

# First Three Quarters Results Briefing Year Ending June 30, 2011

**Macromill, Inc.**

First Section, Tokyo Stock Exchange (3730)

**We offer our heartfelt sympathies to the victims, their families and all those affected by the Great East Japan Earthquake.**

**We look forward to the swift recovery of those in the affected areas.**

**Macromill, Inc.**

# 1. Report on Third Quarter

# Topics in Third Quarter of Year Ending June 2011

Sales and profits were maintained in the 3rd quarter cumulative period  
(July 1, 2010 to March 31, 2011)

- Integration with YVI was completed across all fields, formed a completely unified organization from January onwards.
- Prior to the earthquake, a trend towards a dramatic increase in sales was seen in almost every industry, centered around ad agencies and the like.

The earthquake had a significant effect on business performance in March.

- Due to indirect effects, the 3rd quarter accounting period (Jan. – Mar.) ended with increased sales and declining profits.
- From the period of March 12 to March 21, operations were basically suspended for the purpose of confirming the effects on customers and panelists due to the earthquake and ensuring the safety of employees.
- Monetary contributions, donations through charity questionnaires, donations of panelist points and other efforts were implemented.

Peripheral services, new businesses, and overseas businesses were accelerated.

- The POPCORN application for smartphones was launched by a consolidated subsidiary.

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# Overview of Third Quarter Results for Year Ending June 2011

(Million yen)

		3 <sup>rd</sup> quarter (standalone) (Jan 1 - March 31)			3 <sup>rd</sup> quarter (cumulative) (Jul 1 – March 31)			Previous revised plan (Percentage achievement)	
		12 <sup>th</sup> term	11 <sup>th</sup> term	Year-on-year	12 <sup>th</sup> term	11 <sup>th</sup> term	Year-on-year		
Consolidated	Net sales	<b>2,953</b>	2,099	140.7%	<b>9,236</b>	*1 5,639	163.8%	<b>12,992</b>	(71.1%)
	Ordinary income	<b>699</b>	754	92.7%	<b>2,155</b>	1,621	132.9%	<b>3,039</b>	(70.9%)
	Ordinary profit margin	23.7%	36.0%	△12.3pt	23.3%	28.8%	△5.5pt	23.4%	(△0.1pt)
	Extraordinary loss	<b>1</b>	0	–	<b>256</b>	6	–	–	–
	Net income	<b>375</b>	437	85.9%	<b>1,066</b>	1,025	104.0%	<b>1,594</b>	(66.9%)

\* For reference

Non-consolidated	Net sales	<b>2,974</b>	2,085	142.6%	<b>9,248</b>	5,462	169.3%		
	*2 Net sales	2,974	3,307	89.9%	9,248	8,616	107.3%		
	Ordinary income	<b>796</b>	761	104.6%	<b>2,230</b>	1,692	131.8%		

\*1 Consolidated net sales in the first quarter of the 11th term include net sales of AIP, which was a consolidated subsidiary.

\*2 Net sales for the 11th term are the sum of sales of Macromill and sales in the research business of YVI.

# Information about the Impact from the Great East Japan Earthquake

## Impact on Macromill

- ✓ Although Macromill did not suffer any direct damages as a result of the earthquake, it was affected indirectly through its customers.
- ✓ For the period from March 12 to March 21, Macromill basically suspended operations to confirm the impact on customers and panelists and to ensure the safety of employees.
- Many projects were cancelled or postponed, mainly automated surveys. Macromill was affected by the tendency for deliveries to be focused at the end of the week and end of the month, and lost slightly over 600,000,000 yen of the projects scheduled for delivery in March.

## Impact on Customers

- ✓ Many companies announced damages due to the earthquake
- ✓ Spread of self-imposed restraint on advertising and new product releases
- ✓ Business suspensions, etc. due to rolling blackouts
- Interrupted work, budget freezes occurred

## Impact on Panelists

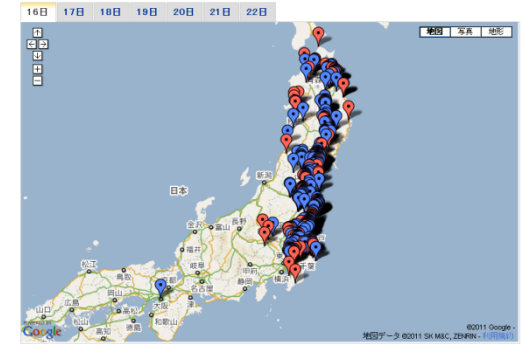
- ✓ Sent out email messages to all panelists living in disaster-affected regions\* to confirm permission regarding questionnaire distribution.
- ✓ Measures taken to include only those panelists from whom permission was obtained in the number of active panelists.
- The number of panelists temporarily decreased.

\* Aomori Prefecture, Iwate Prefecture, Miyagi Prefecture, Fukushima Prefecture, Ibaraki Prefecture, Chiba Prefecture



# Information on Relief Efforts Aimed at the Great East Japan Earthquake

- ✓ Launch of a purpose-built earthquake relief website <http://www.macromill.com/shinsai/>
- ✓ Implemented “all a research firm can do”
  - Made contributions through charity questionnaires and announced results
  - Built systems allowing the donation of panelist points



Extract from the purpose-built earthquake relief website

## ◆ Contributions from Macromill Panelists and Macromill

Total **51,412,999** yen

- Contributions through the donation of panelist points

**32,584,859** yen No effect on P/L

- Contributions through charity questionnaires

**8,828,140** yen Effect on P/L

- Contributions from Macromill

**10,000,000** yen Effect on P/L

## ◆ Other Content

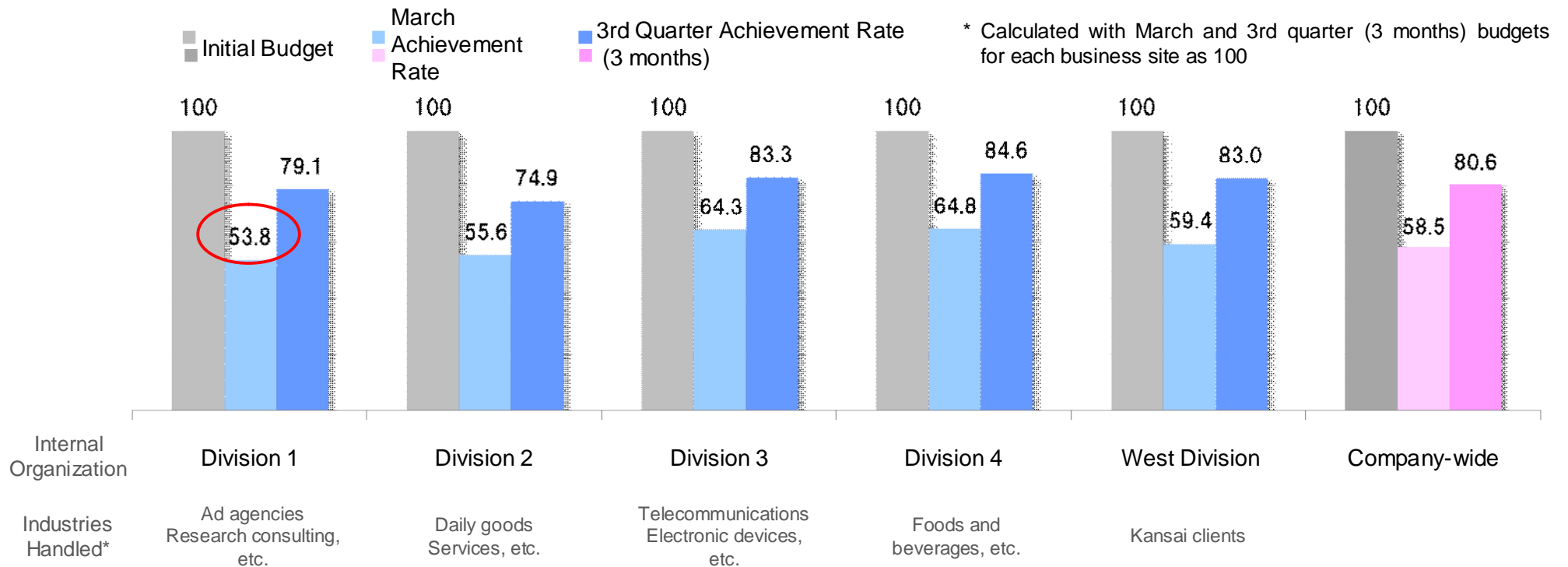
Questionnaires on support for daily living activities associated with the Great East Japan Earthquake

