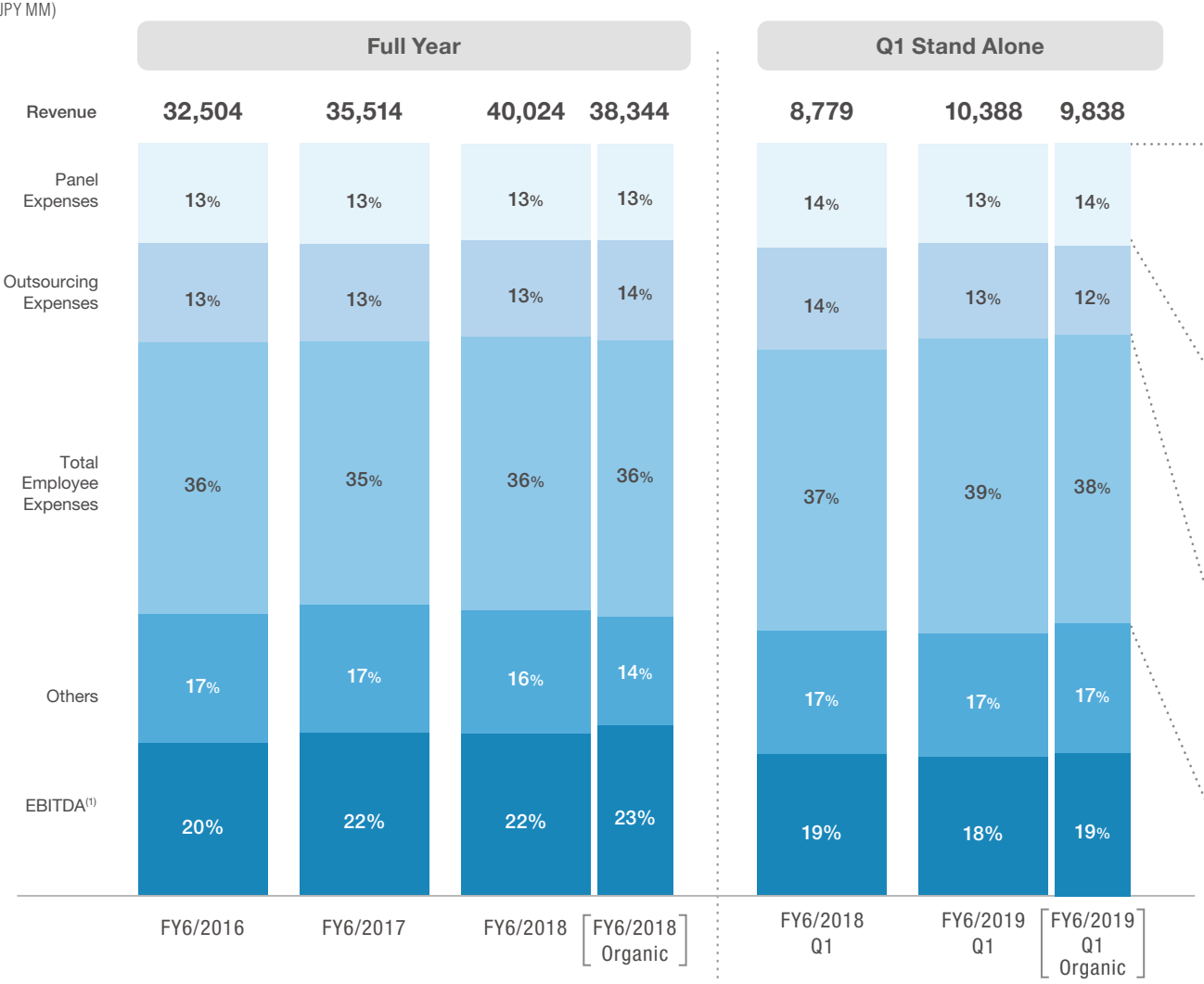
# Appendix

# Operating Leverage & Cost Reduction Initiatives Deliver Further Profit Expansion



## Breakdown of Key Cost Items

Consolidated (IFRS) unaudited
(JPY MM)




### Overview of Cost Reduction Initiatives

**Panel Expenses**

- ☑ Procurement cost of third-party panels
- ☑ Rewards paid to in-house panelists for answering surveys
  - – As calculated by number of questions answered

**Outsourcing Expenses**

Examples by key products:

- ☑ Global Research
  - – Procurement costs of third-party panels
- ☑ CLT / Group Interviews
  - – Offsite meeting costs (e.g. room rentals)

**Total Employee Expenses**

- ☑ Offshoring (Global - Utilize India Office) & Nearshoring (Japan - Utilize Sendai Office) Strategy on Research middle & back office

**Notes**
1. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss

# FY6/2017 - FY6/2019 DMI Performance

**Dentsu Macromill Insight (DMI)[1]**

DENTSU MACROMILL INSIGHT

## Business Description & Role in the Group

**In-house marketing research agency of Dentsu Group**

## Recent Financial Performance & Impact to Cnsl. Financials

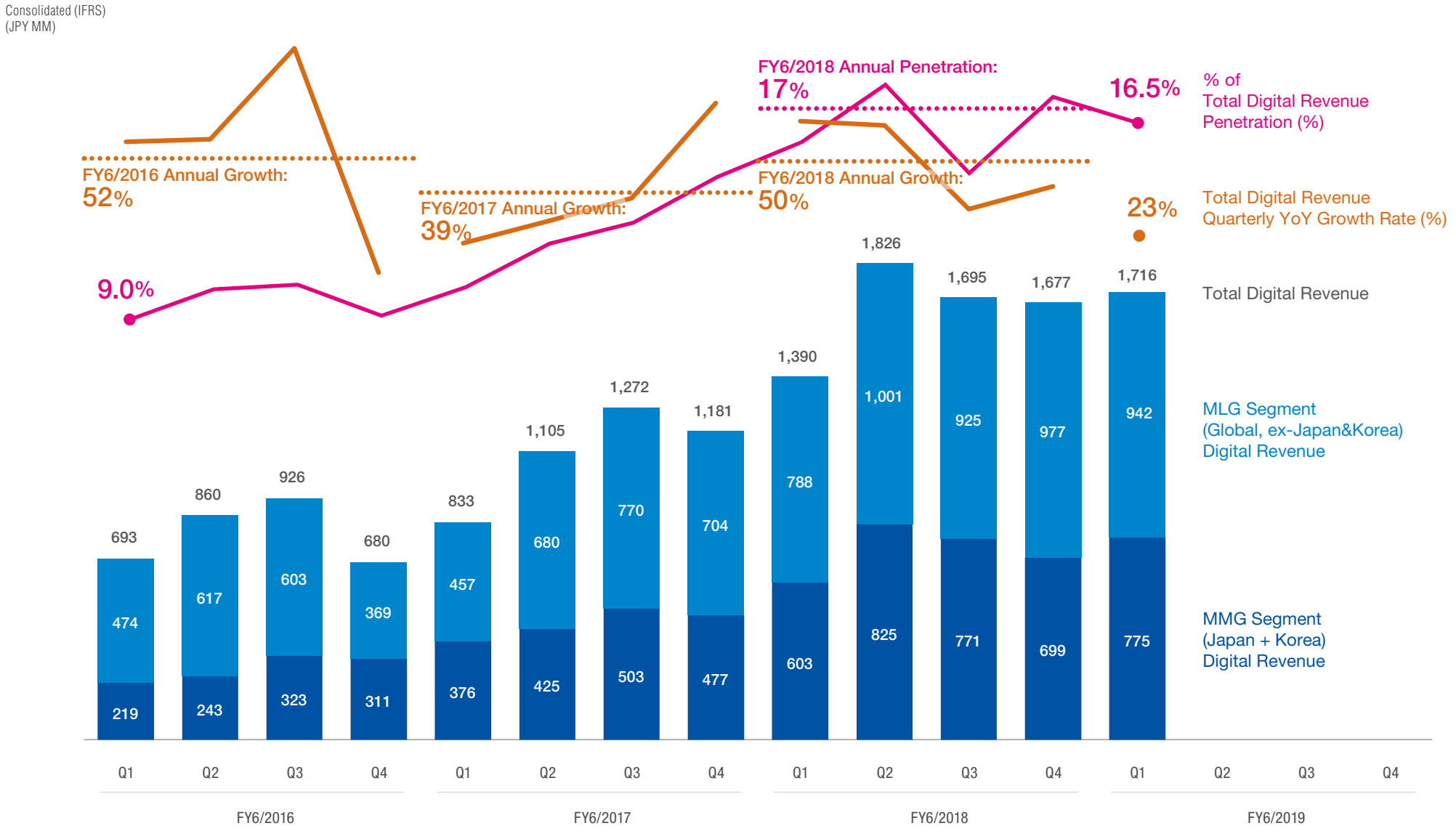
(JPY in MM)

