FY6/2024 Q3 Financial Results

May 15, 2024

MACROMILL
a Macromill Group company

Ticker Code: 3978 (TSE Prime)

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Notes for this entire material

1. Revenue and operating profit of each segment and region are shown using figures before elimination of inter-segment offsets, and the total amount of revenue and operating profit of both segments or regions do not match the consolidated revenue and operating profit (the difference is the amount of intersegment / interregional elimination)
2. Figures of Korea Business may change after local auditor’s audit process
3. Constant FX figures are calculated by applying the rate of the current fiscal year to the financial results of the same period of the previous fiscal year. We present financials results on a constant currency basis because we believe that this provides a framework for assessing how Macromill’s business and, in particular, overseas businesses including Macromill EMBRAIN, performed without taking into account the effect of the fluctuations since the same period in the prior year, but please note , it only excludes the effect of currency exchange between the Won/Yen, but not exclude the effects of currency exchange on all local currencies. Please see the following table for the actual exchange rate applied.

	Q3 YTD (9 Months)		Q3 Standalone (3 Months)	
	FY6/2023 Q3	FY6/2024 Q3	FY6/2023 Q3	FY6/2024 Q3
1 KRW =	0.1041	0.1115	0.1051	0.1121

FY6/2024 Q3: Key Takeaways

- **Q3 Revenue continued its trend from 1H and increased by 8%**
- **Business Profit achieved double-digit growth and exceeded our Initial Guidance with over 20% growth in Japan Business Profit**
- **Incurred 847M JPY loss from Toluna through equity method, but since our cash flow is unaffected and our source of dividend is expanding, we decided to increase the year-end dividend forecast**

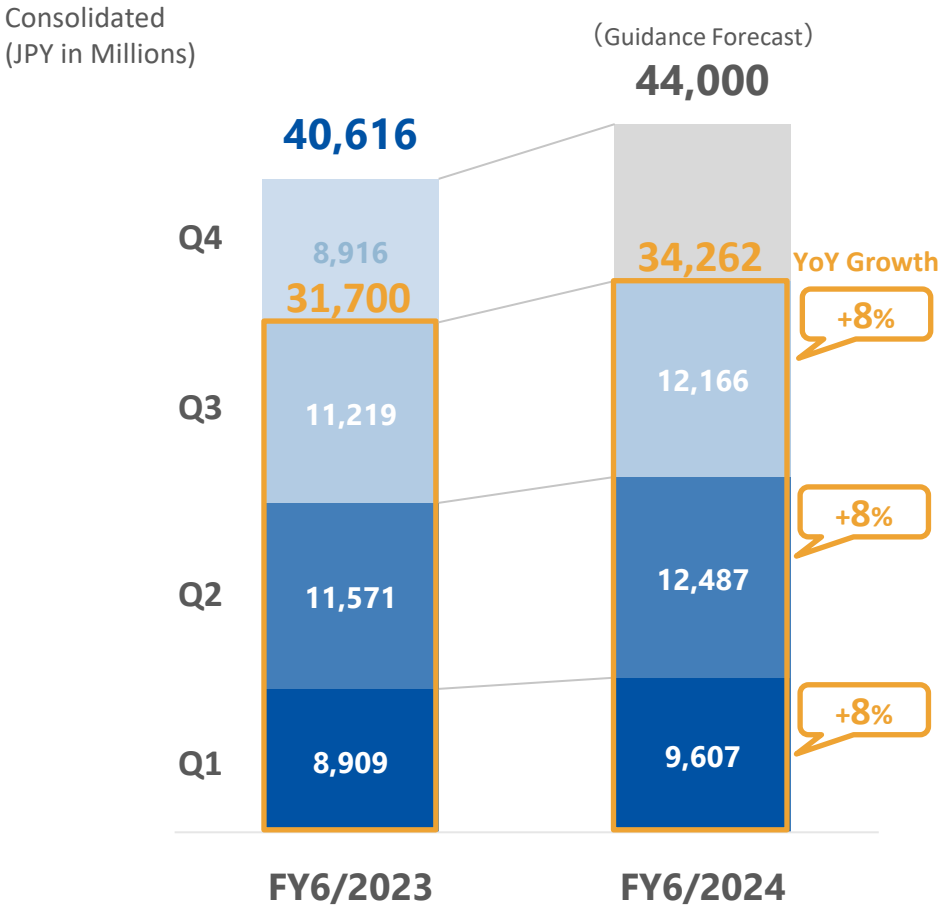
		FY6/2023 Q3YTD(2)	FY6/2024 Q3YTD	YoY Growth
Consolidated	Revenue	31.70bn JPY	34.26bn JPY	+8%
	Business Profit(1)	4.85bn JPY	5.51bn JPY	+13%
Japan Business Segment	Revenue	27.24bn JPY	29.65bn JPY	+9%
	Business Profit(1)	4.36bn JPY	5.30bn JPY	+22%
Korea Business Segment	Revenue	4.46bn JPY	4.60bn JPY	+3%
	Business Profit(1)	0.49bn JPY	0.20bn JPY	-59%

Note
1. The Company transferred its Overseas Business (ex-Korea) segment to Toluna in exchange for considerations, including a 17.4% stake in Toluna.
   This has resulted in Toluna being an equity-method affiliate of the Company from the fourth quarter of the fiscal year ended June 30, 2023.
   To show our actual business performance of the Macromill Group more accurately, we are showing our Business Profit, which subtracts equity method investment gains/losses related to Toluna from OP from FY24
2. Only the results related to continuing operations are shown

FY6/2024 Q3: Consolidated Revenue

Revenue trend continued from 1H

Inline with the Initial Guidance of +8% for the Full year



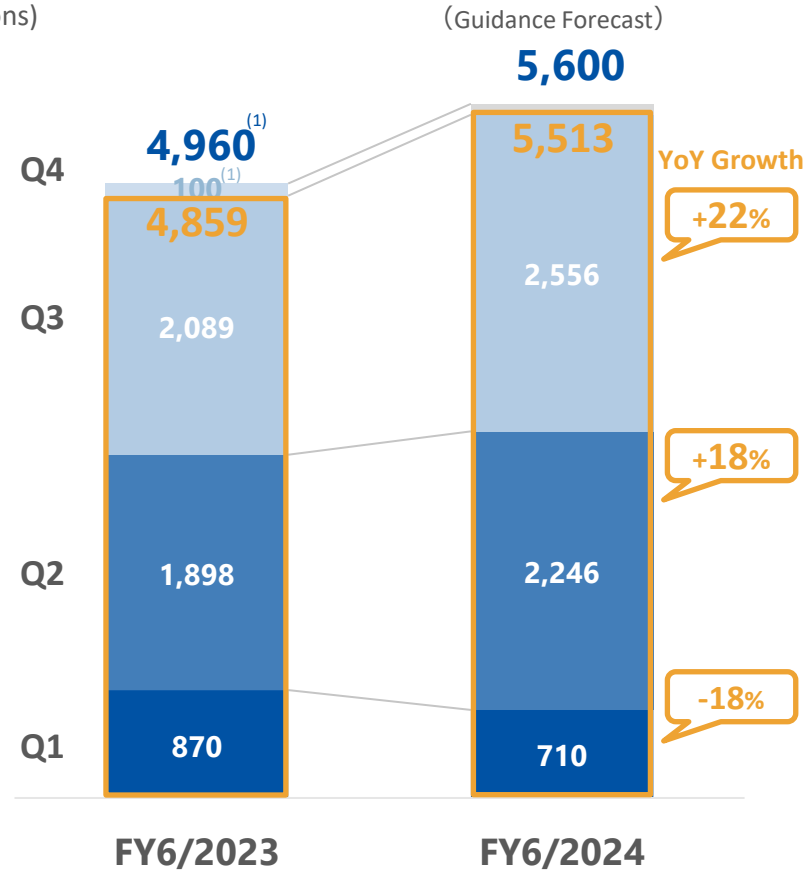
Q3 YTD Actual

+8% YoY

FY6/2024 Q3: Consolidated Business Profit

Business Profit's growth momentum accelerated in Q3, achieving double-digit growth for Q3 YTD Business Profit and overachieving the Initial Guidance

Consolidated
(JPY in Millions)



Q3 YTD Actual

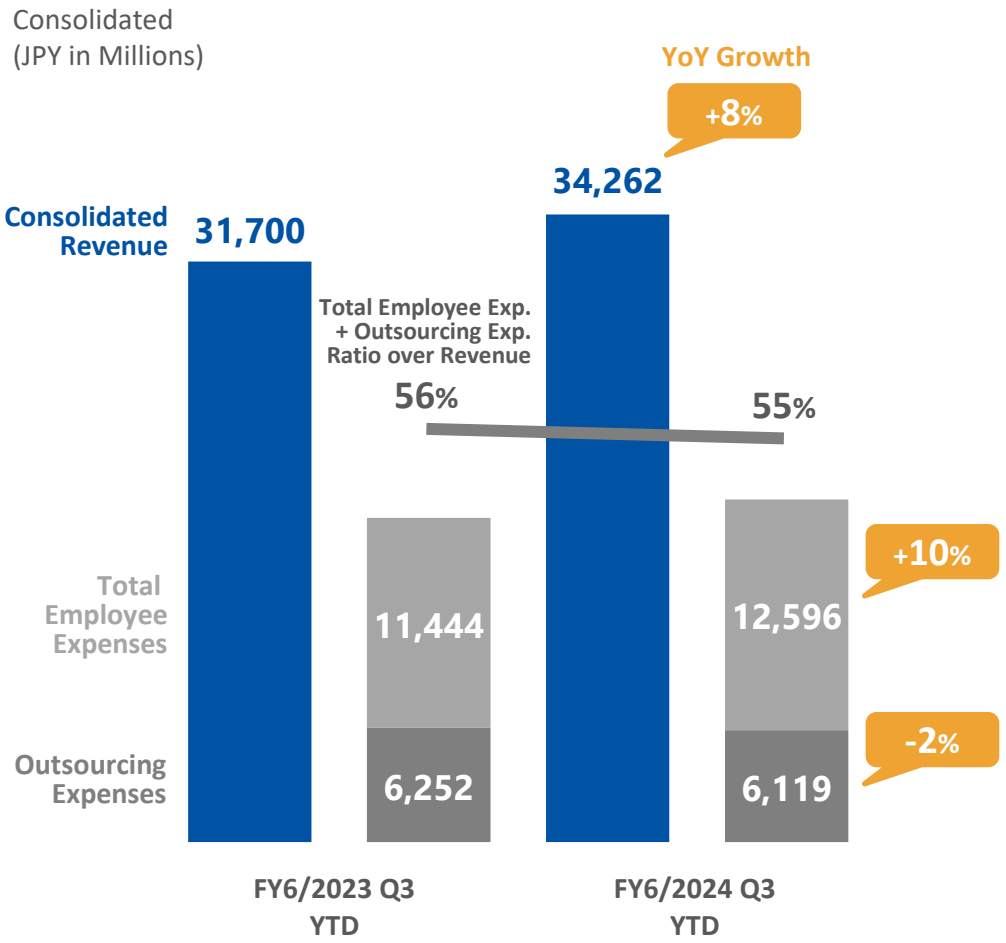
+13% YoY

Note
1. Figures for FY6/2023 full year and FY6/2023 Q4 exclude expenses recorded for the Overseas subsidiary transfer (M&A) transactions.

FY6/2024 Q3: Consolidated Employee & Outsourcing Exp.

Controlled Total Employee & Outsourcing Expenses below plan

While Revenue grew YoY, managed Outsourcing Exp. to be under FY23's level



Key Point

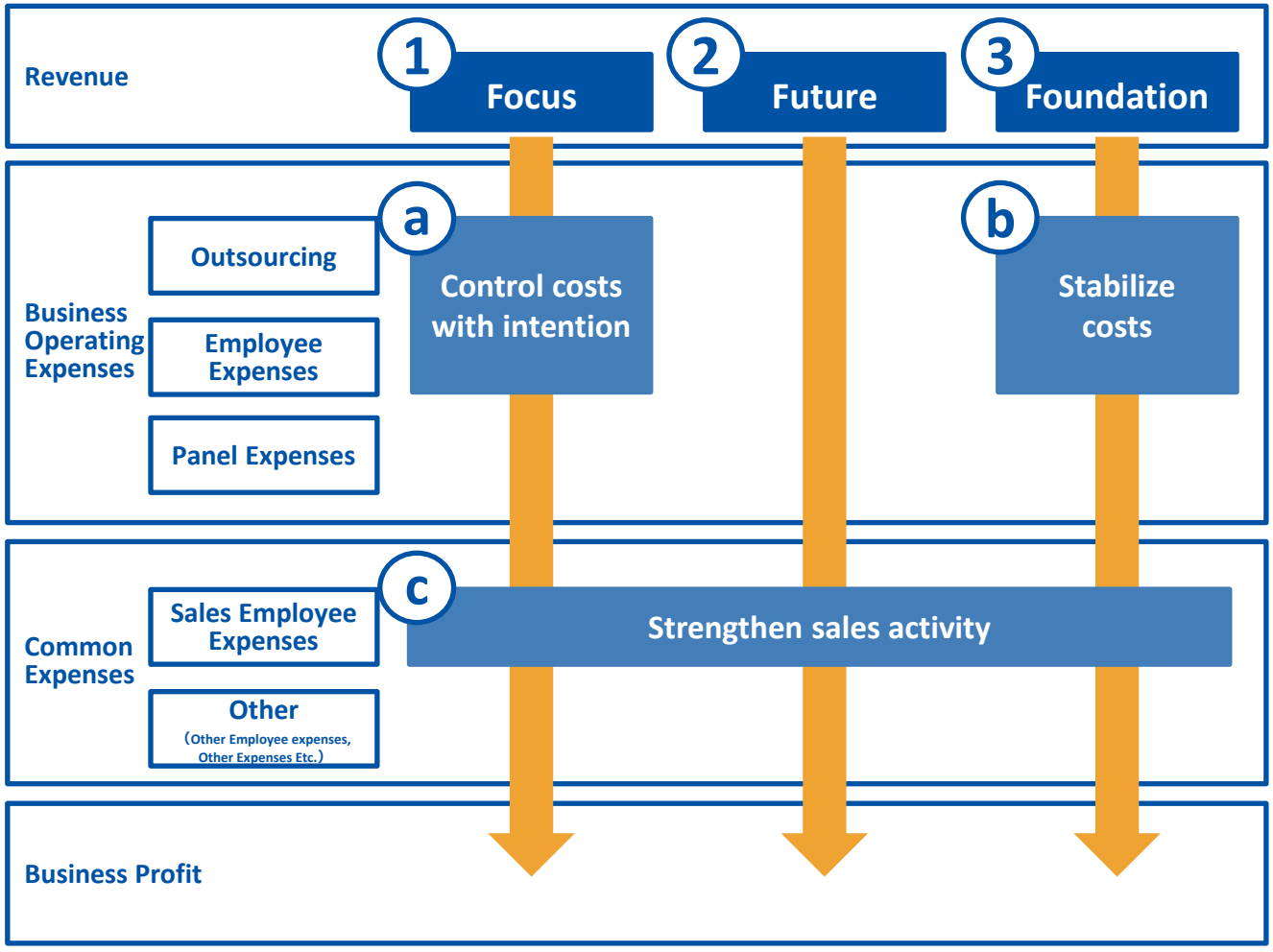
- **Total Employee Expenses:**
  Japan +929M JPY, Korea +222M JPY
  - Increase in headcount due to recruitment from FY23 2H (Compared to FY23 Q3, +111 Group, +106 in Japan, +5 in Korea)
- **Outsourcing Expenses:**
  JPY -288M JPY, Korea +144M JPY
  - Promoted in-house production as we have rebuilt research capacity in Japan
  - In addition, internal productivity has improved due to improvement of retention rate and proficiency

FY6/2024 Q3 Business Highlights

By Segments

Japan Segment - Revenue Breakdown and KPIs (Reprint)

In Japan Business Segment,
in addition to disclosing Revenue in three business areas (1)–(3),
we are also disclosing productivity KPI's in three critical cost areas (a)-(c)



Productivity KPI

ⓐ Increase productivity in Focus Business
⇒ Control "Outsourcing + Operation Employee Expenses"

ⓑ Cost control in Foundation Business
⇒Stabilize "Outsourcing + Operation Employee Expenses"

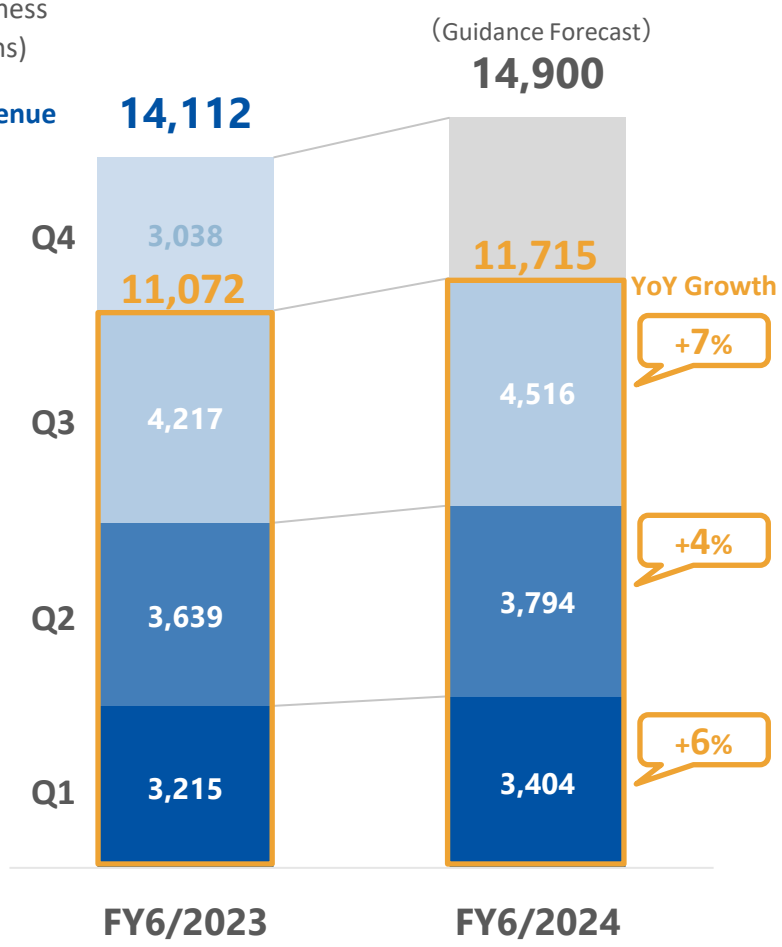
Ⓒ Increase Revenue per salesperson
⇒Increase "Japan Revenue / Japan salesperson"

FY6/2024 Q3: Japan Segment ①Focus Business

+5% growth target for FY6/2024

Our busiest quarter Q3 Revenue was strong and exceeded the plan

Japan Business Segment
①Focus Business
(JPY in Millions)



Q3 YTD Actual

+6% YoY

① Services in Focus Business

- Online Research
- Digital Research (AccessMill・DMP Sync Research, etc.)

