Summary of Consolidated Financial Statements for the First Nine-Month Period of the Fiscal Year Ending June 30, 2020 [IFRS]

May 13, 2020

Listed Company:	MACROMILL, INC.
Stock Exchange:	Tokyo Stock Exchange
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Scheduled date to submit quarterly report:	May 15, 2020
Scheduled date of the start of dividends payment:	–
Supplementary material for quarterly financial results:	Yes
Briefing on quarterly financial results:	Yes (for analysts and institutional investors)

1. Consolidated Financial Results for the First Nine-Month Period of the Fiscal Year Ending June 30, 2020 (from July 1, 2019 to March 31, 2020)

(1) Consolidated Business Performance

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

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine-month period of the year ending June 30, 2020	33,552	(2.0)	6,049	(11.4)	5,798	(10.6)	3,935	(14.7)
First nine-month period of the year ended June 30, 2019	34,254	12.4	6,824	7.1	6,482	4.2	4,613	7.5

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted basic earnings per share
	Million yen	%	Million yen	%	Yen	Yen
First nine-month period of the year ending June 30, 2020	3,475	(15.6)	3,760	(16.6)	86.37	85.44
First nine-month period of the year ended June 30, 2019	4,116	4.5	4,507	7.2	103.28	100.58

(Reference)

	EBITDA		EBITDA margin
	Million yen	%	%
First nine-month period of the year ending June 30, 2020	8,141	3.8	24.3
First nine-month period of the year ended June 30, 2019	7,841	9.7	22.9

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of March 31, 2020	82,459	35,473	32,896	39.9
As of June 30, 2019	78,321	32,282	29,726	38.0

2. Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2019	–	0.00	–	9.00	9.00
Year ending June 30, 2020	–	0.00	–		
Year ending June 30, 2020 (forecast)				11.00	11.00

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

3. Forecast of Consolidated Financial Results for the Year Ending June 30, 2020 (from July 1, 2019 to June 30, 2020)

(Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	40,000	(9.7)	4,600	(40.7)	4,300	(41.0)	2,900	(44.9)	2,400	(49.0)	59.62

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

(Reference)

	EBITDA		EBITDA margin
	Million yen	%	%
Full year	7,500	(18.2)	18.8

* Notes

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

New: –

Exclusion: –

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

(i) Changes in accounting policies as required by IFRS:	Yes
(ii) Changes in accounting policies other than (i):	No
(iii) Changes in accounting assumptions:	No

(3) Number of shares outstanding (common stock)

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

As of March 31, 2020	40,312,500 shares	As of June 30, 2019	39,996,600 shares

(ii) Number of shares of treasury stock at the end of the term:

As of March 31, 2020	135 shares	As of June 30, 2019	135 shares

(iii) Average number of shares during the period

Nine months ended March 31, 2020	40,236,030 shares	Nine months ended March 31, 2019	39,859,097 shares

* Summaries of quarterly consolidated financial statements are not subject to audits conducted by certified public accountants or audit firms.

* Note regarding proper use of results forecasts and other special comments

(1) The Group applies the International Financial Reporting Standards (hereinafter “IFRS”) to and after the fiscal year ended June 30, 2016.

(2) The forward-looking statements, such as results forecasts, included in this document are based on information available to the management as of the date of the document and certain assumptions that the management considers reasonable. The Company does not promise that the forecasts will be achieved. Actual results may differ significantly due to a range of factors.

(3) EBITDA = operating profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss

(4) EBITDA margin = EBITDA / revenue

(5) EBITDA and EBITDA margin are not the indicators specified by IFRS, but are the financial indicators that the Group considers useful for investors to evaluate the business results of the Group.

(6) EBITDA and EBITDA margin should not be considered as indicators to replace the other indicators shown in accordance with IFRS because they do not include some of the items that affect the profit for the period, so they are subject to significant restrictions as a means of analysis. EBITDA and EBITDA margin disclosed by the Group may be less useful in comparison with the same or similar indicators of other competitors because they are calculated according to a different method from that of such other companies.

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1. Qualitative Information about Consolidated Financial Results for the Quarter

(1) Explanations about operating results

MACROMILL, INC. (the "Company") and its consolidated subsidiaries (together the "Group") implemented IFRS 16 Leases at the beginning of this fiscal year. With the adoption of IFRS 16 for all lease contracts, in principle, the lessee shall recognize the right to use an underlying asset over the lease period and the obligation to make a lease payment as a right-of-use asset and a lease liability, respectively. Under the former standard, IAS 17, lease payments for operating leases used to be expensed as rents, but under IFRS 16, the lessee recognizes the depreciation of right-of-use assets and interest costs for lease liabilities. As a result, with the adoption of IFRS 16, rents decrease while the depreciation of right-of-use assets increases, so EBITDA will rise. The effects of the implementation of IFRS 16 were negligible on each line of our summarized quarterly consolidated statements of operations, namely revenue, operating profit, profit before tax and profit for the period. (For details, please refer to (6) Notes to Summarized Quarterly Consolidated Financial Statements, which will be outlined later in this material.)

