



Ticker : 3675 (TSE Prime)

Cross Marketing Group Inc.

Presentation material for Investors

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1 Company Overview

Company name	Cross Marketing Group Inc.	(ticker : 3675, TSE Prime)
President & CEO	Miki Igarashi	
Established	April 1, 2003	
Key financial indicators(Yen) -FY 6/2022-	Total Sales 25.0_{bn} Operating Profit 2.0_{bn}億円 ROE 17.1% Total Assets 14.3_{bn} Net Equity 6.0_{bn} Capital 650_{mn}	
Business Segments	Digital Marketing, Data Marketing, Insight	
Affiliated Companies	Consolidated subsidiaries : 32 companies Equity method affiliates : 3 companies	
Consolidated Employees	1,530(Incl. 261 temporary staff)	



Miki Igarashi

Profile

- 1973 Born in Tokyo
- 1996 Graduated from the Faculty of Economics of Keio University
- 1996 Joined Japan Asia Investment (a VC)
- 2000 Established an Internet company and was appointed as director
- 2003 Established Cross Marketing
- 2008 Cross Marketing was listed on the Mothers section of the Tokyo Stock Exchange
- 2018 Listing changed to First Section of the Tokyo Stock Exchange
- 2022 Listing moved to Prime Section of the Tokyo Stock Exchange

External Positions

- RareJob, Inc.
Outside director
- Japan Marketing Research Association
Chairman



**Discover
Something
New.**

未来を
つくる。

Our wish is for customers' success.

In identifying issues, in planning solutions, and in presenting proposals.

Everything is to achieve the customer's dream. To approach the envisioned future.

The process is exciting. The goals make the heart pump.

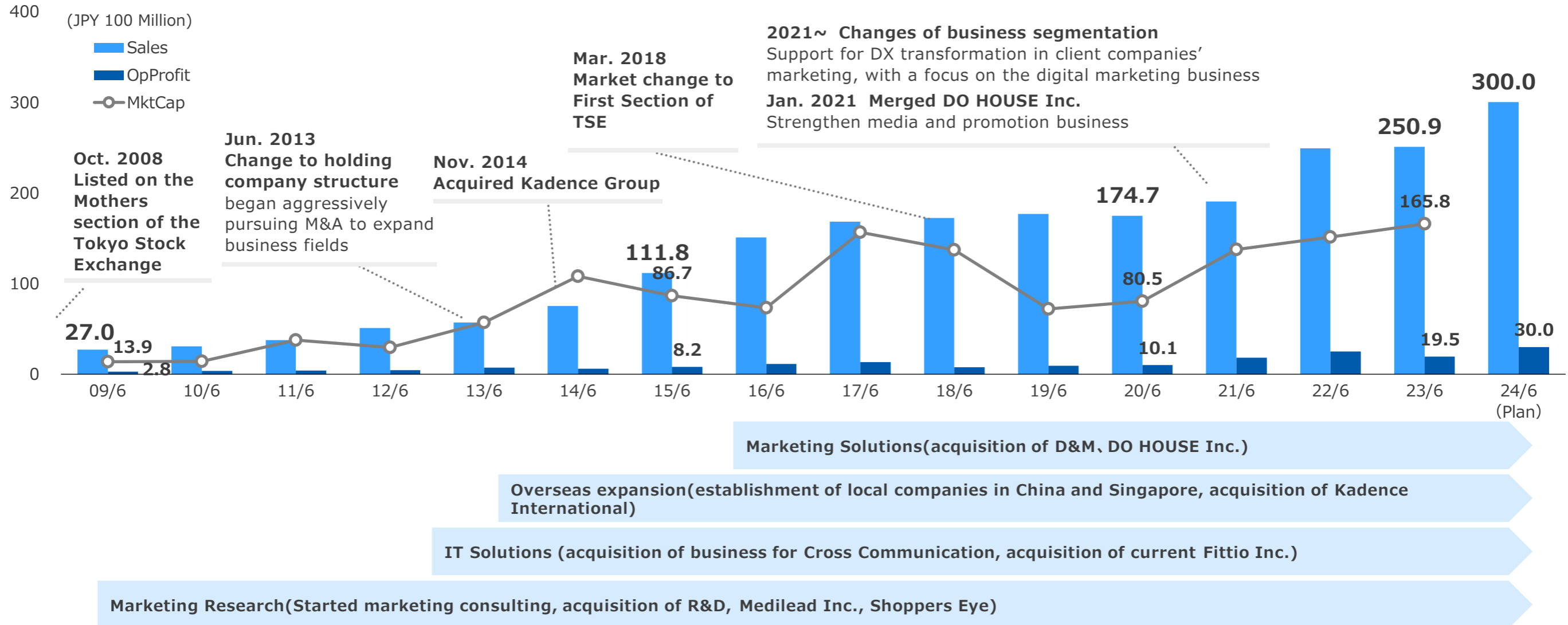
Clear the path, lead the way to tomorrow, and create the future.

That is the Cross Marketing Group's mission.

From our founding business as an Internet research company, we have promoted aggressive expansion of our business domain. Going forward, we aim to make a leap forward to become a **Marketing DX Partner** that leads the businesses of customers to success through the power of digital technology.



Expand business fields with establishing subsidiaries and M&A,
and extend further into areas of expertise
Executed 20 M&A transactions for 34 companies* in Japan and abroad



*As of June 30, 2023

Cross Marketing Group

Digital Marketing
 FY6/2023 Revenue Y 9.0bn
 Sales Share 36.0%

Provides services, Digital Promotion, EC, Marketing support, System Development, Maintenance, Operation, HR Solution, etc.

 Cross Communication

 Cross Propworks  Fittio

 DxM Data and Marketing 

 Norfre 

 TOKYO GETS 

Data Marketing
 Y 9.8bn
 38.9%

Provides data collection and other services, mainly online, to support customers' decision-making in marketing activities.



 MetaSite

 Cross Marketing



Insight
 6.3bn
 25.1%

Supports customer decision-making by providing consultations to resolve customer issues and uncovering consumer insights.





Panel network
consisting of
8,080,000
people*

Detailed profiles in
a maximum of
2,500 categories



*As of June 30, 2023

Data analytics
technology and
organization of
over 300
analysts



Internet research
system and
organization of
over 100
engineers



Extensive customer
base across
a wide range
of industries



Utilization of large-scale network in a wide range of services tailored to client needs

Digital Marketing

Use of panels in promotion projects

Data Marketing

Primarily used in Internet research projects

Insight

Use in research projects such as interviews

Panel network of 8.1 million people

Detailed profiles in a maximum of 2,500 categories



Tie-up with about 30 companies

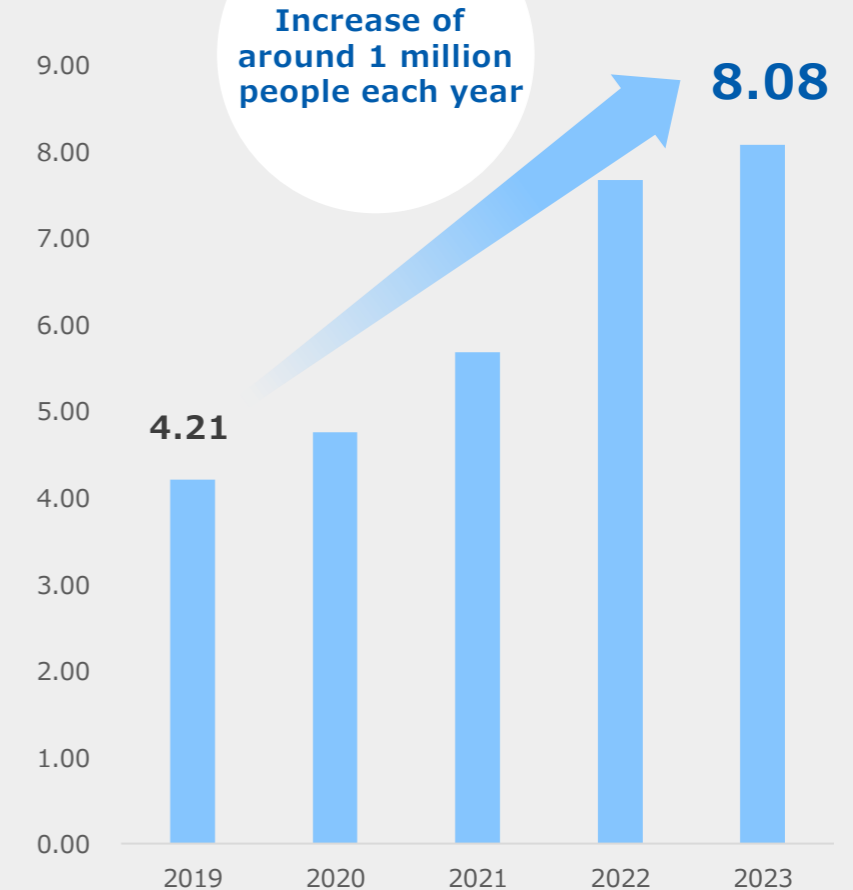
リサーチパネル

Loyalty Marketing, Inc.

