



Ticker : 3675 (TSE Prime)

Cross Marketing Group Inc.

Presentation material for Investors

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1 FY6/2024 H1 Financial Results Outline

Summary

1

- Revenue in the first half was 12.51 billion yen (down 4% YoY) and operating profit totaled 930 million yen (down 30% YoY).
- In Q2 (Oct.-Dec.), performance recovered, with operating profit up 16% YoY.

Summary

2

- **Digital Marketing:** Revenue was up 11% due to recovery in media/promotion order unit prices.
- **Research (Data Marketing/Insight):** Revenue was solid in Japan but fell mainly because overseas demand ran its course.

Summary

3

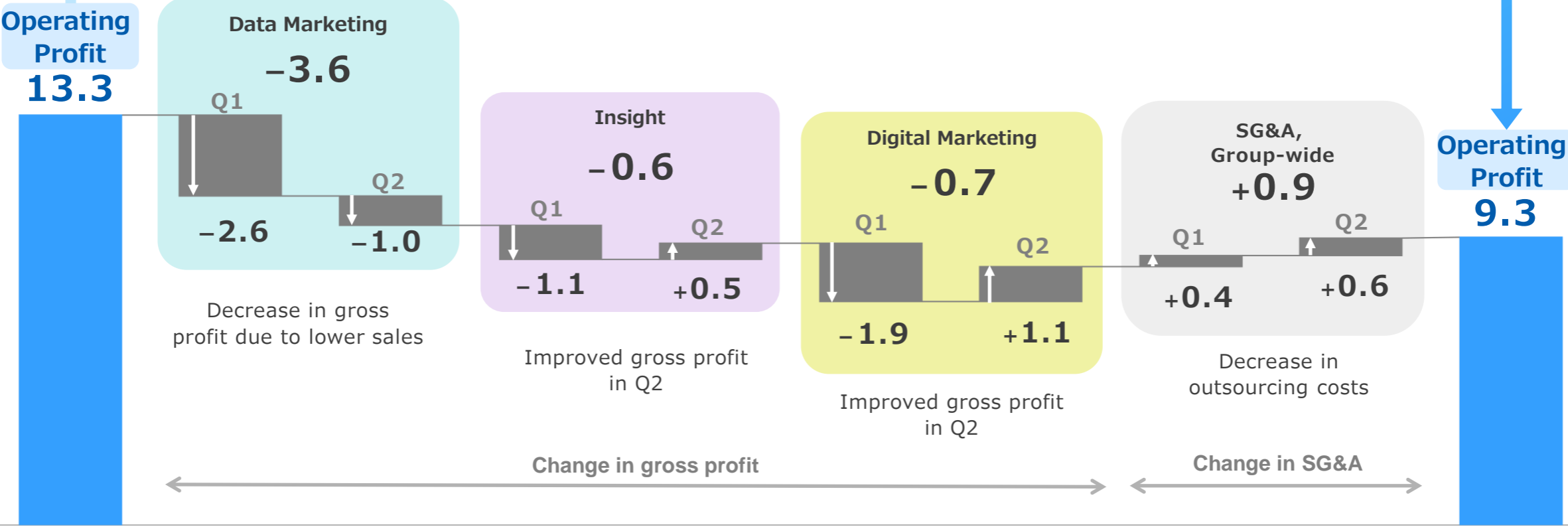
- **Revised forecast for fiscal year ending in June 2024,** dividend plan unchanged since increase from the previous year.
- Extended the Medium-term Management Plan by one year, aiming for revenue of 30 billion yen and operating profit of 3 billion yen in the fiscal year ending in June 2025.

Challenges in Data Marketing led to **lower revenue and profits in H1**.
 In **Q2 (Oct.-Dec.)**, **operating profit increased 16%** due to **growth in Digital Marketing** and **improved profit margins**.

	FY2024/6					
	Q1 (Jul.-Sep.)		Q2 (Oct.-Dec.)		H1	
(JPY 100 Million)		YoY Growth Rate		YoY Growth Rate		YoY Growth Rate
Revenue	56.3	-8%	68.9	<u>-0.2%</u>	125.1	-4%
Digital Marketing Business	22.0	-2%	29.1	+23%	51.1	+11%
Data Marketing Business	19.6	-15%	20.7	-25%	40.3	<u>-20%</u>
Insight Business	14.7	-6%	19.1	+7%	33.8	+1%
Gross Profit (Gross Profit Margin)	20.2 (35.9%)	-22% (-6.5 pt)	29.2 (42.4%)	<u>+3% (+1.1 pt)</u>	49.4 (39.5%)	-9% (-2.3 pt)
SG&A	20.4	-2%	19.7	-3%	40.1	-2%
Operating Profit (Operating Profit Margin)	-0.2 (-)	- (-)	9.5 (13.8%)	<u>+16% (+1.9 pt)</u>	9.3 (7.4%)	-30% (-2.8 pt)