During the first nine months (July 1, 2019 to March 31, 2020), the global economy continued to be dogged by trade tensions between the United States and China, and many other uncertainties. In addition, global economic activity clearly slowed down due to the COVID-19 pandemic and so the future outlook is unpredictable. Pre-COVID-19, the Japanese economy had seen continued improvement in the employment and income environment and was expected to remain on a moderate recovery path. However, Japan's economic outlook is now increasingly uncertain as a result of a decline in consumer spending amid calls for people to refrain from going out, deterioration in corporate earnings, and other fallout from the coronavirus pandemic.

Looking specifically at the market research sector, the total global marketplace reached an estimated value of $47.3 billion, with online accounting for $19.4 billion (*1). In Japan, the size of the overall marketing research sector was 219.0 billion yen, with online marketing research at 70.5 billion yen (*2). There is concern that the coronavirus pandemic will have an adverse impact, causing clients to voluntarily cancel corporate activities and leading to contraction in the market further down the line. However, the Company believes that, in the medium term, the COVID-19 impact may lead to further development of the online marketing research sector and other new growth opportunities for the Company, which focuses on online marketing research, and the anticipated adverse impact may be lessened.

In this economic and market environment, the Company's results have also recently been affected by the coronavirus pandemic. More specifically, economic activity and consumer spending have stagnated, as the Japanese government and other governments around the world call on self-restraint from going outside and restrict entry to foreigners, and the impact of sudden changes in the schedule and nature of marketing activities are starting to emerge, resulting in the delay, downscaling, and/or cancellation of planned research projects. The Group considers the safety and health of its employees and other stakeholders to be its top priority and has been implementing measures to prevent the spread of the virus in line with government guidelines in each country. At the same time, the Group has been actively implementing measures in response to the changing environment to increase opportunities to use online marketing research, which is the Company's strength, including making new proposals to clients and strengthening its research structure through remote working.

Aside from the impact of the coronavirus epidemic, the business environment surrounding the Group is changing dramatically. The marketing challenges facing clients are becoming increasingly sophisticated and diverse, with more consumer contact points (touchpoints) and more widespread use of all kinds of big data, AI and marketing tools. In the digital-related domain in particular, the business environment has undergone many dramatic changes, with enforcement of the General Data Protection Regulation (GDPR) in Europe and a growing trend for leading platform operators to handle personal information more carefully, and this trend is expected to continue in the future. As a result, we can now see cases where the distribution of digital ads and operations of clients are starting to be affected.

In the short term, these changes in the business environment create challenges for our business. However, we see the digital shift that client companies are promoting for their marketing activities as an unstoppable trend in the medium- to long-term. In our view, the changes in the market structure caused by coronavirus could accelerate this trend. The Group maintains an active approach to supporting the digitization of marketing activities undertaken by client companies. Our relationships with our own consumer panels are solid, and we believe that these will continue to provide high added value in the age of digitization. The Group has been undertaking initiatives for comprehensively handling a huge amount of diverse data points, including attribution, purchase and consumption data, and behavioral, awareness and biological data, which are available from these consumer panels. The Group aims to address the changes in the business environment by proactively offering new consumer insights obtained through these initiatives

as its proprietary services to client companies.

Consequently, the Group recorded revenue of 33,552 million yen (down 2.0% year-on-year), earnings before interest, taxes, depreciation and amortization (EBITDA) (*3) of 8,141 million yen (up 3.8% year-on-year), operating profit of 6,049 million yen (down 11.4% year-on-year), profit before tax of 5,798 million yen (down 10.6% year-on-year) and profit attributable to owners of the parent of 3,475 million yen (down 15.6% year-on-year) for the period. It should be noted that the higher EBITDA is due to the application of IFRS 16 described above. The IFRS 16 implementation had an impact on the financial results by business segments, which will be discussed later.

Return on equity (ROE calculated using the data for the preceding 12 months) stood at 13.07% (down 5.17 percentage points year-on-year). The interest coverage ratio (*4: calculated in the last 12 months) improved to 17.50 times (from 11.50 times in the corresponding period of the prior fiscal year).

The results by segment are shown below:

(Japan and Korea Business)
In Japan, revenue decreased year-on-year, reflecting the impact of large clients, in particular, implementing strict spending control or cutting expenditure on marketing research activities during the first quarter. In the second quarter, we focused on activities to sell digital marketing products including DMP solutions (*5), one of our key business areas, while taking steps to enhance our sales capabilities. Consequently, revenue in Japan for the period recovered to the level achieved in the corresponding period of last year.