Messages from Macromill panelists to those affected by the disaster

Messages from Macromill panelists to those affected by the disaster

..... and more 6

# Analysis of Factors behind the Decline in 3rd Quarter Sales (3-month, Non-consolidated)



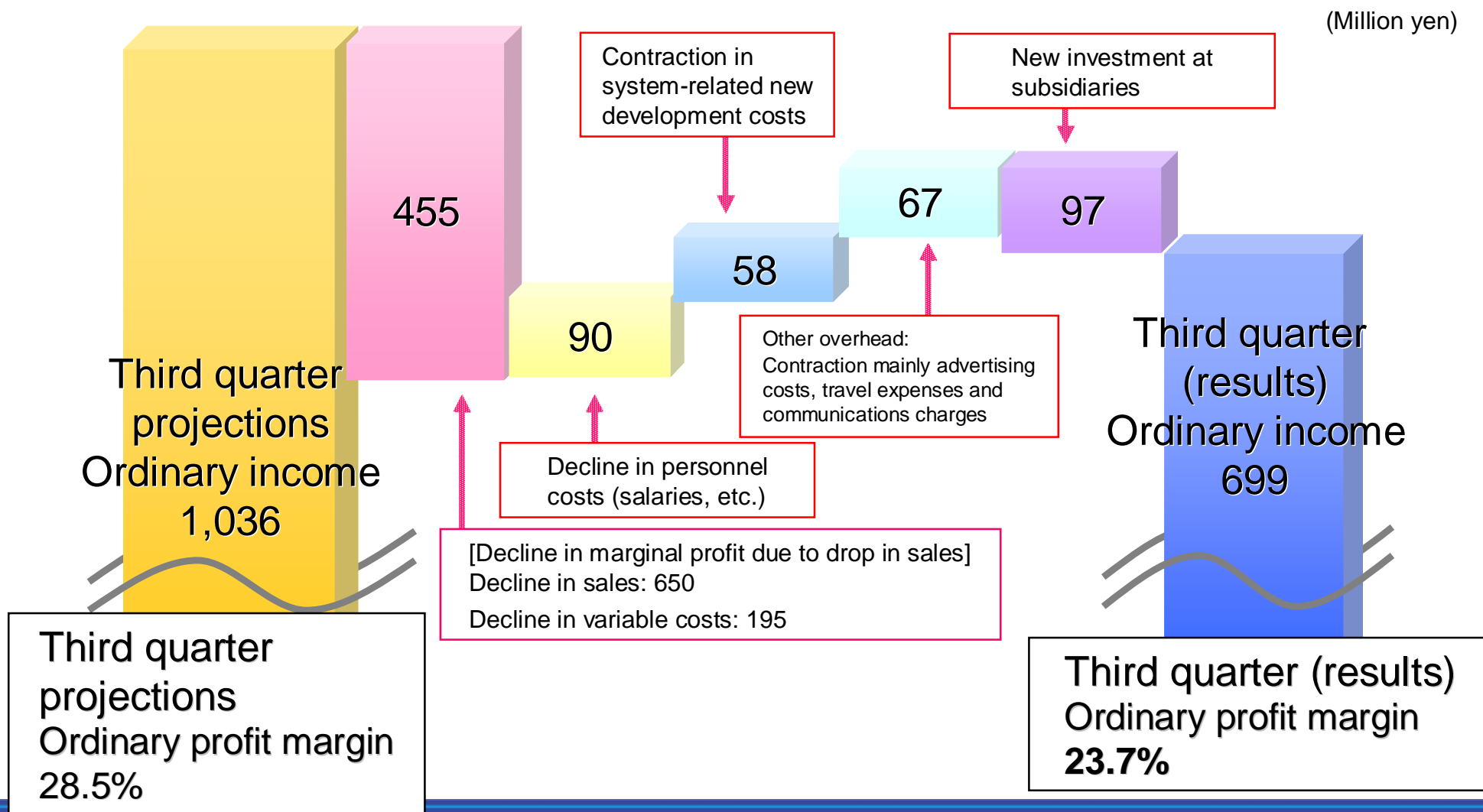
- ✓ March sales produced achievement rates of around 53-65% compared with initial budgets.
  - Due to the earthquake striking, ad agencies, whose period from order to deliver is short, were the most heavily affected.
- ✓ Even during the 3rd quarter, the budget weighting for March is notably high, affecting the entire quarter.
  - March accounted for 44.2% of the 3rd quarter budget.

\* There are some cases where single industries are handled by multiple divisions. Industry classifications and divisions are not completely consistent.



# Analysis of Factors behind the 3rd Quarter Decline in Profits (3-month, consolidated)

- ✓ Biggest factor is the decline in marginal profit due to the fall in sales



# Breakdown of Sales According to Category (non-consolidated)

✓ Trends in each industry changed dramatically before and after the Great East Japan Earthquake

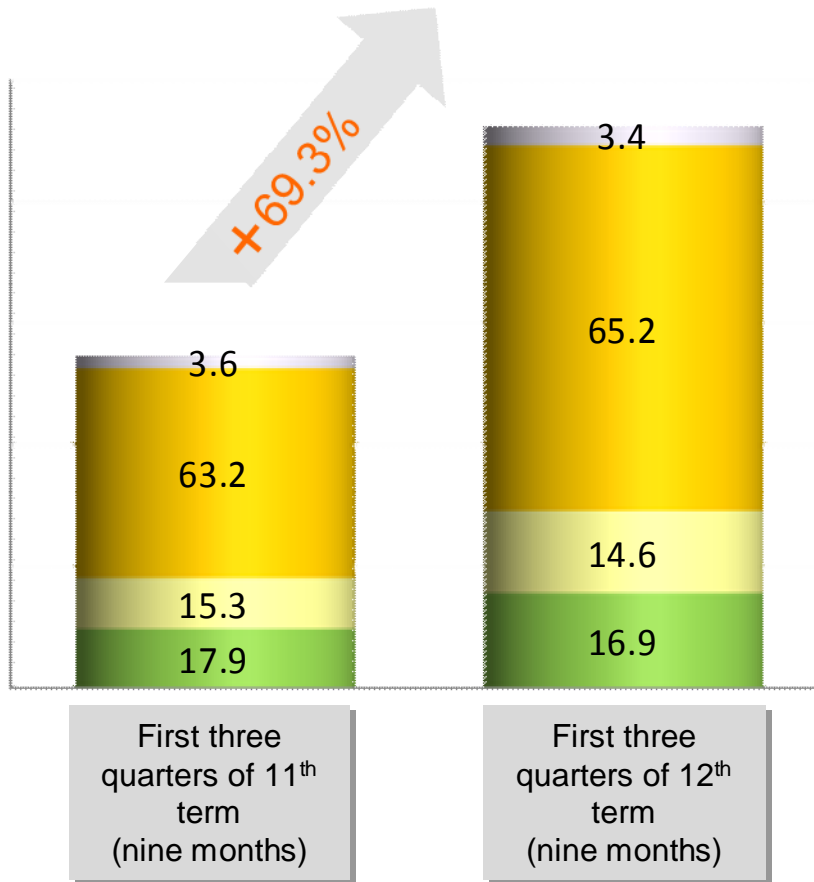
↓ Before the earthquake: There were strong marketing research needs in many industries  
 After the earthquake: A lot of research was suspended or postponed at agencies and manufacturers in particular.  
 Rebounding from April onwards.

