MACROMILL
a Macromill Group company

ANNUAL REPORT 2020

For the Year Ended June 30, 2020

INNOVATIVE INSIGHTS FOR ALL

Mission

The Macromill Group is a global marketing research company. Our Mission is to create innovative data and insights that drive clients' smarter decisions. We focus on creating an environment where employees can maximize their potential while building a profitable and valuable company.

Vision

We aspire to be the first truly global digital research company by combining world class execution and digital innovation at scale.

Values

Think New, Think Deep

Act Now, Act Together

Be True, Be Open

Own It, Enjoy It



Contents

Section 1 Our Value Creation Story

02 Our History
04 Our Value Creation Model
06 Message from Our Global CEO
12 Message from Our Global CFO
14 The Three Pillars of Our M&A Strategy

Section 2 Company Overview

16 Macromill Group in Figures
18 Macromill Group's Market Opportunity
20 Macromill's Business
22 Macromill Group's Clients
24 Macromill Group Sustainability
28 Macromill Corporate Governance
30 Financial Highlights
31 Corporate Data and Investor Information

Cautionary note

Any information in this report related to the industry, market trends, or economic conditions is based on information available as of the writing of the report, and the Company makes no guarantee as to the authenticity, accuracy, reasonableness or comprehensiveness of said information.

Any target, plan, estimate, prediction, expectation, or other forward-looking information relating to the Group in this report is based on the current assumptions and beliefs of the Group in light of the information available to it at the time the report was written. Factors such as domestic economic conditions, market trends in the industry, competition with other firms, the ability to secure human resources and panels, technological innovation, forex trends, and other operating conditions may cause the actual operating results, the financial position, and other results of the Group to differ materially from those expressed or implied in the report.

Our History

Growing our business by providing services that reflect social change and through constant evolution

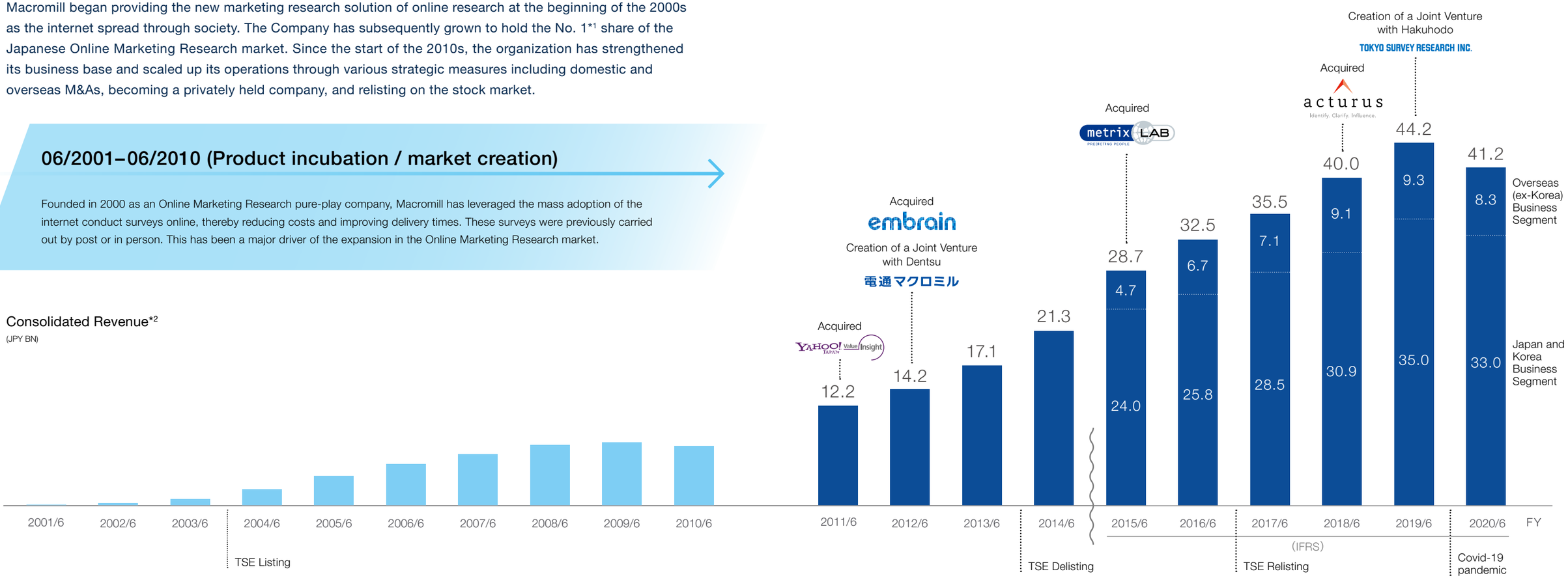
Macromill began providing the new marketing research solution of online research at the beginning of the 2000s as the internet spread through society. The Company has subsequently grown to hold the No. 1*1 share of the Japanese Online Marketing Research market. Since the start of the 2010s, the organization has strengthened its business base and scaled up its operations through various strategic measures including domestic and overseas M&As, becoming a privately held company, and relisting on the stock market.

06/2001–06/2010 (Product incubation / market creation)

Founded in 2000 as an Online Marketing Research pure-play company, Macromill has leveraged the mass adoption of the internet conduct surveys online, thereby reducing costs and improving delivery times. These surveys were previously carried out by post or in person. This has been a major driver of the expansion in the Online Marketing Research market.

06/2011–06/2020 (Leading domestic presence / Global expansion)

Macromill solidified its domestic position through the 2011 consolidation of Yahoo Value Insight Corporation and the start of operations at Dentsu Macromill, Inc. (joint venture with Dentsu Inc.) in 2012, and at H.M. Marketing Research, Inc. (joint venture with Hakuhodo Inc.) in 2018. In 2014 the Company began offering “AccessMill”, digital marketing research solution. This extends beyond the boundaries of internet research to enable collection and analysis by combining survey data with consumer behavioral data. The Company also accelerated the globalization of its business through the consolidation of subsidiaries including Embrain in Korea and MetrixLab in Western markets.



Social change

2000–2005
Increasing use of IT in business, many companies enter the electronic commerce (EC) sector

- 2001 Spread of broadband to regular households through Yahoo! BB and other providers
- 2002 Internet usage in Japan exceeds 50% of the population (Ministry of Internal Affairs and Communications, Information and Communications White Paper)
- 2004 Facebook established

2006–2010
Spread of smartphones and tablets, blogs and social media become mainstream

- 2007 Apple launches the iPhone
- 2008 Twitter’s Japanese language service launches
- 2010 Internet access via mobile devices surpasses the access via PCs (Ministry of Internal Affairs and Communications, Information and Communications White Paper)

2011–2015
Online communication becomes the norm, development of omnichannels and expansion of cross-border EC

- 2011 LINE service starts
- 2014 Internet advertising spending surpasses ¥1 trillion for the first time (according to Dentsu)

2016–2020
Technological innovations such as artificial intelligence (AI) and IoT, acceleration in digital transformation

- 2016 Simultaneous launch of VR head-mounted displays for general consumers from numerous companies
- 2017 Launch of smart speakers in Japan
- 2020 Start of 5G mobile service

Notes
*1 Online Marketing Research market share = Online Marketing Research-related sales at Macromill standalone, Dentsu Macromill Insight, and H.M. Marketing Research, Inc. (FY6/20) / the online research portion of Japan market research spending in ad-hoc internet surveys as estimated by Japan Market Research Association (JMRA) (2019). Reference: JMRA 45th Annual Business Management Survey, announced by Japan Marketing Research Association (JMRA) on September 16, 2020.

*2 J-GAAP based financials for FY6/2001-FY6/2014 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 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 six fiscal years ended June 30, 2020.

Our Value Creation Model

Based on access to consumer research panels with over 100 million members (including accessible outstanding external partner panels), the Macromill Group analyzes a diverse range of societal and consumer needs at the intersection of marketing research and digital marketing solutions, allowing us to provide invaluable consumer insights to our clients. This facilitates our clients' better decision-making and enables the provision of services that closely match societal and consumer needs, while also contributing to the realization of a sustainable society.

Contributing to a sustainable society

Macromill Group

Mission | Vision | Values

Our Goal

Evolution into a "Research" × "DATA" company

Diverse societal and consumer needs

Society and consumers

Data on consumer awareness, behavior, and biology

Marketing Research | MACROMILL GROUP | Digital Marketing

Invaluable consumer insights

Our clients (companies, brands)

Provision of services that more closely match societal and consumer needs

- Diversifying consumer needs
- Emergence of global platformers (such as FAANG)
- A decreasing birth rate and aging population
- Digital transformation
- Covid-19 pandemic

- Consumer touchpoints explode
- Aggregated data
- Advanced analytics
- Partner relationships
- High speed research turnaround

Consumer research panels Over **100M**

Global offices **50**

Sales/Research Professionals
Approx. **570**/approx. **1,400**

Number of foreign employees/Nationalities
Approx. **980/35**

Group employees **2,400+**

Proportion of male and female
Male **51**% Female **49**%

Number of clients
Approx. **4,200** (90+ Countries)

Contributing to the Sustainable Development Goals (SDGs)

The Group contributes to the achievement of the SDGs through the provision of invaluable consumer insights that allow our clients to supply goods and services that are more closely aligned with consumer needs.



At the United Nations Sustainable Development Summit of 2015, the 2030 Agenda for Sustainable Development was adopted, and the 17 Sustainable Development Goals and 169 targets were proclaimed.

Message from Our Global CEO



Toru Sasaki
Director, Representative Executive Officer and Global CEO

Against the backdrop of the widespread adoption of smartphones and tablets, the advent of various types of social media, and increasing consumption via e-Commerce (EC) channels, the diversification of consumer touchpoints and customer journeys is a constant challenge for our clients in the B2C space. To address this, companies are increasingly making use of assorted Big Data, AI, and marketing tools in their marketing activities. In addition, the impact of the Covid-19 pandemic has accelerated digital transformation (DX) and society as a whole is facing a period of significant change.

Many of the marketing research methods and applications used as part of clients' marketing activities are also diversifying in line with these changes. Therefore, the services of the Macromill Group now need to tackle marketing activities from an overall perspective to address the research issues faced by our clients at their root level. There are rival companies aiming to provide support in the marketing sphere, but we believe only a few are positioned to support utilization of day-to-day data at client companies. Leveraging the relationships we have built up with clients over many years, Macromill has established a unique advantage and aims to be a "partner" that traverses existing boundaries to continually support the resolution of our clients' fundamental marketing issues.

Review of FY6/2020 results

FY6/2020 was a year that presented numerous challenges for the Group. The year got off to an extremely tough start in Q1 owing to a slowdown in the Japan business and year-on-year decline in Revenue and Profit at the consolidated level. In order to break out of this, the Company placed priority on earnings recovery in the Japan business, implementing a responsive short-term action plan that included a review of salesforce resource allocation and bolstering client approach methods. As a result, both Revenue and Operating Profit regained year-earlier levels in Q2. However, research projects began to be suspended and postponed in Q3 owing to the impact of the Covid-19 pandemic, and this impact increased in Q4. In addition, the Company booked an impairment loss of goodwill of ¥5.2 billion in Q4 to reflect the current and future earnings prospects in the Overseas (ex-Korea) Business Segment, resulting in a large loss.

Consequently, the Group recorded FY6/2020 Revenue of ¥41.2 billion (down 6.8% year-on-year), EBITDA of ¥8.6 billion (down 5.6% year-on-year), Operating Profit of ¥0.3 billion (down 94.9% year-on-year) and loss attributable to owners of the parent of ¥2.1 billion.

