



# Summary of Consolidated Financial Statements for the First Six-Month Period of the Fiscal Year Ending June 30, 2021 [IFRS]

February 10, 2021

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 Scheduled date to submit quarterly report: February 12, 2021  
 Scheduled date of the start of dividends payment: –  
 Supplementary material for quarterly financial results: Yes  
 Briefing on quarterly financial results: Yes (for analysts and institutional investors)

## 1. Consolidated Financial Results for the First Six-Month Period of the Fiscal Year Ending June 30, 2021 (from July 1, 2020 to December 31, 2020)

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

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First six-month period of the year ending June 30, 2021	21,037	(3.4)	2,846	(21.1)	2,569	(26.2)	1,752	(25.1)
First six-month period of the year ended June 30, 2020	21,767	(1.9)	3,608	(10.1)	3,480	(7.3)	2,340	(13.0)

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share		Diluted basic earnings per share	
	Million yen	%	Million yen	%	Yen	Yen	Yen	Yen
First six-month period of the year ending June 30, 2021	1,333	(35.8)	1,622	(32.3)	33.07		32.88	
First six-month period of the year ended June 30, 2020	2,078	(10.2)	2,395	(3.7)	51.69		51.08	

(Reference)

	EBITDA		EBITDA margin	
	Million yen	%	Million yen	%
First six-month period of the year ending June 30, 2021	4,331	(12.9)		20.6
First six-month period of the year ended June 30, 2020	4,969	6.0		22.8

## (2) Consolidated Financial Position

	Total assets		Total equity		Equity attributable to owners of the parent		Ratio of equity attributable to owners of the parent	
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	%	%
As of December 31, 2020	77,704	31,682	28,294	36.4				
As of June 30, 2020	77,150	30,736	27,563	35.7				

## 2. Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual
Year ended June 30, 2020	–	0.00	–	11.00	11.00
Year ending June 30, 2021	–	0.00	–	–	–
Year ending June 30, 2021 (forecast)	–	–	–	11.00	11.00

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

## 3. Forecast of Consolidated Financial Results for the Year Ending June 30, 2021 (from July 1, 2020 to June 30, 2021)

(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	Yen
Full year	40,000	-3.1	3,400	756.5	3,000	–	1,950	–	1,600	–	–	39.74

(Note) Revisions from financial results forecasts announced most recently: No

(Reference)

	EBITDA		EBITDA margin	
	Million yen	%	Million yen	%
Full year	6,500	-24.9		16.25

\* Notes

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No  
New: –  
Exclusion: –
- (2) Changes in accounting policies and changes of accounting assumptions
- |   |    |
|---|----|
| (i) Changes in accounting policies as required by IFRS: | 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 December 31, 2020  | 40,320,300 shares | As of June 30, 2020                | 40,320,300 shares |
| (ii) Number of shares of treasury stock at the end of the term:                |                   |                                    |                   |
| As of December 31, 2020  | 135 shares        | As of June 30, 2020                | 135 shares        |
| (iii) Average number of shares during the period                               |                   |                                    |                   |
| Six months ended December 31, 2020   | 40,320,165 shares | Six months ended December 31, 2019 | 40,206,702 shares |

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

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

- (1) The Group applies the International Financial Reporting Standards (hereinafter “IFRS”) to and after the fiscal year ended June 30, 2016.
- (2) The forward-looking statements, such as results forecasts, included in this document are based on information available to the management as of the date of the document and on certain assumptions that the management considers reasonable. The Company does not promise that the forecasts will be achieved. Actual results may differ significantly due to a range of factors.
- (3) EBITDA = operating profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss
- (4) EBITDA margin = EBITDA / revenue
- (5) EBITDA and EBITDA margin are not the indicators specified by IFRS but are the financial indicators that the Group considers useful for investors to evaluate the business results of the Group.
- (6) EBITDA and EBITDA margin should not be considered as indicators to replace the other indicators shown in accordance with IFRS because they do not include some of the items that affect the profit for the period, so they are subject to significant restrictions as a means of analysis. EBITDA and EBITDA margin disclosed by the Group may be less useful in comparison with the same or similar indicators of other competitors because they are calculated according to a different method of that of other such companies.