(Figures in bars show percentage breakdowns.)

¥9,248 million

¥5,462 million

- Government agencies, associations, schools, etc.
- General companies
- Research companies, consultants
- Advertising agencies



## Industries where sales rose

(Year-on-year change in the sales amount of Macromill)

### 1. Advertising agencies

**+60.0%**    **+¥580 million**

→ Sales were strong across a wide range of products, but slowed to a crawl after the earthquake.

### 2. Food & drink

**+73.9%**    **+¥560 million**

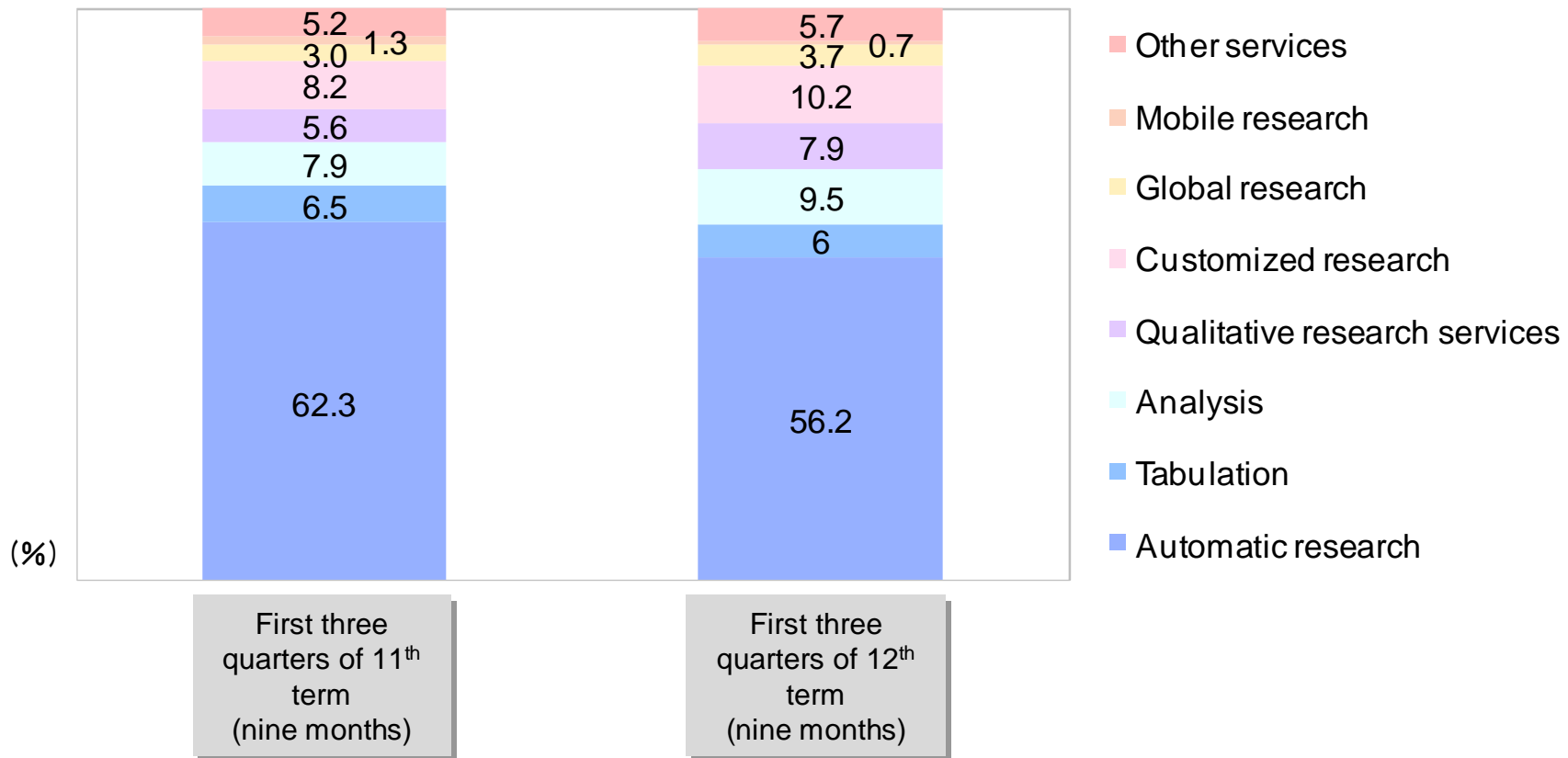
→ With QPR at the core, consumer goods manufacturers were doing well up until before the earthquake.

### 3. Services

**+81.0%**    **+¥550 million**

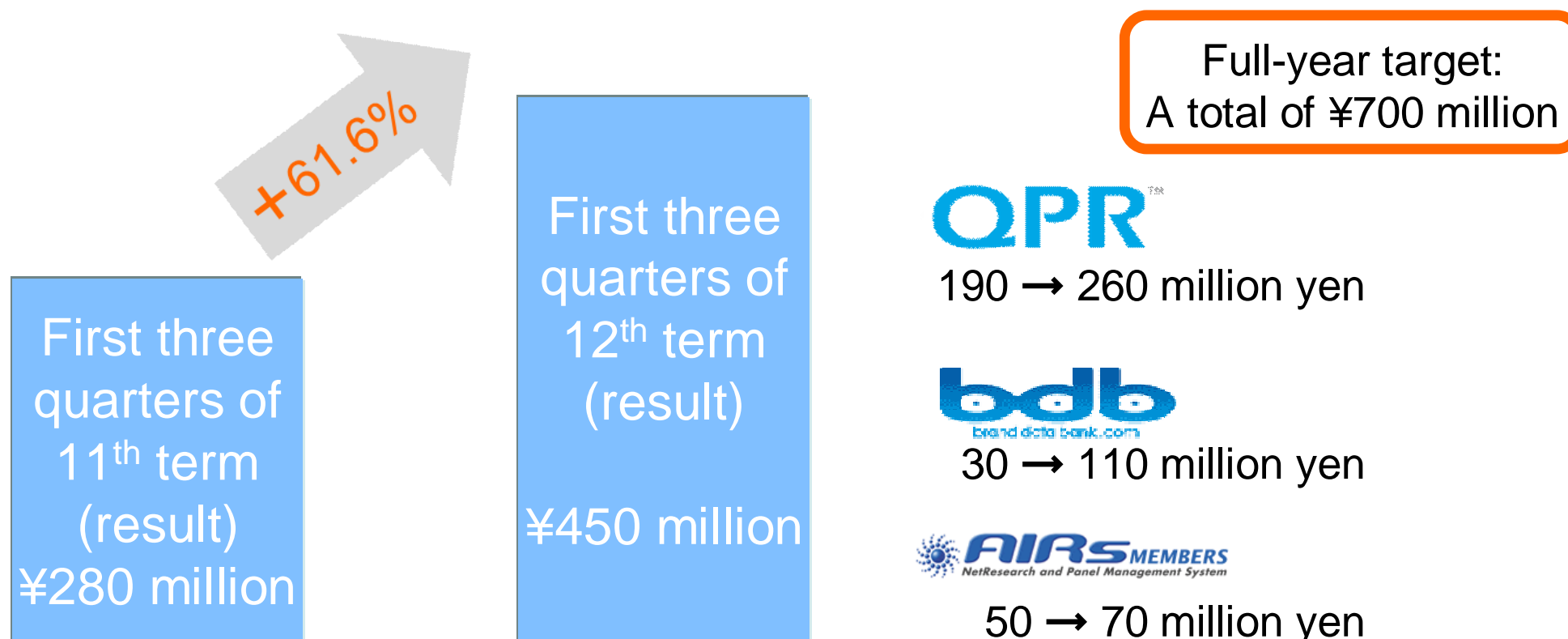
# Change in Breakdown by Service (non-consolidated)

- ✓ With a change in the customer mix, sales of services other than automatic research rose.
  - Global research: up 115% year on year
  - Qualitative research services: up 137% year on year
- ✓ Stepped up subcontract management and in-house production to improve the profit margin.