While the improvements initiated in the second quarter were subsequently maintained, third quarter revenue fell due the coronavirus pandemic. Many online research and digital research projects were undertaken as planned. However, business was affected by the delay or cancellation of offline research projects which were due to be conducted in a face-to-face style, especially from the third quarter, when more people refrained from going out due to the coronavirus.

Similarly, business in Korea was affected by the coronavirus pandemic. However, from the second quarter, revenue from projects for public organizations increased and, in the third quarter, we managed to maintain revenue growth on a local currency basis by winning orders related to the election. However, in yen terms, revenue continued to fall due to unfavorable exchange rates. As a result, the third quarter revenue of the Japan and Korea Business segment was below the level achieved a year ago, and revenue for the first nine months was also down year-on-year.

Meanwhile, the Company continued initiatives to implement strict controls on operating costs, including spending cuts in outsourcing expenses and employee expenses in view of the challenging business environment that we are faced with today. However, operating profit for the segment was also lower during the period on a year-on-year basis, reflecting the significant impact of the lower revenue and heavier system investment cost.

Consequently, the Japan and Korea Business segment recorded revenue of 26,680 million yen (down 2.5% year-on-year), EBITDA of 7,303 million yen (up 4.7% year-on-year), and operating profit of 5,718 million yen (down 9.0% year-on-year).

(Overseas Business (ex-Korea))
In the Overseas Business (ex-Korea), we operate in North America, Europe, Latin America, the Middle East and certain Asian countries other than Japan and Korea. In this segment, we made progress with the development of new clients and the sale of mainstay advertising pre-test solutions that are mainly used for surveys conducted for the Global Key Accounts (*6) and revenue for the first six months on a local currency basis remained strong. However, during the third quarter, especially from the beginning of March, there were moves to review marketing activities, especially among global companies, in response to the coronavirus pandemic, and demand for research among clients dropped sharply. As a result, the Group also experienced the impact, mainly in the United States and Europe, with the suspending or downscaling of research projects that it had expected to be ordered. With exchange rates also remaining unfavorable, third quarter revenue fell year-on-year, and revenue for the first nine months was also below the level achieved a year ago.
Turning to expenses, given that we appointed our Regional Managing Directors for each region and rebuilt our organizational structure at the beginning of the fiscal year and also sought to expand research personnel to improve service quality on the back of strong results for the first six months, we incurred higher personnel costs in connection with these moves, and our operating expenses

increased year-on-year. As a result, operating profit was much lower than the previous year.

As a result, the Overseas Business (ex-Korea) segment recorded revenue of 6,971 million yen (down 0.5% year-on-year), EBITDA of 837 million yen (down 3.4% year-on-year), and operating profit of 331 million yen (down 38.5% year-on-year).

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

Computation period (Nine months)	First nine month period of the year ended June 30, 2019	First nine month period of the year ending June 30, 2020	Change rate
JPY/EUR (Yen)	128.12	120.34	(6.1%)
JPY/KRW (Yen)	0.0998	0.0917	(8.1%)

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

Computation period (Three months)	Three months ended March 31, 2019	Three months ended March 31, 2020	Change rate
JPY/EUR (Yen)	125.57	120.56	(4.0%)
JPY/KRW (Yen)	0.0982	0.0911	(7.2%)

Notes:

(1) Reference: ESOMAR Global Market Research 2019, announced by European Society for Opinion and Marketing Research (ESOMAR) in September 2019.

(2) Reference: JMRA 44th Annual Business Management Survey, announced by Japan Marketing Research Association (JMRA) in July 2019.

(3) EBITDA: Earnings before interest, tax, depreciation and amortization. The Company defines it as operating profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss. The Company uses it as a major management indicator to measure the profitability of each business as it enables us to calculate the size of cash flow generated from each business more accurately.

(4) Interest Coverage Ratio = (operating profit + interest income+ dividends income) / interest expense

(5) DMP: Data Management Platform, a technology platform used for collectively managing and analyzing big data accumulated on online servers and log data in a company's website and ultimately optimizing an action plan of marketing activities for online advertising campaigns and product development. DMP Solutions are a series of services aimed at enhancing our customers' DMP, including support for establishing DMP, consumer panel data supplied regularly to a customer's DMP, and additional research to augment or compensate for the data stored on DMP.

(6) Global Key Accounts: Corporate groups operating globally by leveraging their large research and marketing budgets that the Company considers as key accounts for the Group to grow further. The Group seeks to increase sales to such accounts on a global basis.

(2) Explanations about financial position

(i) State of assets, liabilities and equity

At the end of the first three months, assets totaled 82,459 million yen, an increase of 4,137 million yen from the end of the previous fiscal year. This was mainly due to increases in right-of-use assets of 3,312 million yen.