Gross profit fell in Data Marketing due to lower revenue
Gross profit improved in Q2 (Oct.-Dec.) for Insight/Digital Marketing

Operating Profit: DOWN 4.0



FY2023/6 H1

FY2024/6 H1

Revenue in H1 rose 11% and segment profit increased 2%.
Record sales in H1 due to full-scale recovery in media/promotion.

Highlights

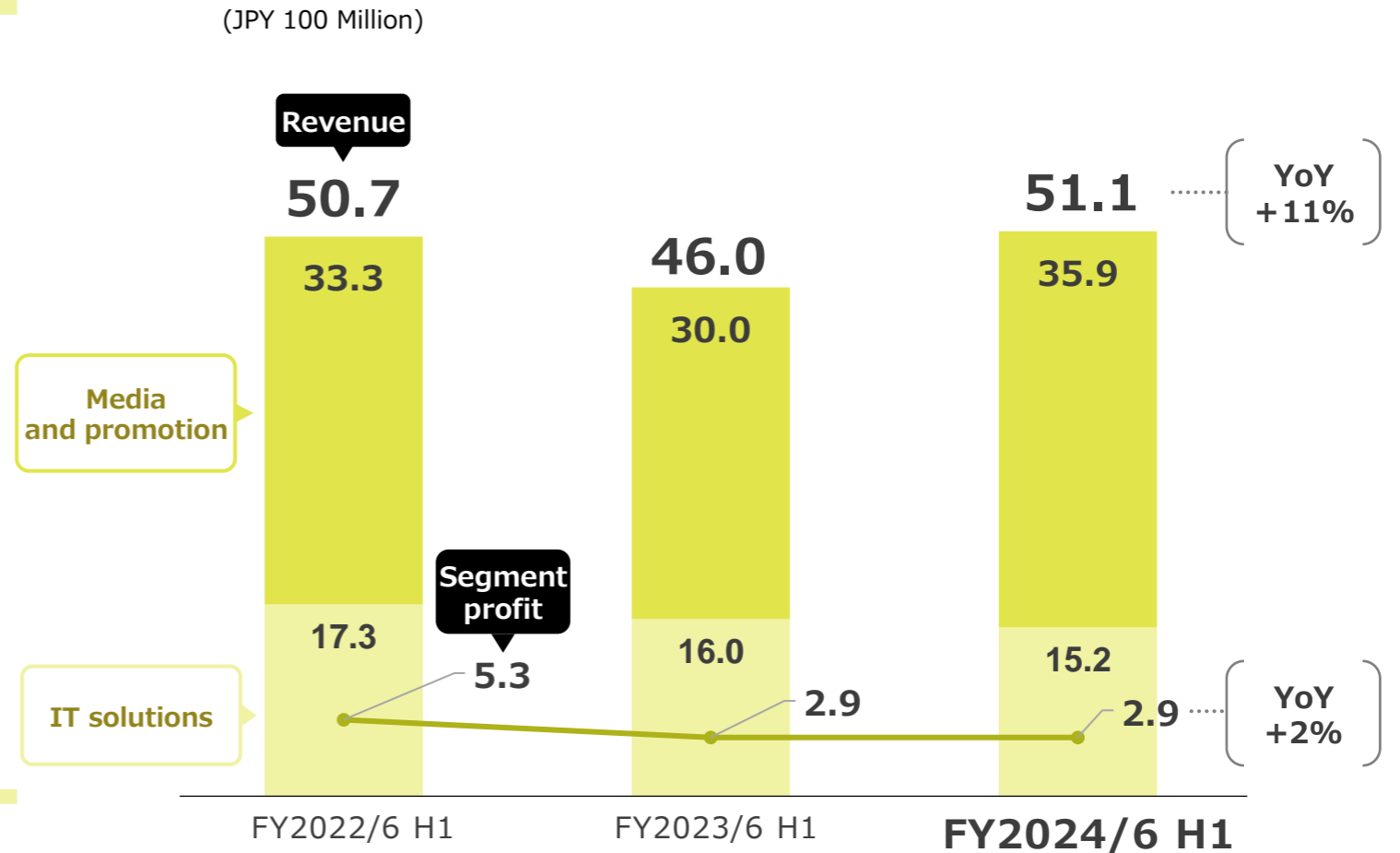
- Media and promotion revenue increased 20%. This was supported by a recovery in unit prices and the newly consolidated subsidiary Tokyo Gets.