# Other (Peripheral) Services

- ✓ The sum of sales of QPR, bdb, and AIRsMEMBERS rose 61.6% year on year.
- ✓ Since deliveries of projects in March fell short of expectations due to the earthquake, a slight delay is seen in progress towards the full-year target.



# Unit Price, Number of Active Companies (Servers), and VIP Clients

Indicator	Unit	Year ended June 30, 2010				Year ending June 30, 2011		
		1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	Full year (4 <sup>th</sup> quarter)	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter
Quarterly average unit price per order <sup>*1</sup>	Ten thousand yen	72.8	70.3	72.9	70.0	79.7	82.2	83.5
Quarterly average unit price per order (qualitative research included) <sup>*1</sup>	Ten thousand yen	71.2	68.3	71.1	68.5	77.3	79.1	80.0
Quarterly average unit price per order (automatic research only) <sup>*1</sup>	Ten thousand yen	51.0	49.4	52.4	48.5	53.9	52.2	52.0
Number of active companies (annual) <sup>*2</sup>	Companies	659	995	1,270	1,441	904	1,386	1,675
Number of active servers (annual) <sup>*2</sup>	Servers	1,452	2,481	3,477	4,188	2,221	3,870	4,988
Number of VIP clients <sup>*3</sup>	Companies	151	144	155	144	242	240	240
Number of clients with average quarterly sales of ¥10 million <sup>*4</sup>	Companies	(27)	(25)	(29)	(27)	(59)	(58)	(55)

\*1 The services of the former YVI were not included in the calculation of the average unit price for the year ending June 30, 2011. Orders for qualitative research were not included in the calculation of the quarterly average unit price per order.

\*2 The number of companies/services whose sales were posted at least once from the beginning of the fiscal year to the quarter

\*3 Priority clients with annual sales of ¥10 million or more are defined as VIP clients. Annual sales are calculated based on year-to-date sales. For example, the number of VIP clients for the second quarter is the number of clients with year-to-date sales of ¥5 million.

\*4 The number is calculated based on year-to-date sales.

# Integration of Personnel

Indicator	Unit	Year ended June 30, 2010				Year ending June 30, 2011		
		1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	Full year (4 <sup>th</sup> quarter)	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter
Number of employees (consolidated)*	People	356	297	297	309	605	553	528
Number of employees (non-consolidated)*	People	295	288	289	298	596	542	511

(\*) Number of employees excluding those on leave

- ✓ The total number of employees declined. The number of salespersons, operation staff members, and researchers did not change significantly.

Sales  
Approx. 125 people

Operation  
Approx. 100 people

Researchers  
Approx. 130 people

Other staff are in charge of global operations, new business development and panelists support.

\*Executive officers and executives at higher levels, and employees on leave are not counted.

\*As of January 5, 2011.

- ✓ Productivity per employee improved with systems integrated into the AIRs system.
- ✓ Six new graduates will join the Company in April 2011.



# Status of Panelists

Indicator	Unit	Year ended June 30, 2010				Year ending June 30, 2011		
		1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter
Macromill panelists	Ten thousand people	87.4	88.7	90.3	92.6	94.0	100.2	98.5

- ✓ We carried out confirmation of the ability to distribute questionnaires to all panelists in the prefectures<sup>(Note)</sup> hardest-hit by the earthquake. We have removed those panelists from the list of active panelists until distribution permission can be confirmed. The number of panelists has temporarily decreased.

## PC panelists

※As of March 31, 2011

## Mobile panelists

Macromill panelists:  
985,000

Former Voice Port members

Yahoo! Research panelists:  
1,240,000



PC and mobile phone panelists: 250,000



Mirumoba panelists (Mobile phone panelists): 60,000



Mobile phone panelists Uchico junior high and high school panelists: 10,000

(Note) We carried out confirmation of the ability to distribute questionnaires to all panelists in Aomori Prefecture, Iwate Prefecture, Miyagi Prefecture, Fukushima Prefecture, Ibaraki Prefecture and Chiba Prefecture.

## 2. Full-Year Forecast and Capital Policy

# Provisional Full-Year Forecast

(Million yen)

	Results in first three quarters	Full-year forecasts	Results in previous fiscal year (Full-year forecast / result in previous fiscal year)	Previous revised plan (Announced on January 28, 2011) (Full-year forecast / Previous revised plan)	Initial plan (Announced on August 13, 2010) (Full-year forecast / Initial plan)	
Consolidated	Net sales	9,236	12,300	7,353 (167.3%)	12,992 (94.7%)	12,530 (98.2%)
	Ordinary income	2,155	2,500	2,135 (117.1%)	3,039 (82.3%)	2,506 (99.8%)
	Ordinary profit margin	23.3%	20.3%	29.0% (-8.7pt)	23.4% (-5.6pt)	20.0% (+0.3pt)
	Net income	1,066	1,200	1,266 (94.8%)	1,594 (75.3%)	1,304 (92.0%)
	Net income per share (yen)	35.09	39.45	(Note 1) 50.91 (77.5%)	(Note 1) 52.28 (75.5%)	(Note 1) 42.58 (92.6%)

(Note 1) Figures released prior to the stock split (1:200) are converted to 1/200th.

