



Ticker : 3675 (TSE Prime)

**Cross Marketing Group Inc.**

# **Presentation material for Investors**

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# **1** Company Overview

<b>Company name</b>	<b>Cross Marketing Group Inc.</b>	(ticker : 3675, TSE Prime)
<b>President &amp; CEO</b>	<b>Miki Igarashi</b>	
<b>Established</b>	<b>April 1, 2003</b>	
<b>Key financial indicators(Yen) -FY 6/2023-</b>	<b>Total Sales 25.0<sub>bn</sub> Operating Profit 2.0<sub>bn</sub>億円 ROE 17.1% Total Assets 14.3<sub>bn</sub> Net Equity 6.0<sub>bn</sub> Capital 650<sub>mn</sub></b>	
<b>Business Segments</b>	<b>Digital Marketing, Data Marketing, Insight</b>	
<b>Affiliated Companies</b>	<b>Consolidated subsidiaries : 30 companies Equity method affiliates : 3 companies</b>	
<b>Consolidated Employees</b>	<b>1,517(Incl. 245 temporary staff)</b>	



## 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.

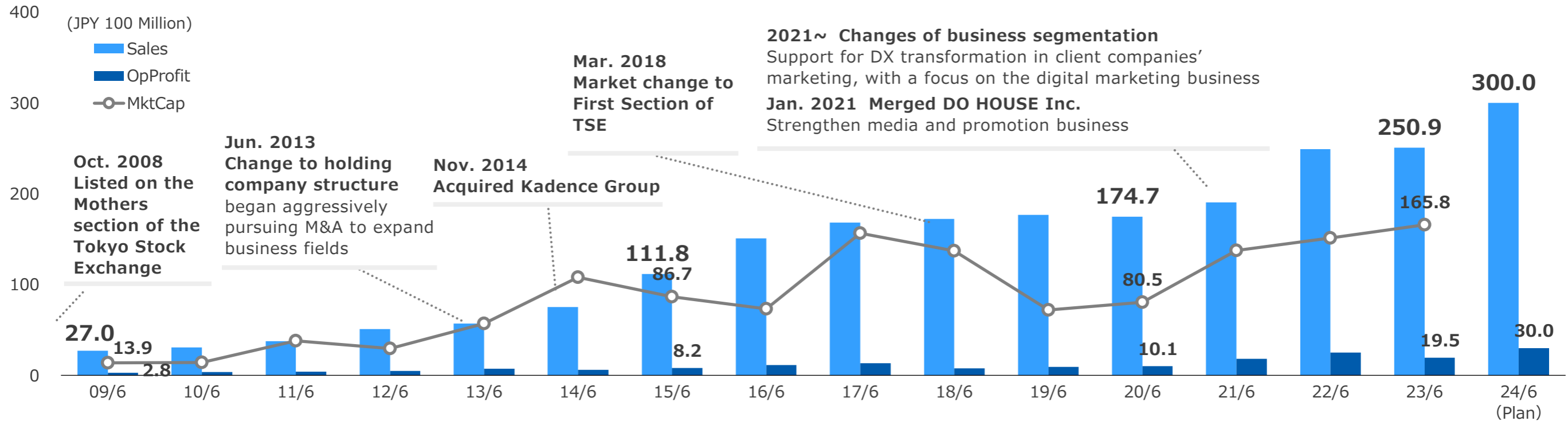
Clear the path, lead the way to tomorrow, and create the future.

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



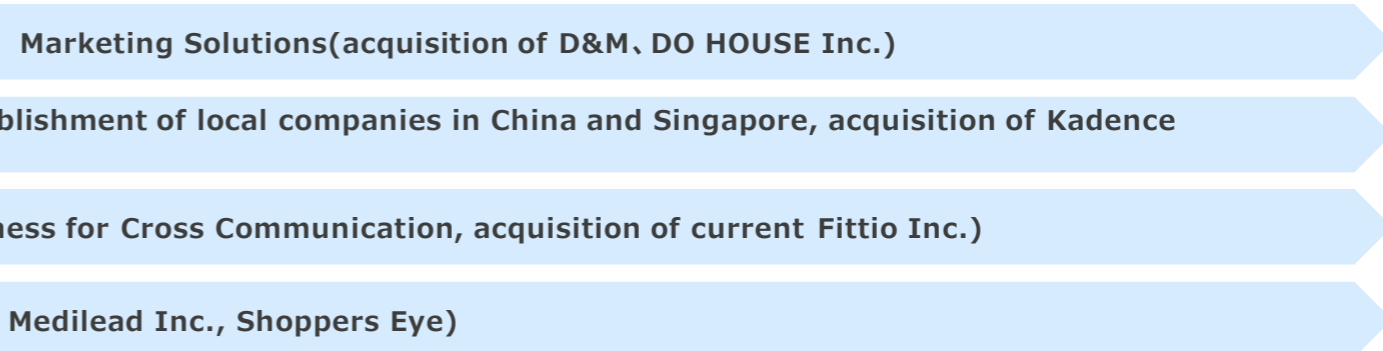
**2021~ Changes of business segmentation**  
Support for DX transformation in client companies' marketing, with a focus on the digital marketing business  
**Jan. 2021 Merged DO HOUSE Inc.**  
Strengthen media and promotion business

**Mar. 2018**  
Market change to First Section of TSE

**Jun. 2013**  
Change to holding company structure began aggressively pursuing M&A to expand business fields

**Nov. 2014**  
Acquired Kadence Group

**Oct. 2008**  
Listed on the Mothers section of the Tokyo Stock Exchange



\*As of Sep. 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  REECH

 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

**11,331,821**  
**people\***

Detailed profiles in  
a maximum of  
**2,500** categories



\*As of Sep. 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 11.3 million people

Detailed profiles in a maximum of 2,500 categories



Tie-up with about 30 companies

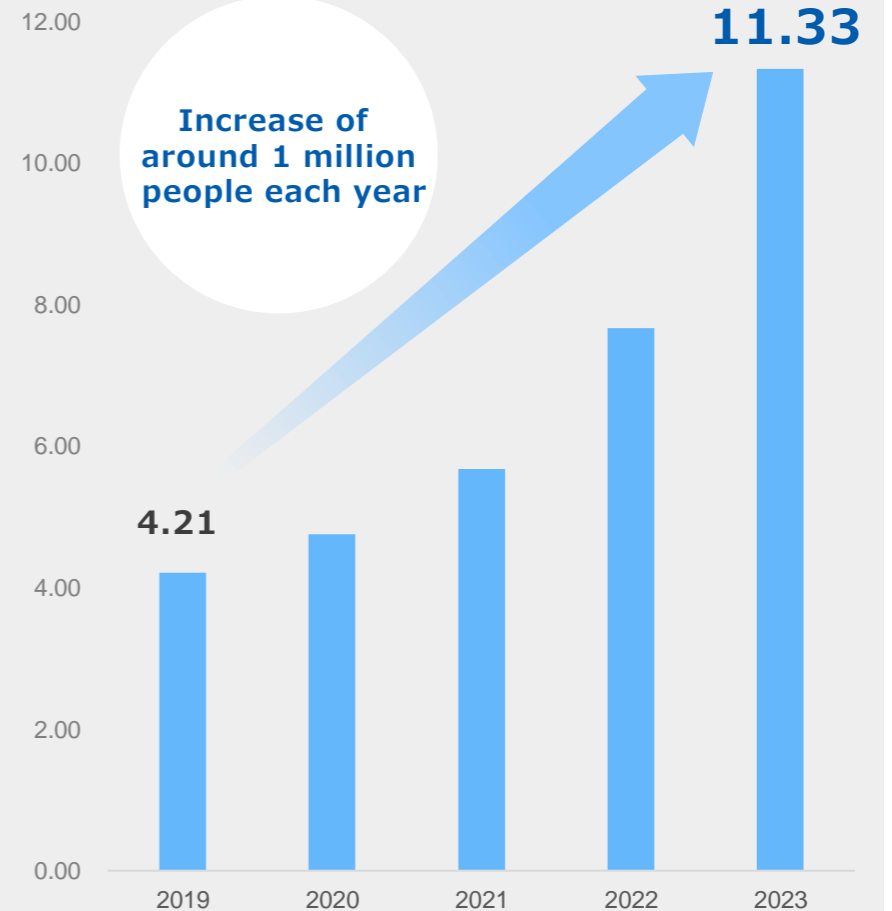
リサーチパネル

Loyalty Marketing, Inc.