FY6/2020 initiatives

In the Japan business, which accounts for around 70% of Consolidated Revenue, the Company was struggling to solve all of the clients' issues through traditional Online Research alone even before the impact of the Covid-19 pandemic. This was caused by an increase in the difficulty of projects and issues being tackled due to closer relationships with clients, particularly large clients. In addition, there was growing competition for clients' marketing budgets caused by factors including the advent of marketing automation (MA) tools, with the result that Revenue from Online Research declined in the Japan business in Q1.

In response to this situation, the Company revised its operating structure as a short-term measure, moving to a vertically integrated sales and delivery structure with a focus on large clients. This enabled highly specialized professionals to perform analysis on clients' marketing issues from a variety of perspectives closer to their root causes, creating a structure that allowed for proposals on the best course of action to address them. Moreover, to support inclusive solutions to complex marketing issues, Macromill established the Macromill Consortium (MC) in January 2020 and strengthened alliances with external partners. This helped by promoting joint seminars with other members and cooperation on individual projects.

Thanks to some degree of success from these measures, earnings began to recover in Q2. However, the impact from the Covid-19 pandemic in Japan and overseas increased during the second half of the year.

To prioritize the health and safety of our clients, consumer panel members, employees, and other stakeholders and to continue to supply research operations, the Group moved completely to a remote working basis from March 2020. Despite initial teething troubles, by leveraging strengths including shifting in-person offline interviews to online, we were able to actively develop and propose services suited to lifestyles in this "new normal" situation.

In addition, the pandemic caused changes in consumers' awareness and behavior, creating new needs at our client companies to understand this situation. Factors such as the increasing online shift of marketing research also acted as a tailwind for the Group's earnings. We focused on tapping into this demand, strengthening marketing activities to steadily rebuild earnings and return to a growth path, and on developing new services.

FY6/2020 quarterly highlights

Q1 (July–September 2019)

Implementation of an action plan to reverse the slowdown in the Japan business

Revenue ¥9.8 billion (down 5% year-on-year)
Operating Profit ¥1.2 billion (down 24% year-on-year)

<Main Initiatives>
- Review of business resource allocation
- Enhanced marketing approach through the use of dedicated digital/global teams

Q2 (October-December 2020)

Both revenue and operating profit returned to year-earlier levels

Revenue ¥11.8 billion (up 1% year-on-year)
Operating Profit ¥2.3 billion (down 1% year-on-year)

<Main Initiatives>
- DI Asia Inc. acquires consumer panels
- Overseas subsidiary launches ACT Instant, an advertising impact measurement service that uses AI technology

Q3 (January-March 2020)

Covid-19 pandemic begins to affect earnings from March

Revenue ¥11.7 billion (down 2% year-on-year)
Operating Profit ¥2.4 billion (down 13% year-on-year)

<Main Initiatives>
- Establishment of Macromill Consortium (MC) to promote partnership strategy
- Move to remote working structure in Japan and overseas from March

Q4 (April-June 2020)

Impact of Covid-19 pandemic increases significantly

(National state of emergency announced in Japan)

Revenue ¥7.7 billion (down 23% year-on-year)
Operating Loss ¥5.6 billion

<Main Initiatives>
- Launch of "Online Depth Interviews (ODI)"
- Domestic and overseas fixed point observations to gauge the impact of the Covid-19 pandemic

Near-term outlook and forecasts for FY6/2021

With no sign of an end to the impact of the global Covid-19 pandemic, the outlook remains uncertain. Although the effects of the pandemic on the Group's earnings are diminishing compared to Q4 FY6/2020, there is still an impact, and the situation differs by region, including earnings recovery in the Overseas (ex-Korea) Business Segment lagging significantly behind that of the Japan and Korea Business Segment.

At the same time, the pandemic has created new business opportunities, including progress in the shift to Online Research as remote working becomes the norm, as does the need for speedy assessment of pandemic-related changes in consumer awareness and behavior. We are working to develop and supply new services that respond swiftly and flexibly to these changes in client needs. Moreover, we are continuing to focus on the Group's strengths in digital marketing and are making steady progress on initiatives in this area.

For example, in Japan we are focusing our efforts on developing and expanding sales of DMP solutions and of measuring the impact of digital video advertising (particularly on YouTube). In July 2020, we released "Automatic optimization of online advertisement delivery linked with attitude survey data", which can be operated on GoogleAds by linking with awareness survey data. In September we announced an operating alliance with Sumitomo Mitsui Card Co., Ltd. with the aim of promoting companies' strategic data usage. In Korea, we are working to strengthen our digital services by establishing Big Data structures that can acquire data through various panels, including the securing of panel purchasing data as we are already doing in Japan.

Our earnings forecasts for FY6/2021 assume an ongoing significant impact from the Covid-19 pandemic in the first half of the year, before a recovery in the second half, particularly in our mainstay business of Online Research. However, we expect a lingering impact in Offline Research and Global Research projects.

In the near term (as of March 2021), we have been making steady progress on our earnings forecasts and will continue to strive to achieve our full-year targets.

FY6/2021 first half highlights

Q1 (July-September 2020)

Contraction in the impact of the Covid-19 pandemic compared to the previous quarter (Q4 FY6/2020)

Revenue ¥9.0 billion (down 8% year-on-year)
Operating Profit ¥0.6 billion (down 44% year-on-year)

<Main Initiatives>
- Active use of webinars
- Start of "Automatic optimization of online advertisement delivery linked with attitude survey data "

Q2 (October-December 2020)

Revenue regains year-earlier level, Operating Profit improves compared to Q1

Revenue ¥11.9 billion (up 0% year-on-year)
Operating Profit ¥2.1 billion (down 10% year-on-year)

<Main Initiatives>
- Operating alliance with Sumitomo Mitsui Card Company, Limited
- Development of the "With Covid-19 Segment" to ascertain an image of consumers in the Covid-19 era

FY6/2021 Guidance

Revenue
¥40.0 billion
(down 3.1% year-on-year)

Operating Profit
¥3.4 billion
(up 756.5% year-on-year)

Profit Attributable to Owners of the Parent
¥1.6 billion

Basic Earnings Per Share
¥39.74

Dividend Per Share
¥11.00

Medium-term Business Plan

In order to achieve further growth, in August 2019 the Group announced a new Medium-term Business Plan to run through FY6/2022.

The Medium-term Business Plan sets targets for "Market Position", "Revenue", "Profit", "Leverage", and "Capital Allocation". For market position, we aspire to be "Global Top 10" and "No. 1 in Japan and No. 1 in Asia" by 2024. For Revenue, we aim to continue to grow faster than the market. For Profit, we aim to achieve expansion in line with Revenue by maintaining cost growth below Revenue growth through active use of technology such as AI and RPA.

To achieve the Medium-term Business Plan, we have also set out our objectives for "Clients", "Panels", "Data", "Technology", and "MVV", our Mission, Vision, Values, and these were announced alongside the plan itself.

First for clients, as we mentioned earlier, we are aiming for "partner" relationships that go beyond the boundaries of research and tackle clients' marketing issues closer to their root causes. The Group has transactions with more than 4,200 companies, including some deep relationships where we can work holistically on marketing issues. However, that number is still small. Many clients consult us when they have decided that they "need research" on marketing issues, which means we can only contribute to solving some of their issues. Amid change in consumer awareness and diversification of purchasing behavior, however, clients' marketing issues are becoming more complex. Even if we can solve some research problems, there is a sense we are sometimes not able to reach the overarching marketing issues that beset these clients. Therefore, to create sustainable medium- and long-term growth for the Group, I believe we need to work together as a "Partner" to solve clients' more fundamental marketing issues.

Macromill can deliver unique value by getting closer to clients. I believe the sources of this value lies in "Panels" and "Data", and would like to give explanations on each of these points.

Macromill Group Medium-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 below revenue growth—
Utilize technology and innovation (AI, RPA, etc.)

Leverage
Net Debt / EBITDA Ratio: **2.0x – 2.5x** as a new target

Capital Allocation
Enhance **shareholder return**
Stable dividend growth + Share buyback (New addition as an option)

Medium-term Business Plan achieved through....

Clients
"**Partner**" relationships
Rather than transaction 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 (Mission, Vision, Values)
Continuing our commitment to the MVV
—Support for clients' decision making to realize **Sustainable Development Goals (SDGs)**

New value created by proprietary panels

We have built our own proprietary consumer panels over the last 20 years since our foundation. I think this panel network allows us both high quality and a strong competitive advantage owing to scale that equates to 1% of the national population and their research-dedicated nature. I am convinced that these propriety panels will remain a key source of our added value.

From about a decade ago, industry commentators began saying that it was not possible to sufficiently understand consumers based on “awareness data” from surveys alone. For example, suppose there is a need to measure the effectiveness of a large-scale online advertising campaign. While it is possible to confirm whether people are aware of the campaign using Online Research, insight on awareness alone will not provide datapoints such as how consumers came to view the campaign and how long they spent looking at it, or whether they have forgotten the details.

We have the largest digital measurement panels in Japan and receive internet and smartphone behavior data from in excess of 0.9 million people, more than three quarters of the approximately 1.3 million people that make up our domestic panels. As a consequence, we can deliver services that measure and analyze this behavioral data in combination with survey results to determine how many people have no awareness of the campaign despite having come into contact with it and to identify the causes. (“AccessMill”, launched in September 2014)

In addition, we also have almost 10 years’ worth of data from 30,000 panel members who scan the barcodes of their day-to-day purchases. As well as providing this as a database service, it is possible to conduct analysis in connection with individual research results on how far our clients marketing policies reflect consumer behavior.

In these ways, the data we acquire from our proprietary panels is deeper and more diversified and contains information that clients would find difficult to secure on their own. Comprehensive ownership of such data creates a structure through which we can predict the results of clients’ marketing activities and analyze the results in more detail.

This increases the value we can supply to clients through our consumer panels and allows us to raise the value of data held by clients themselves. Thus next, I would like to explain how we would be able to realize this.

Evolving into a “Research” x “DATA” company

I expect acceleration in corporate Digital Transformation (DX) to further increase data usage in the marketing sphere.

This development has stimulated the collection and generation of various types of day-to-day data. Along with responding to the increasing complexity of understanding consumers and changing marketing activities, clients now face the new issue of “data utilization”, and are thus in a situation of unprecedented difficulty. I believe this aspect of supporting data utilization is an area where Macromill can leverage its strengthens.

Although our clients are collecting and generating various types of data, this is quite often insufficient for use in direct marketing activities. For example, thinking about the user data for a company’s own products and services, there will be occasions when there is not enough attribution data, or there is attribution data but only one historical data point, or the granularity of the data that has been collected is too dispersed. Moreover, often it is difficult to acquire additional data to strengthen the information held.

We can partially resolve such situations using the data we own. This is because we can turn the data held by clients into a format more usable in marketing activities by identifying overlaps between our panel data and the client’s user data and then either filling in the gaps with our data or synchronizing the two datasets. In other words, we can use our data to increase the value of the data held by clients. Our aim to evolve into a “Research” x “DATA” company means making progress on such initiatives.

This positioning is something only we at Macromill can achieve, with our construction of relationships to acquire data from consumer panels of the requisite size and our bonds of trust with client companies. By adopting an approach that focuses on the utilization of day-to-day data necessary for clients’ marketing activities, we are striving to execute this transformation.

Dear shareholders

We began providing internet research at the beginning of the 2000s, as companies pursued greater use of IT and the internet spread to households. Marketing research that was previously done by home visits, post, or telephone has gradually shifted online.