| | | FY6/2017 Actual | FY6/2018 Actual | FY6/2019 Actual | FY6/2017 to FY6/2018 Variance | FY6/2017 to FY6/2018 YoY Growth | FY6/2018 to FY6/2019 Variance | FY6/2018 to FY6/2019 YoY Growth |
|---|---|---|---|---|---|---|---|---|
| Revenue | Q1 | 1,477 | 1,322 | 1,300 | (155) | (10.5%) | (21) | (1.6%) |
| | Q2 | 1,472 | 1,606 | | 134 | 9.1% | | |
| | Q3 | 1,680 | 1,647 | | (33) | (2.0%) | | |
| | Q4 | 1,316 | 1,278 | | (38) | (2.9%) | | |
| | **Full Year** | **5,946** | **5,853** | | **(92)** | **(1.6%)** | | |
| EBITDA | Q1 | 245 | 136 | 196 | (109) | (44.5%) | 60 | 44.4% |
| | Q2 | 434 | 286 | | (148) | (34.1%) | | |
| | Q3 | 372 | 326 | | (46) | (12.5%) | | |
| | Q4 | 159 | 174 | | 14 | 9.2% | | |
| | **Full Year** | 1,210 | 922 | | (288) | (23.8%) | | |
| | **(Normalized[2]** | **1,076** | **922** | | **(154)** | **(14.4%)** | **)** | |
| EBITDA Margin | Q1 | 16.6% | 10.3% | 15.1% | (6.3%) | | 10.3% | |
| | Q2 | 29.5% | 17.8% | | (11.7%) | | | |
| | Q3 | 22.1% | 19.8% | | (2.4%) | | | |
| | Q4 | 12.1% | 13.6% | | 1.5% | | | |
| | **Full Year** | 20.4% | 15.8% | | (4.6%) | | | |
| | **(Normalized[2]** | **18.1%** | **15.8%** | | **(2.4%)** | **)** | | |
| % to Full Year[3] Consolidated Financials | **Revenue** | **16.7%** | **14.6%** | **12.5%** | **(2.1%)** | | **(2.1%)** | |
| | **EBITDA** | **14.2%** | **10.5%** | **10.2%** | **(3.7%)** | | **(0.3%)** | |

**Notes**
1. 52% owned subsidiary (JV with Dentsu)
2. Excluding one-time profit of 134M JPY at 2017/6 Q2 in regard of introducing defined contribution pension system in DMI
3. On FY6/2019, % are on Q1 number

# Quarterly Digital Revenue Trends

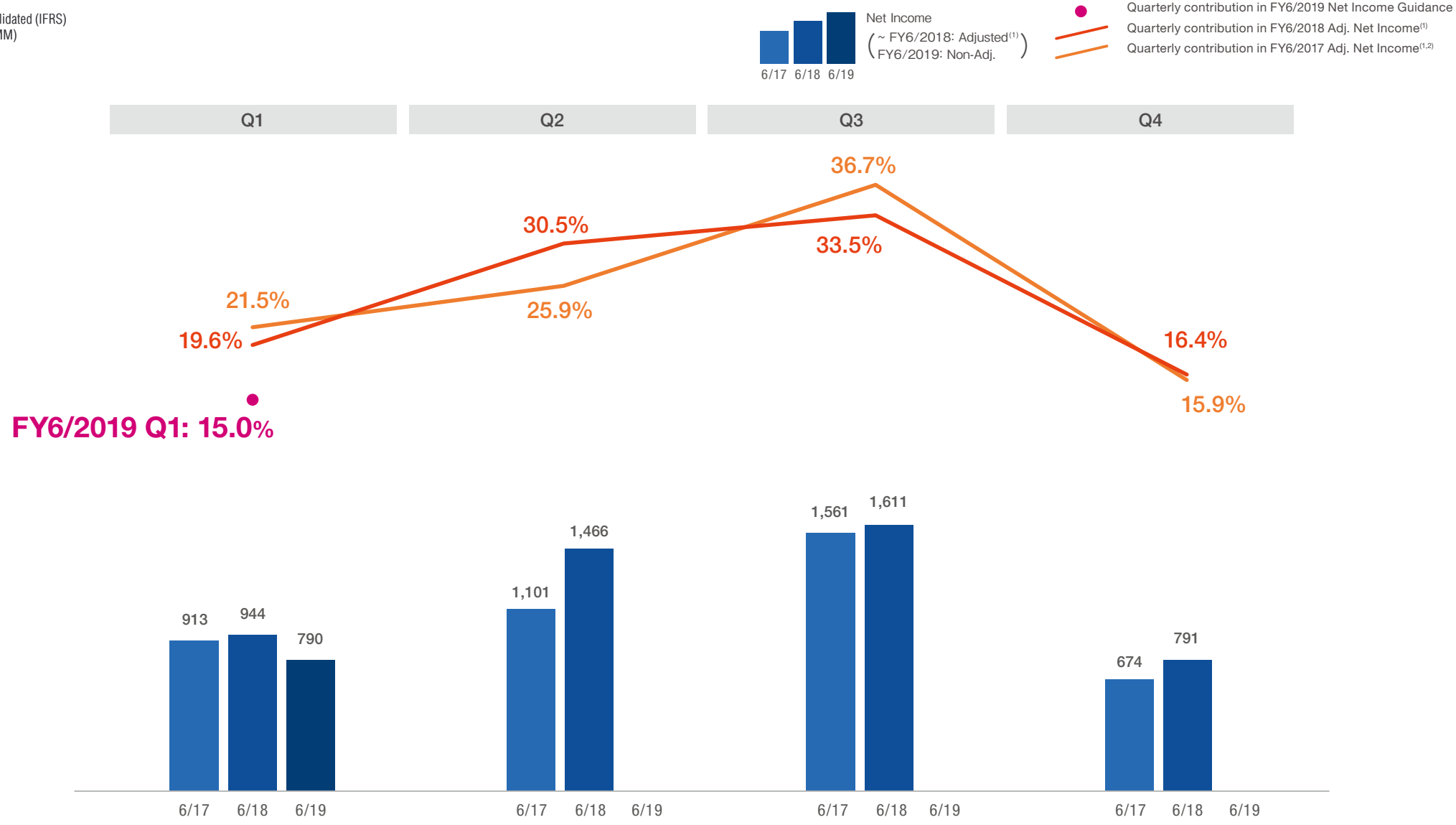
## Quarterly Digital Revenue Trends by Segment



# Quarterly Net Income Trends

## Quarterly Net Income Trends & Contributions

Consolidated (IFRS)
(JPY MM)



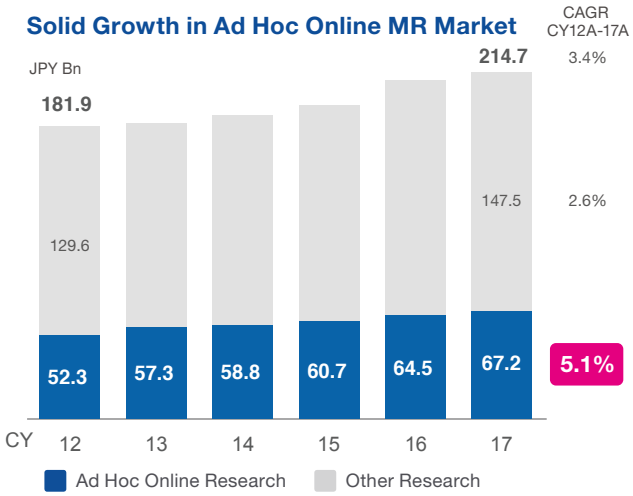

**Notes**

1. Adjusted Profit Attributable to Owners of the Parent = Profit Attributable to Owners of the Parent + Management Fee + IPO Related Expenses – Tax Impact for Adjustments. Please refer to reconciliation tables on p.40&41 for details
2. Normalized base (We had one particular adjustment item which was originally reconciled in the FY6/2017 Q3 on Q1-Q3 accumulated basis. In order to enable fair quarterly year on year comparison, we had retroacted and normalized such item on a quarterly breakdown), Please refer p.42 for details.

# Further Growth Opportunity in Japan

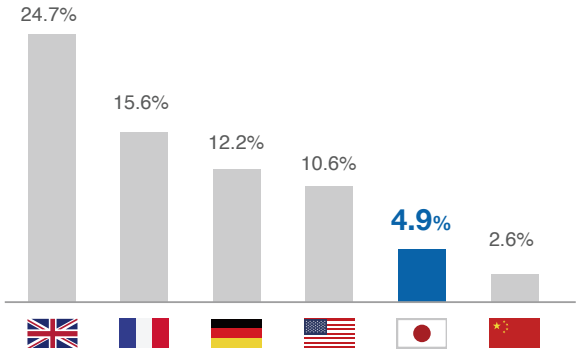
## MR Market Size

### Solid Growth in Ad Hoc Online MR Market




**Source** Japan Marketing Research Association (7/2018)

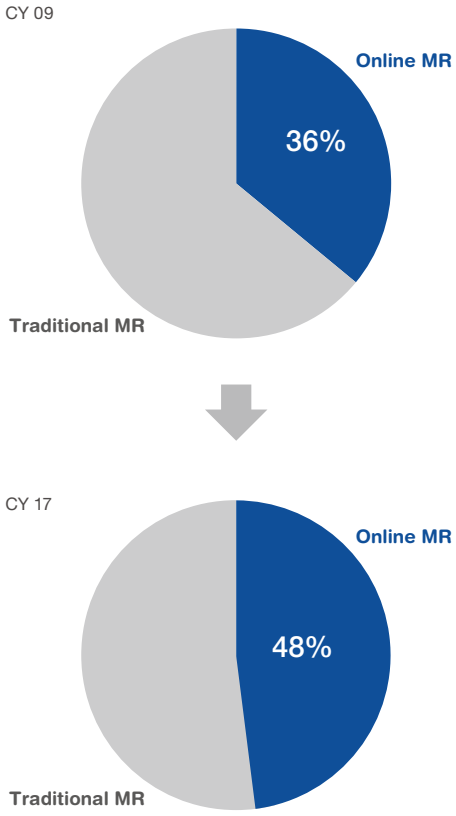
### Significant Room for Further MR Penetration to Total Ad Spending