dジョブ

### Growth of panel foundation

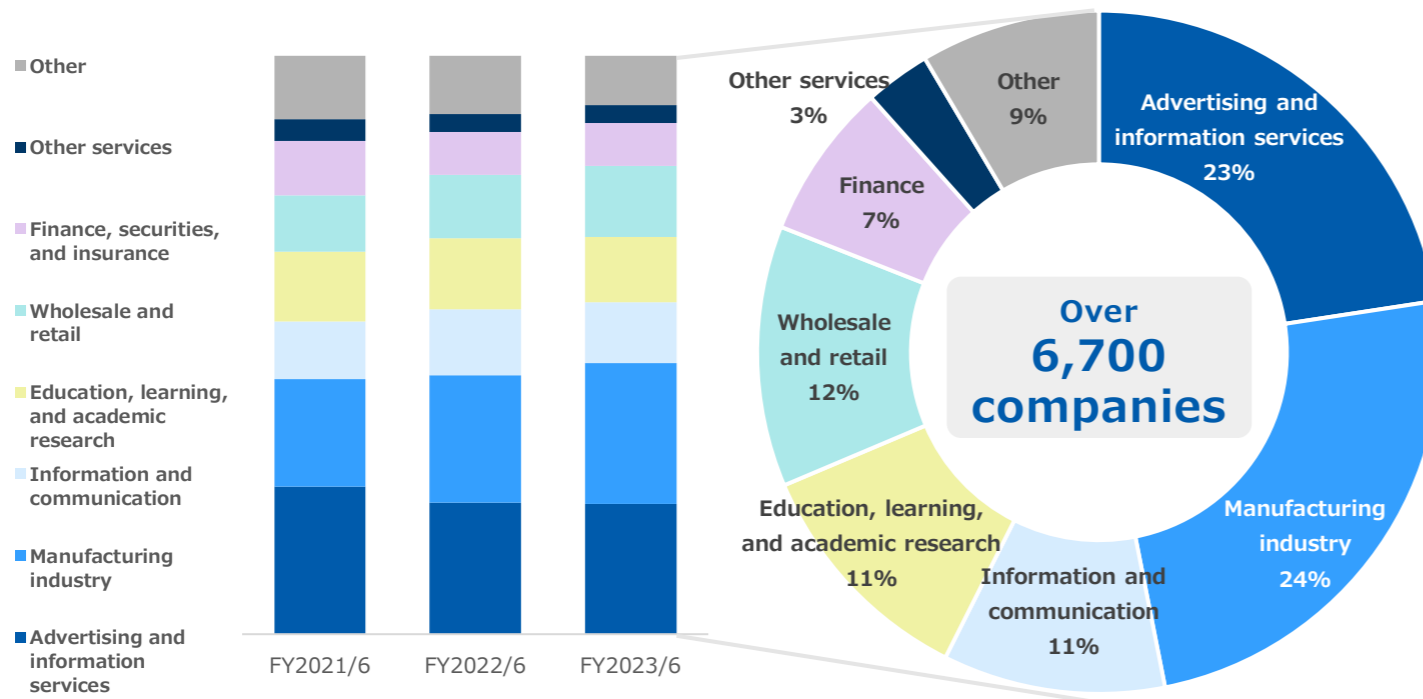
(Million people)



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



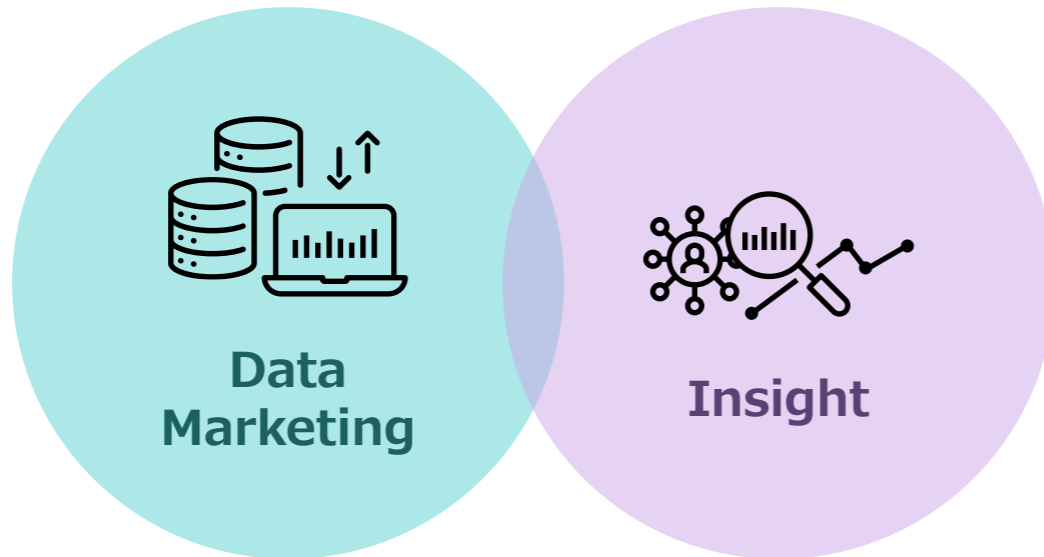
Overview of major customers and revenue composition (FY2023/6)

	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%

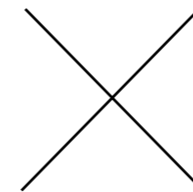
\* FMCG is an abbreviation for "fast-moving consumer goods," which refers to products that sell relatively quickly such as beverages, food and cosmetics (daily consumables).

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

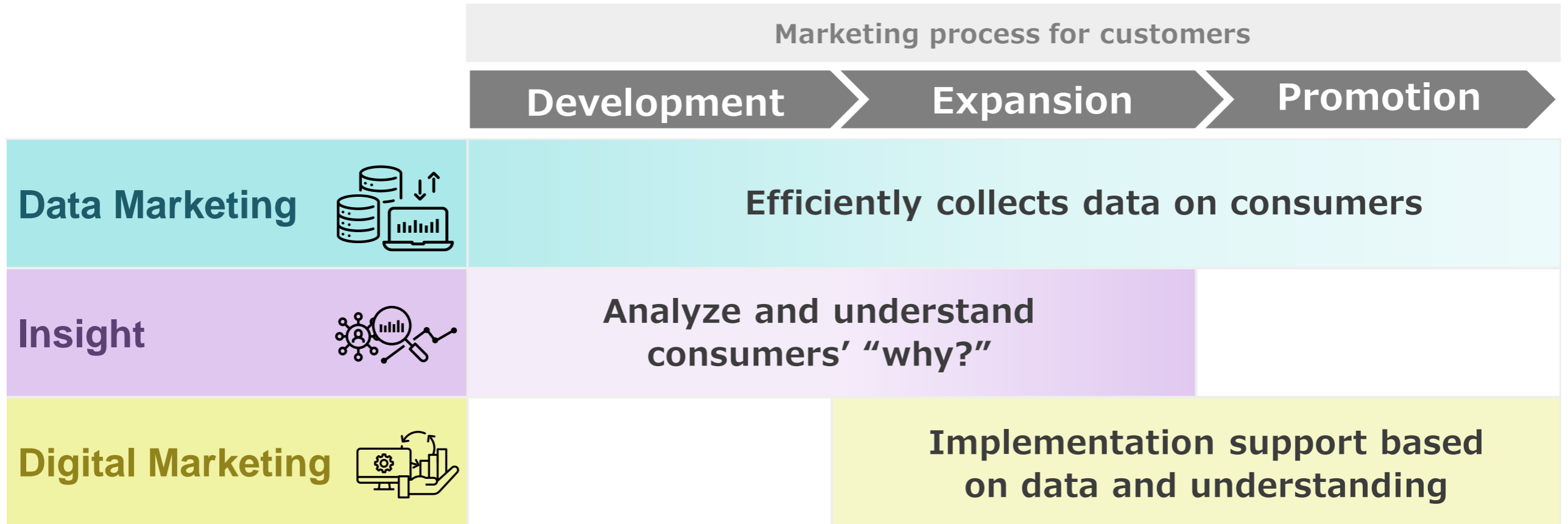


## Marketing implementation support



**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–

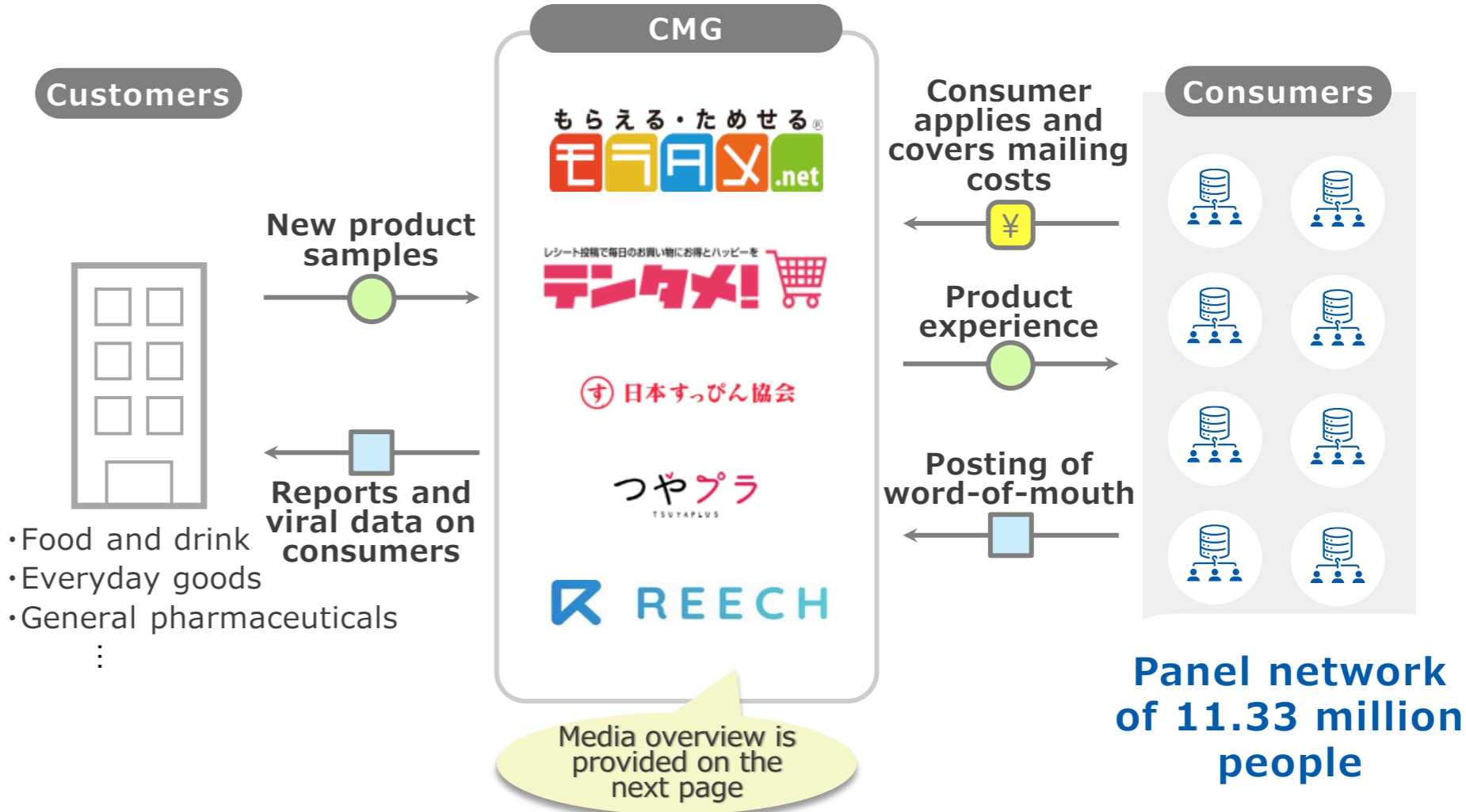
Operation of sales promotion support media