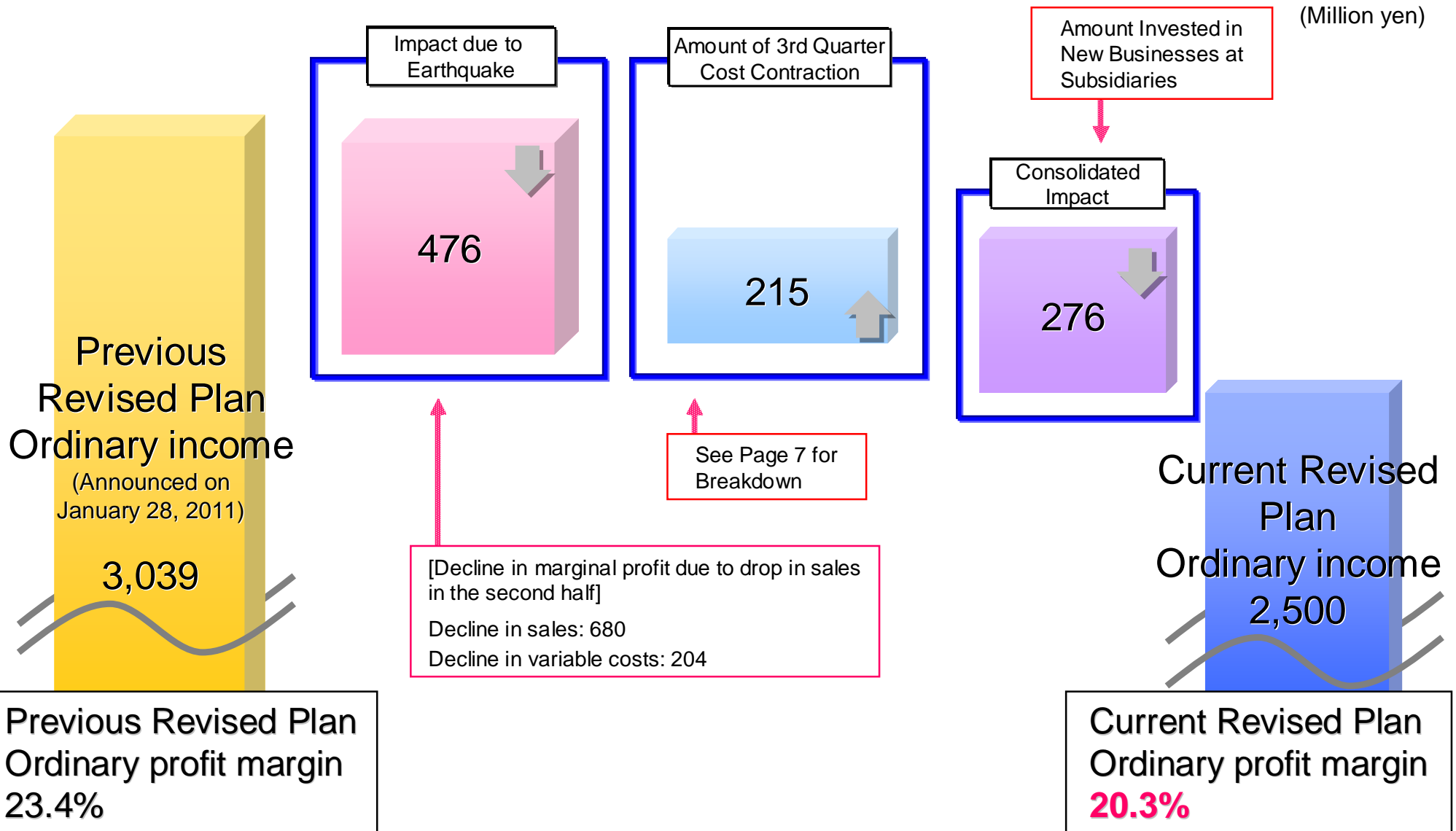
(Note 2) Comparisons made with figures for fiscal 2011 Macromill sales added to YVI research business sales (from August onwards).

## ※For reference

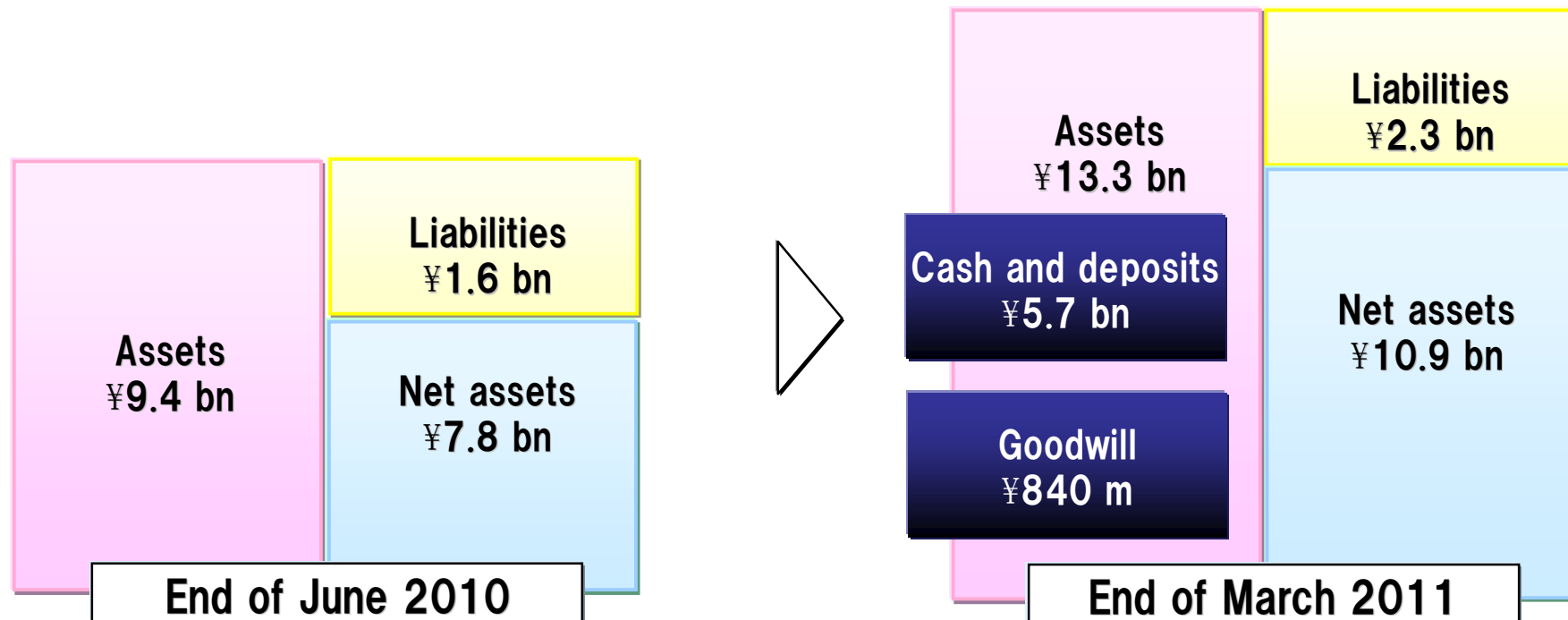
Non-consolidated	Net sales	9,248	12,300	7,172 (171.5%)	12,981 (94.8%)	12,530 (98.2%)
	(Note 2) Net sales	9,248	12,300	11,658 (105.5%)		
	Ordinary income	2,230	2,820	2,205 (127.9%)	3,145 (89.7%)	2,631 (107.2%)

- ✓ With the decline in sales due to the earthquake, profits also fell.
  - Sales down 650 million yen (3rd quarter) and 30 million yen (4th quarter) from the previous revised plan are expected.
- ✓ Invest in new businesses at subsidiaries will commence anew.

# Assumptions for Revised Earnings



# Change in Balance Sheet



- ✓ Maintain the level of cash and deposits while dropping funds into new and overseas businesses.  
→ Develop businesses aggressively to erect new pillars.
- ✓ Actively consider M&A activities regarding new and overseas businesses

# Capital Policy

- ✓ A stock split and the adoption of a unit share system coming into force as of January 1, 2011 was carried out with the aim of improving liquidity and expanding the investor base.

\* Stock split 1:200, one unit constitutes 100 shares.

- ✓ Although dividend per share became 1/200th, the amounts were maintained.
- ✓ Although affected by the earthquake, the consolidated dividend payout ratio will be maintained at at least 30%.
  - Increased dividends are also being considered after maintaining the amount for the commemorative dividend in the next period.