With the widespread adoption of smartphones and the advent of various types of digital media, in 2014 we started activities in the digital marketing sphere. At the same time, we leveraged our deep ties with client companies to offer global research in overseas markets and to strengthen provision of a wide range of services. These included interview-based surveys conducted mainly in-person (Offline) and in Centralized Location Test (CLT). By providing services that reflect changes in the times and society, we have evolved from being an internet research company into an integrated marketing research company that supports clients’ entire marketing activities from a research perspective.

I believe the Group’s strengths are not only its outstanding panel assets, but also a structure capable of identifying rapid changes in society and providing flexible services that precisely match client needs. We have developed a reputation among clients that “Macromill is an exciting company that can deliver something new”. In order to meet these expectations, we will continue our efforts to develop new services and extend our capabilities. At the same time, we intend to make active use of AI and RPA to give our talents opportunities to deliver even more added value.

The phrase “Digital Transformation” (DX) is being used more frequently in society owing to the digital shift brought about by the effects of the Covid-19 pandemic. In response to this change in society, we are leveraging the strengths of our



abundant data and the agility to use it to align ourselves more closely with clients’ day-to-day marketing operations as we move forward together. In this way, we aim to provide even greater support to our clients. Although this is still a work in progress, we have made a solid start through alliances with some of our important clients, such as Sumitomo Mitsui Card Co., Ltd. and Lion Corporation (see the Pick Up section).

We will continue to strengthen our existing Online Research business while at the same time working to evolve into a “Research” x “DATA” company with an eye on the future, and actively pursuing synergies between these two efforts.

I ask for the continued understanding and support of all our shareholders.

Toru Sasaki
Director, Representative Executive Officer and Global CEO

Pick Up **Initiatives to evolve into a “Research” x “DATA” company**

<Operating alliance with Sumitomo Mitsui Card Company, Limited>
We have formed a business alliance with Sumitomo Mitsui Card Co., Ltd., a leading cashless service provider in Japan, which aims to promote companies’ utilization of strategic data.

By combining Sumitomo Mitsui Card’s data analysis support services and our data consulting services, we are implementing measures that aim to promote companies’ utilization of strategic data.

<Support for Lion Corporation’s DMP development>
Lion Corporation is one of Japan’s leading manufacturers of daily consumer products, and we are supporting its DMP development through our data utilization consulting service “MAG: Market Data Analytics Guide”, which proposes ways to improve not only the collection of data, but also its use.



MarkeZine article (Japanese Only)
https://markezine.jp/article/detail/34065

Message from Our Global CFO



Masahiro Shimizu
Executive Officer, Global CFO

Review of FY6/2020 results

Full year Revenue was ¥41.2 billion (down 6.8% year-on-year). We had expected that Revenue would improve from the prior year, but in March, we started to see a negative impact from Covid-19 in all the markets in which we operate. This impact expanded significantly from April as the Japanese Government declared a nationwide state of emergency and major cities in many other countries were locked down.

In terms of Expenses, they were stable throughout the year due to a high degree of fixed costs. Under the Covid-19 pandemic, we tightened cost control and managed Panel Expenses and Outsourcing Expenses in accordance with Revenue decline. We also managed Total Employee Expenses and IT Expenses. As a result, we reduced Expenses by 2.6% year-on-year. However, based on the near-term business environments and future outlook for profitability in the Overseas (ex-Korea) Business Segment, we recognized a ¥5.2 billion impairment loss of goodwill related to this segment. Operating Expenses including the impairment charges increased significantly and full-year Operating Profit was ¥0.3 billion (down 94.9% year-on-year).

Goodwill

We monitor goodwill based on two business segments. Goodwill was ¥46.8 billion at the end of FY6/2019. The value associated with the Japan and Korea Business Segment was ¥39.0 billion. The value associated with the Overseas (ex-Korea) Business Segment was ¥7.8 billion. We conducted an impairment test at the end of FY6/2020. It was determined that ¥5.2 billion out of the ¥7.8 billion for the Overseas (ex-Korea) Business Segment would be difficult to recover. We recognized the impairment loss by this amount. We would like to explain the detailed outlook on goodwill.

Most of our goodwill was attributed to the leveraged buyout of the former Macromill in 2014. The value was ¥39 billion, and it has not changed much since then. It represents 94% of the total goodwill. For the impairment test conducted at the end of the latest fiscal year, we estimated that only when future free cash flow from this segment declines 41.8% each year for the next five years and beyond, the value in use would equate to the current book value of goodwill. We therefore believe that the probability of impairment in this segment is very low.

The remaining goodwill was attributed to the acquisition of MetrixLab in 2014. We wrote down the goodwill in 2015 and 2020. We saw additional changes in value due to acquisitions and foreign exchange. The current book value is ¥2.4 billion after the recent impairment. It represents 6% of the total goodwill. We have no intention to write this off further, but in case we need to, we believe that the magnitude of impairment in this segment to our financials would be small.

Goodwill represents a significant part of our balance sheet. However, based on the current outlook, we believe the risk of additional impairment loss is limited.

Capital Allocation Policy

Considering our strong cash flow, we aim to allocate capital to sustain growth and balance investments, debt service and shareholder returns.

We put the highest priority on investments in growth. While we continue to see adverse impacts from Covid-19, we intend to allocate capital to maintain talents and research systems. We also aim to make cautious investment decisions. Once we confirm our recovery, we intend to allocate capital to investments including acquisitions where we could expect higher returns than cost of capital. We aim to invest in operational efficiencies to provide higher value to our clients. We also intend to invest in global and digital operations and to respond to increasing client demands in Southeast Asia.

We then intend to allocate capital for debt servicing. We aim to control our leverage ratio. Our net debt*1 to EBITDA*2 target is 2 to 2.5 times, as stated in our Medium-term Business Plan. We have received a BBB+ credit rating from R&I (Rating and Investment Information, Inc.) and the outlook is stable. We will continue to lower our leverage ratio by balancing bond issues and bank loans.

We then intend to allocate capital for shareholder returns. While we continue to experience an adverse impact from Covid-19, we intend to maintain the annual dividend at ¥11 per share. We have suspended consideration of a share buyback, but intend to restart it when we start to see signs of recovery. We also then intend to review capital allocation policy.

Risks remain while we are impacted by the pandemic. However, we are committed to growing our business and allocating capital in order to achieve our aspirations, as outlined in our Medium-term Business Plan, to become a global top 10 marketing research company and the No.1 in Japan and Asia.

*1 Net Debt = Interest-bearing Debt (Short-term Borrowings + Long-term Borrowings Repayable Within One Year + Long-term Borrowings + Leases Obligations) – Cash and Cash Equivalents
*2 EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss (segment EBITDA uses segment profit (loss) in place of operating profit (loss))

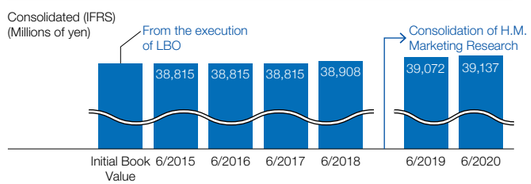
Summary of Consolidated Statements of Operations (IFRS)

(Millions of yen)	6/2019	6/2020	YoY Growth
Revenue	¥ 44,279	**¥ 41,270**	–6.8%
Operating Expense	(36,510)	**(35,545)**	–2.6%
Other operating income and expense, etc.	(17)	**(5,328)**	—
Operating Profit	7,751	**396**	–94.9%
Finance income and costs	(466)	**(388)**	–16.7%
Profit before tax	7,285	**8**	–99.9%
Income tax benefit (expense)	(2,022)	**(1,694)**	–16.2%
Profit attributable to non-controlling interest	(559)	**(445)**	–20.4%
Profit attributable to owners of the parent	¥ 4,702	**¥ (2,131)**	–145.3%

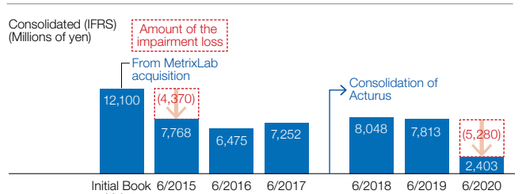
Summary of Consolidated Statements of Financial Position (IFRS)

(Millions of yen)	6/2019 30/6/2019	6/2020 30/6/2020
Total Assets	¥78,321	**¥77,150**
Cash and cash equivalents	10,102	**13,310**
Trade and other receivables	9,577	**7,524**
Property, plant and equipment	1,370	**4,114**
Goodwill	46,886	**41,541**
Japan and Korea Business	39,072	**39,137**
Overseas (ex-Korea) Business	7,813	**2,403**
Other intangible assets	7,244	**7,241**
Other assets	3,140	**3,418**
Total Liabilities	46,039	**46,414**
Borrowings and bonds	35,614	**34,385**
Trade and other payables	4,105	**3,066**
Other liabilities	6,318	**8,962**
Total Equity	¥32,282	**¥30,736**

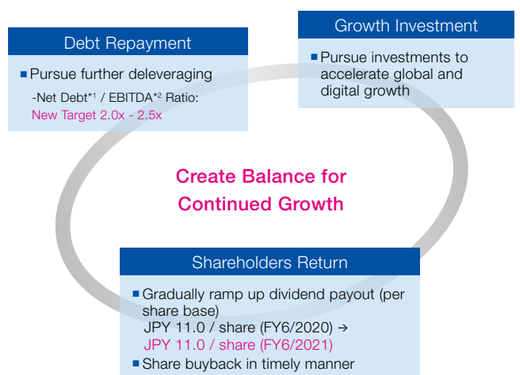
Japan and Korea Business Segment - Historical Trends of Goodwill Amount



Overseas (ex-Korea) Business Segment - Historical Trends of Goodwill Amount



Capital Allocation Priorities



The Three Pillars of Our M&A Strategy

In addition to our organic growth, the Macromill Group is also aiming to achieve strong inorganic growth through M&A. We have a successful track record of value creation through M&A activities. We are particularly proud of our ability to integrate companies once acquired. We will therefore continue to seek M&A opportunities from the following three viewpoints.

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

Proven Track Record in M&A and Strategic Tie-ups

2010 Acquisition* — Japan

YAHOO! JAPAN Value Insight

1 2 3

☑ Doubled Panel Access

2011 Acquisition — Netherlands

Oxyme

1 2 3

☑ Acquired Social Analysis Capabilities

2012 Acquisition — Korea

embrain

1 2 3

☑ Access to Asian Clients and Panels

2012 Joint Venture with Dentsu — Japan

電通マクロミル

1 2 3

☑ Securing earnings stability and improving our ability to develop services in new domains

2013 Acquisition — USA

PRECISION SAMPLE

1 2 3

☑ Access to Panels in the US

2014 Acquisition — Netherlands

metrix LAB PREDICTING PEOPLE

1 2 3

☑ Global Client & Panel Base Access

2015 Strategic Alliance — Japan

NIKKEI-R

1 2 3

☑ Access to Solutions for Government

2017 Strategic & Capital Alliance — Japan
2018 Acquisition

centan

1 2 3

☑ Access to Neuro / Biometric Marketing Solutions
☑ 10% minority investment > 51% majority acquisition

2017 Acquisition — USA

acturus
Identify. Clarify. Influence.

1 2 3

☑ Expand expertise, client base and influencer solutions in the US and UK

2017 Strategic & Capital Alliance — Indonesia, Thailand, Vietnam
2019 Acquisition

W&S Holdings market research

1 2 3

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

2018 Joint Venture with Hakuhodo (51% Majority Acquisition) — Japan

TOKYO SURVEY RESEARCH INC.