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





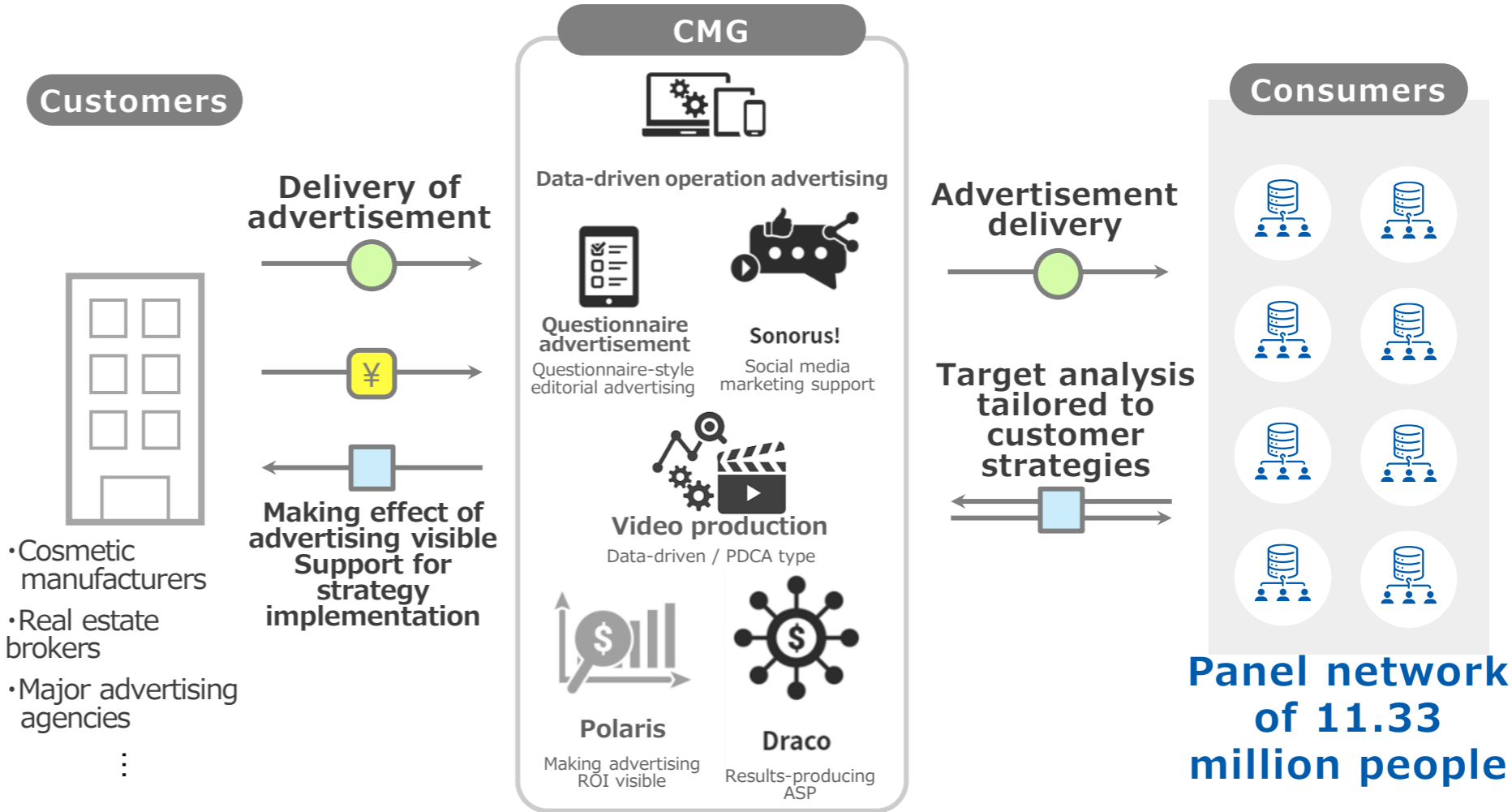
## Digital Marketing Business – Promotions –

### 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

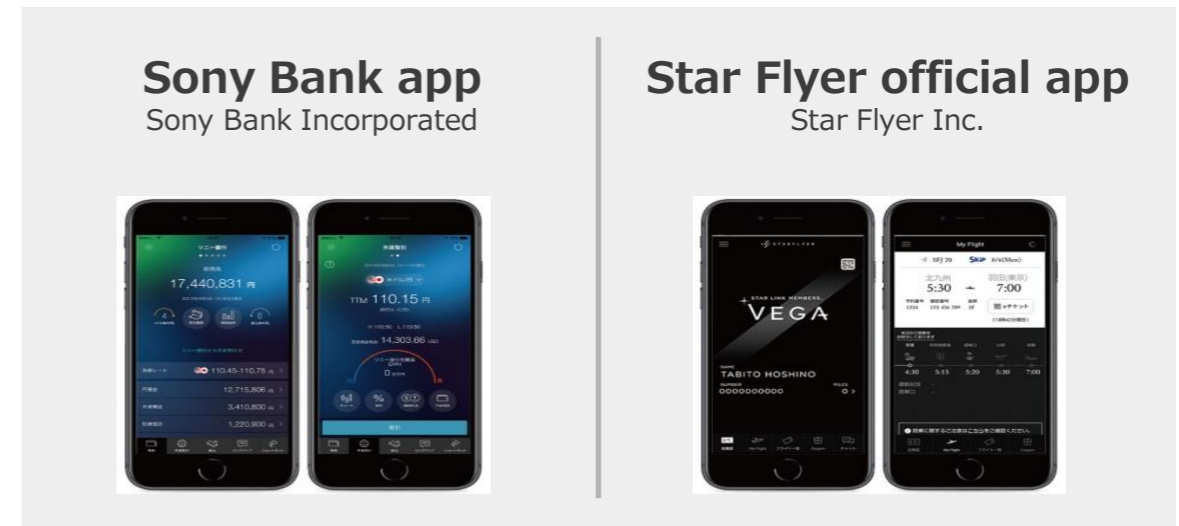
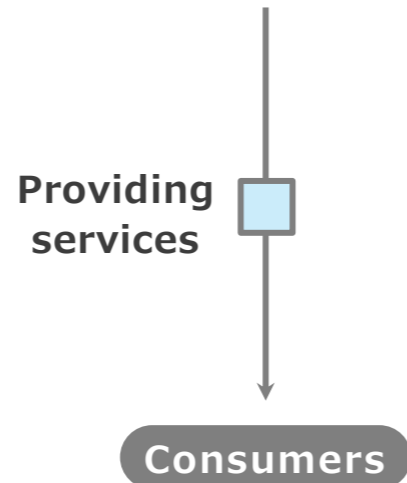
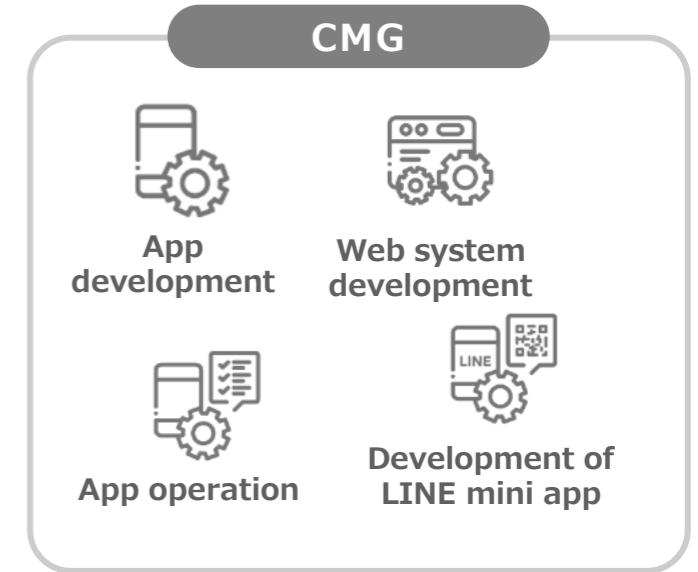
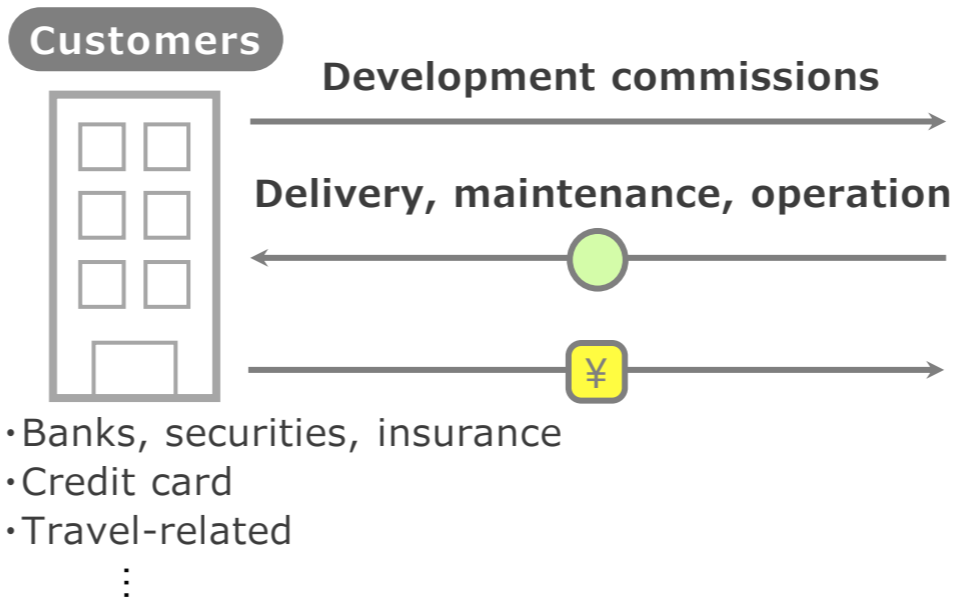


