FY6/2019 Full Year Financial Results & FY6/2020 Guidance

August 7, 2019

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.

Key Takeaways

- FY6/2019 results as we expected in our revised guidance:
  - Revenue achieved double digit growth with M&A
  - Achieved +6% EBITDA growth with Net Income flat versus last fiscal year

- FY6/2019 was the last year of the prior mid-term business plan
- We have achieved steady growth and significantly improved our global position to 13th and we did meet majority of our KPIs

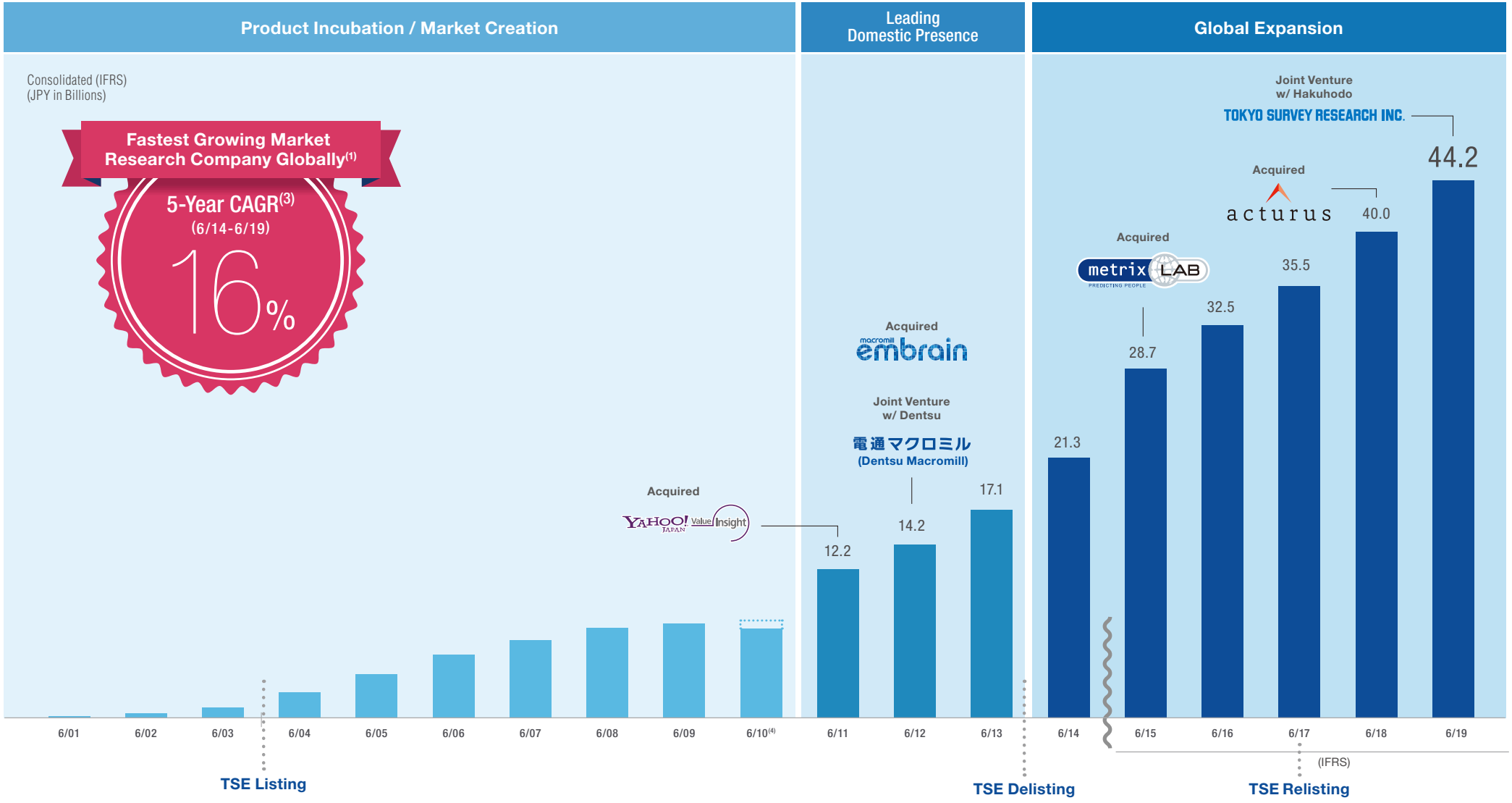
- The market is changing rapidly with unexpected events, but our business model and “proprietary panel and data” are difficult for competitors to copy
- The data privacy regulation draws more attention, and we believe our business model will become more valuable, and we are extending our competitive advantage

- In this current situation, we continue to pursue further growth and aspire to become “Global Top 10” Marketing Research Company and ”No.1 in Japan” and “No. 1 in Asia”

- FY6/2020 will be an investment year to realize our growth aspiration, as described in our new mid-term business plan, and we will commit to growing faster than the market and delivering our ambitious vision

We are the Fastest Growing Market Research Company[1]

Consolidated Revenue[2]



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 FY6/2014-6/2019 (Compound average annual growth rate based on the figures for FY6/2015-6/2019 (IFRS) and 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) divested in this year.

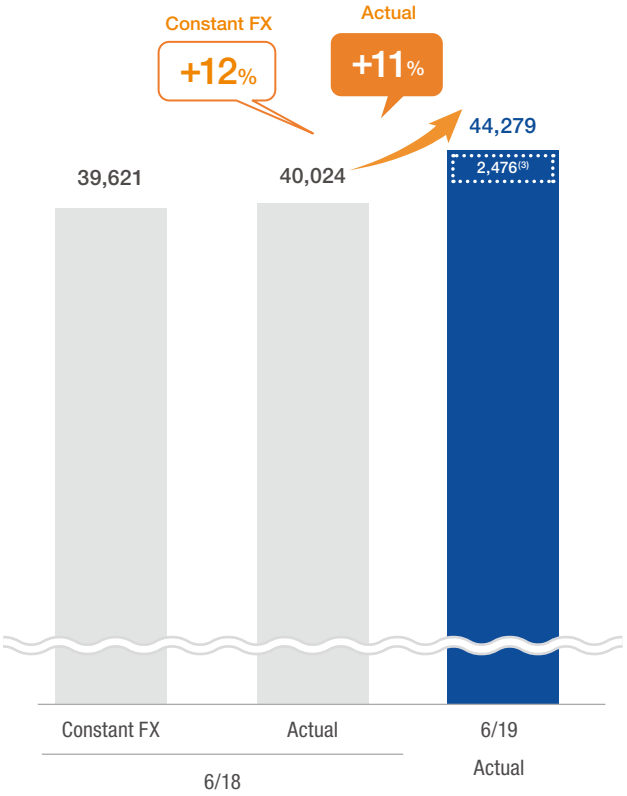
FY6/2019 Results[1]: Summary

Full Year (12 months)

Revenue

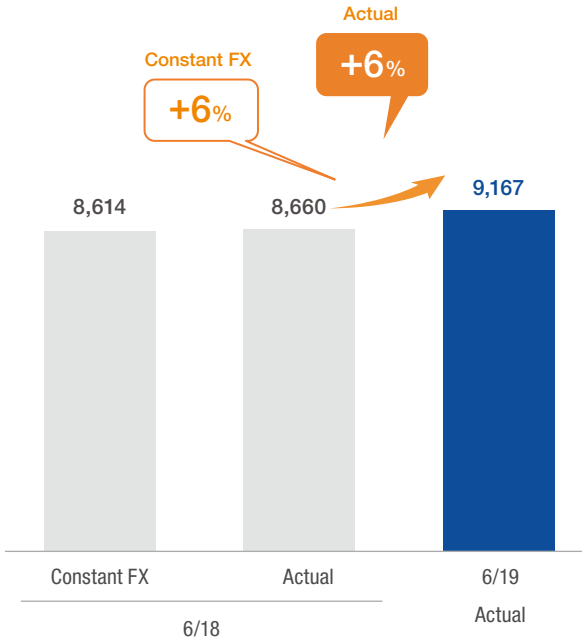
Consolidated (IFRS)
(JPY in Millions)

HMM[2] & CENTAN Contribution[3]



EBITDA[4]

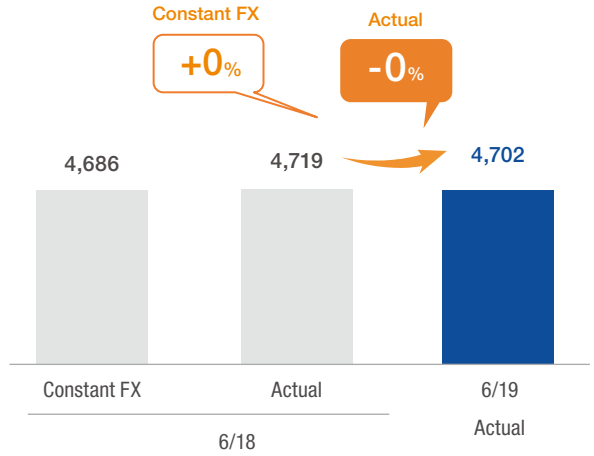
Consolidated (IFRS)
(JPY in Millions)



Margin	21.7%	21.6%	20.7%

Profit Attributable to Owners of the Parent

Consolidated (IFRS)
(JPY in Millions)



Margin	11.8%	11.8%	10.6%

Notes
1. Financials (actual) for 6/18 and financials for 6/19 are presented by using the period-average rate of €1 = ¥131.62 and €1 = ¥126.89 respectively. Financials (constant FX) for 6/18 are calculated by using the same period-average rate of €1 = ¥126.89. Each exchange rate is used to translate MetrixLab's consolidated results of operations for each of the 12-months periods ended June 30, 2018 and 2019 into yen, as applicable, in connection with the consolidation into our consolidated financial statements. We present financials for 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 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 FY6/2019 is sum of HMM (Q1-Q4) and CENTAN (Q1-Q2, CENTAN has become 51% subsidiary since FY6/2018 Q3) only.
4. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss

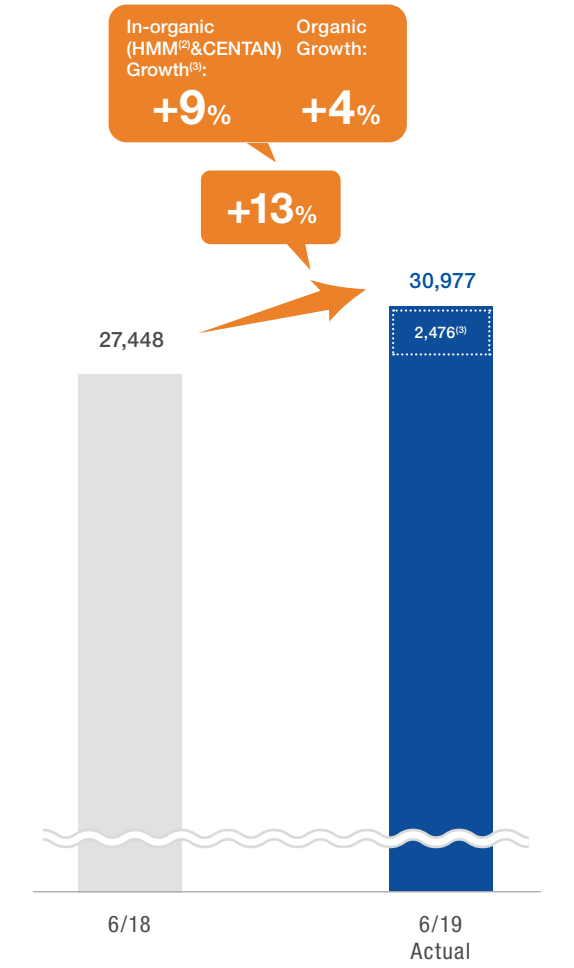
FY6/2019 Results[1]: Revenue Drivers

Full Year (12 months)

Japan

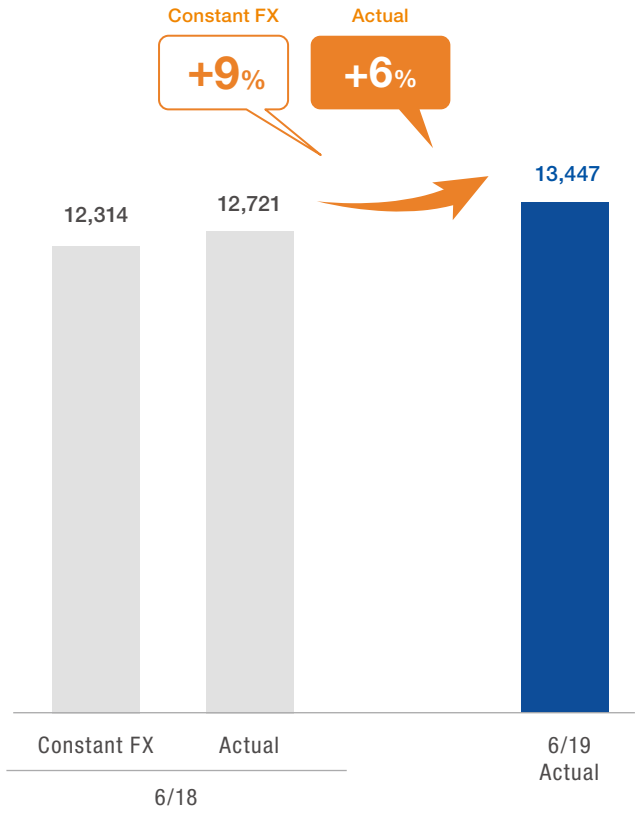
Consolidated (IFRS)
(JPY in Millions)

HMM[2] & CENTAN Contribution[3]



Global (Excl. Japan)[1]

Consolidated (IFRS)
(JPY in Millions)

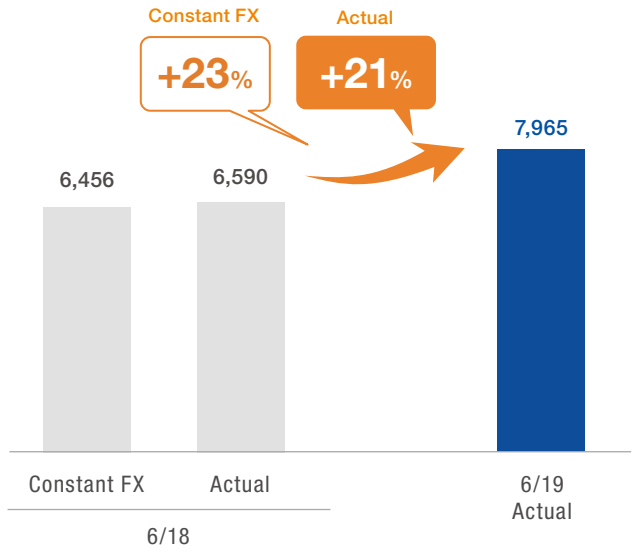


Digital Marketing Revenue[1]

Consolidated (IFRS)
(JPY in Millions)

Revenue Growth of Select Key Solutions (FY6/2019 over FY6/2018)

Japan and Korea Business Segment		Overseas Business (ex-Korea) Business Segment	
DMP Solutions	+173%	"CE"	+47%
AccessMill	+14%	"TRACK 360"	+40%



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FY6/2019 Full Year Financial Update

Consolidated Statements of Operations (P/L)

Summary of Consolidated Statements of Operations

(JPY in Millions)	IFRS Full Year 6/2018	IFRS Full Year 6/2019	Variance	YoY Growth
Revenue	40,024	44,279	4,255	11%
Total Employee Expenses	(14,509)	(16,323)	(1,814)	13%
Panel Expenses	(5,187)	(6,402)	(1,215)	23%
Outsourcing Expenses	(5,089)	(5,974)	(885)	17%
Depreciation and Amortization	(1,052)	(1,411)	(359)	34%
Others	(6,578)	(6,414)	164	(2%)
Operating Profit	7,607	7,751	144	2%
Finance Income and Costs	(235)	(466)	(231)	98%
Profit before Tax	7,372	7,285	(87)	(1%)
Income Tax Expenses	(2,201)	(2,022)	179	(8%)
Profit attributable to non-controlling interest	(450)	(559)	(109)	24%
Profit Attributable to Owners of the Parent	4,719	4,702	(17)	(0%)
EBITDA	8,660	9,167	507	6%
EPS (Basic Earnings per Share) (Yen)	120.21	117.90	(2.31)	(2%)
Operating Profit Margin	19.0%	17.5%	(1.5%)	
EBITDA Margin	21.6%	20.7%	(0.9%)	

FY6/2019 P/L Commentary

Variance Factors

- Revenue:
  Increase in Japan and Korea Business Segment 4,072 (+13.2%)
  Increase in Overseas Business (ex-Korea) Segment 183 (+2.0%)
- Total Employee Expenses:
  Number of the total group employees increased by 325,
  from 2,138 (FY6/2018 Q4) to 2,463 (FY6/2019 Q4)
  - Japan and Korea Business Segment +316 (+161 due to acquisitions)
  - Overseas Business (ex-Korea) Segment +9
- Panel Expenses:
  Reclassification in Overseas Business Segment from Operating Expenses - Others to Panel Expenses 670
  Panel expenses excluding this reclassification increased almost in line with revenue growth
- Outsourcing Expenses:
  Increased due to sophistication and specialization of research projects, but are improving due to development of in-house research capability
- Depreciation and Amortization:
  Increase due to IT investment 336
- Finance Income:
  Decrease of FX income 154
- Finance Costs:
  One time refinance cost in FY2019 158
  Less Interest paid due to refinance 220
  Increase in M&A related expenses 161
- Profit attributable to non-controlling interest:
  Expansion in HMM (JV w/ Hakuhodo) 37
  Expansion in subsidiaries in Overseas Business (ex-Korea) Segment 37
  Expansion in DMI (JV w/ Dentsu) 23
- Operating Profit Margin and EBITDA Margin:
  EBITDA Margin decreased mainly due to acquisitions of low margin businesses
  Operating Profit Margin decreased further due to higher depreciation driven by IT investments

Consolidated Statements of Financial Position (B/S)

Summary of Consolidated Statements of Financial Position

(JPY in Millions)

	IFRS		
	FY6/2018 (6/30/2018)	FY6/2019 (6/30/2019)	Variance
Total Assets	**75,230**	**78,321**	**3,091**
Cash and Cash Equivalents	9,124	10,102	978
Trade and Other Receivables	8,744	9,577	833
Property, Plant and Equipment	1,152	1,370	218
Goodwill	46,957	46,886	(71)
Other Intangible Assets	6,605	7,244	639
Other Assets	2,648	3,140	492
Total Liabilities	**47,762**	**46,039**	**(1,723)**
Borrowings and Bonds	37,035	35,614	(1,421)
Trade and Other Payables	3,008	4,105	1,097
Other Liabilities	7,719	6,318	(1,401)
Total Equity	**27,468**	**32,282**	**4,814**

FY6/2019 B/S Commentary

- Working Capital:
  - Accounts Receivable turnover 78.3days
    - 0.4days shorter YoY
  - Accounts Payable and Provision for panel points turnover 51.5 Days
    - 5.0 days longer YoY
- Financing Cost:
  - Q4 average interest rate 1.05% (FY6/2018 Q4 2.03%)
    - Borrowings 1.26%
    - Bond 0.50%
  - Commitment line (undrawn) JPY 4,500 million
  - Credit Rating(R&I) BBB+
- Leverage Related:
  - Net Debt / EBITDA Ratio 2.79x (FY6/2018 3.19x)
  - Interest Coverage Ratio 12.89x (FY6/2018 11.22x)
- Capital Efficiency Related:
  - ROE (LTM base) 17.1% (down 3.6pt YoY)

Consolidated Statements of Cash Flows

Summary of Consolidated Statements of Cash Flows

(JPY in Millions)	IFRS Full Year 6/2018	IFRS Full Year 6/2019
Cash Flows from Operating Activities	**5,610**	**5,647**
Profit (Loss) before Tax	7,372	7,285
Depreciation and Amortization	1,052	1,411
Finance Income and Costs	235	466
Change in Working Capital[1]	(2,175)	(805)
Others[2]	838	482
Sub Total	**7,323**	**8,841**
Interest and Dividends Received	11	19
Interest Paid	(456)	(371)
Income Taxes Paid	(1,267)	(2,841)
Cash Flows from Investing Activities	**(2,101)**	**(1,819)**
Capex[3]	(1,026)	(2,088)
Acquisition of Subsidiaries	(1,044)	276
Others[2]	(30)	(7)
Free Cash Flows[4]	**3,965**	**4,199**
Cash Flows from Financing Activities	**(2,813)**	**(2,845)**
Proceeds from Borrowings[5] and Bonds	1,007	10,045
Repayment of Borrowings[5]	(3,636)	(12,507)
Proceeds from Issue of Shares	408	180
Others[2]	(592)	(564)

FY6/2019 C/F Commentary

- ☑ Cash flows from operating activities 5,647 (up 0.7% YoY) :
  - Decrease in income before tax 87
  - Increase in taxable income and use up of all tax loss carried-forward
    - Increase in corporate tax paid 1,574
  - Increase in cash inflows from accounts receivable by improving collection efficiency 1,258
- ☑ Cash flows from investing activities -1,819 (down 13.4% YoY) :
  - Increase in IT investments and office floor expansion 1,062
  - Acquisition of Subsidiaries in FY2018 1,044
- ☑ Free Cash Flows: 4,199 (up 5.9% YoY)
- ☑ Cash flows from financing activities -2,845 (up 1.1% YoY) :
  - Issuing corporate bonds and early redemption of a part of the existing loans
- ☑ Increase in cash and cash equivalents 978

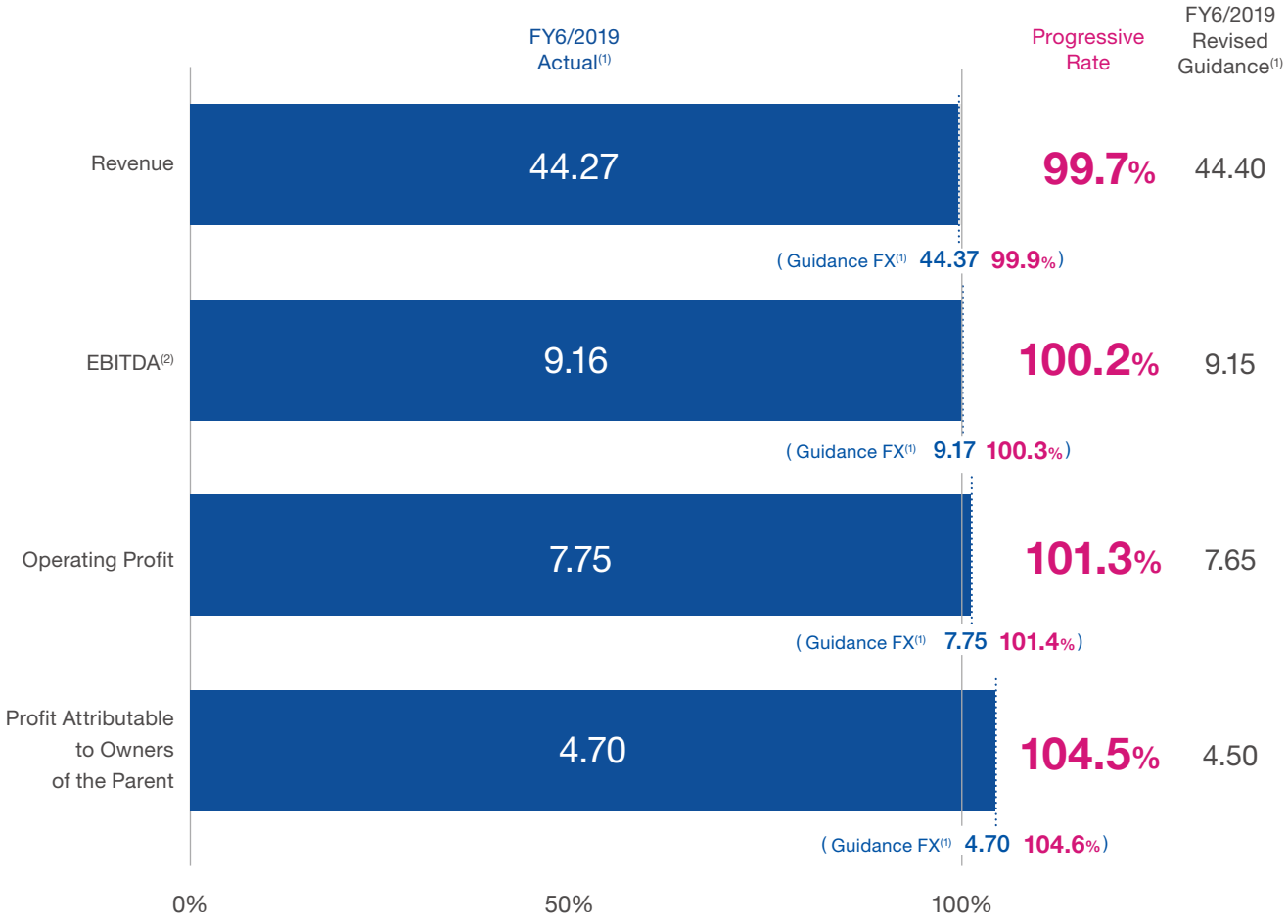
	IFRS Full Year 6/2018	IFRS Full Year 6/2019
Increase in Cash and Cash Equivalents	696	982
Cash and Cash Equivalents at the beginning of the period	8,447	9,124
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(18)	(3)
Cash and Cash Equivalents at the end of the period	**9,124**	**10,102**