dジョブ

Growth of panel foundation

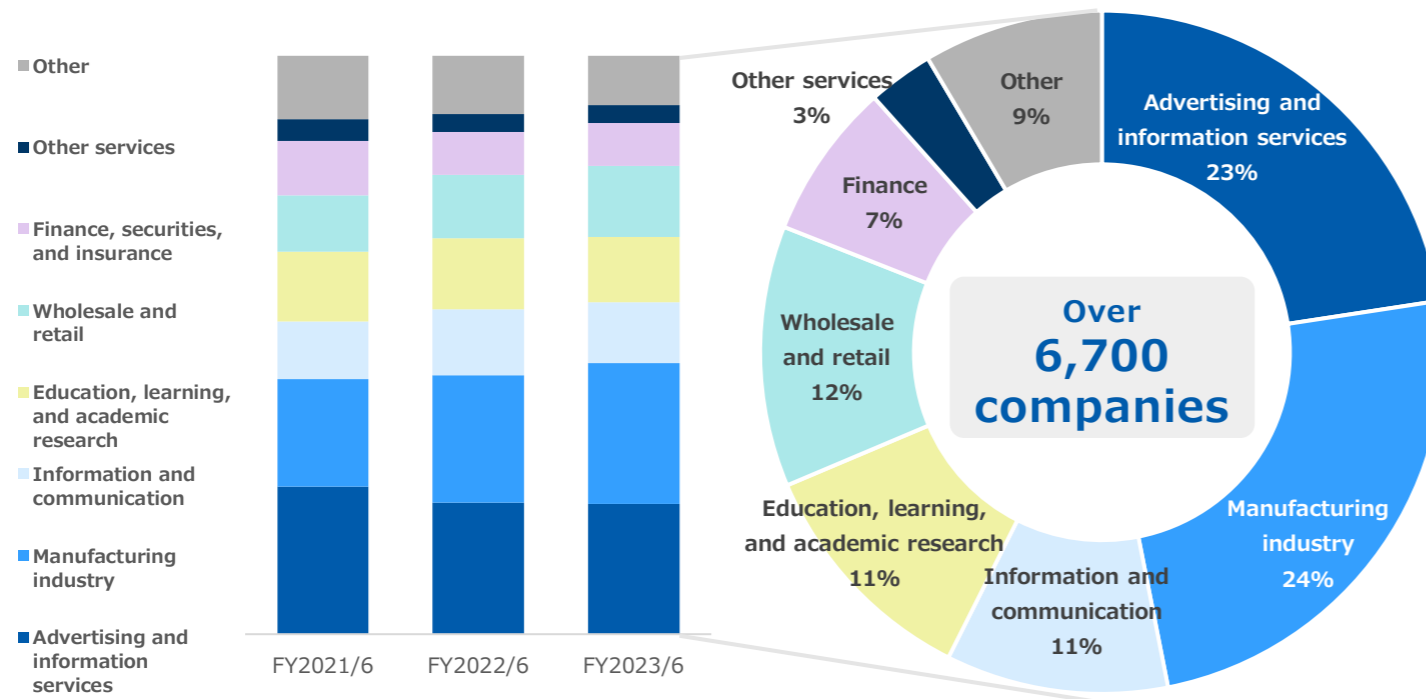
(Million people)



Customer base of **more than 6,700 companies** per year, spread across a wide range of industries

Engaged in a business that is **not heavily dependent on specific customers**

Revenue composition by customer industry

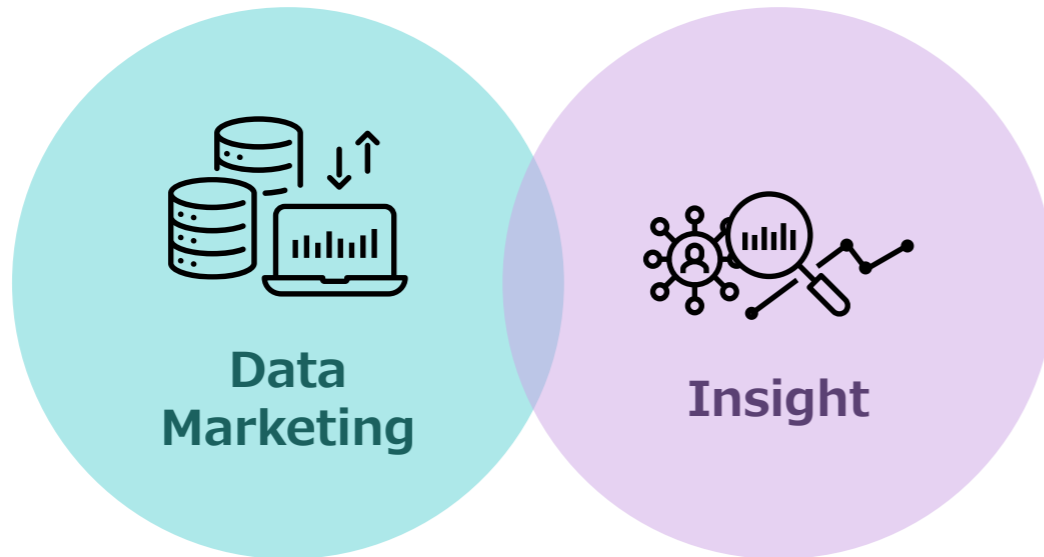


Overview of major customers and revenue composition (FY2023/6)

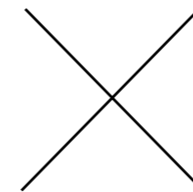
	Industries of major customers	Revenue (Million yen)	Composition of total revenue
1	Communication industry	386	1.5%
2	Other services industry	301	1.2%
3	Manufacturing (FMCG) industry	282	1.1%
4	Information services industry	257	1.0%
5	Other manufacturing industry	212	0.9%
	•		
	•		
	Top 10 companies total	2,372	9.5%
	•		
	Top 100 companies total	8,678	34.6%
	•		
	Top 300 companies total	12,223	48.7%

By combining research (understanding consumers) with marketing implementation support, we can provide **added value that leads directly to business promotion and growth** for client companies.

Research Function

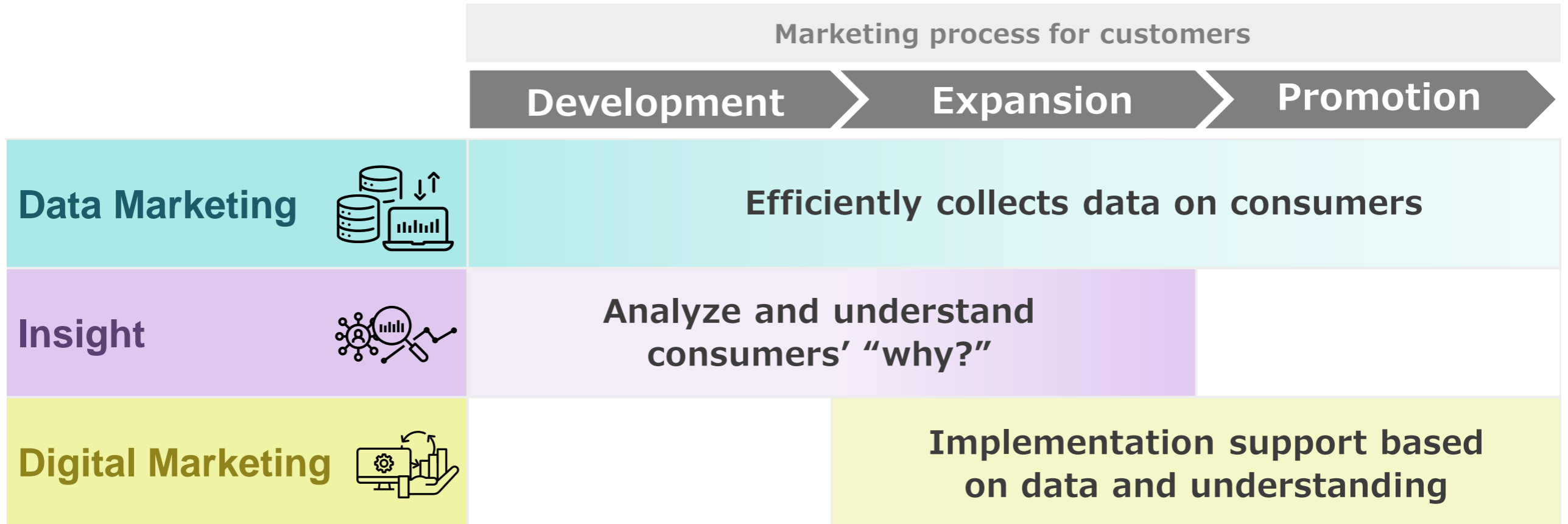


Marketing implementation support



Comprehensive marketing solutions based on data and understanding

In the customer's marketing process, we offer **one-stop services** for the process of carrying out measures, in addition to collecting data from consumers and analyzing and understanding this data.



*Consumers' "why?": Fundamental factors driving spending behavior that consumers aren't even aware of

Digital Marketing Business –Media–

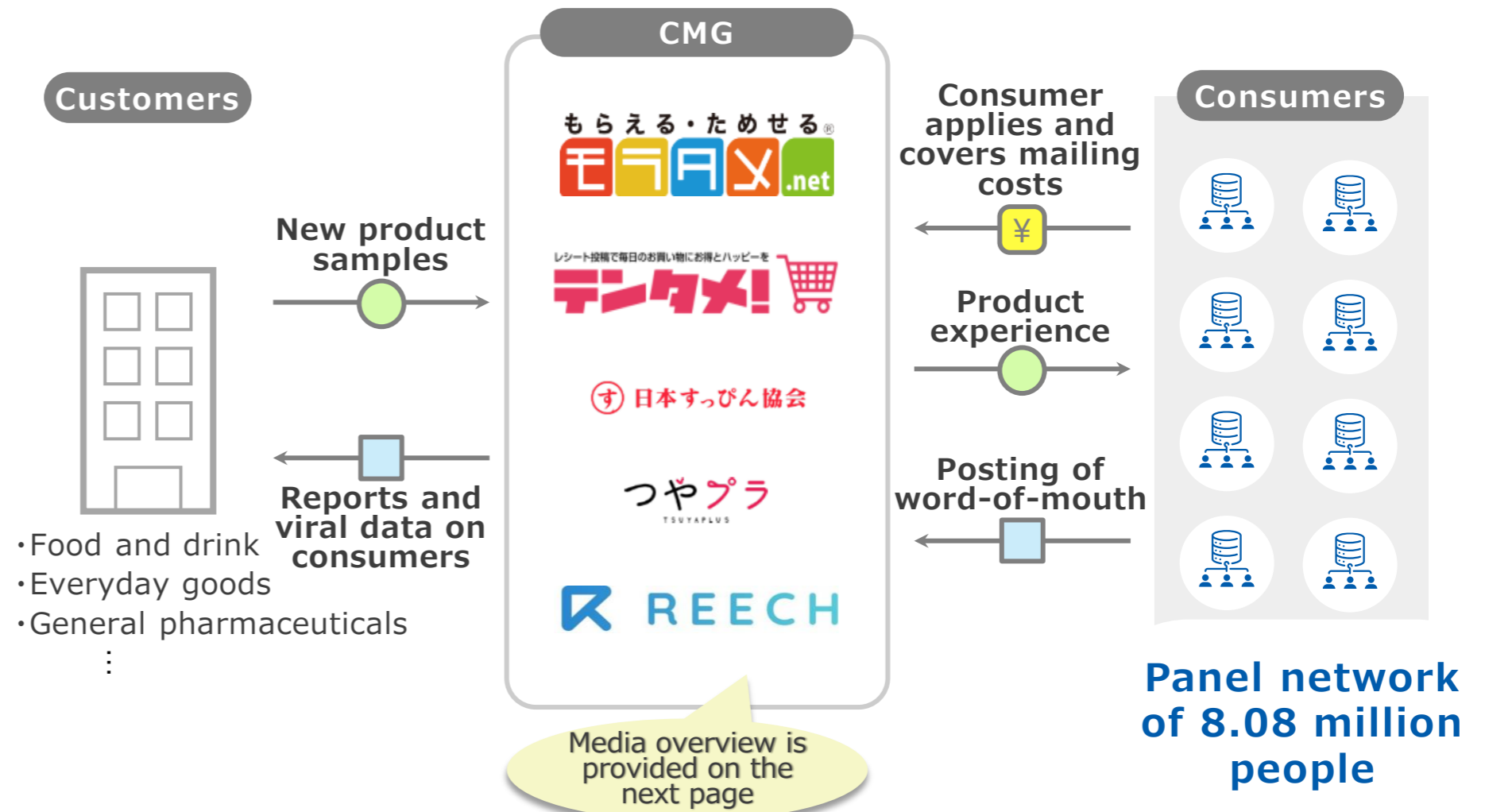
Operation of sales promotion support media



Solid relationship with **top FMCG*** manufacturers and distribution system that supports sampling carried out on **2.1 million items annually** are our strengths

* FMCG is an abbreviation for “fast-moving consumer goods,” which refers to products that sell relatively quickly such as beverages, food and cosmetics (daily consumables).