FY6/2024 Q3: ①Focus Business Sales activity re-building Initiatives

Q3 Revenue expansion was the result of improved sales activities in 1H

Key points / progress in sales activity rebuilding initiatives

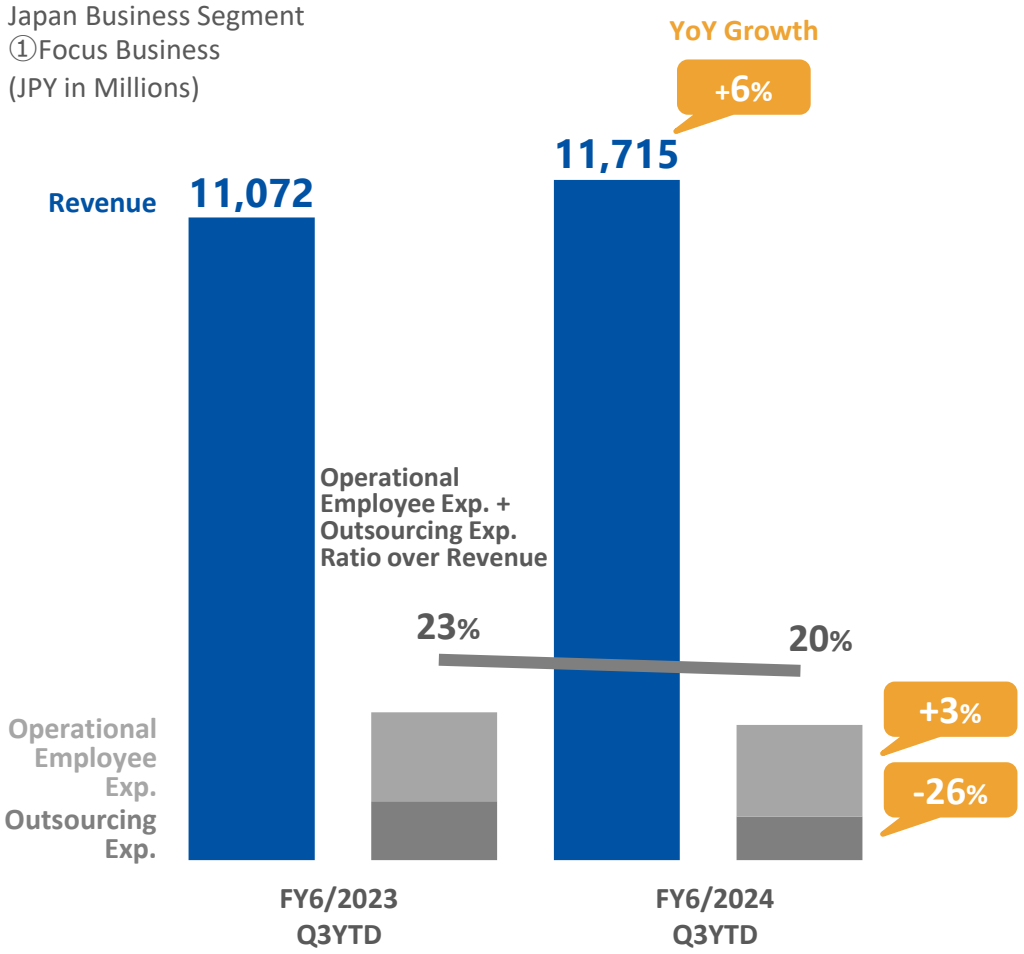
FY23	# of Companies and projects decreased due to the limited operational capacity until FY23 1H
	# of Companies and projects did not recover, though we re-engaged active sales activity in FY23 2H
FY24	# of companies and projects grew in 1H as we successfully rebuilt relationships with clients we lost
	As we re-established relationships with our clients, we started to win the larger projects



FY6/2024 Q3: ①Focus Business ⓐEmployee & Outsourcing Exp.

Productivity improvement in Focus business is a key measure for FY24

By controlling Outsourcing Expenses, we improved the Outsourcing Expense + Operating Employee Expense ratio by 3 points



Key Point

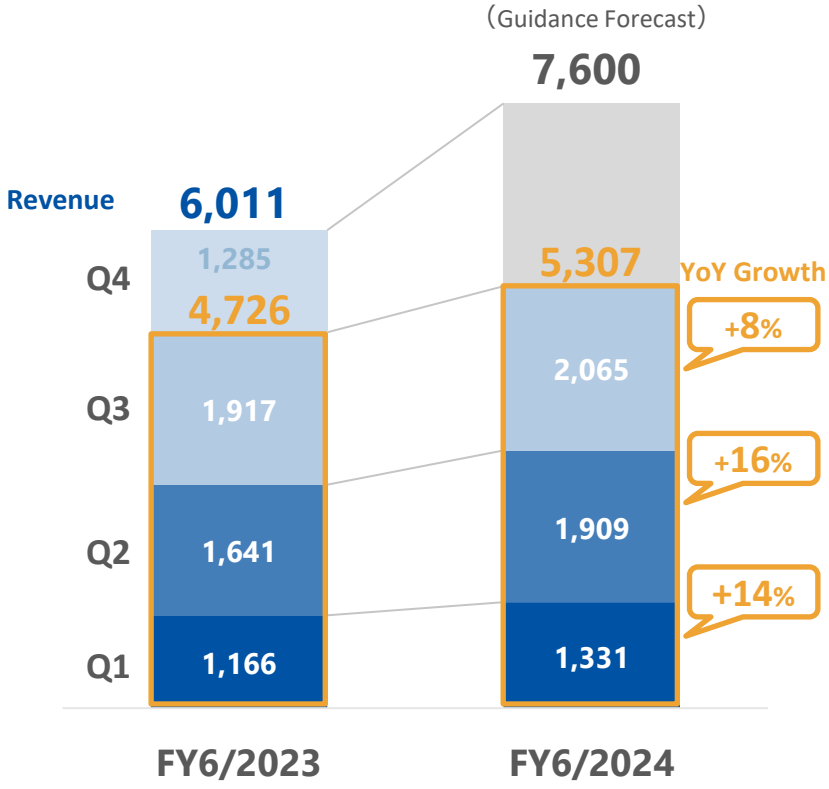
- **Operational Employee Expenses: +3% YoY**
  - Increased lower than Revenue growth
  - Succussed decrease in employee turnover rate and talent development
  - Reduced workload by reviewing operational processes
  - Implementing initiatives to promote business automation
- **Outsourcing Expenses: -26% YoY**
  - Outsourcing Expenses have decreased on an actual basis due to an increase in-house production and improved internal productivity

FY6/2024 Q3: Japan Segment ②Future Business

FY24 Growth target set at +27% for this business area, with each project being relatively large compared to other two business areas

Revenue continued to increase despite being in a transitional period between large projects

Japan Business Segment
②Future Business
(JPY in Millions)



Q3 YTD Actual

+12% YoY

② Services in Future Business

- Consulting
- Global Research (Southeast Asia, incl. China)
- New Business (Life Science, Ads, etc..)

FY6/2024 Q3: ②Future Business - Topics Update

Consulting

Data consulting from strategy to execution

Q3 YTD Actual

1,034M JPY

(YoY+10%)

- Focused on new project development, though some of the large projects shrank in Q3
- Received multiple projects involving research, further accelerating mutual client referrals

Global Research

(Southeast Asia, including China)

Marketing research for Japanese companies in overseas markets

Marketing research in Southeast Asia

Q3 YTD Actual

2,647M JPY

(YoY+7%)

- Aim for double-digit growth for the year though we have the impact of project delays

New Business

(Life Science, Ads, etc.)

Life Science: Marketing support in the healthcare field

Ads: Real-time advertising distribution based on data, etc.

Q3 YTD Actual

1,625M JPY

(YoY+23%)

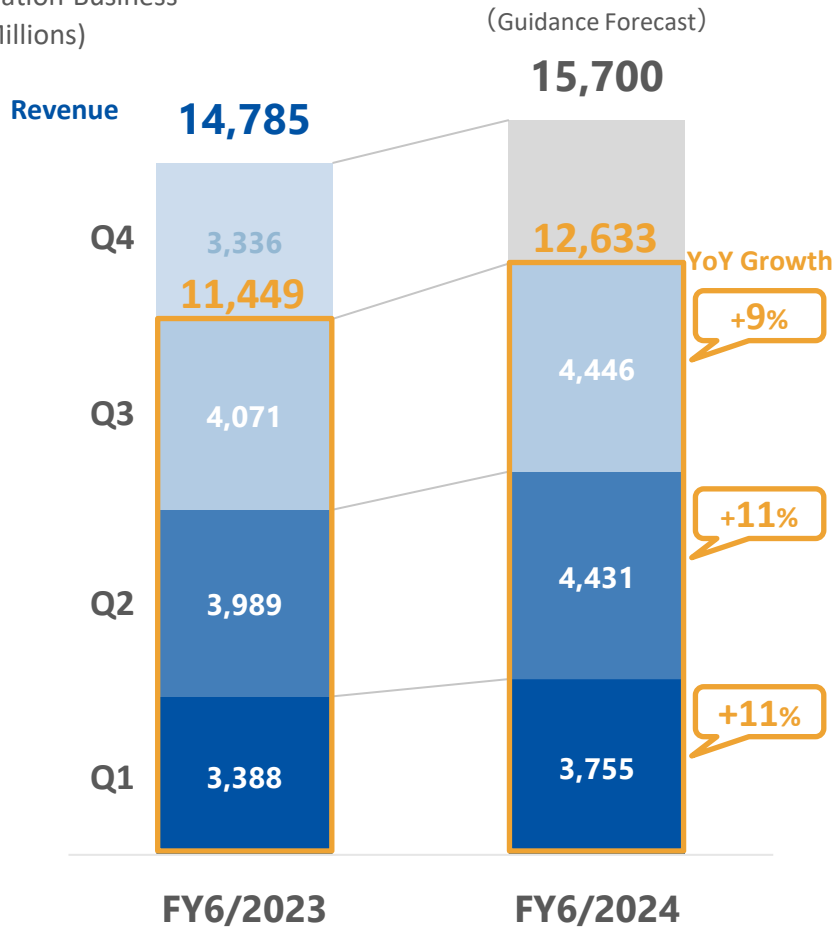
- Life Science and other New Business growth have accelerated in Q3
- We anticipate growth trend will continue in Q4

FY6/2024 Q3: Japan Segment ③Foundation Business

FY24 Growth target set at +6%

Revenue continued to exceed our initial expectation due to positive performance from Subsidiaries including Monitas

Japan Business Segment
③Foundation Business
(JPY in Millions)



Q3 YTD Actual

+10% YoY

③ Services in Foundation Business

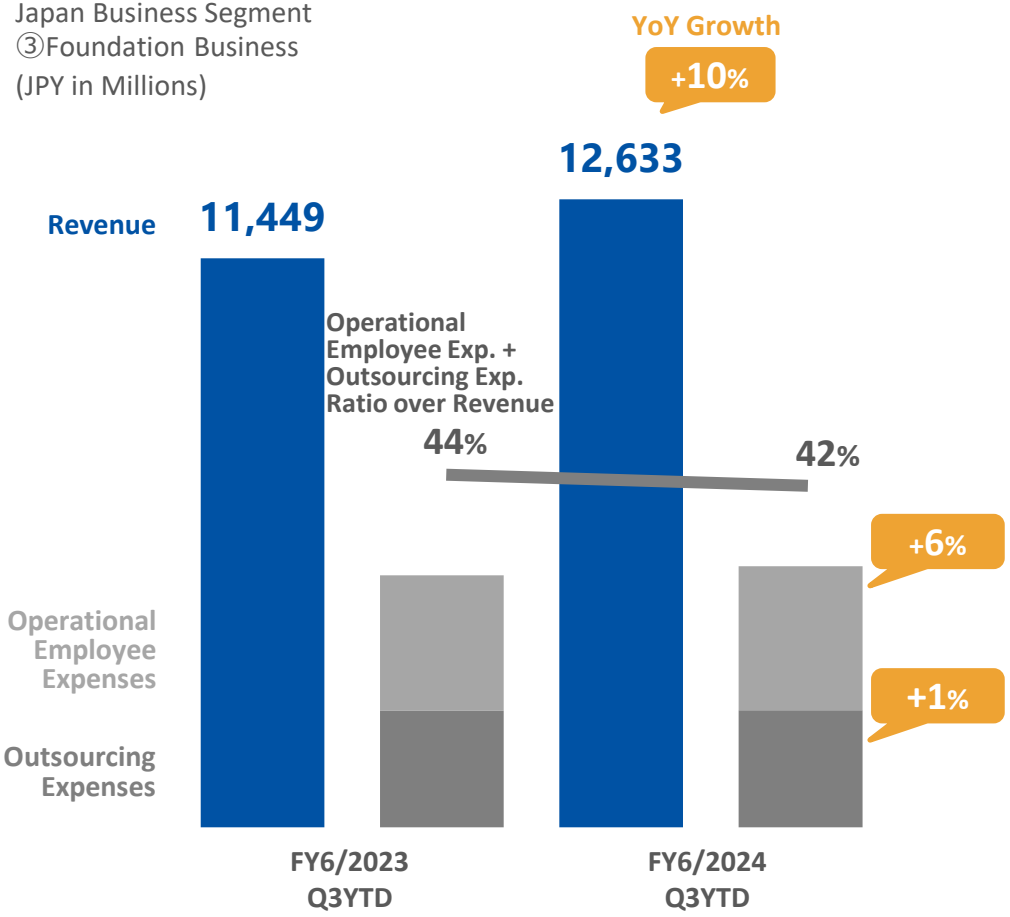
- Joint Ventures with Ad agencies (DMI, HMM, others, etc.)
- Offline Research
- Database Service

*Internal transactions between groups are offset and eliminated in this category for convenience due to the large scale of transactions with this category.

FY6/2024 Q3: ③Foundation Biz - ⓑEmployee & Outsourcing Exp.

Revenue growth and cost control in Outsourcing Expenses improved the Outsourcing Expenses + Operational Employee Expenses ratio by 2 points

Japan Business Segment
③Foundation Business
(JPY in Millions)



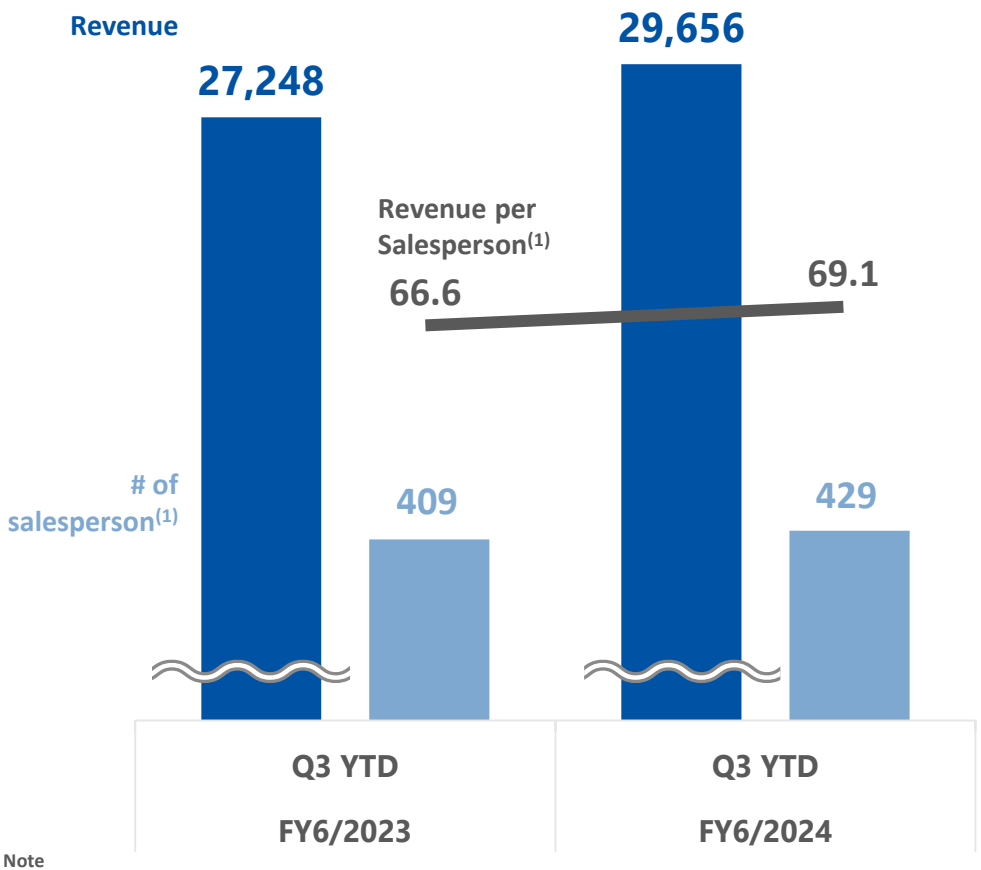
Key Point

- **Outsourcing Expenses and Operational Employee Expenses to the Revenue have decreased due to increased Revenue, and improved sales mix at subsidiaries**
- **Operational Employee Expenses: +6% YoY**
  - The level of increase remained less than the Revenue growth
- **Outsourcing Expenses: +1% YoY**
  - In-house offline research
  - Reducing Outsourcing Expenses at subsidiaries

FY6/2024 Q3: Japan Segment ©Productivity per Sales

With no operational capacity limit, Revenue per salesperson increased

Japan Business Segment
(JPY in Millions, people)



Key Point

- **Salesperson Headcount: +22 people vs FY23 Q3**
  - Increase due to increase in headcount in new businesses, acquisition of Monitas, etc.
- **Revenue per Salesperson**
  - Revenue per salesperson expands due to an increase in Revenue scale as we enter the busy season
  - Furthermore, we plan to expand the sales incentive design between group companies and strengthen mutual client referrals

Note

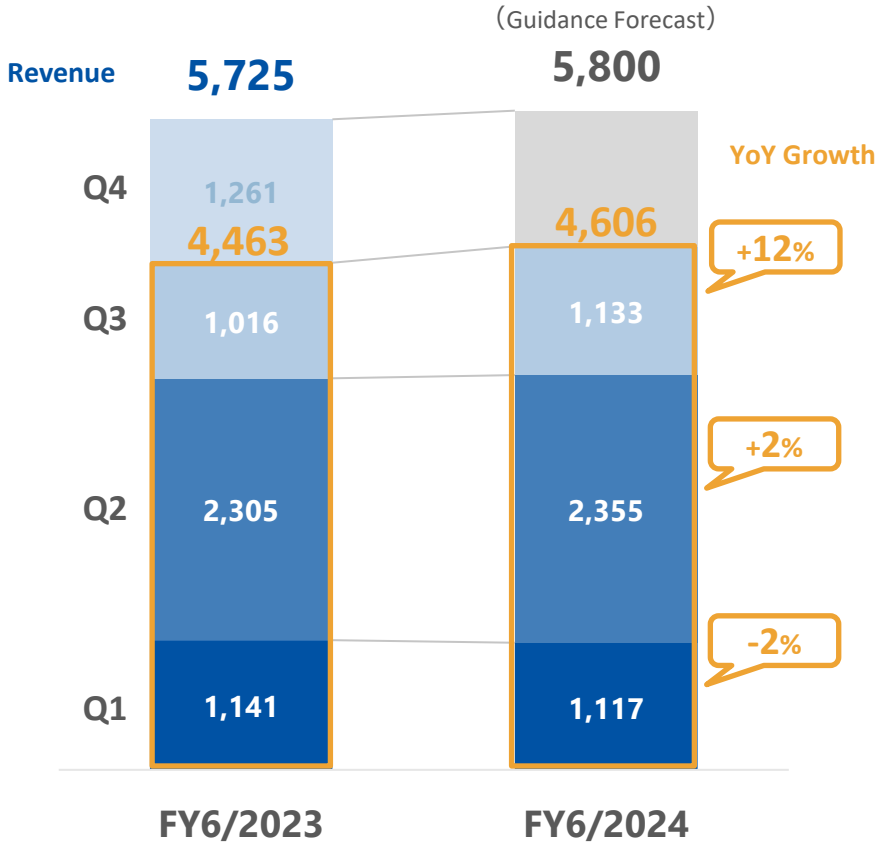
1. Number of people involved in sales activities among all employees of our companies in Japan. To equalize the effects of increases and decreases in the headcount during the period and to obtain figures that more closely reflect the actual situation, the number of headcounts is a simple average of the number of headcounts at the beginning of the period and at the end of the most recent quarter.