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## 1. Qualitative Information about Consolidated Financial Results for the Quarter

### (1) Overview of operating results for the first six months

#### (i) Explanation of the operating environment

During the first six months (July 1, 2020 to December 31, 2020), the global economy saw vaccination campaigns and other moves aimed at reducing the impact of the Covid-19 pandemic in some countries and regions. However, the situation differed by region, and therefore the outlook for the future remained uncertain amid moves to restrict economic activities once again. While the Japanese economy also showed signs of recovery after the lifting of the state of emergency, recently a tendency towards further escalation of the Covid-19 crisis can be seen, strengthening the sense of uncertainty about the future.

Looking specifically at the marketing research sector, the total global marketplace reached an estimated value of \$46.4 billion, with online marketing research accounting for \$20.5 billion (\*1). In Japan, the size of the overall marketing research sector was 229.1 billion yen, with online marketing research at 76.1 billion yen (\*2). Although there is concern that the market will contract in the future due to the impact of the Covid-19 pandemic, the anticipated adverse effect could be alleviated by the marketing research sector shifting even further online in the medium term.

In this economic and market environment, the Group's results continued to be negatively affected by the Covid-19 pandemic, but the effect diminished through the second quarter and there was a growing tendency towards recovery. The Group considers the safety and health of its clients, consumer panels, employees and other stakeholders to be its top priority. Therefore, the Company has been implementing measures to prevent the spread of the virus in line with government guidelines in each region. Simultaneously, the Group has been actively implementing measures in response to the changing business environment to increase opportunities to use online marketing research, which is the Company's strength. This includes making new proposals to clients and strengthening its research structure through remote working.

Aside from the impact of Covid-19, the business environment in which the Group operates is changing dramatically. The marketing challenges facing clients are becoming increasingly sophisticated and diverse, with more consumer contact points (touchpoints) and the increasingly widespread use of all kinds of big data, AI and marketing tools. In the digital-related domain in particular, changes in the business environment have been accelerating. This is partly because the regulations for the handling of personal information are being strengthened worldwide, and the revised Act on the Protection of Personal Information will be enforced in Japan. Consequently, leading platform operators are experiencing a growing trend of handling personal information more carefully, which is expected to continue. As a result, we can now see cases where the distribution of digital advertising by our clients is starting to be affected.

In the short term, these changes in the business environment create challenges for the Group. However, marketing activities are indispensable for client companies. New demand to accurately understand changes in consumers' perception and behavior are emerging as a result of the Covid-19 pandemic. We believe that demand for marketing research will recover as clients need to conduct more effective marketing activities in the coronavirus and post-coronavirus eras. In addition, we regard the shift to digital in clients' marketing activities as an unstoppable trend in the medium- to long-term. We understand that the 'New Normal' originated by the spread of Covid-19, including client moves to promote Digital Transformation (DX), will lend further impetus to this trend.

The Group maintains an active approach to supporting the digitization of marketing activities undertaken by client companies. Our solid relationships with our consumer panels will continue to provide added value in the age of digitization. The Group has been undertaking initiatives for comprehensively handling a huge amount of diverse data points, including attribution, purchase, and consumption data, and behavioral, awareness and biological data, which are available from these consumer panels. The Group aims to address the changes in the business environment by proactively offering new consumer insights obtained through these initiatives as its proprietary services to client companies.

(ii) Explanation of the operating results

An overview of the Group's operating results is as follows:

Consolidated financial results (Million yen unless otherwise indicated)	Six months ended December 31, 2019	Six months ended December 31, 2020	Increase/decrease	Change %
Revenue	21,767	21,037	-730	-3.4%
Japan and Korea Business	16,995	16,779	-216	-1.3%
Overseas (ex-Korea) Business	4,816	4,328	-487	-10.1%
EBITDA	4,969	4,331	-638	-12.9%
Operating profit	3,608	2,846	-761	-21.1%
Profit before tax	3,480	2,569	-911	-26.2%
Profit attributable to owners of the parent	2,078	1,333	-744	-35.8%

Looking at revenue during the first six months, both the Japan and Korea Business and the Overseas Business (ex-Korea) segments continued to be affected by the Covid-19 pandemic. However, the impact diminished from the first quarter through to the second quarter, and second quarter revenue recovered to the year-ago level when there was no impact from Covid-19. As a result, consolidated revenue decreased to 21,037 million yen (down 3.4% year-on-year). (For an overview of results by segment, refer to “(iii) Explanation of operating results by segment” in the following section).

