Summary of Consolidated Financial Statements for the Fiscal Year Ended June 30, 2017 [IFRS]

August 8, 2017

Listed Company:	MACROMILL, INC.
Stock Exchange:	Tokyo Stock Exchange
Code Number:	3978
URL:	https://www.macromill.com/
Representative:	Scott Ernst, Representative Executive Officer, Global CEO
Contact:	Teruaki Kido, Executive Officer, Global CFO
Tel.:	+81-3-6716-0706
Scheduled date of ordinary general meeting of shareholders:	September 26, 2017
Scheduled date of the start of dividend payments:	September 27, 2017
Scheduled date to submit annual securities report:	September 27, 2017
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, 2017 (from July 1, 2016 to June 30, 2017)

(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, 2017	35,514	9.3	6,825	19.1	5,882	43.9	4,210	30.0	3,706	30.8	4,585	102.3
Year ended June 30, 2016	32,504	13.0	5,730	–	4,087	–	3,238	–	2,832	–	2,267	–

	Basic earnings per share	Diluted basic earnings per share	Return on equity (ROE)	Return on assets (ROA)	Operating profit to revenue
	Yen	Yen	%	%	%
Year ended June 30, 2017	97.11	96.57	20.9	8.6	19.2
Year ended June 30, 2016	74.82	74.82	20.3	5.9	17.6

(Reference)
Investment profit on equity method Year ended June 30, 2017 9 million yen Year ended June 30, 2016 3 million yen

	EBITDA		Adjusted EBITDA		Adjusted EBITDA margin	Adjusted profit attributable to owners of the parent		Adjusted basic earnings per share
	Million yen	%	Million yen	%	%	Million yen	%	Yen
Year ended June 30, 2017	7,696	16.5	8,531	19.4	24.0	4,249	21.6	111.34
Year ended June 30, 2016	6,604	45.0	7,146	20.7	22.0	3,494	117.5	92.31

(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, 2017	70,815	22,352	20,346	28.7	524.09
As of June 30, 2016	66,564	16,647	15,064	22.6	397.91

(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	%
Year ended June 30, 2017	5,733	(1,348)	(2,155)	8,447
Year ended June 30, 2016	4,665	67	(5,602)	6,124

2. Dividends

	Dividend per share					Total dividends paid	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, 2016	–	–	–	0.00	0.00	–	–	–
Year ended June 30, 2017	–	0.00	–	5.00	5.00	194	5.2	1.1
Year ending June 30, 2018 (forecast)	–	0.00	–	7.00	7.00		5.6	

3. Forecast of Consolidated Financial Results for the Year Ending June 30, 2018 (from July 1, 2017 to June 30, 2018)

(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	39,000	9.8	8,400	23.1	7,800	32.6	5,500	30.6	4,900	32.2	126.21

(Reference)

	EBITDA		Adjusted EBITDA		Adjusted EBITDA margin	Adjusted profit attributable to owners of the parent		Adjusted basic earnings per share
	Million yen	%	Million yen	%	%	Million yen	%	Yen
Full year	9,340	21.4	9,400	10.2	24.1	4,960	16.7	127.75

* 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 June 30, 2107	38,823,400 shares	As of June 30, 2016	37,858,800 shares

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

As of June 30, 2017	55 shares	As of June 30, 2016	– shares

(iii) Average number of shares during the period

Year ended June 30, 2017	38,165,052 shares	Year ended June 30, 2016	37,858,800 shares

(Note) The Company implemented a stock split at a ratio of 100 common shares for each common share on September 30, 2016. Accordingly, the number of shares is calculated based on the assumption that the said stock split was implemented at the beginning of the previous consolidated fiscal year.

* The summary of financial results is not subject to audits.