Liabilities stood at 46,985 million yen, up 946 million yen from the end of the previous fiscal year. The increase primarily reflected a rise in lease liabilities of 3,345 million yen.

Equity was worth 35,473 million yen, an increase of 3,190 million yen from the end of the previous fiscal year. The increase was largely attributable to profit for the period of 3,935 million yen, which offset dividends paid of 732 million yen.

(ii) State of cash flow

Cash and cash equivalents ("cash") at the end of the first nine months decreased 1,143 million yen from the end of the previous fiscal year, to 8,959 million yen. The status of each of the cash flow segments and contributing factors in the first nine months are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities amounted to 3,964 million yen (up 1,405 million yen year-on-year).

This was mainly the result of 5,798 million yen of profit before tax and 2,049 million yen of depreciation and amortization, partially offset by a 2,114 million yen increase in trade and other receivables and 2,004 million yen of income taxes paid.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 93.9 days (up 4.1 days year-on-year) and 47.5 days (up 0.3 days year-on-year), respectively.

(Cash flow from investing activities)

Net cash used in investing activities came to 1,874 million yen (up 673 million yen year-on-year).

This was primarily due to 461 million yen for acquisition of property, plant and equipment and 1,169 million yen for acquisition of intangible assets.

(Cash flow from financing activities)

Net cash used in financial activities was 3,190 million yen (up 327 million yen year-on-year).

This was primarily due to 1,651 million yen for the repayments of long-term borrowings, 965 million yen for the repayments of lease obligations, 360 million yen for dividends paid and 372 million yen for dividends paid to non-controlling interests, partially offset by 152 million yen of proceeds from the issuance of shares.

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

The Company announced that, in light of the recent results trend, it has revised its forecast of consolidated financial results for the fiscal year ending June 30, 2020 (from July 1, 2019 to June 30, 2020) announced on August 7, 2019, as explained below.

1. Revision of forecast of consolidated financial results for the fiscal year ending June 30, 2020 (from July 1, 2019 to June 30, 2020)

(Million yen unless otherwise indicated)

		Revenue	EBITDA	Operating profit	Profit before tax	Profit	Profit attributable to owners of the parent	Basic earnings per share (yen)
Previously announced forecast (a)		46,000	10,400	7,600	7,100	4,900	4,400	110.30
Revised forecast (b)		**40,000**	**7,500**	**4,600**	**4,300**	**2,900**	**2,400**	**59.62**
Increase/Decrease (b-a)		△6,000	△2,900	△3,000	△2,800	△2,000	△2,000	△50.68
Change % (b/a)		△13.0	△27.9	△39.5	△39.4	△40.8	△45.5	△45.9
(Reference)	Results for the fiscal year ended June 30, 2019 (c)	44,279	9,167	7,751	7,285	5,262	4,702	117.90
	Change % (b/c)	△9.7	△18.2	△40.7	△41.0	△44.9	△49.0	△49.4

2. Reason for revision

Due to the COVID-19 pandemic, some of our clients canceled or delayed research projects, and our Group has stopped providing some of the qualitative research services (mainly conducted face-to-face). The impact is expected to be more far-reaching in the fourth quarter. In addition to the COVID-19 impact, Online Research Business has not yet fully recovered in Japan, our business result is expected to be lower than the initial Revenue guidance. In terms of profit, we sought to curb employee expenses from the beginning of the fiscal year and made progress in-line according to the initial guidance during the first six months. However, given the significant impact of decreased revenue from the third quarter onwards, we also revised our forecasts for operating profit, profit before tax, profit for the period, and profit attributable to owners of the parent.

Our year-end dividend forecast for the fiscal year ending June 30, 2020, is still 11 yen, unchanged from our previous forecast.

The above forecasts are based on the assumption that the impact of the coronavirus pandemic will last until the end of June 2020. However, actual results may differ from forecasts due to the convergence of COVID-19.

Also, the above forecasts are based on the assumption of JPY/EUR 120.00 yen and JPY/KRW 0.0900 yen.

(Note)

The above forecasts are based on information currently available, however, actual financial results may largely differ from forecasts due to a variety of factors.