Operation of media that brings consumer opinions to the customer via new product sampling



Digital Marketing Business –Media–

Operation of social marketing media that links manufacturers with consumers



Expansion into areas that are expected to have particularly strong growth as Internet advertising market grows



Support with viral promotion and attracting customers to stores through sampling media with 2 million members



Influencer marketing support business



Matching platform linking companies and influencers



Database service used for influencer search, analysis and management



Operation of beauty media with 4 million regular readers



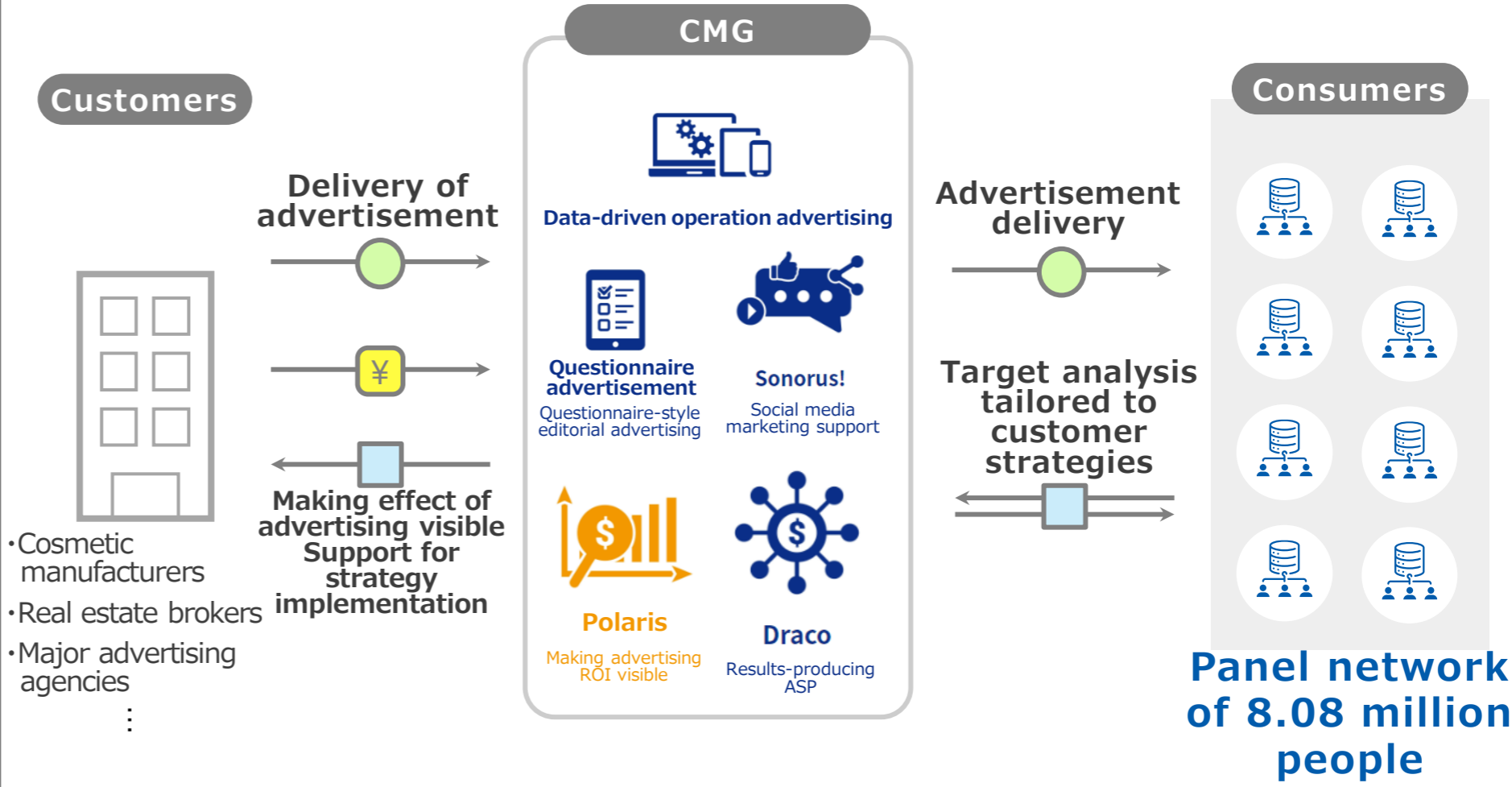
Digital Marketing Business – Promotions –

Expansion of Internet advertising service



Detailed consumer data from a large-scale network enables accurate and optimal promotion proposals

Promotion services that yield reliable results targeting a wide range of products and services

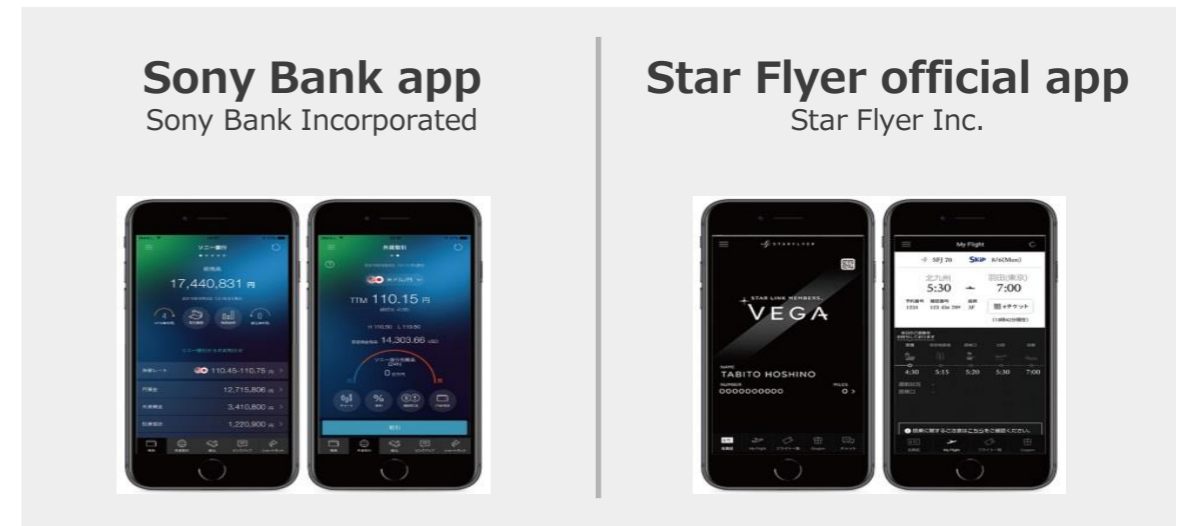
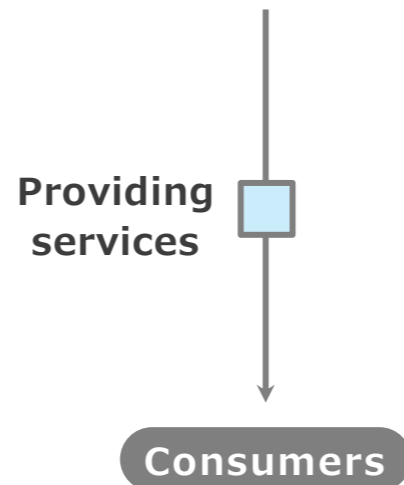
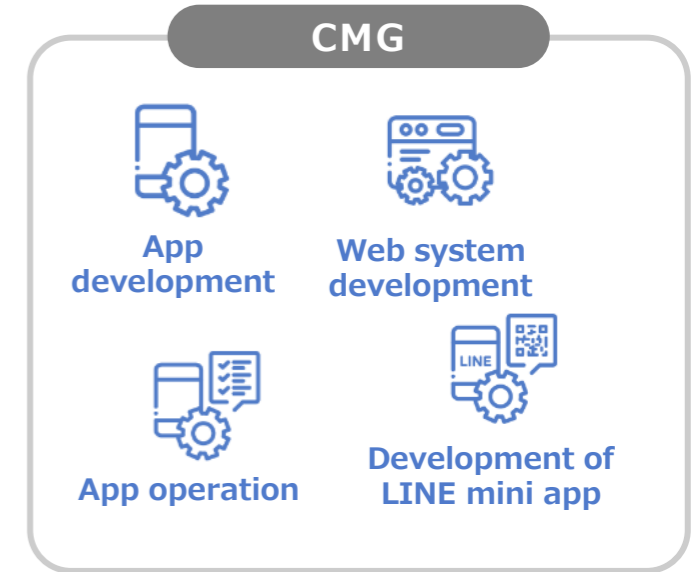
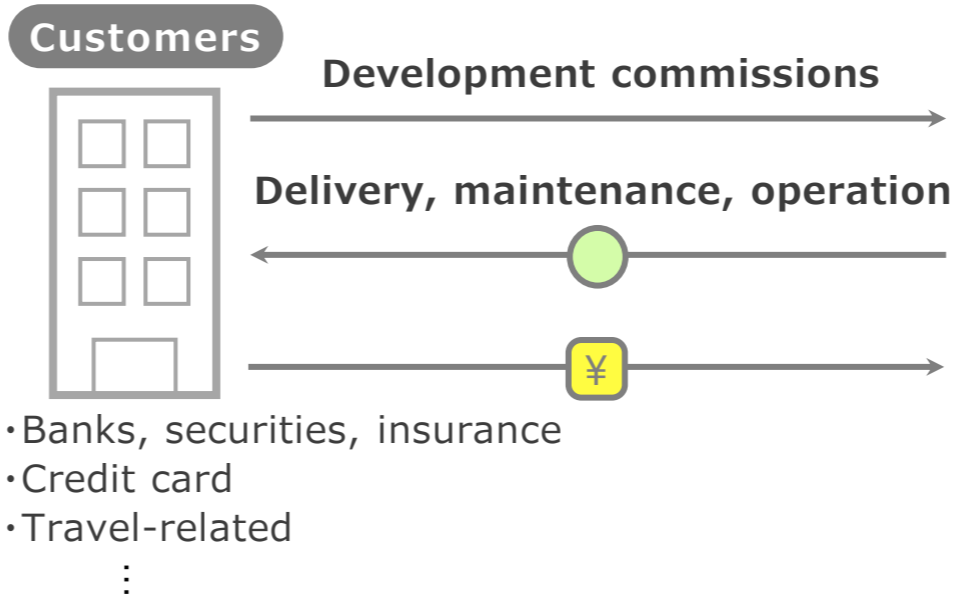