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. Free cash flow = cash flows from operating activities ± cash flows from investing activities - interest paid
5. The sum of Long-term Borrowings and Short-term Borrowings

FY6/2019 Results: % of Achievement vs. Revised Guidance

FY6/2019 Actual Results vs. FY6/2019 Company Revised Guidance

Consolidated (IFRS)
(JPY in Billions)



- Revenue: “In line with expectation”
  - Revenue nearly achieved guidance, excluding negative FX impact of approx. JPY100 million
  - Both Japan and Korea business and Overseas business (ex-Korea) were in line with expectation
- EBITDA: “In line with expectation”
  - Operating expenses were managed as planned and therefore EBITDA achieved the guidance
- Operating Profit: “Slightly above expectation”
  - Depreciation was lower than planned due to a delay in system development from Q3 to Q4
- Profit Attributable to Owners of the Parent: “Above expectation”
  - Unforeseen gain due to mark-to-market of financial liability and salary increase and investment tax credit in Japan, in addition to the over achievement of Operating Profit
- FX: “Slight headwind”
  - Revenue and Profit were negatively affected by JPY appreciation against EUR and KRW in Q4

  (2H Guidance FX: EUR1=JPY125.73 and KRW1=JPY0.0987)

  (2H Average: EUR1=JPY124.46 and KRW1=JPY0.0959)

Notes

1. Financials for FY6/2019 (Actual) are presented by using the period-average rate of €1 = ¥126.89. Company revised guidance for FY6/2019 are based on FX rate of €1 = ¥125.73.
2. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss

Achievement in Prior Mid-term Business Plan

(FY6/2017 - FY6/2019)

Prior Mid-term Business Plan and Key Assumptions

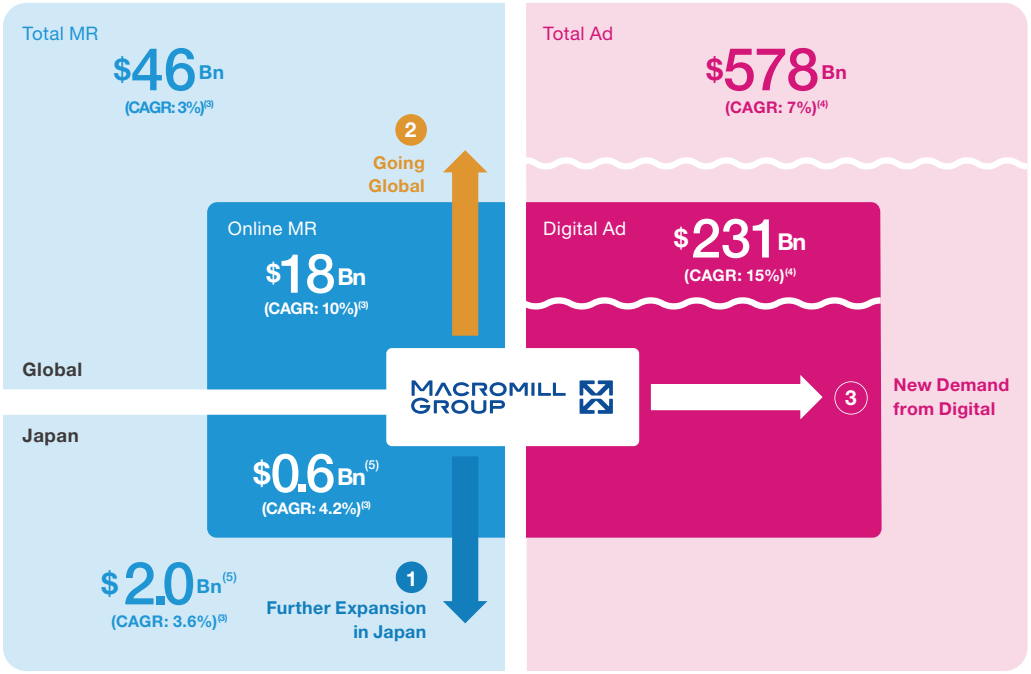
Our Market Opportunity[1]

Market Research

Market Research Spending Size: Global 2017A; Japan 2018A
Actual CAGR: Global 2012A-2017A; Japan 2013A-2018A

Digital Marketing[2]

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



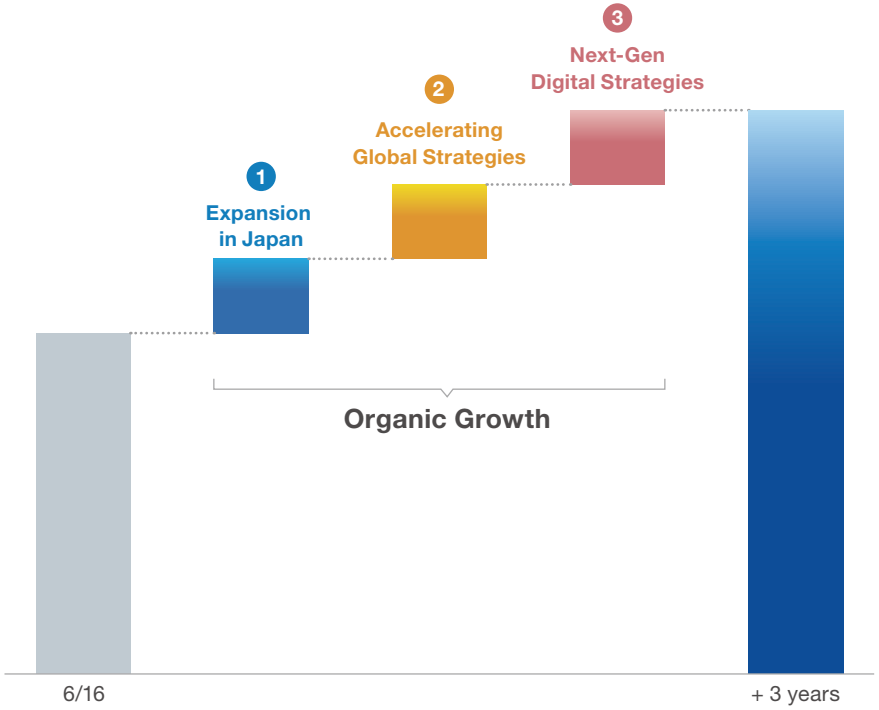
Source
Global Market Research spending: ESOMAR - Global Market Research (9/2018)
Japan Market Research spending: Japan Marketing Research Association (7/2014, 7/2019)
Ad spending: eMarketer - Worldwide Ad Spending (9/2018)

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 Global 2012A-2017A; Japan 2013A-2018A
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)

Prior Mid-term Business Plan - Summary of Achievement

Revenue 10% Growth (3Y CAGR)	Nearly Achieved	■ 11% - Achieved with M&A Contribution ■ 9% - Slightly missed without in-organic growth
M&A	Well Achieved	■ Closed 4 company acquisitions in the 3 years ■ Worked effectively as a revenue accelerator
Global Breakdown 30% to 40%	Not Satisfied	■ 36% achievement, lower than our expectation ■ M&A pushed up growth, but organic growth was volatile
Digital Breakdown 10% to 20%	Well Achieved	■ 20% Quarterly, 19% Annually, grew achieving expectations ■ Even w/ external environmental change (e.g. Google/YouTube)
Profit EBITDA +15% Net Income(1) +20% (3Y CAGR)	Nearly, but Not Satisfied	■ EBITDA +12%, Net Income(1) +18%, slightly lower than our expectation ■ Profit growth slowdown due to organic revenue growth slowdown and M&A (consolidation of low margin business)
Leverage Net Debt/EBITDA below 3.0x	Well Achieved	■ Improved faster than our expectation ■ Achieved target leverage ratio in Q3

Note

1. Profit Attributable to Owners of Parent

Where we are in now

What we have built...

The Fastest Growing Marketing Research Company

w/ Best-in-class operational excellence and profitability

& 13th position in Total Global Marketing Research Market

ESOMAR/AMA 2015 Report		ESOMAR/AMA 2018 Report	
1. Nielsen	(US)	1. Nielsen	(US)
2. Kantar	(UK)	2. Kantar	(UK)
3. IMS Health	(US)	3. IQVIA	(US)
4. Ipsos	(FR)	4. Ipsos	(FR)
5. Gfk	(GR)	5. Gfk	(GR)
6. IRI	(US)	6. IRI	(US)
7. Westat	(US)	7. Westat	(US)
8. dunnhumby	(UK)	8. dunnhumby	(UK)
9. INTAGE Holdings	(JP)	9[(1)]. INTAGE Holdings	(JP)
10. The NPD Group	(US)	10[(1)]. Wood Mackenzie	(US)
⋮		⋮	
17. **Macromill**	(JP)	13[(1)]. **Macromill**	(JP)

…and now facing

Client Needs

"Aggregated Data"
as consumer touchpoints explode

"Advanced" Analytics
(including AI)

"Partner Relationships"
rather than transactional

"High Speed"
Research Turnaround

Industry Trends

Vulnerability of the **"Big 4"**

Challenges of
The **"FAANG"** World

Note
1. Assuming INTAGE Holdings 2017 Global Research Revenue is USD 450.5MM (Source: 2018 GRBN Report)

New Mid-term Business Plan

(FY6/2020 - FY6/2022)

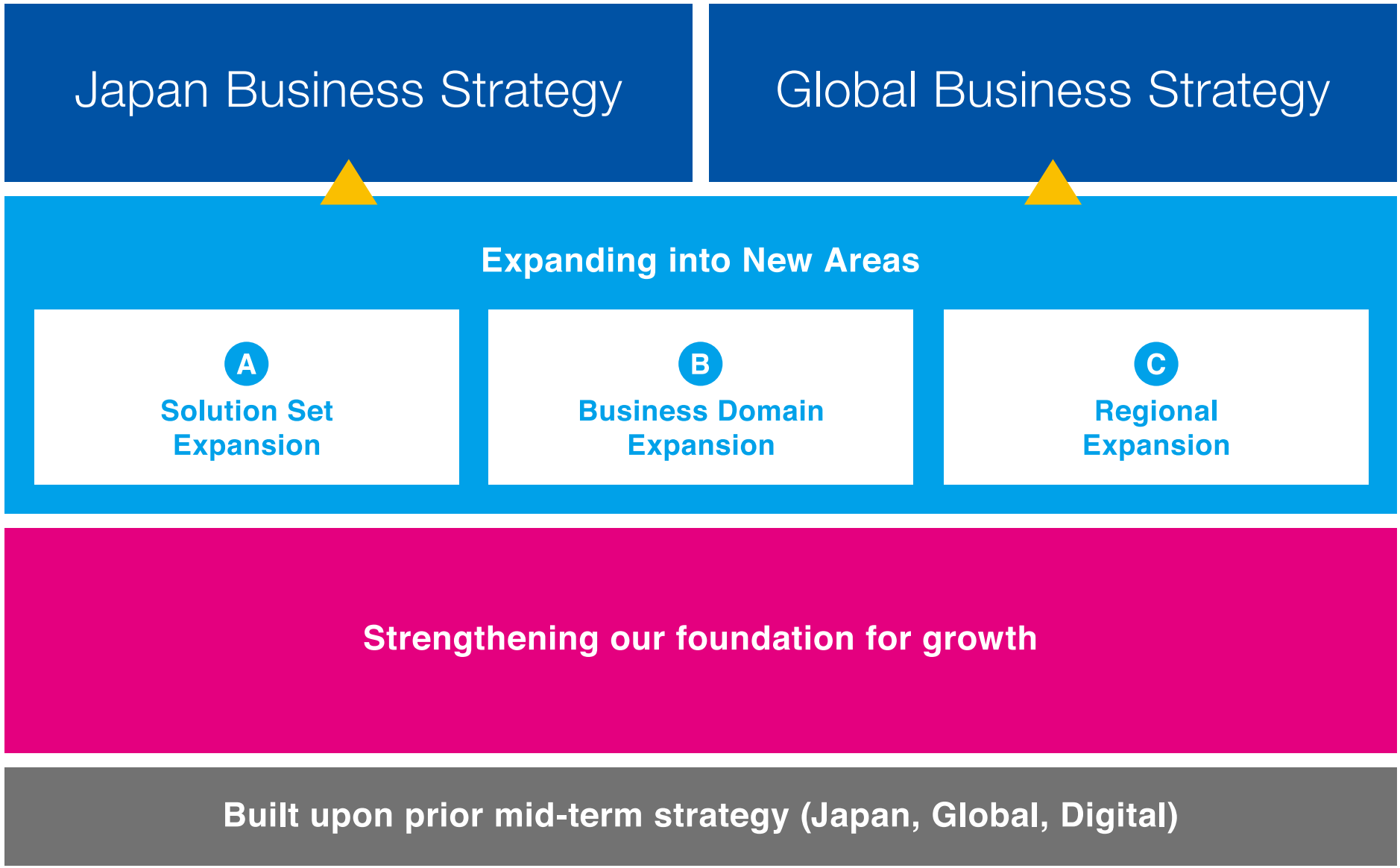
i. Consolidated Group Mid-term Business Plan & FY6/2020 Guidance

ii. Japan Business Strategy

iii. Global Business Strategy

i. Consolidated Group Mid-term Business Plan & FY6/2020 Guidance

Macromill Group Updated Mid-term Plan



Macromill Group - Mid-term Business Plan

Market Position	We aspire to be “**Global Top 10**” and “**No.1 in Japan and No.1 in Asia**” by 2024
Revenue	Continue to **grow faster** than the market
Profit	Realize continuous **profit growth** **Maintain cost growth(1) below revenue growth** **– Utilize Technology & Innovation (AI, RPA etc.)**
Leverage	Net Debt / EBITDA **2.0x - 2.5x** as a NEW target
Capital Allocation	Enhance **Shareholders’ Return** Stable Dividend Growth + **Share Buyback** (New Addition as an option)

Note

1. Excluding New Business (such as M&A) Contribution

Mid-term Business Plan achieved through...

Clients	"**Partner**" Relationships **rather than Transactional Relationships**
Panel	Strengthen and Expand "**Proprietary Panels**" **Maintain vertically integrated business model in Digital era**
Data	"**Aggregated** / **Integrated**" DATA utilization **as Consumer Touchpoints Explode**
Technology	"Utilize **Innovation** and **Technology** (AI, RPA etc.)" **in Advanced Analytics and New value addition to our products**
MVV	Sustaining our commitment to the Mission, Vision, and Values - Support for clients decision making to realize **SDGs**

FY6/2020 Guidance and Key Assumptions

	FY6/2020 Guidance	Key Assumptions
Revenue	FY6/2019 JPY 44.2 bn ⇒ JPY **46.0** bn (+3.9% in nominal FX / +5.9% in Constant FX)	■ Digital solutions continues to lead the growth ■ Negatives FX impact(1) of around JPY 0.9bn
EBITDA	FY6/2019 JPY 9.1 bn ⇒ JPY **10.4** bn (+13.4% in nominal FX / +14.8% in Constant FX)	■ To be flat excluding IFRS16 implementation impact ■ While we try to manage operating cost growth below revenue growth, higher IT expenses are expected in FY6/2020
Operating Profit	FY6/2019 JPY 7.7 bn ⇒ JPY **7.6** bn (-2.0% in nominal FX / -0.7% in Constant FX)	■ Depreciation continues to increase due to IT investments
Net Income(2)	FY6/2019 JPY 4.7 bn ⇒ JPY **4.4** bn (-6.4% in nominal FX / -4.6% in Constant FX)	■ One-off tax credit and tax adjustments in FY6/2019 Net Income(2) will dismiss (approx. JPY +0.2bn)
Dividend per Share	FY6/2019 JPY 9.0 ⇒ JPY **11.0** (+2.0 JPY / +22.2%)	■ JPY +2.0 dividend / Year increase

Continues in CAPEX (IT) investment to achieve our Mid-term Growth Strategy

- **High speed processing driven by "cloudization"**
- **Digital Solution expansion**
- **Tabulation system upgrade**
- **Global panel expansion**

Note

1. Assuming EUR 1 = JPY 120 and KRW 1 = JPY 0.090 are assumed in FY2020
2. Profit Attributable to Owners of Parent

FY6/2020 Guidance – Growth Rate Half Year Breakdown

	YoY Growth Rate		
	Full Year	**1st Half**	**2nd Half**
Revenue	+3.9%	+1.0%	+6.8%
EBITDA	+13.4%	+3.0%	+24.7%
Operating Profit	-2.0%	-13.4%	+10.0%
Net Income(1)	-6.4%	-17.5%	+2.2%

- **Expecting a negative FX effect, especially in the 1H. In the constant currency base, revenue +3.8% in the 1H, +8.0% in the 2H. (Reference: FY6/2019 1H: EUR1 = JPY129.40, KRW1 = JPY0.1003, FY6/2019 2H: EUR1 = JPY124.46, KRW1 = JPY0.0959)**
- **Investments in digital and global are expected to start realizing in the revenue growth from 2H**
- **On the other hand, as described below, from the FY6/2019 Q4, system-related expenses and depreciation and amortization expenses have increased (associated with CAPEX investment in FY6/2019) and labor costs have also increased (due to an increase in hiring of new graduates in April). These impact will remain in the FY6/2020**

	2019/6 Q1	2019/6 Q2	2019/6 Q3	2019/6 Q4
Depreciation and Amortization	**333**	**340**	**395**	**395**
QoQ Variance		+7	+3	+52
QoQ Growth		+2.1%	+0.9%	+15.2%

	2019/6 Q1	2019/6 Q2	2019/6 Q3	2019/6 Q4
Employee Cost	**4,061**	**4,070**	**4,026**	**4,166**
QoQ Variance		+9	-44	+140
QoQ Growth		+0.2%	-1.1%	+3.5%

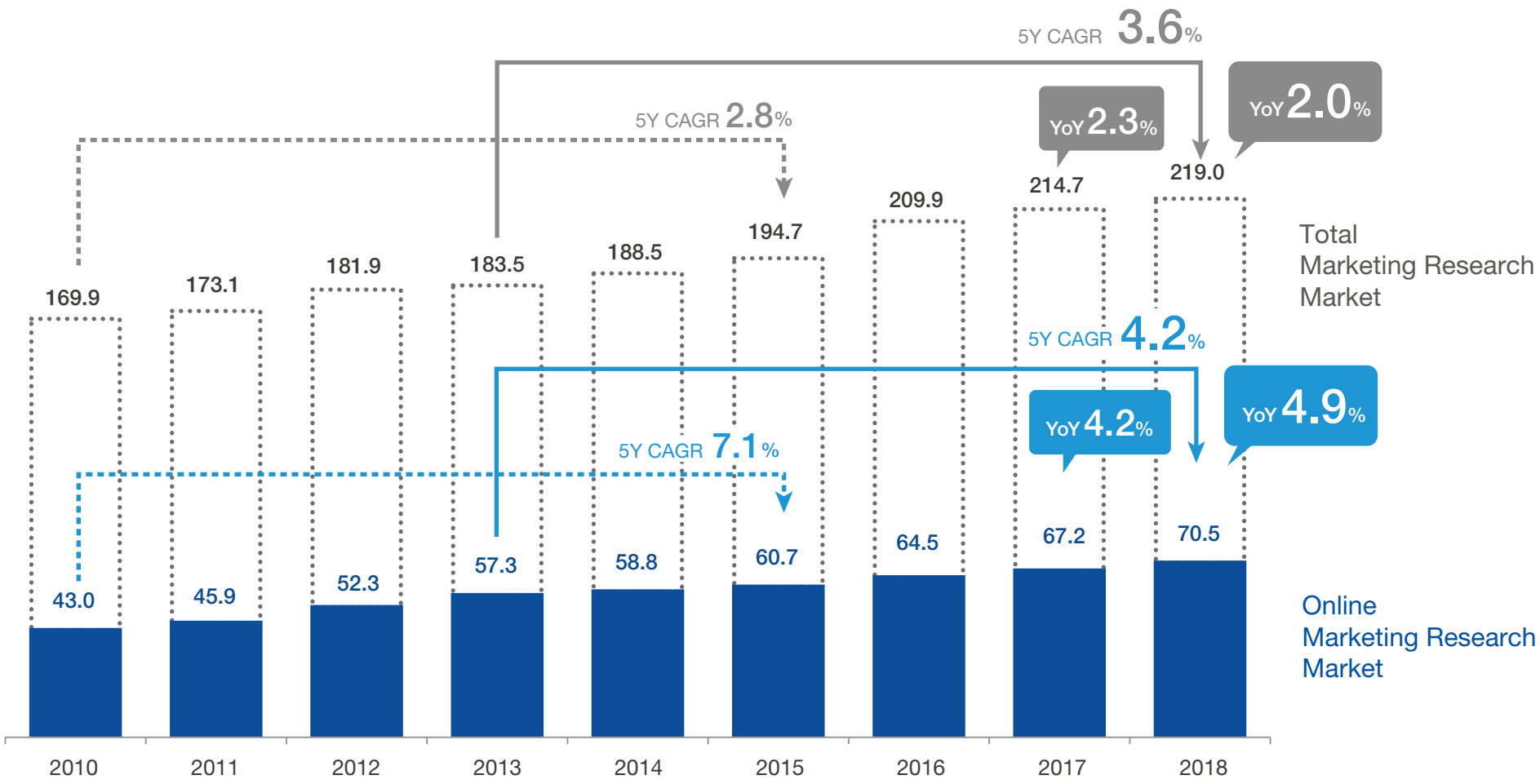
Note

1. Profit Attributable to Owners of Parent

ii. Japan Business Strategy

Japanese Marketing Research Market

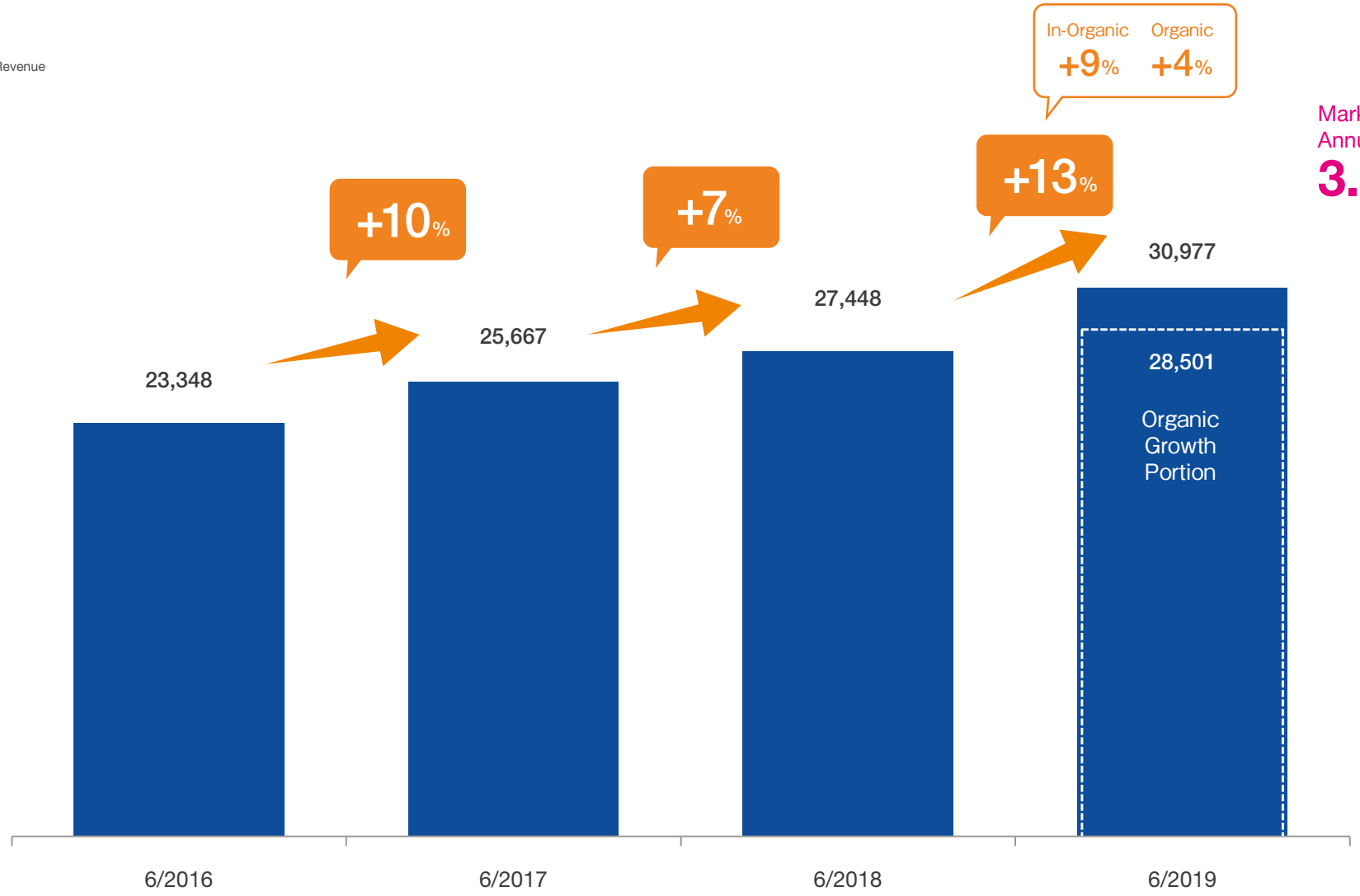
Japan Marketing Research Association (JMRA)
Official Data
(JYP in Billion)



As the whole market, steady growth continues
although the current market growth rate slightly slowdown in some cases

Business Performance of Japan Business

Japan Business Revenue
(JPY in Millions)



Marketing Research Market
Annual average growth rate
3.6% (5Y CAGR)

Similar to Japan, we have grown faster than the market over the past 3 years
However, we see volatility in organic revenue growth as an issue

What is happening?