2. Summarized Quarterly Consolidated Financial Statements and Significant Notes

(1) Summarized Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2019	As of March 31, 2020
Assets (IFRS) [abstract]		
Current assets (IFRS) [abstract]		
Cash and cash equivalents (IFRS)	10,102	8,959
Trade and other receivables - CA (IFRS)	7,717	10,201
Contract asset - CA (IFRS)	1,860	1,415
Other financial assets - CA (IFRS)	6	7
Other current assets - CA (IFRS)	948	1,131
Current assets (IFRS)	20,634	21,715
Non-current assets (IFRS) [abstract]		
Property, plant and equipment (IFRS)	1,370	1,293
Right-of-use asset - NCA (IFRS)	―	3,312
Goodwill (IFRS)	46,886	46,796
Other intangible assets (IFRS)	7,244	7,133
Investments accounted for using equity method (IFRS)	32	35
Other financial assets - NCA (IFRS)	1,341	1,261
Deferred tax assets (IFRS)	810	820
Other non-current assets - NCA (IFRS)	0	90
Non-current assets (IFRS)	57,687	60,743
Assets (IFRS)	78,321	82,459
Liabilities and equity (IFRS) [abstract]		
Liabilities (IFRS) [abstract]		
Current liabilities (IFRS) [abstract]		
Borrowings - CL (IFRS)	1,651	1,651
Lease liability- CL (IFRS)	―	1,384
Trade and other payables - CL (IFRS)	3,698	3,075
Contract Liabilities- CL(IFRS)	406	506
Other financial liabilities - CL (IFRS)	394	13
Income taxes payable - CL (IFRS)	971	833
Provisions - CL (IFRS)	1,197	1,289
Other current liabilities - CL (IFRS)	1,829	2,093
Current liabilities (IFRS)	10,150	10,849
Non-current liabilities (IFRS) [abstract]		
Bonds and borrowings - NCL (IFRS)	33,963	32,422
Lease liability- NCL (IFRS)	―	1,960
Other financial liabilities - NCL (IFRS)	148	33
Retirement benefit liability - NCL (IFRS)	313	330
Provisions - NCL (IFRS)	264	269
Deferred tax liabilities (IFRS)	1,189	1,108
Other non-current liabilities - NCL (IFRS)	9	11
Non-current liabilities (IFRS)	35,888	36,136
Liabilities (IFRS)	46,039	46,985
Equity (IFRS) [abstract]		
Share capital (IFRS)	971	1,047
Capital surplus (IFRS)	11,507	11,647
Treasury shares (IFRS)	△0	△0

Other components of equity (IFRS)	△248	△408
Retained earnings (IFRS)	17,496	20,609
Equity attributable to owners of parent (IFRS)	29,726	32,896
Non-controlling interests (IFRS)	2,556	2,577
Equity (IFRS)	32,282	35,473
Liabilities and equity (IFRS)	78,321	82,459

(2) Summarized Quarterly Consolidated Statement of Operations

(Millions of yen)

	Nine months ended March 31, 2019	Nine months ended March 31, 2020
Revenue (IFRS)	34,254	33,552
Operating expenses (IFRS)	△27,399	△27,445
Other operating income (IFRS)	18	27
Other operating expenses (IFRS)	△49	△87
Share of profit (loss) of investments accounted for using equity method (IFRS)	0	2
Operating profit (loss) (IFRS)	6,824	6,049
Finance income (IFRS)	235	123
Finance costs (IFRS)	△578	△374
Profit (loss) before tax from continuing operations (IFRS)	6,482	5,798
Income tax expense (IFRS)	△1,869	△1,862
Profit (loss) (IFRS)	4,613	3,935
Profit (loss) attributable to (IFRS) [abstract]		
Profit (loss) attributable to owners of parent (IFRS)	4,116	3,475
Profit (loss) attributable to non-controlling interests (IFRS)	496	460
Profit (loss) (IFRS)	4,613	3,935
Earnings (loss) per share (IFRS) [abstract]		
Basic earnings (loss) per share (IFRS)	103.28	86.37
Diluted earnings (loss) per share (IFRS)	100.58	85.44

(3) Summarized Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended March 31, 2019	Nine months ended March 31, 2020
Profit (loss) (IFRS)	4,613	3,935
Other comprehensive income (IFRS) [abstract]		
Items that will not be reclassified to profit or loss - OCI (IFRS) [abstract]		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income (net of tax), Items that will not be reclassified to profit or loss - OCI (IFRS)	△107	△32
Total of items that will not be reclassified to profit or loss - OCI (IFRS)	△107	△32
Items that may be reclassified to profit or loss - OCI (IFRS) [abstract]		
Exchange differences on translation of foreign operations (net of tax), Items that may be reclassified to profit or loss - OCI (IFRS)	1	△143
Total of items that may be reclassified to profit or loss - OCI (IFRS)	1	△143
Other comprehensive income (IFRS)	△105	△175
Comprehensive income (IFRS)	4,507	3,760
Comprehensive income attributable to (IFRS) [abstract]		
Comprehensive income attributable to owners of parent (IFRS)	4,083	3,361
Comprehensive income attributable to non-controlling interests (IFRS)	423	398
Comprehensive income (IFRS)	4,507	3,760