FY6/2024 Q3: Korea Segment

FY24 growth target set at +2%

Q3 standalone Revenue achieved double-digit growth as it has been a year since the impact of economic downturn began and there has also been an M&A etc. to increase Revenue

Korea Business Segment
(JPY in Millions)



Q3 YTD Actual

+3% YoY

(-4% in Constant FX)

Regarding the future of Toluna, an equity method affiliate

Loss from an equity method exceeded the Initial Guidance, but PMI led to larger than expected cost reductions

Starting FY25, along with initiatives to grow Revenue, we will begin preparing for an exit

PMI activity details and steps towards exit

This Fiscal Year (FY6/24)

Achieved cost reductions exceeding the plan by eliminating duplicate functions and reducing fixed costs

- From June 2023 to June 2024, Toluna will unify the system, equipment, tools used, and solutions provided to create a leaner structure

Next Fiscal Year (FY6/25)

Start full-scale sales activities with integrated organization and solutions to expand market share

- From July 2024, Toluna will activate sales activities and expand their market share to significantly improve Revenue and Profits

Mid-term (FY6/26 Onwards)

Promote exit through M&A or IPO to strengthen business foundation for further growth

- In parallel with increasing Revenue and Profits, promote activities for the exit event

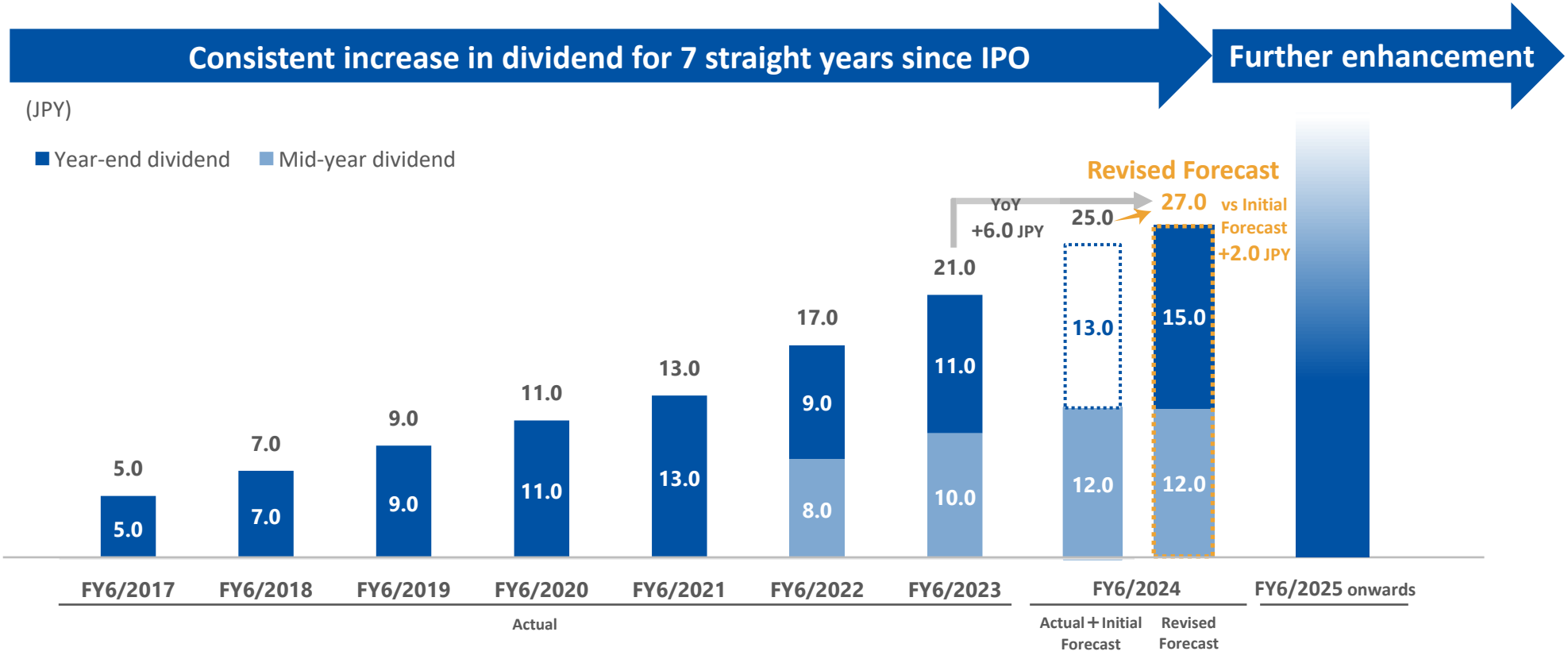
FY6/2024: Revise to increase year-end dividend

Based on strong Business Profit, we increase the year-end dividend forecast

We will further strengthen shareholder returns from the next fiscal year onwards

Dividend policy

- Current dividend policy (consolidated dividend payout ratio 30%) target
  → Considering **raising the dividend payout ratio target from the next fiscal year onwards**
- We will disclose more details based on next year's forecasts when announcing full-year financial results in Aug



FY6/2024 Q3 Financial and Business Update

By Segments

Consolidated Statement of Operations (P/L)[1] Q3 YTD (9 Months)

Japan Business performed favorably, especially Business Profit achieved double-digit growth due to an increase in productivity

Operating Profit decreased YoY due to an equity method loss from Toluna

FY6/2024 Q3 YTD (9 Months)

Consolidated
(JPY in Millions)

	FY6/2023 Q3 YTD Actual	FY6/2024 Q3 YTD Actual	YoY Growth	YoY Variance
Revenue	**31,700**	**34,262**	**+2,561**	**+8%**
Japan Business Revenue	27,248	**29,656**	**+2,407**	**+9%**
Korea Business Revenue	4,463	**4,606**	**+142**	**+3%**
EBITDA[2]	**6,500**	**7,053**	**+552**	**+9%**
Business Profit[3]	**4,859**	**5,513**	**+654**	**+13%**
Japan Business Business Profit[3]	4,362	5,308	+945	+22%
Korea Business Business Profit	496	205	(291)	(59%)
Business Profit Margin	15.3%	16.1%	-	+0.8pt
Gains and losses of equity method of Toluna	-	(847)	-	-
Operating Profit	**4,859**	**4,666**	**(193)**	**(4%)**
Quarterly Profit from Continuing Operations Attributable to Owners of the Parent Company	**2,520**	**2,449**	**(71)**	**(3%)**

Note
1. Segment figures are after the elimination of inter-segment transactions since FY6/2024 Q3.
2. EBITDA = Business profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss
3. The Company transferred its Overseas Business (ex-Korea) segment to Toluna in exchange for considerations, including a 17.4% stake in Toluna. This has resulted in Toluna being an equity-method affiliate of the Company from the fourth quarter of the fiscal year ended June 30, 2023. To show the business performance of the Group, the Company states Business Profit which subtracts the equity method investment gains/losses related to Toluna from Operating Profit from the fiscal year ending June 30, 2024.

FY6/2024 Q3: Consolidated Operating Expenses

Q3 YTD (9 Months)

Successfully controlled costs below the Initial Guidance

Rise in Operating Expenses is mostly led by an increase in Total Employee Exp. from a growing headcount in FY23 2H

Renewal of core research system and other costs increased Other Expenses

FY6/2024 Q3 YTD (9 Months)

Consolidated
(JPY in Millions)

	FY6/2023 Q3YTD Actual	FY6/2024 Q3YTD Actual	YoY Growth	YoY Variance
Revenue	**31,700**	**34,262**	**+2,561**	**+8%**
Panel Expenses	3,884	4,202	+318	+8%
Outsoursing Expenses	6,252	6,119	(132)	(2%)
Total Employee Expenses	11,444	12,596	+1,152	+10%
D&A and Other Expenses	5,322	5,770	+448	+8%
Operating Expenses Total	**26,903**	**28,689**	**+1,786**	**+7%**

FY6/2024 Q3: Consolidated OP Waterfall

Q3 YTD (9 Months)

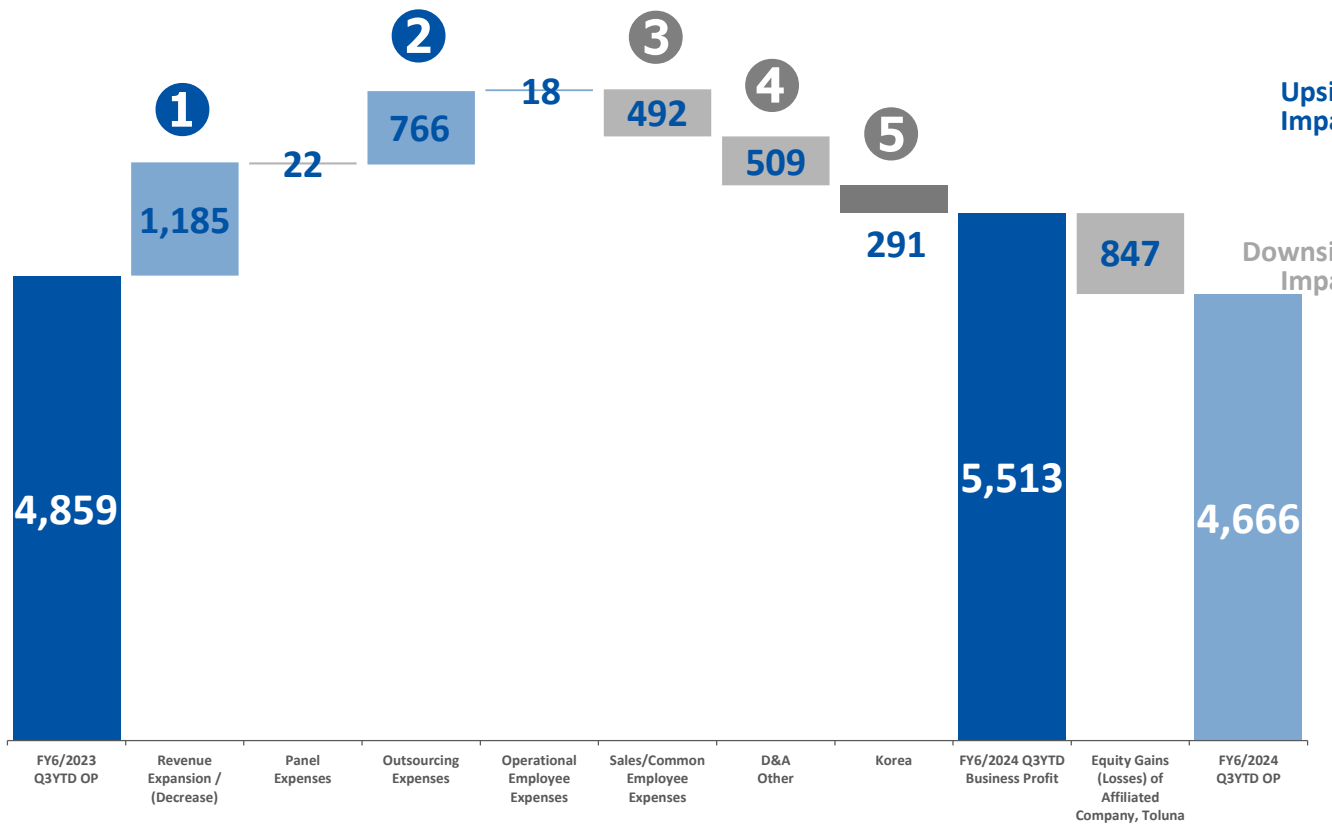
In addition to the Revenue increase in Japan, Outsourcing Expenses reduction has been progressing well

This impact absorbed increases in Total Employee Expenses, D&A, and Other Expenses

As a result, Q3 YTD Business Profit increased

FY6/2024 Q3 YTD (9 Months) Consolidated OP Waterfall Analysis (1)

(JPY in Millions)



Upside Impact

1 Revenue Increase
- Revenue increased in all businesses in Japan

2 Outsourcing Expenses
- Outsourcing ratio declined
- Controlling Focus Business has a major effect

Downside Impact

3 Sales & Common Employee Expenses
- One-time Life support allowance provided in Q1 (+141M JPY)
- Strengthen sales and talent in subsidiaries

4 D&A Other Expenses
- Increase in IT Cost due to core system renewal

5 Korea
- Increase Total Employee Expenses and Outsourcing Expenses due to New Business and M&A

Note
1. The impact of Revenue Expansion/(Decrease) effect and Panel Expenses/Outsourcing Expenses/Operational Employee Expenses on Operating Profit is calculated and expressed based on margin improvement/deterioration, and Sales/common Employee Expenses, D&A, and Other Expenses are Actual difference compared to the same period last year
2. Other Operating Expenses includes Other Operating Income, Other Operating Expenses, Other in Operating Expenses

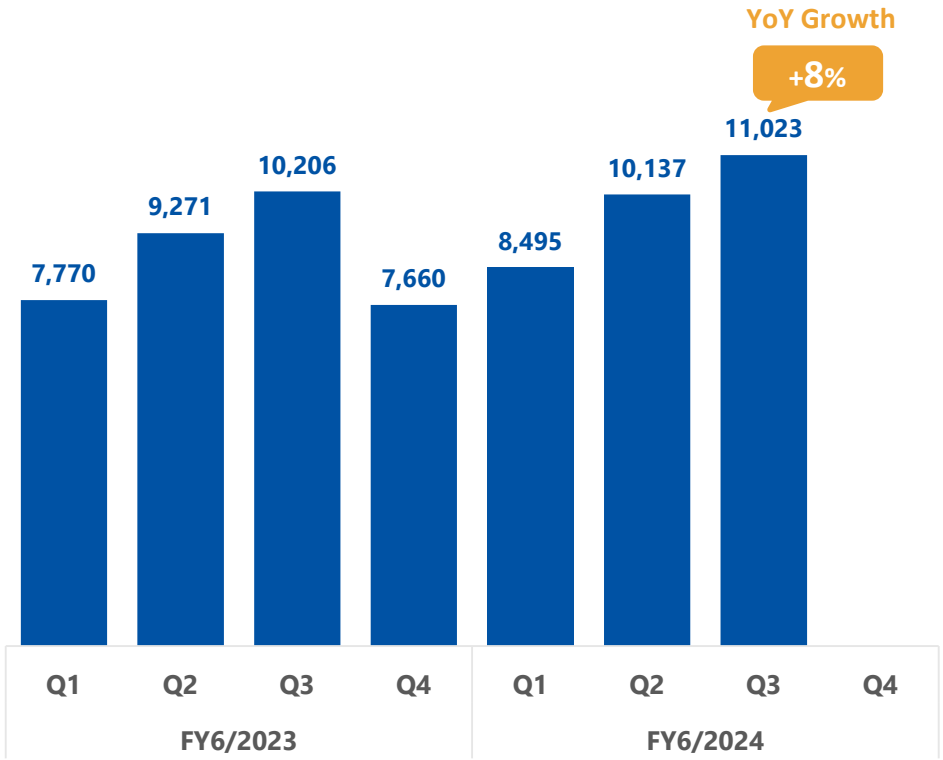
FY6/2024 Q3: Japan Business Segment Quarterly Trend

Q3 is the busiest season for Japan Business, followed by Q2, and we broke the Revenue track record in Q3

Business Profit turned to expand in Q2 due to Revenue expansion and productivity improvements, and Business Profit increased even more in Q3, improving profit margin

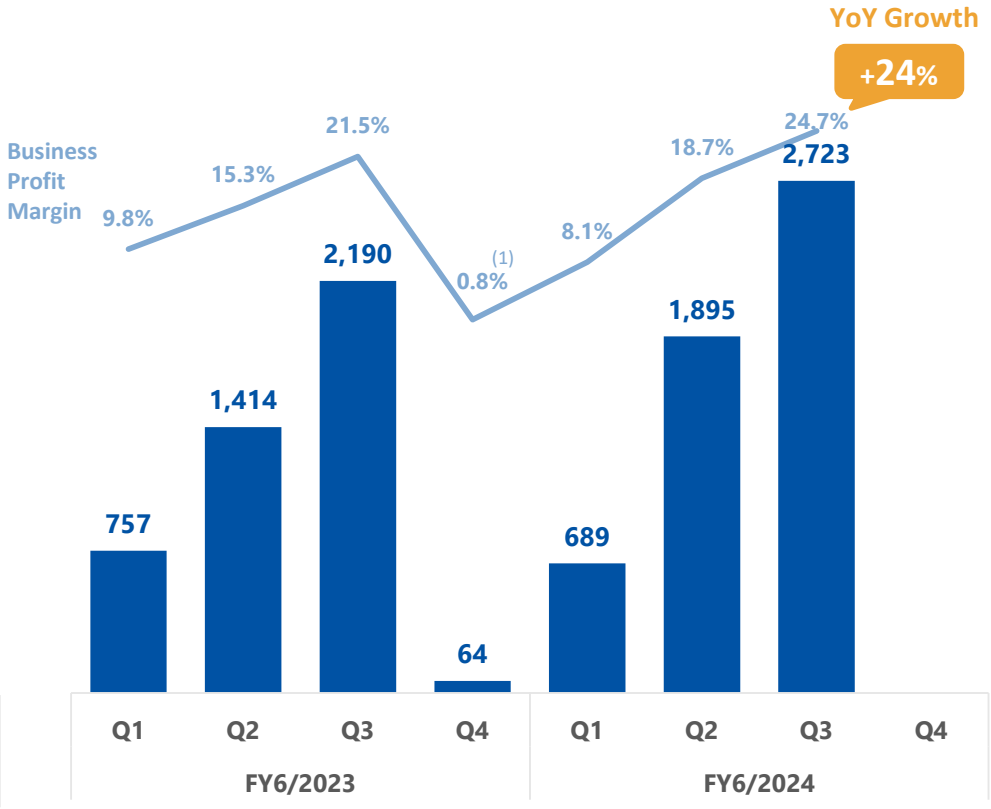
Japan Business Quarterly Revenue Trend

(JPY in Millions)



Japan Business Quarterly Business Profit[2] Trend

(JPY in Millions)



Note

1. FY6/2023 Q4 figures are Operating Profit excluding expenses recorded for the Overseas subsidiary transfer (M&A) transactions
2. Figures excluding equity gains (losses) of Toluna, which became an equity method affiliate

