



Summary of Consolidated Financial Statements for the Fiscal Year Ended June 30, 2024 [IFRS]

August 14, 2024

Listed Company: MACROMILL, INC.
 Stock Exchange: Tokyo Stock Exchange
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 Scheduled date of ordinary general meeting of shareholders: September 25, 2024
 Scheduled date of the start of dividends payment: September 26, 2024
 Scheduled date to submit annual securities report: September 26, 2024
 Supplementary material for financial results: Yes
 Briefing on financial results: Yes (for analysts and institutional investors)

1. Consolidated Financial Results for the Year Ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(1) Consolidated Business Performance

(Amounts of less than one million yen are rounded off.)

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

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of the parent		Total comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended June 30, 2024	43,861	8.0	4,470	(0.6)	4,746	27.3	2,998	(64.3)	2,293	(69.7)	5,225	(43.5)
Year ended June 30, 2023	40,616	7.6	4,498	(11.9)	3,728	(25.9)	8,394	115.5	7,575	140.7	9,255	110.1

	Basic earnings per share		Diluted earnings per share		Return on equity (ROE)		Return on assets (ROA)		Operating profit to revenue	
	Yen		Yen		%		%		%	
Year ended June 30, 2024	60.19		59.87		5.9		5.2		10.2	
Year ended June 30, 2023	191.89		190.32		21.8		4.2		11.1	

(Reference) Investment profit on equity method

Year ended June 30, 2024: (1,152) million yen

Year ended June 30, 2023: 120 million yen

(Reference)

	Business profit		EBITDA	
	Million yen	%	Million yen	%
Year ended June 30, 2024	5,624	13.4	7,683	11.4
Year ended June 30, 2023	4,960	(2.9)	6,898	(3.9)

(2) Consolidated Financial Position

	Total assets		Total equity		Equity attributable to owners of the parent		Ratio of equity attributable to owners of the parent		Owners' equity per share	
	Million yen		Million yen		Million yen		%		Yen	
As of June 30, 2024	89,205		45,799		40,741		45.7		1,077.69	
As of June 30, 2023	94,154		42,330		37,657		40.0		985.95	

(3) Consolidated Cash Flow

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at end of period	
	Million yen		Million yen		Million yen		Million yen	
Year ended June 30, 2024	8,313		(1,952)		(14,292)		10,398	
Year ended June 30, 2023	2,909		(5,234)		5,658		18,255	

2. Dividends

	Dividend per share					Total amount of dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended June 30, 2023	—	10.00	—	11.00	21.00	816	10.9	2.3
Year ended June 30, 2024	—	12.00	—	15.00	27.00	1,032	44.9	2.6
Year ending June 30, 2025 (forecast)	—	17.00	—	20.00	37.00		45.1	

3. Forecast of Consolidated Financial Results for the Year Ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

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

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	%
Full year	48,000	9.4	5,700	27.5	5,900	24.3	4,000	33.4	3,100	35.2		82.00

(Reference)

	Business Profit		EBITDA	
	Million yen	%	Million yen	%
Full year	6,200	10.2	8,300	8.0

* Notes

(1) Significant changes in the scope of consolidation during the period: No

New: –

Excluded: –

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

(i) Changes in accounting policies as required by IFRS: No

(ii) Changes in accounting policies other than (i): No

(iii) Changes in accounting assumptions: No

(3) Number of shares outstanding (common stock)

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

As of June 30, 2024 40,480,500 shares As of June 30, 2023 40,480,500 shares

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

As of June 30, 2024 2,676,235 shares As of June 30, 2023 2,285,835 shares

(iii) Average number of shares during the period:

Year ended June 30, 2024 38,103,344 shares Year ended June 30, 2023 39,478,598 shares

(Reference) Summary of individual operating results

1. Individual Operating Results for the Year Ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(1) Individual Operating Results

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

	Revenue		Operating profit		Recurring profit		Profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended June 30, 2024	24,991	4.5	1,192	–	1,481	–	603	–
Year ended June 30, 2023	23,916	(1.9)	(536)	–	(840)	–	(53)	–

	Earnings per share	Earnings per share after adjustment of potentially dilutive shares
	Yen	Yen
Year ended June 30, 2024	15.84	15.76
Year ended June 30, 2023	(1.35)	–