(4) Summarized Quarterly Consolidated Statement of Changes in Equity

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital (IFRS) [member]	Capital surplus (IFRS) [member]	Treasury shares (IFRS) [member]	Financial assets measured at fair value through other comprehensive income (IFRS) [member]	Remeasurements of defined benefit plans (IFRS) [member]	Exchange differences on translation of foreign operations (IFRS) [member]
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Equity (IFRS)	880	11,312	△0	64	―	△356
Cumulative effect of accounting change (IFRS)	―	―	―	―	―	―
Restated balance (IFRS)	880	11,312	△0	64	―	△356
Profit (loss) (IFRS)	―	―	―	―	―	―
Other comprehensive income (IFRS)	―	―	―	△59	―	26
Comprehensive income (IFRS)	―	―	―	△59	―	26
Issuance of new shares - SS (IFRS)	81	124	―	―	―	―
Share-based remuneration transactions - SS (IFRS)	―	―	―	―	―	―
Dividends - SS (IFRS)	―	―	―	―	―	―
Changes in ownership interest in subsidiaries - SS (IFRS)	―	56	―	―	―	―
Increase (decrease) by business combination - SS (IFRS)	―	―	―	―	―	―
Total transactions with owners (IFRS)	81	181	―	―	―	―
Equity (IFRS)	962	11,493	△0	5	―	△330

	Equity attributable to owners of parent				Non-controlling interests (IFRS) [member]	Equity (IFRS) [member]
	Other components of equity		Retained earnings (IFRS) [member]	Equity attributable to owners of parent (IFRS) [member]		
	Share acquisition rights (IFRS) [member]	Other components of equity (IFRS) [member]				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Equity (IFRS)	195	△96	13,165	25,262	2,205	27,468
Cumulative effect of accounting change (IFRS)	—	—	△93	△93	△89	△182
Restated balance (IFRS)	195	△96	13,071	25,168	2,116	27,285
Profit (loss) (IFRS)	—	—	4,116	4,116	496	4,613
Other comprehensive income (IFRS)	—	△32	—	△32	△72	△105
Comprehensive income (IFRS)	—	△32	4,116	4,083	423	4,507
Issuance of new shares - SS (IFRS)	△43	△43	—	162	—	162
Share-based remuneration transactions - SS (IFRS)	42	42	—	42	—	42
Dividends - SS (IFRS)	—	—	△277	△277	△230	△507
Changes in ownership interest in subsidiaries - SS (IFRS)	—	—	—	56	△88	△31
Increase (decrease) by business combination - SS (IFRS)	—	—	—	—	322	322
Total transactions with owners (IFRS)	△1	△1	△277	△15	3	△12
Equity (IFRS)	194	△130	16,911	29,236	2,543	31,779

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital (IFRS) [member]	Capital surplus (IFRS) [member]	Treasury shares (IFRS) [member]	Financial assets measured at fair value through other comprehensive income (IFRS) [member]	Remeasurements of defined benefit plans (IFRS) [member]	Exchange differences on translation of foreign operations (IFRS) [member]
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Equity (IFRS)	971	11,507	△0	△4	―	△441
Profit (loss) (IFRS)	―	―	―	―	―	―
Other comprehensive income (IFRS)	―	―	―	△6	―	△106
Comprehensive income (IFRS)	―	―	―	△6	―	△106
Issuance of new shares - SS (IFRS)	76	123	―	―	―	―
Share-based remuneration transactions - SS (IFRS)	―	―	―	―	―	―
Dividends - SS (IFRS)	―	―	―	―	―	―
Transfer from other components of equity to retained earnings - SS (IFRS)	―	―	―	2	―	―
Changes in ownership interest in subsidiaries - SS (IFRS)	―	△0	―	―	―	―
Other Changes - SS (IFRS)	―	16	―	―	―	△0
Total transactions with owners (IFRS)	76	139	―	2	―	△0
Equity (IFRS)	1,047	11,647	△0	△8	―	△547

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings (IFRS) [member]	Equity attributable to owners of parent (IFRS) [member]	Non-controlling interests (IFRS) [member]	Equity (IFRS) [member]
	Share acquisition rights (IFRS) [member]	Other components of equity (IFRS) [member]				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Equity (IFRS)	196	△248	17,496	29,726	2,556	32,282
Profit (loss) (IFRS)	—	—	3,475	3,475	460	3,935
Other comprehensive income (IFRS)	△0	△113	—	△113	△61	△175
Comprehensive income (IFRS)	△0	△113	3,475	3,361	398	3,760
Issuance of new shares - SS (IFRS)	△47	△47	—	152	3	155
Share-based remuneration transactions - SS (IFRS)	16	16	—	16	—	16
Dividends - SS (IFRS)	—	—	△359	△359	△372	△732
Transfer from other components of equity to retained earnings - SS (IFRS)	—	2	△2	—	—	—
Changes in ownership interest in subsidiaries - SS (IFRS)	—	—	—	△0	3	2
Other Changes - SS (IFRS)	△16	△16	△0	0	△11	△11
Total transactions with owners (IFRS)	△47	△45	△362	△192	△377	△569
Equity (IFRS)	148	△408	20,609	32,896	2,577	35,473