Changes in Clients' side

- Increase of consumer touchpoints ▼ More complicated hypothesis
- Marketing research alone is not enough to understand markets & consumers
- Use "variety of data" beyond research data
- No more "Nice-to-have" research

▼

However, the customer's "**marketing issues**" are not gone

▼

Clients are seeking "Partners" to work on their marketing issues together

Example of client's needs:

- Support building hypothesis
- Provide methods to validate hypothesis
- Integration of various Data
- Use marketing technology
- Create materialized marketing plan
- Verification of Results

Mid-term growth strategy (Japan Business)

Our Aspiration (Goal)

Macromill's evolution to the company of
"Research" × "DATA"

Specific Strategy

Expanding into New Areas

- **A Solution Set Expansion**
  - **2. Accelerate growth in Digital Solution**
- **B Business Domain Expansion**
  - **3. Challenge toward a future growth**
- **C Regional Expansion**
  - **4. Growth in Southeast Asia**

Strengthening our foundation for growth

- **1. Steady growth of the existing business (Online / Offline)**

1. Steady growth of existing businesses: Online Research

Market[1]

Size: 70.5 Billion Yen (2018)	**Market share: 35% (2018)**
Growth rate: 4.2% (5Y CAGR)	**The world's highest online rate**

Measures

- **Pursue strategic initiatives for companies with large research budgets but low wallet share**
  - Ad Agency (e.g. HMM with Hakuhodo)
  - Corporate and Brands

Goal

- **We will continue to grow faster than the market**
- **Aiming for a gradual increase in market share (approximately 1% per year)**
- **Strengthen overwhelming No. 1 market position**

Note

1. Market size and growth rates are based on the Japan Marketing Research Association (JMRA) published figures (2019/7)

1. Steady growth of existing businesses: Offline Research

Market[1]

Size: 38.9 Billion Yen (2018)	**Market share: approx. 10%**
Growth rate: 5.5% (5Y CAGR)	**Potential growth opportunities are large**

Measures

- **Macromill way: Differentiate by using technology innovation**
  - Conducting a face to face interview on online
  - Digitalizing operating process
  - Quantifying and visualizing qualitative data

Pursue differentiation with overwhelming speed and cost

Goal

- **Our market share is low virtually undeveloped**
- **Full-scale engagement - essential in the midst of deepening relationships with customers**
- **Aiming to create high-added value services**

Note

1. Market size and growth rates are estimated by the Company based on the published value of the Japan Marketing Research Association (JMRA) (2019/7)

2. Accelerate growth of Digital Revenue

Market[1]

Size: Est. 90 Billion Yen 5% of Digital Ad market (2018: JPY 1,758.9 Bn)	**Market share: N/A**
Growth rate: Double digit Ref. Digital Ad market YoY growth: 16.5% (2017 to 2018)	**Continues double digit growth** **Core growth market for the time being**

Measures

- **Provides high added value by multiplying online surveys by panel execution data and purchasing data**
- **We are strategically moving forward the multiplication of “Data acquisition", “Data processing", and “Service provision"**

Goal

- **Continue to deliver high-value-added services**
- **Maintaining an overwhelming competitive advantage**
  - A large, high-quality online survey panel is required to deliver this service

Note

1. Market size and growth rates are estimated by the Company based on Dentsu – 2018 Annual Report and Advertising Expenditures in Japan (2/2019)

2. Accelerate growth of Digital Revenue (Cont')

Reference) Our approach to "DATA"

According to International Data Corporation (IDC), the global data market is expected to reach $203 billion (approximately 20 trillion yen) by 2020, and the domestic BDA technology and services market is expected to reach 1,561.73 billion yen in 2022 (as of 2018).

With the evolution of digital devices, consumer data is now stored in digital environments and used in marketing. In this situation, it is necessary to understand and analyze the data of the consumer's behavioral facts (unconscious data). Macromill collects consumer behavioral data as accurately and multifaceted as possible, while also using clients data integrally to develop new solutions and improve the value.

"DATA"

Research
- Quantitative surveys
- Qualitative surveys

Log Data
- Access log analysis
- Monitoring of Smartphone viewers
- Understanding the actual usage of the application

TV Data
- OTS investigation
- TV viewing panel

Purchase Data
- House Hold panel
- Purchasing panel
- EC Data

Location Information
- Survey of location utilization

Consumer Data
- Brand Data Bank
- Target monitor
- Digital Consumer Journey

DMP construction

3. Evolution to the new “Research” x “Data” Company

Market[1]

(Only already emerged part) **Size: Over 5 Billion Yen**	**Market share: N/A**
Growth rate: High	**Currently in-house business Not emerged in the market**

Measures

Creating a new market by multiplying below

a Strengths cultivated until now **X** b External force **X** c Skill enhancement

Goal

- **To understand the market and consumers, we will be able to guide our clients to solve their marketing issues by proposing not only a marketing research but also accurate methods regardless of the type of data, and be able to discuss from the hypothesis building phase**
- **To have an accurate understanding of research and data and be a partner who can show the real value of research. Commitment to increase research value**

Note

1. Market size and growth rates are estimated by the Company

3. Evolution to the new “Research” x “Data” Company

a Strengths cultivated until now

- The largest and most active research panel in the country
- Acquisition of various marketing data based on panel ID
- "Clean" Licensed Data based on the trust relationship
- Sync with external data

The best 2nd Party Data for the customer has a unique, clearly differentiated "competitive advantage" (difficult to copy the business model easily)

The foundation for pursuing "research" and "data" is already in place

3. Evolution to the new “Research” x “Data” Company

b External force

Establish Macromill Consortium (MC)

Business and capital alliance with multiple partner companies

(Planned)

The Company has increased its ability to respond to high-difficulty issues
Partner companies reduce sales load
Work toward win-win relations

c Skill enhancement

Significantly expand the seconded program to customers and MC partners and universities

Example:
A university with a data science department and a partnership with Macromill:

滋賀大学 SHIGA UNIVERSITY　YCU 横浜市立大学 YOKOHAMA CITY UNIVERSITY

The rotate our internal and external resources; people who have touched directly on the customer side, and people who have increased their problem-solving skills in the field of data consulting

Increase the ability to work on the client's "organize issue" (= consulting ability)

In addition, the company aims to increase the value (price) of its research by incorporating research into solutions of MC partner companies

4. Growth in Southeast Asia

MACROMILL SOUTH EAST ASIA
a Macromill Group company

Southeast Asia is at
the inflection point
of online research

Mainly
Japanese companies' local branches
Additionally, global & local companies

Built our proprietary
consumer research panel
Incl. purchase panels & behavioral data
Ahead of future changes

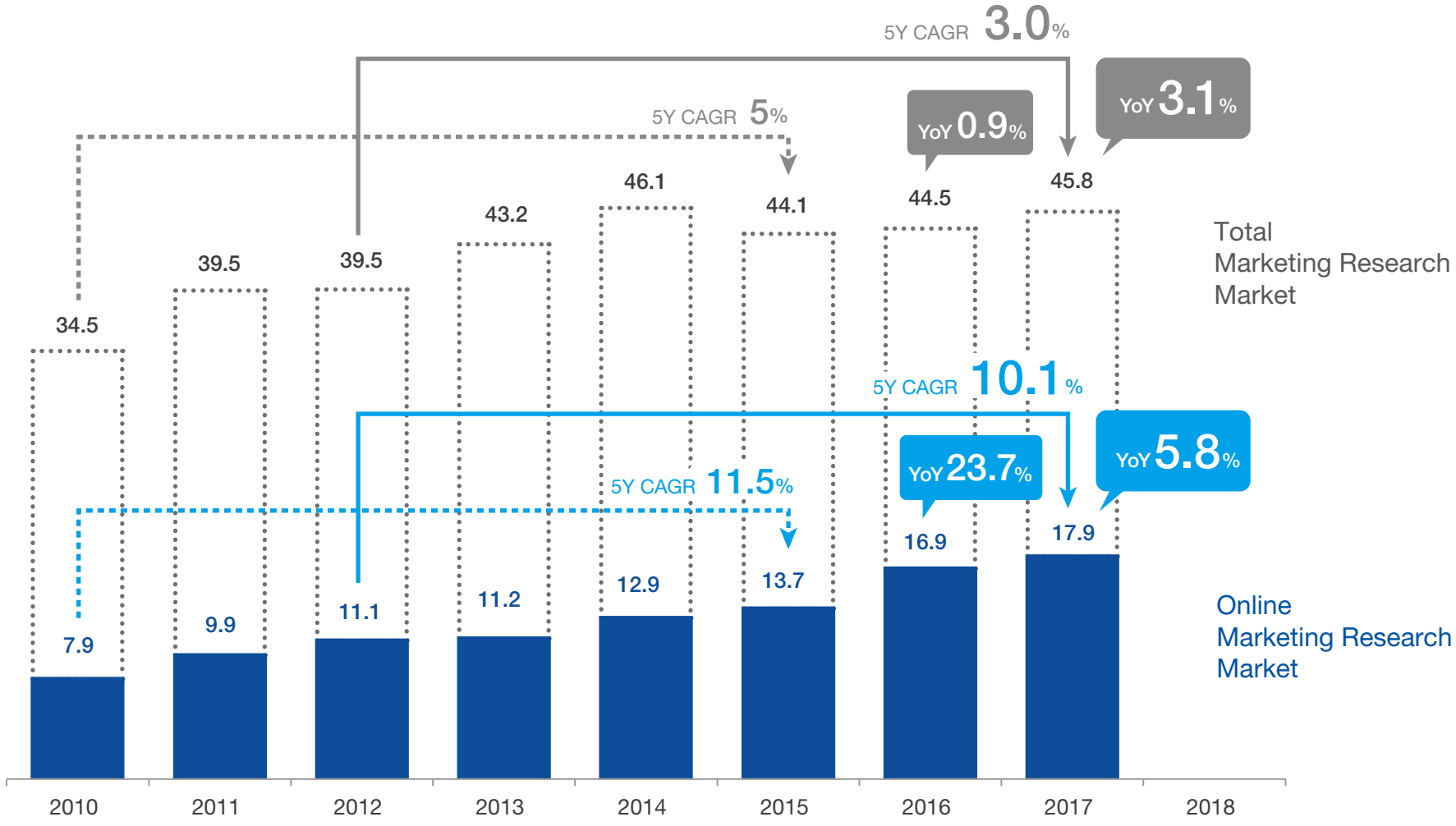
Duplicate
"Macromill WAY"
in abroad

Toward No.1 in Asian

iii. Global Business Strategy

Global Marketing Research Market

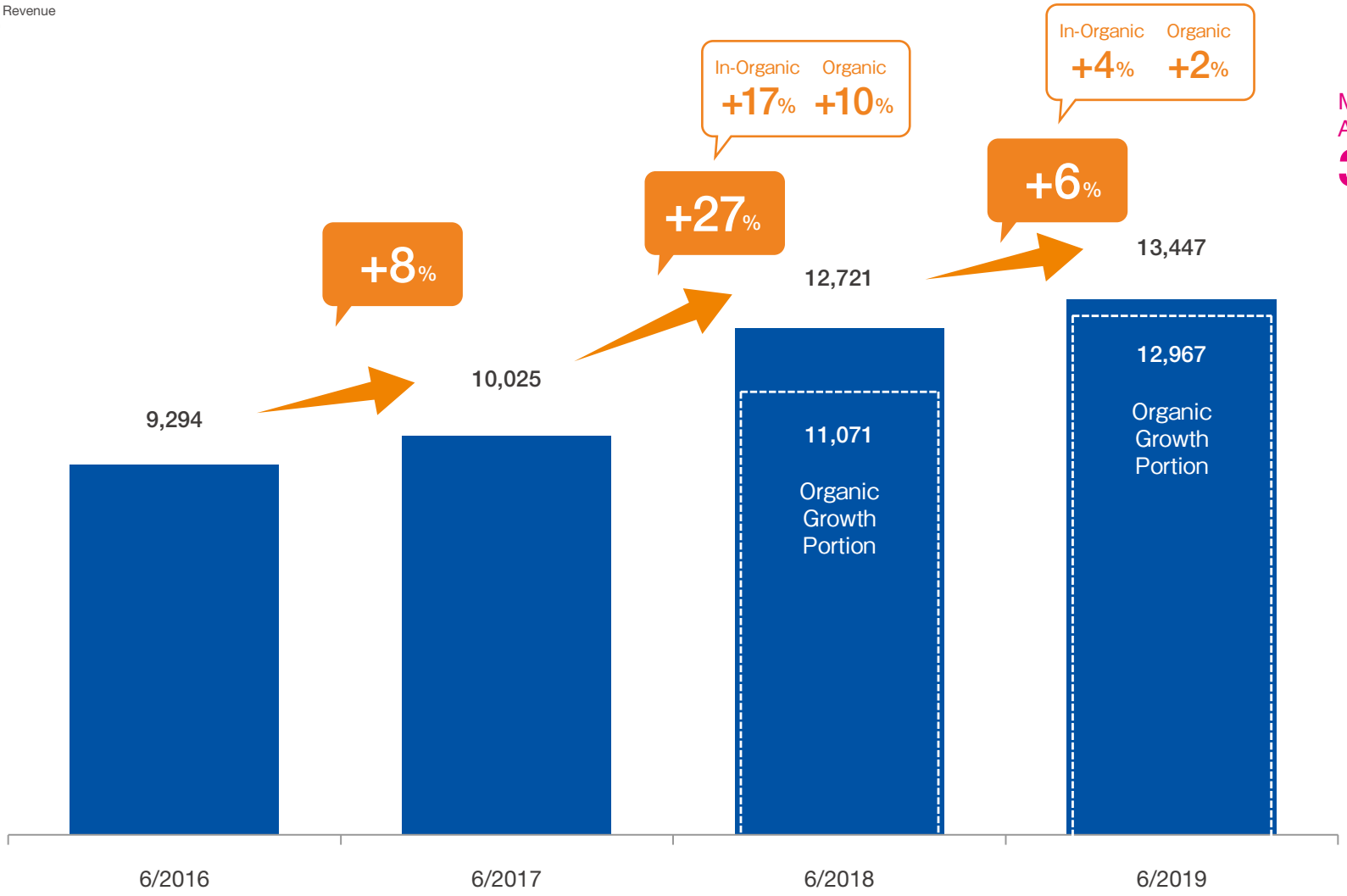
ESOMAR
(USD bn)



Similar to Japan, total Global market shows steady growth,
although the current growth rate is slowing down in some cases

Business Performance of Global Business

Global Business Revenue
(JPY in Millions)



Marketing Research Market
Annual average growth rate
3.0% (5Y CAGR)

Similar to Japan, we have grown faster than the market over the past 3 years
However, we see volatility in organic revenue growth as an issue

Mid-term growth strategy (Global Business)

Our Aspiration (Goal)

Evolve from “Survey company” to
a “**Consumer Insight**” × ”**DATA**” Partner

Specific Strategy

Expanding into New Areas

- **A** Solution Set Expansion
- **B** Business Domain Expansion
- **C** Regional Expansion

Strengthening our foundation for growth

A. Solution Set Expansion

Focus area
in the existing solution

Brand Engagement (BE)

Product Innovation (PI)

e.g. “Tempo” and “Act Instant”

New area
to expand our solution

Online Qualitative Research

e.g. “Immerse”

A. Solution Set Expansion - Examples

METRIXLAB
a Macromill Group company

Immerse

- MetrixLab's digital alternative to traditional focus groups
- Combines depth and inspiration of qualitative research with certainty of quantitative sample sizes
- AI based analysis of consumer feedback, in real time
- Fast, flexible & globally scalable



ACT Instant

- Copy testing system that utilizes machine/deep learning to predict ad performance
- AI based predictive testing solution that leverages MetrixLab databases
- Solution delivered many times faster than traditional copy testing solutions



Tempo

- Next generation brand tracking solution that is actionable and agile
- Utilizes "EMP" framework (emotional resonance, mental availability and physical availability)
- Combines market penetration, System 1 & System 2 responses and Bayesian Network modeling



B. Business Domain Expansion

Focus area
in the existing domain

Differentiate by **Industry**

- Alcohol & Beverage
- Movie & Entertainment

New area
to expand our domain

DATA Integration

Advanced Analytics

Enhancement of Strategic, Group-wide collaboration

C. Regional Expansion

Business

Focus area
in the existing footprint

United States, the largest market
with many of the world largest research clients

New area
to expand our footprint

Australia
(FY6/2020)

Switzerland &
South Africa
(Future candidates)

Clients

Build “**Partner**” Relationships
+ Maintain focus on “**Global clients (GKAs)**”
+ Additional focus on “**Growth Accounts**”

山路を登りながら

Creating

The First Truly Global Digital

Research Company



Appendix

i. FY6/2019 Financial Results Supplemental Material

ii. Detail of Achievement Level on Prior Mid-term Business Plan

iii. Our Business Model and Strategy

iv. FY6/2019 Financial Results Details

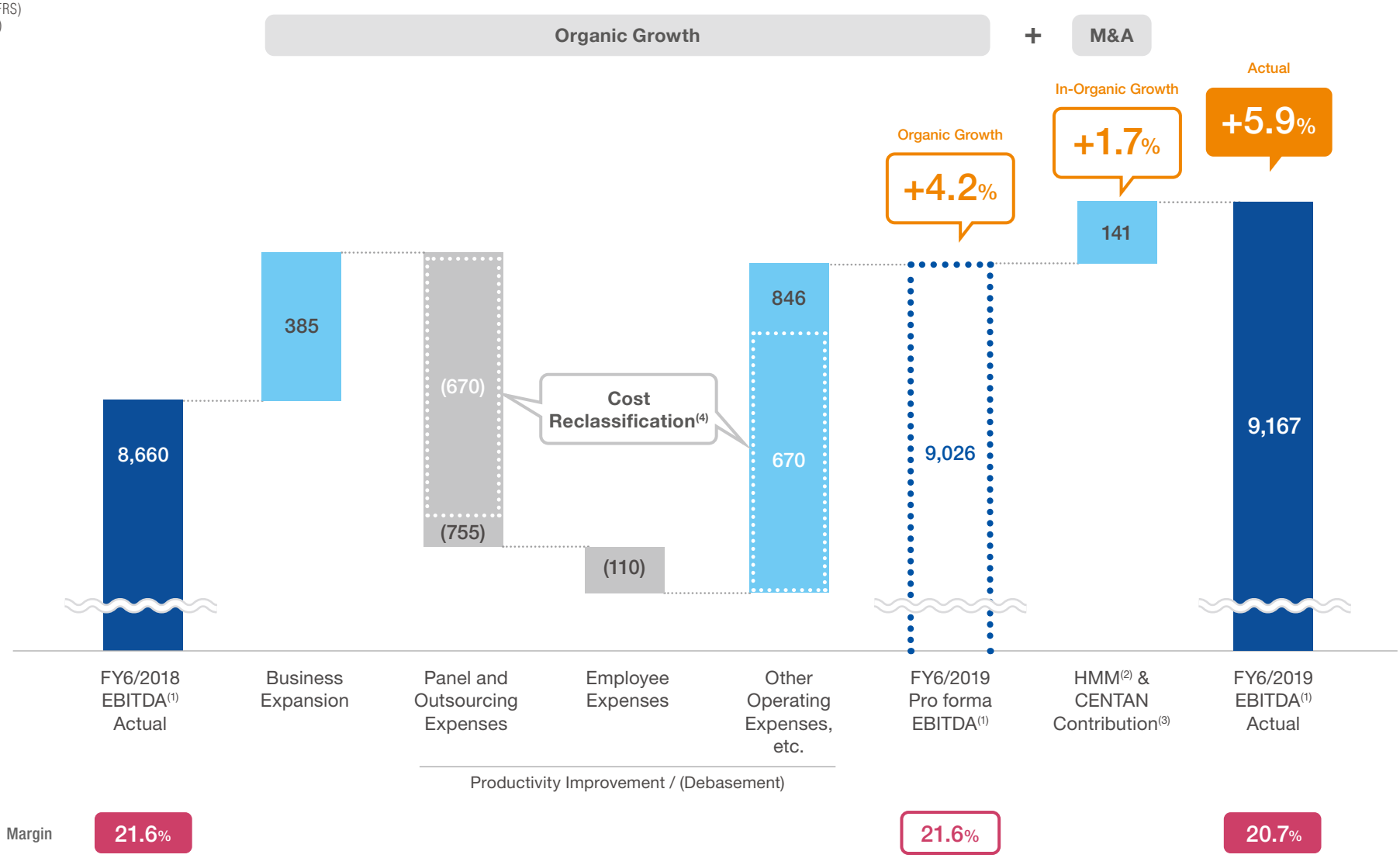
i. FY6/2019 Financial Results Supplemental Material

FY6/2019: EBITDA Waterfall Chart

Full Year (12 months)

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

Consolidated (IFRS)
(JPY in Millions)



Notes

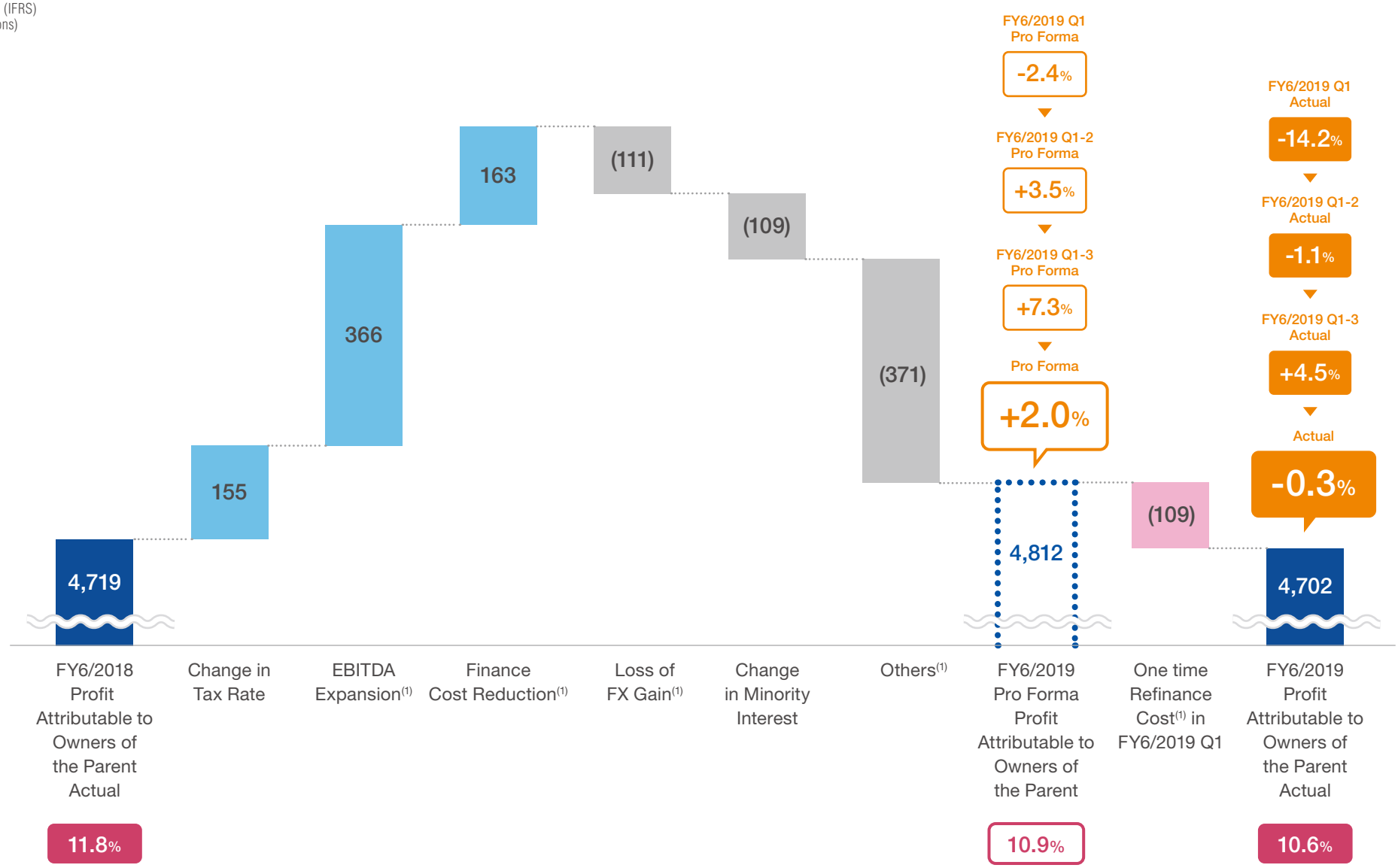
1. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss
2. We had acquired majority stake of Tokyo Survey Research Inc. from Hakuhodo on July 2, 2018, and had changed its business name to H.M. Marketing Research, Inc. (HMM) as of October 1, 2018.
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 FY6/2019 is sum of HMM (Q1-Q4) and CENTAN (Q1-Q2, CENTAN has become 51% subsidiary since FY6/2018 Q3) only.
4. Cost reclassification between “Panel Expenses” and “Operating Expenses - Others” in Overseas Business (ex-Korea) Segment due to group-unified cost definition