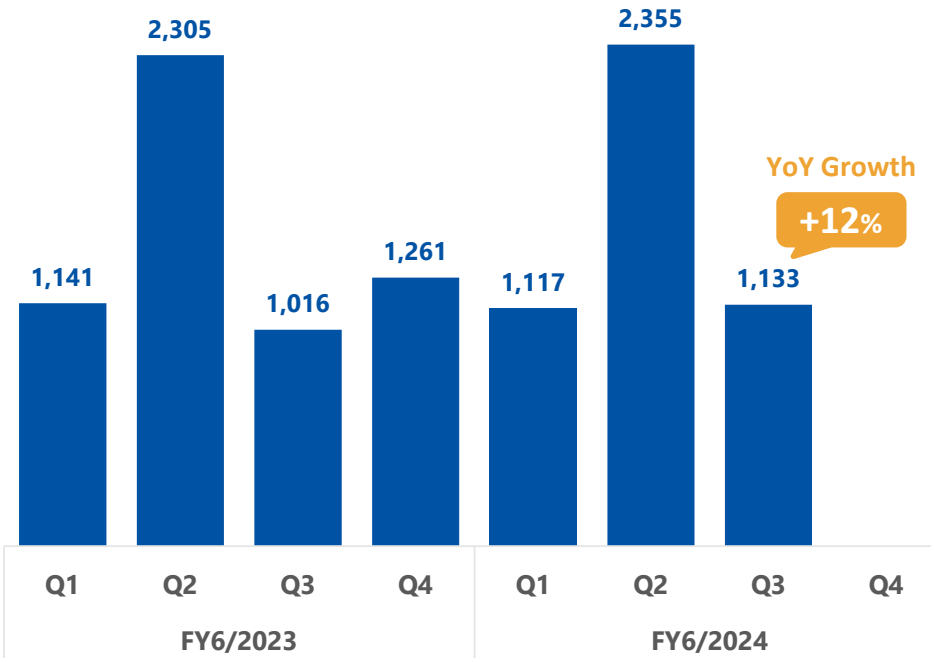
FY6/2024 Q3: Korea Business Quarterly Trend

In addition to the weak results in FY23 Q3 due to the economic downturn, M&A at the end of the past Q2 pushed up Revenue

On the other hand, Business Profit became red due to lower Revenue against the initial plan and one-time expense, though we focused on controlling the cost

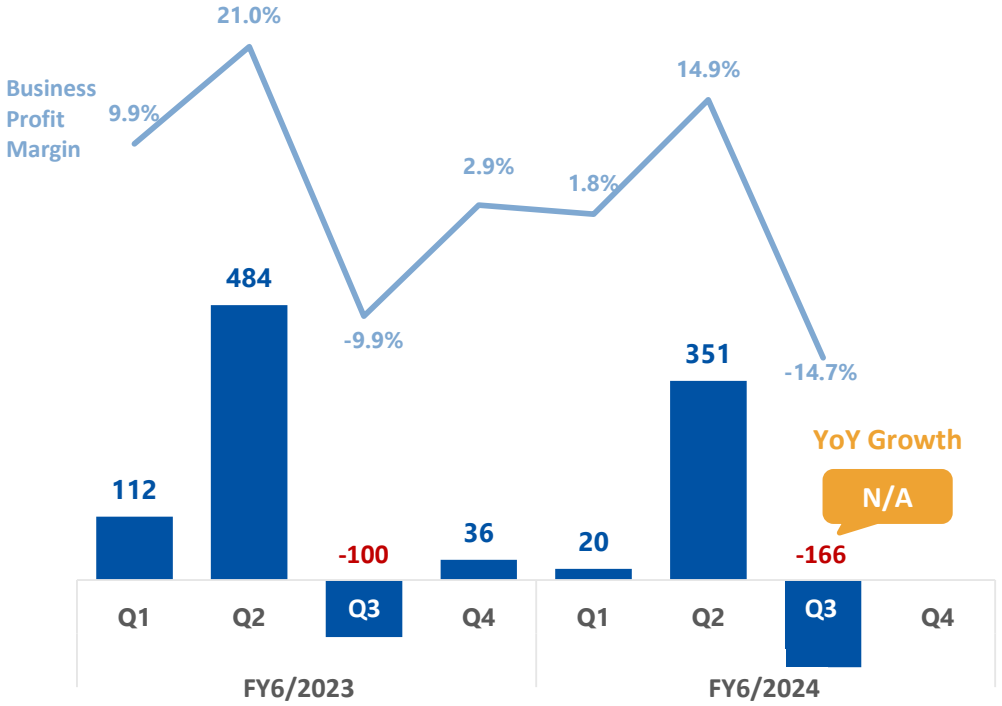
Quarterly Korea Revenue Trends

(JPY in Millions)



Quarterly Korea Business Profit Trends

(JPY in Millions)



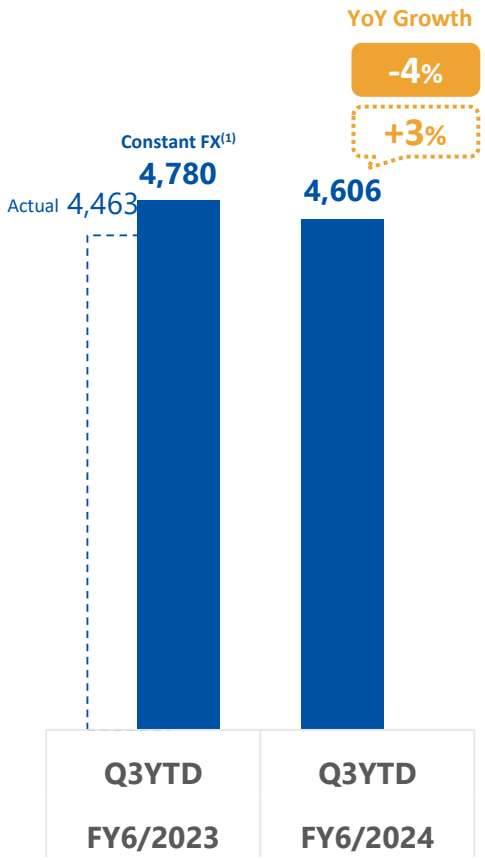
FY6/2024 Q3: Korea Business Quarterly Revenue Trend

To expand the new Purchase Data Provision Service, we have acquired an advertising business

We aim to secure profit by building a new Revenue source based on Revenue expansion in the new business while continuing cost control

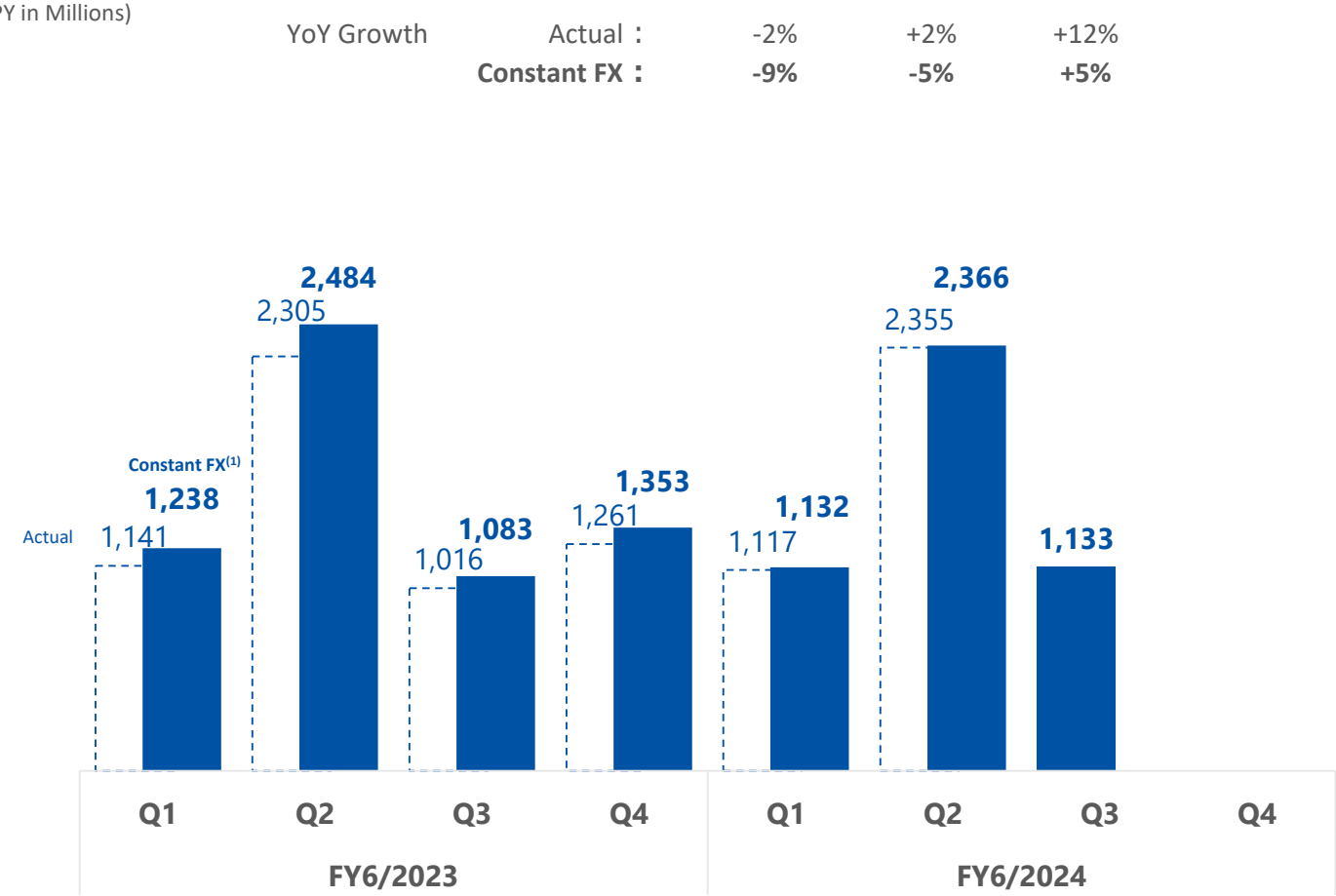
FY6/2024 Q3 YTD Korea Revenue (9 Months)

(JPY in Millions)



Quarterly Korea Revenue Trends

(JPY in Millions)



Note

1. Please refer to the common footnotes on p.2 for the calculation method of the Constant FX and its significance

Consolidated Statements of Financial Position (B/S)

Redemption of bonds in July reduced both assets and liabilities by JPY 5 billion

Goodwill increased due to the consolidation of Monitas (400M JPY) in July, and M&A in Korea (200M) in December

Net Debt/EBITDA is in a recovery trend from the end of FY23 and the previous quarter

FY6/2024 Q3

Consolidated
(JPY in Millions)

Consolidated IFRS（JPY in Millions）	FY6/2023 as of June 30, 2023	**FY6/2024 as of March 31, 2024**	Variance
Total Current Asset	**29,286**	**26,110**	**(3,175)**
Cash and cash equivalents	18,255	12,120	(6,134)
Trades and Other Receivables	6,659	9,978	+3,319
Total Non-current Asset	**64,867**	**66,156**	**+1,288**
Goodwill	40,033	40,658	+625
（Our own goodwill recognized in connection with our past LBO	38,815	38,815	0）
Total Liabilities	**51,823**	**48,034**	**(3,788)**
Borrowings and Bonds[1]	40,920	35,664	(5,255)
Total Equity	**42,330**	**44,232**	**+1,901**
Target Financial KPIs			
Net Debt[2]/ EBITDA[3]	**3.29 x**	**3.15 x**	
Net Debt	22,665	23,465	+800
EBITDA[3]	6,898	7,451	+552

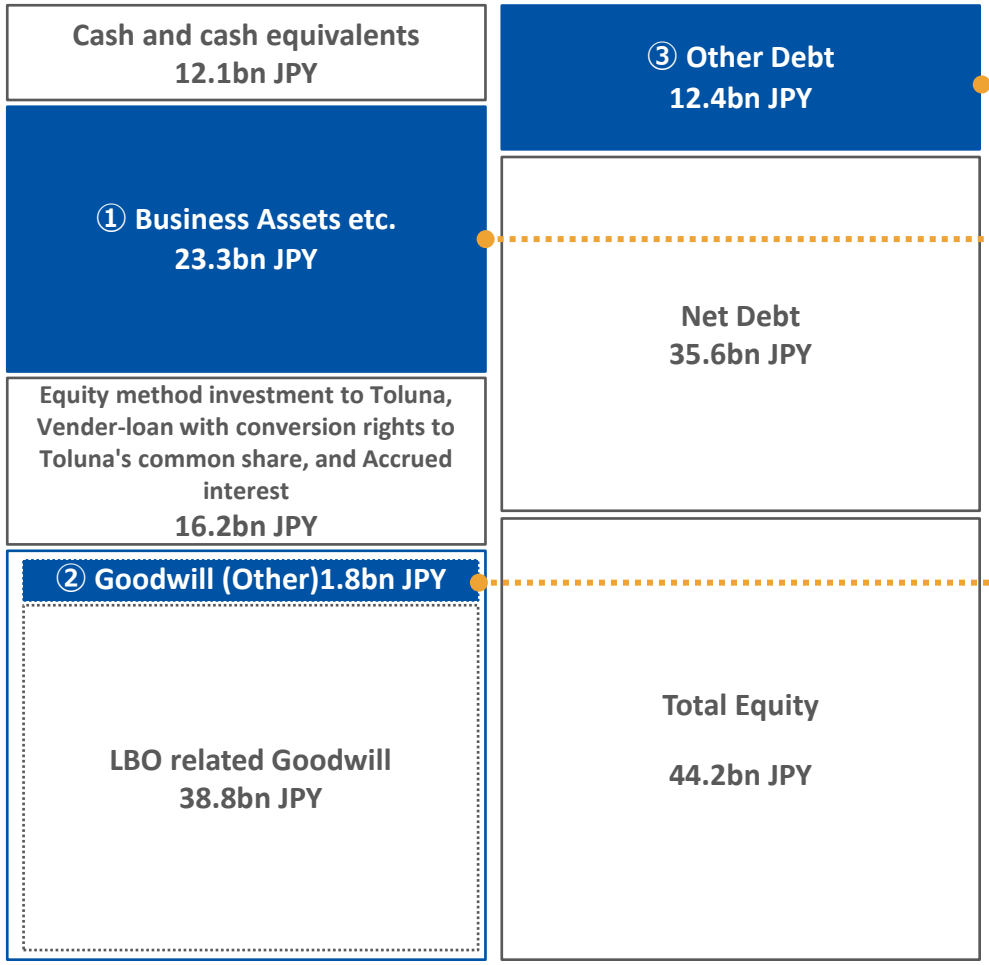
Note
1. The sum of Short-term Borrowings, Long-term Borrowings, and Bonds
2. Net debt = interest-bearing debt (borrowings + bonds) - cash and cash equivalents; lease liabilities were included until the end of FY2023 but have been retroactively calculated using the new method.
3. EBITDA = Business profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss. Regarding Business Profit, please refer to p.3.

Breakdown of consolidated B/S and capital efficiency

Our consolidated balance sheet records a large amount of goodwill related to the past LBO

Using Business Profit after Tax and Invested Capital excluding our own goodwill (ex-LBO goodwill), our ROIC is over 25%, achieving highly efficient management

FY6/2024 Q3 B/S



Our ROIC concept

$$ROIC = \frac{\text{Net Business Profit after Tax}}{\text{Total Invested Capital}} = \text{Over } 25\%$$

ROIC calculation method excluding Business Profit after Tax and LBO related goodwill

$$\frac{\text{Net Business Profit after Tax (Business Profit Initial Guidance x 0.65 *Assuming effective tax rate of 35%)}}{\text{Total Invested Capital (①Business Assets etc. + ②Goodwill (other) − ③Other Debt)}}$$

Consolidated Statements of Cash Flows (C/F)

Free Cash flow improved significantly due to the expansion of Business Profit

Cash flow from Operating activity improved due to strong business performance, the timing of expense payments, the impact of taxes, etc. Cash flow from Financing activity decreased compared to last year due to 5 billion yen in redemption of corporate bonds and 0.6 billion yen in additional acquisition of subsidiary stock, etc.

FY6/2024 Q3 YTD (9 Months)

Consolidated
(JPY in Millions)

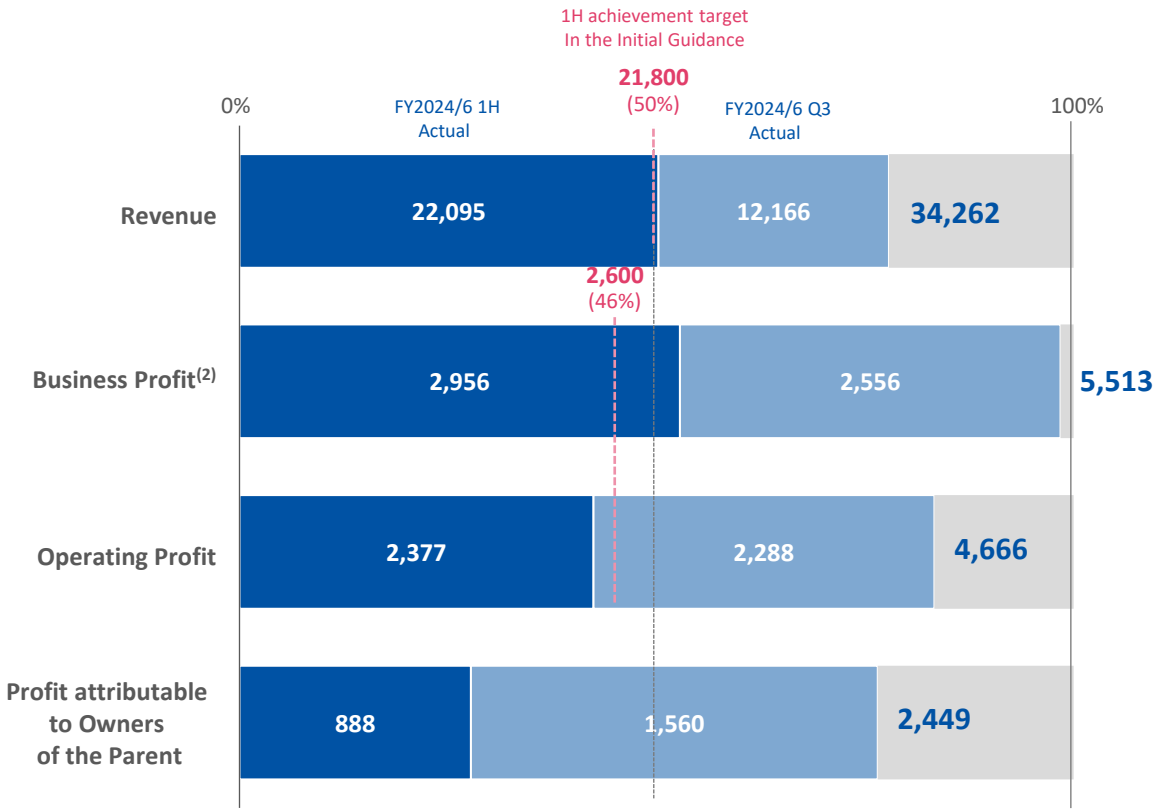
Consolidated IFRS （JPY in Millions）	9 Months		
	FY6/2023 Q3 Actual	**FY6/2024 Q3 Actual**	Variance
Cash Flows from Operating Activities	**1,738**	**4,238**	**+2,499**
Cash Flows from Investing Activities	**(1,289)**	**(1,541)**	**(252)**
Free Cash Flows[(1)]	572	2,830	+2,258
Cash Flows from Financing Activities	**(2,714)**	**(8,865)**	**(6,151)**
Increase/(decrease) in Cash and Cash Equivalents	(2,264)	(6,168)	(3,903)
Cash and Cash Equivalents at the end of the period	12,508	12,120	(387)