(5) Summarized Quarterly Consolidated Statements of Cash Flow

(Millions of yen)

	Nine months ended March 31, 2019	Nine months ended March 31, 2020
Cash flows from operating activities (IFRS) [abstract]		
Profit (loss) before tax from continuing operations (IFRS)	6,482	5,798
Depreciation and amortization - OpeCF (IFRS)	1,016	2,049
Finance income - OpeCF (IFRS)	△235	△123
Finance costs - OpeCF (IFRS)	578	374
Share of loss (profit) of investments accounted for using equity method - OpeCF (IFRS)	△0	△2
Decrease (increase) in trade and other receivables - OpeCF (IFRS)	△2,771	△2,114
Increase (decrease) in trade and other payables - OpeCF (IFRS)	238	△192
Other, Changes in working capital - OpeCF (IFRS)	374	395
Subtotal - OpeCF (IFRS)	5,683	6,184
Interest and dividends received - OpeCF (IFRS)	15	10
Interest paid - OpeCF (IFRS)	△359	△225
Income taxes refund (paid) - OpeCF (IFRS)	△2,779	△2,004
Net cash provided by (used in) operating activities (IFRS)	2,559	3,964
Cash flows from investing activities (IFRS) [abstract]		
Purchase of property, plant and equipment - InvCF (IFRS)	△299	△461
Proceeds from sale of property, plant and equipment - InvCF (IFRS)	－	17
Purchase of intangible assets - InvCF (IFRS)	△1,212	△1,169
Payments for acquisition of subsidiaries - InvCF (IFRS)	△62	△280
Proceeds from acquisition of subsidiaries - InvCF (IFRS)	360	－
Purchase of investments - InvCF (IFRS)	△15	－
Proceeds from sale and redemption of investments - InvCF (IFRS)	－	53
Other - InvCF (IFRS)	28	△33
Net cash provided by (used in) investing activities (IFRS)	△1,200	△1,874
Cash flows from financing activities (IFRS) [abstract]		
Proceeds from short-term borrowings - FinCF (IFRS)	99	－
Repayments of short-term borrowings - FinCF (IFRS)	△533	－
Repayments of long-term borrowings - FinCF (IFRS)	△11,976	△1,651
Proceeds from issuance of bonds - FinCF (IFRS)	9,947	－
Repayments of lease obligations - FinCF (IFRS)	－	△965
Proceeds from issuance of shares - FinCF (IFRS)	162	152
Dividends paid - FinCF (IFRS)	△277	△360
Dividends paid to non-controlling interests - FinCF (IFRS)	△230	△372
Other - FinCF (IFRS)	△55	6
Net cash provided by (used in) financing activities (IFRS)	△2,863	△3,190
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes (IFRS)	△1,504	△1,100
Cash and cash equivalents (IFRS)	9,124	10,102
Effect of exchange rate changes on cash and cash equivalents (IFRS)	25	△43
Cash and cash equivalents (IFRS)	7,645	8,959

(6) Notes to Summarized Quarterly Consolidated Financial Statements

(Notes regarding the premise of a going concern)

None applicable.

(Changes in accounting policies)

Excluding the newly-applied standards mentioned below, the Group applies significant accounting policies to these summarized quarterly financial statements as applied to the consolidated financial statements for the previous fiscal year.

Income tax expenses for the first nine months under review are calculated based on the estimated average annual effective tax rate.

The Group has been applying the following standards since the beginning of this fiscal year.

IFRS		Description of New Standards/Amendments
IFRS No. 16	Lease	Revision of accounting treatment of leases

The Group determines that a contract contains a lease when the right to control the use of an identified asset is transferred for a period of time in exchange for consideration at the start of the contract.

The Group has chosen not to recognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets.

A right-of-use asset is initially measured at the historical cost, which includes the restoration costs of the underlying asset required by the lease contract in the initial value of a relevant lease liability. A lease liability is initially measured at the present value of lease payments that are not paid on the commencement date of the lease. If the interest rate implicit in the lease cannot be readily determined, a lessee's incremental borrowing rate will be used as the discount rate.

Following the initial recognition, a right-of-use asset is depreciated over the useful life of the asset or its lease period on a straight-line basis, whichever is shorter. Each lease payment is allocated to a finance cost and a repayment of the relevant lease liability in accordance with the interest method. The finance cost is recognized on the summarized quarterly consolidated statement of operations. The repayment of the lease liability is posted on the summarized quarterly consolidated statement of cash flows as an item to reduce cash flows from financing activities.