FY6/2019: Net Income Waterfall Chart

Full Year (12 months)

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

Consolidated (IFRS)
(JPY in Millions)



Note
1. Figures including tax effect

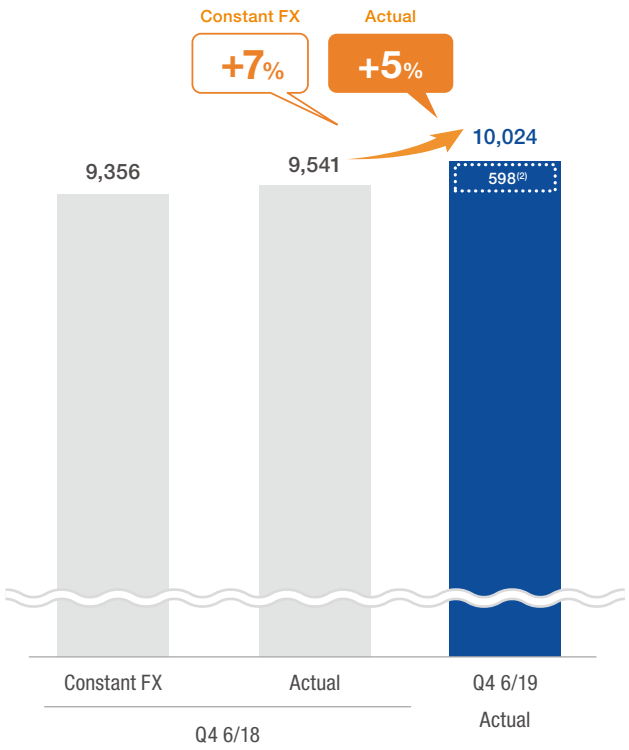
FY6/2019 Q4 Results[1]: Summary

Q4 Standalone

Revenue

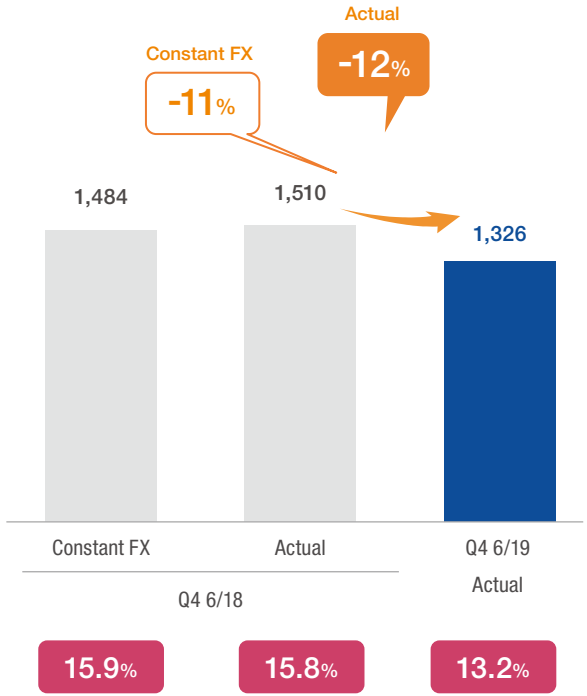
Consolidated (IFRS)
(JPY in Millions)

HMM[2] Contribution



EBITDA[3]

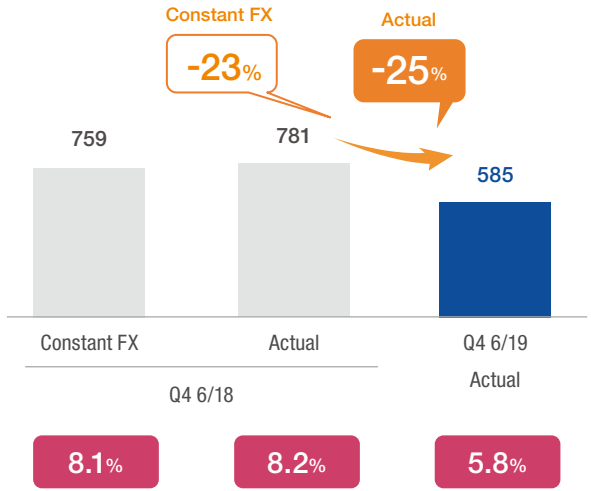
Consolidated (IFRS)
(JPY in Millions)



Margin	15.9%	15.8%	13.2%

Profit Attributable to Owners of the Parent

Consolidated (IFRS)
(JPY in Millions)



Margin	8.1%	8.2%	5.8%

Notes

1. Financials (actual) for Q4 6/18 and financials for Q4 6/19 are presented by using the period-average rate of €1 = ¥130.28 and €1 = ¥123.41 respectively. Financials (constant FX) for Q4 6/18 are calculated by using the same period-average rate of €1 = ¥123.41 Each exchange rate is used to translate MetrixLab's consolidated results of operations for each of the 3-months periods ended June 30, 2018 and 2019 into yen, as applicable, in connection with the consolidation into our consolidated financial statements. We present financials for Q4 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 Q4 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. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss

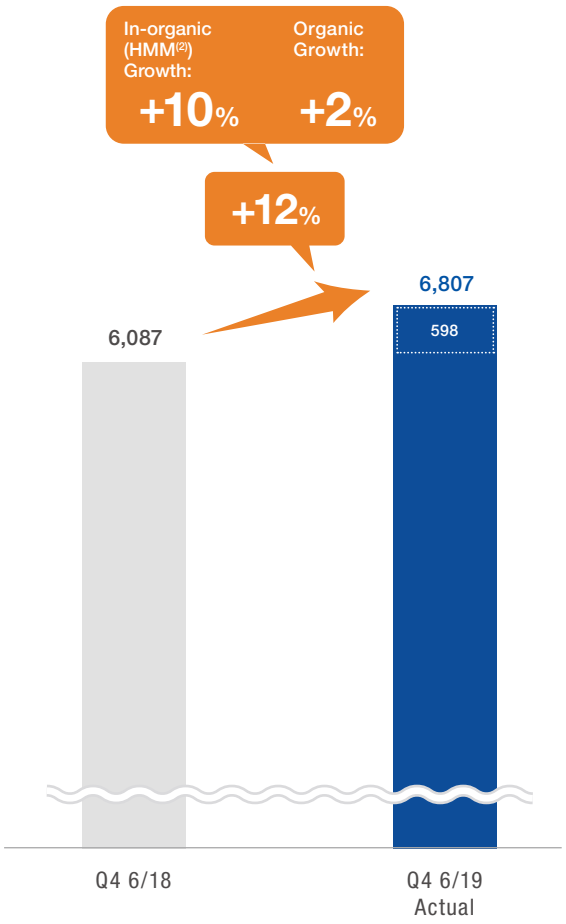
FY6/2019 Q4 Results[1]: Revenue Drivers

Q4 Standalone

Japan

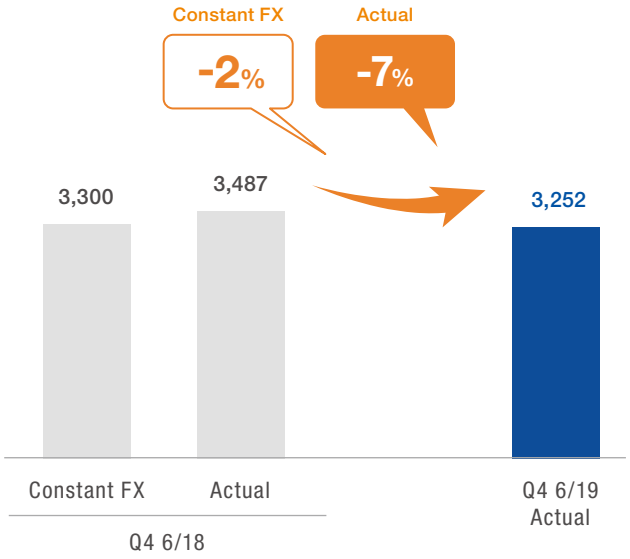
Consolidated (IFRS)
(JPY in Millions)

HMM[2] Contribution



Global (Excl. Japan)[1]

Consolidated (IFRS)
(JPY in Millions)

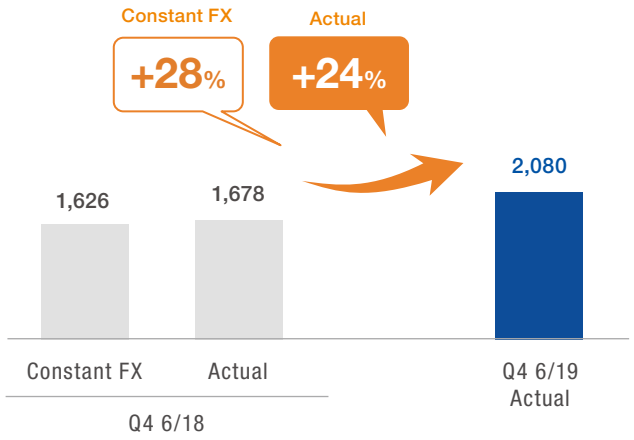


Digital Marketing Revenue[1]

Consolidated (IFRS)
(JPY in Millions)

Revenue Growth of Select Key Solutions (Q4 over Q4)

Japan and Korea Business Segment		Overseas Business (ex-Korea) Business Segment	
DMP Solutions	+233%	"CE"	+133%
AccessMill	+9%	"TRACK 360"	+76%



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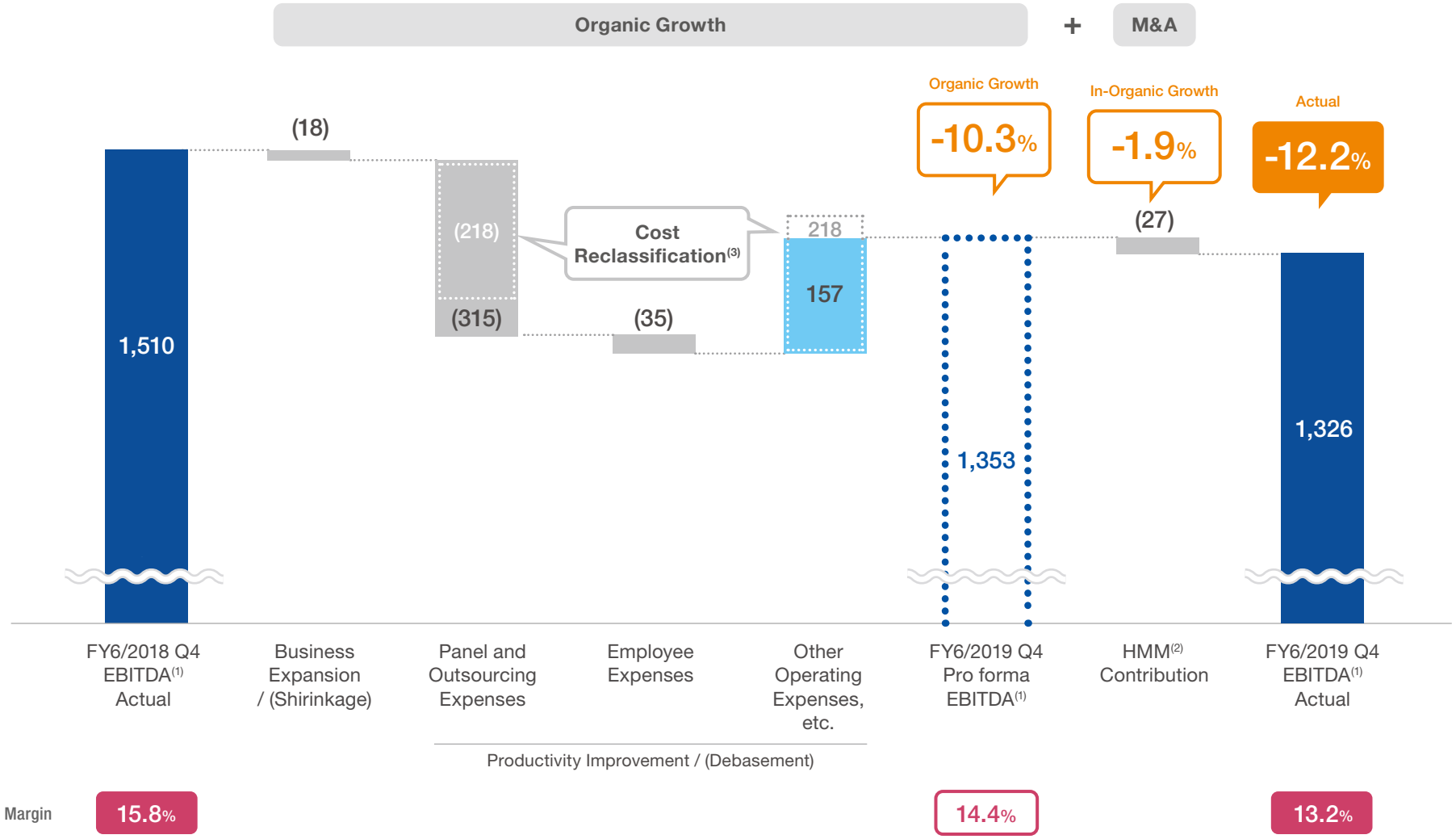
2. We had acquired majority stake of Tokyo Survey Research Inc. from Hakuhodo on July 2, 2018, and had changed its business name to H.M. Marketing Research, Inc. (HMM) as of October 1, 2018.

FY6/2019 Q4: EBITDA Waterfall Chart

Q4 Standalone

EBITDA[1] - FY6/2018 Q4 vs. FY6/2019 Q4

Consolidated (IFRS)
(JPY in Millions)



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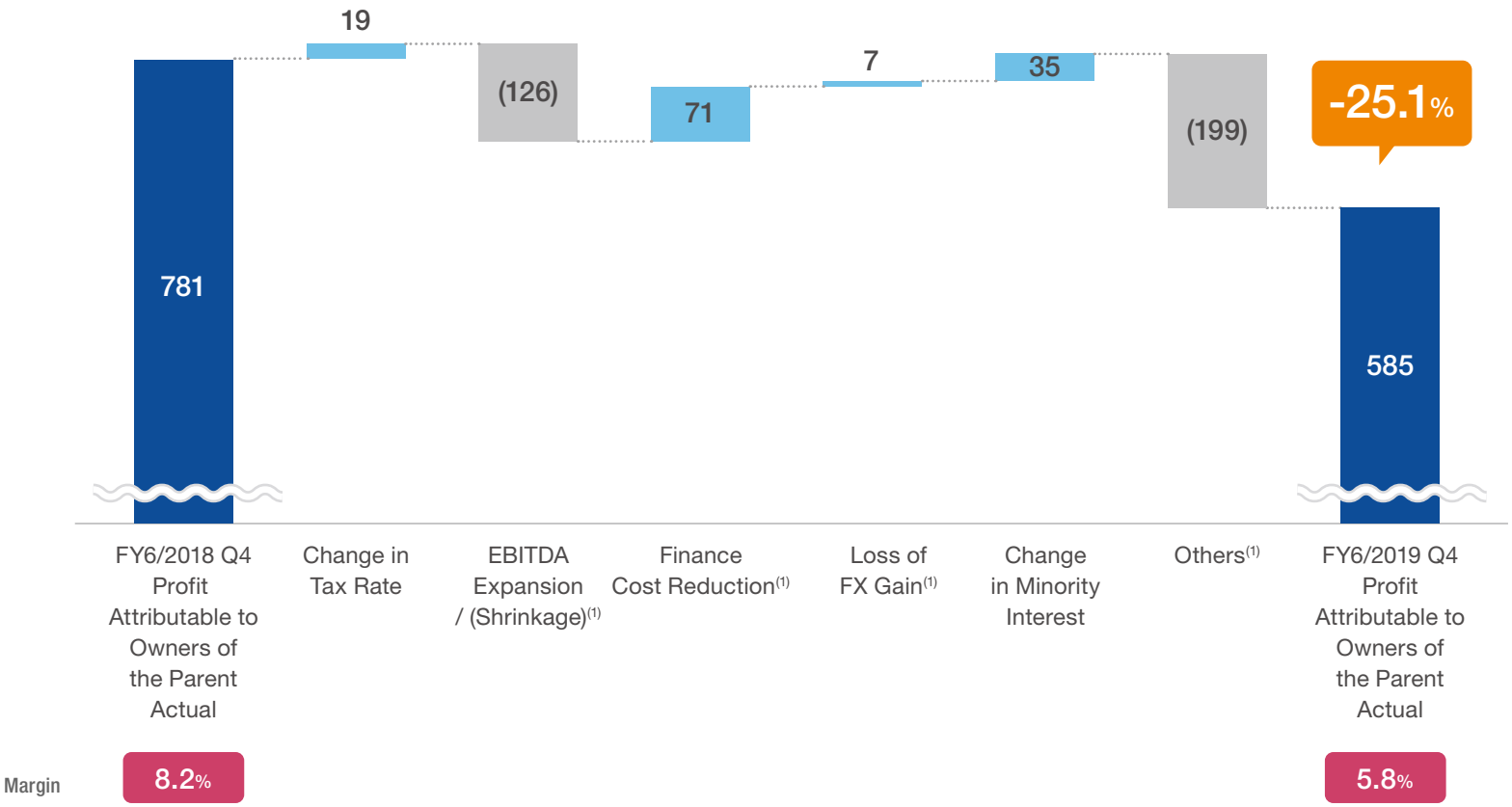
3. Cost reclassification between “Panel Expenses” and “Operating Expenses - Others” in Overseas Business (ex-Korea) Segment due to group-unified cost definition

FY6/2019 Q4: Net Income Waterfall Chart

Q4 Standalone

Profit Attributable to Owners of the Parent - FY6/2018 Q4 vs. FY6/2019 Q4

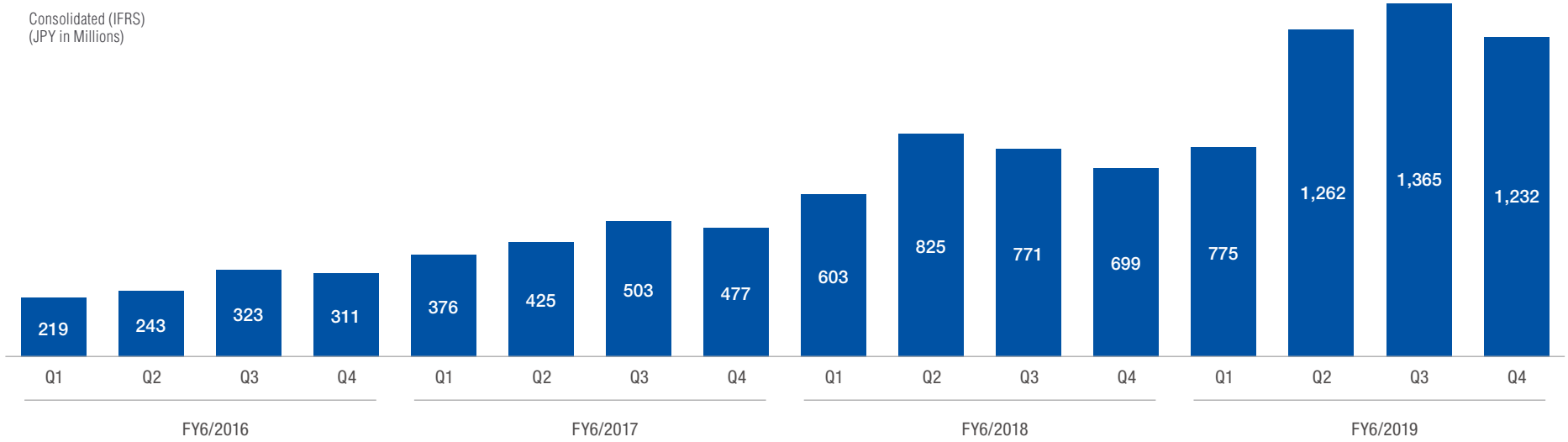
Consolidated (IFRS)
(JPY in Millions)

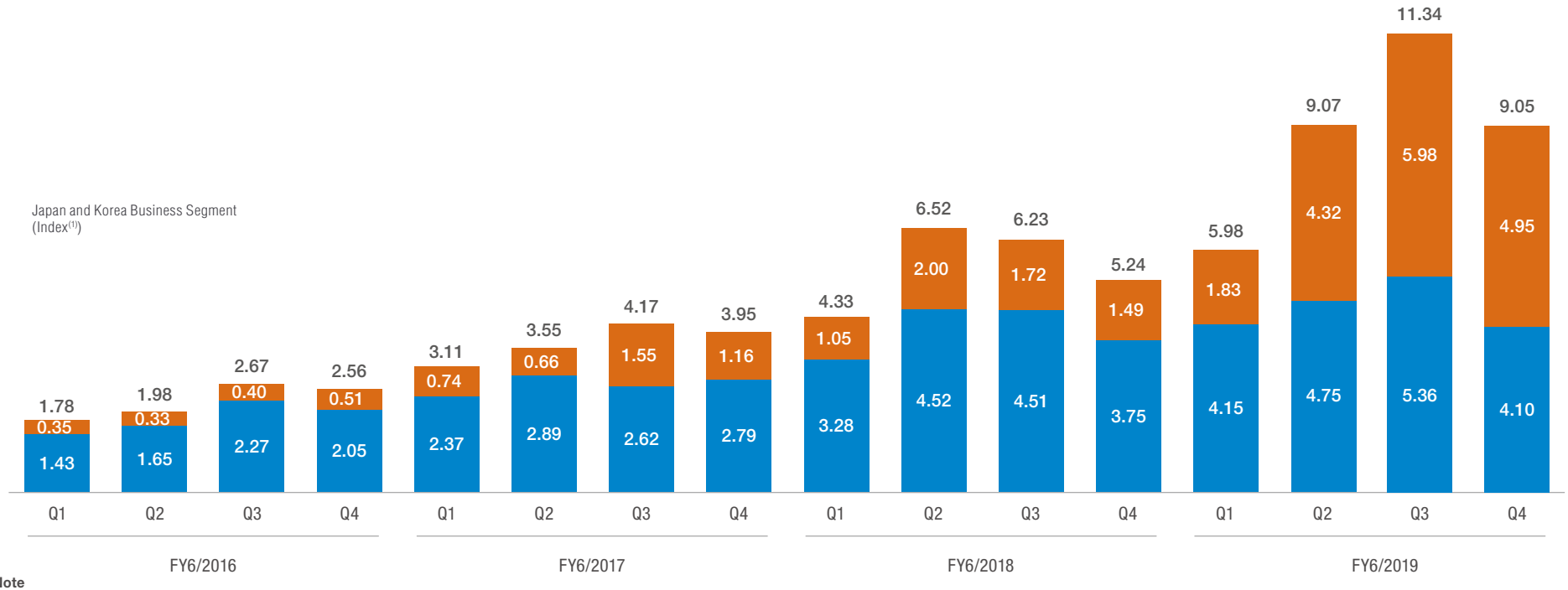


Note
1. Figures including tax effect

Quarterly Digital Revenue Trends - Japan and Korea Business Segment

Quarterly Digital Revenue Trends Segment Total & by Products





Note
1. AccessMill and DMP solution quarterly revenues are indexed to AccessMill Q1 revenue of FY6/2015