## ◆ Dividend Per Share for Fiscal 2012

	Interim Dividend *	Year-end Dividend	Total
Before Stock Split	1,500 yen + 500 yen	1,800 yen	3,800 yen
After Stock Split	7.5 yen + 2.5 yen	9 yen	19 yen

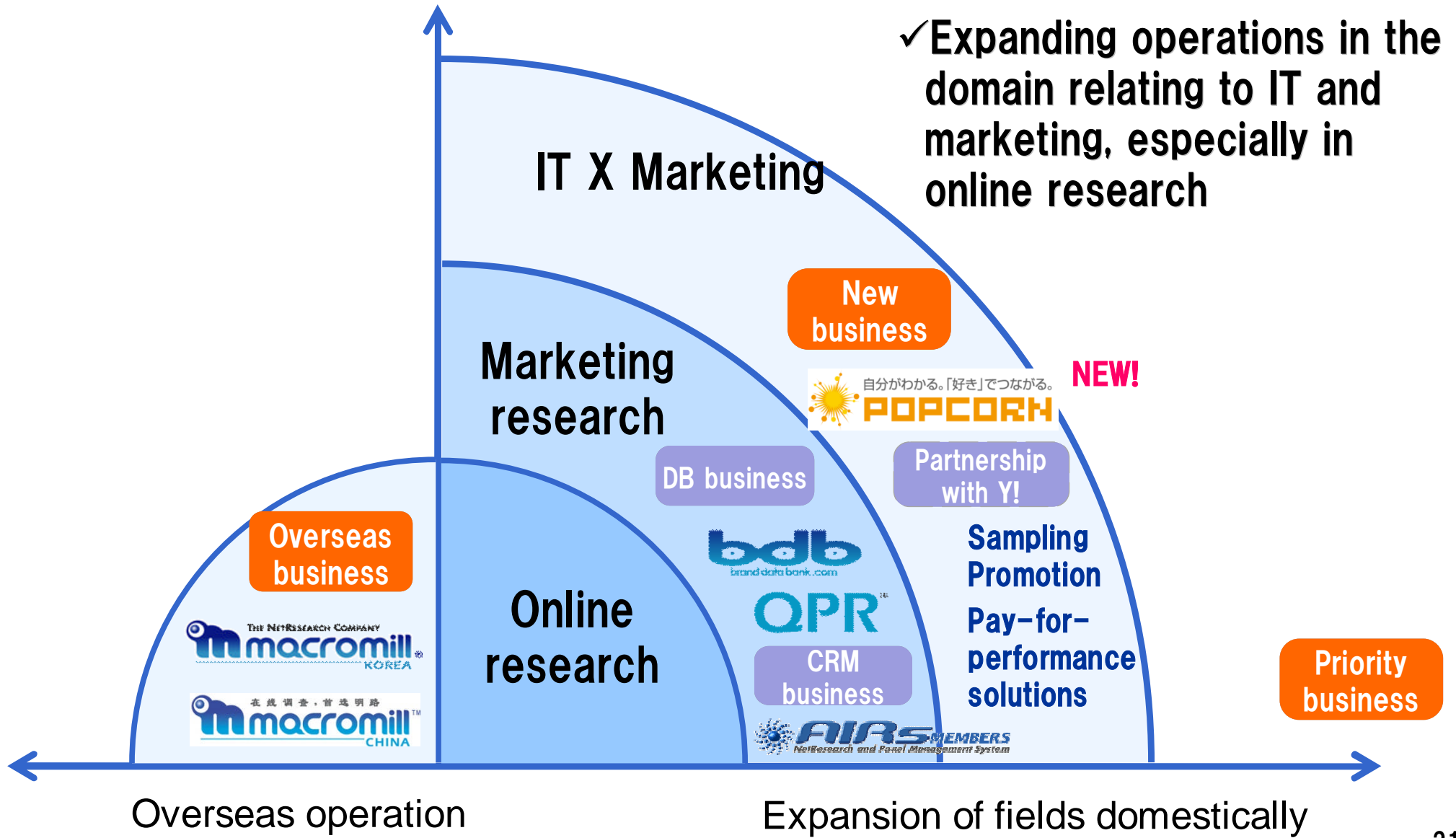
\* Includes commemorative dividend of 500 yen.

While the interim dividend will be paid a date before the stock split as the base date, in this table the figures after the split are listed for the sake of convenience.



# 3. Future Development of Operations

# Business Domain of Macromill



# Macromill Group Overview

## Macromill Main Unit



Consolidation  
Take-over

DB  
business



→ While bdb was a 100% subsidiary, Macromill undertook a consolidated take-over of the subsidiary on April 1, making it a division of its main unit.

## Investment Ratio

90.25%

76.875%

38.5%

\* Equity method adopted

90.0%

## Subsidiaries

New  
business



Operation of POPCORN application

DB  
business



Building, operation and management of consumer research panels  
Selling of data, etc. on buying patterns

Overseas  
business



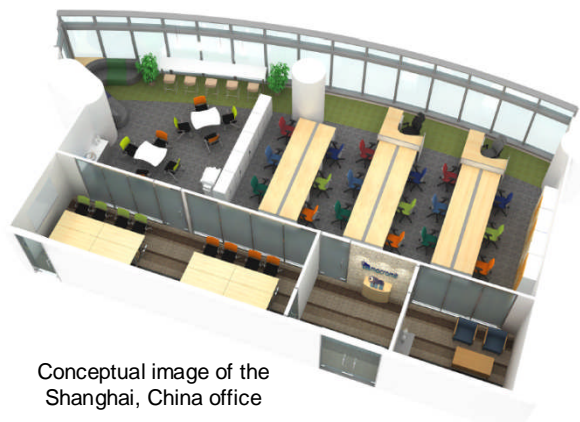
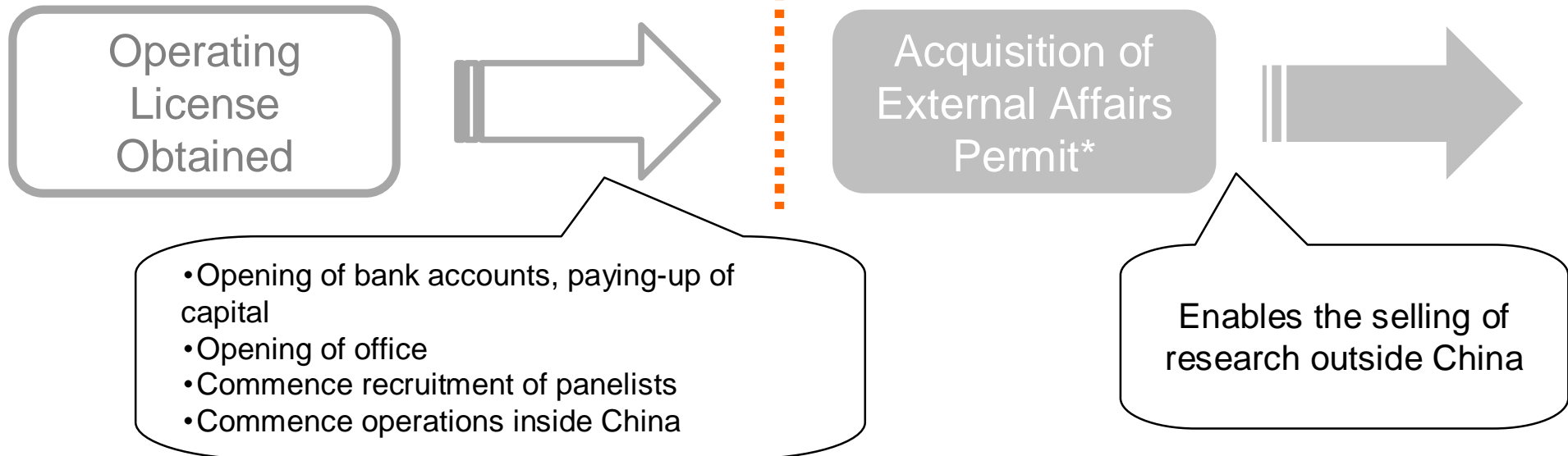
Operation of net-research business in South Korea

Overseas  
business



External Affairs permit application pending

## ◆ Flow of business commencement



Conceptual image of the Shanghai, China office

- ✓ Establishment of company in Shanghai complete, application for External Affairs Permit pending  
→ Delays from the initial schedule have been seen due to stricter review criteria
- ✓ Secondment of five staff from Macromill including a representative
- ✓ Seven local staff hired

\* When overseas firms conduct research inside China, or when domestic research firms provide data to overseas, this is referred to as External Affairs research and requires permission.