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

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

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

(3) EBITDA = operating profit + depreciation and amortization

(4) Adjusted EBITDA = EBITDA + management fee + other one-time expenses (such as costs for listing, refinancing and M&A)

(5) Adjusted EBITDA margin = adjusted EBITDA / revenue

(6) Adjusted profit attributable to owners of the parent = profit attributable to owners of the parent + management fee + other one-time expenses (such as costs for listing, refinancing and M&A) - tax impact for adjustments

(7) Adjusted basic earnings per share = adjusted profit attributable to owners of the parent / average number of common shares during the period

(8) EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted profit attributable to owners of the parent and adjusted basic earnings per share 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. These financial indicators do not reflect the impact of the costs that are not expected to be incurred after listing and the nonrecurring profit and loss items (the items not considered to show the results of ordinary business activities or the items that do not appropriately show the business results of the Group in comparison with those of other competitors).

(9) EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted profit attributable to owners of the parent and adjusted basic earnings per share 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, adjusted EBITDA, adjusted EBITDA margin, adjusted profit attributable to owners of the parent and adjusted basic earnings per share disclosed by the Group may be less useful in comparison with the same or similar indicators of other competitors because they are calculated according to a different method from that of such other companies.

(10) The amounts for items listed in the Company's consolidated financial statements and other items were previously displayed in units of 1,000 yen, and this has been changed to units of one million yen beginning in the fiscal year under review. To enable a fair comparison, the amounts reported for the previous fiscal year have been restated in units of one million yen.

Accompanying Materials - Contents

1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended June 30, 2017

During the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017), the future of the global economy remained uncertain due to issues such as declining confidence in the US Administration and obstacles in the negotiations for the U.K.'s exit from the E.U., despite the ongoing economic recovery facilitated by the monetary easing of Japan, the U.S., and Europe, an increase in China's production activities backed by expanded infrastructure investment in Asia, and the economic recovery of resource-rich countries thanks to the stabilized oil price. The Japanese economy, on the other hand, is considered to have been on a path of moderate economic recovery mainly due to revitalized exports, particularly in the IT industry, an increase in public investment, and stable consumer spending.

In this environment, MACROMILL, INC. (the "Company") and its consolidated subsidiaries (together, the "Group") continued to pursue the stable growth of the domestic business, strengthen the foundation of the overseas business, and focus on business development in the digital marketing industry both in Japan and abroad while expanding the range of marketing research services to respond to the digital transformation developing both in Japan and abroad and increasingly diverse customer needs.

In the domestic business, the Company (non-consolidated basis) achieved record high annual revenue with year-on-year double-digit growth and led the performance of the entire Group. The domestic subsidiaries also generated strong results. Overseas subsidiaries also continued to generate double-digit growth in revenue year on year on a local currency basis, including MetrixLab B.V. that achieved record high revenue, which contributed to the steady growth of the consolidated revenue of the entire Group.

The domestic business benefited from the increase in advertisements published in digital media by companies, which helped to substantially increase the sales of digital marketing-related products, as the Group's strategic priority products, to advertising agencies and service providers. In addition, there were substantial increases in sales of global research products sold mainly to food manufacturers and home appliance manufacturers thanks to changes in the business environment associated with the recent overseas expansion of Japanese businesses. Meanwhile, the overseas business continued its strong sales, especially to global key accounts (a group of companies expanding into the global business market with a large total budget for research and marketing at which the Group aims its special global promotion activities by positioning them as the key customer (account) for the further growth of the Group).

Looking at profits, the measures to curb outsourcing and labor costs that were continuously implemented are proving effective, boosting operating profit throughout the fiscal year. In addition, a decrease in the interest rate upon refinancing in March 2016 and March 2017 substantially reduced interest expenses and other finance costs from a year ago, contributing to an increase in profit for the fiscal year under review.

As a result, the Group recorded revenue of 35,514 million yen (up 9.3% year on year), operating profit of 6,825 million yen (up 19.1% year on year), profit before tax of 5,882 million yen (up 43.9% year on year), and profit attributable to owners of the parent of 3,706 million yen (up 30.8% year on year) in the fiscal year under review.

The results by segment are as shown below.

(MACROMILL Group)

With respect to the results of the MACROMILL Group, the Company, its domestic subsidiaries and some of its overseas subsidiaries all showed good results.

In addition to substantial sales growth of the Company, appropriate cost control contributed to an increase in both the sales and operating profit of the entire Group.