Note
1. Free cash flow = Cash flows from operating activities ± cash flows from investing activities - interest paid

FY6/2024 Q3 Results: % of Achievement vs. Guidance

FY6/2024 Q3 YTD Actual vs. FY6/2024 Company Guidance

Consolidated
(JPY in Millions)



	Progress Rate	FY6/2024 Company Guidance(1)
Revenue	77.9%	44,000 (YoY +8.0%)
Business Profit(2)	98.4%	5,600 (YoY +25.0%)
Operating Profit	83.3%	5,600 (YoY +25.0%)
Profit attributable to Owners of the Parent	76.5%	3,200 (Continuing Operation YoY +80.0%)

Initial Forecast	**Dividend Forecast 25.0 JPY** (Mid-year 12.0 JPY, Year-end 13.0 JPY)
Revised Forecast	**Dividend Forecast 27.0 JPY**(+6 JPY YoY) (Mid-year 12.0 JPY, Year-end 15.0 JPY)

Note
1. The full year 2024/6 (performance forecast) is based on the average exchange rate of 1 won = 0.1000 yen
2. Figures excluding equity gains (losses) of Toluna, which became an equity method affiliate

Appendix

i. FY6/2024 Q3 Financial Results Supplemental Material

ii. Summary of our Company, Market size, Historical Revenue Trends and our Mid-term Business Plan

Consolidated Statement of Operations (P/L)[1] Q3 Standalone (3M)

Achieved steady Revenue growth in Q3 and Business Profit increase of over 20%

It also improved the Business Profit Margin on a consolidated basis

FY6/2024 Q3 (3 Months)

Consolidated
(JPY in Millions)

	FY6/2023 Q3 Actual	FY6/2024 Q3 Actual	YoY Growth	YoY Variance
Revenue	**11,219**	**12,166**	**+947**	**+8%**
Japan Business Revenue	10,206	**11,023**	**+817**	**+8%**
Korea Business Revenue	1,016	**1,133**	**+117**	**+12%**
EBITDA[2]	**2,681**	**3,097**	**+416**	**+16%**
Business Profit[3]	**2,089**	**2,556**	**+466**	**+22%**
Japan Business Business Profit[3]	2,190	2,723	+532	+24%
Korea Business Business Profit	(100)	(166)	(65)	+65%
Business Profit Margin	18.6%	21.0%	-	+2.4pt
Gains and losses of equity method of Toluna	-	(267)	-	-
Operating Profit	**2,089**	**2,288**	**+198**	**+10%**
Quarterly Profit from Continuing Operations Attributable to Owners of the Parent Company	**1,274**	**1,560**	**+285**	**+22%**

Note
1. Segment figures are after the elimination of inter-segment transactions since FY6/2024 Q3.
2. EBITDA = Business profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss
3. The Company transferred its Overseas Business (ex-Korea) segment to Toluna in exchange for considerations, including a 17.4% stake in Toluna. This has resulted in Toluna being an equity-method affiliate of the Company from the fourth quarter of the fiscal year ended June 30, 2023. To show the business performance of the Group, the Company states Business Profit which subtracts the equity method investment gains/losses related to Toluna from Operating Profit from the fiscal year ending June 30, 2024.

FY6/2024 Q3: Consolidated Operating Expenses

Q3 Standalone (3M)

Controlled the increasing rate of Total Operating Expenses below the Revenue growth

We could keep down Outsourcing Expenses while Revenue increases

FY6/2024 Q3 (3 Months)

Consolidated
(JPY in Millions)

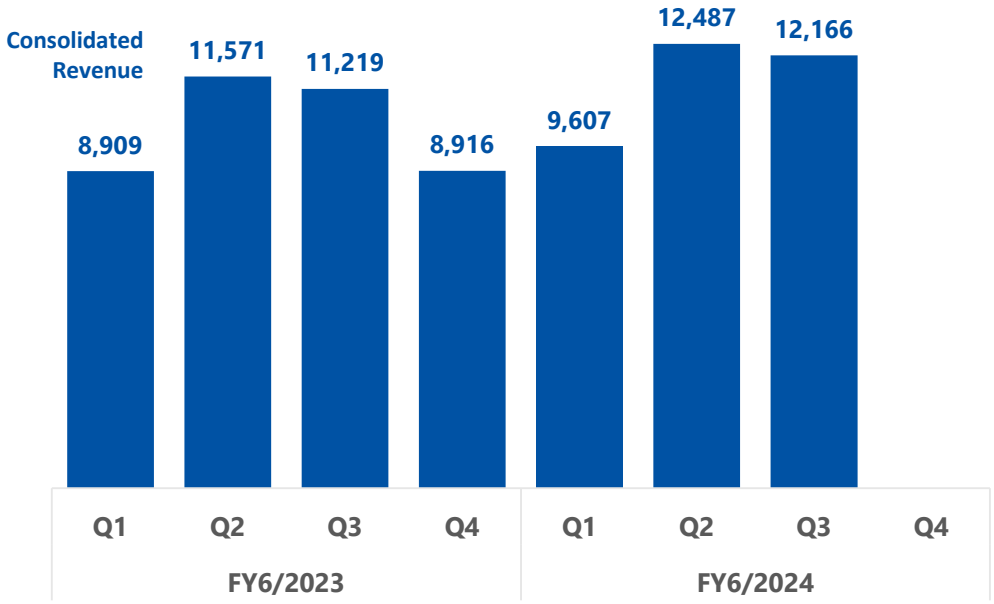
	FY6/2023 Q3 Actual	FY6/2024 Q3 Actual	YoY Growth	YoY Variance
Revenue	**11,219**	**12,166**	**+947**	**+8%**
Panel Expenses	1,346	1,440	+93	+7%
Outsoursing Expenses	2,242	2,104	(137)	(6%)
Total Employee Expenses	3,755	4,096	+341	+9%
D&A and Other Expenses	1,799	1,938	+138	+8%
Operating Expenses Total	**9,143**	**9,578**	**+435**	**+5%**

FY6/2024 Q3: Consolidated Quarterly Business Performance

Consolidated Quarterly Revenue Trend

(JPY in Millions)

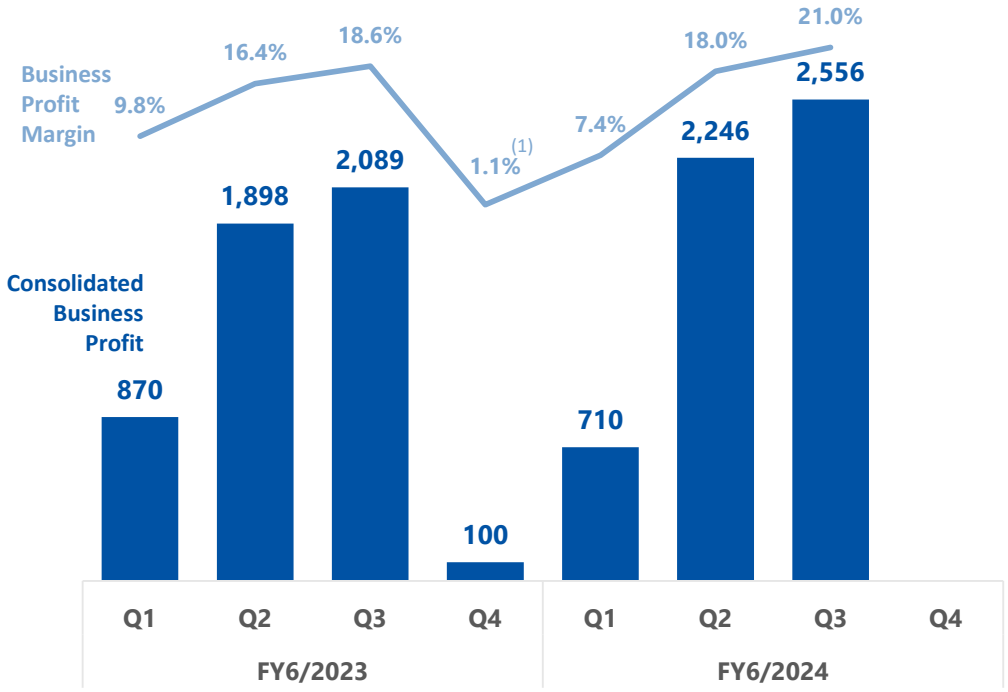
YoY Growth	Actual:	+8%	+8%	+8%



Consolidated Quarterly Business Profit[2]

(JPY in Millions)

YoY Growth	Actual:	-18%	+18%	+22%



Note

1. FY6/2023 Q4 figures are Operating Profit excluding expenses recorded for the Overseas subsidiary transfer (M&A) transactions
2. The Company transferred its Overseas Business (ex-Korea) segment to Toluna in exchange for considerations, including a 17.4% stake in Toluna.
   This has resulted in Toluna being an equity-method affiliate of the Company from the fourth quarter of the fiscal year ended June 30, 2023.
   To show the business performance of the Group, the Company states Business Profit which subtracts the equity method investment gains/losses related to Toluna from Operating Profit from the fiscal year ending June 30, 2024.

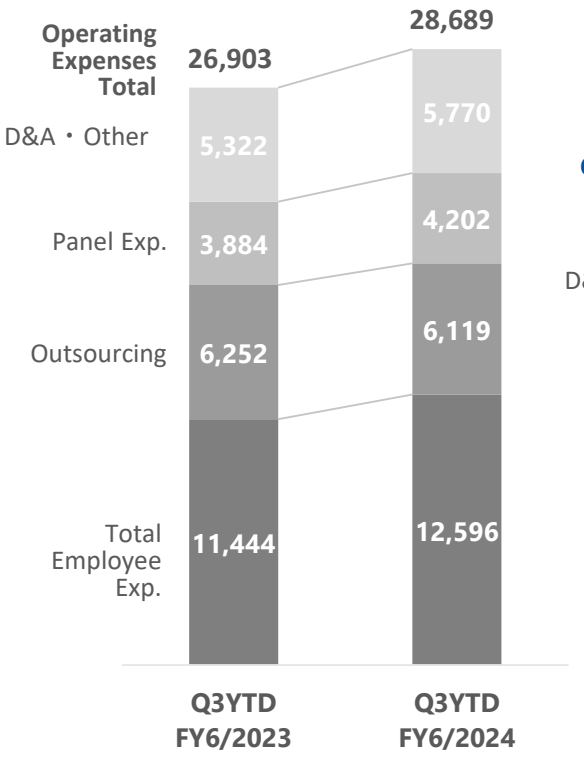
FY6/2024 Q3: Consolidated Quarterly Operating Exp.

☞ **Click here for past figures from FY6/2021 to FY6/2023**

File name: FY6/2024 Q3 Supplemental Financial Data (EXCEL)

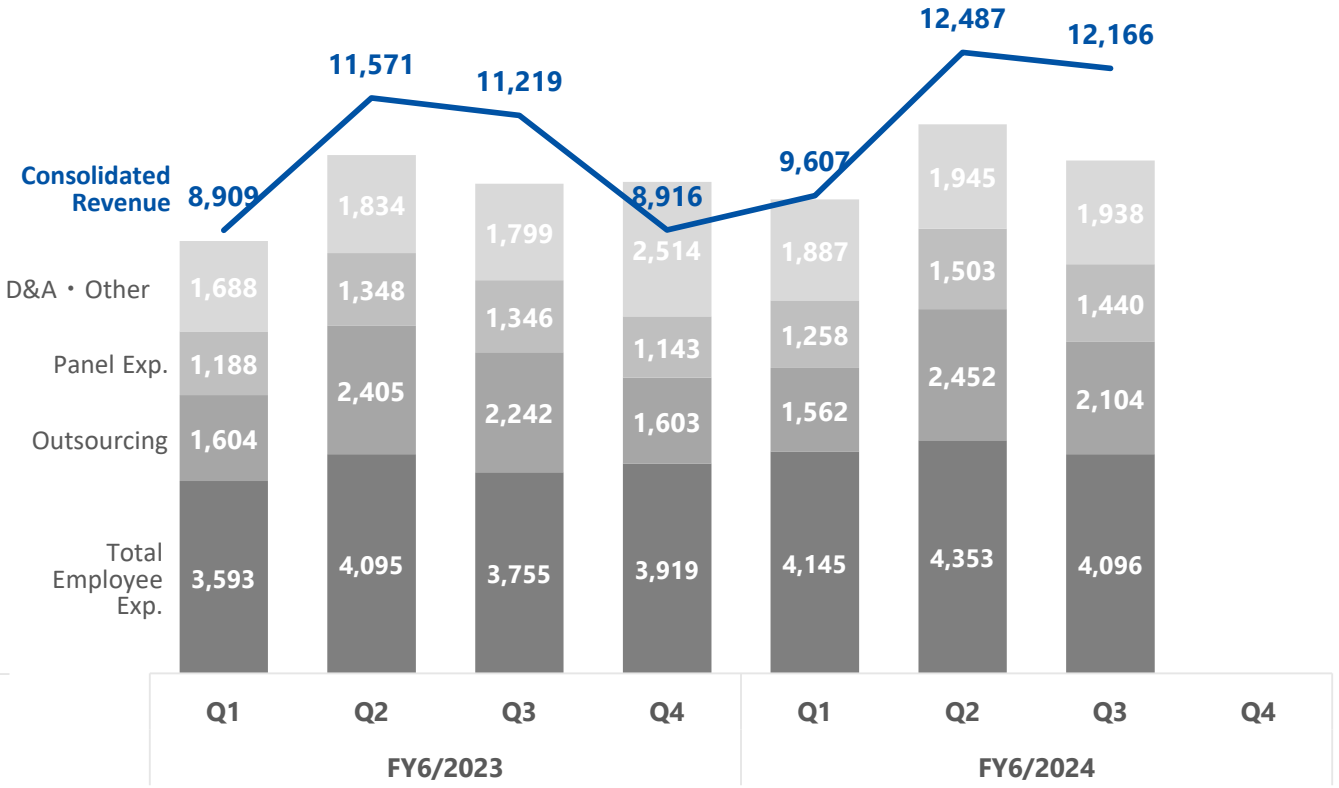
FY6/2024 Q3 YTD Operating Expenses (9M)

(JPY in Millions)



Quarterly Operating Expenses Trend

(JPY in Millions)



Quarterly New Revenue Breakdown in Japan Business

We have changed the Revenue breakdown in Japan Business due to disclosing the New MTBP in FY24

Accordingly, we retroactively changed the past two years' actual performance to align with the new categories

Japan Business Quarterly Revenue Breakdown by New Business Categories

Consolidated
(JPY in Millions)

New Business Categories and breakdown in Japan Business

Focus Business
- **Online Research** (Macromill Only)
- **Digital Research** (Macromill Only)

Future Business
- **Consulting**
- **Global Research** (Incl. Southeast Asia・China)
- **New Business** (Life Science・Ads, etc.)

Foundation Business
- **Joint Ventures with Ad agencies** (DMI, HMM, others, etc.)
- **Offline Research**
- **Database Service**

		FY6/2022					FY6/2023					FY6/2024				
		Q1	Q2	Q3	Q4	通期	Q1	Q2	Q3	Q4	通期	Q1	Q2	Q3	Q4	通期
実績 Actual	**Japan Revenue[1]**	**7,177**	**8,670**	**9,531**	**7,342**	**32,723**	**7,770**	**9,271**	**10,206**	**7,660**	**34,909**	**8,495**	**10,137**	**11,023**		
	Focus Business	3,293	3,801	4,310	3,040	14,445	3,215	3,639	4,217	3,038	14,112	3,404	3,794	4,516		
	Future Business	872	1,243	1,560	1,096	4,773	1,166	1,641	1,917	1,285	6,011	1,331	1,909	2,065		
	Foundation Business	3,010	3,625	3,660	3,206	13,504	3,388	3,989	4,071	3,336	14,785	3,755	4,431	4,446		
前年比 YoY	**Japan Revenue[1]**						*+8%*	*+7%*	*+7%*	*+4%*	*+7%*	*+9%*	*+9%*	*+8%*		
	Focus Business						*-2%*	*-4%*	*-2%*	*-0%*	*-2%*	*+6%*	*+4%*	*+7%*		
	Future Business						*+34%*	*+32%*	*+23%*	*+17%*	*+26%*	*+14%*	*+16%*	*+8%*		
	Foundation Business						*+13%*	*+10%*	*+11%*	*+4%*	*+9%*	*+11%*	*+11%*	*+9%*		

Note
1. Japan Revenue is a figure that include intersegment revenue, and revenue by business areas are external revenue figures, so there is a difference between the total value of these business areas and Japan business revenue.