**Source** ESOMAR, Global Market Research (9/2018)

## Further Online MR Penetration[1]

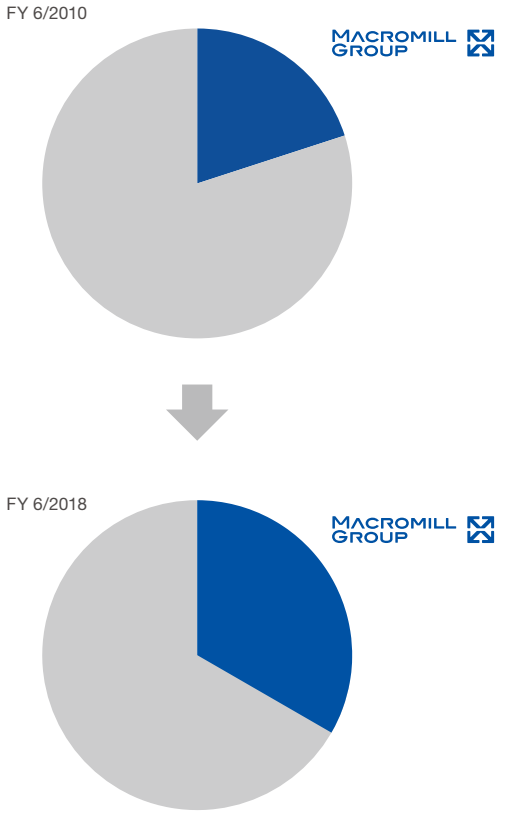
### Track Record of Online MR replacing Traditional MR




**Source** ESOMAR, Global Market Research (9/2018, 9/2010)

## Expand Online Market Share[2]

### Value Proposition to Capture Domestic Market Share for Ad Hoc Online MR



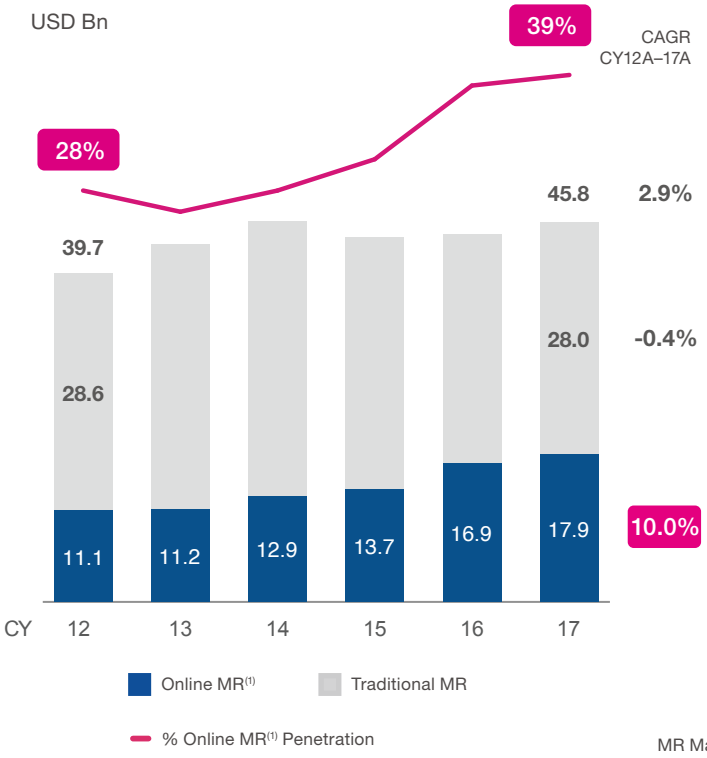

**Notes**

1. Online MR penetration = spending of online quantitative research / spending of total market research in each country
2. Online MR Share (FY6/2018) = Macromill standalone and Dentsu Macromill Insight revenue from sales of ad hoc online market research solutions in Japan (FY6/2018) / total Japan ad hoc Online MR market (2017) in terms of revenue as calculated by the Japan Marketing Research Association. Online MR Share (FY6/2010) = Macromill standalone revenue from sales of ad hoc online market research solutions (FY6/2010) / total Japan ad hoc Online MR market (2009) in terms of revenue as calculated by the Japan Marketing Research Association

# Framework for Global Expansion

## MR Market Growth

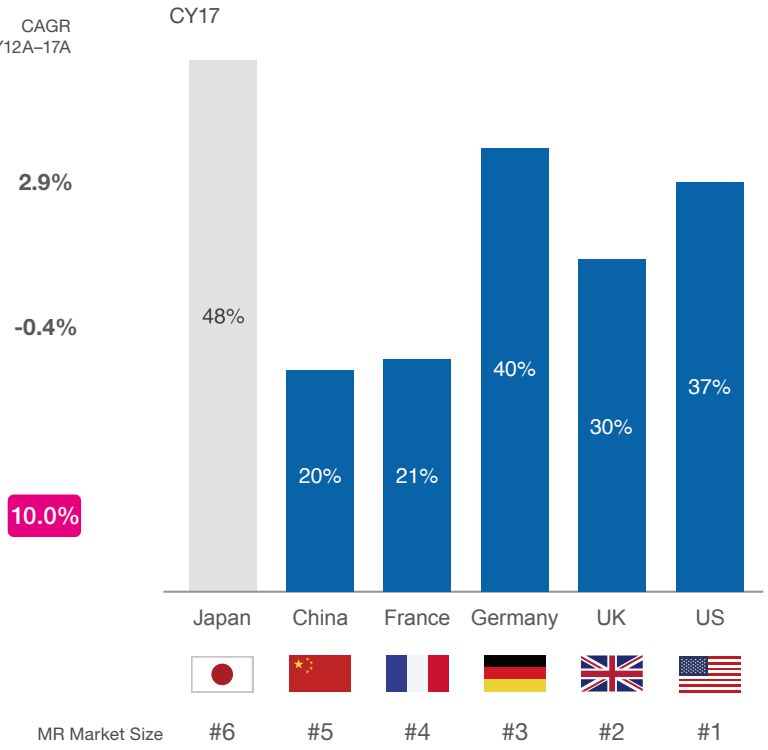
### Online MR Continues to Outgrow Traditional MR




**Source** ESOMAR, Global Market Research (9/2018)

## Further Online MR Penetration

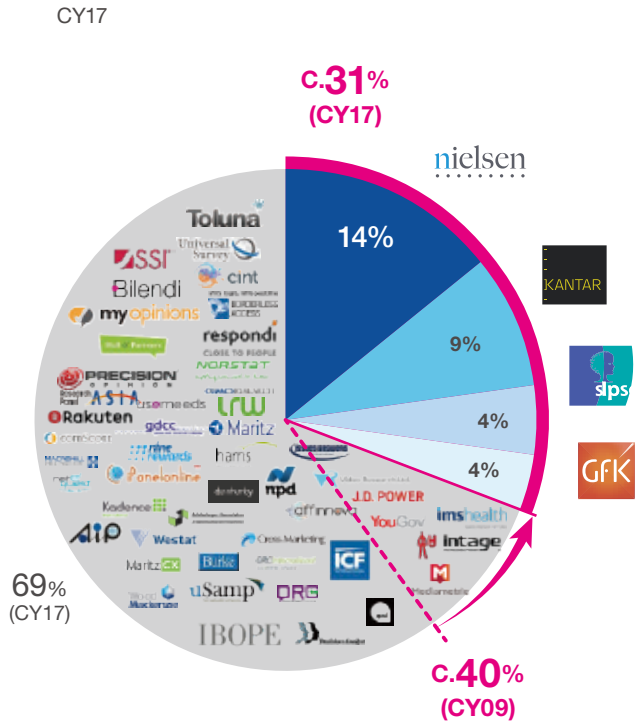
### Significant Room for Online MR Penetration(2) to Total MR Spending




**Source** ESOMAR, Global Market Research (9/2018)

## Expand Market Share

### Global MR market share




**Source** ESOMAR, Global Market Research (9/2018, 9/2010)

**Notes**

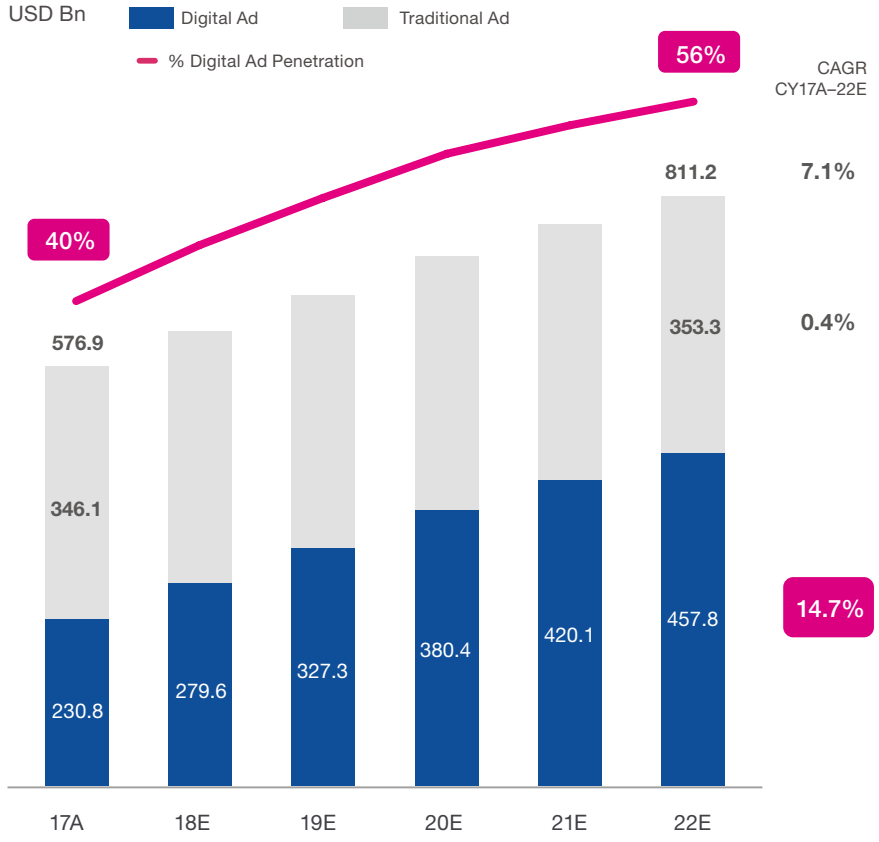
1. Online quantitative market research only, excluding online qualitative market research, which are excluded in ESOMAR presentation
2. Online MR penetration = spending on online quantitative market research (PC Online + Mobile / Smartphone Online ) / spending on total market research in each country