1 2 3

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

2019 Asset Purchase — Indonesia, Thailand, Vietnam

DI Asia — Data & Intelligence

1 2 3

☑ Expand consumer panel in Southeast Asia
☑ Succession/Acquisition of online panel asset only

Note
* Acquired marketing research business only



Section 2 Company Overview

16 Macromill Group in Figures
18 Macromill Group's Market Opportunity
20 Macromill's Business
22 Macromill Group's Clients
24 Macromill Group Sustainability
- 24 Toward creation of a sustainable business
- 26 Creation of a sustainable company

28 Macromill Corporate Governance
- 28 Corporate Governance Framework
- 29 Board of Directors and Executive Officers

30 Financial Highlights
31 Corporate Data and Investor Information

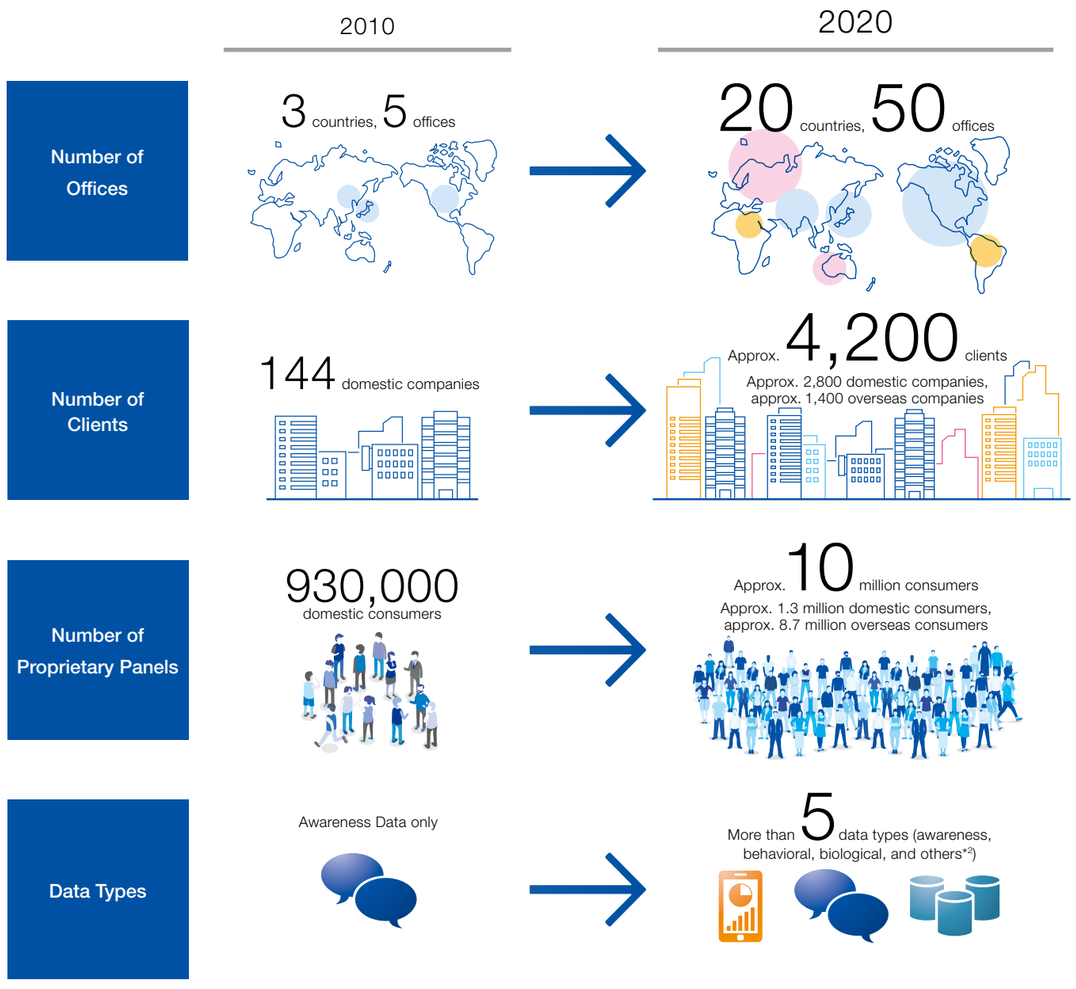
Macromill Group in Figures

Founded in 2000, Macromill celebrated its 20th anniversary in 2020. During that time, we have grown into a global group providing marketing research solutions with 50 bases spread across 20 countries, including Japan, Europe, the US, and Asia. In the Japanese domestic market, we have achieved the No. 1*1 share of the Online Marketing Research market and play an essential role in clients' marketing activities.

We will continue to target sustainable growth by providing marketing research solutions that meet the changing needs of the times and societal needs.

Business Foundation Related Capital

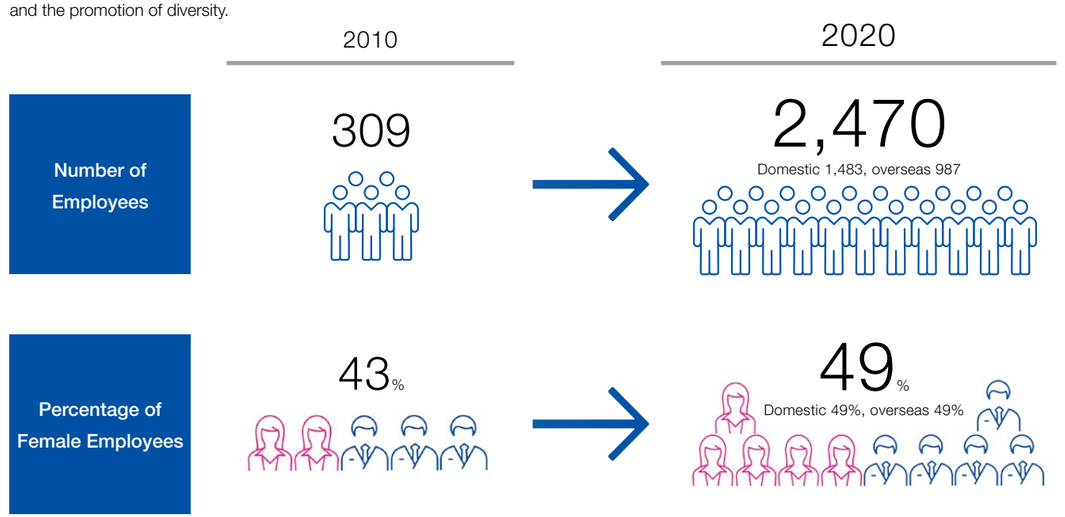
With offices and client bases in each of the countries in which it operates, the Group has built high-quality proprietary consumer panels at a global level. The strong bonds of trust we have developed with these proprietary panels gives us access to a variety of data, enabling us to extract more accurate and meaningful consumer insights that contribute to creating new value for our clients and for society.



Notes
*1 Online Marketing Research market share = Online Marketing Research-related sales at the parent, Dentsu Macromill Insight, and H.M. Marketing Research, Inc. (FY6/20) / the Online Research portion of Japan market research spending in ad-hoc internet surveys as estimated by Japan Market Research Association (JMRA) (2019). Reference: JMRA 45th Annual Business Management Survey, announced by Japan Marketing Research Association (JMRA) on September 16, 2020.
*2 In addition to consumer panel awareness data gleaned from Online Marketing Research, it is possible to obtain behavioral log data from website browser histories and other sources, TV viewing data, purchasing data, locational data, and biological data including brainwave and heart rate data.

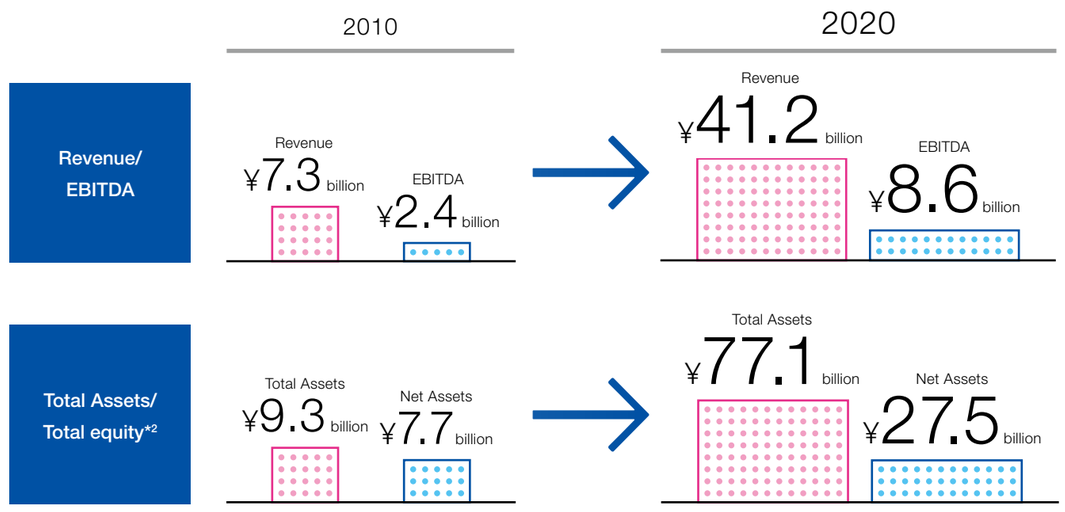
Human Capital

In order to create new value for our clients and society through marketing research, we place importance on each employee being able to work in their own way, enjoying the process and their achievements. The Group focuses on the development of talents, nurturing a corporate culture, and the promotion of diversity.



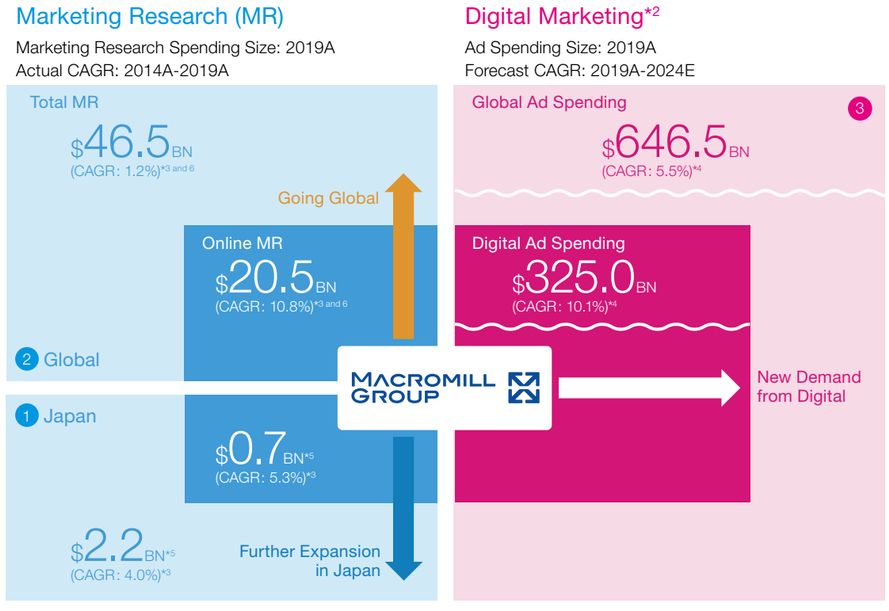
Financial Capital*1

Cash flow created by the business (EBITDA) has risen along with expansion in Revenue, and there has been a steady increase in total assets and total equity*2. To support sustainable growth, we actively invest in talents, research systems, R&D in digital spheres, and M&A.