# Smartphone Application Launch (1)



New  
business

## ◆ Business Idea

### Environment

Changes in internet-enabled devices  
Rapid growth in the field of SNS

### Ordinary People

Diversifying likes and tastes / values  
Speedy transitions

### Businesses

Shift from advertising to sales promotion  
Responding to a wide variety of ordinary people

Utilize smartphones, which continue to experience rapid expansion, and recognize the need for a service capable of monitoring the continuously transitioning likes, tastes and values of ordinary people in real-time.

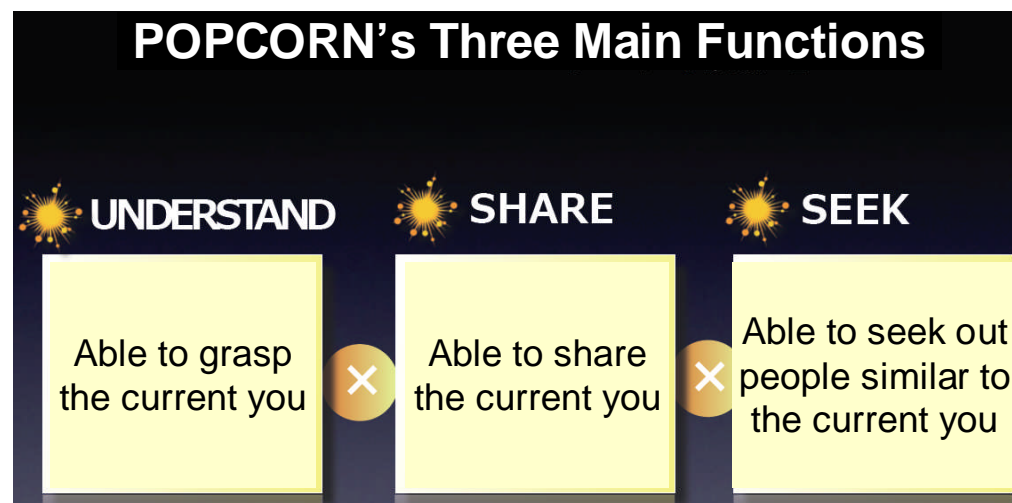
Utilize the network research technologies and expertise Macromill has accumulated to embark on the development of a service which can create highly convenient user-user and user-business relationships.

# Smartphone Application Launch (2)



New  
business

- ✓ Launched the POPCORN smartphone application as a new business to response to changes in devices.
  - April 18: Japanese language version released on the AppStore
  - Additional sequential releases of browser-based version, Android terminal version and overseas version planned.



- POPCORN explanatory video released on the Macromill IR website.  
(Audio commentary by Chairman & President Tetsuya Sugimoto)  
Please check <http://www.macromill.com/ir/> for details.



Application  
Screenshot



# Smartphone Application Launch (3)

Announced on April 12, 2011



New  
business

## About the Rollout of the POPCORN Smartphone Application by Cooperating Partners

### POPCORN's Challenges

- Expand the number of users early on
- Enhance and upgrade service variations

### Promote development of alliances with partner businesses

- Consider and discuss with partner businesses

### Basic Agreement with Sharp Corporation

- To jointly explore the development of new services utilizing POPCORN's analysis algorithm and the development of businesses leveraging mutual strengths
- Serious consideration also being given to pre-installing POPCORN on the GALAPAGOS media tablet rolled out by Sharp.

- ✓ **Create new value that utilizes interest graphs**
- ✓ **Towards the early popularization of POPCORN**

**We aspire to become Japan's largest and strongest IT marketing company and one of the world's most unique companies.**



# Reference Material

# (Reference) Corporate History



Jan. 2000

**Macromill.com Inc. established**

Aug. 2000

**The Automatic Internet Research System (AIRs) completed and operated**

Jan. 2001

Recruiting activities starts in earnest; the Sales Department is established.

Mar.

A monthly profit posted for the first time.

Dec. 2001

**The business name changed to Macromill Inc.**

Jun. 2002

A full-year profit posted for the first time (fiscal year ended June 2002; net sales: ¥300 million).

Mar. 2003

Ranked 10th among unlisted companies in the Venture of the Year 2002 award of Nikkei Venture.

May

AIRs is enhanced and redesigned; Quick-CROSS, tabulation software, starts to be offered for free.

◆Rei Kikukawa becomes the poster child.

Jan. 2004

**Listed on TSE Mothers**

Feb.

Sales activities expanded nationwide (The Kansai branch established).

Apr.

Macromill Netresearch Institute established.

Jul.

MobileMill, a mobile research service, starts.

Sep.

Ranked fifth in Japan Technology Fast 50, rankings of fastest growing Japanese technology companies.

Feb. 2005

Forms an alliance with AIP, which manages research panels overseas, and starts the GlobalMill overseas research service.

◆Tomoyo Harada becomes the poster child.

Apr. 2005

**Transferred to First Section of Tokyo Stock Exchange**

Apr.

Forms an alliance with So-net M3 (currently M3). M3Mill, research of healthcare professionals, starts.

Jul.

Joins the Japan Business Federation.

Mar. 2006

Cutover to the third-generation AIRs

Dec. 2007

The QPR service, a product purchasing research service using portable barcode scanners operated jointly by Macromill and Tokyu Agency, starts.

Jul. 2008

MACROMILL Korea, INC. established.

Oct. 2009

The Marketing Database Services expanded following the acquisition of Brand Data Bank.  
Macromill Warp, Inc. established.

Aug. 2010

Takes over the marketing research business that is split from Yahoo Value Insight.

◆Nobukazu Kuriki becomes the poster child.