# Significant Growth Upsides from Digital Marketing Solutions

## Digital Ad Market Growth

### Digital Ad Continues to Outgrow Traditional Ad

Worldwide Media Ad Size

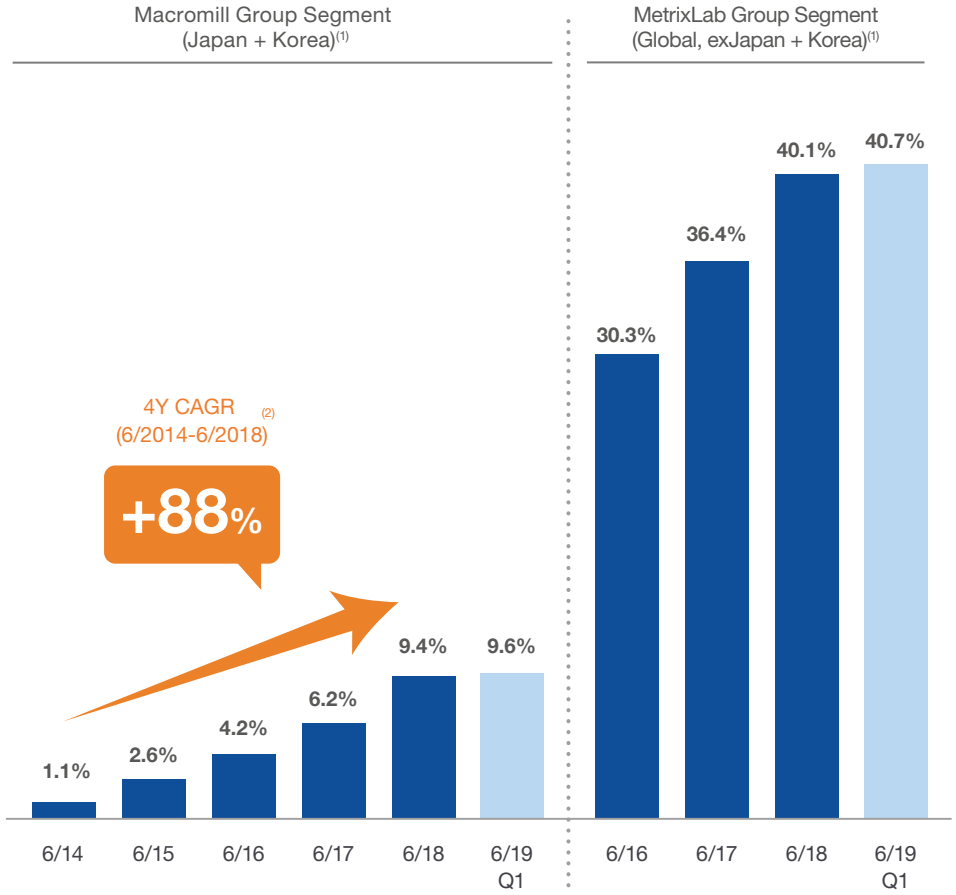



**Source** eMarketer, Worldwide Ad Spending (9/2018)

## Further Penetration of Digital Marketing Solutions

### Significant Untapped Upsides Particularly in Japan

% of Digital Marketing Solutions Revenue in each Segment Revenue



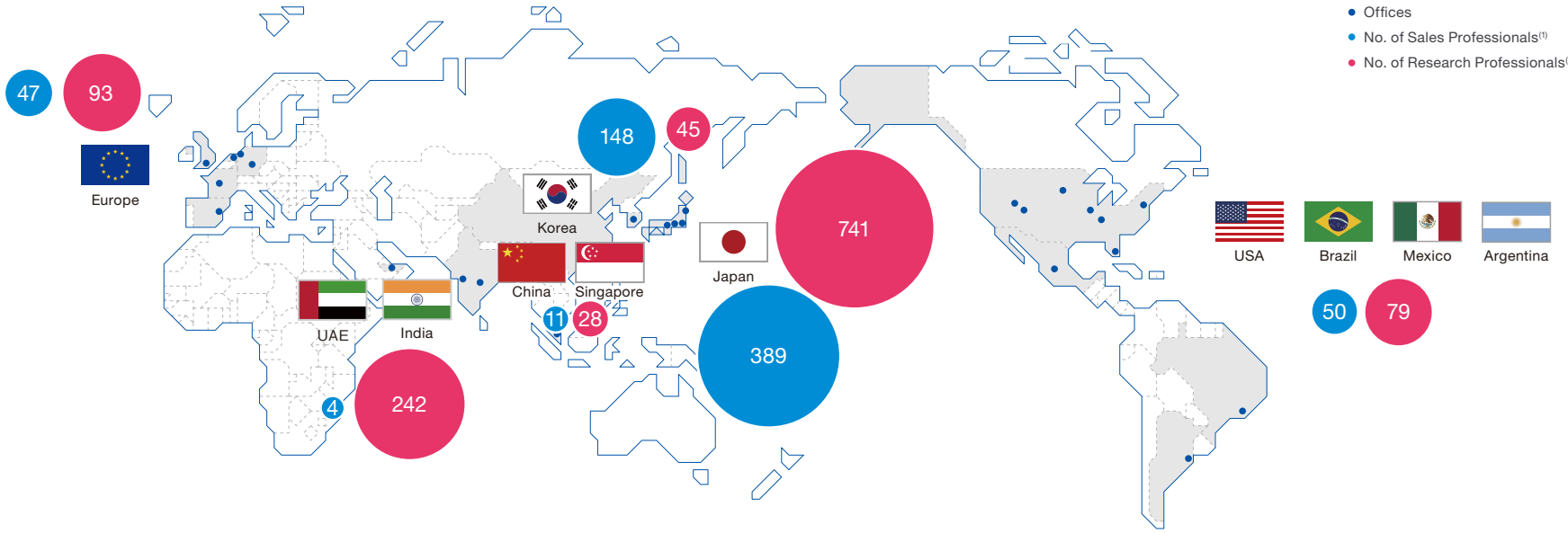

**Notes**

1. Macromill Group Segment revenue from sales of digital marketing solutions in each year / Macromill Group Segment revenue. MetrixLab Group Segment revenue from sales of digital marketing solutions in each year ÷ MetrixLab Group Segment revenue. Digital marketing solutions refers to our market research and marketing analytics solutions that meet one or more of the following criteria: (1) it is a 100%-focused digital marketing solution; (2) it monitors or evaluates digital media, websites or other digital stimulus; (3) it leverages non-survey digital/social data; or (4) it utilizes one of our value-added digital delivery channels, such as our dashboard. Marketing analytics refers to the business of collecting, analyzing, organizing and presenting data drawn from Internet users, including data collected from panelists, with a view to demonstrating and explaining the impact and effectiveness of an entity's digital marketing efforts (such as digital advertisements)
2. CAGR representing growth of digital marketing solutions revenue in Japan is measured as a percentage of total revenue in Japan. J-GAAP based financials for FY6/14 and IFRS-based financials for FY6/15 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 appropriately and accurately reflects the trends for the revenue trends