Notes
*1 J-GAAP based financials for 2010 and IFRS-based financials for 2020
*2 Total equity attributable to owners of the parent

Macromill Group's Market Opportunity*1



1 Japan

Expenditure on marketing research in Japan is still small compared to that of other leading developed countries, but is expanding steadily. We therefore see further growth potential in the market as a whole.

The size of the marketing research market in Japan is $2.2bn (CAGR 4.0%).
Within that, the size of the Online Marketing Research market is $0.7bn (CAGR 5.3%).

2 Global

While growth in the overall marketing research market is accelerating only slowly, the Online Marketing Research market is growing at a CAGR of more than 10% owing to a shift from Offline Research to Online Research.

The size of the Global Marketing Research market in Japan is $46.5bn (CAGR 1.2%).
Within that, the size of the Online Marketing Research market is $20.5bn (CAGR 10.8%).

3 Digital Marketing

In addition to the expansion of the digital advertising market, the digital marketing research market is expected to grow significantly in the future owing to greater capture and understanding of data on consumers' online behavior.

Global ad spending is $646.5bn (CAGR 5.5%).
Within that, digital ad spending is $325.0bn (CAGR 10.1%).

Source:
Global Market Research spending: ESOMAR – Global Market Research (9/2020, 9/2015)
Japan Market Research spending: Japan Marketing Research Association (9/2020, 7/2015)
Ad spending: eMarketer – Worldwide Ad Spending (9/2020)

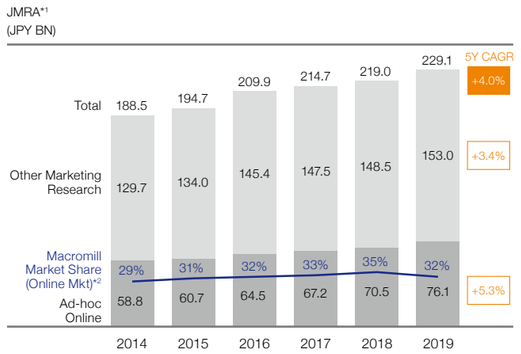
Notes
*1 The diagram is for illustrative purposes only and is not intended to depict relative market size to scale, or to show the current or future revenue or profit of the Group in each market
*2 The market size includes solutions which the Group does not offer currently and shows the size of the digital advertising market as a sub-component of the total advertising market. We generally do not plan to expand our business to cover all this market, but feel 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 2014A–2019A
*4 Future Estimate CAGR for 2019A–2024E
*5 Exchange rate: USD/JPY = 110
*6 ESOMAR Global Market Research 2020, published in September 2020. Please note the size of the Global Marketing Research market of 2019 in the 2020 Report has three scenarios; Scenario 1: Approximately 1.6x larger market size YoY due to expansion of the market definition; Scenario 3: Approximately 1.9x larger market size YoY due to the same reason as the Scenario 1. We chose Scenario 2, the closest market size to the previous year, to illustrate the chart in above

Growth Potential in the Japanese Market

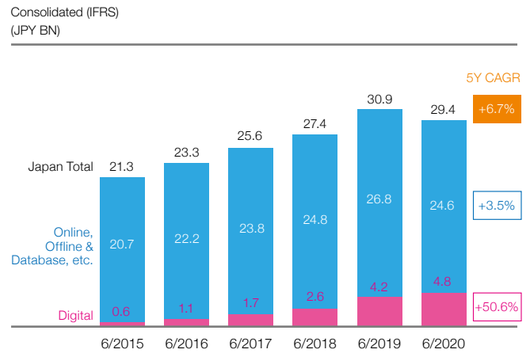
Expenditure on marketing research in Japan is still small compared to that of other leading developed countries. We therefore see further growth potential in the market as a whole. In addition, the market for digital marketing solutions is expected to continue growing strongly due to Digital Transformation (DX) at client companies and the accelerating shift to digital marketing activity. As well as targeting growth in the general marketing research sector, the Group aims to maximize this expansion in digital business to achieve Revenue growth that outpaces overall market increases.

*Japan has the sixth largest marketing research market, after the US, UK, Germany, China, and France.

Market Trends: Japanese Marketing Research Market



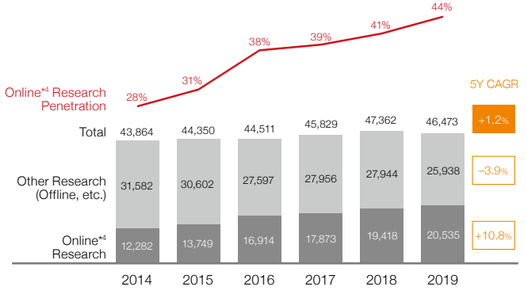
Revenue Trends: Macromill Group Revenue in Japan



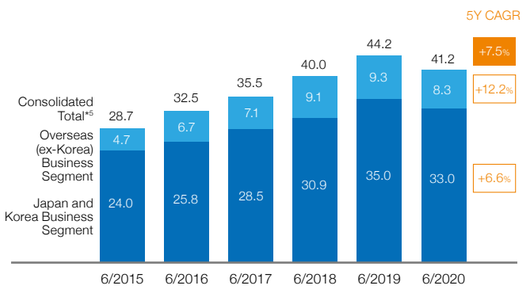
Growth Potential in the Global Market

The increasing shift from Offline Research to Online Research is expected to continue driving the global market in the future. The Group aims to expand its market share by acting as a disruptor and challenger to long-established major marketing research firms, leveraging its strength in the Online Research sphere and its unique standing as an emerging force with an established global franchise.

Market Trends: Global Marketing Research Market



Group Revenue Trends: Consolidated Total



Notes
*1 Japan Market Research Association (JMRA) – Japan Market Research Spending (7/2019) The Ad-hoc internet survey is described as Ad-hoc Online
*2 Macromill's market share is estimated by the Company
*3 Source ESOMAR, Global Market Research (9/2020, 9/2019)
*4 Online quantitative marketing research only, not including online qualitative marketing research
*5 Revenue of each segment is shown using gross value including intersegment revenue, and the total amount of revenue of both segments does not match the consolidated revenue (the difference is intersegment revenue)

Macromill's Business

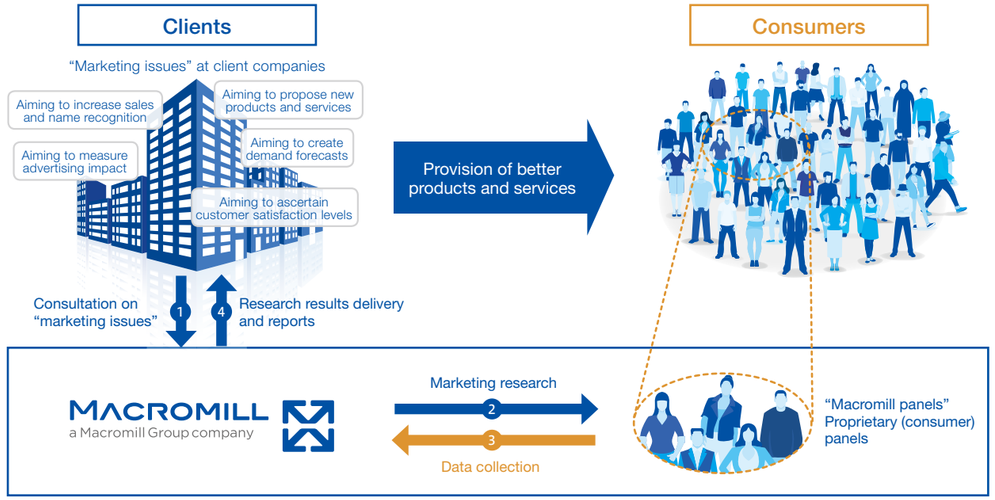
What is Marketing Research?

Marketing research is the process of conducting surveys and analysis to collect various types of useful data from consumers that might enable companies to supply better products and services to their markets.

The Group has proprietary panels comprised of around 10 million consumers that provide the data used in its marketing research. The Group is able to collect high-quality data by surveying these panels on marketing issues being experienced by its clients, and the panels are rewarded (through cashable points) from part of the Revenue that the Company receives from its clients.

The Group provides its clients with data that has increased added value by combining analyzed survey results with a variety of other data (awareness data, behavioral data, and other data) together with accurate attribute information from the panels. This enables client companies to conduct marketing using data of a scale, breadth, and granularity that would not be obtainable through their own efforts.

Through provision of these services and data, the Group is able to uncover consumer insights guided by fact-based quantitative and qualitative data, namely "how certain types of people think and behave," and contribute to solving clients' marketing issues.



Macromill panels

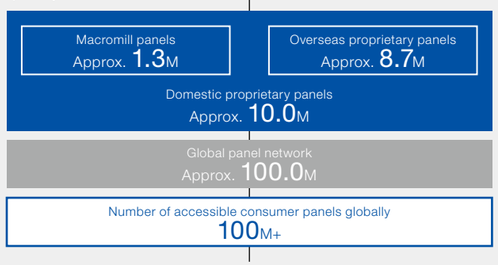
As a research specialist, Macromill has proprietary panels comprised of around 10 million consumers. On the rare occasions when a pool of 10 million proprietary panels is not enough to deliver the depth or breadth of insight specified for a project, we can access our network of third-party panel partners, which extends our reach to an additional 100 million-plus consumers around the globe. We are thus able to conduct surveys that deliver the optimal target audience that meet our clients' survey objectives.

Domestic panels

Research-dedicated panels of industry-leading quality and quantity

Overseas panels

Large-scale proprietary panels that enable research on a global scale



Quality management policy for Macromill panels

Provision of industry-leading high-quality data that can be trusted

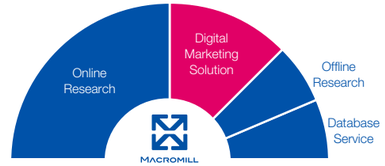
While keeping a constant eye on standards through the building of full-time quality management teams, Macromill employs a range of methods to ensure the quality of data. This includes using technology to remove inappropriate responses and developing new management techniques based on the specialist research findings of Macromill Research Institute.

Pursuit of optimal quality control methods "in keeping with the times"

The panel's response environment is constantly changing owing to technological advances and the spread of smart devices, and such changes have a great impact on response accuracy. Macromill continues to pursue optimal quality management methods appropriate to this era of rapid change in order to provide high-quality data.

Macromill's Solutions and Obtainable Data

The Group provides diverse solutions including digital marketing solutions that enable deeper insights, Offline Researches such as in-person interviews, and the provision of consumer purchasing data in the database services space, combining Online Research from web-based surveys of consumer opinions (where it has the No. 1 domestic market share) and consumer digital behavioral logs.



Online Research	**The core business since establishment providing the majority of sales in the Japan business** • Surveys conducted online questionnaires given to panels (e.g., QuickMill) • Research previously conducted offline such as interviews shifted to online in response to the Covid-19 pandemic: Online Depth Interview (ODI)	Awareness Data etc.
Digital Marketing Solution	**Future growth areas** • Acquiring online behavioral logs (advertising exposure and websites visited) using cookies and advertising IDs shared with the consent of panels. Then creating more accurate and high-value added research by amalgamating these behavioral logs with awareness data (e.g., AccessMill). Sharing and synchronizing our data with the DMP of clients (e.g., DMP solutions).	Awareness data X behavioral data (web contact history), etc.
Offline Research	**Surveys conducted in-person or by mail, etc.** • Surveys on topics such as satisfaction levels/preferences with product samples: Central Location Test (CLT) • Surveys via one-to-one in-person interviews or group interviews: Depth Interview (DI)/Focus Group Interview (FGI) • Rise in recent years of surveys that are amalgamated with online viewing history and biological information, including heart rate and brain wave data	Awareness Data Biological Data etc.
Database Service	**Subscription-style data sales** • Sales of databases of consumer purchasing histories gleaned from purchasing surveys conducted with some panels (using apps that scan the barcodes of daily purchase and household budgeting apps) (QPR/MHS) • Sales of databases of logs of TV programs and advertisements viewed gleaned via TV viewing surveys (OTS).	Purchase Data TV Viewing Data etc.