FY6/2024 Q3: Japan Focus Business Quarterly Trend

Focus Business consists of highly profitable services - Online Research and Digital Research

Strong performance due to growth in Online Research

Digital aims to grow from the next fiscal year onwards by expanding new services such as YouTube ad effectiveness measurement

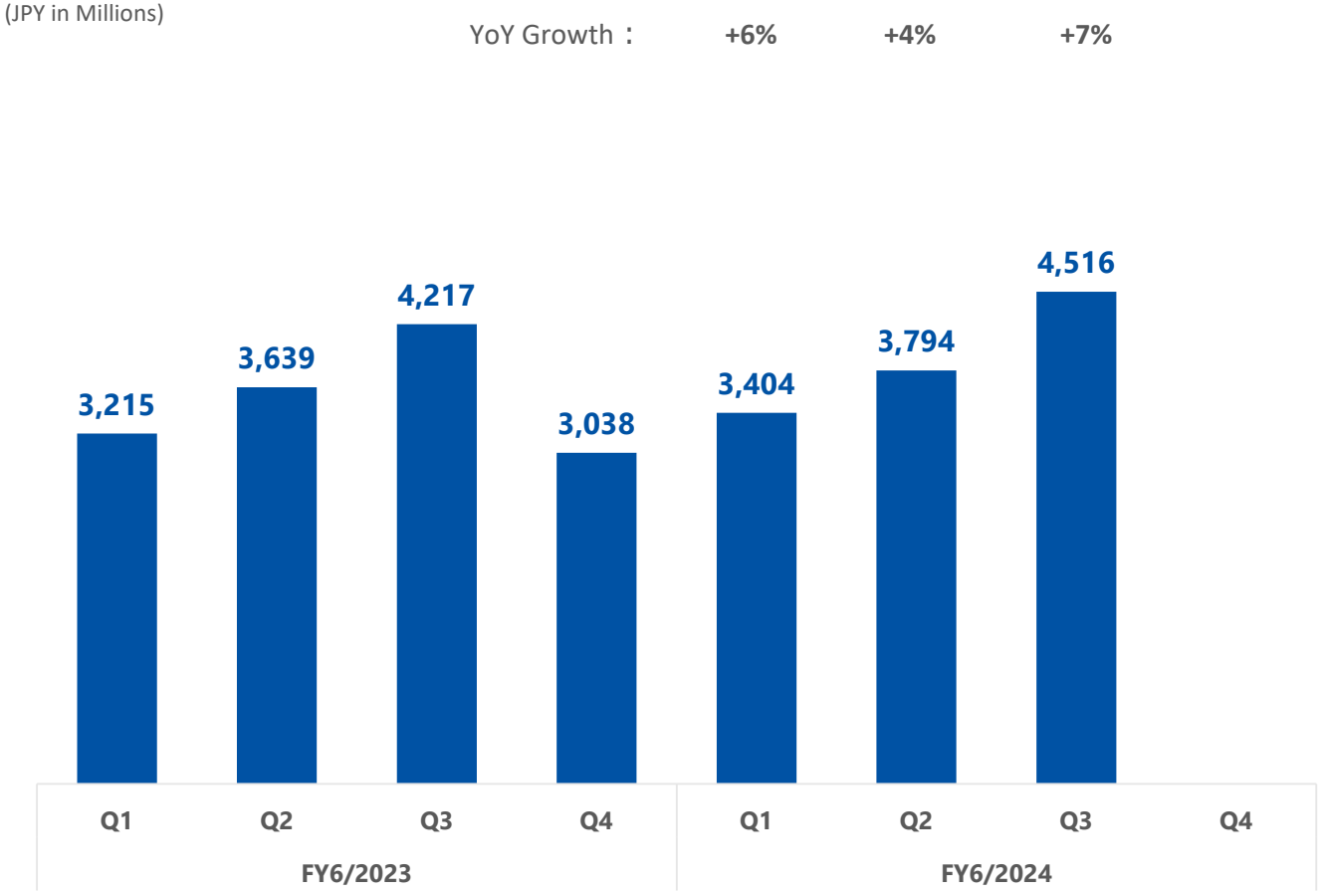
Focus Business Q3 YTD Revenue (9 Months)

(JPY in Millions)



Focus Business Quarterly Revenue Trend

(JPY in Millions)



FY6/2024 Q3: Japan Future Business Quarterly Trend

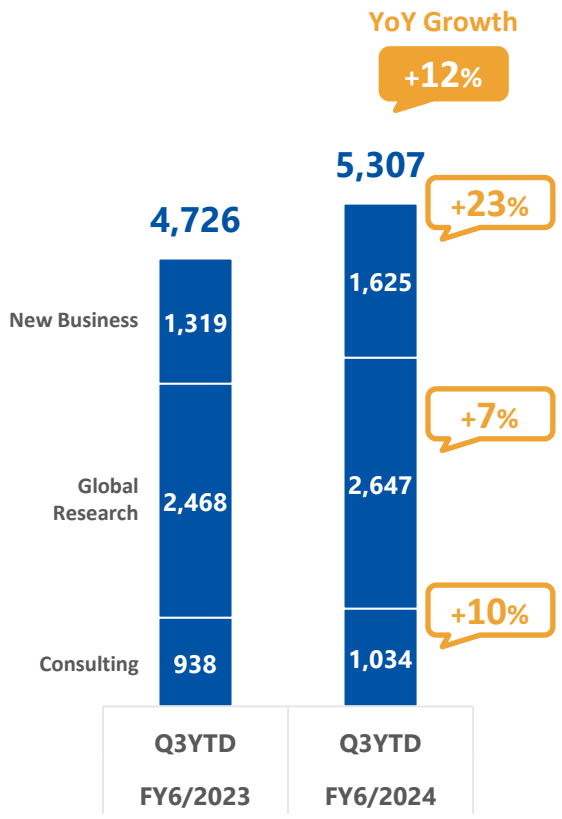
Future Business consists of businesses to achieve continued Revenue growth over the med-to-long term

This area has relatively large projects with high volatility and the Q3 Revenue growth rate slowed down because these projects entered a transitional period

We will further accelerate new project development through mutual client referrals in other business areas and aim to actively expand Revenue in the next fiscal year and onwards

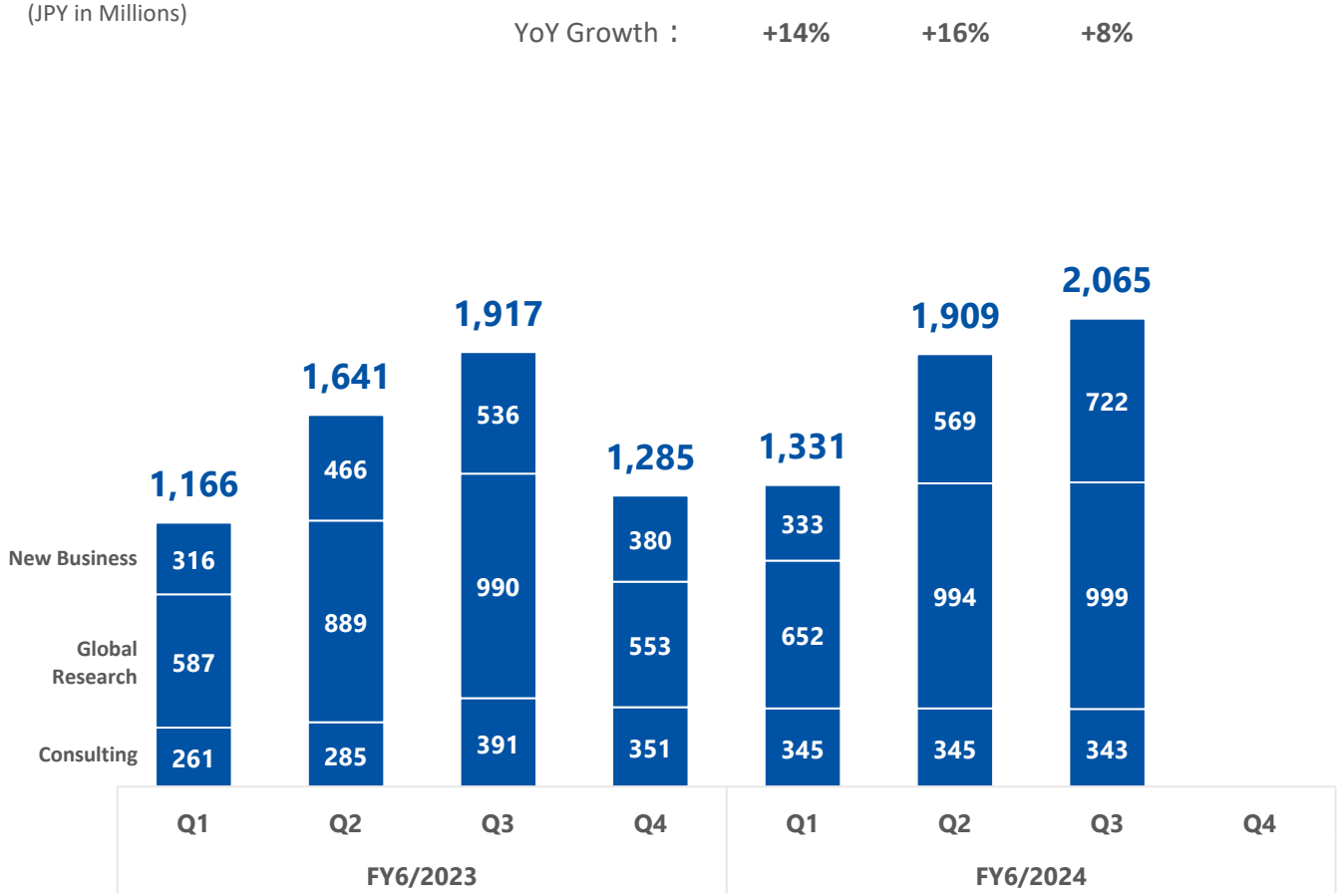
Future Business Q3 YTD Revenue (9 Months)

(JPY in Millions)



Future Business Quarterly Revenue Trend

(JPY in Millions)



FY6/2024 Q3: Japan Foundation Business Quarterly Trend

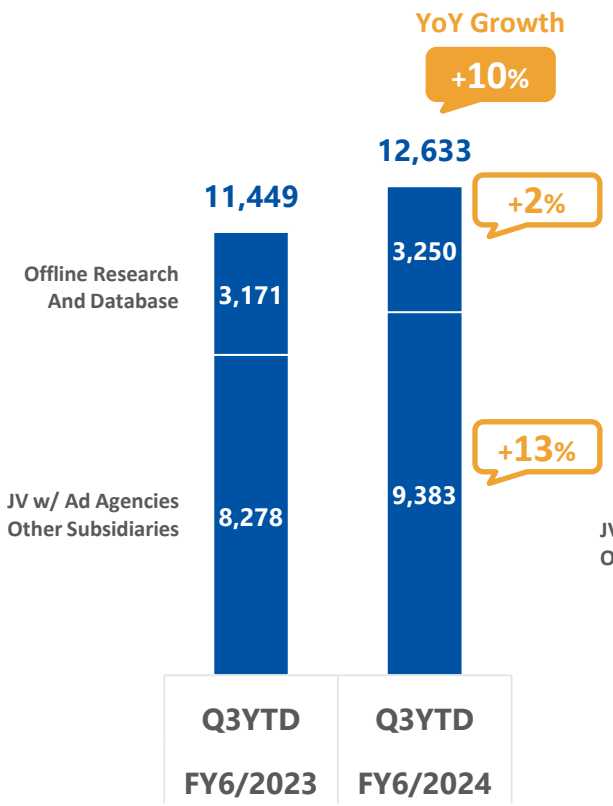
Foundation Business consists of a group of businesses aimed at building competitive advantage and entry barriers

In July, we acquired Monitas, a panel provider, and the Group's panel size is now at a largest level in Japan

The performance of Monitas and other JV subsidiaries remained strong

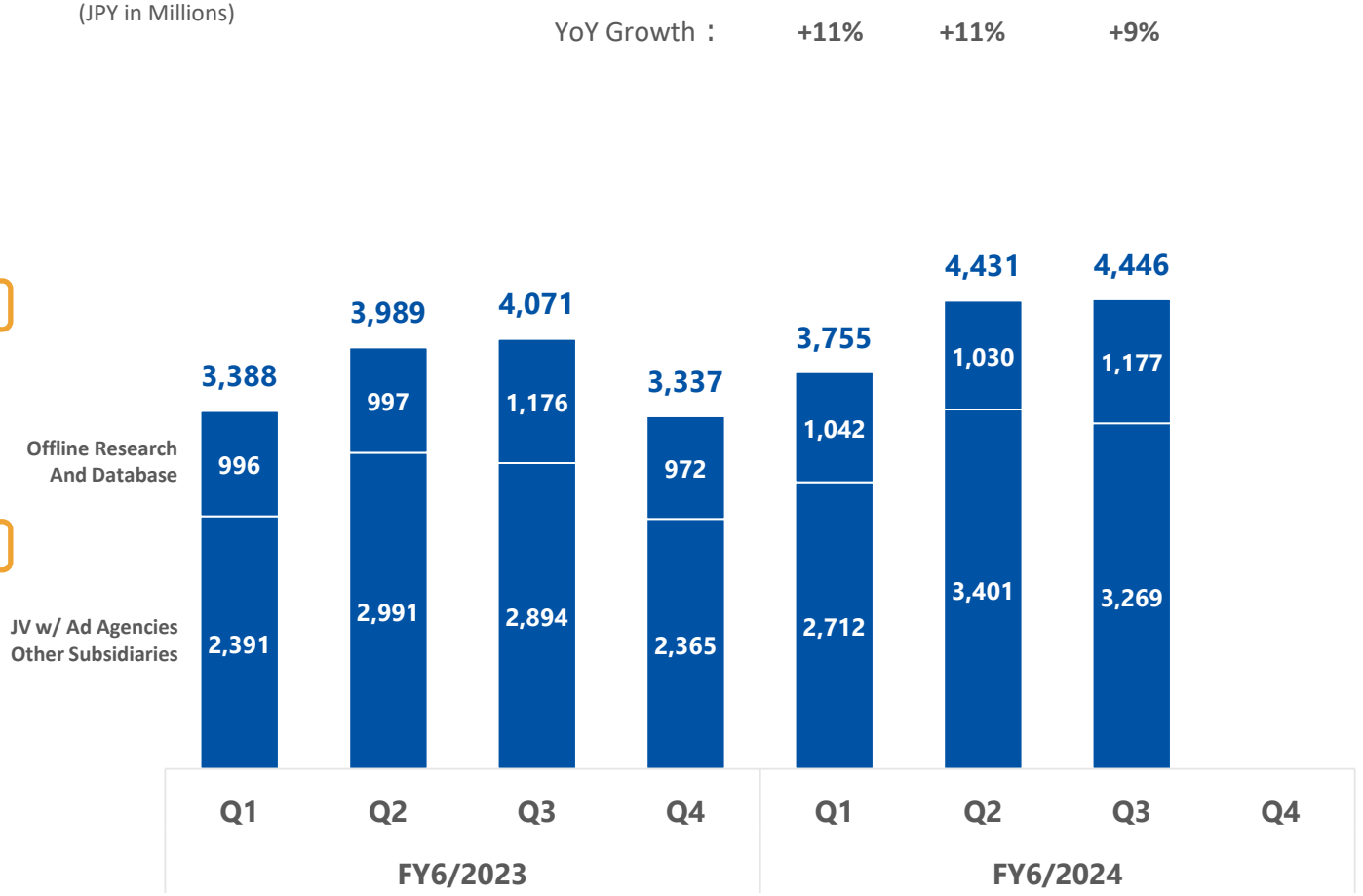
Foundation Business Q3 YTD Revenue (9M)

(JPY in Millions)



Foundation Business Quarterly Revenue Trend

(JPY in Millions)



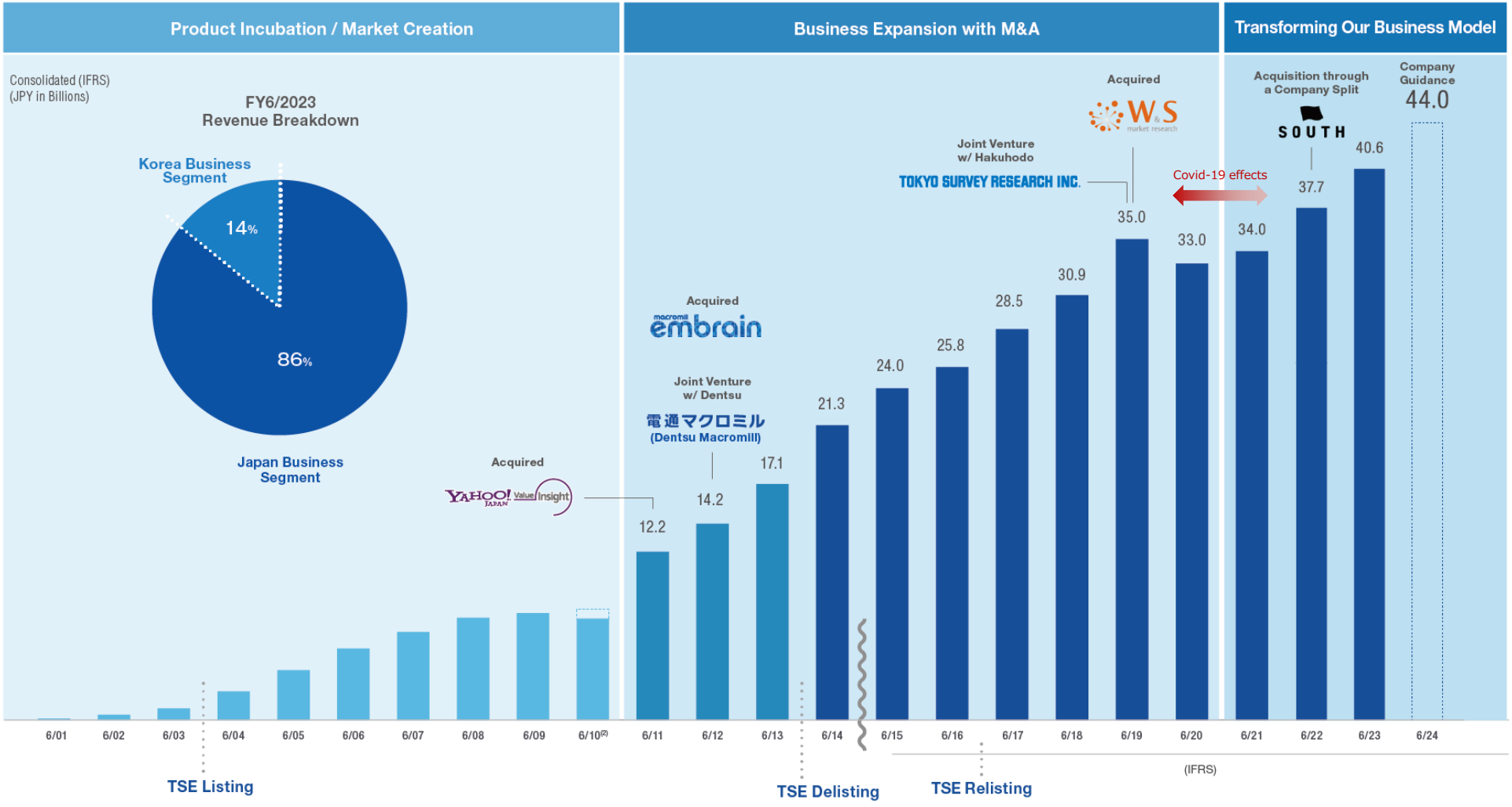
Appendix

i. FY6/2024 Q3 Financial Results Supplemental Material

ii. Summary of our Company, Market size, Historical Revenue Trends and our Mid-term Business Plan

Historical Truck Records of Our Business Expansion since Foundation

Consolidated Revenue[1]



Notes

1. J-GAAP based financials for FY6/2001-6/2014 and IFRS-based financials for FY6/2015 onwards. J-GAAP and IFRS financial information are prepared based on different accounting principles and are not directly comparable. Macromill believes, however, that the presentation of consolidated revenues on a J-GAAP basis as compared to IFRS would only require immaterial adjustments and that the presentation above appropriately and accurately reflects the consolidated revenue trends for the four fiscal years ended June 30, 2017. In addition, the performance figures for MetrixLab, which was a consolidated subsidiary of the Group from FY6/2015 to FY6/2023, are excluded from this graph because 100% of its stake was sold as of June1,2023.
2. The dotted line indicates potential revenue contribution from the subsidiary (AIP) divested in this year.