# Worldwide Sales & Research Delivery

## Sales and Research Breakdown for Selected Key Markets[1]

As of September, 2018




2,200+[2] Employees in 44 Offices Worldwide

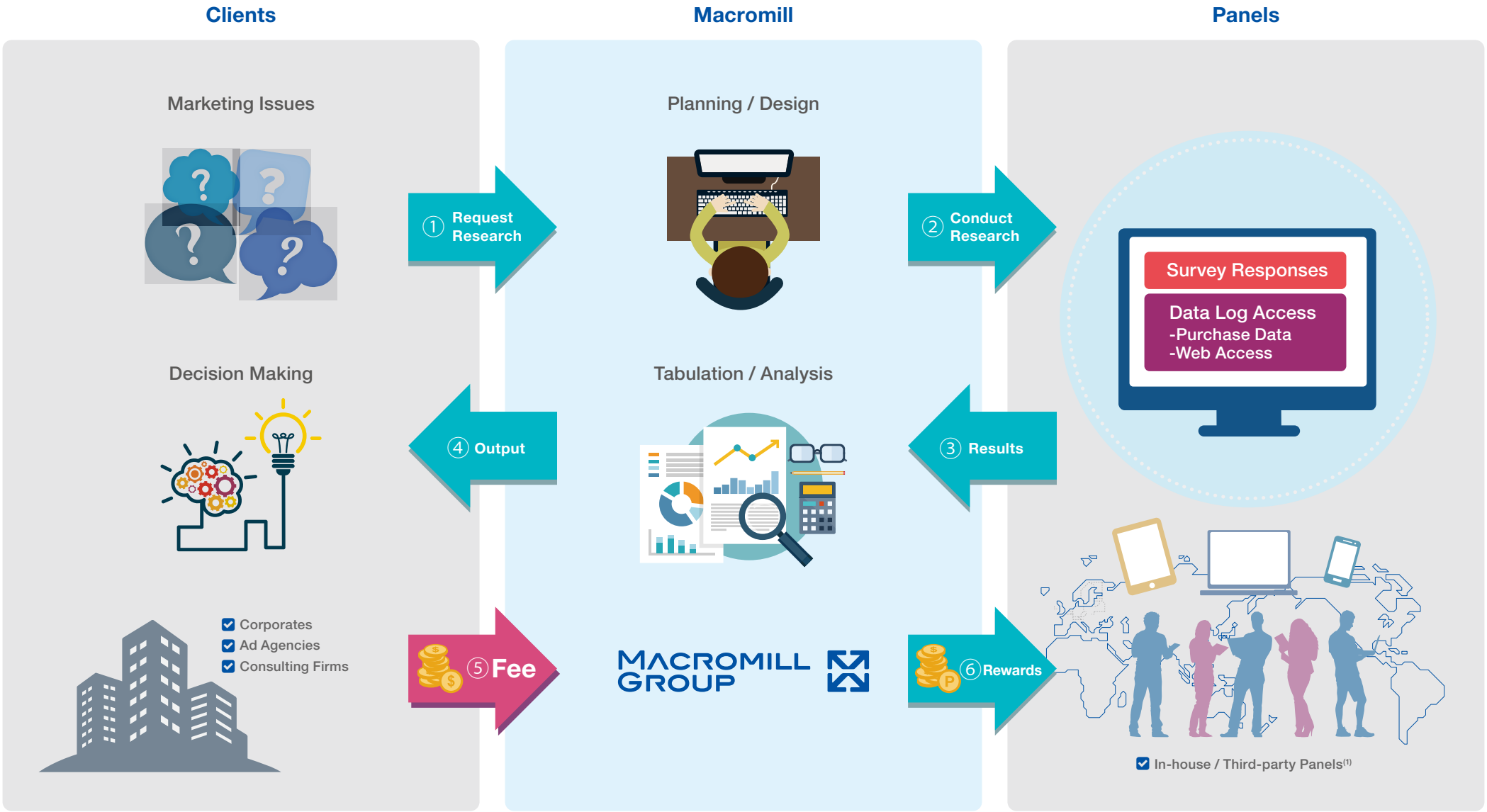
| | Local<br>**Deeper Local Consumer Insights** | Global<br>**Coordinated Cross-Border Client Coverage** |
|---|---|---|
| **Sales** | ☑ **Localized Sales Teams**<br>c. 650[1] professionals across 44 offices worldwide | ☑ **CEO-led Experienced Sales Professionals Deliver Coordinated GKA[3] Coverage** |
| **Research** | ☑ **Seamless Coordination with Local Research Professionals** | ☑ **Best Practice Sharing and Real-time Support from the Global Competence Center in India**<br>☑ **Export Superior Japanese *Kaizen* Operational Quality** |

**Notes**

1. Sales and research professionals are defined as full-time employees committed to sales and research positions respectively
2. Number of full-time-equivalent employees
3. GKA ("Global Key Accounts") are customers that typically are multinational companies with a large research and marketing spending budget of which they have purchased or we believe have the potential to purchase market research from us and for which we have placed particular emphasis in our sales efforts

# Our Business Model

## Typical market research workflow

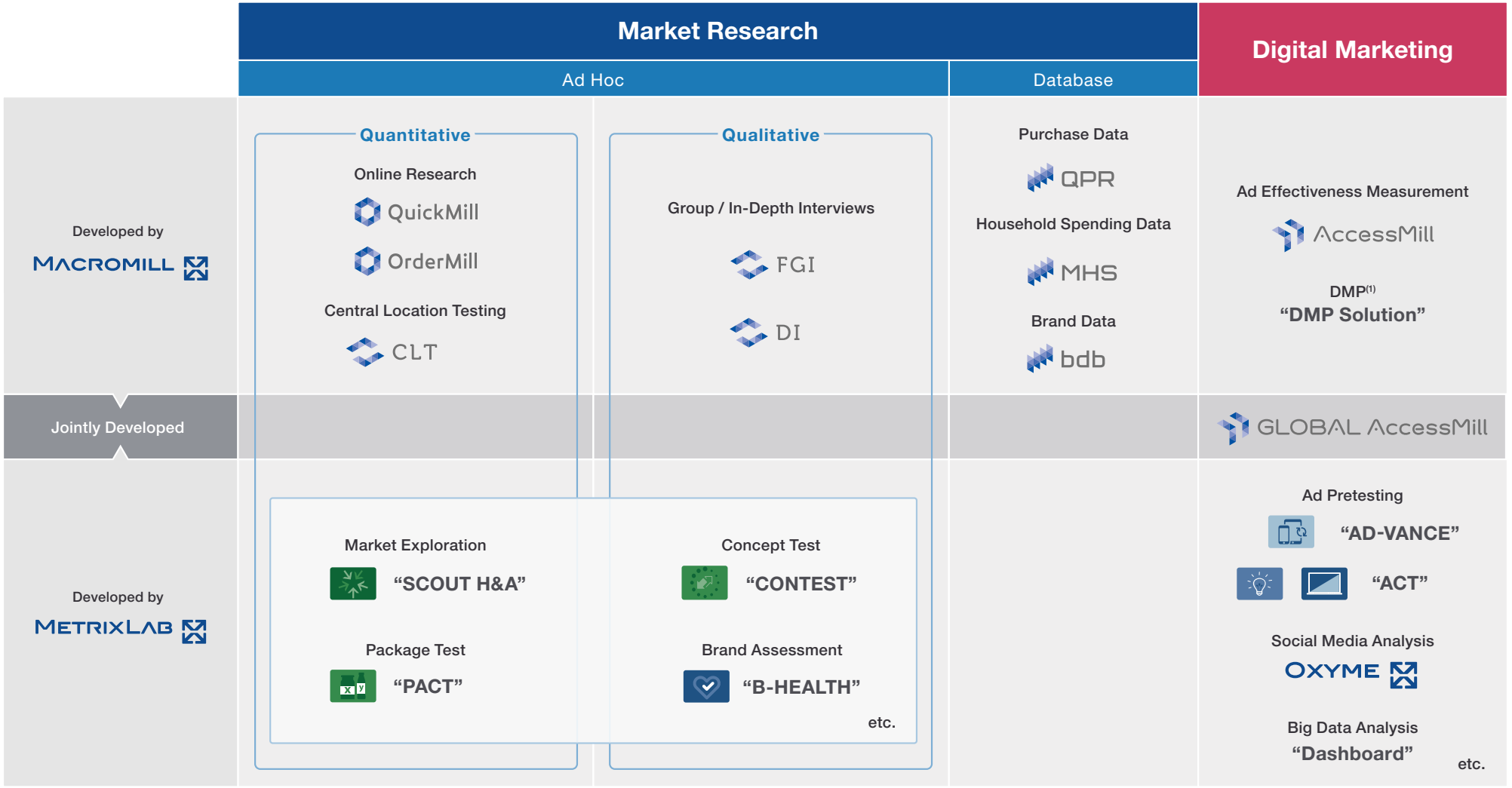



**Note**

1. Third-party panels are maintained by third-party panel suppliers worldwide and are used as our clients' research projects require

# Industry-Leading One-Stop Solutions Portfolio

## Selected Solutions




**Note**
1. Data Management Platform

# Extensive Digital Opportunities: Ad Pre-testing & Effectiveness Measurement



## Ad Pretesting Solutions

**AD-VANCE**

**Our Business Opportunity...**

- Deliver Cost Savings through Pre-testing Marketing Campaigns






Benchmark digital ad effectiveness against peers/previous ads

**What Differentiates AD-VANCE...**

- Superior Interface that Captures the Consumers' Natural Exposure to Marketing Campaigns
- Benchmarking against Industry Peers

## Ad Effectiveness Measurement Solutions

AccessMill GLOBAL AccessMill

**Our Business Opportunity...**

- Deliver Ad Effectiveness Measurement Solutions Utilizing Massive Cookie Panel Base and Attitudinal Data



Implement measurement tag on digital ads

Select panelists based on tag information

Survey selected panelists and compare with non-panelists

**What Differentiates AccessMill...**

- Massive Cookie Panel Size
- Combination with Attitudinal Data
- Superior System (Cost, Speed, Flexibility)

# Extensive Digital Opportunities: Social Media, DMP & Big Data

## OXYME Social Media Analysis

**Our Business Opportunity...**

- Deliver Detailed and Meaningful Social Analysis Across Each Phase of Marketing

From Market Exploration to Campaign Evaluation



Collect social media posting data

Analysis of consumers' feelings and topics using dedicated experts

Extract consumer / marketing insights

**What Differentiates Oxyme...**

- Optimized Data Collection through Proprietary Software
- Enhanced Data Quality by Manual Exclusion of Unrelated Responses
- Experienced Social Media Analysts