Jan. 2011

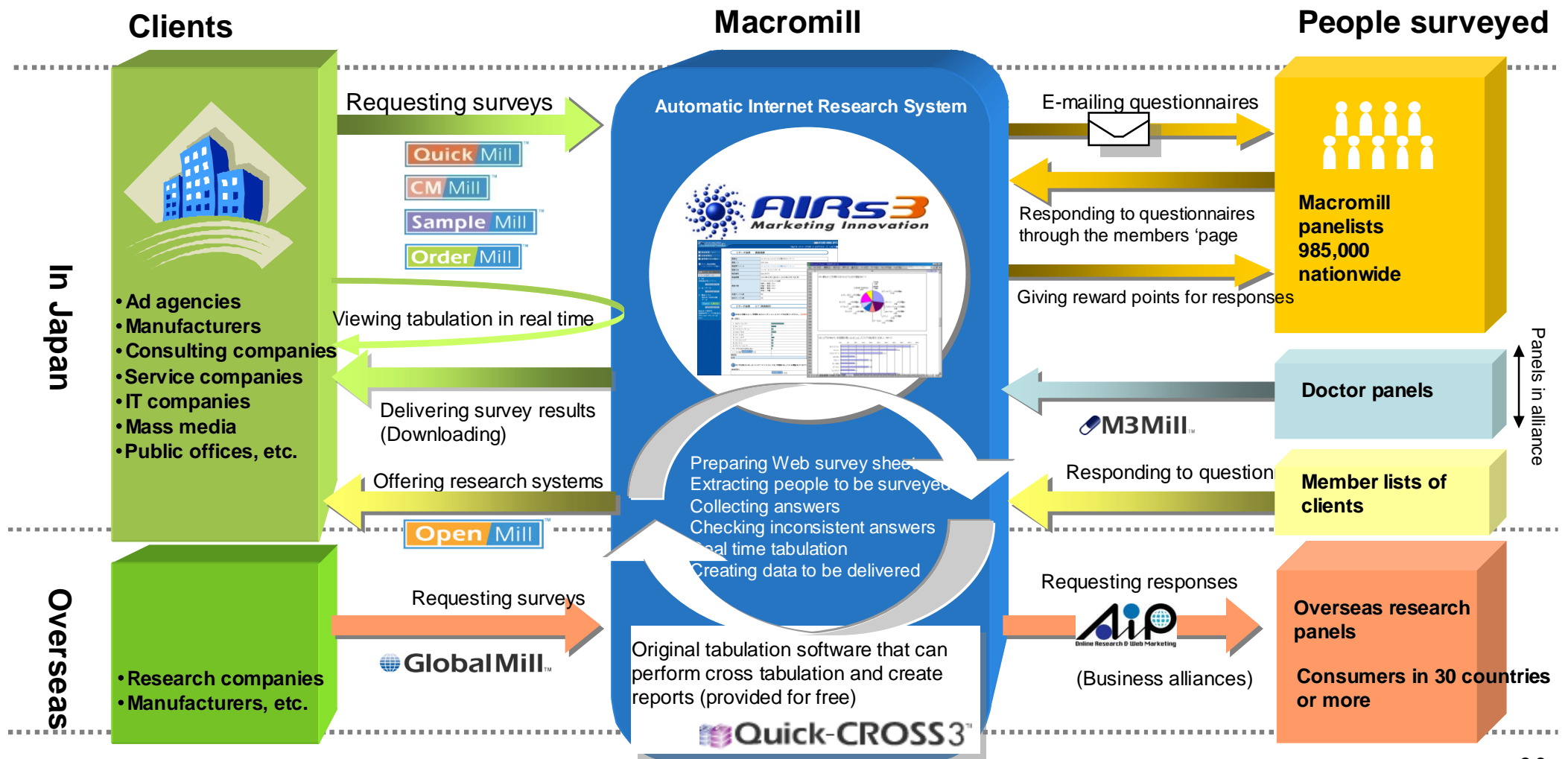
**M-CUBE AND ASSOCIATES, Inc. established.**

**A stock split and the adoption of a unit share system**

29

# (Reference) Overview of Operations of Macromill

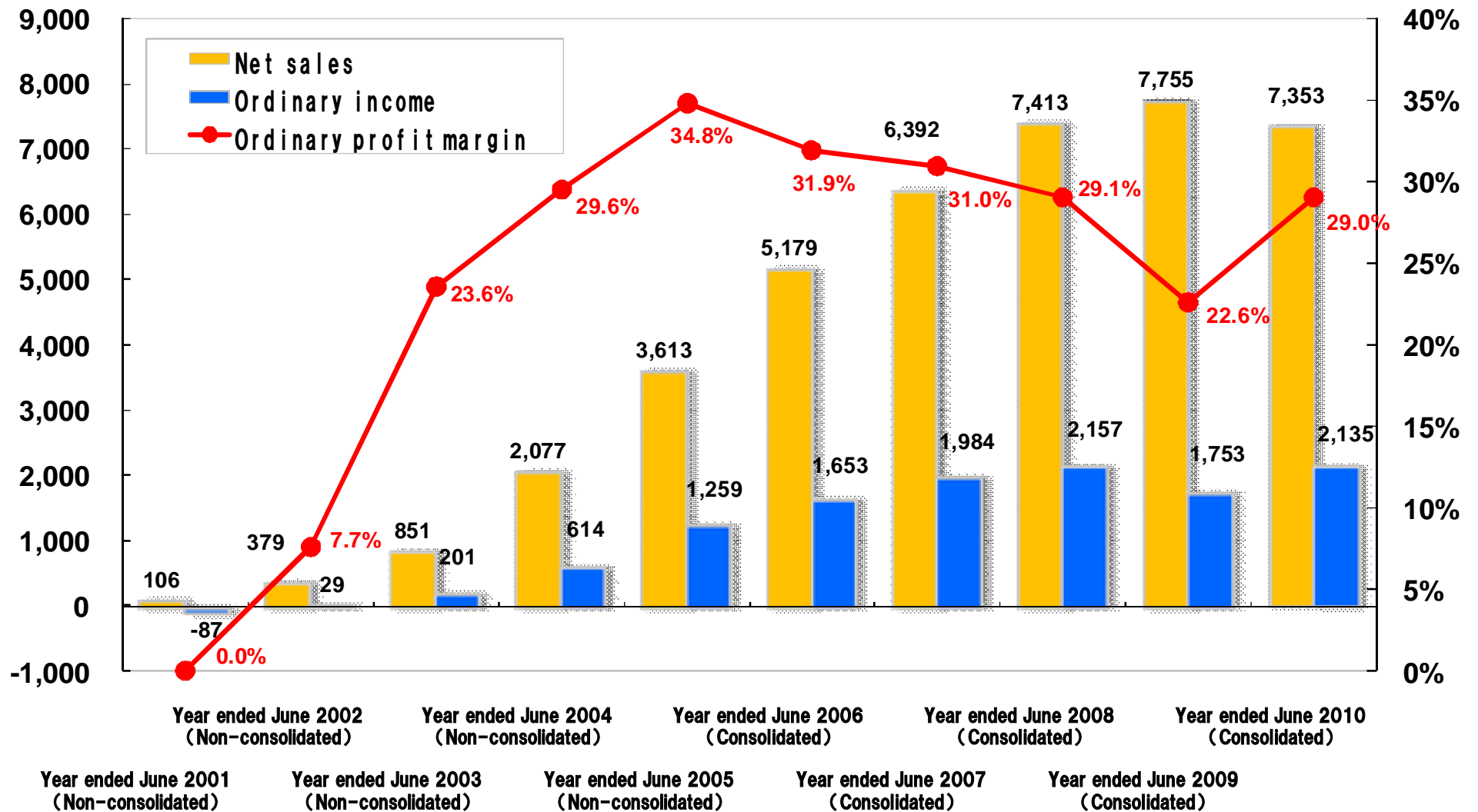
## Flow of Online Research Service



# (Reference) Performance Trends

## Net Sales, Ordinary Income, Ordinary Profit Margin

(Million yen)





# (Reference) Three-Year Business Plan

(Million yen)

	Year ending June 30, 2011 (revised plan)		Year ending June 30, 2012 (plan)		Year ending June 30, 2013 (plan)	
	Amount	%	Amount	%	Amount	%

(Non-consolidated)

Net sales (10% growth)	12,300	100%	13,700	100%	15,100	100%
Ordinary income	2,820	22.9%	3,100	23%	3,700	25%
Net income	1,470	12.0%	1,900	14%	2,200	15%

(Consolidated) It is assumed that Macromill Korea will remain an equity method affiliate.

Net sales	12,300	100%	14,100	100%	15,700	100%
Ordinary income	2,500	20%	3,200	23%	3,900	25%
Net income	1,200	10%	1,900	13%	2,400	15%
Ratio of overseas sales					About 3% ※	
Consolidated EPS (yen)	34.44		62.50		78.00	

※ If Macromill Korea becomes a consolidated subsidiary, consolidated net sales will be ¥17.0 billion, and the ratio of overseas sales will be 10%.

# Cautionary Statement

**Macromill does not guarantee the accuracy of the information contained in this presentation, which reflects judgments made by Macromill management based on information currently available.**

**Given that the business environment may vary significantly in the future due to a number of factors, please be aware that Macromill's actual performance and results may differ from those expressed today.**

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