(2) Individual Financial Position

	Total assets	Net equity	Equity ratio	Book value per share
	Million yen	Million yen	%	Yen
As of June 30, 2024	46,508	11,049	23.8	292.27
As of June 30, 2023	57,228	11,628	20.3	304.45

(Reference) Net worth equity capital As of June 30, 2024: 11,049 million yen As of June 30, 2023: 11,628 million yen

< Reason for difference from the previous fiscal year actual results of the individual operating results >

There is a discrepancy between the actual figures for the previous fiscal year and the actual figures for the current fiscal year due to factors such as the recording of advisory expenses associated with the sale of shares of a subsidiary in the last fiscal year.

* This summary of financial results is not subject to audits conducted by certified public accountants or audit firms.

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

- The Group applies the International Financial Reporting Standards (hereinafter “IFRS”) to and after the fiscal year ended June 30, 2016.
- The forward-looking statements, such as results forecasts, included in this document are based on information available to the management as of the date of the document and certain assumptions that the management considers reasonable. The Company does not promise that the forecasts will be achieved. Actual results may differ significantly due to a range of factors.
- 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 first quarter of the fiscal year ended June 30, 2024. The figures for the fiscal year ended June 30, 2023 are adjusted amounts excluding expenses recorded for the transaction of the transfer of an overseas subsidiary (M&A) that occurred in the fourth quarter of the fiscal year ended June 30, 2023.
- Based on (3), from the first quarter of the fiscal year ended June 30, 2024, the Company calculates EBITDA using the following formula: EBITDA = business profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss
- EBITDA is not the indicator specified by IFRS, but is the financial indicator that the Group considers useful for investors to evaluate the business results of the Group.
- EBITDA should not be considered as indicator to replace the other indicators shown in accordance with IFRS because they do not include some of the items that affect the profit for the year, so it is subject to significant restrictions as a means of analysis. EBITDA disclosed by the Group may be less useful in comparison with the same or similar indicators of other competitors because it is calculated according to a different method from that of such other companies.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended June 30, 2024

(i) Explanation of the operating environment

During the fiscal year (July 1, 2023 to June 30, 2024), the Japanese economy and the world economy continued to recover moderately as restrictions on economic activities due to the Covid-19 pandemic were eased in Japan and globally. However, the economic outlook remained uncertain chiefly due to the weaker yen, price increases, continued global inflation primarily caused by the prolonged war in Ukraine, which led to increases in materials prices, and increased interest rates.

In this situation, more companies from different industries are entering the marketing research market in which the Group operates, including companies that collect and analyze digital data and those that offer consulting services and reports. The market is being redefined as the insight market, with revenue including that from related industries. In 2023, the size of the insight market in Japan was valued at 449.9 billion yen (up 4.2% year on year). (*1)

In this economic and market environment, the Group disclosed in August 2023 a new MTBP (Mid-term Business Plan) for the three years to the fiscal year ending June 30, 2026. The Group has developed strategies to achieve the Plan's targets and is striving to expand the business scale and profit.

In the fiscal year ended June 30, 2024, the first year of the Mid-term Business Plan, the Company was focusing on restoring the growth of the online research and digital research businesses, the Group's flagship businesses, which are profitable. To develop the businesses that will drive revenue and profit, the Company will expand business in Asia and strengthen global research. The Company will also develop data utilization support (data consulting) and platform-type solutions and it will continue the transformation of its business model.

As described in the Notice Regarding Debt-Equity Swap of Loans to Consolidated Subsidiaries, Changes in Subsidiaries (Share Transfer), and Acquisition of Shares in Toluna Holdings Limited (Conversion into Equity-Method Affiliate) published on May 15, 2023, the Group transferred the business of the MetrixLab Group, a group of companies composing Macromill's Overseas (ex-Korea) Business segment, to UK-based Toluna. Thus, the Overseas (ex-Korea) Business is classified as discontinued operations from the fourth quarter of the fiscal year ended June 30, 2023. The revenue, operating profit and profit before tax disclosed are figures for continuing operations and do not include figures for discontinued operations. Profit attributable to owners of the parent only in continuing operations and profit attributable to owners of the parent that includes both profit in continuing operations and profit in discontinued operations are both disclosed.