## Data Management Platform (DMP)

**Our Business Opportunity...**

- Enable Real Consumer Insights by Combining Our Proprietary Data with Client's In-house Data

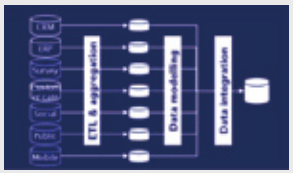



## Big Data Analytics (Dashboard/Story Telling)

**Our Business Opportunity...**

- Deliver Comprehensive Insights through a Meaningful, User-Friendly Interface Relevant to Each Clients' KPI

**Data Integration**



Integrate and analyze data aggregated from multiple sources

**Data Activation**



Organize on a meaningful, understandable "dashboard"

# 3-Pillars M&A Strategy for Value Creation

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

## Proven M&A Track Record

**2010** Acquisition[1]

YAHOO! JAPAN Value Insight

Regional Expansion | **Panel** | Technology / Solution

- Doubled Panel Access

**2011** Acquisition

Oxyme

Regional Expansion | Panel | **Technology / Solution**

- Acquired Social Analysis Capabilities

**2012** Acquisition

embrain

**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)

**Wallet Share Expansion** | Panel | **Technology / Solution**

- Securing earnings stability and improving our ability to develop service in new domains

**2013** Acquisition

PRECISION SAMPLE

Regional Expansion | **Panel** | **Technology / Solution**

- Access to US Panels

**2014** Acquisition

metrix LAB
PREDICTING PEOPLE

**Regional Expansion** | **Panel** | **Technology / Solution**

- Global Client & Panel Base Access

**2015** Strategic Alliance

NIKKEI-R

Regional Expansion | Panel | **Technology / Solution**

- Access to Solutions for Government

**2015** Strategic Partnership

TTC MOBILE

Regional Expansion | **Panel** | **Technology / Solution**

- Incorporate Panels & Mobile Technologies

**2017** Strategic & Capital Alliance
**2018** Acquisition

centan

Regional Expansion | Panel | **Technology / Solution**

- Access to Neuro / Biometric marketing Solutions
- 10% minority investment > 51% majority acquisition

**2017** Acquisition

acturus

**Regional Expansion** | Panel | **Technology / Solution**

- Expand experts, clients base and influencer solutions in the US and UK

**2017** Strategic & Capital Alliance

W&S market research Holdings

**Regional Expansion** | **Panel** | Technology / Solution

- Access to Southeast Asian Client and Panels
- 10% minority investment (through 3rd party allotment)

**2018** Joint Venture with Hakuhodo (51% Majority Acquisition)

TOKYO SURVEY RESEARCH INC.

**Wallet Share Expansion** | Panel | **Technology / Solution**

- Seeking wallet share expansion and enhancement of online/offline integrated solutions

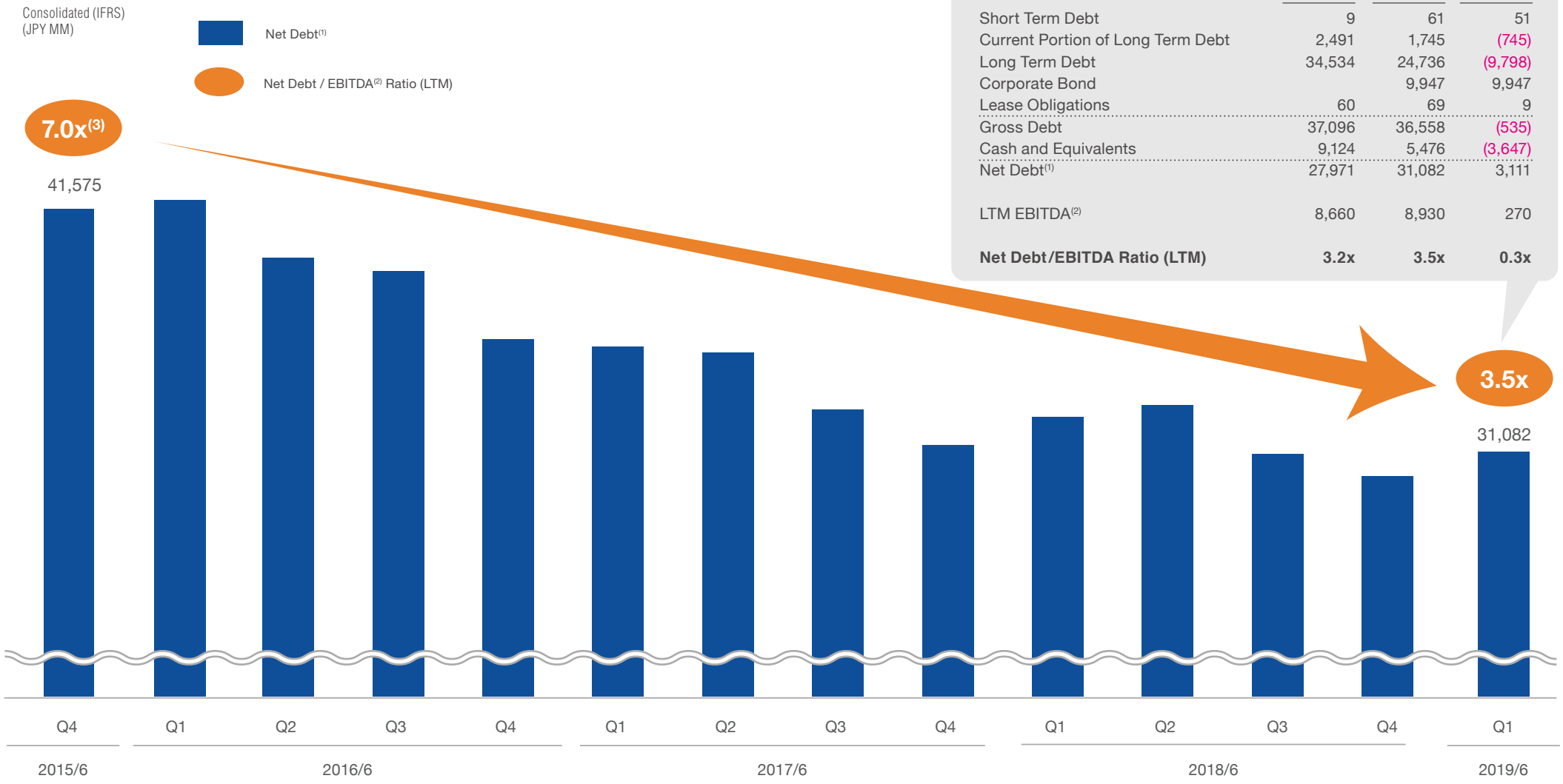
**Note**

1. Acquired market research business only

# Solid Cash Flow Generation Contributes to Further Deleveraging



## Quarterly Net Debt[1] and Net Debt / EBITDA[2] Ratio (LTM)




| | 6/2018 Q4 | 6/2019 Q1 | Variance |
|---|---|---|---|
| Short Term Debt | 9 | 61 | 51 |
| Current Portion of Long Term Debt | 2,491 | 1,745 | (745) |
| Long Term Debt | 34,534 | 24,736 | (9,798) |
| Corporate Bond | | 9,947 | 9,947 |
| Lease Obligations | 60 | 69 | 9 |
| Gross Debt | 37,096 | 36,558 | (535) |
| Cash and Equivalents | 9,124 | 5,476 | (3,647) |
| Net Debt[1] | 27,971 | 31,082 | 3,111 |
| LTM EBITDA[2] | 8,660 | 8,930 | 270 |
| **Net Debt/EBITDA Ratio (LTM)** | **3.2x** | **3.5x** | **0.3x** |

**Notes**

1. Net Debt = Interest-Bearing Debt (Short-term Borrowings + Current Portion of Long-term Borrowings + Long-term Borrowings + Lease Obligations) - Cash and Cash Equivalents as of the relevant quarter end
2. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss on a LTM basis as of the relevant quarter end.
3. Adjusted EBITDA base. Adjusted EBITDA = EBITDA + M&A Related Expenses + IPO Related Expenses + Expenses Related to Going Private Transaction + Management Fee + Refinancing Related Advisory Fees + Retirement Benefits for Retiring Officers. Please refer to reconciliation tables on p.40&41 for the details

# Consolidated P/L



| (JPY MM) | IFRS | | | | |
|---|---|---|---|---|---|
| | Full Year | | | 3 Months | |
| | 6/2016 | 6/2017 | 6/2018 | Q1 6/2018 | Q1 6/2019 |
| Revenue | 32,504 | 35,514 | 40,024 | 8,779 | 10,388 |
| Panel Expenses | (4,303) | (4,749) | (5,118) | (1,235) | (1,363) |
| Outsourcing Expenses | (4,243) | (4,545) | (5,158) | (1,168) | (1,327) |
| Total Employee Expeses | (11,780) | (12,462) | (14,509) | (3,294) | (4,061) |
| Depreciation and Amortization | (874) | (871) | (1,052) | (252) | (333) |
| Others | (5,681) | (6,321) | (6,566) | (1,421) | (1,726) |
| Operating Expenses Total | (26,882) | (28,950) | (32,404) | (7,371) | (8,812) |
| Other Operating Income | 272 | 283 | 42 | 4 | 28 |
| Other Operating Expenses | (168) | (31) | (57) | (14) | (18) |
| Share of the Profit on Investments Accounted for Using the Equity Method | 3 | 9 | 2 | 1 | 0 |
| Operating Profit | 5,730 | 6,825 | 7,607 | 1,398 | 1,586 |
| Finance Income | 496 | 15 | 528 | 313 | 49 |
| Finance Costs | (2,139) | (958) | (763) | (236) | (329) |
| Profit before Tax | 4,087 | 5,882 | 7,372 | 1,475 | 1,306 |
| Income Tax Benefit (Expense) | (848) | (1,672) | (2,201) | (505) | (405) |
| Profit for the Year/Period | 3,238 | 4,210 | 5,170 | 970 | 900 |
| Profit Attributable to Owners of the Parent | 2,832 | 3,706 | 4,719 | 922 | 790 |