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 Millions)

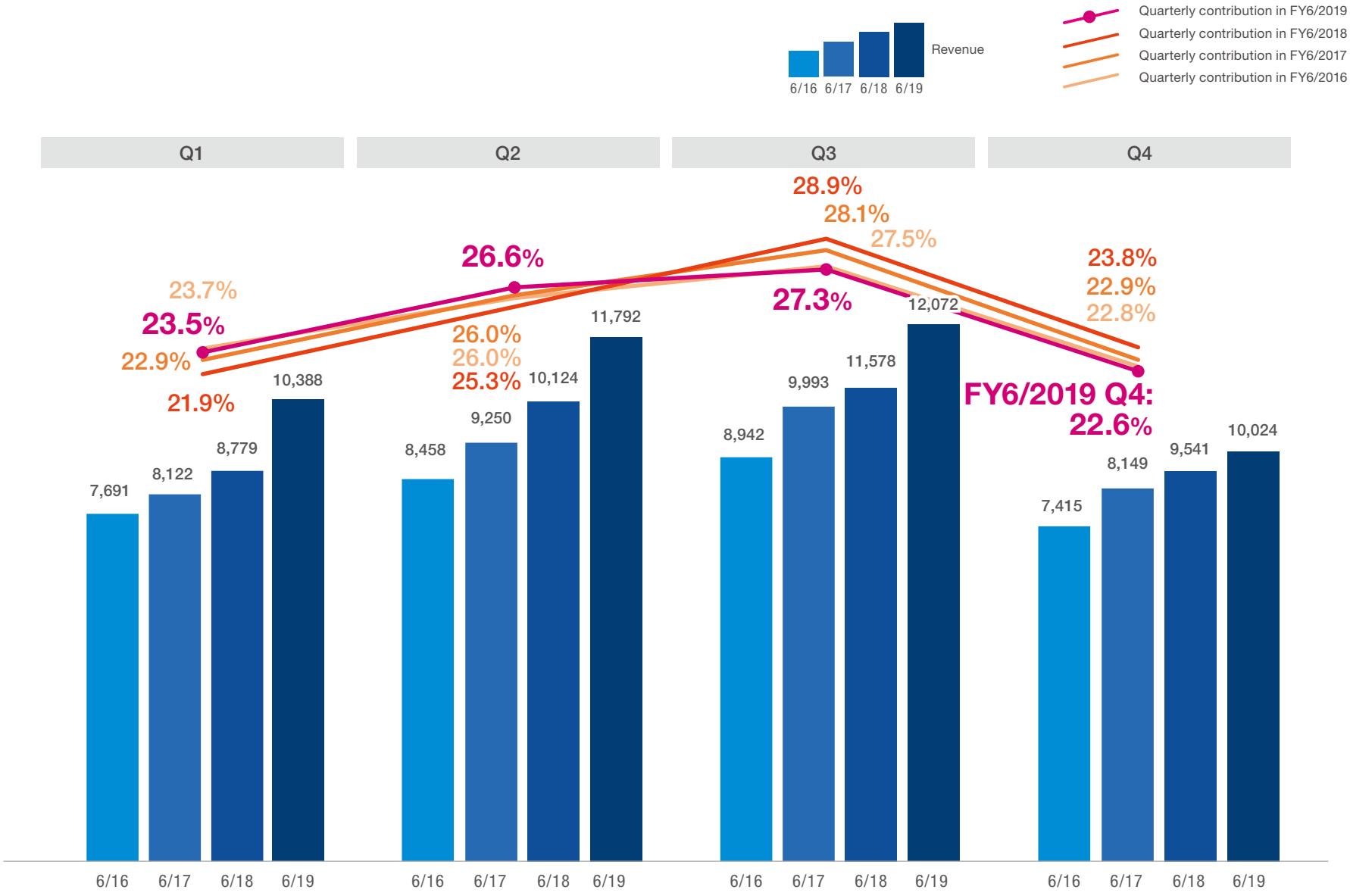
		FY6/2017 Actual	FY6/2018 Actual	FY6/2019 Actual	FY6/2017 to FY6/2018 Variance	FY6/2017 to FY6/2018 YoY Growth	FY6/2018 to FY6/2019 Variance	FY6/2018 to FY6/2019 YoY Growth
Revenue	Q1	1,477	1,322	1,300	(155)	(10.5%)	(21)	(1.6%)
	Q2	1,472	1,606	1,634	134	9.1%	28	1.7%
	Q3	1,680	1,647	1,712	(33)	(2.0%)	65	3.9%
	Q4	1,316	1,278	1,284	(38)	(2.9%)	6	0.5%
	Full Year	**5,946**	**5,853**	**5,930**	**(92)**	**(1.6%)**	**77**	**1.3%**
EBITDA	Q1	245	136	196	(109)	(44.5%)	60	44.4%
	Q2	434	286	312	(148)	(34.1%)	26	9.2%
	Q3	372	326	341	(46)	(12.5%)	15	4.6%
	Q4	159	174	126	14	9.2%	(48)	(27.6%)
	Full Year	1,210	922	975	(288)	(23.8%)	53	5.7%
	(Normalized[2])	**1,076**	**922**	**975**	**(154)**	**(14.4%)**	**53**	**5.7%**
EBITDA Margin	Q1	16.6%	10.3%	15.1%	(6.3%)		4.8%	
	Q2	29.5%	17.8%	19.1%	(11.7%)		1.3%	
	Q3	22.1%	19.8%	19.9%	(2.4%)		0.1%	
	Q4	12.1%	13.6%	9.8%	1.5%		(3.8%)	
	Full Year	20.4%	15.8%	16.4%	(4.6%)		0.6%	
	(Normalized[2])	**18.1%**	**15.8%**	**16.4%**	**(2.4%)**		**0.6%**)	
% to Full Year Consolidated Financials	**Revenue**	**16.7%**	**14.6%**	**13.4%**	**(2.1%)**		**(1.2%)**	
	EBITDA	**14.2%**	**10.5%**	**10.6%**	**(3.7%)**		**(0.1%)**	

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

FY6/2019 Q4: % of Achievement in Quarterly Revenue

Quarterly Revenue Trends

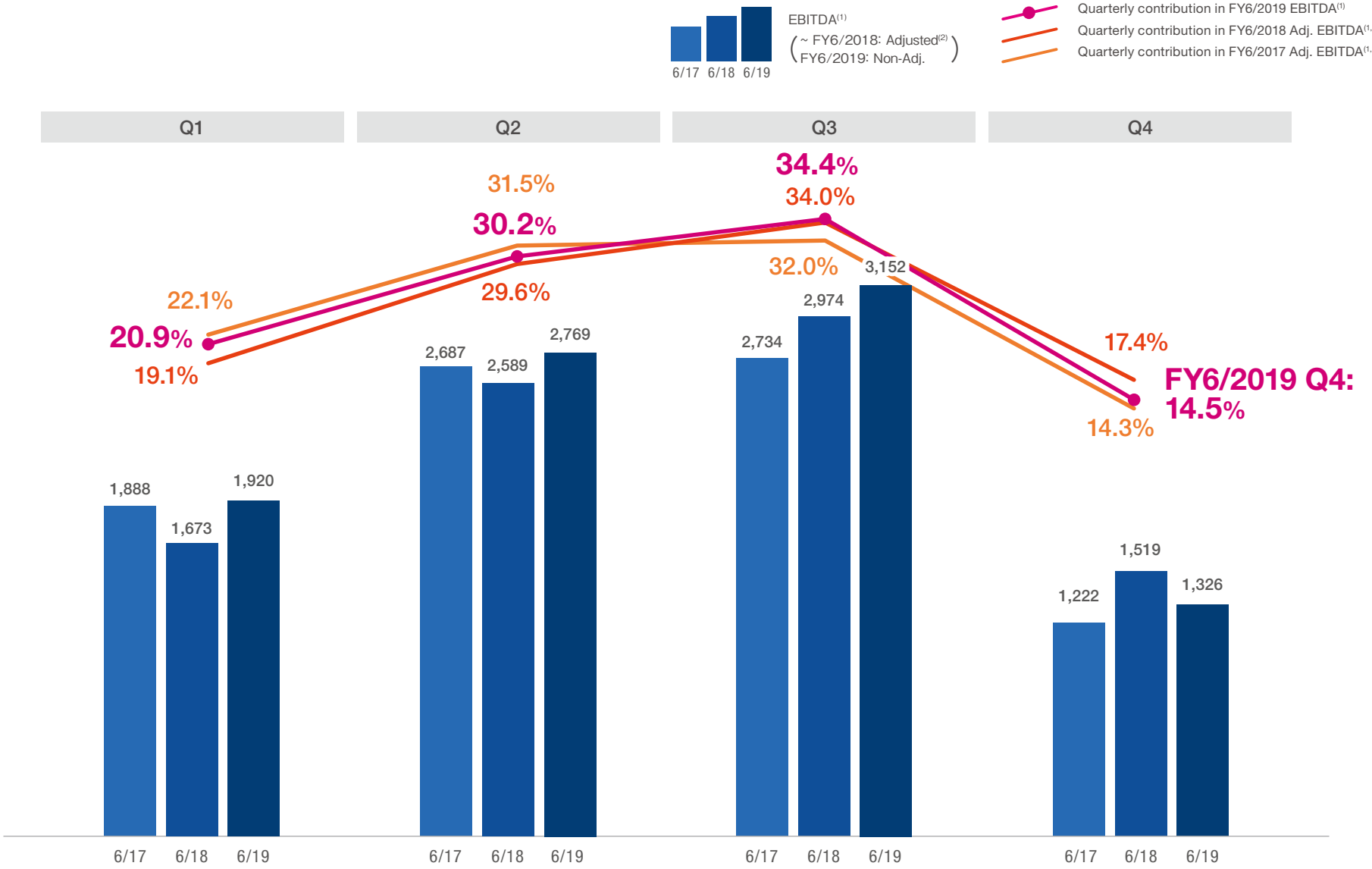
Consolidated (IFRS)
(JPY in Millions)



FY6/2019 Q4: % of Achievement in Quarterly EBITDA

Quarterly EBITDA[1] Trends

Consolidated (IFRS)
(JPY in Millions)

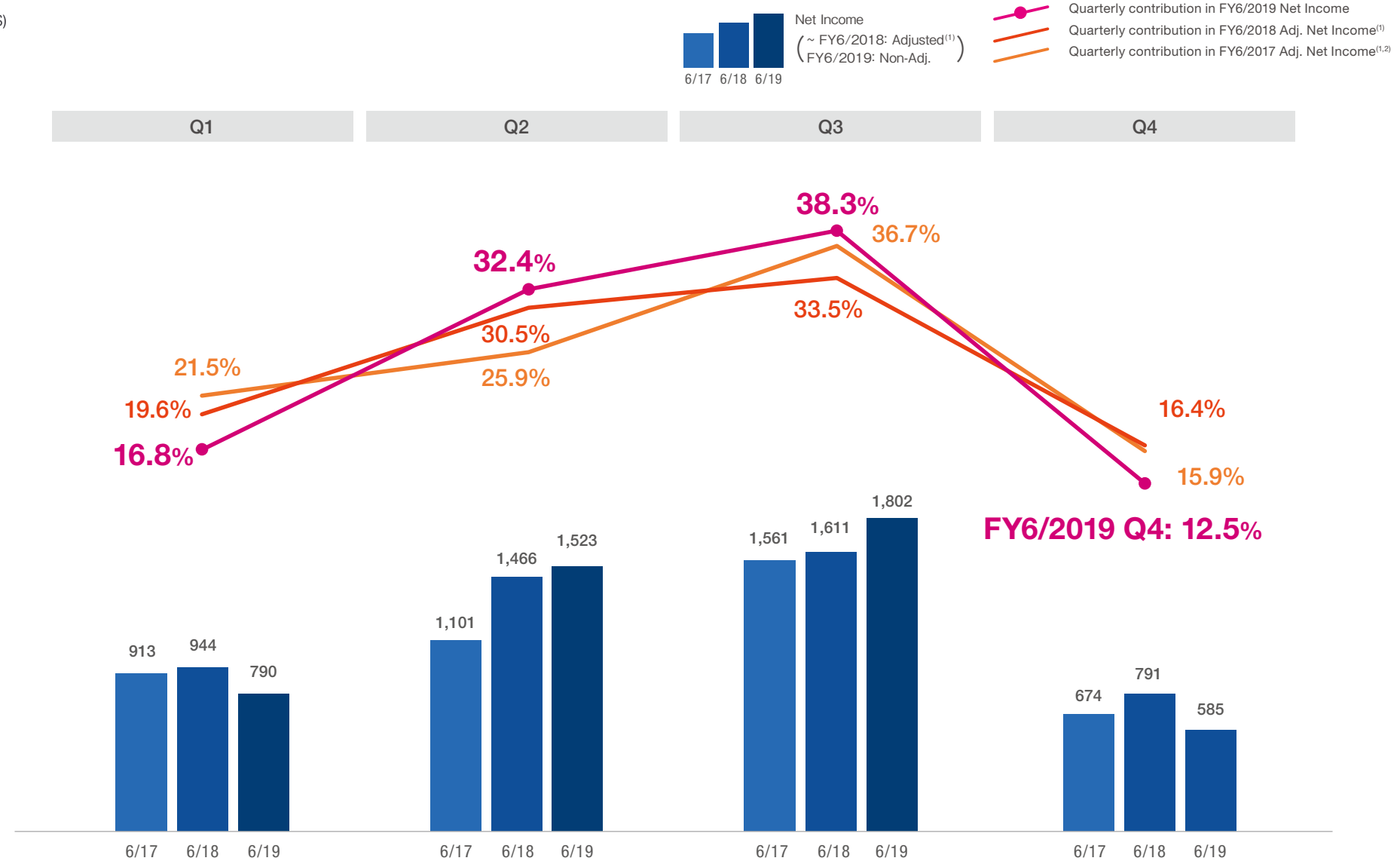


Notes
1. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss
2. Adjusted EBITDA = EBITDA + Management Fee + IPO Related Expenses. EBITDA = Operating Profit + Depreciation and Amortization + Goodwill Impairment. Please refer to reconciliation tables on p.87 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 retracted and normalized such item on a quarterly breakdown), please refer p.88 for details.

FY6/2019 Q4: % of Achievement in Quarterly Net Income

Quarterly Net Income Trends & Contributions

Consolidated (IFRS)
(JPY in Millions)



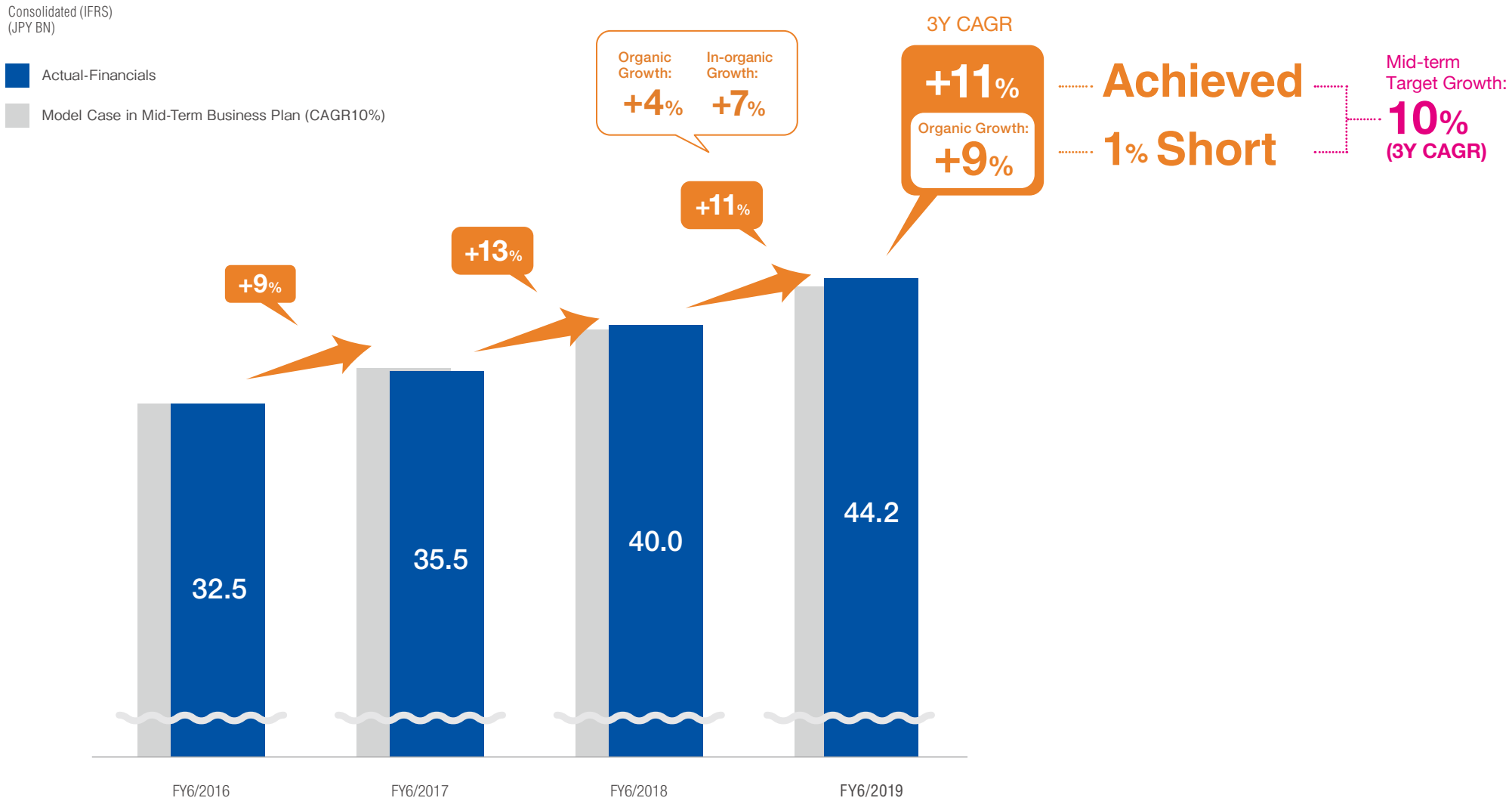
Notes

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.87 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 retracted and normalized such item on a quarterly breakdown), please refer p.88 for details.

ii. Detail of Achievement Level on Prior Mid-term Business Plan

Revenue Growth

Consolidated Revenue

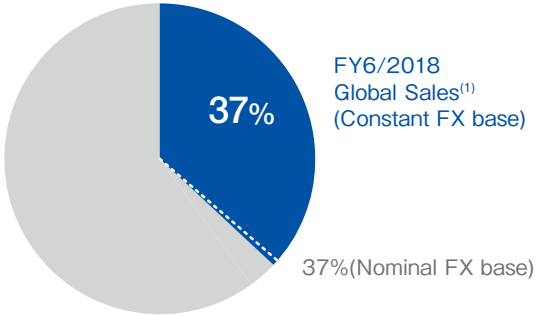


The Revenue growth rate of past 3 years CAGR marked 11% and overachieved prior MTBP target 10%

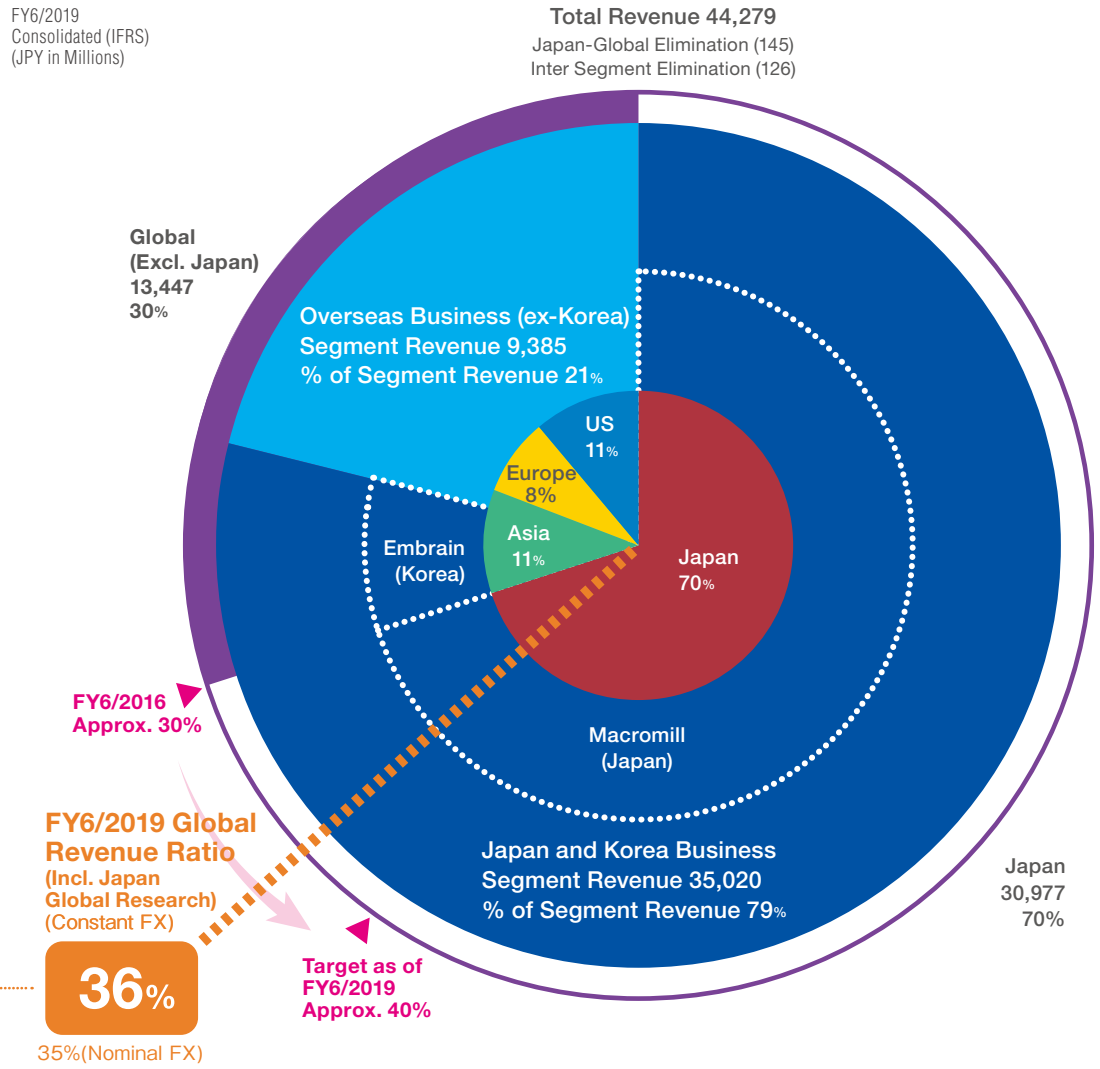
However, M&A (HMM acquisition) largely contributed the final year of MTBP and organic growth slightly missed the target

Global Revenue

Global Revenue Ratio in FY6/2018



Global Revenue Ratio and Consolidated Revenue Breakdown in FY6/2019(2)



Global sales revenue ratio declined 1 point from last year due to the domestic M&A which was conducted in the final year of MTBP

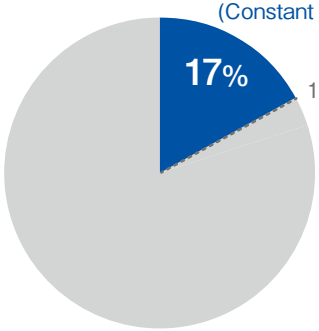
The ratio of the final year of MTBP was 36% and 4 points lower than the target

Note
1. Global Sales = (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
2. Proportion of net revenue before intersegment eliminations

Digital Revenue

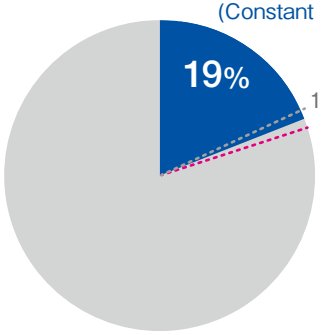
Annual Ratio

FY6/2018
Digital Revenue Ratio
(Constant FX)



17%(Nominal FX)

FY6/2019
Digital Revenue Ratio
(Constant FX)



18%(Nominal FX base)