In terms of expenses, the Company continued to control costs including rationalizing personnel expenses, which have a high fixed cost factor, and reducing other expenses. However, outsourcing expenses rose in connection with the recovery of revenue during the second quarter and depreciation associated with system investments made in prior years also increased.

Consequently, the Group recorded earnings before interest, taxes, depreciation, and amortization (EBITDA) (\*3) of 4,331 million yen (down 12.9% year-on-year), operating profit of 2,846 million yen (down 21.1% year-on-year), profit before tax of 2,569 million yen (down 26.2% year-on-year) and profit attributable to owners of the parent of 1,333 million yen (down 35.8% year-on-year) for the period.

Return on equity (ROE calculated using the data for the preceding 12 months) stood at - 9.6% (down 24.8 percentage points year-on-year). It would have been 7.4% (Down 7.8 point year-on-year) excluding the impairment loss of goodwill recognized in the fourth quarter of the fiscal year ended June 30, 2020. The interest coverage ratio (\*4: calculated in the last 12 months) improved to -0.9 times (from 18.8 times in the corresponding period of the prior fiscal year), and if the impairment loss of goodwill posted in the fourth quarter of the fiscal year ended June 30, 2020 were excluded, it would have amounted to 12.7 times.

(iii) Explanation of operating results by segment

The overview of operating results by segment of the Group is as follows:

Consolidated financial results by segment (Million yen unless otherwise indicated)	Six months ended December 31, 2019	Six months ended December 31, 2020	Increase/decrease	Change %
Revenue	21,767	21,037	-730	-3.4%
Japan and Korea Business	16,995	16,779	-216	-1.3%
Japan	14,861	14,291	-570	-3.8%
Korea	2,137	2,497	+360	+16.8%
Overseas (ex-Korea) Business	4,816	4,328	-487	-10.1%
US	2,286	2,089	-197	-8.6%
Europe	1,845	1,572	-273	-14.8%
Other	685	668	-17	-2.5%
Segment EBITDA	4,969	4,331	-638	-12.9%
Japan and Korea Business	4,293	4,019	-273	-6.4%
Overseas (ex-Korea) Business	676	311	-364	-53.9%
Segment profit or loss	3,608	2,846	-761	-21.1%
Japan and Korea Business	3,277	2,883	-394	-12.0%
Overseas (ex-Korea) Business	330	-36	-367	-111.1%

(Japan and Korea Business)

In Japan, while the impact of the Covid-19 pandemic remained, demand for marketing research from client companies was on a recovery trend as economic activities gradually resumed. The Group implemented flexible sales measures integrating production and sales in response to customer needs and continued to focus on the sale of digital marketing products, including DMP Solution (\*5). As a result, the second quarter revenue for the Japan business almost recovered to the year-ago level when there was no impact from Covid-19. Simultaneously, revenue in the online research and digital fields grew to surpass the year-ago level, offsetting a year-on-year revenue decline in the offline research domain where projects continued to be cancelled and/or postponed.

In Korea, a movement to substitute offline research with online research accelerated, following the Covid-19 pandemic. The Group, boasting strengths in online research, maximized this business opportunity and succeeded in maintaining double-digit year-on-year growth even amid the impact of the Covid-19. This was achieved by expanding sales of online research and by also steadily conducting sales activities in the digital field, including the panel big data service.

Consequently, the Japan and Korea Business segment recorded revenue of 16,779 million yen (down 1.3% year-on-year). Looking at expenses, total employee expenses rose due to recent growth in research demand. Higher system-related expenses also significantly impacted profitability. As a result, segment profit decreased to 2,883 million yen (down 12.0% year-on-year).

(Overseas (ex-Korea) Business)

In the Overseas Business (ex-Korea), we operate in North America, Europe, Latin America, the Middle East and certain Asian countries which are reported separately from Japan and Korea. As the effects of the Covid-19 pandemic continued to be felt around the world, second quarter revenue in this segment also remained below the year-ago level. However, segment performance was much improved compared with the first quarter, reflecting an expanded share for some global key accounts (\*6) and the acquisition of new projects.

As a result, the Overseas Business (ex-Korea) segment recorded revenue of 4,328 million yen (down 10.1% year-on-year) and a loss of 36 million yen (down 111.1% year-on-year). This reflects the fall in revenue and an increase in outsourcing expenses and panel expenses due to the acquisition of new projects.