YoY change in media/promotion unit prices
 FY2023/6: Q1 -9% Q2 -24% Q3 -25% Q4 -2%
 FY2024/6: Q1 +7% Q2 +53%

- Segment profit increased 2% in H1. Profitability recovered to 10%, especially in Q2 (Oct.-Dec.).

Lowlights

- Revenue fell 5% in H1 for IT solutions. Growth was sluggish in the personnel area.



Revenue in H1 fell 20% and segment profit declined 28%.
Revenue was solid in Japan, but overseas demand ran its course.

Highlights

- Revenue rose 4% in Japan. Research demand remained solid.

Lowlights

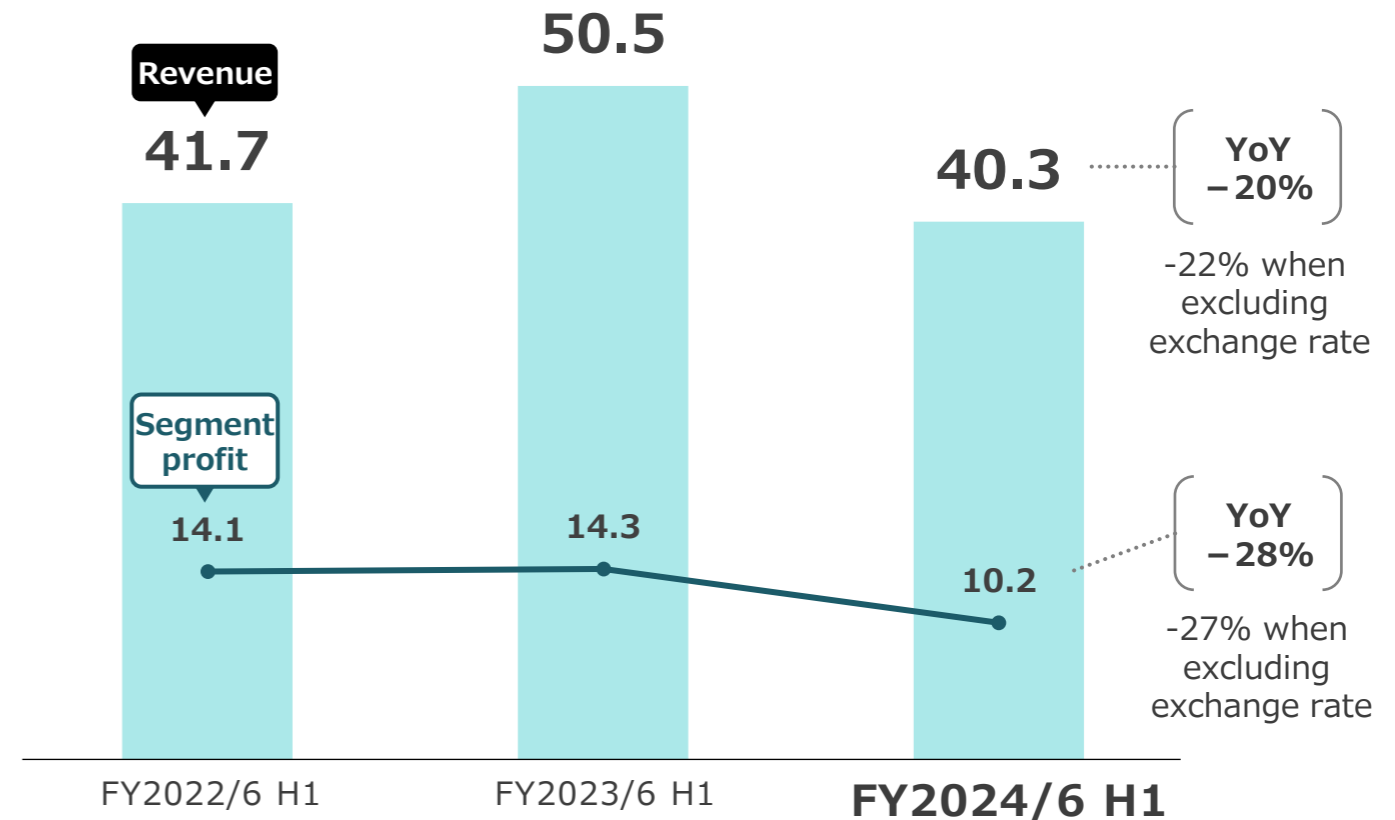
- Overseas revenue declined 51%. Overseas, in the mainstay North American market, demand ran its course backed by the rapid recovery from the COVID-19 pandemic.