## Digital Marketing Business –IT solutions–

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 11.33 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

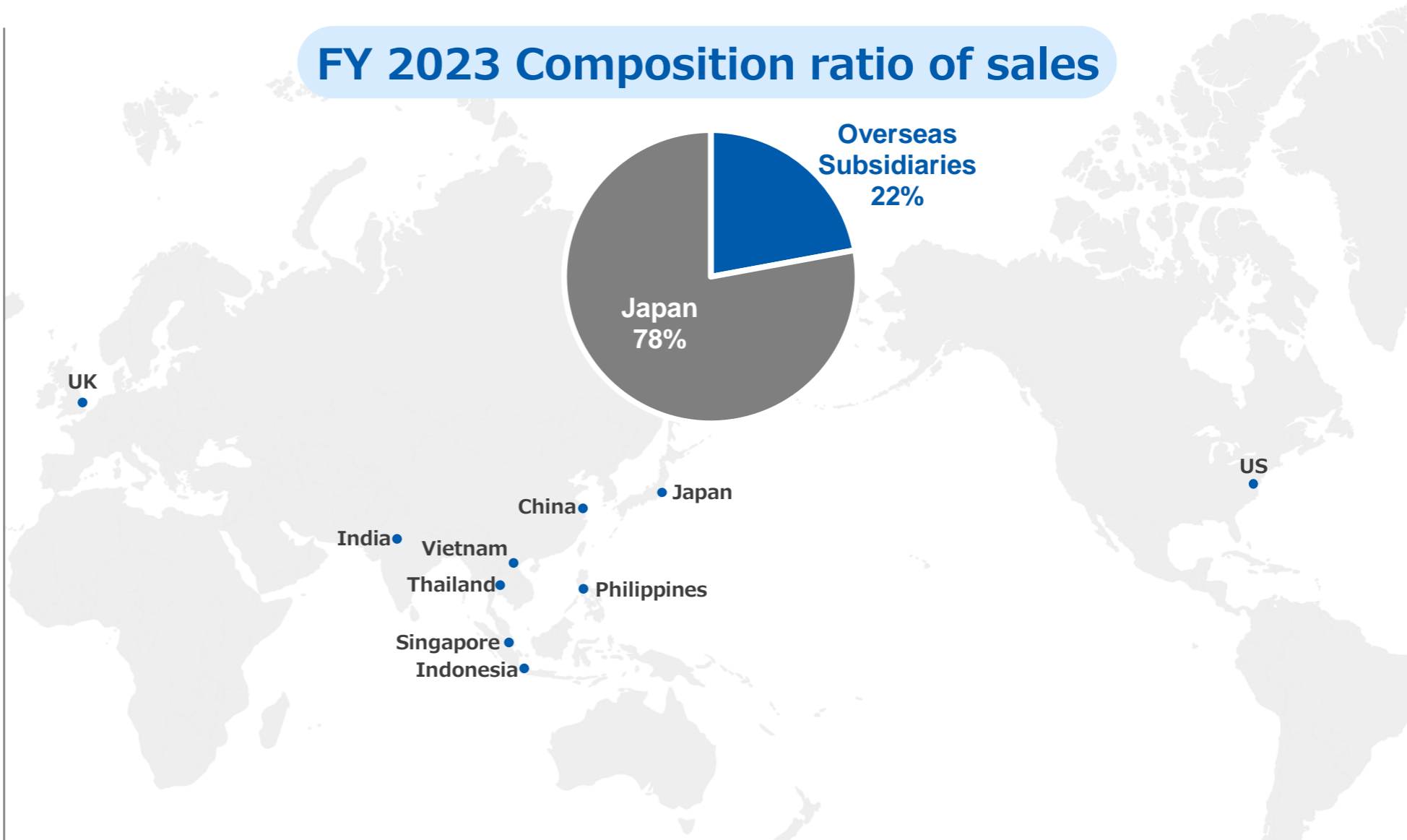


Analysis and understanding of consumer insights



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

## FY 2023 Composition ratio of sales



## **2** FY6/2024 Q1 Financial Results Outline

## Summary

### 1

- **Revenue totaled 5.63 billion yen (down 8% YoY) and operating loss totaled 20 million yen.**
- Although SG&A controlled to YoY level, operating profit fell due to a decline in gross profit margin.

## Summary

### 2

- **Digital Marketing:** Media/promotion order unit prices bottomed out.
- **Research (Data Marketing/Insight):** Revenue was solid in Japan but fell mainly because overseas demand ran its course.

## Summary

### 3

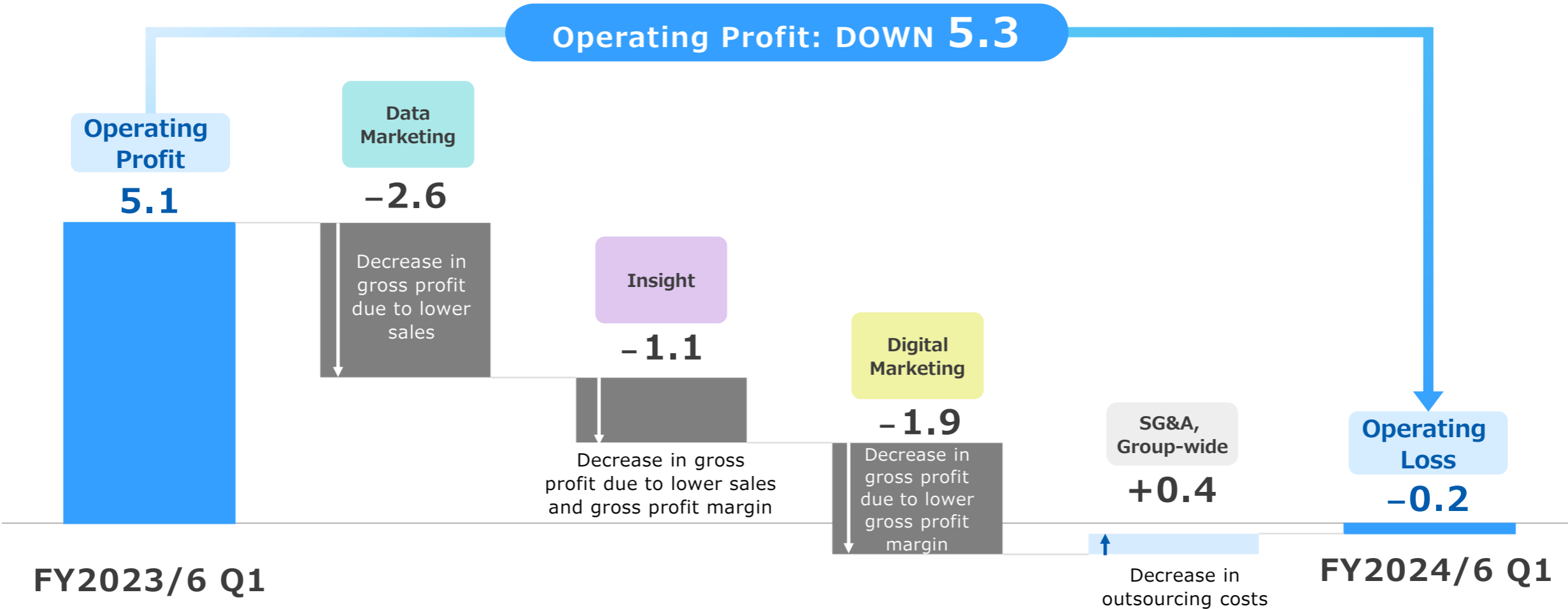
- **Forecast for fiscal year ending in June 2024:** No change to revenue of 30 billion yen and operating profit of 3 billion yen.