Macromill's Segments

The Group includes two reportable segments, the Japan and Korea Business Segment and the Overseas (ex-Korea) Business Segment, which are comprised of regional operations that are the foundation of the Group. The main business in both segments is the provision of marketing research solutions, mostly via online means.

Japan and Korea Business Segment

Revenue: ¥33,025 million

Characteristics

Japan
- Online Research accounts for more than half of total sales, provided by online and other mediums
- The No. 1 share of the online research market with an unequaled track record of working with major corporations, especially in Japan.
- Competitive advantage from creation and ownership of proprietary panels and their quality

Korea
- Online Research is the mainstay business
- Major player in the Korean Online Marketing Research business (5th place in the industry)
- Only domestic research major to have its own panels

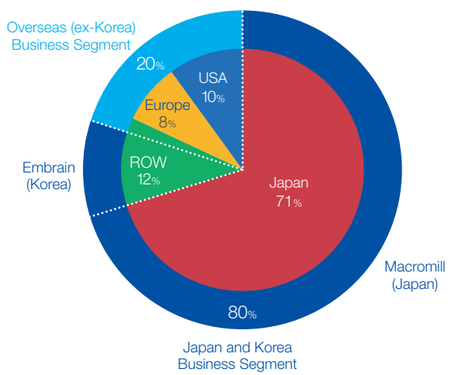
Overseas (ex-Korea) Business Segment

Revenue: ¥8,380 million

Characteristics

- Online Research is the mainstay business
- Large proportion of projects with annual contracts and large projects compared to Japan
- Position as a market pioneer (disruptor/challenger)

FY6/20 Revenue by Region



Consolidated Revenue: ¥41,270 million

Macromill Group's Clients

Client Relations

We have built strong relationships with clients in a wide variety of industries, with a focus on large global corporations.

of Clients

c. **4,200** in Global (90+ Countries)

- c. **2,800** clients in Japan
- c. **1,400** clients in Overseas

Client Retention Rate of Large Clients*1

- **95.7%** in Japan*2
- **92.1%** in Overseas*3 (excl. Japan)

Notes
*1 Large Accounts with annual revenue of > JPY10MM or Euro 0.1MM
*2 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 JPY10MM in the previous year). 5-year average from FY6/16 to FY6/20
*3 Retention Rate (Overseas) = (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). 5-year average from FY6/16 to FY6/20
*4 FMCG = Fast Moving Consumer Goods / CPG: Consumer packaged goods (incl. non-durable goods such as soft drinks, toiletries, etc.)

Marketing Processes and Research Scenarios at Clients

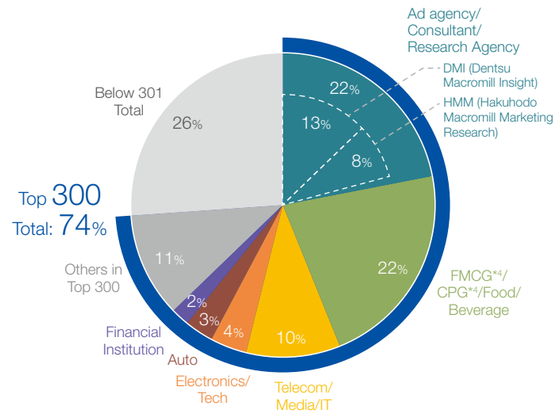
The marketing processes at regular companies can be split into four types as shown in the table.
The Macromill Group has research menus aligned to the objectives and issues in each process.

Search-driven type (seeking a current snapshot/ideas) → Validation type (seeking judgement/measurement of effect)

Marketing processes	Uncovering market opportunities	Concept development	Commercialization/ Marketing programing	Release (to market)	Post-release validation and improvement
What stage are we at?	Understanding likely target markets and consumers. At the stage of looking for product/ service development hints via consumer classification on specific traits and comprehending their dissatisfactions and needs.	Understanding the acceptability of a concept and confirming promising targets, key appeal points, and likely price sensitivity. At the stage of determining whether commercialization is possible.	At the stage of deciding the marketing mix (4P strategy) for an actual product or service. Evaluation tests of factors such as the actual user experience for prototypes, naming of the product or service, tests on packaging, and confirmation of purchasing appetite at various price points.		At the stage of tracking the penetration of a product or service already released to the market and confirming purchaser satisfaction to adjust the marketing plan
Typical survey	• Survey on purchasing/usage situations • Lifestyle survey • Needs-driven survey • Brand image survey • Segmentation survey etc.	• Concept screening survey • Concept check survey • Name evaluation survey etc.	• Prototype sampling and evaluation • Packaging design surveys • Prototype evaluation surveys • Naming surveys • Advertising copy surveys • Price surveys etc.		• Product penetration survey • Customer satisfaction survey (purchaser tracking) • Advertising impact measurement survey etc.

FY6/2020 Revenue Breakdown by Client Industries

Well diversified client portfolio



Frontline Marketeer Interview

The Macromill Group conducts business with a large number of diverse companies without being reliant on any one industry or region. Our approximately 570 salesforces around the globe carry out daily client-facing marketing activities. As there are a variety of marketing issues depending on the business, we work closely with our clients to identify issues and problems and make a series of proposals. We are able to provide services for a range of situations.

On occasions, research can also be the trigger for creation of new technologies, services, and mega-success of top-selling products that significantly change society. It is of the utmost value for Macromill salesforce to work with clients in a process of testing hypothesis and sharing these experiences of success of their products and services.

We must respond to changes at our client companies and also incorporate shifts in society into our own work, while adjusting our marketing methods through the creation of new services. We have diversified our marketing approaches during the Covid-19 pandemic, promoting new policies by, for example, internally sharing know-how on remote meetings and creating systems that enable consultation process management to be achieved remotely.

In order to remain trusted by our clients, we will maintain our efforts to provide a variety of services and systems with the aim of being a good partner co-working with our clients to solve their marketing issues and are committed to continuing to evolve.



Senior Vice President and
Head of the First Business Division
Nobuyasu Sekiguchi

Macromill Group Sustainability
Toward creation of a sustainable business

Strengthening of Training for Frontline Human Resources

Unlike manufacturing and service sector firms, Macromill is a company that supplies human knowledge, and the source of its growth is therefore talents. Amid diversification in working styles, we have implemented educational programs and training support that respond to these changes and enable each employee to seize this as a growth opportunity, as we aim to create sustainable business growth.

HR Training Programs with Diverse Partners

Through practical HR training that utilizes placements at client and partner companies as well as industry-academia alliances, we promote measures that allow our employees to accumulate experience and increase their skills in a variety of research scenarios and data consulting situations.



Open Lectures and Seminars

SHIGA UNIVERSITY

YCU YOKOHAMA CITY UNIVERSITY

Partner universities in the data science sphere

Spontaneous Development of “Learning Spaces”

In order to respond swiftly and flexibly to change in conditions, we actively implement educational projects developed voluntarily by frontline employees. We hold workshops that incorporate the views of colleagues and enable participation for those working remotely.

- Sales Academy
  A program aimed at younger staff members
- TECH NOW
  Sharing information on the latest tech trends



Sales Academy



TECH NOW

Initiatives to Raise Client Satisfaction

Macromill carries out a large-scale client satisfaction (CS) survey annually. We raise the level of satisfaction by analyzing our clients expectations of the Company and identifying and implementing points for improvement in its current services.

CS Improvement Committee

The CS Improvement Committee is tackling three major policies. The first is to analyze the current state of customer satisfaction and propose and implement improvement measures. It strives to fully understand the issues that client companies have with Macromill, which it does by, for example, our executive officers talking directly to the client companies, and it then formulates and implements measures for improvement. We see candid opinions as the flip side of expectations of our company and accept them in good grace. The second is to get to the bottom of mistakes and problems that occur in each division and to implement thorough measures to prevent reoccurrence. By conducting extensive interviews on the handling of, and reasons for, the mistakes and problems, we focus on bolstering the foundations to “provide services that impress clients”. The third is to implement organization-wide policies, including IT investment, to establish the platforms for provision of services, to improve operational efficiency, and for the development of new services and solutions.

As a leading company in the marketing research industry, Macromill is constantly strengthening its operations across all areas, including its organization, human resources, and products and services, with a view to continuing to fulfill the expectations of its clients.

CS AWARD

Twice a year we reward frontline staff who have provided exemplary client service. Our aim is to provide role models through which we can elevate the service quality of all employees. Each division proposes nominations for “Exceptional CS frontline staff”. After a rigorous adjudication process, the selected candidates make presentations on their customer service efforts and the judging panel then make a final decision on who will be given the CS AWARD.





A scene from the CS AWARD presentations

Rapid Highlighting of Societal Changes

The Company works to rapidly publicize societal changes through speedy online disclosure of data such as that gleaned from its regular proprietary surveys and weekly fixed-point observation reports. It is currently focusing particularly on changes in consumer behavior amid the Covid-19 pandemic, and its insights have been used in the Cabinet Office’s “Documents for Cabinet Committee on Monthly Economic Report and Other Relative Issues”.

Free Distribution of Market Survey Reports

The Company distributes its market survey reports (proprietary survey reports), analytical reports, and factbooks for free.



Free download (Japanese Only)



Market survey media (HoNote) (Japanese Only)

Examples of proprietary survey reports

July 2020	Changes in eating habits during the Covid-19 pandemic, even greater sense of health consciousness – nationwide survey of 2,000 consumers
July 2020	Analytical profiles of consumers planning to buy a 5G handset
October 2020	Report on changes in attitudes and behavior during the Covid-19 pandemic based on Macromill data
January 2021	Analytical profiles of potential regional migrants

Fixed-point Observation Reports

Timely reporting of the latest consumer patterns, including trends in consumption behavior and economic sentiment.



Macromill Weekly Index (Japan) (Japanese only)



Macromill Weekly Index ASIA (Five countries in Asia) (Japanese only)

Survey overview

Survey method:	Online survey	Survey method:	Online survey
Survey population:	Nationwide sample of 1,000 men and women between the ages of 20 and 69 (Macromill monitor panelists)	Survey population:	3,000 samples from China, Korea, Indonesia, Thailand, and Vietnam
Distribution method:	Demographic movement distribution based on area x gender x age cohort using data from the 2015 Japanese census	Distribution method:	Gender and age cohort distribution (China/Indonesia/Thailand/Vietnam), population weighting distribution (Korea)
Survey timing:	Conducted every Wednesday	Survey timing:	Conducted every Thursday

Highlighting the Value of Marketing Research

The Company promotes measures to increase the value of marketing research by widely publicizing the capture methods and examples of the latest insights from specialists and its own researchers and know-how applicable to research methodologies and business. In addition, it conducts projects to visualize consumer opinions on social issues expressed in surveys to highlight the value of marketing research in the real world.

DATA & INSIGHTS

The Company publishes a series of articles which support client companies’ better decision-making. These include our approaches, methodologies and key tips to utilize diverse data as well as maximize the value of marketing research. On our website, the Company provides guidance to grasp insights, practical knowledge/research results for research projects, and more. These are provided by external professionals, famous marketers in each industry, or our Group employees from their own expert point of view under the following categories; “Research Leads to Successful Marketing”, “Digital Marketing x Research”, “Researchers Column”, and “Marketers Column”.