Digital Marketing Business –IT solutions–

Support for implementation of customers' marketing strategies



Providing system and application development, operations, maintenance, IT employee support/outsourcing




Data Marketing Business

Internet-based Questionnaire Surveys



Efficient data compilation through Japan's largest network of panels

Largest in the industry
Panel network of 8.08 million people
Detailed profiles in a maximum of 2,500 categories



Insight Business

Analysing and understanding consumer insights based on Fact Finding



Consulting to solve customers' marketing issues

In-depth research and analytical reporting based on consumer data/facts



Group interviews incl. CLT carried out annually
About **1,000** projects



CLT room where cooking is possible (Ningyocho)



Overseas fieldwork base (India)



Facilities in Japan (Hatsudai area of Shinjuku; Ningyocho)

Kadence Group

Research centers in North America, Europe, and Asia

Consumer data is efficiently compiled

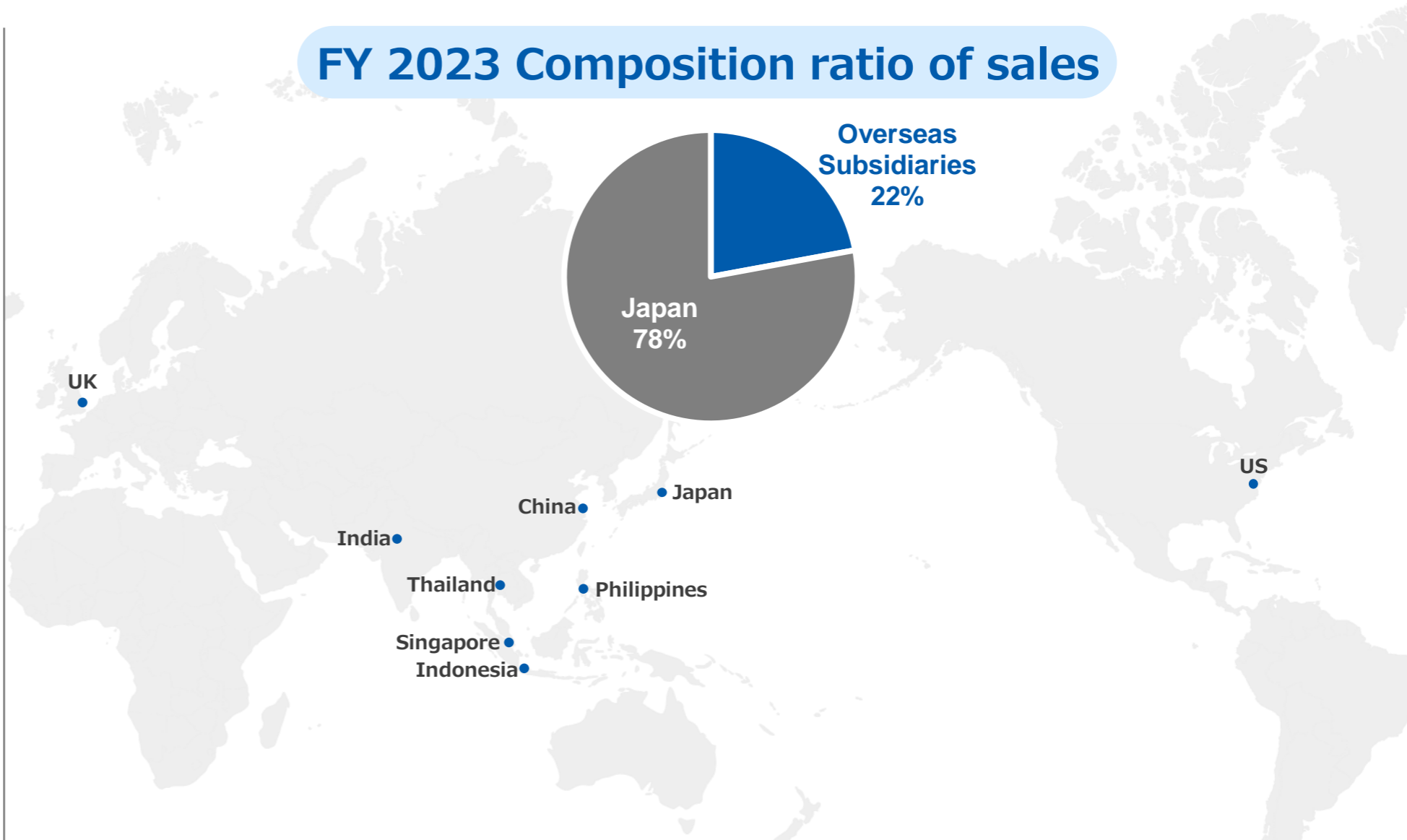


Analysis and understanding of consumer insights



Services provided by Group companies with expertise and bases in 10 countries around the world

FY 2023 Composition ratio of sales



2 FY6/2023 Financial Results Outline

Summary

1

- **Full-year cumulative revenue totaled 25.09 billion yen (up 1% YoY) and operating profit totaled 1.95 billion yen (down 23%)**
- Revenue reached a record high. Operating profit decreased due to higher SG&A
- Generally in line with revised forecast

Summary

2

- **Double-digit revenue growth in Data Marketing Business** led overall revenue growth
- **Decline in revenue in Digital Marketing Business** due to impact of reduction in some customers' promotion budgets

Summary

3

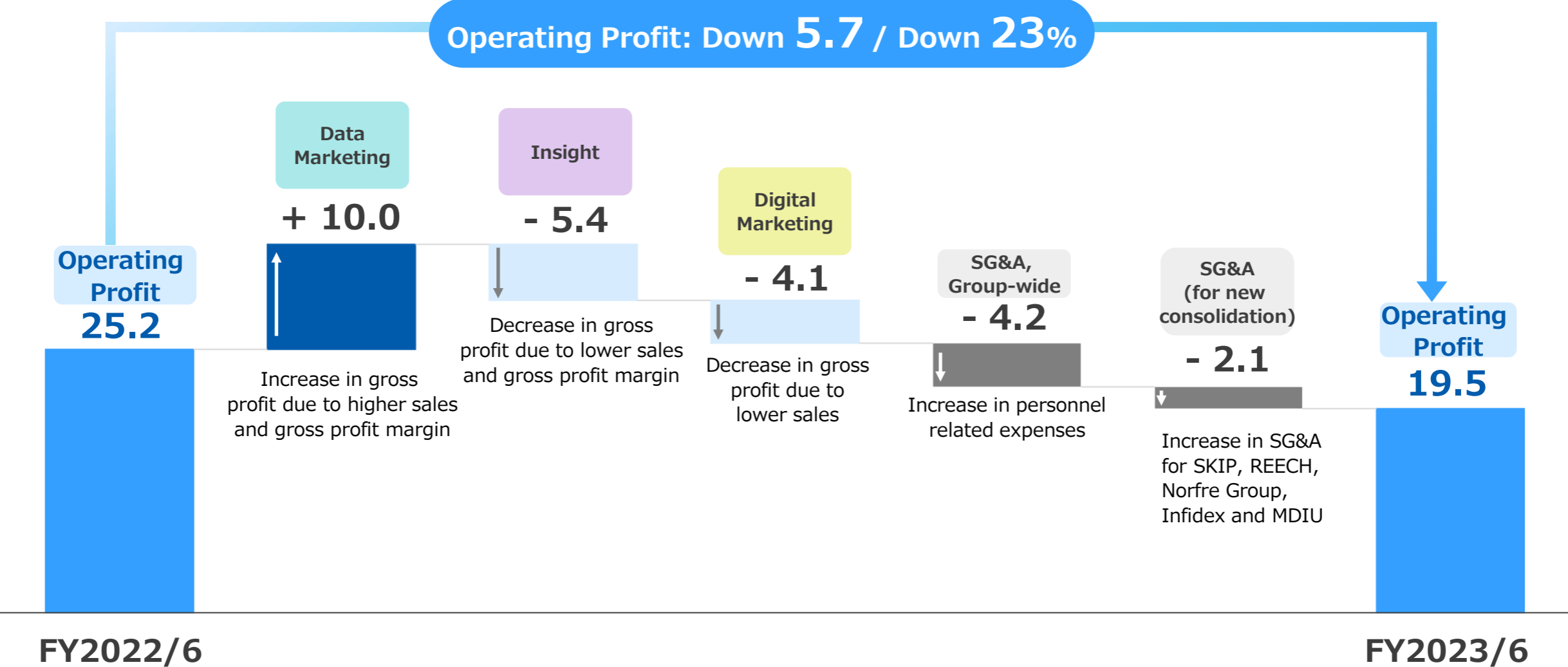
- **Forecast for fiscal year ending in June 2024: Revenue of 30 billion yen, operating profit of 3 billion yen**
- Shareholder returns: Plan for dividend of **13.0 yen per share (up 1.0 yen YoY)** for the full year

Revenue increased 17% in the Data Marketing Business due to increased demand for research in Japan and overseas

Maintained firm gross profit margin of over 40%. SG&A increased 8% due to factors such as expanding headcount