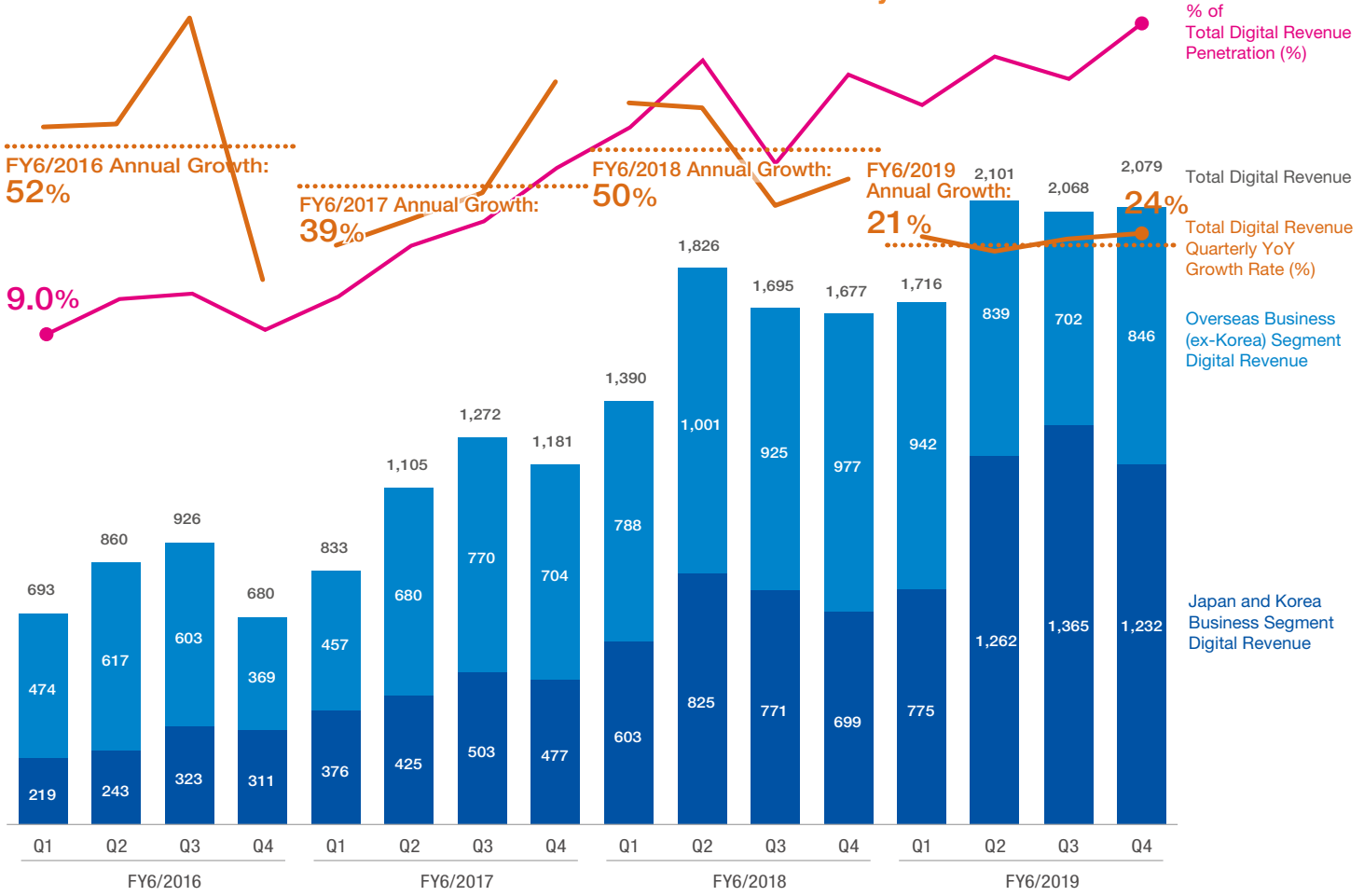
Mid-term Target :
Approx. 20%

1% Short
in Annual Base

Quarterly Ratio

Consolidated (IFRS)
(JPY in Millions)

Mid-term Target :
Approx. 20% **Achieved** **in Quarterly Base** **20.7%**



Although there was an external environmental change, by which the slowdown of the growth rate in the final year of MTBP (Negative effect on Google/YouTube privacy policy regulations), Digital Revenue grew strongly as almost expected in the 3 years

Profit Growth

EBITDA

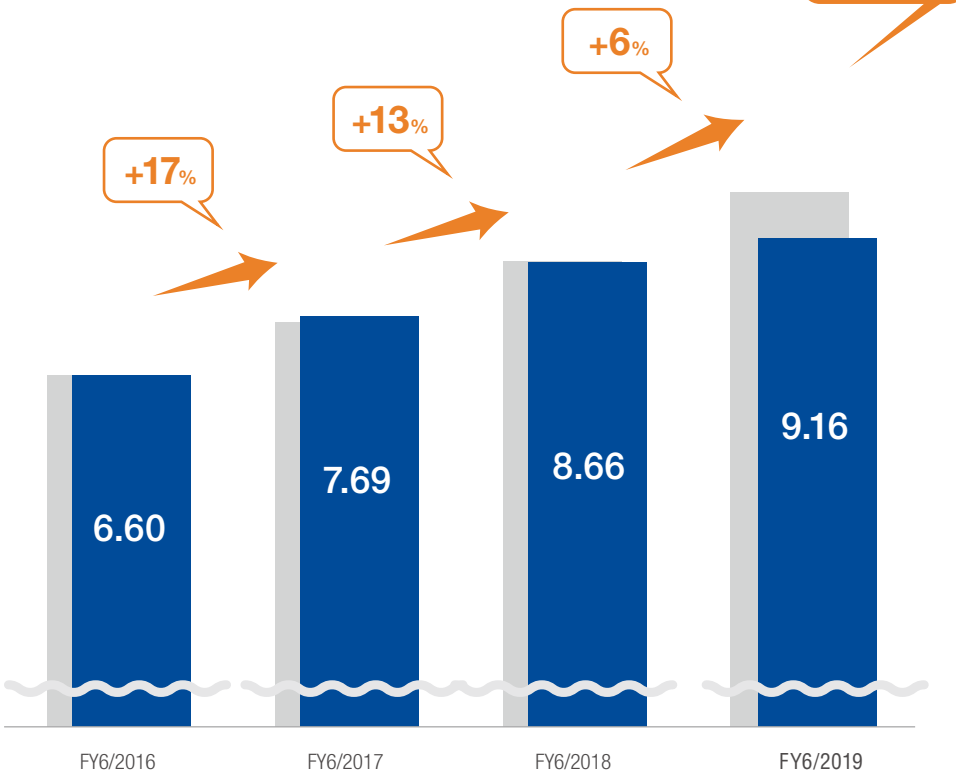
Consolidated (IFRS)
(JPY BN)

CAGR 15% Model Case consistent with the Mid-Term Revenue Plan (CAGR 10%)

Actual-Financials

3% Short
vs. Model Case

3Y CAGR
+12%



Profit Attributable to Owners of the Parent

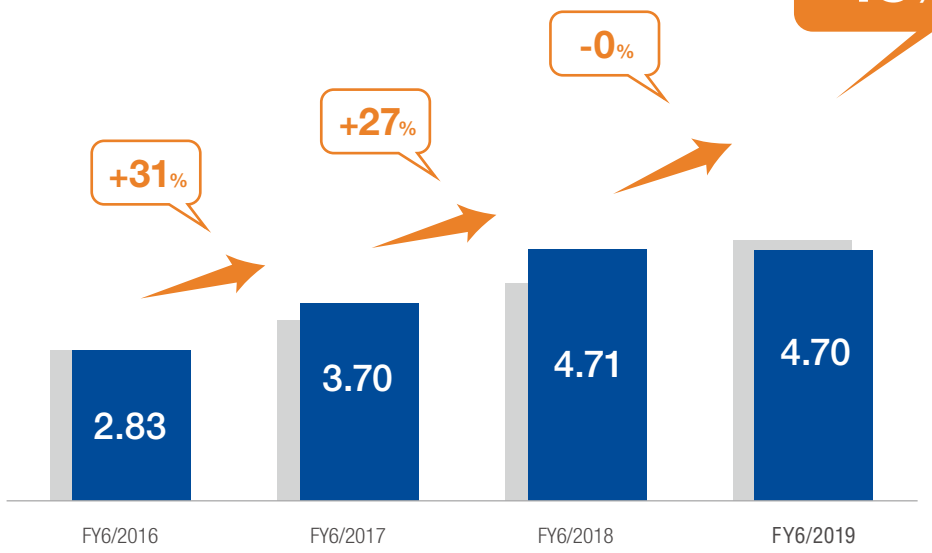
Consolidated (IFRS)
(JPY BN)

CAGR 20% Model Case consistent with the Mid-Term Revenue Plan (CAGR 10%)

Actual-Financials

2% Short
vs. Model Case

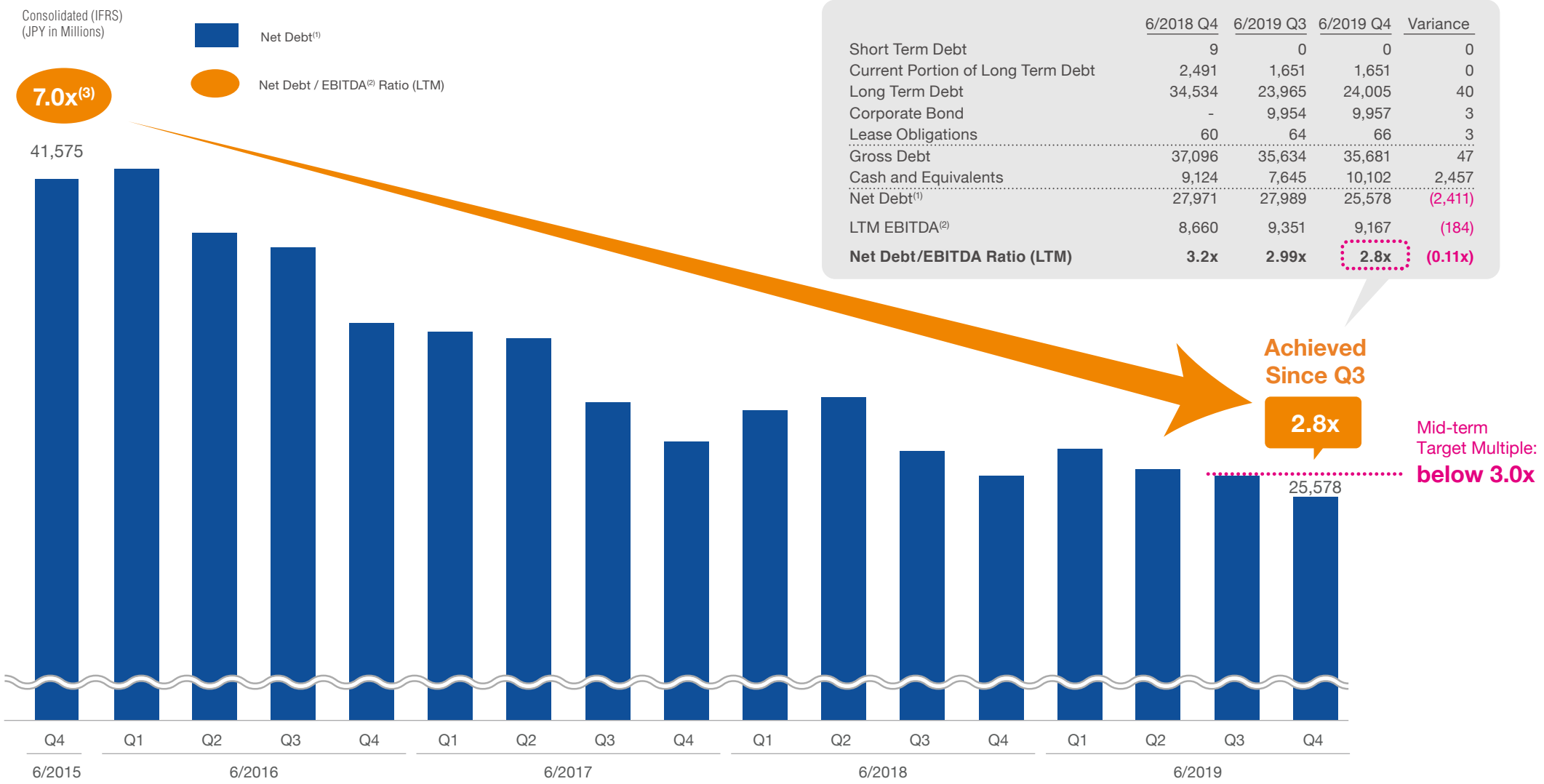
3Y CAGR
+18%



Due to the slowdown of the organic revenue growth rate in the final year of the MTBP and effect of M&A, profit grew limitedly, and it resulted in lower profit growth compared to the profit model of which we achieve revenue growth of the MTBP

Leverage

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



	6/2018 Q4	6/2019 Q3	6/2019 Q4	Variance
Short Term Debt	9	0	0	0
Current Portion of Long Term Debt	2,491	1,651	1,651	0
Long Term Debt	34,534	23,965	24,005	40
Corporate Bond	-	9,954	9,957	3
Lease Obligations	60	64	66	3
Gross Debt	37,096	35,634	35,681	47
Cash and Equivalents	9,124	7,645	10,102	2,457
Net Debt[1]	27,971	27,989	25,578	(2,411)
LTM EBITDA[2]	8,660	9,351	9,167	(184)
Net Debt/EBITDA Ratio (LTM)	**3.2x**	**2.99x**	**2.8x**	**(0.11x)**

We achieved target Net Debt/EBITDA leverage ratio 1 quarter earlier in advance

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.87 for the details

iii. Our Business Model and Strategy

Japan Business – Market Opportunity & Our Positioning

	Market Size	Market Growth	Market Share & Position
Japanese Marketing Research Market	**JPY 219.0Bn[1]** (2018)	2014: 2.7% / 2015: -3.3% / 2016: 7.8% / 2017: 2.3% / 2018: 2.0% — **5Y CAGR 3.6%**	
Ad-hoc Online Research Field	**JPY 70.5Bn[1]** (2018)	2014: 2.6% / 2015: 3.2% / 2016: 6.3% / 2017: 4.2% / 2018: 4.9% — **5Y CAGR 4.2%**	**30% Over No.1**
Ad-hoc Offline Research Field	**JPY 38.9Bn[1]** (2018)	2014: 7.2% / 2015: 11.4% / 2016: 14.0% / 2017: -10.2% / 2018: 6.7% — **5Y CAGR 5.5%**	**Appx.10% N/A**
Other Research Field	**JPY 109.6Bn[1]** (2018)	2014: 1.4% / 2015: 0.7% / 2016: 6.5% / 2017: 6.0% / 2018: -1.3% — **5Y CAGR 2.6%**	**N/A**
Digital Marketing Research Field	**N/A** Est. JPY 87.9Bn? 5% of Digital Ad Market (2018: JPY 1,758.9Bn[2])	**Double Digits** (cf. Digital Ad YoY Growth Rate (2017 to 2018): 16.5%[2])	**N/A**

Notes
1. Japan Marketing Research Association (JMRA) – Japan Market Research Spending (7/2018)
2. Source: Dentsu – 2018 Annual Report on Advertising Expenditures in Japan (2/2019)

Global Business – Market Opportunity

	Market Size	Market Growth
Global Marketing Research Market	**USD 45.8Bn**[1] (2017)	2013: 8.9% · 2014: 6.8% · 2015: -4.5% · 2016: 0.9% · 2017: 3.1% · **5Y CAGR 2.9%**[1]
Online Research Field[2]	**USD 17.9Bn**[1] (2017)	2013: 1.1% · 2014: 15.0% · 2015: 5.8% · 2016: 23.7% · 2017: 5.8% · **5Y CAGR 10.0%**[1]
Conventional Research Field[3]	**USD 28.0Bn**[1] (2017)	2013: 8.9% · 2014: 6.8% · 2015: -8.4% · 2016: -9.3% · 2017: 3.1% · **5Y CAGR -0.4%**[1]
Digital Marketing Research Field	**N/A** Est. USD 23.1Bn? 10% of Digital Ad Market (2017: USD 231Bn[4])	**Double Digits** (cf. Digital Ad: 5Y Forward CAGR 14.7%[4])

Notes

1. Source: ESOMAR Report (9/2018)
2. Online quantitative marketing research only, excluding online qualitative marketing research, which are excluded in ESOMAR presentation
3. Other than above-mentioned online (Online quantitative only) marketing research
4. Source: eMarketer Worldwide Ad Spending (9/2018)

Korean Business – Market Opportunity & Our Positioning

	Market Size	Market Growth	Market Share & Position
Korean Marketing Research Market	**USD 483mm(1)** (2017)	2013 12.6% / 2014 13.1% / 2015 -4.7% / 2016 4.5% / 2017 4.1% — 5Y CAGR **5.7%**	
Online Research Field(2)	**USD 126mm(1)** (2017)	2013 33.0% / 2014 17.5% / 2015 -18.8% / 2016 27.2% / 2017 -3.3% — 5Y CAGR **9.3%**	**About 30%** **No.1**
Conventional Research Field(3)	**USD 357mm(1)** (2017)	2013 6.8% / 2014 11.6% / 2015 0.5% / 2016 -2.3% / 2017 7.0% — 5Y CAGR **4.6%**	**N/A**
Digital Marketing Research Field	**N/A** **Est. USD 290mm?** **8.6%(1) of Digital Ad Market (2017: USD 3,381mm(4))**	**Double Digits** **(cf. Digital Ad: 5Y Forward CAGR 7.9%(4))**	**N/A**

Notes

1. Source: ESOMAR Report (9/2018, 9/2012)
2. Online quantitative marketing research only, excluding online qualitative marketing research, which are excluded in ESOMAR presentation
3. Other than above-mentioned online (Online quantitative only) marketing research
4. Source: eMarketer Worldwide Ad Spending (9/2018)

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

Digital Marketing, Core Growth Driver

Consolidated Revenue Breakdown - Digital & Non-Digital by Segment

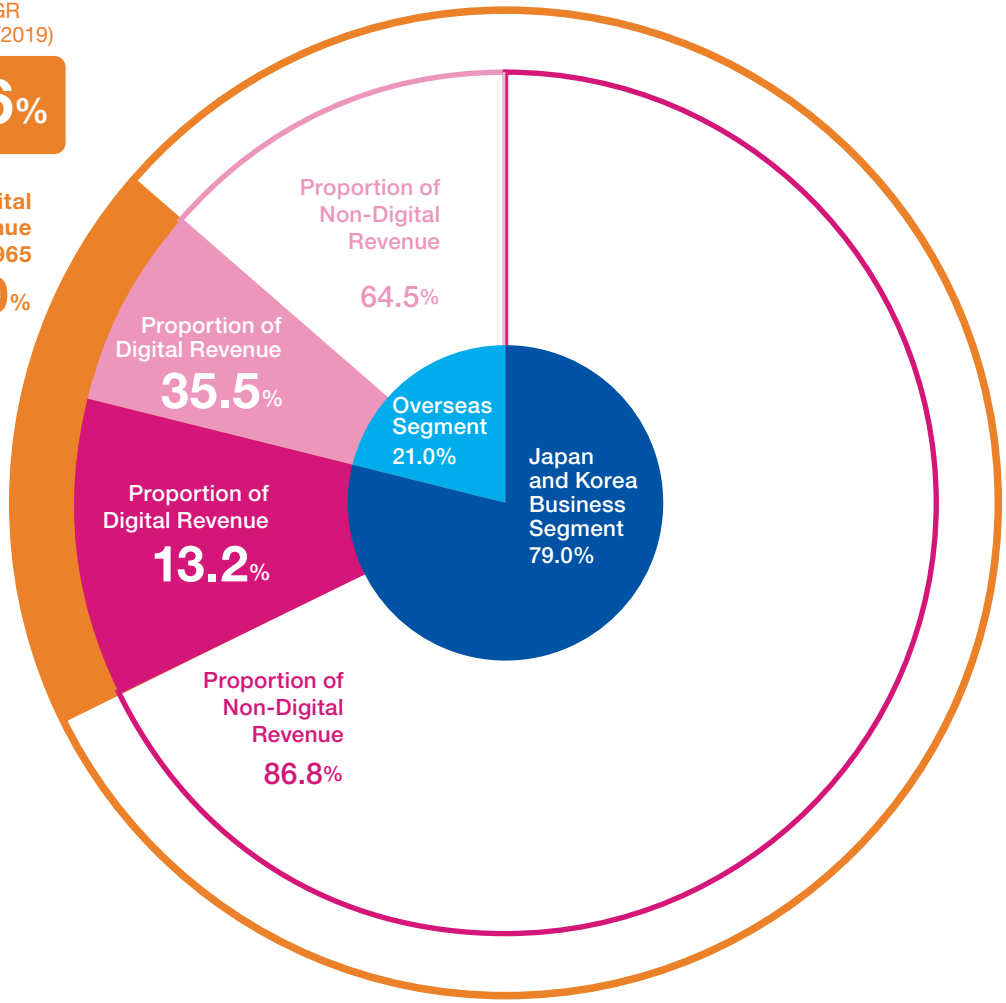
FY6/2019
Consolidated (IFRS)
(JPY in Millions)

Consolidated Organic Revenue Growth Target
+10%

Total Revenue 44,279
Japan-Global Elimination (145)
Inter Segment Elimination (126)

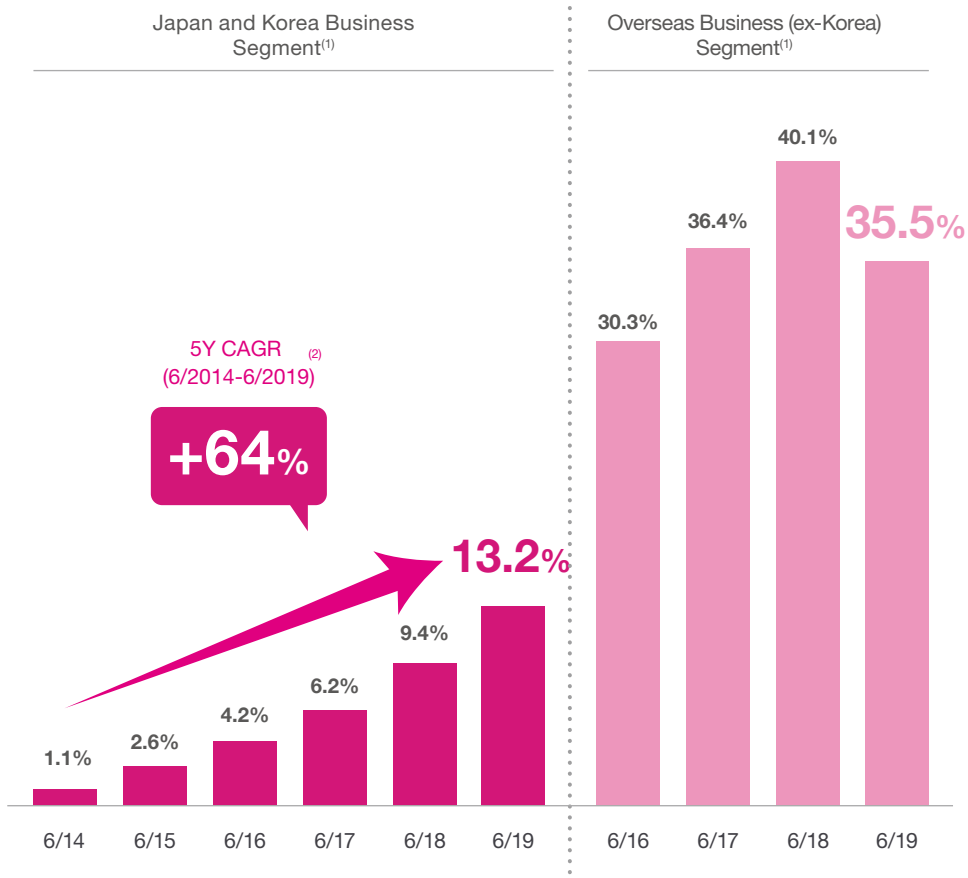
3Y CAGR
(6/2016-6/2019)
+36%

Total Digital Revenue
7,965
18.0%



Significant Untapped Upsides Particularly in Japan

% of Digital Marketing Solutions Revenue of Total Revenue



Notes

1. Japan and Korea Business Segment revenue from sales of digital marketing solutions in each year / Japan and Korea Business Segment revenue. Overseas Business (ex-Korea) Segment revenue from sales of digital marketing solutions in each year / Overseas Business (ex-Korea) 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

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 Measurement

Macromill Group Solutions

Understanding Markets	Concept Development	Marketing Planning	Launch	Effectiveness Measurement
Market Exploration Brand Assessment	Optimize Product Development Concept Test	Ad Pretesting Pricing Evaluation Package Test Sales Activation		Ad Effectiveness CS Brand Lift