**Revenue fell 8%** mainly due to a decrease in the Data Marketing Business.  
**Although SG&A was nearly unchanged,**  
**operating loss was recorded due to a decline in gross profit.**

	FY2023/6 Q1 Actual	FY2024/6 Q1	
		Actual	YoY Growth Rate
(JPY 100 Million)			
<b>Revenue</b>	<b>61.0</b>	<b>56.3</b>	<b>- 8%</b>
Digital Marketing Business	22.4	22.0	- 2%
Data Marketing Business	22.9	19.6	- 15%
Insight Business	15.7	14.7	- 6%
<b>Gross Profit (Gross Profit Margin)</b>	<b>25.9 (42.4%)</b>	<b>20.2 (35.9%)</b>	<b>- 22% (-6.5 pt)</b>
<b>SG&amp;A</b>	<b>20.8</b>	<b>20.4</b>	<b>- 2%</b>
<b>Operating Profit (Operating Profit Margin)</b>	<b>5.1 (8.4%)</b>	<b>- 0.2 (-)</b>	<b>- (-)</b>



Revenue fell in all segments and operating profit declined due to lower gross profit.  
SG&A controlled to YoY level.



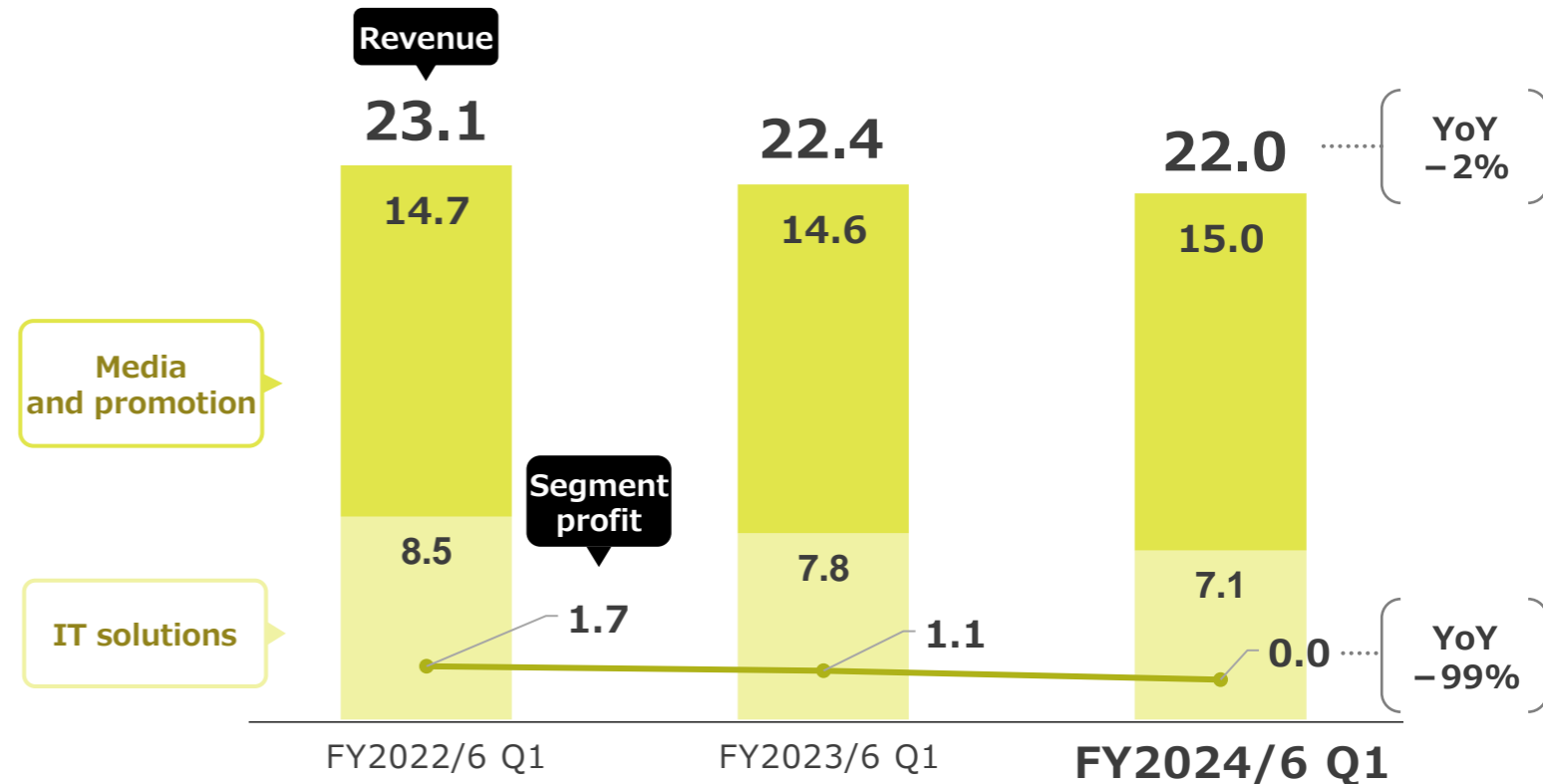
**Media/promotion order unit prices recovered.**  
**Revenue began to increase for the first time in 5 quarters.**  
**Growth for IT solutions was sluggish in contracted development and personnel related areas.**

- Media and promotion revenue increased 2%.  
 Newly consolidated subsidiary Tokyo Gets contributed. The order unit price rose 7% YoY and was on a recovery trend.

YoY change in media/promotion unit prices  
 FY6/2023 Q1 -9% Q2 -24% Q3 -25% Q4 -2%  
 FY6/2024 Q1 +7%

- Revenue fell 10% for IT solutions. Growth was sluggish in areas of contracted development and personnel.
- Segment profit declined. Gross profit margin declined due to changes in the service composition ratio. SG&A controls secured profitability.

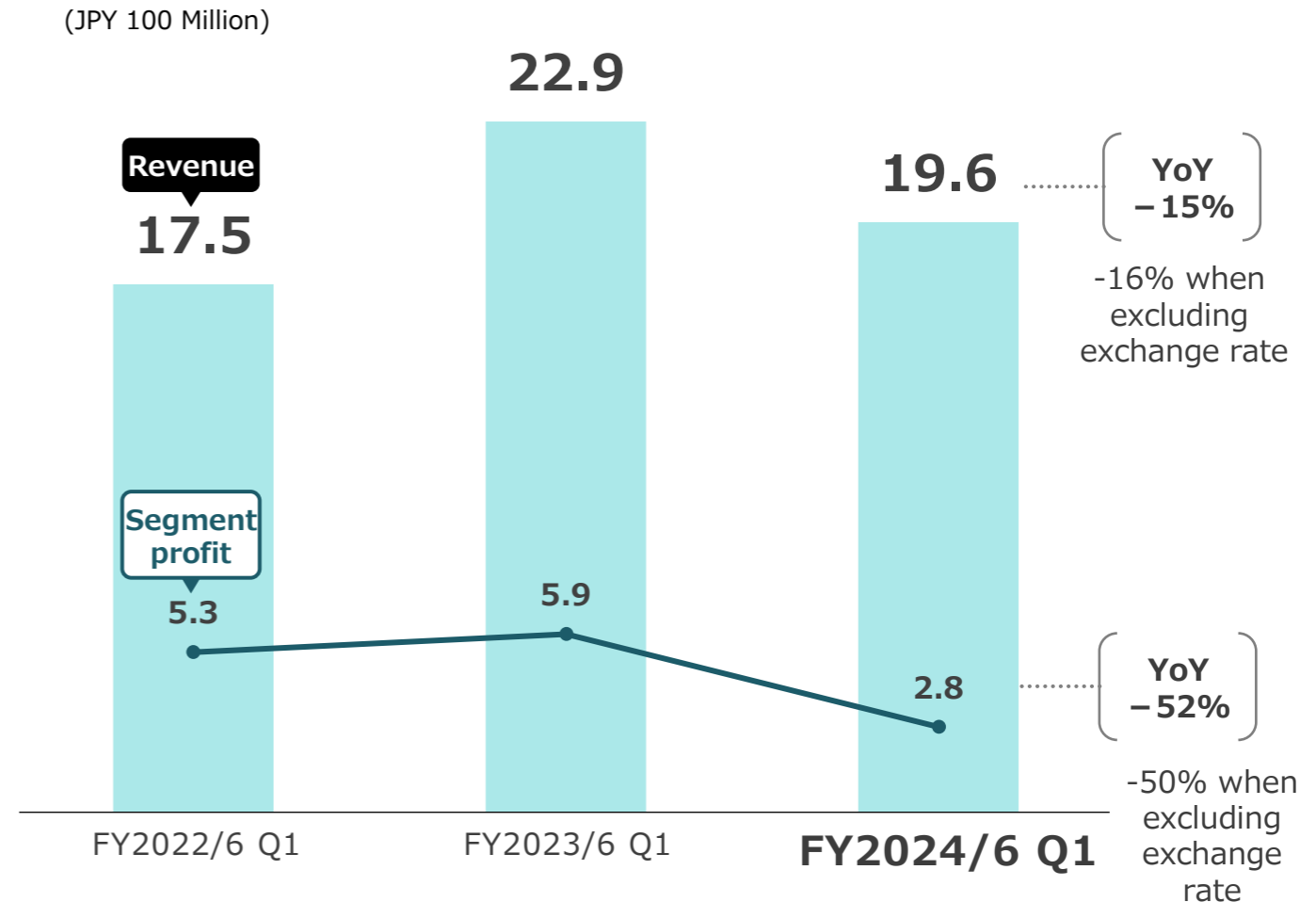
(JPY 100 Million)