DATA & INSIGHTS (Japan) (Japanese only)



Insights & News (Overseas)

Made in Your Voice Project

Based on the idea that opinions gleaned from surveys change the world, we strive to visualize and make proposals from consumer opinions on social issues. The first episode of this project published in 2017 focused on “the relationship between married couples”, and proposed a “Second Marriage Registration” in which couples vow to continue celebrating their wedding anniversary. The focus of the second episode in 2019 was the tough living conditions of university students, with various media outlets reporting widespread parental financial support and a notable decline in students’ subsistence funds per day. It looked particularly at students living away from home, exploring the state of their communication and relationships with their parents.



First episode: “Second Marriage Registration” (Japanese Only)



Second episode: “The Bank of Mom and Dad” (Japanese Only)

Macromill Group Sustainability
Creation of a sustainable company

Creation of Our Culture

We actively support the creation of opportunities for interaction between employees. We also endeavor to stimulate internal company communication through expansion of internal media.

Internal Newsletter “Mill-Commi” and Web-based Newsletter “NOW”

The paper-based internal newsletter “Mill-Commi (Macromill Communication)” is published once a quarter and is responsible for showing the “real” Macromill by delving deeper into company topics. The editorial team has full control over the content, and is free from management involvement, and it also puts considerable thought into the design. The web-based newsletter “NOW” is designed to keep all employees up-to-date on daily company news and activities. These initiatives have won many awards and been highly praised both inside and outside the Company.



Paper-based internal newsletter “Mill-Commi” (Japanese only)



Web-based internal newsletter “NOW”

2019 Keidanren Newsletter Awards
Internal newsletter “Mill-Commi (Macromill Communications)” awarded the Merit Award in the magazine and newspaper internal communications category
Web-based newsletter “NOW” awarded the Merit Award in the intranet internal communications category
Internal information activities recognized with the Judges’ Special Prize

Macromill Circle

The Company promotes club (circle) activities to foster communication across division boundaries and support employees physical and mental well-being through hobbies. It provides operating expenses to certified clubs and there are currently 19 active clubs. During the Covid-19 pandemic, a structure was created to allow even new employees to easily join clubs, such as the use of online video tools to make communication as lifelike as possible.

Cheerleading and dance club





Futsal club



Mountaineering club

Promotion of Diversity and Inclusion

The Group promotes diversity and inclusion to ensure respect for differences between employees and the creation of an environment in which everyone can maximize their abilities with a view to achieving sustainable growth and development.

Committee Activities

- Support for improvements to the remote working system
- Activities to assist employees using and returning from maternity leave
- Support for employees balancing work and family care
- Promotion of women’s greater participation in the workplace
- Diversity Promotion Committee (now the Diversity and Inclusion Promotion Committee)



Guidebook for employees balancing work and childcare



Women’s day



Overview of Diversity Promotion Committee

The Diversity Promotion Committee was established in 2015 and has worked to create an environment in which people can continue to give their best despite changes in their respective lifestyles. Acting as a bridge between management and the workplace, it has developed policies around the two main axes of work-style reforms and the creation of diverse career paths. There is a strong sense that its activities have enabled greater understanding and penetration of diversity and inclusion. At the same time, the ratio of female managers is low, and the greater participation of women remains an issue. Our key strengths are said to be our “culture of recognition” and “openness”, and each and every one of us hopes to find a way in which we can advertise the fact that “a company that supports the participation of women in the workplace” should be added to these.



Head of Human Resources Division
Ayuko Sasadaira

Creating Environments That are Easy to Work in

We strive to create a safe working environment in which everyone can maximize their abilities and which promotes mental and physical health.

Work Style Reform and Covid-19 Countermeasures

In light of the diversification of working styles amid the Covid-19 pandemic, the Company established the DX Promotion Office in 2020. Its goal is to allow each individual to select the optimal working style for their own personal circumstances.

- Promotion of remote working
- Introduction and distribution of tablet PCs
- Expansion of online meeting tools and holding of webinars
- Holding of an online New Year’s event

<DX project>
Implementation of diverse measures including DXTV (online communication plans and video distribution) and use of social media



Scene from a webinar

Scene from the online New Year event



Health Promotion

As a health promotion measure, the Company has built an in-house massage room to allow employees to concentrate on their work. It also actively implements other measures such as putting on exercise programs to combat a lack of exercise.

- Temomill in-house massage system
- Fitmill exercise program
- Mental health training for all employees
- System to subsidize the cost of influenza vaccination



Temomill in-house massage system



Fitmill exercise program

Social Action Programs

The Group has offices around the world, and we support employees in each location in voluntarily conducting social contribution activities. With the aim of “making the world better through research”, in Japan we promote our social contribution activities called “Goodmill”. We also conduct a range of social action activities at overseas bases such as charity work, recycling, and philanthropic activities which are deeply rooted in the local areas.

Goodmill Activities

The program involves providing support for solutions to social issues in three main ways: technical support for marketing research at non-profit organizations, multifaceted support at times of natural disaster, and employee-driven social action programs.

Examples of Goodmill Support

Provision of Questant and Milltalk to NPOs on a special free plan basis

Through the provision of customizable research services “Questant” and “Milltalk”, Macromill enables an organization to visualize issues and test hypothesis rapidly.

Research support for NPOs

- Conducted a “Survey on Adolescence” together with NPO Katariba (December 2018)
- Conducted a “Survey on Extra-organizational Activities and Experiences” together with NPO Crossfields (October 2019)
- Conducted a “Survey on the State of Partnerships During Pregnancy and the Child Raising Years” together with NPO Madre Bonita (August 2020)

Overseas Initiatives

Macromill Embrain’s “1%+ Donation” social contribution program

Macromill Embrain began its “1% + Donation” social contribution program in 2006 and has donated more than KRW500mn (as of December 2020) to the Korea Rare Incurable Disease Association and the Korea Down Syndrome Society.

Employee social action activities at MetrixLab offices



Elementary School Support Project (India)



Participation in the Clean Plate Campaign charity activities (Singapore)

Macromill Corporate Governance

Corporate Governance Framework

Basic Mindset on Corporate Governance

The Group has established a Macromill Code of Conduct to serve as the foundation of the corporate rules that its officers and employees observe in their daily work. Based on its management principles, the Macromill Code of Conduct sets forth details in four key areas - compliance with laws and regulations, proper relations with society, respect for human rights, and sincere corporate activities - in accordance with policies that are essential for the proper and sound development of Macromill. All the Company officers and employees (including full-time, contract, part-time, skilled part-time, temporary, and seconded workers) fully recognize their necessary social responsibility in the various corporate activities and act in compliance with social ethics. We plan to fully establish and to continue to review and expand our corporate governance system to realize sound and transparent corporate management based on the Macromill Code of Conduct.

Overview of Corporate Governance Framework

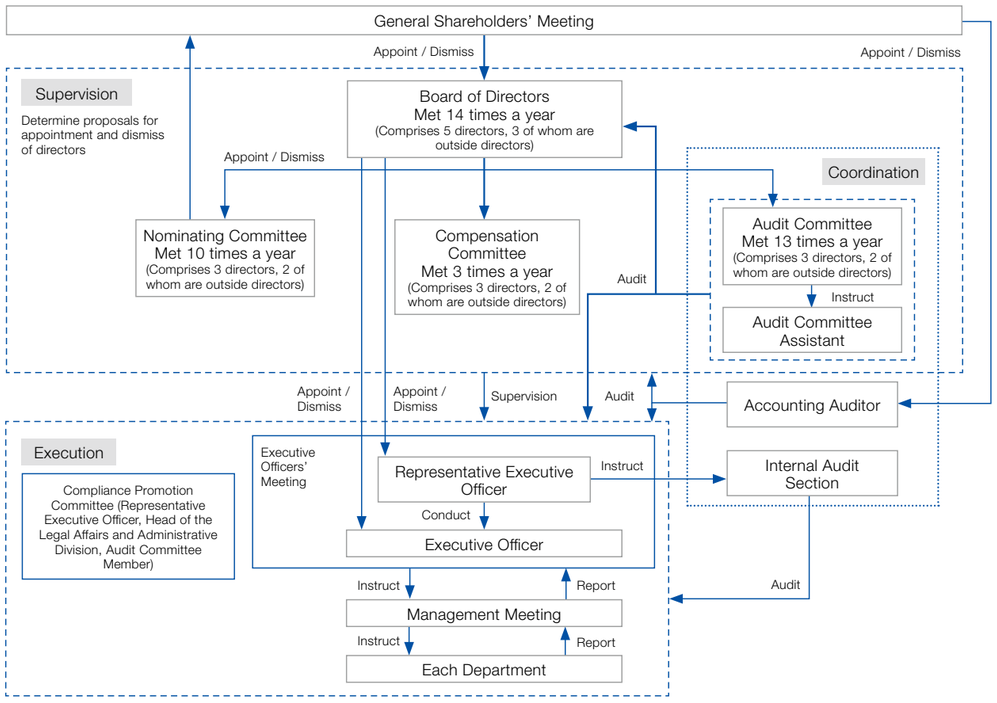
While enhancing management transparency and fairness by conducting the disclosure of information in a timely manner and keeping compliance management in mind, we are working to maximize our corporate value by proactively pursuing lasting profit. Also, while building and maintaining a management organization that can respond quickly to changes in the social environment and producing harmony between the Company and its stakeholders, we recognize the importance of building an effective Corporate Governance Framework by steering a management course that remains aware of the importance of our shareholders.

Compliance Promotion Committee

Having established a compliance promotion structure aimed at strengthening and promoting companywide compliance systems, the Company deems a representative executive officer as its chief compliance officer. It has established a Compliance Promotion Committee, chaired by the Head of the Legal Affairs and Administrative Division. The Compliance Promotion Committee reviews and promotes policies and measures relating to compliance, promotes and improves compliance systems, and comprehensively manages the thorough awareness of, and compliance with, the corporate philosophy and standards of corporate behavior.