Ad-related area

Global network of 49 offices in 19 countries

MACROMILL GROUP

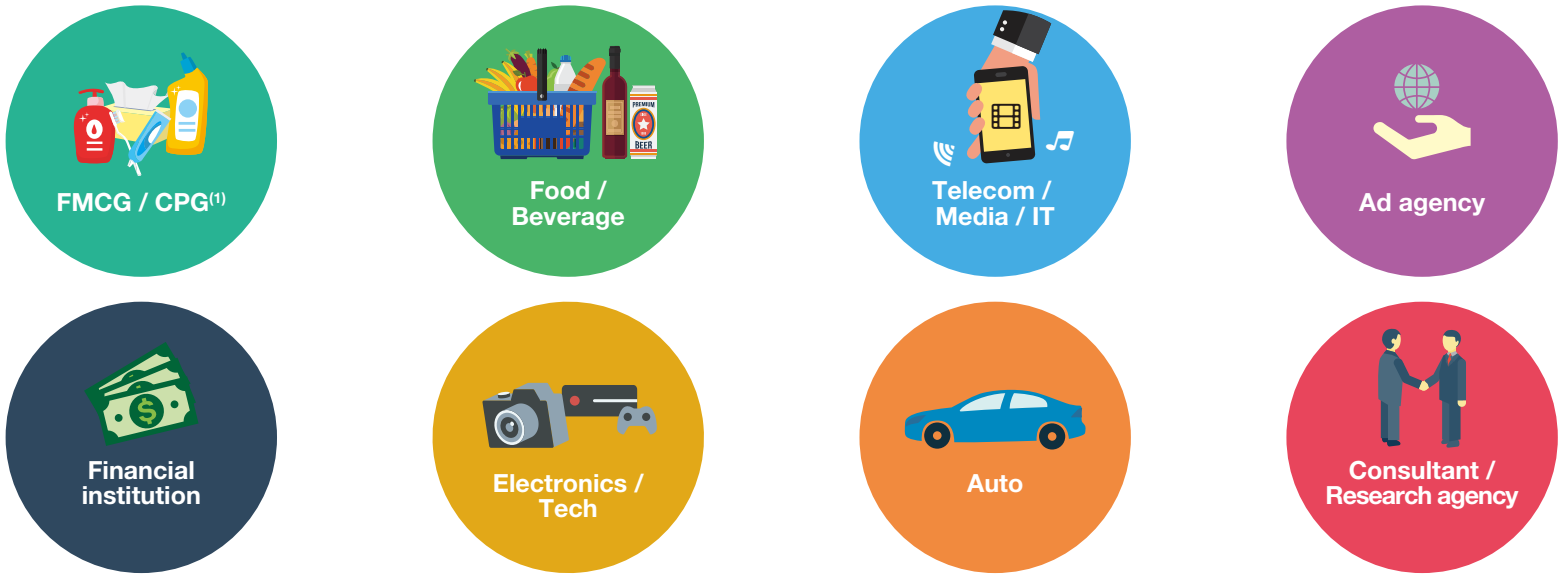


10M Proprietary Panel

Total 110M Global Consumer 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]

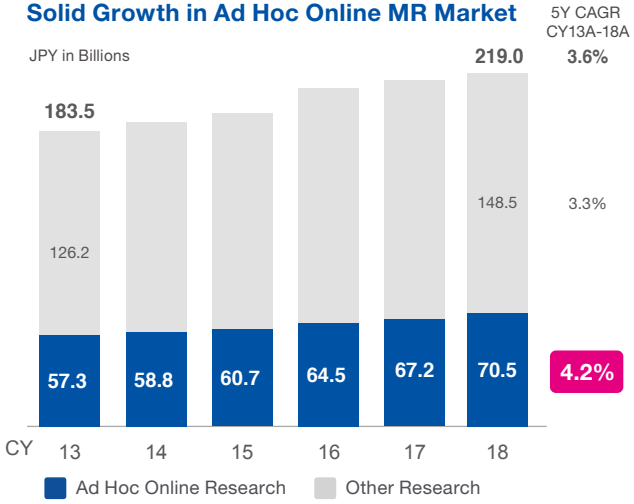
Notes

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 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

Further Growth Opportunity in Japan

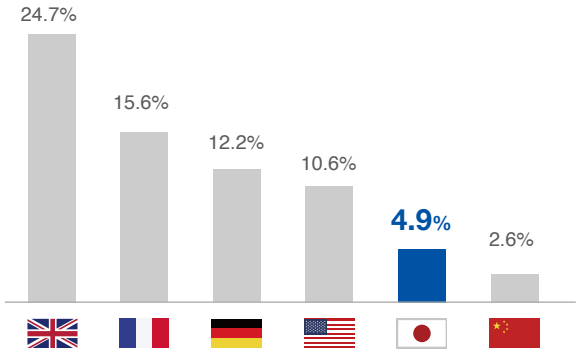
MR Market Size

Solid Growth in Ad Hoc Online MR Market



Source Japan Marketing Research Association (7/2019)

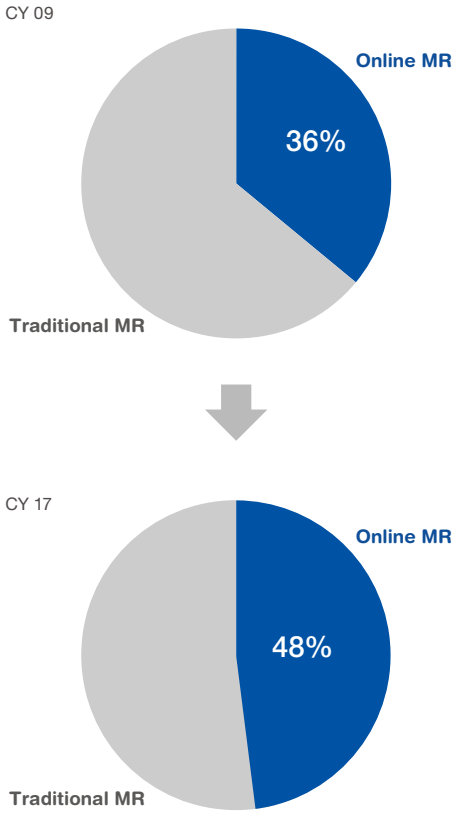
Significant Room for Further MR Penetration to Total Ad Spending



Source ESOMAR, Global Market Research (9/2018)

Further Online MR Penetration[1]

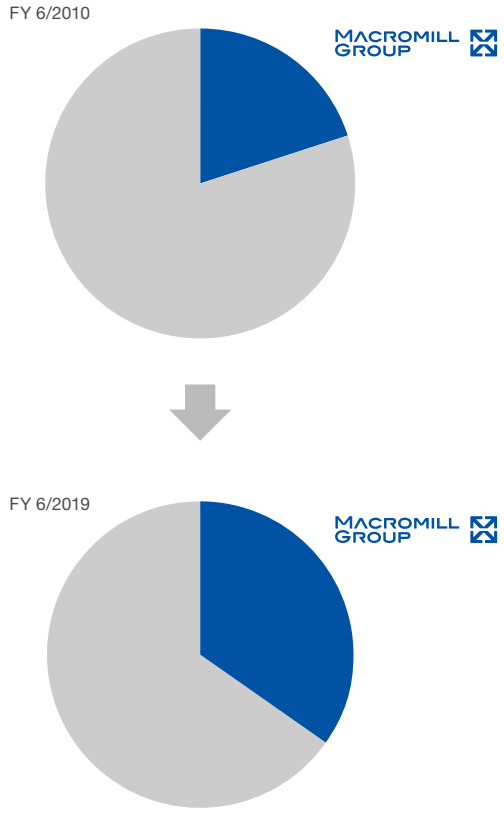
Track Record of Online MR replacing Traditional MR



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



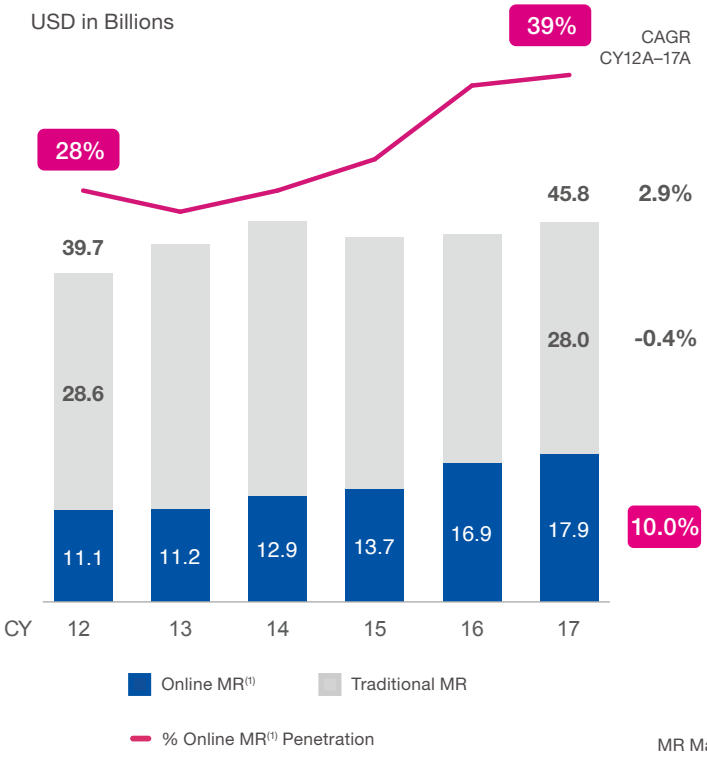
Notes

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, Dentsu Macromill Insight (DMI) and H.M. Marketing Research (HMM) revenue from sales of ad hoc online market research solutions in Japan (FY6/2019) / total Japan ad hoc Online MR market (2018) 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

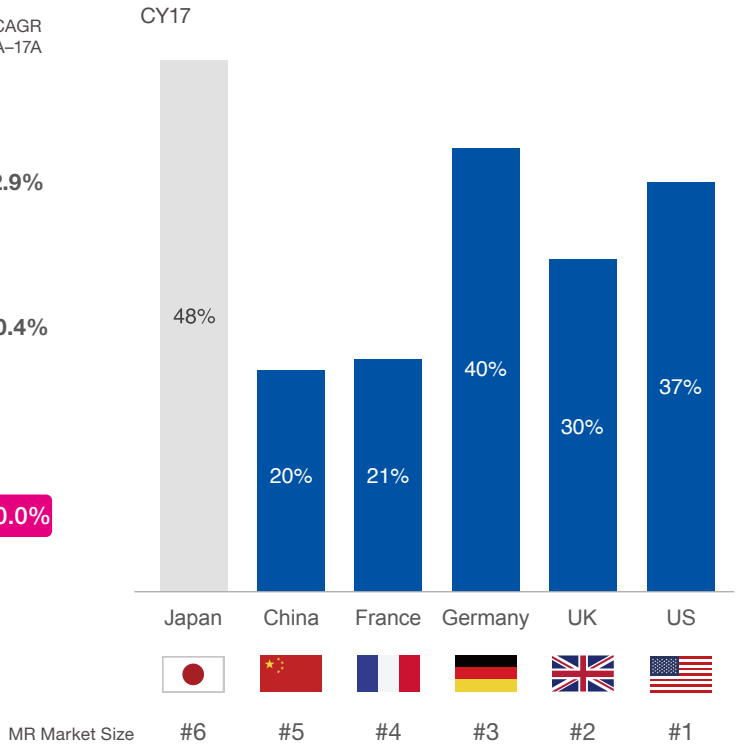
Online MR Continues to Outgrow Traditional MR



Source ESOMAR, Global Market Research (9/2018)

Further Online MR Penetration

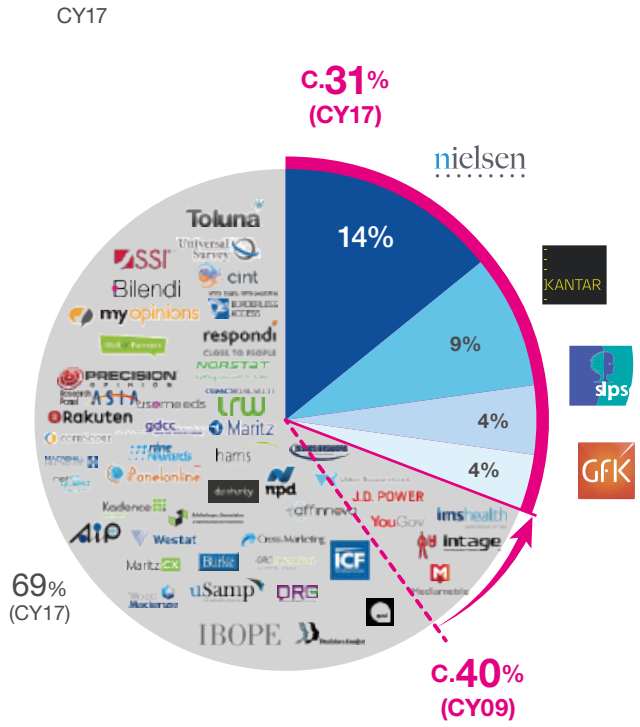
Significant Room for Online MR Penetration(2) to Total MR Spending



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 marketing research only, excluding online qualitative marketing 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

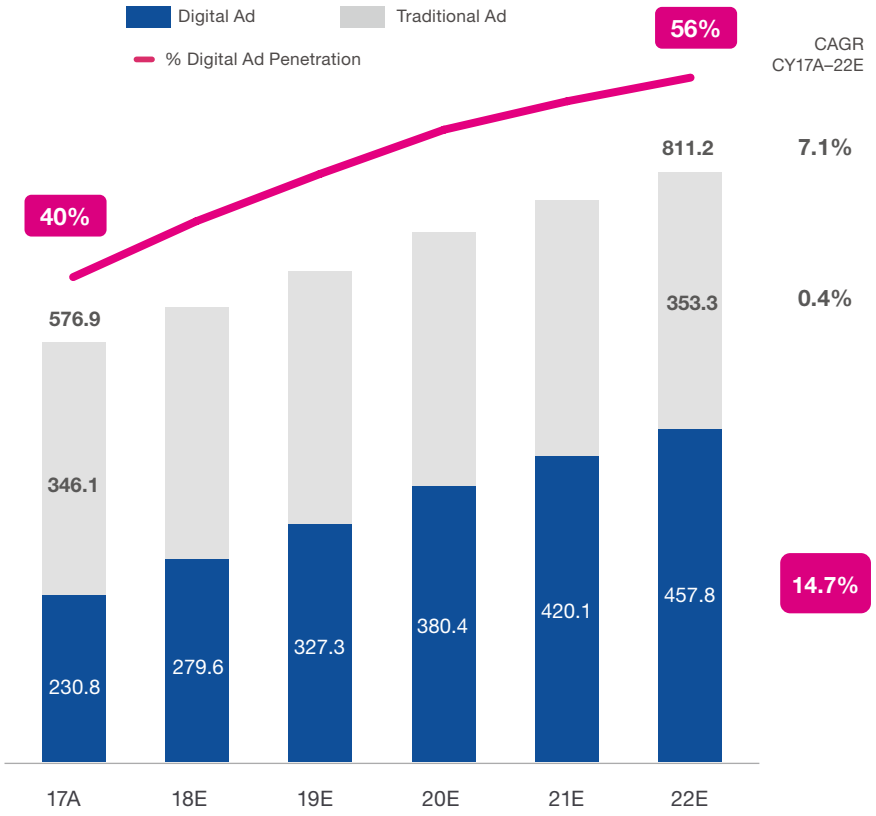
Significant Growth Upsides from Digital Marketing Solutions

Digital Ad Market Growth

Digital Ad Continues to Outgrow Traditional Ad

Worldwide Media Ad Size

USD in Billions

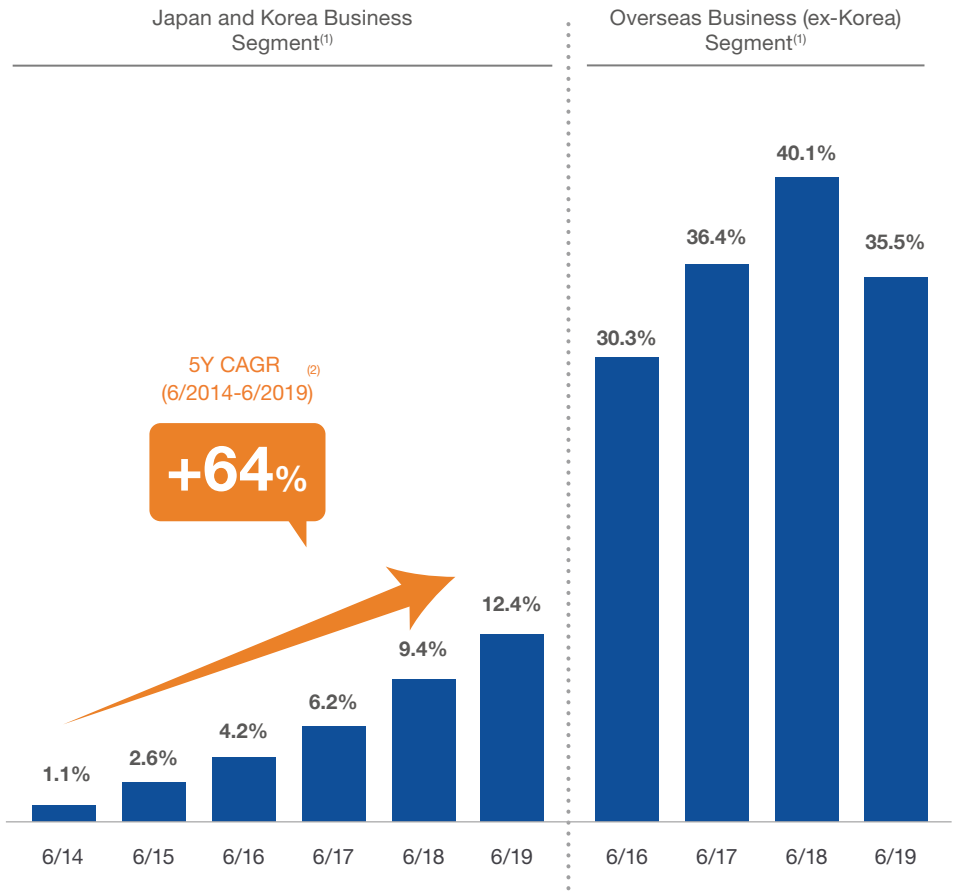


Source eMarketer, Worldwide Ad Spending (9/2018)

Further Penetration of Digital Marketing Solutions

Significant Untapped Upsides Particularly in Japan

% of Digital Marketing Solutions Revenue in each Segment Revenue



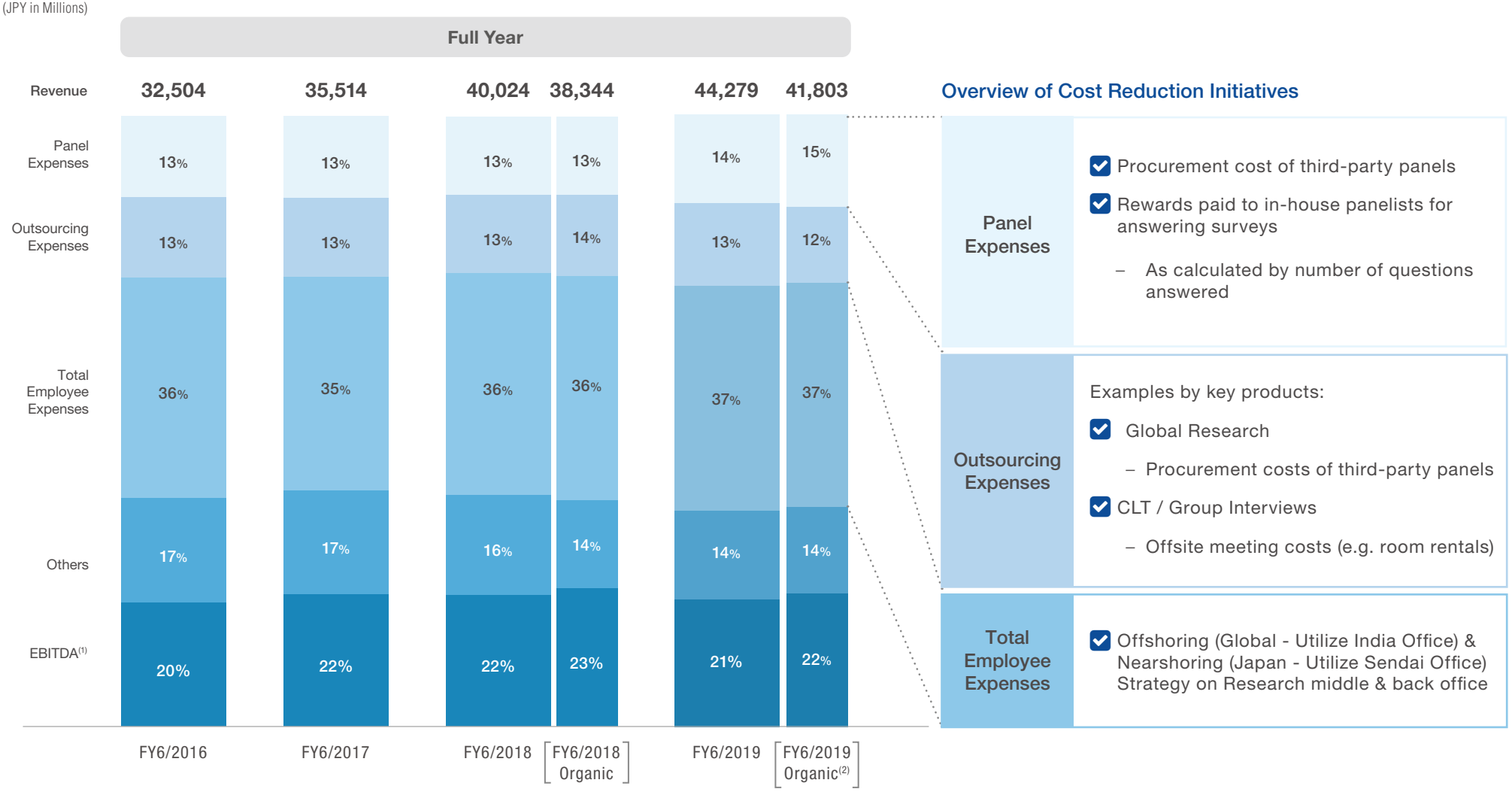
Notes

1. Japan and Korea Business Segment revenue from sales of digital marketing solutions in each year / Japan and Korea Business Segment revenue. Overseas Business (ex-Korea) Segment revenue from sales of digital marketing solutions in each year / Overseas Business (ex-Korea) 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

Operating Leverage & Cost Reduction Initiatives Deliver Further Profit Expansion

Breakdown of Key Cost Items

Consolidated (IFRS) unaudited
(JPY in Millions)



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

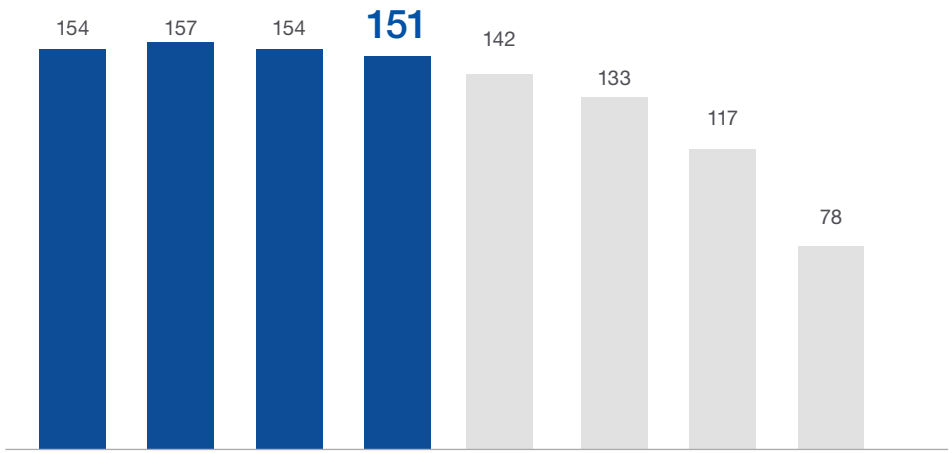
Notes

1. EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss
2. 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 FY6/2019 is sum of HMM (Q1-Q4) and CENTAN (Q1-Q2, CENTAN has become 51% subsidiary since FY6/2018 Q3) only.