## Revenue fell 15% and segment profit declined 52%. Revenue was solid in Japan, but overseas demand ran its course.

- In Japan, the survey market was firm at the previous year's level.
- Overseas, in the mainstay North American market, demand ran its course backed by the rapid recovery from the COVID-19 pandemic. SG&A rose due to expansion of human resource base.
- The effect of the weak yen\*<sup>1</sup> boosted revenue by 20 million yen but had minimal impact on operating profit.

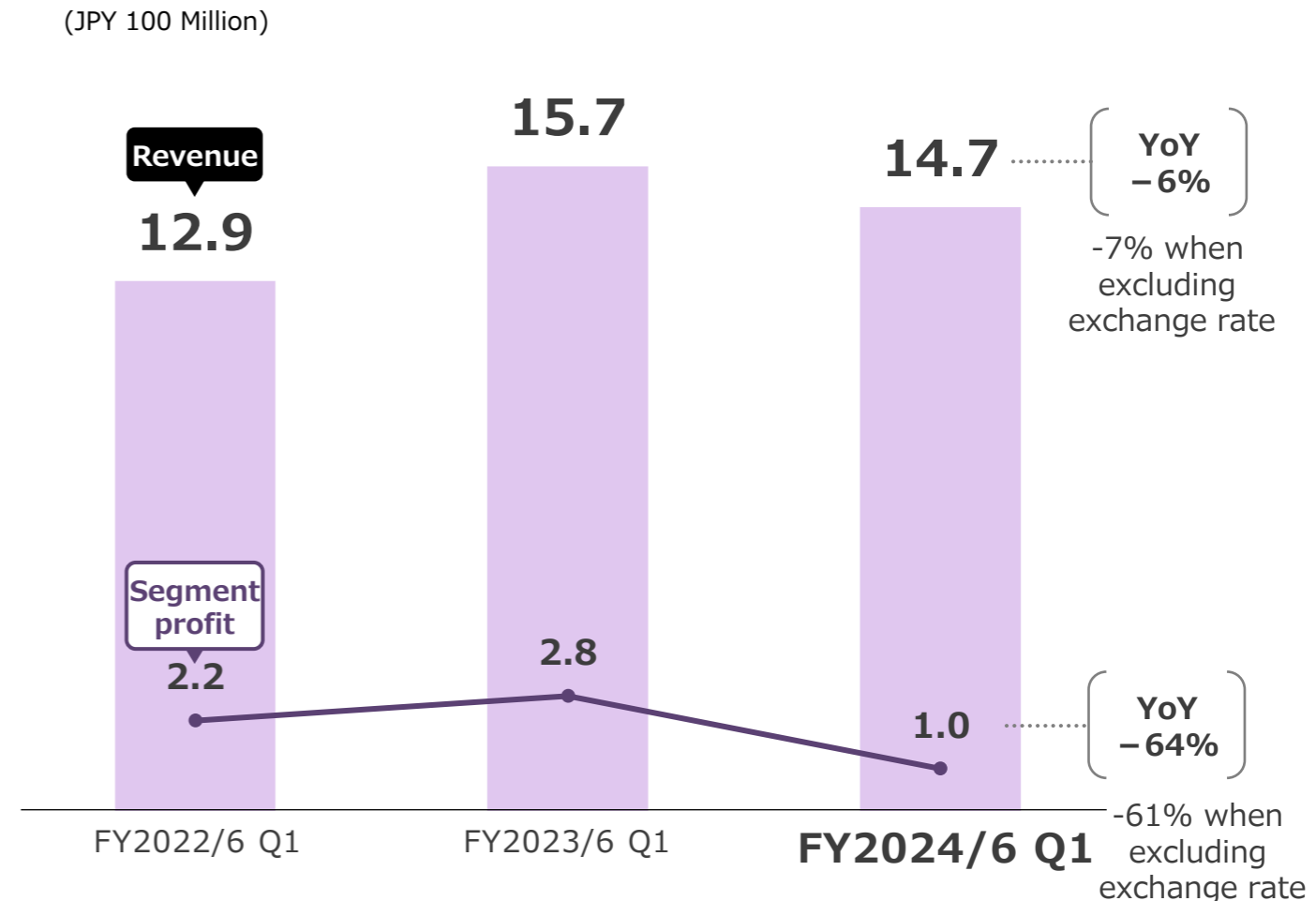
\*1 Compared to the actual exchange rate in Q1 of the fiscal year ended in June 2023.



**Revenue was down 6% and segment profit was down 64%.  
Although revenue was secured at the previous year's level in Japan,  
overseas remained severe.**

- In Japan, revenue from full-service online surveys increased. However, research in the medical/health-care field continued to stagnate.
- Overseas, revenue struggled mainly in the U.K. SG&A increased, especially personnel costs.
- The effect of the weak yen\*<sup>1</sup> boosted revenue by 110 million yen but had minimal impact on operating profit.

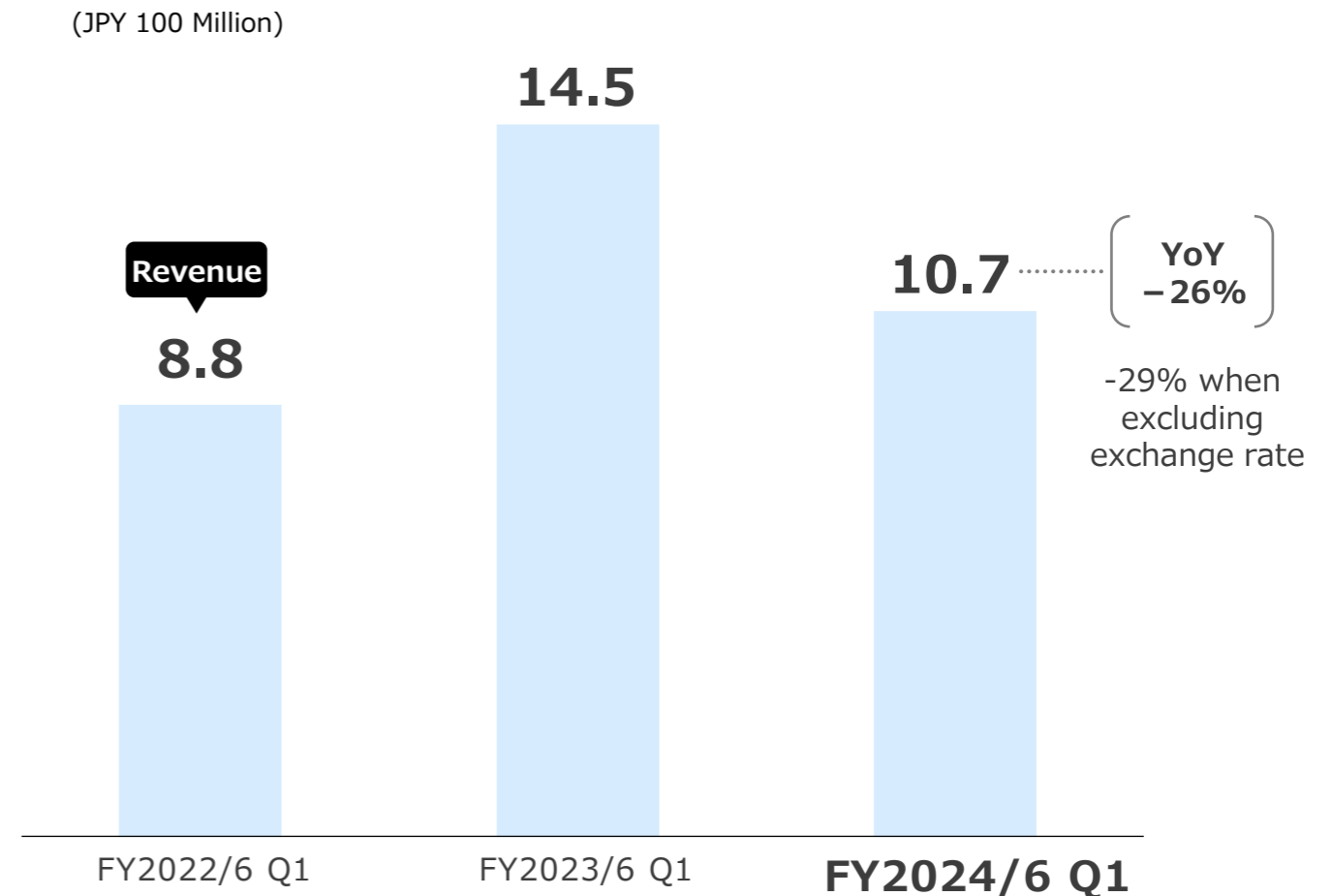
\*1 Compared to the actual exchange rate in Q1 of the fiscal year ended in June 2023.