Exchange rate impact

- The effect of the weak yen*2 boosted revenue by 80 million yen but had minimal impact on profit.

*1 Compared to the actual exchange rate in Q2 of the fiscal year ended in June 2023

(JPY 100 Million)



Revenue in H1 rose 0.8% and segment profit declined 22%.

Though overseas markets remained severe, solid performance was maintained in Japan.

Highlights

- Revenue rose 4% in Japan. Increased offline surveys (e.g., CLT*1).

Lowlights

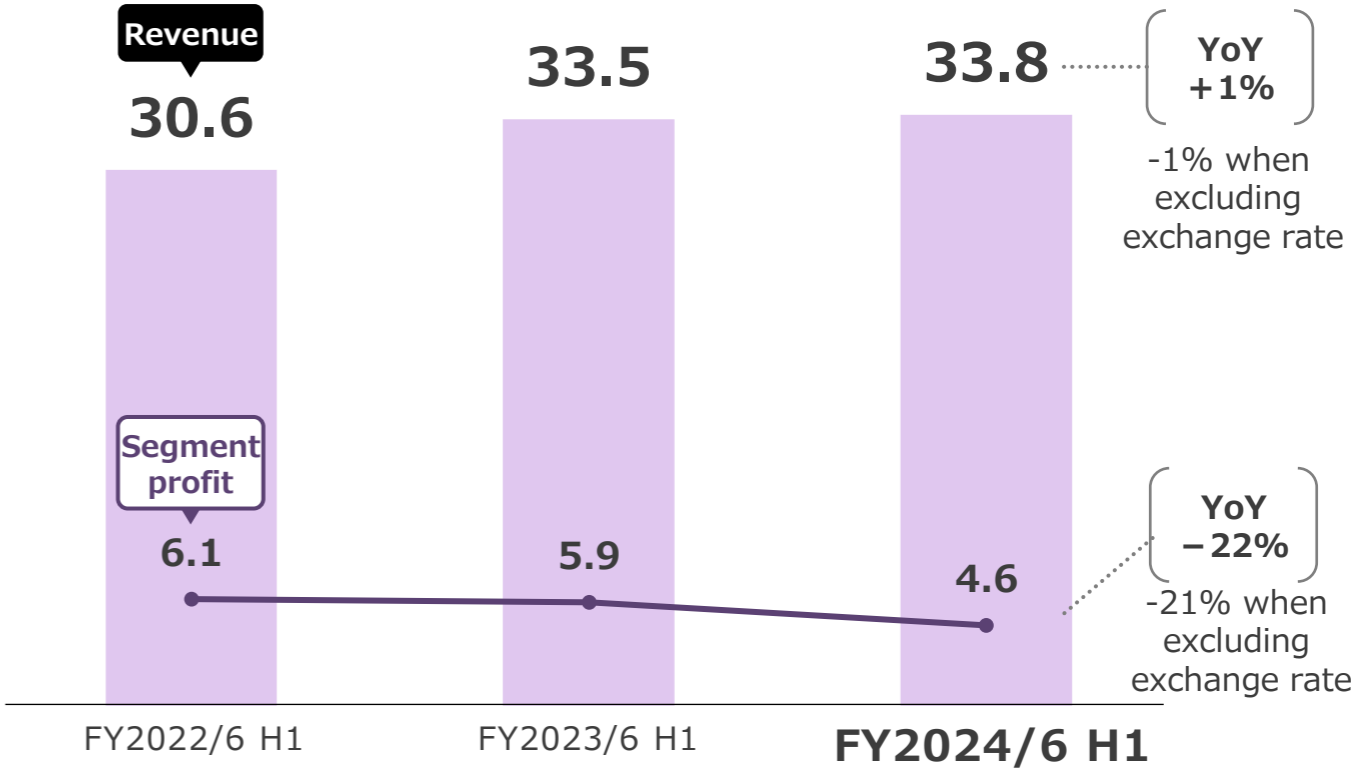
- Overseas revenue declined 8%, mainly in the U.K. Gross profit margin declined in Japan.

Exchange rate impact

- The effect of the weak yen*2 boosted revenue by 60 million yen but had minimal impact on 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 Q2 of the fiscal year ended in June 2023.

(JPY 100 Million)



Total overseas revenue fell 39% mainly because demand ran its course.
Emerging markets continued to grow.