Our Core Competencies

- **We have strengths in 3 core areas of our business: Consumer Panels, Talent, and Client Base**
- **Maximize each performance and aim to further improve our presence at the market undergoes major changes and redefinition from the Marketing Research Market to the “Insight Industry”**

3 Strengths of our growth

Large and high-quality

Consumer Panel Network

36M Domestic Panel
(1.3M proprietary panel)



In particular, we have built our proprietary panel specialized for a research project with a high active rate

We can acquire/utilize various data with clear permission from our panel

Digital Native

Talent

2,000+ Professionals
at Consolidated level



Accumulate professional experience and performance centered with technology

We will transform ourselves to an “Intelligent-intensive company”

Well diverge and excellent

Client Portfolio

4,000+
Global Clients



Provide multi-solution suite

(From Research, Data provision to Consulting, Ad distribution)

Satisfy variegate client needs

Who we work with

- **Serving a diversified set of clients, but Revenue concentrated with long-term clients and high retention**
- **Strategic agency relationships including jointly managed subsidiaries (Dentsu, Hakuhodo)**

Highlights

Number of Clients

c. 4,000 clients

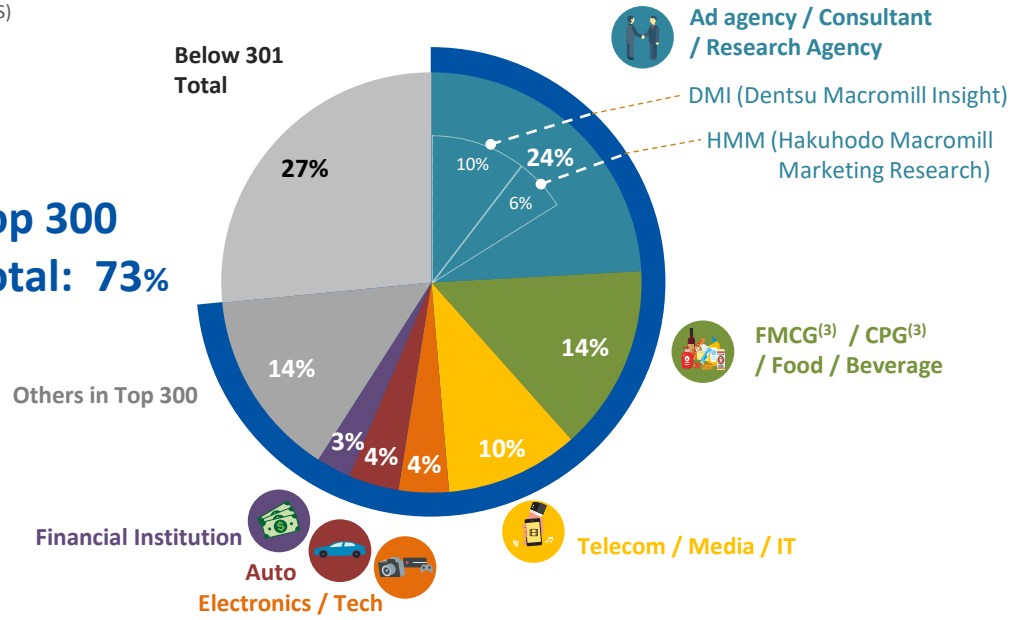
- **c. 2,500 clients in Japan**
- **c. 1,500 clients in Korea**

Client Retention Rate of Large Clients[1]

90%+ in Japan[2]

FY6/2023 Revenue Breakdown by Client Industries

Consolidated (IFRS)



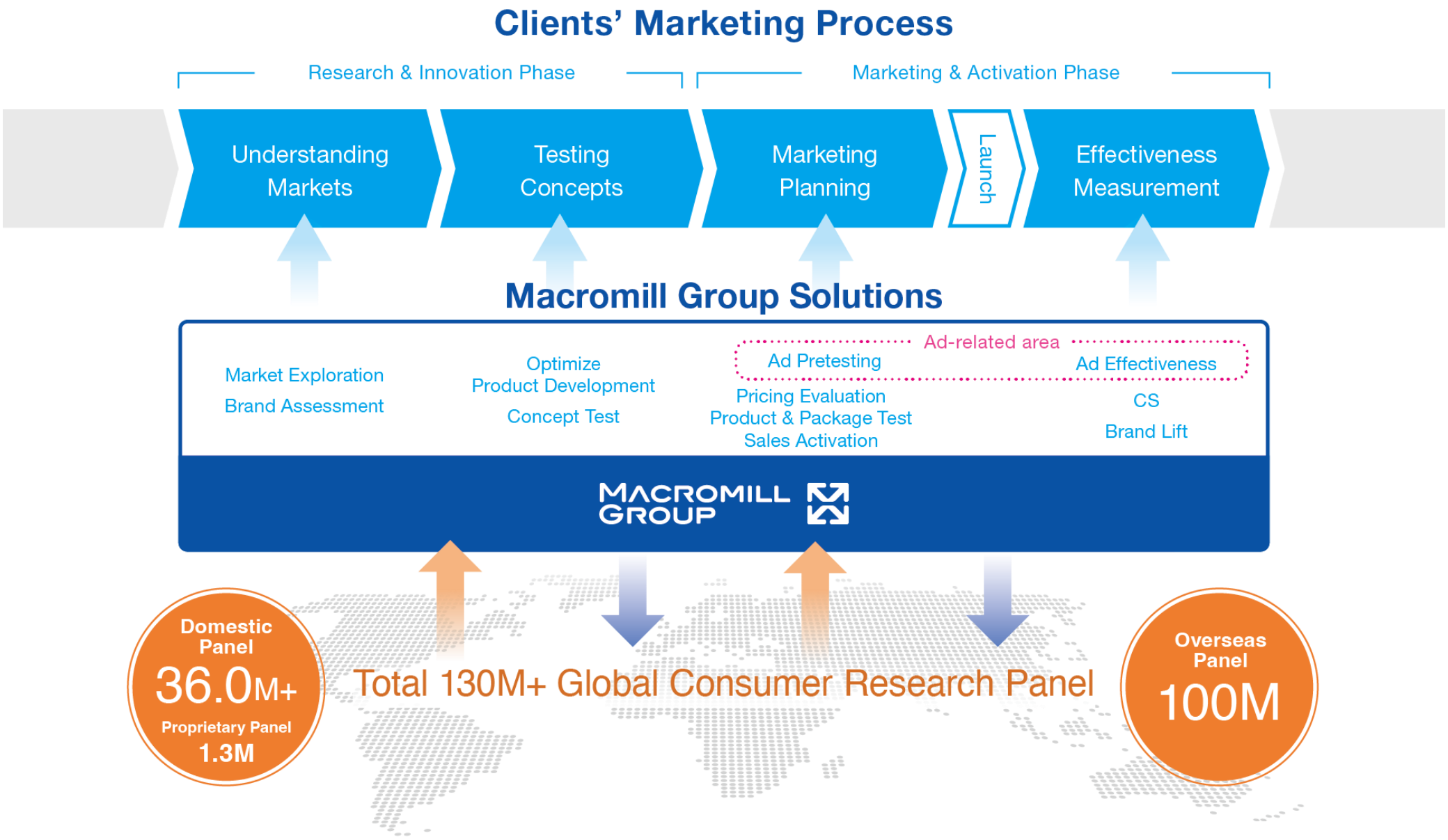
Well diversified client portfolio

☞Case Studies (Japanese Only)

Note

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 JPY 10MM in the previous year). 5 year average from FY6/19 to FY6/23
3. FMCG = Fast Moving Consumer Goods / CPG: Consumer packaged goods (incl. non-durable goods such as soft drinks, toiletries, etc.)

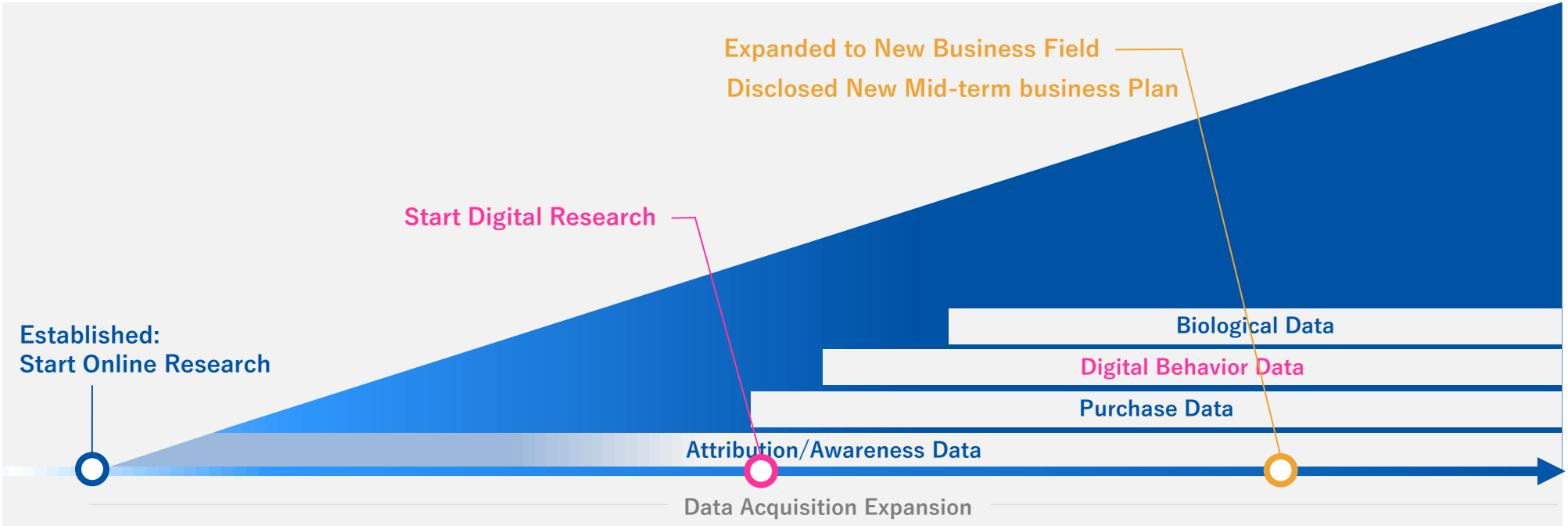
Macromill's comprehensive set of research solutions are utilized at all phases of our clients' marketing value chain



Japan Business: Our service history

- **We expanded our service by acquiring various data leveraging our proprietary panel**
- **We grew mainly in Online Research business, started Digital Research in 2014 and a new business beyond the Research field in 2021**

Service Expansion History



2001~

Created a new market with growth engine, Online Research
- Online Research
- Offline Research
- Global Research
- Database Service

2014~

Expanded business by a growth driver, Digital Research

Provide Digital Ad Effectiveness Research based on digital log data

2021

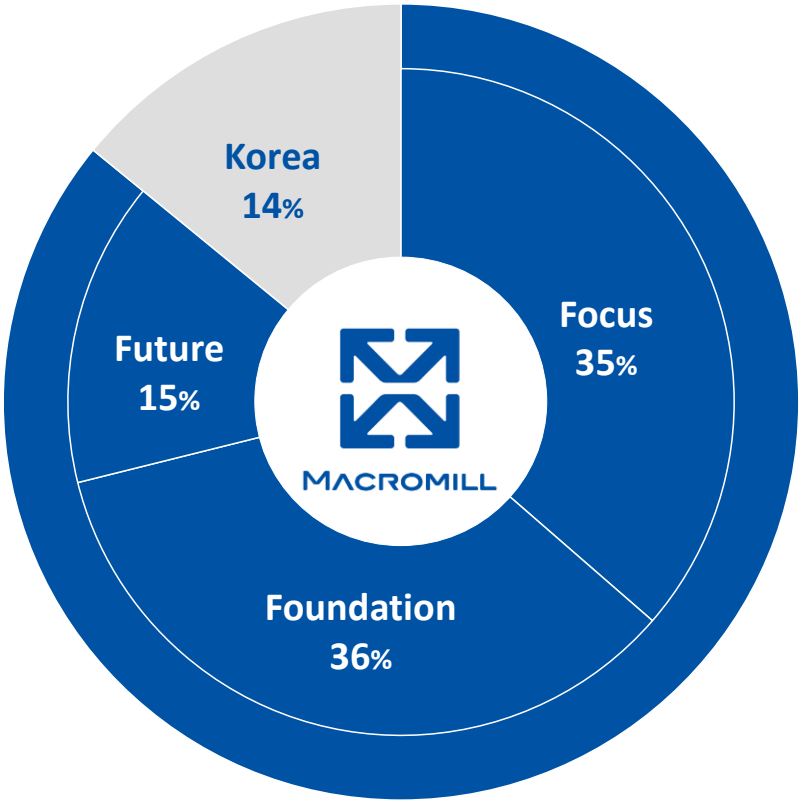
Provide service beyond Research
- Data Utilization Support
- Marketing Activation Support
- Life Science Business
- Southeast Asia Business

"Marketing Research Company" to "Professional Marketing Services Company"

Macromill's Service

- **Focus Business is our core business and the most profitable business**
- **Future Business is expected to contribute to future profits and aims for double-digit sales growth**
- **Foundation Business is a group of businesses that aim to improve competitive advantage and build/strengthen barriers to entry**

Service composition ratio in our company's Revenue



Japan

Focus Business
- Online Research
- Digital Research

Future Business
- Consulting
- Global Research (Southeast Asia, including China)
- New Business (Life Science, Ads, etc.)

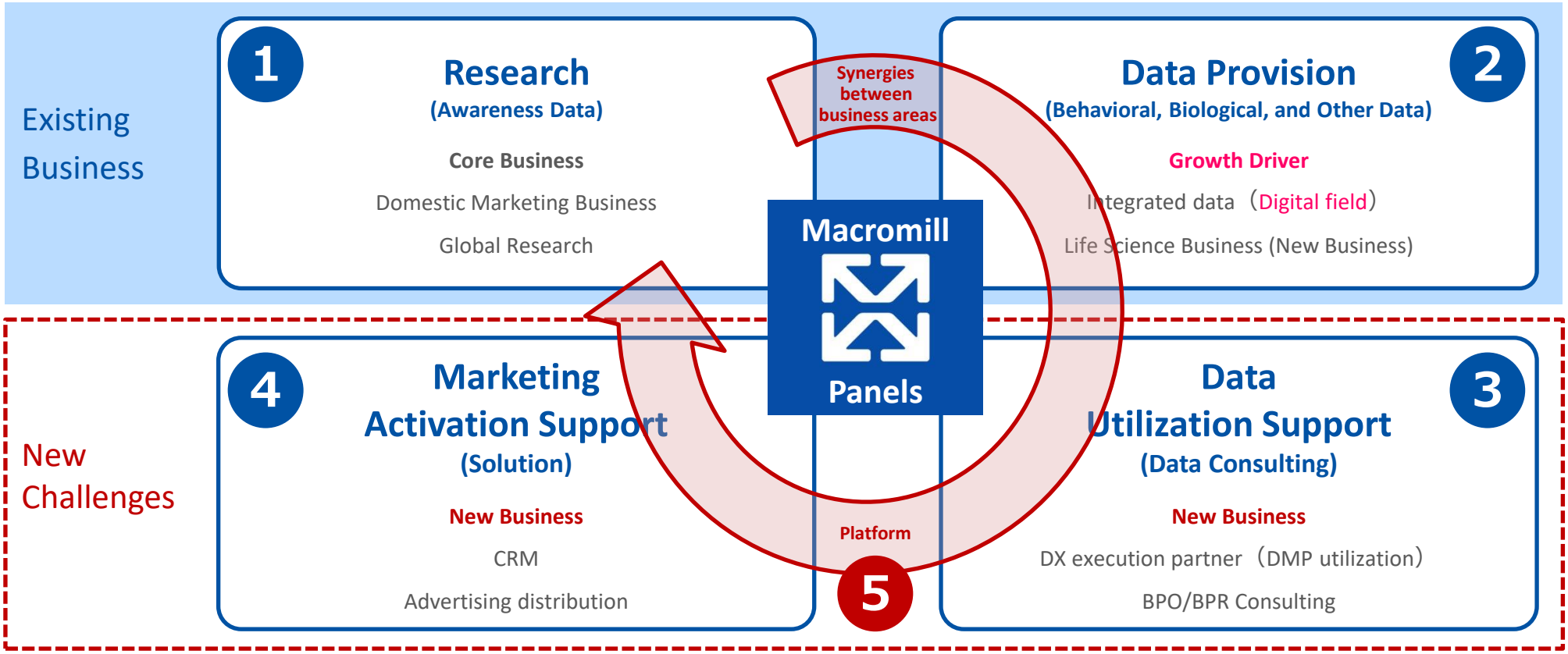
Foundation Business
- Joint Venture w/ Ad Agencies (DMI, HMM, Other Subsidiaries etc.)
- Offline Research
- Database Service

Korea

Transforming Our Business Model - Since last MTBP

Transforming our business model from a “Research company” to a “Professional Marketing Services Company” and expanding our capabilities as a marketing partner to respond to changes in the market

Our Business Fields



Our “proprietary panel” will continue to be the source of value creation and differentiator in both existing and new business fields

New Mid-Term Business Plan(MTBP): Financial Target

Aim to achieve the financial targets listed below

Consolidated Financial Targets

	FY6/2023 (Previous Fiscal Year Actual)	New MTBP Target FY6/2026 (3Yrs later)
Revenue	Revenue 40.6bn JPY Average Growth Rate: 9% (2Y CAGR)	Revenue 53.0bn JPY Average Growth Rate: 9% (3Y CAGR)
Profit	OP(1) 4.4bn JPY	OP 7.5bn JPY Average Growth Rate: 19%(2) (3Y CAGR)
	Consolidated ROE(3) 5.1%	Consolidated ROE(3) 10% and over
Leverage	Credit Rating (R&I) BBB+ (Stable) + Net Debt/EBITDA 3.5x	Maintain Credit Rating BBB+ and higher + Net Debt/EBITDA 2.0x – 2.5x
Shareholder Return	Consolidated Dividend Ratio: Continued Operation (Excl. gain of sale) 45.9% / Consolidated (Incl. gain of sale) 10.9% + Share buyback(4) 1.2bn JPY [vs NSO(5): 3.5%]	Consolidated Dividend Ratio 30% + Share buyback In a timely manner

Note
1. Including expenses related to the transfer of overseas subsidiaries (M&A)
2. ROE: Return On Equity Return on Equity Attributable to Owners of Parent for Continuing Operations;
2. Calculated by excluding expenses on FY6/2023 related to the transfer of overseas subsidiaries (M&A)
4. Period of acquisition：May 16, 2023 – June 23, 2023;
5. NSO: Number of Shares Outstanding

New Mid-Term Business Plan(MTBP): Growth Target

Consolidated Financial Growth Targets by business segment

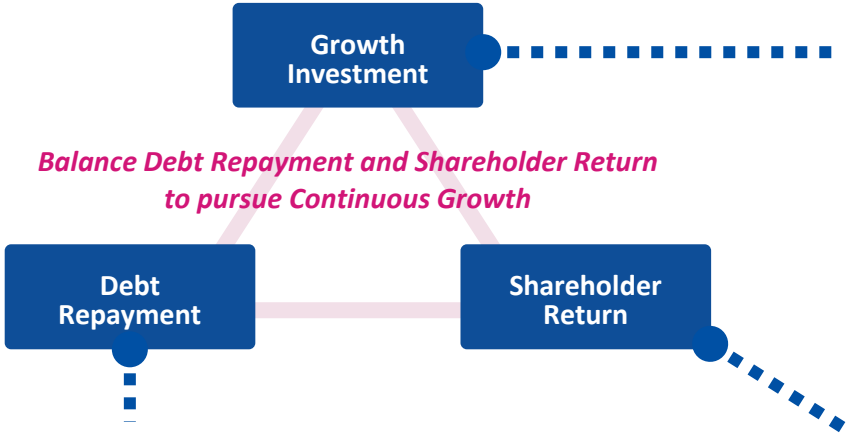
(JPY in Millions)

Business Segments and Breakdown			FY6/2023 Actual	FY6/2026 (FY6/2023 - FY6/2026 3Y CAGR) Target Figure	FY6/2026 (FY6/2023 - FY6/2026 3Y CAGR) Growth Rate	Positioning and direction in the new Mid-term Business Plan
Japan Business	Focus Business		14,112	17,453	7%	Pursuit of high profitability and stable growth
	Future Business		6,012	11,857	25%+	Double-digit Revenue growth and future profit contribution
		Global Research	3,022	4,472	14%	
		Consulting	1,290	2,880	31%	
		New Business	1,700	4,505	38%	
	Foundation Business		14,786	16,714	4%	Establishment of competitive advantage/barriers to entry
		Joint Venture w/ Ad agencies	10,644	11,795	3%	
		Offline and Database	4,142	4,919	6%	
Korea Business			5,700	7,000	7%	Reproducing the growth process of the Japanese business