Corporate Governance (Japanese only)

Corporate Governance Framework (As of September 29, 2020)



Board of Directors and Executive Officers (As of September 29, 2020)

Board of Directors

		Profile
	Toru Sasaki Director, Representative Executive Officer and Global CEO	Graduated from Faculty of Commerce, Chuo University. Joined Macromill in June 2003 after working at Ikko and ABC Mart. Served the role of research direction, sales, and PMI for business integration at Macromill. Appointed as an Executive Officer/General Manager of Online Research Division in 2010. Appointed as a Senior Executive Officer of Misecolle Inc. in 2013. Left Macromill in 2014, returning in June 2015 after working at Glider Associates Inc. as an Executive Officer and Board of Director. Served as an Executive Officer of Macromill from October 2015, Representative Executive Officer, Vice President from September 2018, and appointed as a Director, Representative Executive Officer and Global CEO in September 2020.
	Naofumi Nishi Director, Audit Committee Member, Nominating Committee Member and Compensation Committee Member	Holds a Master's degree in Business Administration from Stanford University, and a Bachelor's degree and Master's degree (international relations) from the University of Tokyo's College of Arts and Sciences. Joined McKinsey & Company in 2004, working at the Tokyo and Frankfurt offices. Joined Bain Capital Asia, LLC (now Bain Capital Private Equity Japan, LLC) in 2007, with responsibility for investment in the technology, media, and telecoms spheres. Joined Macromill as an Executive Officer in 2014. Began serving at Macromill as a Director in 2017.
	Atsushi Mizushima Outside Director (Independent Director), Audit Committee Member and Nominating Committee Member	Holds a Master's degree in Business Administration from Stanford University, and a Bachelor's degree from the University of Tokyo's Faculty of Law. Joined Nishimura & Partners (now Nishimura & Asahi) in 2005. Became Director of Business Development at WHILL, Inc. in 2013. Returned to Nishimura & Asahi in 2014. Became a Partner at Nishimura & Asahi in 2016 (still active). Began serving at Macromill as an Outside Director in 2016. **Reason for selection** Mr. Mizushima has strong supervisory capabilities and insight into corporate group compliance to strengthen the Company's compliance and governance system as well as knowledge of international law essential for global expansion. As such, we judge him to be suitable for the role of Outside Director of the Company and have appointed him accordingly.
	Shigeru Nishiyama Outside Director (Independent Director), Audit Committee Member and Compensation Committee Member	Joined Sanwa & Co. (now Deloitte Touche Tohmatsu LLC) in 1984. Serving as a Professor at Waseda Business School (Graduate School of Business and Finance) from 2006. Joined Macromill as an Outside Director in 2018. **Reason for selection** Mr. Nishiyama has highly specialized knowledge, professional ethics, and supervising capability as a CPA and a Professor at Waseda Business School, as well as abundant experience as an outside director and outside auditor of listed companies. We expect him to utilize his expertise and experience to contribute to strengthening the Company's governance, especially in the fields of finance and accounting.
	Makoto Naito Outside director (Independent Director), Nomination Committee Member and Compensation Committee Member	Graduated from the Faculty of Technology, Keio University and joined Sony Corporation in 1978. Appointed as Vice President of Sony Computer Entertainment following his career at Sony for more than 20 years including stationing at London and New York. Then assumed president or other pivotal roles at Akamai Technologies Japan, NTT Communications Corporation, IBM Japan, Schneider Electric Japan Holdings, Dell, CA Technologies Japan, NCR Japan, and DXC Technology Japan. Joined Macromill as an Outside Director in September 2020. **Reason for selection** Mr. Naito has extensive management experience at global companies and was chosen as Outside Director as we expect him to provide valuable proposals and advice across the entire business.

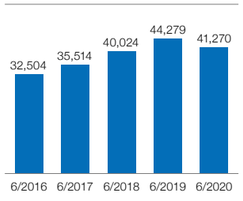
Executive Officers

		Profile
Concurrently serving as Director	Toru Sasaki Representative Executive Officer, Global CEO	
	Masahiro Shimizu Executive Officer, Global CFO	Born in Hiroshima Prefecture. Graduated with a B.A. in Political Science from Waseda University's School of Political Science and Economics. Gained experience in international finance, business development, finance and accounting, HR, IT systems, and security management at J.P. Morgan, Fast Retailing, and Domino's Pizza Japan. Served as a Director, Executive Vice President and CFO at Domino's Pizza Japan, helping it rise from the industry's No. 3 position by sales at the time of his joining to the No. 1 spot. Joined Macromill in December 2017 and appointed as an Executive Officer, Global CFO.
	Willem Matthijs Elias Executive Officer, Europe and America Operation MetrixLab CEO	Graduated from Erasmus University in Rotterdam with a Master's Degree in Economics. Joined Monitor Company in 1996. Served as a strategic consultant in Europe, covering M&A, branding, customer acquisition, and innovation. Joined MetrixLab in 2000. Served to grow and expand the business across the globe, helped transforming the start-up into a full-service market research company. Responsible for expanding the office footprint and the growth of Global Key Accounts in the wider Macromill Group after the merger with Macromill. Appointed CEO of MetrixLab in July 2019 (still serving), and Executive Officer for Europe and America at Macromill in September 2019.

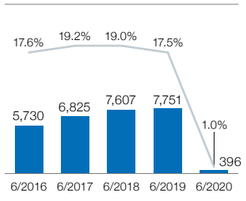
Financial Highlights

	6/2016	6/2017	6/2018	6/2019	Millions of yen 6/2020
Earnings Position					
Revenue	32,504	35,514	40,024	44,279	**41,270**
Japan and Korea Business Segment	25,827	28,536	30,948	35,020	**33,025**
Overseas (ex-Korea) Business Segment	6,796	7,150	9,198	9,385	**8,380**
EBITDA*1	6,604	7,696	8,660	9,167	**8,651**
Japan and Korea Business Segment	—	—	7,667	8,073	**8,006**
Overseas (ex-Korea) Business Segment	—	—	992	1,093	**645**
Operating profit (loss)	5,730	6,825	7,607	7,751	**396**
Japan and Korea Business Segment	5,218	6,067	7,030	7,091	**5,712**
Overseas (ex-Korea) Business Segment	511	758	576	659	**(5,315)**
Profit before tax	4,087	5,882	7,372	7,285	**8**
Profit (loss) attributable to owners of the parent	2,832	3,706	4,719	4,702	**(2,131)**
Cash Flow Position					
Cash flows from operating activities	4,665	5,733	5,610	5,647	**7,785**
Cash flows from investing activities	67	(1,348)	(2,101)	(1,819)	**(2,157)**
Free cash flows*2	6,182	5,505	3,965	4,199	**5,923**
Cash flows from financing activities	(5,602)	(2,155)	(2,813)	(2,845)	**(2,395)**
Cash and cash equivalents at the end of the year	6,124	8,447	9,124	10,102	**13,310**
Financial Position					
Total assets	66,564	70,815	75,230	78,321	**77,150**
Equity attributable to owners of the parent	15,064	20,346	25,262	29,726	**27,563**
Net Debt*3	35,776	31,095	27,971	25,578	**23,868**
Net Debt*3 / EBITDA*1 Ratio*4	5.0	3.6	3.2	2.8	**2.8**
Per Share Data					
Earnings (loss) per share	74.82	97.11	120.21	117.90	**(52.94)**
Owners' equity per share	397.91	524.09	637.32	743.23	**683.61**
Dividend per share	0.00	5.00	7.00	9.00	**11.00**
Main Indicators					
EBITDA*1 margin	20.3	21.7	21.6	20.7	**21.0**
Operating profit margin	17.6	19.2	19.0	17.5	**1.0**
Return on equity (ROE)	20.3	20.9	20.7	17.1	**(7.4)**
Return on assets (ROA)	5.9	8.6	10.1	9.5	**0.0**
Ratio of equity attributable to owners of the parent	22.6	28.7	33.6	38.0	**35.7**

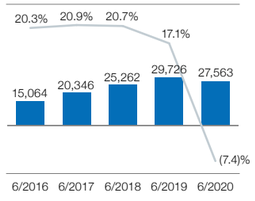
Revenue
(Millions of yen)



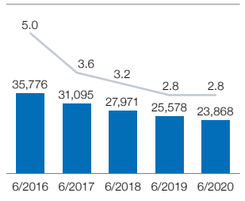
Operating profit and Operating profit margin
(Millions of yen)



Equity attributable to owners of the parent and Return on equity (ROE)
(Millions of yen)



Net Debt*3 and Net Debt*3 / EBITDA*1 Ratio*4
(Millions of yen)



Notes
*1 EBITDA = Operating Profit + Depreciation and Amortization + Loss on Retirement of Non-current Assets + Impairment Loss (For Segment EBITDA, applied Segment Profit (Loss) instead of Operating Profit (Loss))
*2 Free cash flow = Cash flows from operating activities ± Cash flows from investing activities - Interest paid
*3 Net Debt = Interest-bearing Debt (Short-term Borrowings + Current Portion of Long-term Borrowings + Long-term Borrowings + Leases Obligations) – Cash and Cash Equivalents
*4 Net Debt / EBITDA Ratio uses adjusted EBITDA data through FY6/18

Corporate Data and Investor Information

Corporate Data (As of June 30, 2020)

Company name:	MACROMILL, INC.
Headquarters:	Shinagawa East One Tower 11F, 2-16-1 Konan, Minato-ku, Tokyo 108-0075, Japan
Established:	January 31, 2000
Paid-in capital:	¥1,049 million
Number of employees:	1,029 (Non-consolidated) 2,470 (Consolidated)
IR information:	https://group.macromill.com/ir/

Stock Information (As of June 30, 2020)

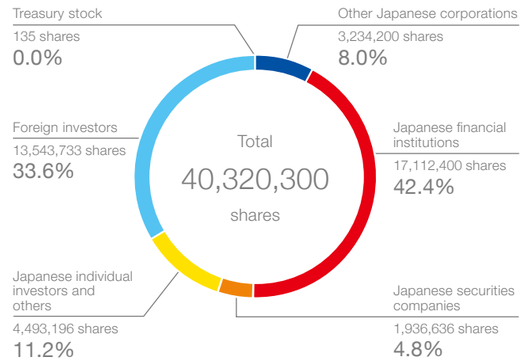
Number of shares issued:	40,320,300
Number of shareholders:	8,093
Stock exchange listing:	First Section of Tokyo Stock Exchange
Ticker code:	3978
General Shareholders' Meeting:	September
Transfer agent:	Mizuho Trust & Banking Co., Ltd.

Top 10 Shareholders (As of June 30, 2020)

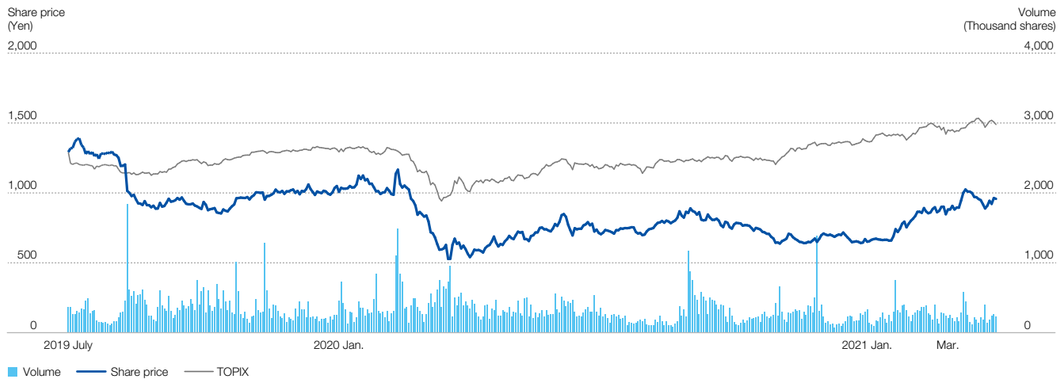
	Number of shares held	Shareholding ratio*2 (%)
Japan Trustee Service Bank, Ltd. *1 (Trust Account)	8,004,000	19.9
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,309,200	10.7
Dentsu Group Inc.	2,930,000	7.3
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	1,710,100	4.2
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	959,839	2.4
MSCO CUSTOMER SECURITIES	887,600	2.2
THE BANK OF NEW YORK MELLON 140042	860,487	2.1
Japan Trustee Service Bank, Ltd. *1 (Trust Account 5)	824,700	2.0
SMBC Nikko Securities Inc.	658,500	1.6
JP MORGAN CHASE BANK 385781	629,774	1.6

Notes
*1 Effective July 27, 2020, Japan Trustee Services Bank, Ltd. changed its name to Custody Bank of Japan, Ltd. as a result of a merger with JTC Holdings, Ltd. and Trust & Custody Services Bank, Ltd.
*2 Shareholding ratios are calculated after deduction of treasury stock (135 shares).

Breakdown of Shareholders (As of June 30, 2020)



Stock Performance



Note: TOPIX is indexed to Macromill's July 1, 2019 closing price of JPY 1,293.

MACROMILL
a Macromill Group company

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