Due to the exclusion of the Overseas (ex-Korea) Business, the relative importance of the Korea Business within the Group has increased. The Company has changed its reportable segments. From the first quarter of the fiscal year ended June 30, 2024, the reportable segments are the Japan Business and the Korea Business.

(ii) Explanation of the operating results

An overview of the Group's operating results is as follows: (*2)

Consolidated financial results (Million yen unless otherwise indicated)	Year ended June 30, 2023	Year ended June 30, 2024	Increase/decrease	Change rate
Revenue	40,616	43,861	+3,244	+8.0%
Japan Business revenue	34,909	37,719	+2,809	+8.0%
Korea Business revenue	5,725	6,142	+417	+7.3%
Business profit (*3)	4,960	5,624	+664	+13.4%
Japan Business business profit (*3)	4,427	5,422	+994	+22.5%
Korea Business business profit	532	202	(330)	(61.9%)
Overseas subsidiary transfer (M&A) expenses	(461)	-	+461	-
Share of profit (loss) of certain investments accounted for using equity method (*4)	-	(1,154)	(1,154)	-
Operating profit	4,498	4,470	(28)	(0.6%)
Profit before tax	3,728	4,746	+1,018	+27.3%
Profit attributable to owners of the parent related to continuing operations	1,778	2,293	+514	+29.0%
Profit attributable to owners of the parent	7,575	2,293	(5,281)	(69.7%)

i. Japan Business

In the Japan Business, the Group maintained steady revenue growth in Focus Areas, Future Areas and Foundations Areas respectively. Revenue in the online research and digital research businesses, which the Company defines as Focus Areas, rose 5.5% year on year to 14,888 million yen, reflecting stronger relationships with corporate clients, which were a result of active sales activities from the second half of the previous fiscal year.

Revenue in the global research and consulting businesses and new businesses, which the Company defines as Future Areas, increased by double digits (up 12.9% year on year) to 6,787 million yen primarily due to strong performance in the global research and consulting in the first half and accelerated growth in new businesses through the second half.

Revenue from offline research services and data provision as well as subsidiaries which the Company defines as Foundations Areas, including a joint venture with advertising agencies, stood at 16,043 million yen, up 8.5% year on year. Monitas, Inc., which became a consolidated subsidiary in July 2023, contributed to the increase in revenue.

On the expense front, total employee expenses increased at a higher rate than the sales growth rate due to the addition of personnel from the second half of the previous fiscal year to improve the productivity of internal resources and increase in-house operations. However, outsourcing expenses were successfully reduced to a level lower than the previous fiscal year. Meanwhile, system-related costs, which are included in other operating expenses, increased because the Company invested in core research system upgrades for the sustainable growth of revenue and the improvement of profitability. On the other hand, in the fourth quarter of the fiscal year ended June 30, 2023, the Company recognized expenses of 461 million yen for a transaction transferring the MetrixLab group business to Toluna; however, there were no such expenses in the fiscal year under review. Consequently, although the amount of other operating expenses increased overall, the rate of increase of other operating expenses was lower than the revenue growth rate. Based on the above, the rate of increase in operating expenses overall was also lower than the revenue growth rate.

As a result, revenue in the Japan Business stood at 37,719 million yen (up 8.0% year on year), and business profit, excluding the Company's share of loss on investments in Toluna amounting to 1,154 million yen, rose sharply to 5,422 million yen (up 22.5% year on year) because the rise in revenue offset the increase in total operating expenses and productivity also improved.

ii. Korea Business

The market environment for the Korea Business remained difficult. Deterioration in business sentiment led to declines in public research conducted by the government and the research budgets of major corporate clients.

The Group is striving to create new revenue streams by continuing to leverage its structural strengths to develop products. These products include purchase data from its proprietary consumer panel. The product, which the Company has already launched in Japan, sets the Company apart from other significant research firms in Korea. The Company is developing a new business involving the product. The Group continuously aims to achieve consistent growth in revenue and profit in this segment by transforming its business model, an ongoing effort in Japan.

As part of the effort, the Company made a company engaging in advertising its subsidiary toward the end of the second quarter and is collaborating with the company to develop a marketing assistance service in Korea. In the fourth quarter, the synergy generated by this collaboration also materialized, leading to the achievement of double-digit revenue growth.