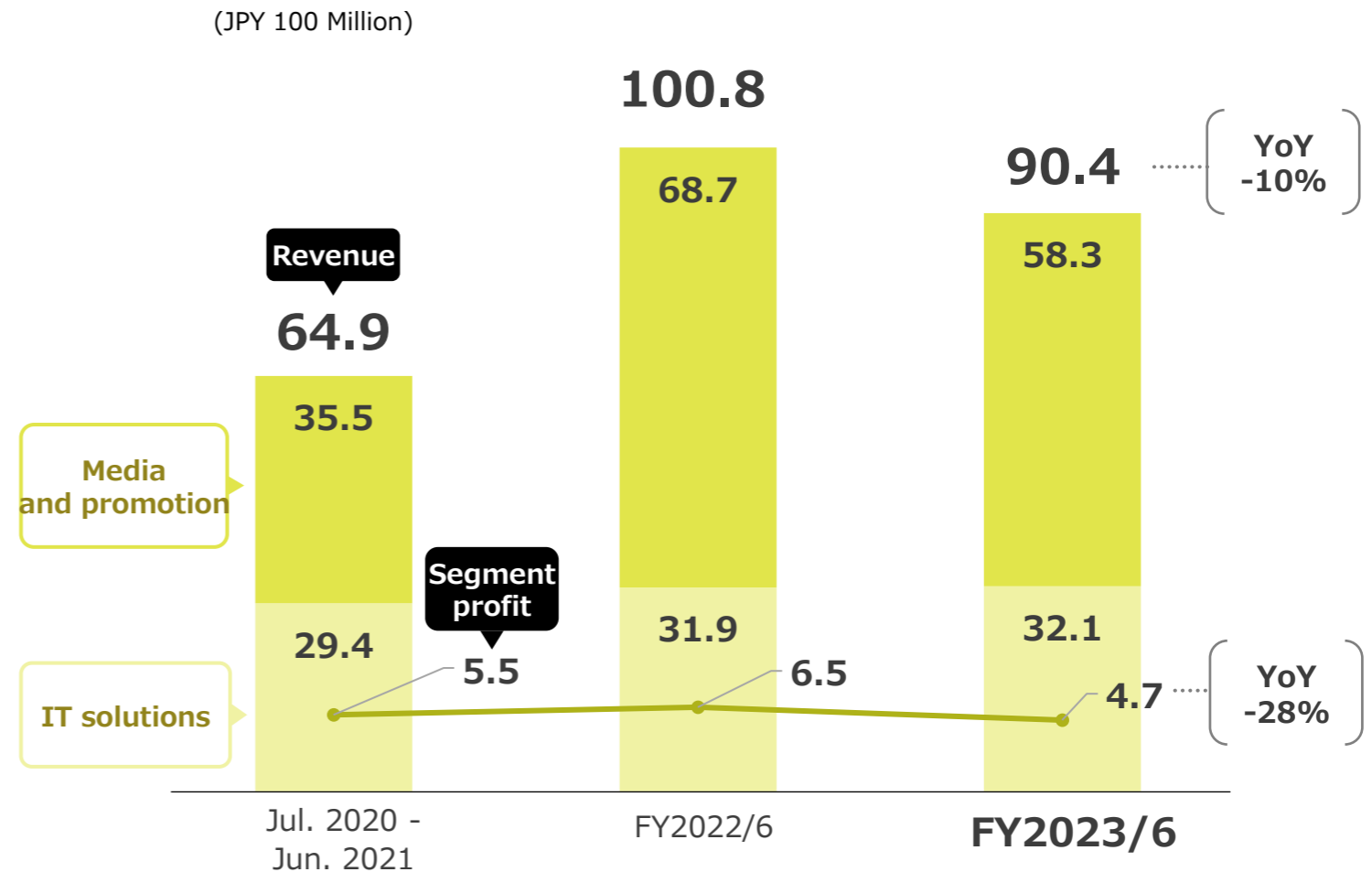
(JPY 100 Million)	Full year FY2022/6 results	Full year FY2023/6	
		Actual	YoY Growth rate
Revenue	249.0	250.9	+1%
----- Digital Marketing Business	100.8	90.4	-10%
----- Data Marketing Business	83.7	97.5	+17%
----- Insight Business	64.5	63.0	-2%
Gross Profit (Gross Profit Margin)	103.4 (41.5%)	103.9 (41.4%)	+1% (-0.2 pt)
SG&A	78.2	84.4	+8%
Operating Profit (Operating Profit Margin)	25.2 (10.1%)	19.5 (7.8%)	-23% (-2.4 pt)

Data Marketing Business led the overall increase in revenue and improvement in gross profit margin
Personnel expenses increased due to hiring of core personnel for medium-term growth, and SG&A increased due to new consolidated companies



Severe media/promotion unit prices were on a recovery trend IT solutions secured year-on-year revenue growth

- Revenue down 10%, segment profit down 28%
- Media and promotion revenue declined 15%. The order unit price bottomed out in Q2 and Q3 due to reductions in the promotion budgets by FMCG*¹ manufacturers, who were affected by high raw material costs. These recovered to YoY level in Q4.
- Revenue rose 1% for IT solutions. Although the unit price declined, the number of transactions increased. Revenue increased in Q3 and Q4, securing revenue growth for the year.
- SG&A increased at newly consolidated subsidiaries*².



*1 FMCG is an abbreviation for "fast-moving consumer goods," which refers to products that sell relatively quickly such as beverages, food and cosmetics (daily consumables).

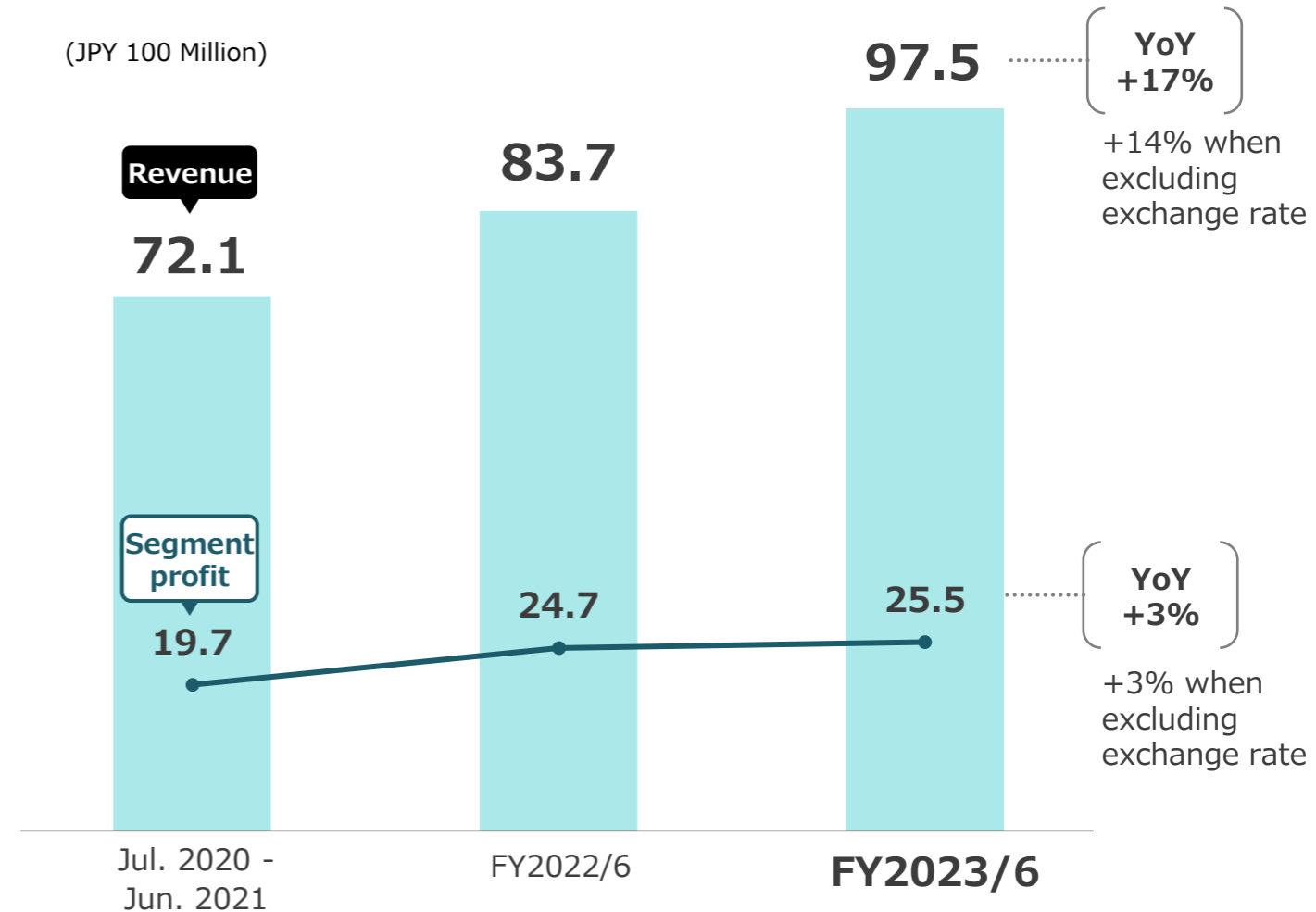
*2 SKIP, REECH, Norfre Foods, Norfre Communications, Infindex and MDIU

Revenue rose 17% and segment profit increased 3%

We attached solid demand for research both in Japan and overseas

- The survey market was firm.
- In Japan, the number of online inspections, a key figure for our business, increased. SG&A increased overall.
- Overseas, revenue increased significantly in the US and India. SG&A increased, especially personnel expenses.
- The effect of the weak yen*¹ boosted revenue by 190 million yen but had minimal impact on operating profit.