As a result, revenue from sales to outside customers totaled 28,517 million yen (up 10.5% year on year) and operating profit rose to 6,067 million yen (up 16.3% year on year) in the fiscal year under review.

(MetrixLab Group)

The MetrixLab Group maintained its sales expansion momentum, largely led by sales to global key accounts such as global FMCG companies and sales of products relating to digital marketing.

In terms of expenses, productivity in the operation in Europe and the U.S. continued to increase, facilitating the considerable growth of operating profit.

As a result, revenue from sales to outside customers maintained double-digit year-on-year growth on a local currency basis, which amounted to 6,997 million yen (up 4.6% year on year), and operating profit climbed to 758 million yen (up 48.3% year on year) in the fiscal year under review.

(2) Overview of financial position during the fiscal year under review

At the end of the fiscal year under review, total assets were valued at 70,815 million yen, a rise of 4,251 million yen from the end of the previous fiscal year. This was primarily due to an increase in cash and cash equivalents of 2,322 million yen, a rise in goodwill associated with foreign exchange fluctuations and other effects of 776 million yen, and growth of other intangible assets totaling 561 million yen.

Liabilities stood at 48,463 million yen, declining 1,453 million yen from the end of the previous fiscal year. This primarily reflected an increase in income taxes payable of 625 million yen, which offset a decrease in borrowings of 2,356 million yen. Consequently, the ratio of net interest-bearing debt to adjusted EBITDA at the end of the fiscal year under review decreased to 3.6.

Equity was worth 22,352 million yen, an increase of 5,704 million yen from the end of the previous fiscal year. This was largely due to profit for the fiscal year under review of 4,210 million yen and the issue of new shares of 1,149 million yen.

(3) State of cash flow in the period under review

Cash and cash equivalents at the end of the fiscal year under review (“cash”) have increased by 2,322 million yen from the end of the previous consolidated fiscal year, to 8,447 million yen. The status of each of the cash flow segments and contributing factors for the fiscal year under review are as follows.

(Cash flow from operating activities)

Net cash flow provided by operating activities amounted to 5,733 million yen (an increase of 1,068 million yen year on year).

This was mainly due to profit before tax of 5,882 million yen and depreciation and amortization of 871 million yen, which offset interest paid of 1,120 million yen.

(Cash flow from investing activities)

Net cash flow used in investing activities was 1,348 million yen (up 1,415 million yen year on year).

This was mainly due to expenditure of 422 million yen for the acquisition of property, plant, and equipment and expenditure of 585 million yen for the acquisition of intangible assets.

(Cash flow from financing activities)

Net cash flow used in financing activities was 2,155 million yen (down 3,447 million yen year on year).

This was mainly due to repayments of non-current borrowings of 3,110 million yen, which offset proceeds from the issue of shares of 1,149 million yen.

(4) Future prospects

In the domestic and overseas marketing research industries, demand for online research, in which the Company has strength, is maintaining its growth trend, and the Group’s profit is expected to increase steadily. Further, the overseas expansion of Japanese companies continues to increase and digital advertisements are expanding rapidly both in Japan and overseas. Based on this, demand for research in the digital marketing area is also expected to rise rapidly. In this business environment, the Group will continue striving to increase its global sales using its strong business foundation. Additionally, the Group will work to further increase its productivity in the global research operation and ensure stable profit growth through appropriate cost control. Meanwhile, it will invest in hiring and developing skilled employees to establish and maintain comparative advantages in its priority improvement areas, including the digital marketing solutions segment.

Taking these prospects into account, the Group forecasts revenue of 39,000 million yen (up 9.8% year on year), operating profit of 8,400 million yen (up 23.1% year on year), profit before tax of 7,800 million yen (up 32.6% year on year), and profit attributable to owners of the parent of 4,900 million yen (up 32.2% year on year) for the fiscal year ending June 30, 2018.