Revenue in this segment was 6,142 million yen, up 7.3% year on year, while business profit declined 61.9% year on year to 202 million yen due to an increase in expenses related to new business operations and new consolidated subsidiaries.

The Company's consolidated return on equity (ROE: calculated using the data for the preceding 12 months) stood at 5.9% (up 0.7 points year-on-year). The interest coverage ratio (*5: calculated in the last 12 months) came to 21.4 times (24.3 times in the corresponding period of the prior fiscal year).

Financial results including revenue of MACROMILL EMBRAIN CO., LTD. in the Korea Business segment are recorded in Korean won. Exchange rates are as stated below.

Computation period (12 months)	Year ended June 30, 2023	Year ended June 30, 2024	Change rate
JPY/KRW (yen)	0.1042	0.1122	+7.7%

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

Computation period (3 months)	Three month period ended June 30, 2023	Three month period ended June 30, 2024	Change rate
JPY/KRW (yen)	0.1046	0.1144	+9.4%

Notes:

- (1) Reference: JMRA 49th Annual Business Management Survey, announced by Japan Marketing Research Association (JMRA) in June 2024.
- (2) Segment figures are before the elimination of inter-segment transactions.
- (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 after subtracting the equity method investment gains/losses related to Toluna from operating profit from the fiscal year ended June 30, 2024. The calculation for the fiscal year ended June 2023 excludes expenses related to the transfer of Overseas Business (ex-Korea) segment incurred in the fourth quarter of the fiscal year ended June 2023.
- (4) Share of loss on investments in Toluna accounted for using equity method
- (5) Interest Coverage Ratio = (operating profit + interest income+ dividends income) / interest expense

(2) Overview of financial position during the fiscal year ended June 30, 2024

At the end of the fiscal year under review, assets totaled 89,205 million yen, a decrease of 4,948 million yen from the end of the previous fiscal year. This was mainly due to decreasing factors such as a decline in cash and cash equivalents of 7,856 million yen, a fall in investments accounted for using the equity method of 818 million yen, and a decrease in trade and other receivables of 675 million yen, offsetting increasing factors such as an increase in other financial assets of 1,494 million yen, an increase in right-of-use assets of 1,221 million yen, and an increase in long term loans of 1,184 million yen.

Liabilities stood at 43,406 million yen, down 8,416 million yen from the end of the previous fiscal year. This was mainly due to factors such as a decrease in bonds and borrowings of 10,421 million yen, which more than offset an increase in lease liabilities of 1,197 million yen.

Equity was worth 45,799 million yen, an increase of 3,468 million yen from the end of the previous fiscal year. The increase was largely attributable to profit for the period of 2,998 million yen and other comprehensive income of 2,226 million yen, despite decreasing factors, including dividends paid of 1,279 million yen and changes in ownership interest in subsidiaries of 644 million yen.

(3) Overview of cash flows in the period of the fiscal year ended June 30, 2024

Cash and cash equivalents (“cash”) at the end of the fiscal year decreased 7,856 million yen from the end of the previous fiscal year to 10,398 million yen. The status of each of the cash flow segments and contributing factors for the fiscal year are as follows:

(Cash flow from operating activities)

Net cash provided by operating activities amounted to 8,313 million yen (up 5,404 million yen year-on-year).

This was mainly due to cash inflows, such as profit before tax from continuing operations of 4,746 million yen, depreciation and amortization of 2,027 million yen, a decrease in trade and other receivables of 650 million yen, and an income taxes refund of 509 million yen, despite cash outflows, such as income taxes paid of 1,008 million yen.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 65.1 days (down 7.8 days year-on-year) and 48.7 days (down 3.6 days year-on-year), respectively.

(Cash flow from investing activities)

Net cash used in investing activities came to 1,952 million yen (down 3,282 million yen year-on-year).

This was primarily due to the acquisition of property, plant and equipment of 307 million yen and the acquisition of intangible assets of 1,038 million yen, and a net increase in short-term investments of 484 million yen, which offset proceeds from purchase of subsidiary of 104 million yen.

(Cash flow from financing activities)

Net cash used in financial activities was 14,292 million yen (up 19,950 million yen year-on-year).