*1 Compared to the actual exchange rate in the fiscal year ended in June 2022

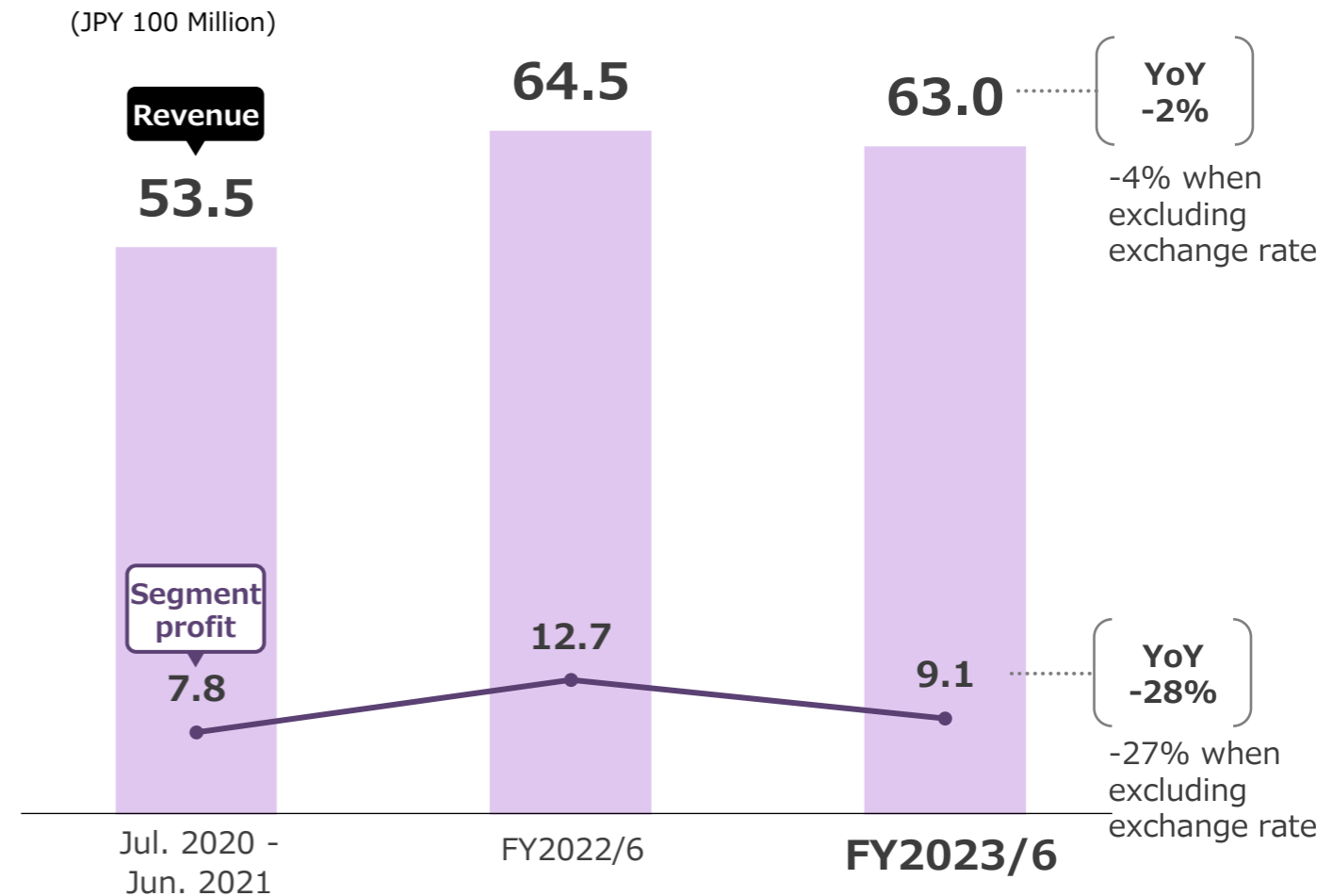


Revenue was down 2% and segment profit down 28%

Offline surveys recovered, and operating profit fell due to higher SG&A in Japan and overseas.

- In Japan, CLT*¹ and group interviews recovered. However, pharmaceutical-related was weak.
- Overseas, Indonesia drove revenue increases, but SG&A increased, especially personnel costs.
- The effect of the weak yen*² boosted revenue by 110 million yen but had minimal impact on operating profit.

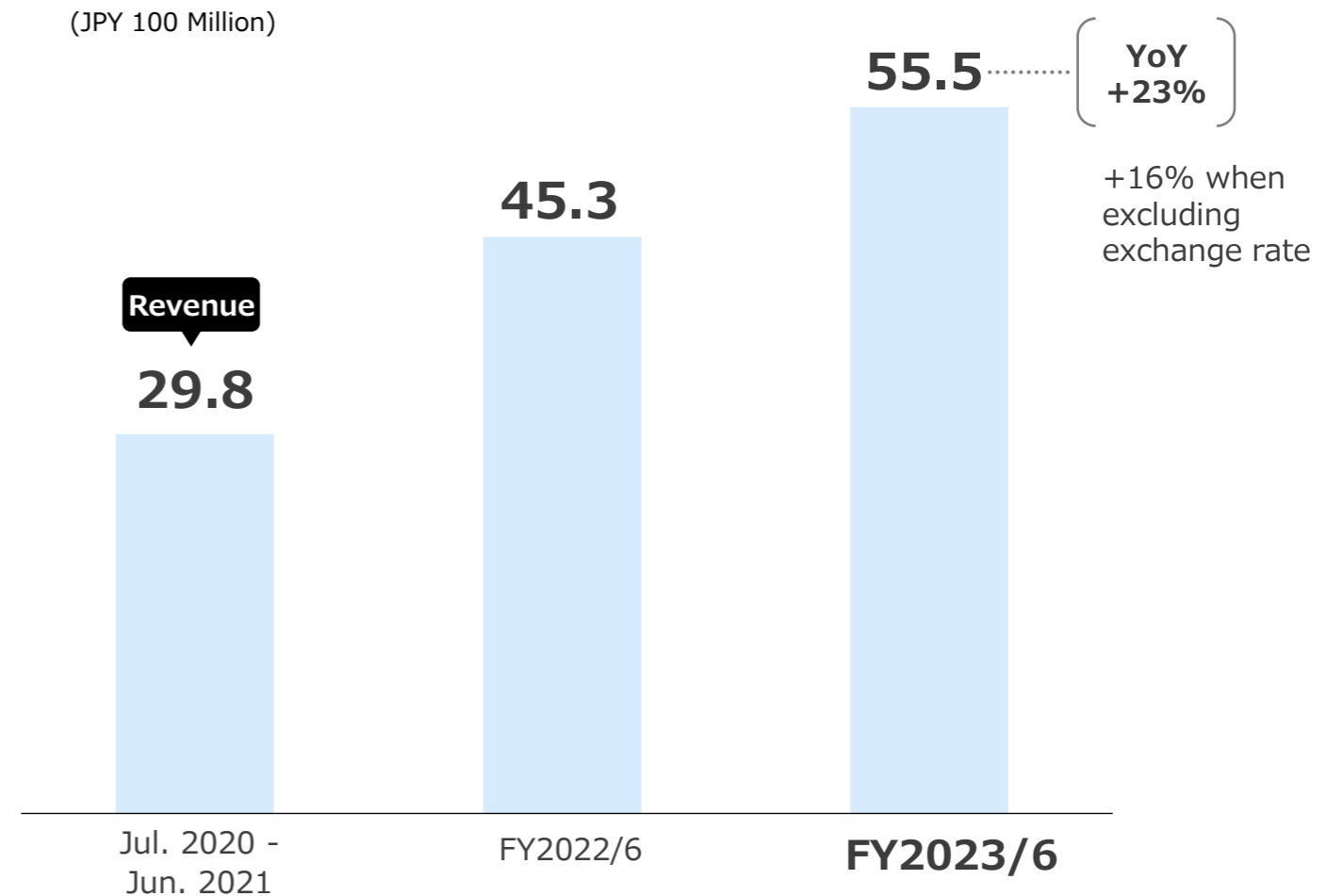
*1 Abbreviation for central location test, a survey method in which the target audience is gathered at a venue and asked to fill out a questionnaire.
 *2 Compared to the actual exchange rate in the fiscal year ended in June 2022



We captured increased demand stimulated by the economic recovery, with revenue increasing 23% North America, India and Indonesia contributed

- Revenue continued to increase significantly in North America.
- Indonesia saw strong sales to government-affiliated energy, beverage and other FMCG.
- In India, we absorbed robust demand for surveys from consulting and research firms.
- The effect of the weak yen*¹ boosted revenue by 300 million yen (overseas total).

*¹ Compared to the actual exchange rate in the fiscal year ended in June 2022



3 Topics

In the fiscal year ended in June 2023, **we merged and integrated Group companies** to strengthen business collaboration and improve management efficiency

Merged Apr.
2023

 Cross Communication

×

Norfre

Merged Jul.
2023

 株式会社 ドウ・ハウス®
— HUMAN NETWORKING INDUSTRY —

×

Skip

Merged Jul.
2023

withwork

×

Infidex

Decided to acquire shares in Tokyo Gets Co., Ltd., a company with expertise in using Japan's **anime and characters** for **marketing activities support**

TOKYO GETS

Overview of Tokyo Gets

Company name: Tokyo Gets Co., Ltd.

Representative: Kohei Hara

Location: Shibuya, Tokyo

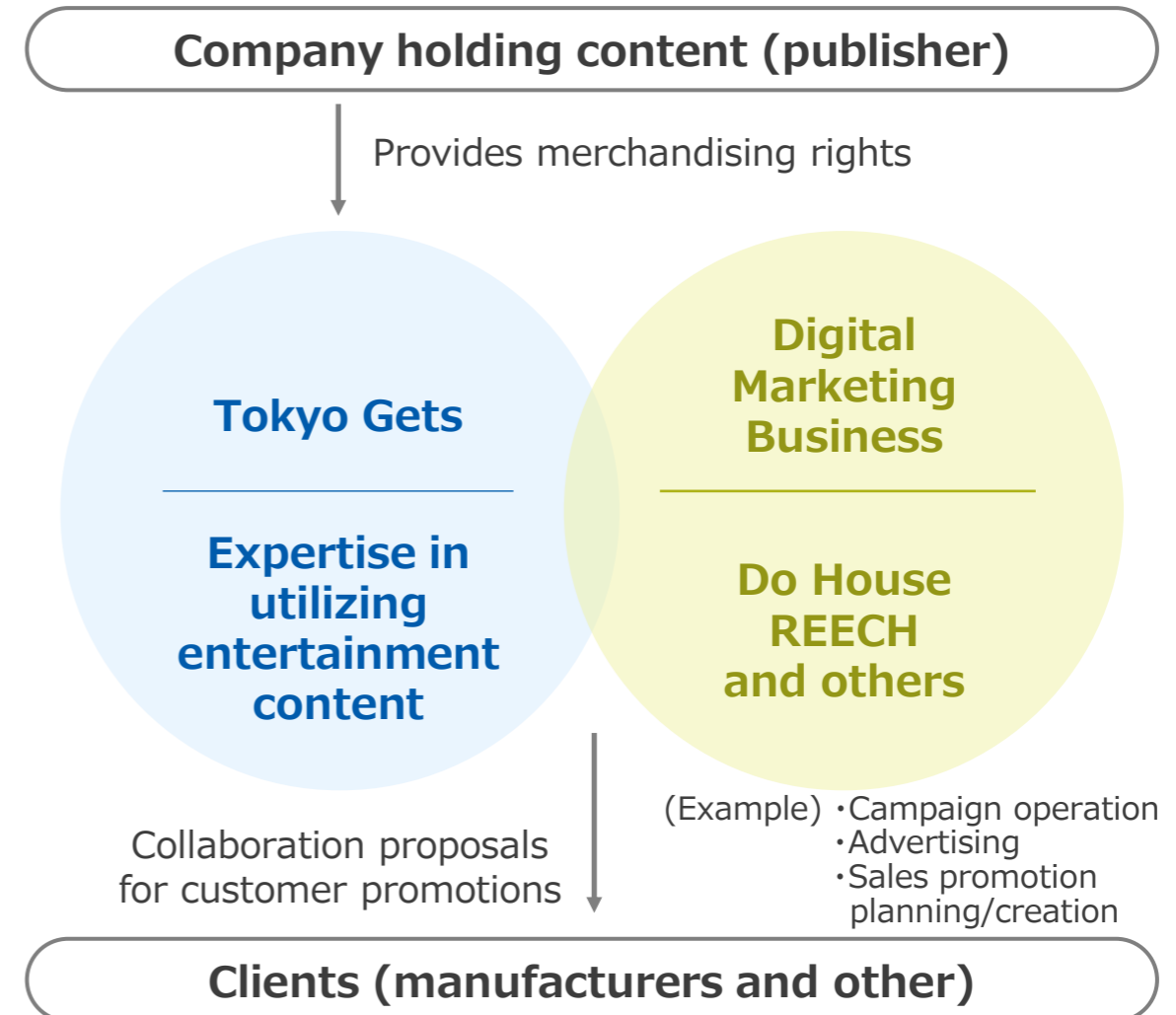
Established: March 1998

Operations: Company promotions, events and merchandising utilizing entertainment content