2. Basic Idea of the Selection of Accounting Standards

The Group adopted the IFRS in the fiscal year ended June 30, 2016 to increase the international comparability and convenience of its financial information in the capital market.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2016	As of June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	6,124	8,447
Trade and other receivables	6,015	6,388
Other financial assets	46	100
Other current assets	539	548
Total current assets	12,725	15,485
Non-current assets		
Property, plant and equipment	979	1,034
Goodwill	45,290	46,067
Other intangible assets	5,498	6,059
Investments accounted for using the equity method	22	30
Other financial assets	880	1,381
Deferred tax assets	1,167	757
Other non-current assets	0	0
Total non-current assets	53,839	55,330
Total assets	**66,564**	**70,815**

(Millions of yen)

	As of June 30, 2016	As of June 30, 2017
Liabilities		
Current liabilities		
Borrowings	3,319	2,617
Trade and other payables	2,492	2,492
Other financial liabilities	252	137
Income tax payable	252	877
Provisions	921	989
Other current liabilities	1,609	1,838
Total current liabilities	**8,848**	**8,952**
Non-current liabilities		
Borrowings	38,535	36,880
Other financial liabilities	754	917
Retirement benefit liabilities	355	223
Provisions	179	199
Deferred tax liabilities	1,185	1,213
Other non-current liabilities	58	77
Total non-current liabilities	**41,068**	**39,511**
Total liabilities	49,916	48,463
Equity		
Share capital	100	674
Capital surplus	17,813	11,044
Treasury shares	–	(0)
Other components of equity	(387)	0
Retained earnings (deficit)	(2,461)	8,627
Equity attributable to owners of the parent	15,064	20,346
Non-controlling interests	1,583	2,005
Total equity	16,647	22,352
Total liabilities and equity	**66,564**	**70,815**

(2) Consolidated Statement of Operations

(Millions of yen)

	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2017
Revenue	32,504	35,514
Cost of sales	(17,926)	(18,920)
Gross profit	14,578	16,594
Selling, general and administrative expenses	(8,956)	(10,030)
Other operating income	272	283
Other operating expenses	(168)	(31)
Share of the profit on investments accounted for using the equity method	3	9
Operating profit	5,730	6,825
Finance income	496	15
Finance costs	(2,139)	(958)
Profit before tax	4,087	5,882
Income tax benefit (expense)	(848)	(1,672)
Profit for the period	3,238	4,210
Profit (loss) attributable to:		
Owners of the parent	2,832	3,706
Non-controlling interests	406	504
Profit for the period	3,238	4,210
Earnings per share		
Basic (Yen)	74.82	97.11
Diluted (Yen)	74.82	96.57

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2017
Profit for the period	3,238	4,210
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income (loss)	(30)	164
Remeasurements of defined benefit plans	(65)	(11)
Total items that will not be reclassified to profit or loss	(96)	153
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(875)	221
Total items that may be reclassified to profit or loss	(875)	221
Other comprehensive income (loss), net of tax	(971)	374
Comprehensive income for the period	2,267	4,585
Comprehensive income for the period attributable to:		
Owners of the parent	2,078	4,017
Non-controlling interests	188	568
Comprehensive income for the period	2,267	4,585

(4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income (loss)	Remeasure-ments of defined benefit plans	Exchange differences on translation of foreign operations
Balance as of July 1, 2015	9,393	8,431	–	15	–	187
Profit for the period	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	(15)	(33)	(704)
Total comprehensive income for the period	–	–	–	(15)	(33)	(704)
Contribution of management services rendered by owners	–	100	–	–	–	–
Issue of warrants	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–
Transfer of share capital to capital surplus	(9,293)	(9,293)	–	–	–	–
Changes in ownership interests in subsidiaries without a loss of control	–	10	–	–	–	–
Transfer to retained earnings	–	–	–	–	33	–
Total transactions with owners	(9,293)	9,382	–	–	33	–
Balance as of June 30, 2016	100	17,813	–	0	–	(517)
Profit for the period	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	92	(5)	224
Total comprehensive income for the period	–	–	–	92	(5)	224
Issue of shares	574	647	–	–	–	–
Purchase of treasury shares	–	–	(0)	–	–	–
Contribution of management services rendered by owners	–	850	–	–	–	–
Share-based payment transactions	–	–	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–
Transactions with non-controlling interests	–	(831)	–	–	–	–
Transfer of capital surplus to retained earnings	–	(7,388)	–	–	–	–
Changes in ownership interests in subsidiaries without a loss of control	–	(46)	–	–	–	–
Transfer to retained earnings	–	–	–	–	5	–
Total transactions with owners	574	(6,769)	(0)	–	5	–
Balance as of June 30, 2017	674	11,044	(0)	93	–	(293)