Total overseas revenue **fell 26%** mainly because demand ran its course.  
**Emerging markets continued to grow.**

- Demand concentration in North America ran its course, and the U.K. remained severe.
- In India, we absorbed robust demand for surveys from consulting and research firms, and performed well.
- In Indonesia, orders were received from government affiliated energy, automotive, and electronics industries regardless of industry.
- The Philippines and Thailand contributed slightly to revenue despite strong performance.
- The effect of the weak yen<sup>\*1</sup> boosted revenue by 40 million yen (overseas total).

\*1 Compared to the actual exchange rate in Q1 of the fiscal year ended in June 2023.



# 3 Topics

# Development and operation support for Cross Communication Daiwa Connect Securities' application won “Good Design Award 2023.”



## ✓ Features

- Easy-to-understand screen transitions
- Intuitive operation and usability
- Original font development

## 👍 Evaluation points

Realizes a user-friendly design and intuitive operability for novice investors of the digital native generation, while integrating the functions of securities services necessary to support long-term asset building into a single application

Smartphone application “Connect” for Daiwa Connect Securities Co., Ltd.

# Do House-operated web sampling media “Moratame” and general shopping site “au PAY Market” began collaboration.



## Features of “Trial Monitor by Moratame”

### Allows users to register for the sampling service free of charge

“Trial Monitor by Moratame” in the “au PAY Market” offers a sampling service that utilizes Moratame’s “Tameseru” system. Moratame’s “Tameseru” is a service that delivers products to users who pay for shipping (trial cost), which is about half the cost of the product. Manufacturers can offer sampling to users willing to “try out their products even if they have to pay the cost” at a reduced delivery cost.

### Maximizes the effect through one-stop support

Offers one-stop support for “Trial Monitor by Moratame” ranging from product recognition through understanding, trial, and purchase. Maximizes the effect from trial to purchase by tracking users’ behavior.

### Guides users to the shop page after their product experience and leads them to the purchase

After the product experience through “Trial Monitor by Moratame,” guides users to the shop page in “au PAY Market” to promote purchases. By tracking users’ use of coupons, the extent to that sampling contributed to purchases can be monitored.



## **4** Forecast & Shareholder Returns

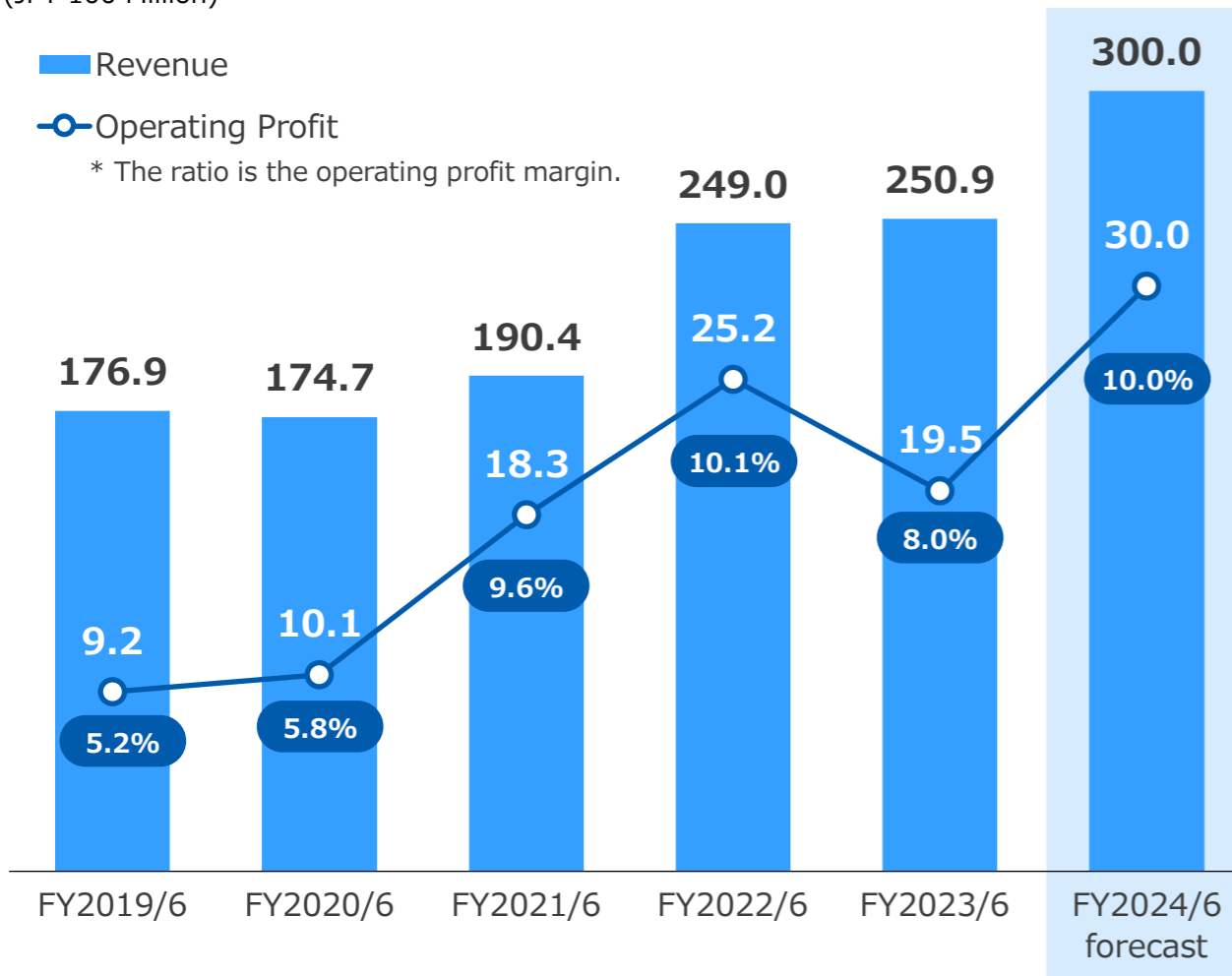
**No change to Medium-term Management Plan and final year earnings targets**  
**Targeting revenue of 30 billion yen (+20%) and operating profit of 3 billion yen (+54%)**

(JPY 100 Million)

■ Revenue

○ Operating Profit

\* The ratio is the operating profit margin.



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

## 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

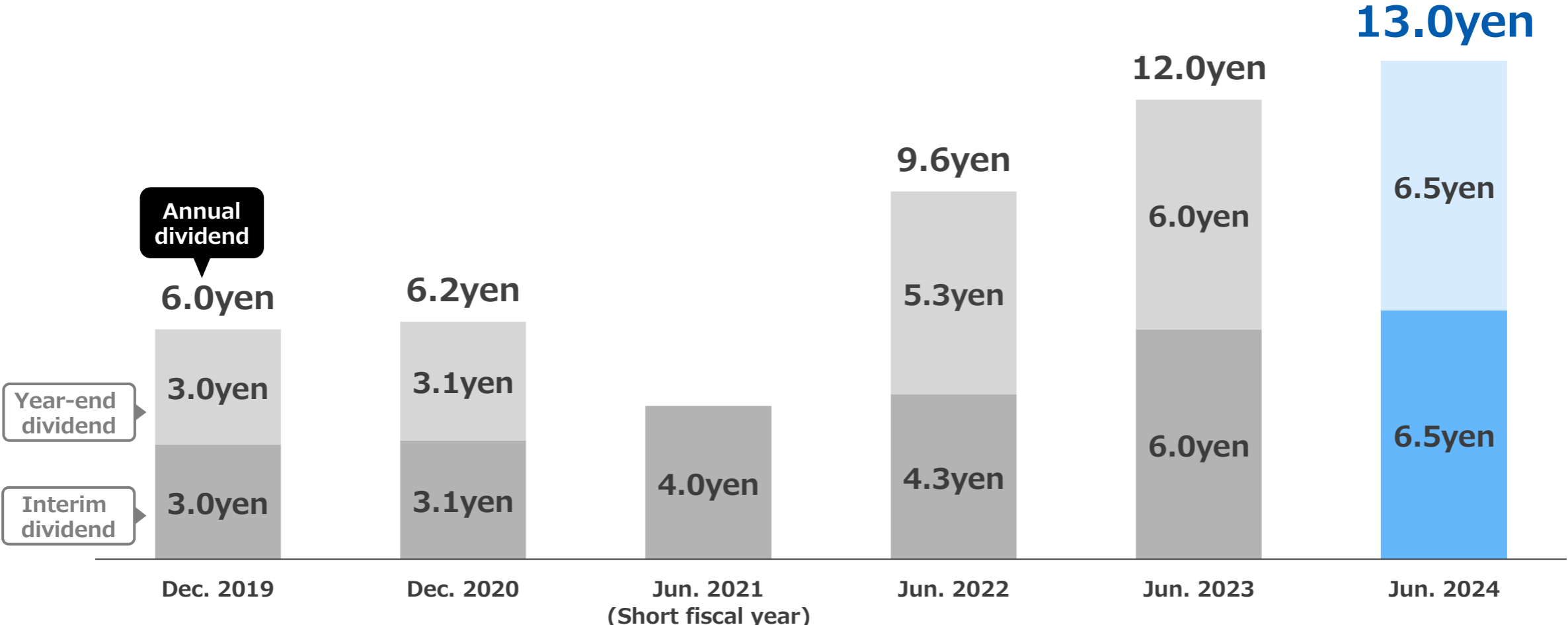
- Japan: Solid growth is expected, despite variation in strength between client industries
- Overseas: Sales in North America are expected to decline due to a lull in demand. Sustaining high growth in India