Capital Allocation

- **In the three years until FY6/2026, "Growth investment" remains our top priority, and we balancing "Debt Repayment" and "Shareholder Return" and pursuing appropriate capital allocation**
- **Maintain the dividend increase momentum to achieve 30% of the Consolidated Dividend Payout Ratio and conduct share buyback in a timely manner**

Priority in Capital Allocation



Specific plan for "Growth Investment"

- Growth Investment remains our Top Priority
- Strategic investment in IT and Information Security related talent is in progress
- In addition to organic growth, we plan to accelerate investments to realize inorganic growth going forward
  - Active pursuit of M&A
  - Talent and system investment in new business areas

Specific plan for "Debt Repayment"

- Repay existing debt as planned, and aim to control the leverage ratio within the target level (Net Debt / EBITDA ratio target: 2.0x – 2.5x)
- On the other hand, we plan to issue new bonds to refinance the issued bonds
- The Group will not actively pursue a net-cash position after reaching the target leverage ratio

Specific plan for "Shareholder Return"

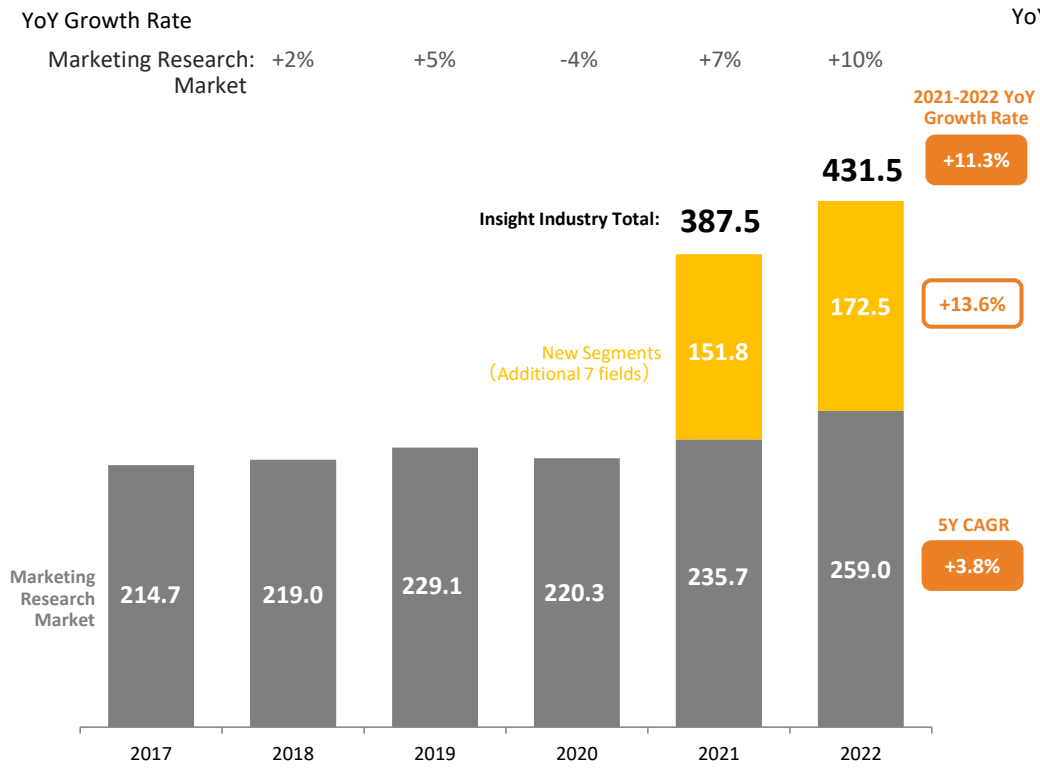
- Strengthen shareholder returns compared to the past
- Continue stable and steady expansion of dividend per share and maintain dividend increase momentum
- Conduct share buyback in a timely manner based on the stock price level and cash surpluses

Historical Trends - Japanese Market vs. Revenue in Japan

- **Same as the global trend, the market is redefined as an Insight Industry in Japan, and its market size is expanding significantly**
- **Our company continues to expand its business faster than the Japanese marketing research market growth**
- **Macromill Japan market share in the online research market is stable at No.1**

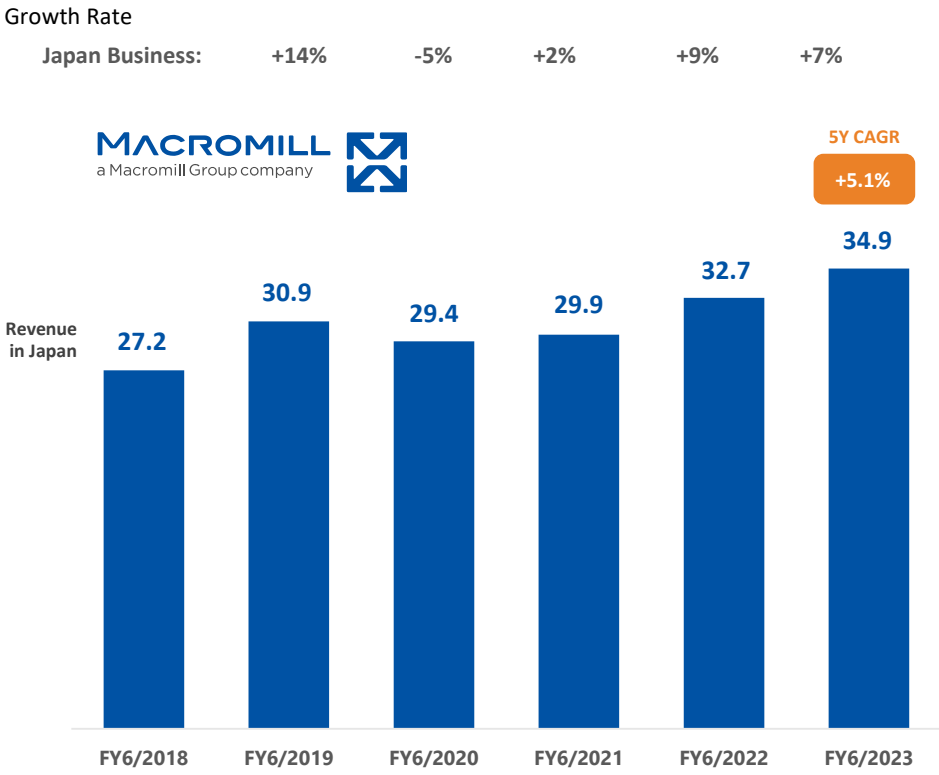
Market Trends – Japanese Marketing Research Market and Insight Industry

JMRA[1]
(JPY in Billions)



Revenue Trends – Macromill Group Revenue in Japan

Consolidated (IFRS)
(JPY in Billions)



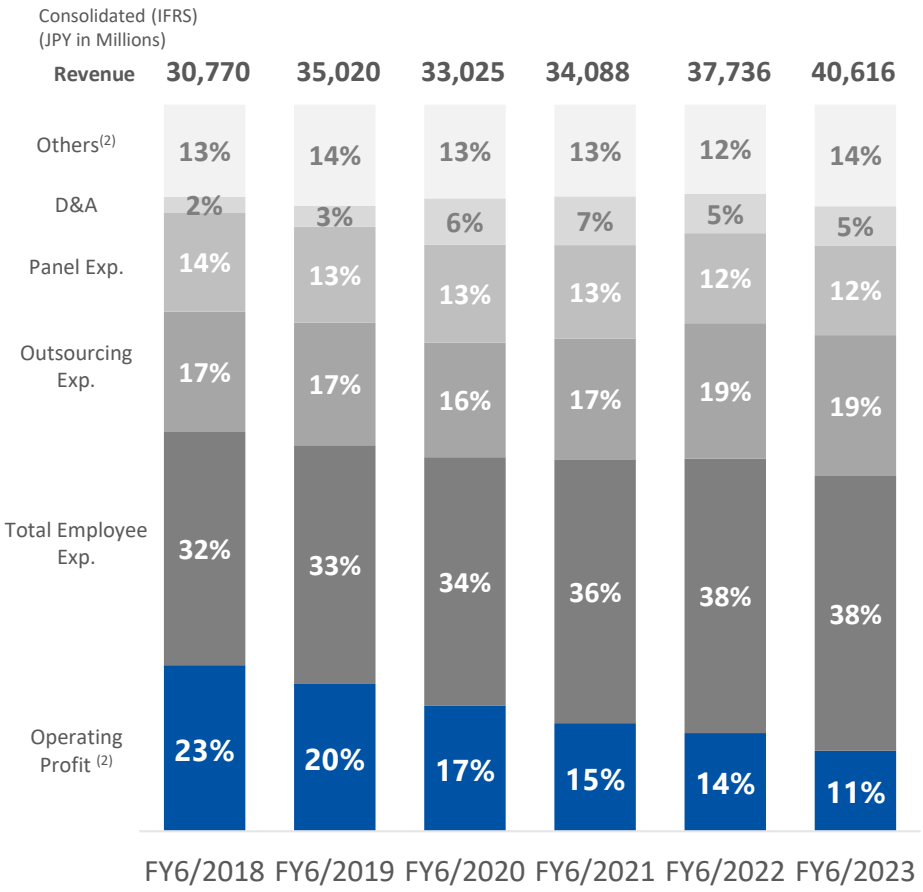
Note

1. Source: Japan Marketing Research Association (JMRA) - Management statistics (2018/7, 2019/7, 2020/9, 2021/6, 2023/6)

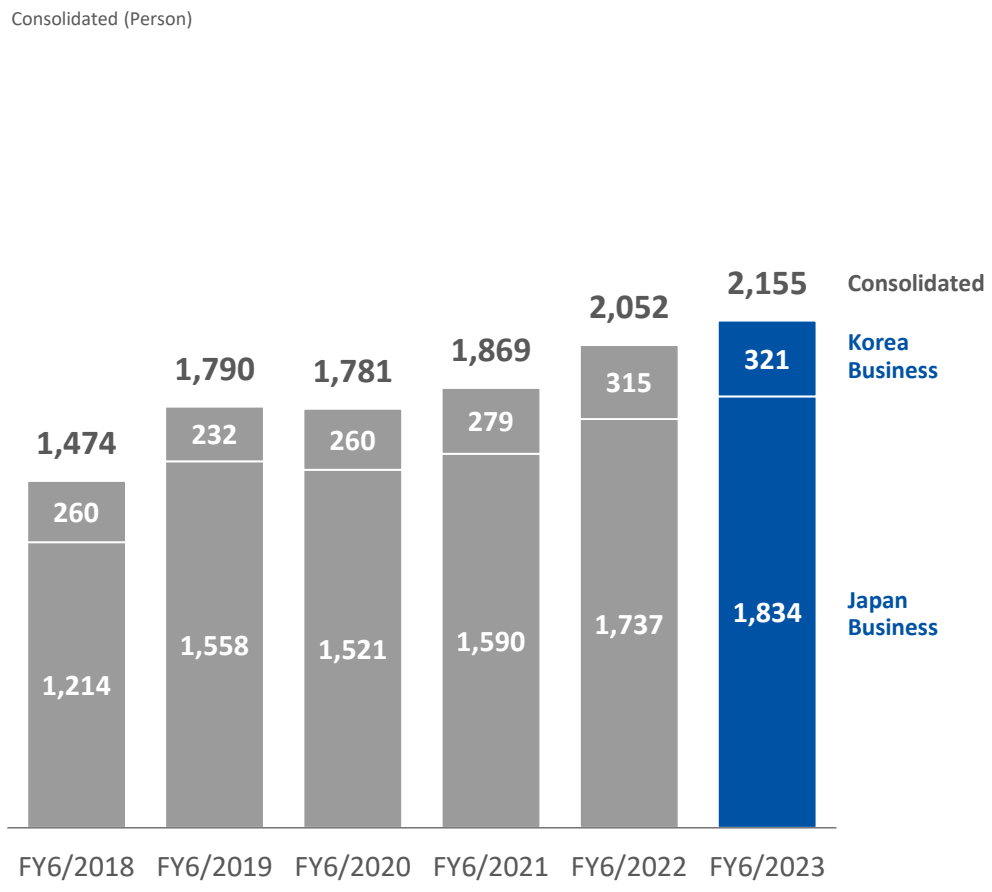
Historical Trend – Cost structure and headcount trend

- **With a stable cost structure, we generate a steady cashflow**
- **The number of consolidated employees increases as business grows**

Breakdown of Key Cost Items



Headcount Trend(1)



Note

1. Headcount figures do not include temporary employees
2. Others includes Other Operating Income, Other Operating Expenses, and Share of the Gains (Losses) on Investments Accounted for using the Equity Method in addition to Other in Operating Expenses

3-Pillars M&A Strategy for Value Creation

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

Proven M&A Track Record

2010 Acquisition[1]

YAHOO! JAPAN Value Insight

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

- Doubled Panel Access

2012 Acquisition

embrain

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

- Access to Asian Client and Panels

2012 Joint Venture with Dentsu

電通マクロミル (Dentsu Macromill)

Wallet Share Expansion | Panel | Technology / Solution

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

2017 Strategic & Capital Alliance
2018 Acquisition

centan

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

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

2017 Strategic & Capital Alliance
2019 Acquisition

W&S Holdings market research

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

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

2018 Joint Venture with Hakuhodo (51% Majority Acquisition)

TOKYO SURVEY RESEARCH INC.

Wallet Share Expansion | Panel | Technology / Solution

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

2019 Asset Purchase

DI Asia — Data & Intelligence

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

- Expand consumer panel in Southeast Asia
- Succession/Acquisition of Online panel asset only

2022 Acquisition

acclimate

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

- Obtain human resource matching platform that has many registered professionals

2022 Acquisition through a company split

SOUTH

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

- Obtain 71% majority stake by integrating Macromill Data Consulting Business through a company split

2008 Strategic & Capital Alliance
2022 Additional Stake Acquisition

CITATION JAPAN DESIGNING STRATEGY

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

- Strategic Alliance in Research Consulting Business field
- 15% minority investment > 40% minority investment

2023 MetrixLab 100% Sell-down and Minority Stake Acquisition

toluna

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

- Establishing a global partnership with Toluna through M&A
- Western market will be covered under partnership with Toluna

2023 Acquisition of majority stake

モニタス

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

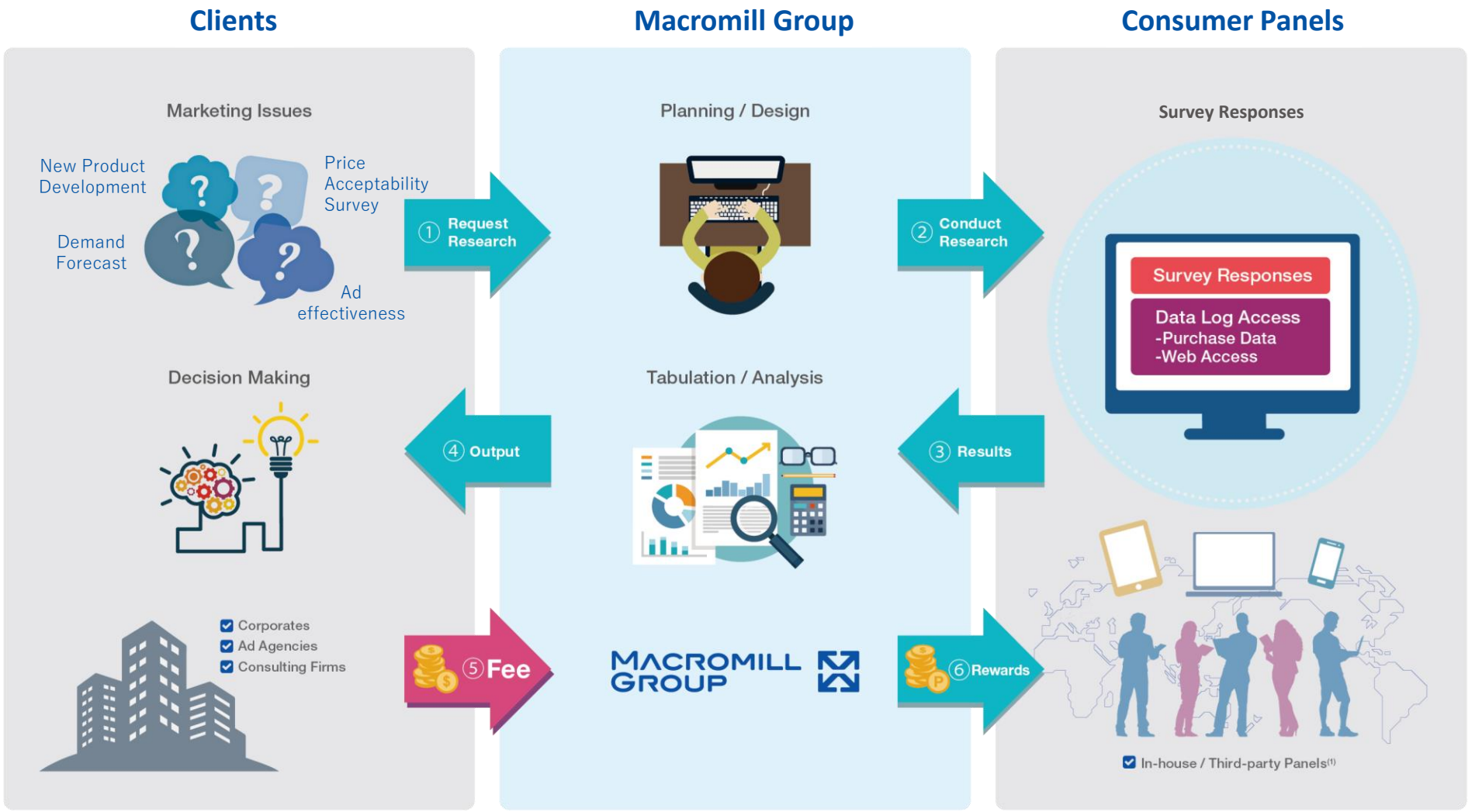
- Acquisition of majority stake after having Strategy and Capital Alliance
- Substantially expand the size of accessible consumer panel network

Note
1. Acquired market research business only

Our Business Model

- **Workflow of our main business, Online Research is as in below**
- **Monetize scheme is mainly based on “sample size x number of questions”**

Typical market research workflow



Note

1. A consumer panel that we access through panel vendors around the world when our proprietary panel does not secure a sufficient number of samples when conducting a research project for a client company of our group

Our commitment to Sustainability

- **The Group considers important issues for society and the Group to achieve sustainable growth from the perspective of the foundation of its corporate activities and the impact on stakeholders, and also considers opportunities and risks in light of changes in the business environment**
- **Based on this, we have identified 9 material issues as in below**

Stakeholders	Materiality	SDGs Goals
Client Companies	1. Solving marketing issues	9, 12, 17
	2. Creation of new value through data utilization	
Consumer Research Panels	3. Find more accurate consumer insights	12, 16
	4. Promote safe and secure data handling	
Human Capital	5. Establishing an environment where diversified people work together	5, 8, 10
	6. Provide an opportunity to challenge new possibility	
	7. Educating data native talent	
Partner Companies	8. Open Innovation	17
All	9. Governance	



Macromill HP: Sustainability Report 2023 (Japanese Only)

For more details, please refer to Sustainability Report 2023

Build your Data Culture

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Macromill IR Information:

Disclosed Documents Archive

Fixed-point Survey Data:

Macromill Weekly Index, etc.

(*Japanese Only)

Market Research Report:

Self-study Report Conducted by Macromill (free) (*Japanese Only)