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity		Retained earnings (deficit)	Total		
	Warrants	Total				
Balance as of July 1, 2015	104	306	(5,260)	12,871	1,447	14,318
Profit for the period	—	—	2,832	2,832	406	3,238
Other comprehensive income (loss)	—	(754)	—	(754)	(217)	(971)
Total comprehensive income for the period	—	(754)	2,832	2,078	188	2,267
Contribution of management services rendered by owners	—	—	—	100	—	100
Issue of warrants	2	2	—	2	—	2
Share-based payment transactions	23	23	—	23	—	23
Dividends paid to non-controlling interests	—	—	—	—	(52)	(52)
Transfer of share capital to capital surplus	—	—	—	—	—	—
Changes in ownership interests in subsidiaries without a loss of control	—	—	—	(10)	—	(10)
Transfer to retained earnings	—	33	(33)	—	—	—
Total transactions with owners	25	59	(33)	114	(52)	62
Balance as of June 30, 2016	129	(387)	(2,461)	15,064	1,583	16,647
Profit for the period	—	—	3,706	3,706	504	4,210
Other comprehensive income (loss)	—	311	—	311	63	374
Total comprehensive income for the period	—	311	3,706	4,017	568	4,585
Issue of shares	(72)	(72)	—	1,149	—	1,149
Purchase of treasury shares	—	—	—	(0)	—	(0)
Contribution of management services rendered by owners	—	—	—	850	—	850
Share-based payment transactions	143	143	—	143	—	143
Dividends paid to non-controlling interests	—	—	—	—	(105)	(105)
Transactions with non-controlling interests	—	—	—	(831)	—	(831)
Transfer of capital surplus to retained earnings	—	—	7,388	—	—	—
Changes in ownership interests in subsidiaries without a loss of control	—	—	—	(46)	(40)	(87)
Transfer to retained earnings	—	5	(5)	—	—	—
Total transactions with owners	71	76	7,382	1,265	(146)	1,119
Balance as of June 30, 2017	200	0	8,627	20,346	2,005	22,352

(5) Consolidated Statements of Cash Flow

(Millions of yen)

	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2017
Cash flows from operating activities		
Profit before tax	4,087	5,882
Depreciation and amortization	874	871
Finance income	(496)	(15)
Finance costs	2,139	958
Share of the (profit) loss on investments accounted for using the equity method	(3)	(9)
Decrease (increase) in trade and other receivables	(573)	(160)
Increase (decrease) in trade and other payables	235	28
Other	509	(59)
Sub-total	6,772	7,496
Interest and dividends received	33	18
Interest paid	(1,450)	(1,120)
Income taxes paid	(690)	(660)
Net cash flows provided by operating activities	4,665	5,733
Cash flows from investing activities		
Acquisition of property, plant and equipment	(280)	(422)
Acquisition of intangible assets	(367)	(585)
Acquisition of investments	(29)	(94)
Proceeds from sale and redemption of investments	810	16
Other	(66)	(262)
Net cash flows provided by (used in) investing activities	67	(1,348)
Cash flows from financing activities		
Proceeds from current borrowings	–	230
Repayments of current borrowings	–	(246)
Proceeds from non-current borrowings	42,676	7
Repayments of non-current borrowings	(48,207)	(3,110)
Proceeds from issue of shares	–	1,149
Dividends paid to non-controlling interests	(52)	(105)
Other	(18)	(79)
Net cash flows provided by (used in) financing activities	(5,602)	(2,155)
Net increase (decrease) in cash and cash equivalents	(870)	2,229
Cash and cash equivalents at the beginning of the year	7,178	6,124
Effect of exchange rate changes on cash and cash equivalents	(184)	93
Cash and cash equivalents at the end of the period	6,124	8,447

(6) Notes to the Consolidated Financial Statements

(Notes regarding the premise of a going concern)

None applicable.