URL: <https://tokyogets.com>

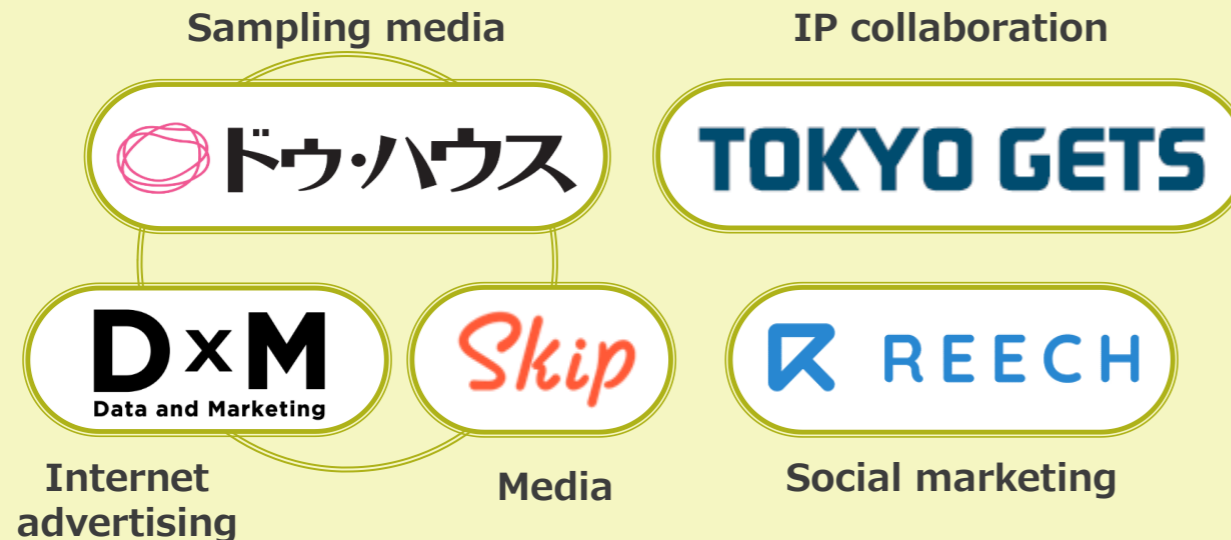
Examples of collaboration:

Tie-up campaigns with customer products and services such as "One Piece" and "Attack on Titan"



Reorganized businesses among Group subsidiaries to accelerate growth in the Digital Marketing Business

Digital Marketing Business
Media and promotion



Reorganization of major companies' operations in the media and promotion area

Aiming for further business expansion by concentrating investments in high-growth markets

*SKIP was merged with DO HOUSE on July 1, 2023.

*D&M and DO HOUSE are scheduled to merge in January 2024.

In July 2023, announced our recently compiled **sustainability basic policy and materiality (key issues)**
 Sustainability activities were launched in earnest throughout the Group

Sustainability Basic Policy

We, Cross Marketing Group, are committed to contributing to the resolution of issues toward the realization of a sustainable society through our business activities in line with our corporate philosophy, “Discover Something New.” and our vision, “Just go for it!”

We also support the aims of the Sustainable Development Goals (SDGs) adopted by the United Nations. We will promote sustainability activities throughout the Group so that our efforts will help achieve the 17 goals of the SDGs.

Category	Materiality	Basic Policy
Environment	<ul style="list-style-type: none"> • Broader protection of the global environment, including addressing climate change 	Through our business activities, the Group encourages innovation toward global environmental conservation by consumers and client companies, while at the same time curbing our own energy consumption and contributing to solutions to climate change and a broad range of other environmental problems.
Social	<ul style="list-style-type: none"> • Enhancing human capital • Increasing diversity, equity and inclusion (DE&I) • Advancing joint social contribution activities in collaboration with a wide range of partners in industry, academia and government 	In the Group’s business activities, we recognize that human resources are the most important capital for the creation of added value. For this reason, we believe it is important to bring together, train, and provide opportunities for diverse and highly specialized human resources from around the world. We will also advance initiatives in collaboration with our partners to contribute to the realization of a sustainable society.
Governance	<ul style="list-style-type: none"> • Enhancing corporate governance functions and internal management systems • Further strengthening risk management, information security and privacy protection • Motivating appropriate information disclosure to and dialogue with stakeholders 	We recognize that strengthening corporate governance functions and internal management systems throughout the Group, including our locations and subsidiaries outside Japan, is essential for the Group’s sustainable growth. We also believe that the growth of our Group must be based on sound and fair transactions in compliance with relevant laws and regulations.
Business	<ul style="list-style-type: none"> • Balancing economic growth and sustainability activities 	We believe that our Group’s founding business, consumer research, and the various new businesses created from it, can be compatible with efforts to solve problems to realize a sustainable society. To this end, we will promote the development and growth of the content of service revenues related to the resolution of issues that will lead to the realization of a sustainable society.

4 Forecast & Shareholder Returns

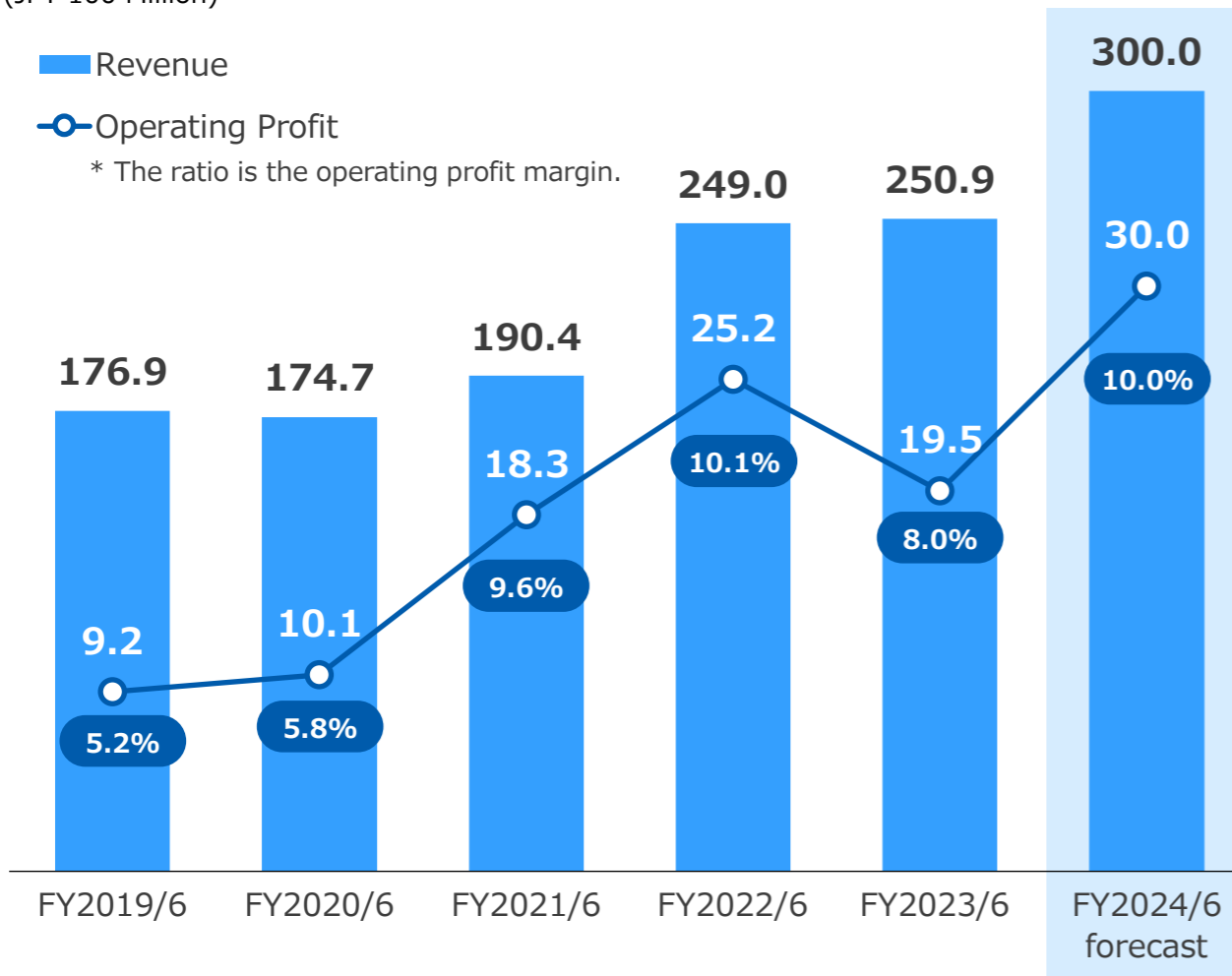
No change to Medium-term Management Plan and final year earnings targets
Targeting revenue of 30 billion yen (+20%) and operating profit of 3 billion yen (+54%)

(JPY 100 Million)

■ Revenue

○ Operating Profit

* The ratio is the operating profit margin.