This was primarily due to 902 million yen for the repayments of long-term borrowings, 10,000 million yen for redemption of bonds, 927 million yen for the repayments of lease obligations, 878 million yen for dividends paid, 400 million yen for dividends paid to non-controlling interests, and 610 million yen for the additional purchase of shares of subsidiaries.

(4) Future prospects

1) Mid-term prospects

The Group announced in August 2023 that it had formulated a new MTBP (Mid-term Business Plan) for the three years from the fiscal year ended June 30, 2024 to the fiscal year ending June 30, 2026.

The financial targets stated in the new MTBP include consolidated revenue of 53.0 billion yen and consolidated operating profit of 7.5 billion yen. The Company aims to achieve a record profit. In addition, the target level of financial leverage will remain the same as previously, and the Company will aim to control its Net Debt/EBITDA ratio between 2.0x and 2.5x range while maintaining its existing credit rating. By the fiscal year ending June 30, 2026, which is the end of the final fiscal year of the MTBP, the Company's policy is to make dividends of surplus to its shareholders in the form of realizing a continuous increase in dividends, while targeting a consolidated dividend payout ratio of 50%, excluding transient factors such as the sale of shares.

Consolidated Financial Targets	
	FY2023/6
Revenue	Revenue 40.6bn JPY Average Growth Rate: 9% (2Y CAGR)
Profit	OP ⁽¹⁾ 4.4bn JPY Consolidated ROE ⁽³⁾ 5.1%
Leverage	Credit Rating (R&I) BBB+ (Stable) + Net Debt/EBITDA 3.5x
Shareholder Return	Consolidated Dividend Ratio (Continued Operation) 45.9% + Consolidated Share buyback ⁽⁴⁾ 1.2bn JPY (vs NSO ⁽⁵⁾ 3.5%)
	New MTBP Target FY2026/6 (3Yrs later)
Revenue	Revenue 53.0bn JPY Average Growth Rate: 9% (3Y CAGR)
Profit	OP 7.5bn JPY Average Growth Rate: 19% ⁽²⁾ (3Y CAGR) Consolidated ROE ⁽³⁾ 10% and over
Leverage	Maintain Credit Rating BBB+ and higher + Net Debt/EBITDA 2.0x – 2.5x
Shareholder Return	Consolidated Dividend Ratio (Changed policy at the end of FY2024/6) 30% → 50% + 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

3. Calculated by excluding expenses on FY2023/6 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

In the Japan Business, the Group's flagship business, the Company will focus on restoring the growth of the online research and digital research businesses which are profitable. To develop the businesses that will drive sales and profit, the Company will expand business in Asia and strengthen global research. The Company will also develop data utilization support (data consulting) and platform-type solutions. The Company will accelerate the transformation of its business model to increase its presence as a Professional Marketing Services Company. Through these business activities, the Company aims to record revenue of 46.0 billion yen (a three-year CAGR of 10%) in 2026.

In the Korea Business, the Company will start the development of a service based on the data from the proprietary consumer panel in earnest. This includes providing purchase data, which the Company has already started to provide in Japan. The Company aims to post revenue of 7.0 billion yen (a three-year CAGR of 7%) in 2026.

While expanding revenue, through redefining added value and the scope of services, reviewing prices, improving research processes and revamping the core research system, the Company will take steps to increase operational efficiency and productivity to maximize earnings.

Based on this plan, in the fiscal year ended June 30, 2024, which is the first year under the MTBP, revenue in the Japan Business grew 8.0% year on year, revenue in the Korea Business grew 7.3% year on year, and consolidated revenue grew 8.0% year on year. Meanwhile, business profit also achieved double-digit growth, rising 13.4% year on year due to improvement of profitability in the Japan Business. The Group's overall performance during the first fiscal year of the plan was, therefore, in line with the MTBP.