When applying IFRS 16, the Group has adopted a method of recognizing cumulative effects at the date of initial application by retroactively applying this standard in accordance with the transition requirements. The Group has chosen to take a practical expedient when determining whether an arrangement contains a lease or not at the time of applying IFRS 16, and follows the criteria as set forth in IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease.

The Group recognizes right-of-use assets and lease liabilities for lessee's leases that had been previously classified as operating leases under IAS 17 at the date of its initial application.

The Group recognized right-of-use assets and lease liabilities in the amount of 3,073 million yen each at the date of initial application of IFRS 16.

Lease liabilities are measured at the present value of lease payments that are not paid at the date of the initial application of IFRS 16. The weighted average of the lessee's incremental borrowing rate used to measure lease liabilities as of the date of the initial application was 2.4%.

There are differences in value between non-cancellable operating leases as of the end of the preceding consolidated fiscal year and lease liabilities recognized on the consolidated statement of financial position at the date of the initial application, and the primary factor for the differences is that the cancellable operating leases worth 3,068 million yen are posted as assets as a result of applying IFRS 16.

The Group has adopted the following practical expedients when applying IFRS 16:

- Application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Accounting of leases ending within 12 months of the date of initial application by the same method as for short-term leases
- Exclusion of initial direct costs from the measurement of the right-of-use assets as of the date of initial application
- Use of hindsight for determining the lease term if the contract contains an option to extend or terminate the lease

(Segment information)

(1) Overview of reportable segments

The Group's reportable segments are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic reviews for the purposes of determining management resources allocation and evaluating performance. To implement online marketing research, the main business, in Japan and overseas, the Group consists of corporate group-based regional segments. There are two reportable segments. One is the Japan and Korea Business and the other is the Overseas Business (ex-Korea), which operates in North Americas, Europe, Latin America, Middle East and Asian sales territories, excluding Japan and Korea.

The "Japan and Korea Business" consists of the Company and its subsidiaries, including DENTSU MACROMILL INSIGHT, INC., a joint venture with the advertising agency, H.M. Marketing Research, Inc., and MACROMILL EMBRAIN CO., LTD., which operates the Korean business.

"Overseas Business (ex-Korea)" consists of subsidiaries in the North Americas, Europe, Latin America, Middle East and Asian sales territories, excluding Japan and Korea.

(2) Revenues and business results by segment

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

Computation period (Nine months)	First nine-month period of the year ended June 30, 2019	First nine-month period of the year ending June 30, 2020	Change rate
JPY/EUR (Yen)	128.12	120.34	(6.1%)
JPY/KRW (Yen)	0.0998	0.0917	(8.1%)

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

Computation period (Three months)	Three months ended March 31, 2019	Three months ended March 31, 2020	Change rate
JPY/EUR (Yen)	125.57	120.56	(4.0%)
JPY/KRW (Yen)	0.0982	0.0911	(7.2%)

Nine months ended March 31, 2019 (from July 1, 2018 to March 31, 2019)

Millions of yen

	Reportable segments			Reconciliations	Consolidated
	Japan and Korea Business	Overseas Business (ex-Korea)	Total		
Revenue					
External	27,335	6,918	34,254	–	34,254
Intersegment	15	84	100	(100)	–
Total	27,351	7,003	34,354	(100)	34,254
Segment profit (Operating profit)	6,285	539	6,824	–	6,824
Finance income					235
Finance costs					(578)
Profit before tax					6,482
(Other profit and loss items)					
Depreciation and amortization expense	688	328	1,016	–	1,016

Nine months ended March 31, 2020 (from July 1, 2019 to March 31, 2020)

Millions of yen

	Reportable segments			Reconciliations	Consolidated
	Japan and Korea Business	Overseas Business (ex-Korea)	Total		
Revenue					
External	26,647	6,904	33,552	—	33,552
Intersegment	33	67	100	(100)	—
Total	26,680	6,971	33,652	(100)	33,552
Segment profit (Operating profit)	5,718	331	6,049	—	6,049
Finance income					123
Finance costs					(374)
Profit before tax					5,798
(Other profit and loss items)					
Depreciation and amortization expense	1,542	506	2,049	—	2,049

(Operating expenses)

The breakdown of operating expenses is as follows:

	Nine months ended March 31, 2019	Nine months ended March 31, 2020
	Millions of yen	Millions of yen
Employee expenses	12,157	12,200
Panel expenses	4,799	5,056
Outsourcing expenses	4,666	4,256
Depreciation and amortization	1,016	2,049
Other	4,758	3,882
Total	27,399	27,445