(JPY 100 Million)	FY2023/6 results	FY2024/6 forecast	YoY
Revenue	250.9	300.0	+20%
Digital Marketing	90.4	120.0	+33%
Data Marketing	97.5	110.0	+13%
Insight	63.0	70.0	+11%
Operating Profit	19.5	30.0	+54%
Ordinary Profit	18.8	29.0	+54%
Net Income	10.0	18.0	+78%
EPS	51.0	90.1	+77%
Dividends Per Share (yen)	12.0	13.0	+1.0

Initiatives toward earnest revenue growth in high sales season Achieving business restructuring synergies, recovering order unit price, and controlling SG&A

Digital Marketing

- Targeting synergies through business restructuring
- Actively eliciting orders for earnest revenue growth in the Q2 and Q3 high sales seasons
- Focusing on unit price recovery in media and promotion. Present trajectory is steady

Data Marketing

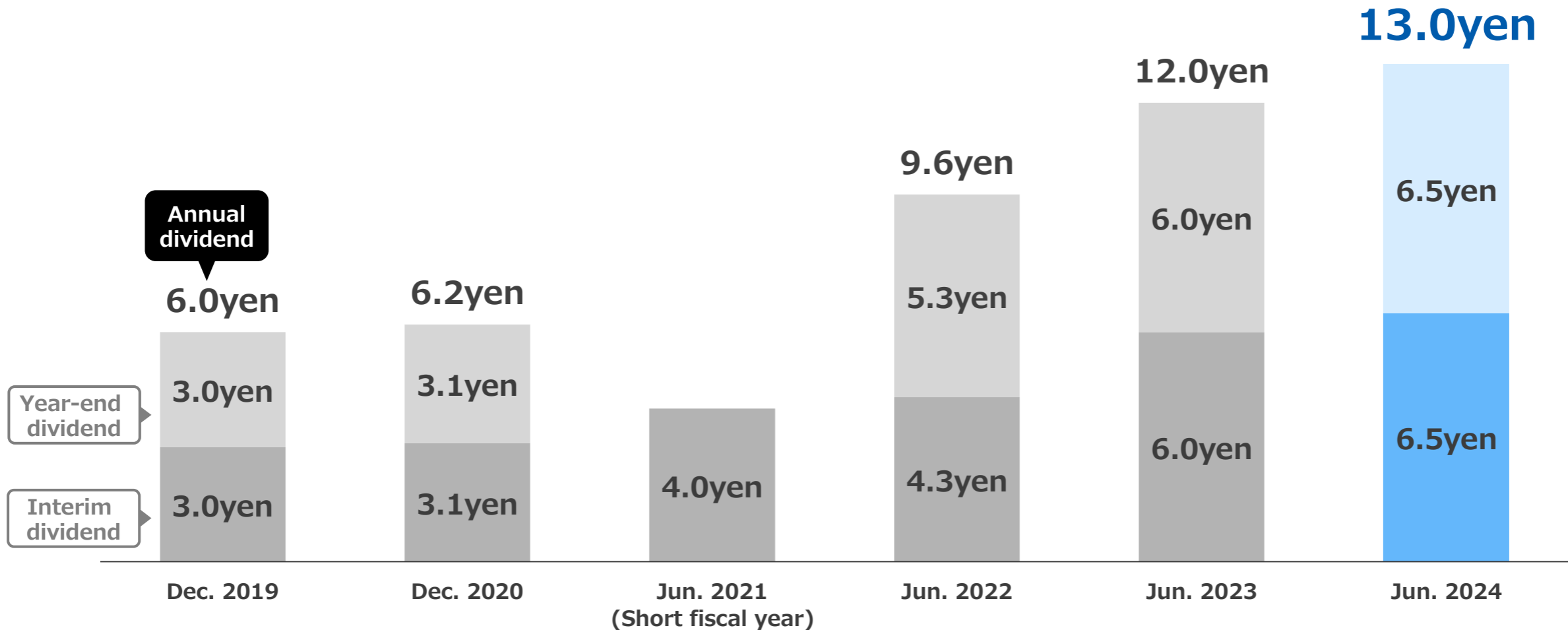
- Japan: Solid growth is expected, despite variation in strength between client industries
- Overseas: Slowdown in North America from the previous year's rapid expansion. Sustaining high growth in India

Insight

- Japan: Offline recovery trend continues, global projects for Japanese companies to expand
- Overseas: Maintaining conservative scenario for the UK. Sustaining high growth in Indonesia

Dividend policy: Continue to increase dividends with a target dividend payout ratio of approximately 15%

We expect to pay 13.0 yen in the fiscal year ending in June 2024
(6.5 yen in H1 and 6.5 yen in H2).



5 Appendix

Fact Sheet(www.cm-group.co.jp/ir)

Units: JPY 100 Million	FY2022/6	FY2023/6	YoY Growth Rate
Revenue	249.0	250.9	+1% ¹
Gross Profit	103.4	103.9	+1%
(Gross Profit Margin)	(41.5%)	(41.4%)	(-0.2 pt)
SG&A	78.2	84.4	+8%
(SG&A Ratio)	(31.4%)	(33.6%)	(+2.3 pt) ²
Operating Profit	25.2	19.5	-23%
(Operating Profit Margin)	(10.1%)	(7.8%)	(-2.4 pt)
Ordinary Profit	25.0	18.8	-25%
Extraordinary Gains	-1.8	-0.3	-
Income Taxes	6.8	8.2	+21%
Net Income	15.6	10.1	-36%

Full-year revenue reached a record high

Data Marketing Business drove performance

SG&A ratio increased

SG&A increased for new consolidated subsidiaries; expenses, particularly personnel expenses, rose for existing subsidiaries

Units: JPY 100 Million	End of Jun. 2022	End of Jun. 2023	Changes
Current Assets	107.2	112.9	+5.8
Cash & Deposit	55.4	64.8	+9.4
Notes & Accounts Receivable	34.2	31.4	-2.8
Other	17.6	16.8	-0.8
Non-current Assets	24.2	30.2	+6.0
Goodwill	3.8	6.2	+2.4
Other	20.4	23.9	+3.6
Total Assets	131.3	143.1	+11.8
Current Liabilities	50.4	51.5	+1.1
Accounts Payable	13.3	9.8	-3.4
Short-term Debt*	11.5	13.4	+1.9
Other	25.6	28.2	+2.6
Non-current Liabilities	19.6	30.7	+11.1
Long-term Debt	16.7	27.6	+10.8
Other	2.9	3.1	+0.3
Net Assets	61.4	60.9	-0.5
Equity Ratio	43.9%	42.0%	-1.9 pt

Maintained level of cash and deposit

Continued to be sufficient for investment in business growth and repayment of debts

Balance of goodwill increased

Goodwill of newly consolidated subsidiaries caused an increase

The equity ratio is 42.0%

Secured healthy equity levels

*Short-term Debt including Long-term Debt, returned within a year

Unit: JPY 100 Million	FY2022/6	FY2023/6	Changes
Operating Cash Flow	19.5	18.0	-1.5
Income Before Tax	23.2	18.5	-4.7
D&A	3.2	4.0	+0.9
Decrease (increase) in Trade Receivables	0.2	5.6	+5.4
Income Taxes Paid	-7.7	-6.5	+1.2
Other	0.7	-3.6	-4.3
Investment Cash Flow	-9.0	-9.0	-0.0
Financial Cash Flow	-7.8	0.3	+8.0
Net Proceeds and Payments of Short-term Debt	0.9	-0.6	-1.6
Net Proceeds and Payments of Long-term Debt	-7.0	12.6	+19.6
Other	-1.8	-11.7	-10.0
Cash Equivalents at the End of Period	55.0	64.8	+9.7

1 Income before tax decreased

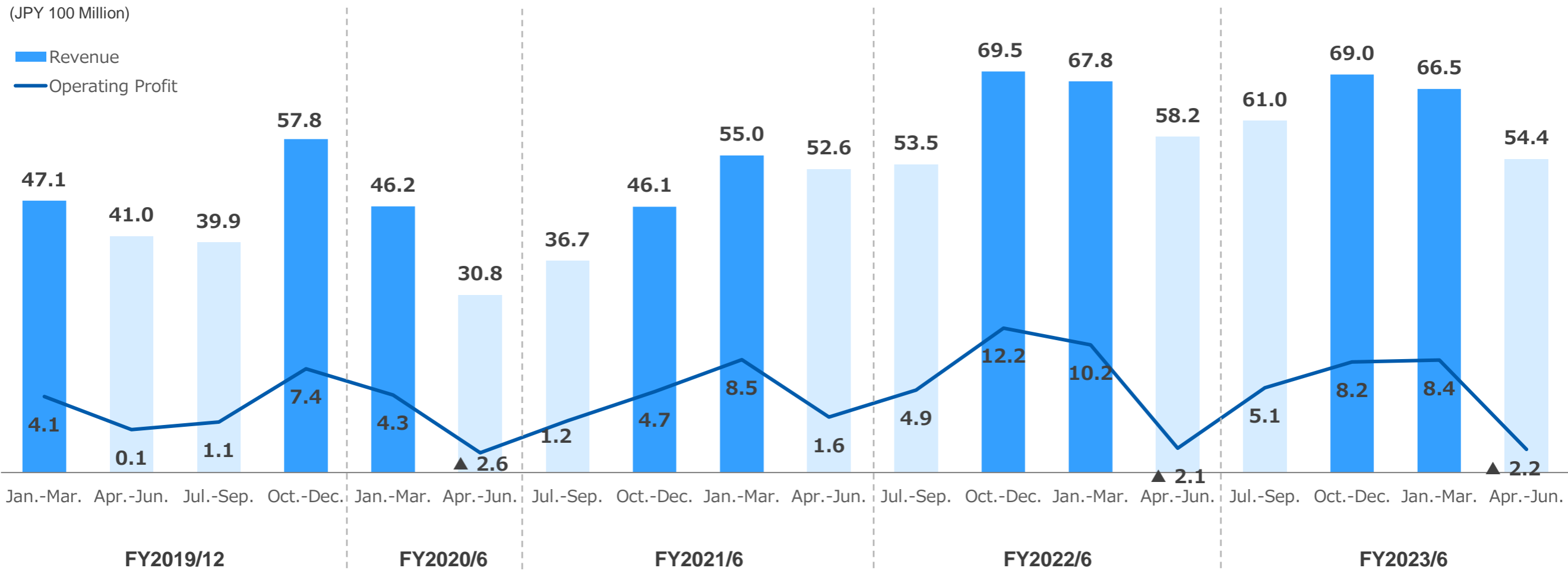
2 Achieved positive financing cash flows

Turned cash flow from financing activities positive thanks to increased borrowings despite increased payments for share buybacks

3 Maintaining level of cash and deposit

Continued to be sufficient for investment in business growth and repayment of debts

Quarterly revenue follows seasonal patterns. Oct.-Dec. and Jan.-Mar. are marked by strong sales, and Apr.-Jun. and Jul.-Sep. are quiet periods.



Cautionary Statement regarding the Material

The Purpose of this document is to provide information on business performance and not to solicit investment in securities issued by the company. The opinions and forecasts contained in this document are based on the judgment of the Company at the time this document was prepared, and it is subject to change in the future.

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