(Segment information)

(1) Overview of reportable segments

The reportable segments of the Group are a constituent unit of the Company whose financial information is available separately, subject to regular review by the Board of Directors for the purpose of determining the allocation of management resources and the evaluation of business results. The major business of the Group is online marketing research on a global basis. Accordingly, the Group consists of regional segments based on the corporate group. There are two reportable segments: the “MACROMILL Group,” which is mainly in charge of business in Japan, and the “MetrixLab Group,” which is mainly in charge of overseas business.

The “MACROMILL Group” consists of the Company and its subsidiaries including DENTSU MACROMILL INSIGHT, INC. and MACROMILL EMBRAIN CO., LTD.

The “MetrixLab Group” consists of MetrixLab B.V., MetrixLab US, Inc. and other subsidiaries.

(2) Revenues and business results by segment

The revenues and business results of the respective reportable segments of the Group are as shown below.

Fiscal year ended June 30, 2016

Millions of yen

	Reportable segments			Reconciliations	Consolidated
	MACROMILL Group	MetrixLab Group	Total		
Revenue					
External	25,814	6,690	32,504	–	32,504
Intersegment	12	106	118	(118)	–
Total	25,827	6,796	32,623	(118)	32,504
Segment profit (loss) (Operating profit (loss))	5,218	511	5,730	–	5,730
Finance income					496
Finance costs					(2,139)
Profit before tax					4,087

Fiscal year ended June 30, 2017

Millions of yen

	Reportable segments			Reconciliations	Consolidated
	MACROMILL Group	MetrixLab Group	Total		
Revenue					
External	28,517	6,997	35,514	–	35,514
Intersegment	18	153	172	(172)	–
Total	28,536	7,150	35,686	(172)	35,514
Segment profit (loss) (Operating profit (loss))	6,067	758	6,825	–	6,825
Finance income					15
Finance costs					(958)
Profit before tax					5,882

The revenue and other financial results of MACROMILL EMBRAIN CO., LTD. in the MACROMILL Group are recorded in Korean won, and the revenue and other financial results of the MetrixLab Group are recorded in euros. The exchange rates used for the results of the previous fiscal year are 0.100 yen to 1 won and 129.5 yen to 1 euro, and the rates used for the results of the fiscal year under review are 0.096 yen to 1 won and 118.9 yen to 1 euro.

(Earnings per share)

The Company implemented a 100-for-1 split of common shares on September 30, 2016, and the basic earnings (loss) per share and diluted earnings (loss) per share calculated assuming that the share split was conducted at the beginning of the year ended June 30, 2016, are as follows

	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2017
Profit (loss) attributable to owners of the parent (million yen)	2,832	3,706
Adjustment	―	―
Profit (loss) used for calculating diluted earnings (loss) per share (million yen)	2,832	3,706
Weighted-average number of ordinary shares outstanding during the period	37,858,800	38,165,052
Increase in the number of ordinary shares	―	211,473
Weighted-average number of ordinary shares outstanding during the period - diluted	37,858,800	38,376,525
Basic earnings (loss) per share (yen)	74.82	97.11
Diluted earnings (loss) per share (yen)	74.82	96.57
Overview of dilutive shares not included in the calculation of the amount of fully diluted basic earnings per share due to absence of dilutive effect	First warrants (335,500 shares of common stock) Second warrants (551,100 shares of common stock) Third warrants (122,800 shares of common stock) Forth warrants (1,202,200 shares of common stock) Fifth warrants (272,400 shares of common stock) Sixth warrants (93,000 shares of common stock)	Second warrants (275,550 shares of common stock) Third warrants (122,800 shares of common stock) Forth warrants (901,650 shares of common stock) Fifth warrants (272,400 shares of common stock) Sixth warrants (93,000 shares of common stock) Seventh warrants (285,500 shares of common stock) Eighth warrants (376,000 shares of common stock) Ninth warrants (75,000 shares of common stock) Tenth warrants (24,000 shares of common stock)

(Significant subsequent events)

None applicable.