Best-in-Class Operational Excellence and Profitability Continues

Revenue per Employee[1][2]

USD in Thousands, Latest FY[3]

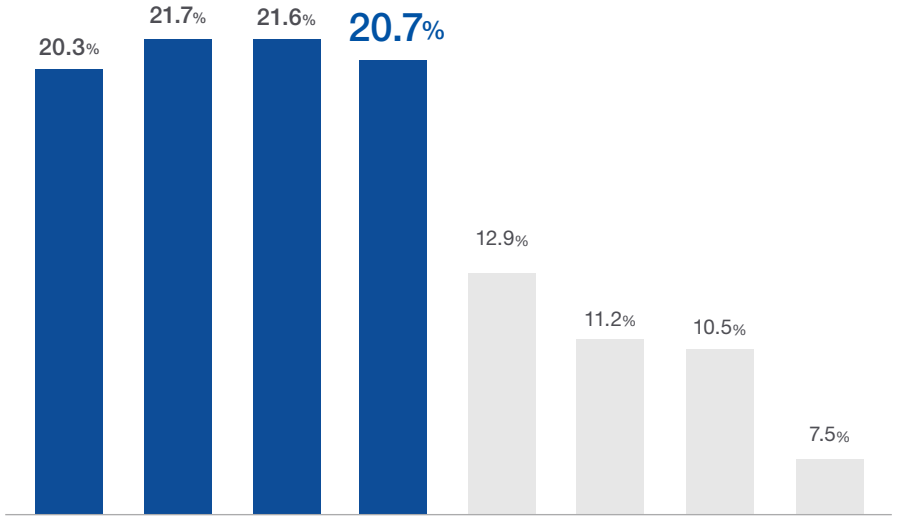


# of Employees[1][4]	6/2016	6/2017	6/2018	6/2019	Consolidated[5]	intage	ipsos	Cross Marketing
	1,923 (6/16A)	2,120 (6/17A)	2,362 (6/18A)	2,666 (6/19A)	46,000 (12/18A)	3,710 (3/19A)	17,987 (12/18A)	2,045 (12/18A)

Source Company Information

EBITDA Margin[6][7]

Latest FY[3]



EBITDA[2][4][5] (US$MM)	6/2016	6/2017	6/2018	6/2019	Buy Segment[8]	ipsos	intage	Cross Marketing
	60 (6/16A)	69 (6/17A)	79 (6/18A)	83 (6/19A)	398 (12/18A)	236 (12/18A)	52 (3/19A)	12 (12/18A)

Source Company Information

Notes

1. Includes temporary employees
2. Exchange rate: USD/EUR = 0.83, USD/JPY = 109.8
3. As of June 30, 2019
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: EBITDA = 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 + Impairment Loss of Goodwill and Other Long-Lived Asset + Other Items).

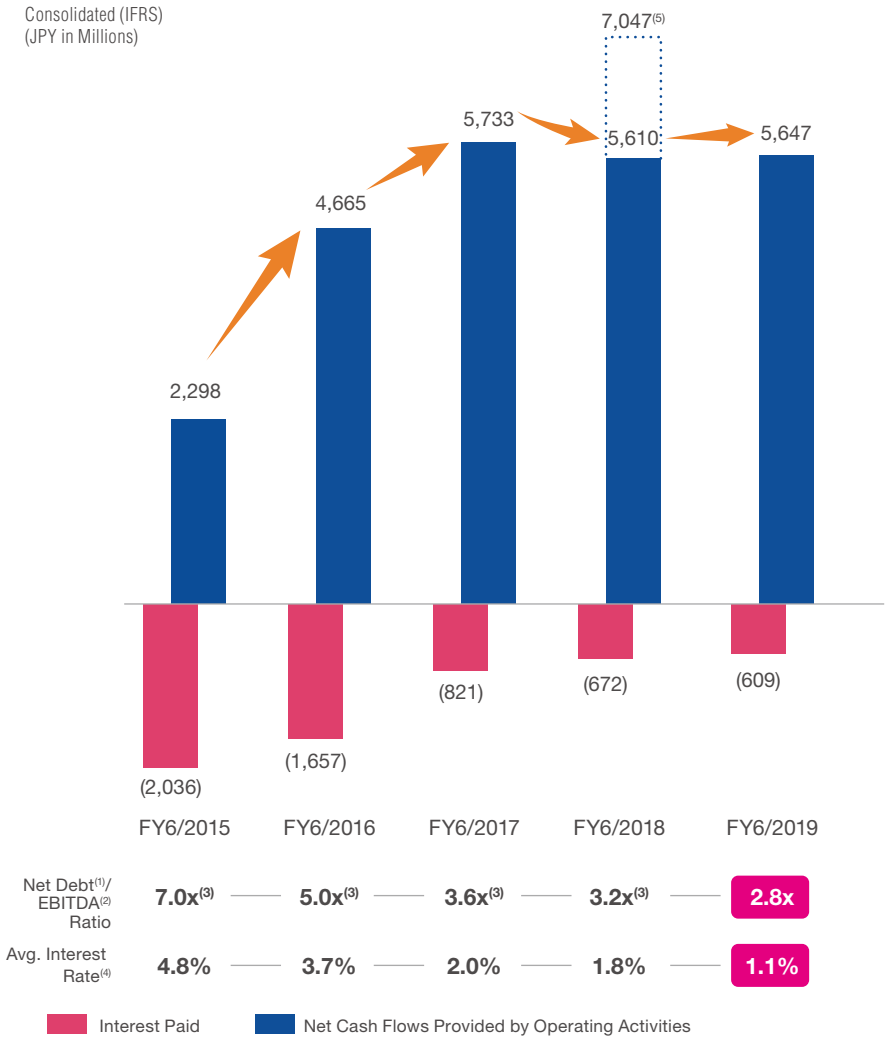
   Intage and Cross Marketing: EBITDA = Operating Income + (Depreciation and Amortization + Impairment Loss).

   Ipsos: EBITDA = Operating Income + (Depreciation and Amortization + Impairment Loss of Goodwill and Other Long-Lived Asset + Other Items).

   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 27.9%

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 : NEW Target 2.0x - 2.5x

Create Balance for Continued Growth

Shareholder Return

- Gradually ramp up dividend payout (per share base)
  JPY 9.0 / share (FY6/2019)
  → JPY 11.0 / share (FY6/2020)
- Share buy back in timely manner (NEW Addition as an option)

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.87 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) + No A/R factoring services in DMI 1,437M (FY6/2018)

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
2019 Acquisition

W&S market research Holdings

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

- Access to Southeast Asian Client and Panels
- 10% minority investment > 51% majority acquisition

2018 Joint Venture with Hakuhodo (51% Majority Acquisition)

TOKYO SURVEY RESEARCH INC.

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

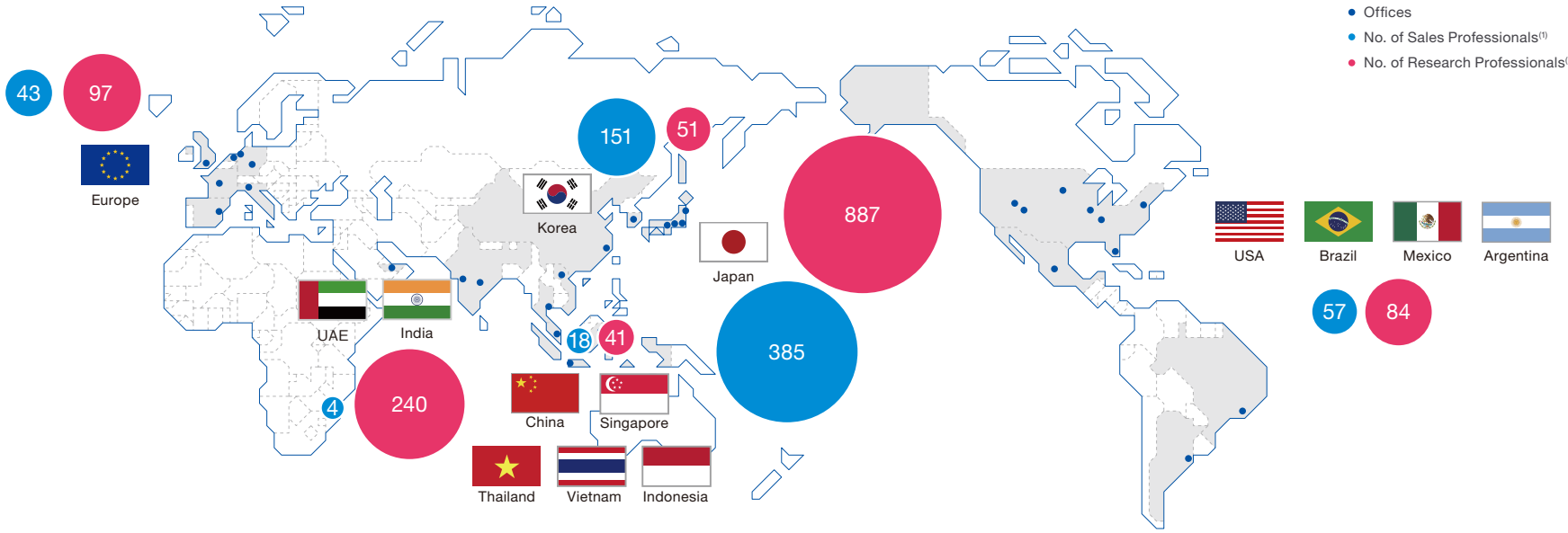
- Seeking wallet share expansion and enhancement of online/offline integrated solutions

Note
1. Acquired market research business only

Worldwide Sales & Research Delivery

Sales and Research Breakdown for Selected Key Markets[1]

As of end of June, 2019



2,200+[2] Employees in 49 Offices Worldwide

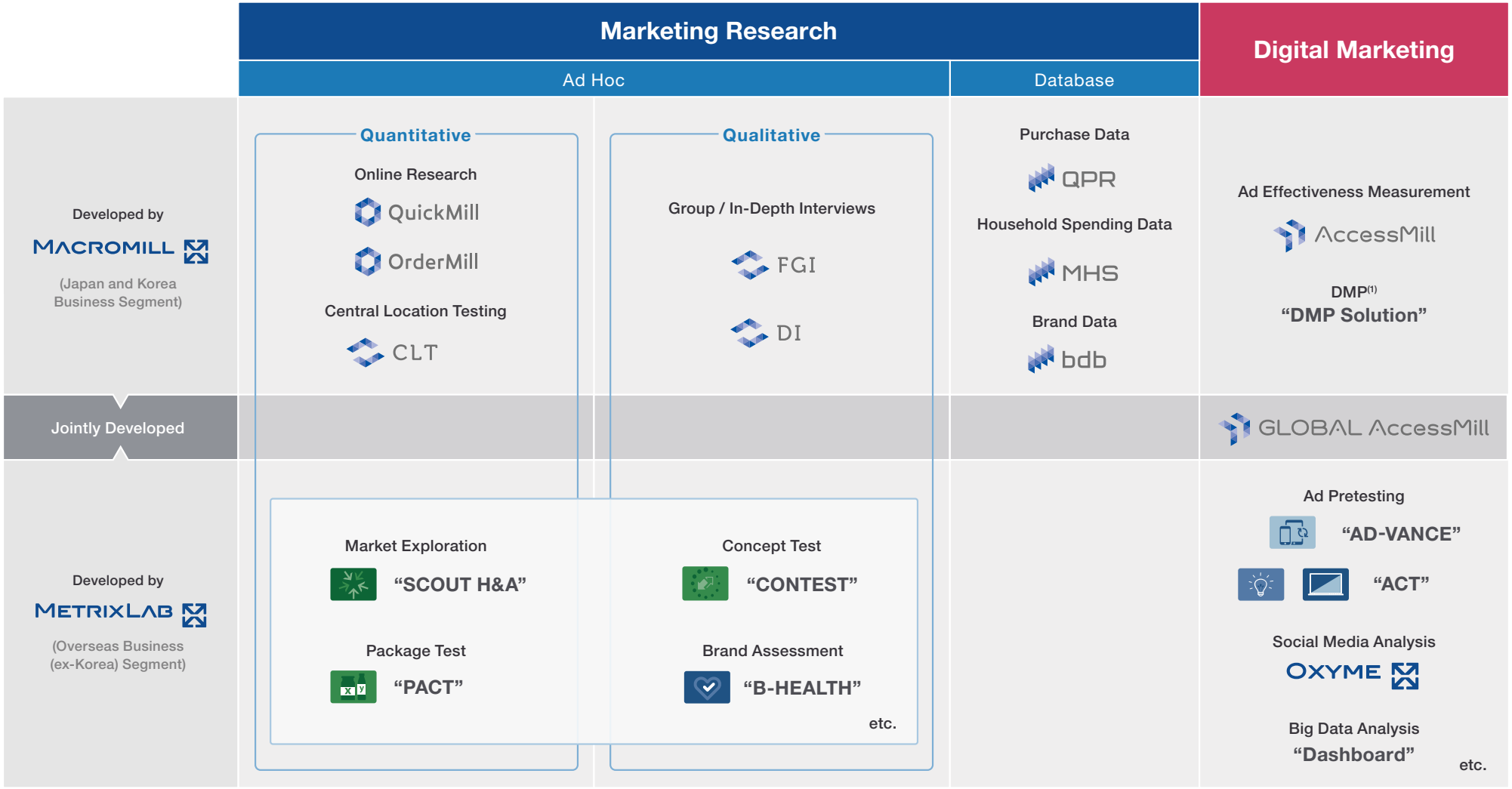
	Local **Deeper Local Consumer Insights**	Global **Coordinated Cross-Border Client Coverage**
Sales	☑ **Localized Sales Teams** c. 660[1] professionals across 49 offices worldwide	☑ **CEO-led Experienced Sales Professionals Deliver Coordinated GKA[3] Coverage**
Research	☑ **Seamless Coordination with Local Research Professionals**	☑ **Best Practice Sharing and Real-time Support from the Global Competence Center in India** ☑ **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

Industry-Leading One-Stop Solutions Portfolio

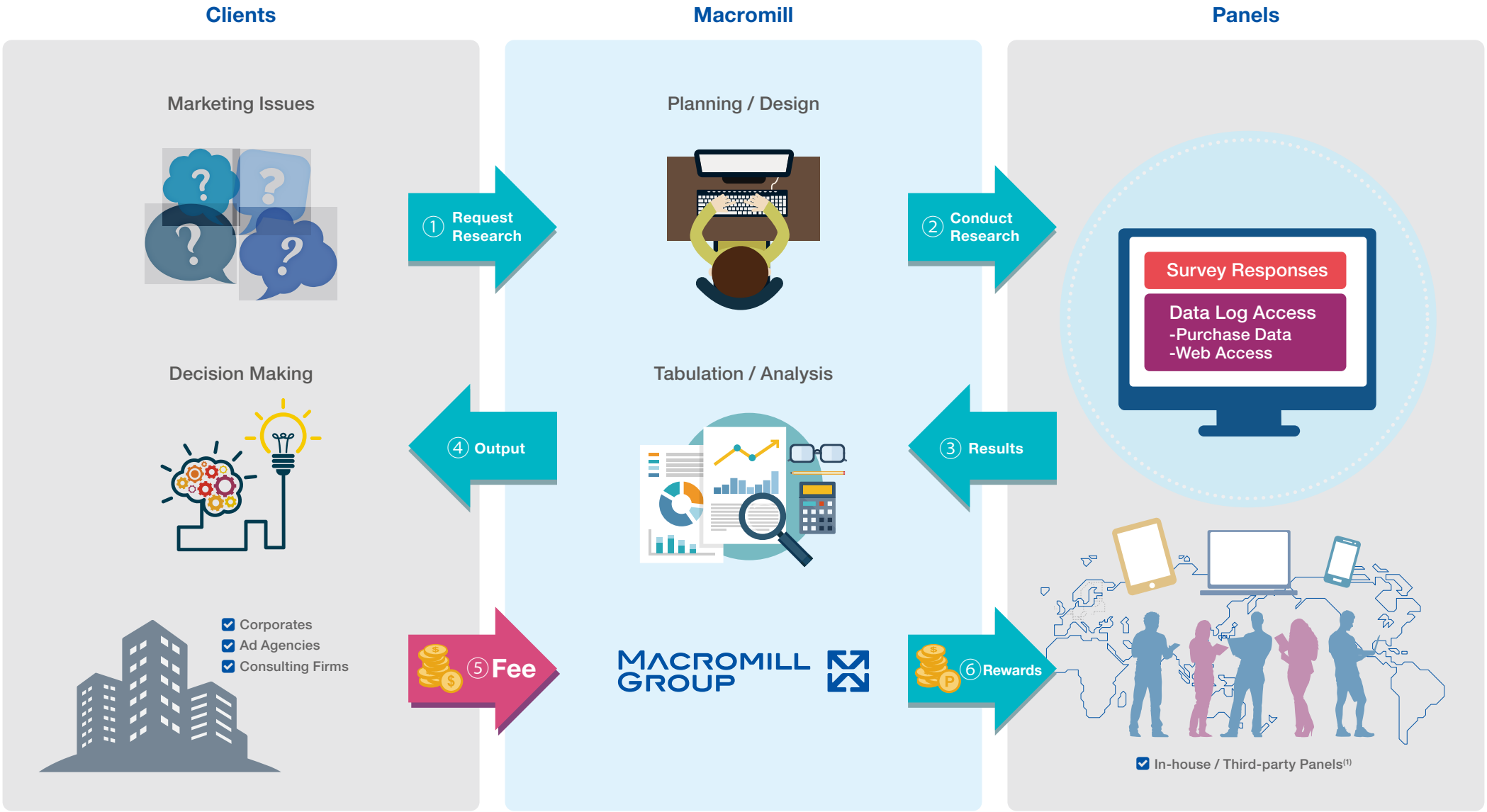
Selected Solutions



Note
1. Data Management Platform

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

iv. FY6/2019 Financial Results Details

Consolidated Statements of Operations

(JPY in Millions)	IFRS Full Year 6/2016	6/2017	6/2018	6/2019
Revenue	32,504	35,514	40,024	44,279
Panel Expenses	(4,303)	(4,749)	(5,187)[1]	(6,402)
Outsourcing Expenses	(4,243)	(4,545)	(5,089)[1]	(5,974)
Total Employee Expenses	(11,780)	(12,462)	(14,509)	(16,323)
Depreciation and Amortization	(874)	(871)	(1,052)	(1,411)
Others	(5,681)	(6,321)	(6,566)	(6,397)
Operating Expenses Total	(26,882)	(28,950)	(32,404)	(36,510)
Other Operating Income	272	283	42	28
Other Operating Expenses	(168)	(31)	(57)	(47)
Share of the Profit on Investments Accounted for Using the Equity Method	3	9	2	2
Operating Profit	5,730	6,825	7,607	7,751
Finance Income	496	15	528	227
Finance Costs	(2,139)	(958)	(763)	(693)
Profit before Tax	4,087	5,882	7,372	7,285
Income Tax Benefit (Expense)	(848)	(1,672)	(2,201)	(2,022)
Profit for the Year/Period	3,238	4,210	5,170	5,262
Profit Attributable to Owners of the Parent	2,832	3,706	4,719	4,702

Notes

1. We have introduced group-unified cost definition for Outsourcing Expenses and Panel Expenses starting from FY6/2019. As a result, and following IFRS requirements, we reclassified JPY 69M from Outsourcing Expense to Panel Expense in FY6/218 in order to enable fair year-on-year comparison.

Consolidated Statements of Operations - Reconciliation Tables for Operating Expenses

IFRS

(JPY in Millions)	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 Expenses	(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 Expenses	(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)	(5,187)[1]
Outsourcing Expenses	(1,168)	(1,318)	(1,428)	(1,175)	(5,089)[1]
Total Employee Expenses	(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)

Notes

1. We have introduced group-unified cost definition for Outsourcing Expenses and Panel Expenses starting from FY6/2019. As a result, and following IFRS requirements, we reclassified JPY 69M from Outsourcing Expense to Panel Expense in FY6/218 in order to enable fair year-on-year comparison.

Summarized Consolidated Statements of Financial Position

(JPY in Millions)	IFRS			
Assets	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Current Assets	**12,725**	**15,485**	**18,409**	**20,634**
Cash and Cash Equivalents	6,124	8,447	9,124	10,102
Trade and Other Receivables	6,015	6,388	8,744	9,577
Other Current Assets[1]	586	649	540	954
Total Non-current Assets	**53,839**	**55,330**	**56,820**	**57,687**
Property, Plant and Equipment	979	1,034	1,152	1,370
Intangible Assets	50,788	52,127	53,562	54,130
Goodwill	45,290	46,067	46,957	46,886
Other Intangible Assets	5,498	6,059	6,605	7,244
Other Non-current Assets[1]	2,070	2,169	2,102	2,183
Total Assets	**66,564**	**70,815**	**75,230**	**78,321**

(JPY in Millions)	IFRS			
Liabilities and Equity	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Current Liabilities	**8,848**	**8,952**	**10,890**	**10,150**
Borrowings	3,319	2,617	2,500	1,651
Trade and Other Payables	2,492	2,492	3,008	4,105
Other Current Liabilities[1]	3,036	3,842	5,379	4,391
Non-current Liabilities	**41,068**	**39,511**	**36,871**	**35,888**
Borrowings and Bonds	38,535	36,880	34,534	33,963
Other Non-current Liabilities[1]	2,533	2,630	2,335	1,923
Total Liabilities	**49,916**	**48,463**	**47,762**	**46,039**
Total Equity	16,647	22,352	27,468	32,282
Total Liabilities and Equity	**66,564**	**70,815**	**75,230**	**78,321**

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 Statements of Cash Flows

(JPY in Millions)	IFRS Full Year 6/2016	6/2017	6/2018	6/2019
Net Cash Flows Provided by Operating Activities	**4,665**	**5,733**	**5,610**	**5,647**
Profit (Loss) before Tax	4,087	5,882	7,372	7,285
Depreciation and Amortization	874	871	1,052	1,411
Finance Income	(496)	(15)	(528)	(227)
Finance Costs	2,139	958	763	693
Change in Working Capital[1]	(338)	(131)	(2,175)	(805)
Others[2]	506	(69)	838	482
Sub Total	**6,772**	**7,496**	**7,323**	**8,841**
Interest and Dividends Paid and Received	33	18	11	19
Interest Paid	(1,450)	(1,120)	(456)	(371)
Income Taxes Paid	(690)	(660)	(1,267)	(2,841)
Net Cash Flows Provided by (Used in) Investing Activities	**67**	**(1,348)**	**(2,101)**	**(1,819)**
Capex[3]	(647)	(1,007)	(1,026)	(2,088)
Acquisition of Subsidiaries	—	—	(1,044)	276
Others[2]	714	(340)	(30)	(7)
Net Cash Flows Provided by (Used in) Financing Activities	**(5,602)**	**(2,155)**	**(2,813)**	**(2,845)**
Proceeds from Borrowings[4] and Bonds	42,676	237	1,007	10,045
Repayment of Borrowings[4]	(48,207)	(3,357)	(3,636)	(12,507)
Proceeds from Issue of Shares	—	1,149	408	180
Others[2]	(71)	(185)	(591)	(564)

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

(JPY in Millions)	IFRS 6/2016	6/2017	6/2018	6/2019
Operating Profit	**5,730**	**6,825**	**7,607**	**7,751**
(+) Depreciation and Amortization	874	871	1,052	1,416
(+) Impairment Loss on Goodwill[2]	—	—	—	—
EBITDA	**6,604**	**7,696**	**8,660**	**9,167**
(+) M&A-Related Expenses[3]	155	—	—	—
(+) Management Fee[4]	120	374	—	—
(+) Refinancing Related Advisory Fees	92	—	—	—
(+) Retirement Benefits for Retiring Officers[5]	—	—	—	—
(+) IPO-related expenses and Expenses related to going-private transaction	173	460	97	49
Adjusted EBITDA	**7,146**	**8,531**	**8,757**	**9,216**

Adjusted Profit Attributable to Owners of the Parent

(JPY in Millions)	IFRS 6/2016	6/2017	6/2018	6/2019
Profit (Loss) Attributable to Owners of the Parent	**2,832**	**3,706**	**4,719**	**4,702**
(+) Refinancing Costs[6]	557	—	—	—
(+) M&A-Related Expenses[3]	155	—	—	—
(+) Management Fee[4]	120	374	—	—
(+) IPO-related expenses and Expenses related to going-private transaction	173	481	97	49
(+) Impairment Loss on Goodwill[2]			—	—
(+) Retirement Benefits for Retiring Officers[5]			—	—
(-) Tax Impact of Above Adjustments[7]	345	312	3	0
Adjusted Profit Attributable to Owners of the Parent	**3,494**	**4,249**	**4,813**	**4,752**

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, 2018 and 2019
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

Detail of Normalization of Adjusted Item

Adjusted EBITDA

(JPY in Millions)	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 in Millions)	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 in Millions)	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**

Normalized Adjusted Profit Attributable to Owners of the Parent

(JPY in Millions)	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 retracted 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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