# Consolidated P/L - Reconciliation Tables for Oparating Expenses



| (JPY MM) | IFRS | | | | |
|---|---|---|---|---|---|
| | Quarter | | | | Full Year |
| | Q1 6/2016 | Q2 6/2016 | Q3 6/2016 | Q4 6/2016 | 6/2016 |
| **Operating Expenses Total** | **(6,405)** | **(6,811)** | **(6,853)** | **(6,812)** | **(26,882)** |
| Panel Expenses | (1,011) | (1,087) | (1,142) | (1,061) | (4,303) |
| Outsourcing Expenses | (1,046) | (1,053) | (1,201) | (941) | (4,243) |
| Total Employee Expeses | (2,735) | (3,033) | (2,917) | (3,094) | (11,780) |
| Depreciation and Amortization | (230) | (209) | (212) | (220) | (874) |
| Others | (1,379) | (1,428) | (1,379) | (1,495) | (5,681) |
| | Q1 6/2017 | Q2 6/2017 | Q3 6/2017 | Q4 6/2017 | 6/2017 |
| **Operating Expenses Total** | **(6,649)** | **(6,985)** | **(8,114)** | **(7,201)** | **(28,950)** |
| Panel Expenses | (1,042) | (1,201) | (1,225) | (1,280) | (4,749) |
| Outsourcing Expenses | (1,084) | (1,129) | (1,353) | (977) | (4,545) |
| Total Employee Expeses | (2,957) | (3,024) | (3,254) | (3,225) | (12,462) |
| Depreciation and Amortization | (208) | (216) | (213) | (232) | (871) |
| Others | (1,356) | (1,414) | (2,067) | (1,484) | (6,321) |
| | Q1 6/2018 | Q2 6/2018 | Q3 6/2018 | Q4 6/2018 | 6/2018 |
| **Operating Expenses Total** | **(7,371)** | **(7,802)** | **(8,870)** | **(8,359)** | **(32,404)** |
| Panel Expenses | (1,235) | (1,347) | (1,364) | (1,241) | (5,118) |
| Outsourcing Expenses | (1,168) | (1,318) | (1,428) | (1,175) | (5,158) |
| Total Employee Expeses | (3,294) | (3,411) | (3,926) | (3,876) | (14,509) |
| Depreciation and Amortization | (252) | (253) | (270) | (276) | (1,052) |
| Others | (1,421) | (1,472) | (1,881) | (1,792) | (6,566) |

# Selected Consolidated B/S



| (JPY MM) | IFRS | | | |
|---|---|---|---|---|
| **Assets** | 6/30/2016 | 6/30/2017 | 6/30/2018 | 9/30/2019 |
| **Current Assets** | **12,725** | **15,485** | **18,409** | **15,856** |
| Cash and Cash Equivalents | 6,124 | 8,447 | 9,124 | 5,476 |
| Trade and Other Receivables | 6,015 | 6,388 | 8,744 | 9,488 |
| Other Current Assets[1] | 586 | 649 | 540 | 897 |
| **Total Non-current Assets** | **53,839** | **55,330** | **56,820** | **58,061** |
| Property, Plant and Equipment | 979 | 1,034 | 1,152 | 1,260 |
| Intangible Assets | 50,788 | 52,127 | 53,562 | 54,403 |
| Goodwill | 45,290 | 46,067 | 46,957 | 47,347 |
| Other Intangible Assets | 5,498 | 6,059 | 6,605 | 7,056 |
| Other Non-current Assets[1] | 2,070 | 2,169 | 2,102 | 2,397 |
| **Total Assets** | **66,564** | **70,815** | **75,230** | **73,918** |

| (JPY MM) | IFRS | | | |
|---|---|---|---|---|
| **Liabilitiesand Equity** | 6/30/2016 | 6/30/2017 | 6/30/2018 | 9/30/2019 |
| **Current Liabilities** | **8,848** | **8,952** | **10,890** | **8,637** |
| Borrowings | 3,319 | 2,617 | 2,500 | 1,806 |
| Trade and Other Payables | 2,492 | 2,492 | 3,008 | 3,491 |
| Other Current Liabilities[1] | 3,036 | 3,842 | 5,379 | 3,338 |
| **Non-current Liabilities** | **41,068** | **39,511** | **36,871** | **37,114** |
| Borrowings and Bonds | 38,535 | 36,880 | 34,534 | 34,683 |
| Other Non-current Liabilities[1] | 2,533 | 2,630 | 2,335 | 2,431 |
| **Total Liabilities** | **49,916** | **48,463** | **47,762** | **45,751** |
| **Total Equity** | 16,647 | 22,352 | 27,468 | 28,166 |
| **Total Liabilities and Equity** | **66,564** | **70,815** | **75,230** | **73,918** |

**Notes**

1. Other Current Assets is the sum of Other Financial Assets and Other Current Assets. Other Non-current Assets is the sum of Investments Accounted for using the Equity Method, Other Financial Assets, Deferred Tax Assets and Other Non-current Assets. Other Current Liabilities is the sum of Other Financial Liabilities, Income Tax Payable, and Other Current Liabilities. Other Non-current Liabilities is the sum of Other Financial Liabilities, Retirement Benefit Liabilities, Provisions, Deferred Tax Liabilities, and Other Non-current Liabilities

# Consolidated C/F Statement



| | IFRS | | | | |
|---|---|---|---|---|---|
| | Full Year | | | 3 Months | |
| (JPY MM) | 6/2016 | 6/2017 | 6/2018 | Q1 6/2018 | Q1 6/2019 |
| **Net Cash Flows Provided by Operating Activities** | **4,665** | **5,733** | **5,610** | **(497)** | **(1,298)** |
| Profit (Loss) before Tax | 4,087 | 5,882 | 7,372 | 1,475 | 1,306 |
| Depreciation and Amortization | 874 | 871 | 1,052 | 252 | 333 |
| Finance Income | (496) | (15) | (528) | (313) | (49) |
| Finance Costs | 2,139 | 958 | 763 | 236 | 329 |
| Change in Working Capital[1] | (338) | (131) | (2,175) | (1,124) | (747) |
| Others[2] | 506 | (69) | 838 | (255) | (633) |
| **Sub Total** | **6,772** | **7,496** | **7,323** | **271** | **538** |
| Interest and Dividends Paid and Received | 33 | 18 | 11 | 7 | 11 |
| Interest Paid | (1,450) | (1,120) | (456) | (197) | (212) |
| Income Taxes Paid | (690) | (660) | (1,267) | (578) | (1,635) |
| **Net Cash Flows Provided by (Used in) Investing Activities** | **67** | **(1,348)** | **(2,101)** | **(210)** | **(422)** |
| Capex[3] | (647) | (1,007) | (1,026) | (185) | (738) |
| Acquisition of Subsidiaries | — | — | (1,044) | (67) | 328 |
| Others[2] | 714 | (340) | (30) | 42 | (12) |
| **Net Cash Flows Provided by (Used in) Financing Activities** | **(5,602)** | **(2,155)** | **(2,813)** | **(490)** | **(1,921)** |
| Proceeds from Borrowings and Bonds[4] | 42,676 | 237 | 1,007 | 1,007 | 9,997 |
| Repayment of Borrowings[4] | (48,207) | (3,357) | (3,636) | (1,210) | (11,483) |
| Proceeds from Issue of Shares | — | 1,149 | 408 | 55 | 75 |
| Others[3] | (71) | (185) | (591) | (343) | (510) |

**Notes**
1. The sum of Decrease (Increase) in Trade and Other Receivables and Increase (Decrease) in Trade and Other Payables
2. Others in Net Cash Flows Provided by Operating Activities is the sum of Share of the Profit on Investments Accounted for using the Equity Method, Gain on Sales of Equity Method Investment and Other. Others in Net Cash Flows Provided by (Used in) Investing Activities is the sum of Proceeds from Withdrawal of Time Deposits, Acquisition of Investments, Proceeds from Sale and Redemption of Investments, and Other. Others in Net Cash Flows Provided by (Used in) Financing Activities is the sum of Payments of Proceeds from Disposal of Fractional Shares, Proceeds from Current Borrowings, Dividends Paid to Non-controlling Interests, and Other
3. The sum of Acquisition of Property, Plant and Equipment and Acquisition of Intangible Assets
4. The sum of Long-term Borrowings and Short-term Borrowings