Under these circumstances, the financial results forecasts for the Group for the fiscal year ending June 30, 2025, which represents the

second year of the MTBP, are as follows:

2) Forecast for the Fiscal Year Ending June 30, 2025

Consolidated financial results (Million yen unless otherwise indicated)	Year ended June 30, 2024	Year ending June 30, 2025	Increase/decrease	Change rate
Revenue	43,861	48,000	+4,138	+9.4%
EBITDA	7,683	8,300	+616	+8.0%
Business profit	5,624	6,200	+575	+10.2%
Operating profit	4,470	5,700	+1,229	+27.5%
Profit before tax	4,746	5,900	+1,153	+24.3%
Profit attributable to owners of the parent	2,293	3,100	+806	+35.2%

In the Japan Business, the Company will further step up active sales activities, aiming to expand sales of online and digital research. The Company will also continue aiming for double digit growth or higher in global research and new businesses, such as data utilization support (data consulting) and life science. As for the subscription type data provision service currently under development, the Company plans to start providing services during the fiscal year ending June 30, 2025.

On the expense front, outsourcing expenses are likely to increase due to expected increases in revenue in areas such as global research, data utilization support, and new businesses. However, the Company will endeavor to curb the rate of increase in personnel expenses by expanding sales of online research and improving online research productivity. In addition, the Company expects system-related expenses to increase because the Company will continue to invest in core research system upgrades for the sustainable growth of revenue and the improvement of profitability. However, the Company's policy is to control investment allocations flexibly, striking a balance between expenditure and revenue growth. Through this policy, the Company plans to keep the rate of increase in operating expenses overall lower than the revenue growth rate.

In Korea, deteriorating business sentiment will continue to have an impact but the Company plans to maintain revenue growth through activities such as the full-scale rollout of the service providing purchase panel data, among others. On the expense front, outsourcing expenses are likely to increase chiefly due to an increase in investment in the new business. However, the increase in expenses is expected to be more than offset by a rise in revenue from the new business, and the Company expects that profit will rise.

As a result of the above, the Company expects that in the fiscal year ending June 30, 2025, it will post revenue of 48,000 million yen (up 9.4% year-on-year), business profit of 6,200 million yen (up 10.2% year-on-year), operating profit of 5,700 million yen (up 27.5% year-on-year), profit before tax of 5,900 million yen (up 24.3% year-on-year), and profit attributable to owners of the parent of 3,100 million yen (up 35.2% year on year).

The above forecasts are based on the assumptions of JPY/KRW 0.1100 yen.

In addition, the above financial results forecasts were made based on the information available as of the date when this document was prepared, and therefore actual results may differ from the forecast figures due to a variety of factors.

(5) Basic policy on profit distribution and dividends for the current and next fiscal years

The Company is aware that returning profits to shareholders is an important measure for management. On the other hand, the Company also considers it is important to comprehensively take into account returning profits to shareholders, enhancing internal reserves required for future growth investment, and establishing its financial foundation. Therefore, where there are investments which provide a return greater than the Company's cost of capital, the Company implements strategic investments which will lead to an increase in the corporate value, realizes sustainable growth in revenues and profits and prioritizes establishment of a sound financial foundation which enables them. The Company considers that those will contribute to the achievement of its and its shareholders' common interests.

Accordingly, until June 30, 2026, which is the end of the final fiscal year of the MTBP, the Company's policy is to make dividends of surplus to its shareholders in the form of realizing a continuous increase in dividends, while targeting a consolidated dividend payout ratio of 50%, excluding transient factors such as the sale of shares. Regarding the purchase of treasury stock, the Company will consider the flexible purchase as part of its measures to return profits to shareholders, comprehensively taking into account our business development, investment plans, level of retained earnings and trends in business performance.

Moreover, since the Company's Articles of Incorporation provide that "Unless otherwise stipulated, the matters set forth in the respective items of Article 459, Paragraph 1 of the Companies Act such as dividends of surplus shall be determined by a resolution of the Board of Directors, not by the resolution of the general meeting of shareholders," the Company is able to make dividends and repurchase its own share in an agile manner.

In accordance with these plans, for the fiscal year ended June 30, 2024, we will pay an interim dividend of 12 yen and a year-end dividend of 15 yen for an annual dividend of 27 yen per share, and are forecasting 37 yen per share (an interim dividend of 17 yen and a year-end dividend of 20 yen) for the fiscal year ending June 30, 2025.

2. Basic Approach to the Selection of Accounting Standards

The Group has adopted IFRS from the fiscal year ended June 30, 2016 in order to improve the international comparability of financial information in equity markets and for greater convenience.