### 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](http://www.cm-group.co.jp/ir) )

Units: JPY 100 Million

	FY2023/6 Q1	FY2024/6 Q1	YoY Growth Rate
<b>Revenue</b>	<b>61.0</b>	<b>56.3</b>	<b>- 8%</b> ①
<b>Gross Profit</b>	<b>25.9</b>	<b>20.2</b>	<b>- 22%</b>
(Gross Profit Margin)	(42.4%)	(35.9%)	(- 6.5 pt) ②
<b>SG&amp;A</b>	<b>20.8</b>	<b>20.4</b>	<b>- 2%</b> ③
(SG&A Ratio)	(34.0%)	(36.2%)	(+ 2.2 pt)
<b>Operating Profit</b>	<b>5.1</b>	<b>- 0.2</b>	<b>-</b>
(Operating Profit Margin)	(8.4%)	(-)	(-)
<b>Ordinary Profit</b>	<b>5.4</b>	<b>- 0.6</b>	<b>-</b>
<b>Extraordinary Gains</b>	<b>- 0.0</b>	<b>- 0.0</b>	<b>-</b>
<b>Income Taxes</b>	<b>1.9</b>	<b>0.8</b>	<b>- 60%</b>
<b>Net Income</b>	<b>3.3</b>	<b>- 1.4</b>	<b>-</b>

**Revenue decreased**

Growth was sluggish mainly in the Data Marketing Business and Insight Business

**Gross profit margin declined**

The sales composition ratio of businesses with relatively low gross profit increased

**SG&A controlled to the previous year's level**

Units: JPY 100 Million	End of Jun. 2023	End of Sep. 2023	Changes
<b>Current Assets</b>	<b>112.9</b>	<b>104.2</b>	<b>-8.7</b>
Cash & Deposit	64.8	52.6	-12.2
Notes & Accounts Receivable	31.4	33.7	+2.3
Other	16.8	17.9	+1.0
<b>Non-current Assets</b>	<b>30.2</b>	<b>30.0</b>	<b>-0.2</b>
Goodwill	6.2	5.8	-0.5
Other	23.9	24.3	+0.3
<b>Total Assets</b>	<b>143.1</b>	<b>134.2</b>	<b>-8.9</b>
<b>Current Liabilities</b>	<b>51.5</b>	<b>47.2</b>	<b>-4.2</b>
Accounts Payable	9.8	11.7	+1.9
Short-term Debt*	13.4	13.9	+0.5
Other	28.2	21.6	-6.6
<b>Non-current Liabilities</b>	<b>30.7</b>	<b>28.6</b>	<b>-2.2</b>
Long-term Debt	27.6	25.4	-2.2
Other	3.1	3.2	+0.1
<b>Net Assets</b>	<b>60.9</b>	<b>58.4</b>	<b>-2.5</b>
<b>Equity Ratio</b>	<b>42.0%</b>	<b>42.9%</b>	<b>+0.9 pt</b>

**1** ..... **Cash and deposit totaled slightly more than 5 billion yen**

Decreased from the end of the previous fiscal year but continued to be sufficient for investment in business growth and repayment of debts

**2** ..... **Balance of goodwill decreased**

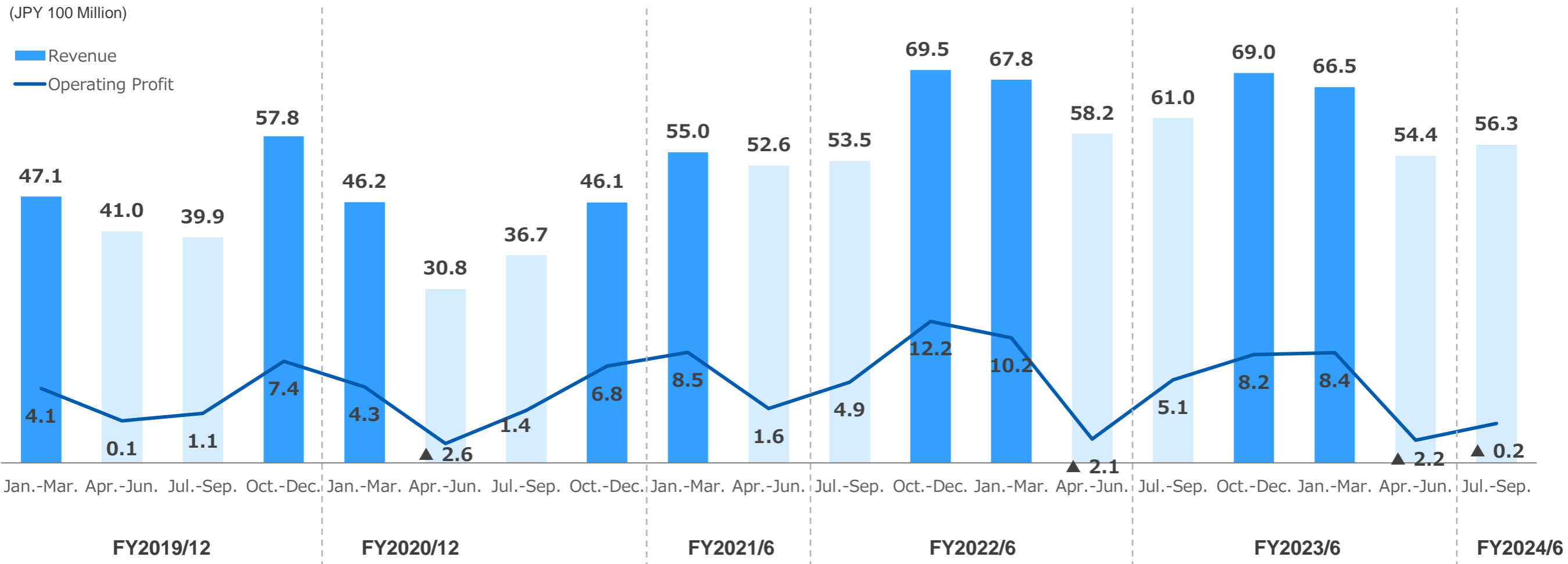
Made progress in amortization of goodwill of consolidated subsidiaries

**3** ..... **The equity ratio is 42.9%**










Slightly increased from the end of the previous fiscal year, and secured healthy levels

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

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





Category	Materiality	Specific initiatives ※All figures are for FY2023.
<p><b>Environment</b></p>  	<p>Broader protection of the global environment, including addressing climate change</p>	<ul style="list-style-type: none"> <li>Express support for TCFD and join the TCFD consortium.</li> <li>CO2 emissions (t-Co2)                             <ul style="list-style-type: none"> <li>Scope1 0</li> <li>Scope2 305 (Emissions associated with office electricity consumption)</li> <li>Scope3 47 (Emissions from the use of cloud services)</li> </ul> </li> </ul>
<p><b>Social</b></p>   	<p>Enhancing human capital</p> <p>Increasing diversity, equity and inclusion (DE&amp;I)</p> <p>Advancing joint social contribution activities in collaboration with a wide range of partners in industry, academia and government</p>	<ul style="list-style-type: none"> <li>Renewal of the personnel evaluation system</li> <li>A total of 20 training courses for managers have been organised.</li> <li>Percentage of female new employees: 54.7</li> <li>Percentage of male employees taking maternity leave 61.5</li> <li>Support organizations that help achieve the SDGs through the Moratame SDGs Project.</li> </ul>
<p><b>Governance</b></p> 	<p>Enhancing corporate governance functions and internal management systems</p> <p>Further strengthening risk management, information security and privacy protection</p> <p>Motivating appropriate information disclosure to and dialogue with stakeholders</p>	<ul style="list-style-type: none"> <li>Ratio of outside directors: 60%</li> <li>Internal reporting system</li> <li>Compliance training</li> <li>Number of investor briefings held: 8</li> </ul>
<p><b>Business</b></p>   	<p>Balancing economic growth and sustainability activities</p>	<ul style="list-style-type: none"> <li>Sustainability-related research sales                             <ul style="list-style-type: none"> <li>-Domestic: 69.79 million yen</li> <li>-Overseas: 66.45million yen</li> </ul> </li> <li>Do-House and REECH commissioned for community revitalization event</li> </ul>

## 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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