# Reconciliation Tables[1] – Fiscal Year Comparisons



## Adjusted EBITDA

| | IFRS | | | |
|---|---|---|---|---|
| (JPY MM) | 6/2015 | 6/2016 | 6/2017 | 6/2018 |
| **Operating Profit** | **(586)** | **5,730** | **6,825** | **7,607** |
| (+) Depreciation and Amortization | 771 | 874 | 871 | 1,052 |
| (+) Impairment Loss on Goodwill[2] | 4,370 | — | — | — |
| **EBITDA** | **4,555** | **6,604** | **7,696** | **8,660** |
| (+) M&A-Related Expenses[3] | 506 | 155 | — | — |
| (+) Management Fee[4] | 106 | 120 | 374 | — |
| (+) Refinancing Related Advisory Fees | — | 92 | — | — |
| (+) Retirement Benefits for Retiring Officers[5] | 527 | — | — | — |
| (+) IPO-related expenses and Expenses related to going-private transaction | 226 | 173 | 460 | 97 |
| **Adjusted EBITDA** | **5,921** | **7,146** | **8,531** | **8,757** |

## Adjusted Profit Attributable to Owners of the Parent

| | IFRS | | | |
|---|---|---|---|---|
| (JPY MM) | 6/2015 | 6/2016 | 6/2017 | 6/2018 |
| **Profit (Loss) Attributable to Owners of the Parent** | **(4,320)** | **2,832** | **3,706** | **4,719** |
| (+) Refinancing Costs[6] | 909 | 557 | — | — |
| (+) M&A-Related Expenses[3] | 506 | 155 | — | — |
| (+) Management Fee[4] | 106 | 120 | 374 | — |
| (+) IPO-related expenses and Expenses related to going-private transaction | 226 | 173 | 481 | 97 |
| (+) Impairment Loss on Goodwill[2] | 4,370 | — | — | — |
| (+) Retirement Benefits for Retiring Officers[5] | 527 | — | — | — |
| (-) Tax Impact of Above Adjustments[7] | 718 | 345 | 312 | 3 |
| **Adjusted Profit Attributable to Owners of the Parent** | **1,606** | **3,494** | **4,249** | **4,813** |

**Notes**

1. Macromill's consolidated results of operations for the year ended June 30, 2015 reflect MetrixLab's results of operations for the period of approximately nine months whereas Macromill's consolidated results of operations for the year ended June 30, 2016 and 2017 reflect MetrixLab's results of operations for the full twelve months. This impacts the comparability of Macromill's consolidated results of operations for the years ended June 30, 2015 vs. 2016, 2017 and 2018
2. Goodwill impairment in connection with Macromill's acquisition of MetrixLab
3. All legal, accounting, investment banking advisory, out-of-pocket expenses and other miscellaneous expenses incurred in connection with the purchase and closing of MetrixLab transaction by Macromill, including on-going advisory fees in connection with post-merger price adjustments, legal and tax follow-up due diligence matters related to purchase transaction
4. Annual management fee and reimbursement of expenses pursuant to management agreement with Bain Capital
5. One-time special severance payment to the founder and Chairman of the Board, Mr. Tetsuya Sugimoto
6. Refinancing costs from LBO loan to corporate loan including those in connection with syndicate loan arrangement fees paid upfront, which are recorded as financial costs and refinancing related advisory fees
7. Calculated tax impact based on the effective tax rate of Macromill and MetrixLab entities

# Reconciliation Tables Q1 Comparisons



## Adjusted EBITDA

| (JPY MM) | IFRS Q1 6/2017 | IFRS Q1 6/2018 | IFRS Q1 6/2019 |
|---|---|---|---|
| **Operating Profit** | **1,569** | **1,398** | **1,587** |
| (+) Depreciation and Amortization | 208 | 252 | 333 |
| (+) Impairment Loss on Goodwill[1] | — | — | — |
| **EBITDA** | **1,777** | **1,651** | **1,920** |
| (+) Management Fee[3] | 25 | — | — |
| (+) IPO-related expenses | 85 | 22 | 7 |
| (+) M&A-Related Expenses[2] | — | — | — |
| (+) Refinancing-Related Advisory Fees | — | — | — |
| (+) Retirement Benefits for Retiring Officers[4] | — | — | — |
| **Adjusted EBITDA** | **1,888** | **1,673** | **1,927** |

## Adjusted Profit Attributable to Owners of the Parent

| (JPY MM) | IFRS Q1 6/2017 | IFRS Q1 6/2018 | IFRS Q1 6/2019 |
|---|---|---|---|
| **Profit Attributable to Owners of the Parent** | **825** | **922** | **791** |
| (+) Management Fee[3] | 25 | - | - |
| (+) IPO-related expenses | 85 | 22 | 7 |
| (+) Refinancing Costs[5] | — | — | — |
| (+) M&A-Related Expenses[2] | — | — | — |
| (+) Impairment Loss on Goodwill[1] | — | — | — |
| (+) Retirement Benefits for Retiring Officers[4] | — | — | — |
| (-) Tax Impact of Above Adjustments[6] | 22 | 0 | 0 |
| **Adjusted Profit Attributable to Owners of the Parent** | **913** | **944** | **797** |

**Notes**
1. Goodwill impairment in connection with Macromill's acquisition of MetrixLab
2. All legal, accounting, investment banking advisory, out-of-pocket expenses and other miscellaneous expenses incurred in connection with the purchase and closing of MetrixLab transaction by Macromill, including on-going advisory fees in connection with post-merger price adjustments, legal and tax follow-up due diligence matters related to purchase transaction
3. Annual management fee and reimbursement of expenses pursuant to management agreement with Bain Capital
4. One-time special severance payment to the founder and Chairman of the Board, Mr. Tetsuya Sugimoto
5. Refinancing costs from LBO loan to corporate loan including those in connection with syndicate loan arrangement fees paid upfront, which are recorded as financial costs and refinancing related advisory fees
6. Calculated tax impact based on the effective tax rate of Macromill and MetrixLab entities

# Detail of Normalization of Adjusted Item



## Adjusted EBITDA

| (JPY MM) | Q1 6/2017 | Q2 6/2017 | Q3 6/2017 | Q4 6/2017 | FY6/17 |
|---|---|---|---|---|---|
| **EBITDA** | **1,777** | **2,606** | **2,107** | **1,205** | **7,696** |
| (+) IPO-related expenses | 159 | 136 | 147 | 17 | 460 |
| Reversal of the simplified consumption tax[1] | 0 | 0 | (196) | (25) | (222) |
| Other IPO-related expenses | 159 | 136 | 344 | 43 | 682 |
| (+) Other Adjustments | 25 | 25 | 324 | (0) | 375 |
| **Adjusted EBITDA** | **1,962** | **2,768** | **2,578** | **1,222** | **8,531** |

## Adjusted Profit Attributable to Owners of the Parent

| (JPY MM) | Q1 6/2017 | Q2 6/2017 | Q3 6/2017 | Q4 6/2017 | FY6/17 |
|---|---|---|---|---|---|
| **Profit Attributable to Owners of the Parent** | **825** | **1,025** | **1,106** | **749** | **3,706** |
| (+) IPO-related expenses | 159 | 136 | 168 | 17 | 481 |
| Reversal of the simplified consumption tax[1] | 0 | 0 | (196) | (25) | (222) |
| Other IPO-related expenses | 159 | 136 | 365 | 43 | 704 |
| (+) Other Adjustments | 25 | 25 | 324 | (0) | 375 |
| (-) Tax Impact on the above | 45 | 39 | 136 | 92 | 313 |
| **Adjusted Profit Attributable to Owners of the Parent** | **964** | **1,147** | **1,463** | **674** | **4,249** |

## Normalized Adjusted EBITDA

| (JPY MM) | Q1 6/2017 | Q2 6/2017 | Q3 6/2017 | Q4 6/2017 | FY6/17 |
|---|---|---|---|---|---|
| **EBITDA** | **1,777** | **2,606** | **2,107** | **1,205** | **7,696** |
| (+) IPO-related expenses | 85 | 55 | 302 | 17 | 460 |
| Reversal of the simplified consumption tax[1] | (74) | (81) | (42) | (25) | (222) |
| Other IPO-related expenses | 159 | 136 | 344 | 43 | 682 |
| (+) Other Adjustments | 25 | 25 | 325 | (0) | 375 |
| **Adjusted EBITDA** | **1,888** | **2,687** | **2,734** | **1,222** | **8,531** |

## Normarized Adjusted Profit Attributable to Owners of the Parent

| (JPY MM) | Q1 6/2017 | Q2 6/2017 | Q3 6/2017 | Q4 6/2017 | FY6/17 |
|---|---|---|---|---|---|
| **Profit Attributable to Owners of the Parent** | **825** | **1,025** | **1,106** | **749** | **3,706** |
| (+) IPO-related expenses | 85 | 55 | 323 | 17 | 481 |
| Reversal of the simplified consumption tax[1] | (74) | (81) | (42) | (25) | (222) |
| Other IPO-related expenses | 159 | 136 | 365 | 43 | 704 |
| (+) Other Adjustments | 25 | 25 | 324 | (0) | 375 |
| (-) Tax Impact on the above | 22 | 5 | 194 | 92 | 313 |
| **Adjusted Profit Attributable to Owners of the Parent** | **913** | **1,101** | **1,561** | **674** | **4,249** |

Note
1. As a 'Simplified Tax System for Consumption Tax etc.' (STS) applicable company, we used to book 'Differential Profit from Simplified Tax System for Consumption Tax etc.' (DP) as Other Operating Income on our P/L Statement. However, in the process of IPO, we no longer became eligible for STS from FY2018. So we had booked DP on our reconciliation table and calculated Adjusted EBITDA and Adjusted Profit Attributable to Owners of the Parent at the timing of FY2017 Q3 announcement on Q3 accumulated basis. In order to make fair quarterly year on year comparison, we have retroacted the potential DP quarterly breakdown in FY2017 Q1 and Q2 as above. (Note that this will not affect the results on full year basis in any way)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