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

Computation period (Six months)	Six months ended December 31, 2019	Six months ended December 31, 2020	Change rate
JPY/EUR (yen)	120.24	124.05	+3.2%
JPY/KRW (yen)	0.0919	0.0913	-0.7%

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

Computation period (Three months)	Three months ended December 31, 2019	Three months ended December 31, 2020	Change rate
JPY/EUR (yen)	120.75	124.03	+2.7%
JPY/KRW (yen)	0.0925	0.0923	-0.2%

Notes:

- (1) Reference: ESOMAR Global Market Research 2020, announced by European Society for Opinion and Marketing Research (ESOMAR) in September 2020. With respect to the size of the global marketing research market in 2019, this research report for 2020 shows a value about 1.6 times larger than in the previous year (Scenario 1) and a value about 1.9 times larger (Scenario 3) due to the expansion of the industry definition. However, the statement here is made based on the value closest to the existing market size (Scenario 2).
- (2) Reference: JMRA 45th Annual Business Management Survey, announced by Japan Marketing Research Association (JMRA) in September 2020.
- (3) EBITDA: Earnings before interest, tax, depreciation, and amortization. The Company defines it as operating profit + depreciation and amortization + loss on retirement of non-current assets + impairment loss. The Company uses it as a major management indicator to measure the profitability of each business as it enables us to calculate the size of cash flow generated from each business more accurately.
- (4) Interest Coverage Ratio = (operating profit + interest income + dividends income) / interest expense
- (5) DMP: Data Management Platform, a technology platform used for collectively managing and analyzing big data accumulated on online servers and log data in a company's website and ultimately optimizing an action plan of marketing activities for online advertising campaigns and product development. DMP Solutions are a series of services aimed at enhancing our customers' DMP, including support for establishing DMP, consumer panel data supplied regularly to a customer's DMP, and additional research to augment or compensate for the data stored on DMP.
- (6) Global Key Accounts: Corporate groups operating globally by leveraging their large research and marketing budgets that the Company considers as key accounts for the Group to grow further. The Group seeks to increase sales to such accounts on a global basis.

(2) Explanations about financial position

(i) State of assets, liabilities, and equity

At the end of the first six months, assets totaled 77,704 million yen, an increase of 554 million yen from the end of the previous fiscal year. This was mainly the result of increases such as a 2,538 million yen increase in trade and other receivables, which offset a 1,604 million yen decrease in cash and cash equivalents and a 758 million yen decrease in right-of-use assets.

Liabilities stood at 46,022 million yen, down 392 million yen from the end of the previous fiscal year. The decrease primarily reflected a fall in lease liabilities of 784 million yen.

Equity was worth 31,682 million yen, an increase of 946 million yen from the end of the previous fiscal year. The increase was largely attributable to profit for the period of 1,752 million yen, which offset dividends paid of 690 million yen.

(ii) State of cash flow

Cash and cash equivalents (“cash”) at the end of the first six months decreased 1,604 million yen from the end of the previous fiscal year, to 11,706 million yen. The status of each of the cash flow segments and contributing factors in the first six months are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 984 million yen (down 1,130 million yen year-on-year).

This was mainly the result of 2,569 million yen of profit before tax and 1,479 million yen of depreciation and amortization, partially offset by a 2,718 million yen increase in trade and other receivables and 584 million yen of income taxes paid.

Trade receivable turnover in days and trade payable/panel point reserves turnover in days stood at 89.4 days (down 1.4 days year-on-year) and 52.6 days (up 0.9 days year-on-year).

(Cash flows from investing activities)

Net cash used in investing activities came to 611 million yen (down 658 million yen year-on-year).

This was primarily due to 174 million yen for acquisition of property, plant, and equipment and 435 million yen for acquisition of intangible assets.

(Cash flows from financing activities)

Net cash used in financial activities was 2,124 million yen (up 24 million yen year-on-year).

Cash outflows primarily included 826 million yen for repayments of long-term borrowings, 659 million yen for repayments of lease liabilities, and 441 million yen for dividends paid.

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

At the present point, the Group makes no change to its forecast of consolidated financial results for the fiscal year ending June 30, 2021 announced on August 31, 2020.

The Group prepared the forecast of consolidated financial results based on information available as of the date of its announcement. A variety of future factors may cause actual financial results to differ from its forecasts.