Highlights

- 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 consumer goods industries regardless of industry, and performance was strong.

Lowlights

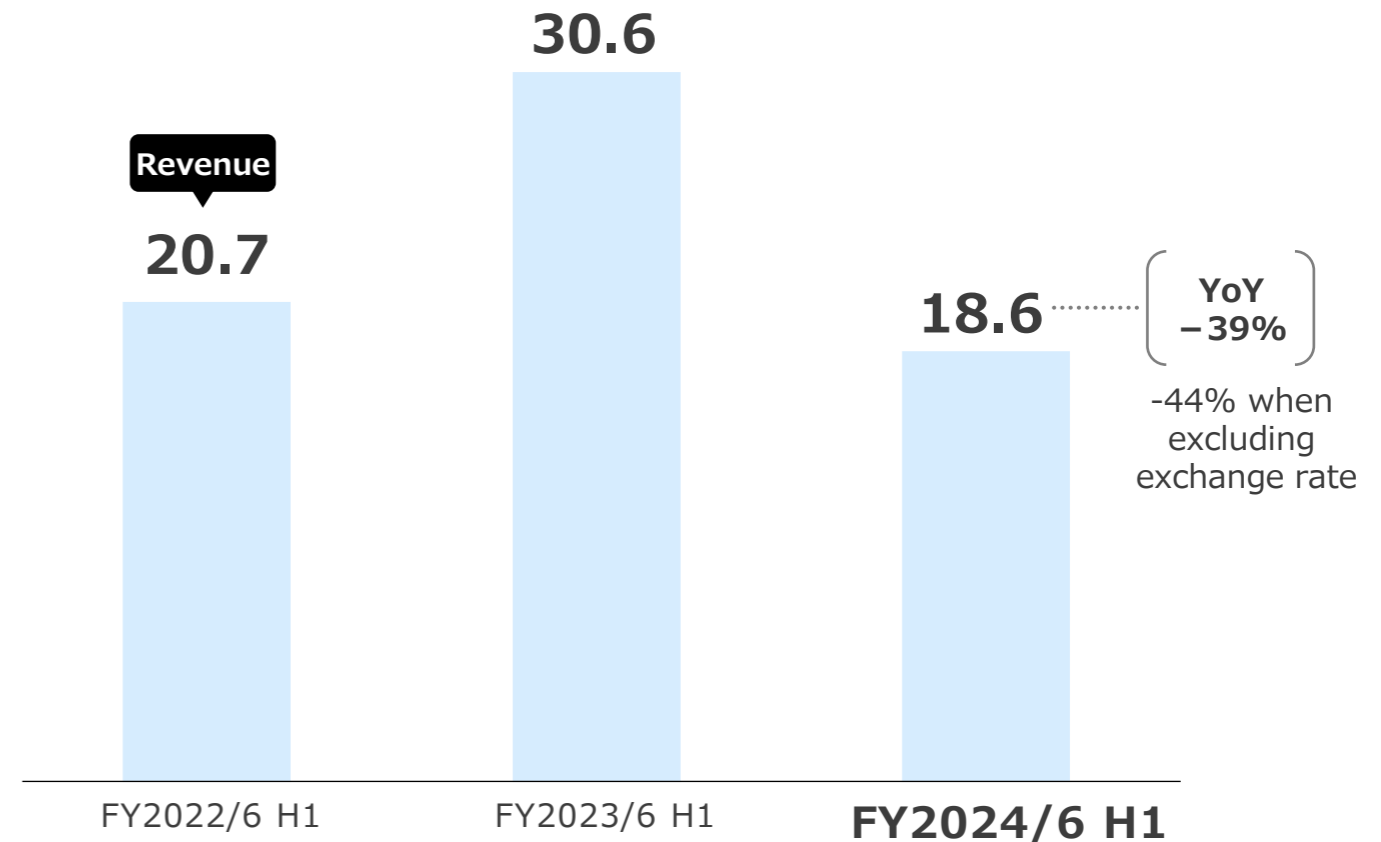
- Demand concentration in North America ran its course, and the U.K. remained severe.

Exchange rate impact

- The effect of the weak yen*¹ boosted revenue by 140 million yen (overseas total).

*1 Compared to the actual exchange rate in Q2 of the fiscal year ended in June 2023

(JPY 100 Million)



2 Topics

Merged media and promotion subsidiaries to launch **excrie**.
Personnel company Fittio (former name) **expanded its business domains**
and renamed itself to **AlternaEx**.



January 1, 2024
Formed from the merger of DO HOUSE and D&M

Full lineup of services

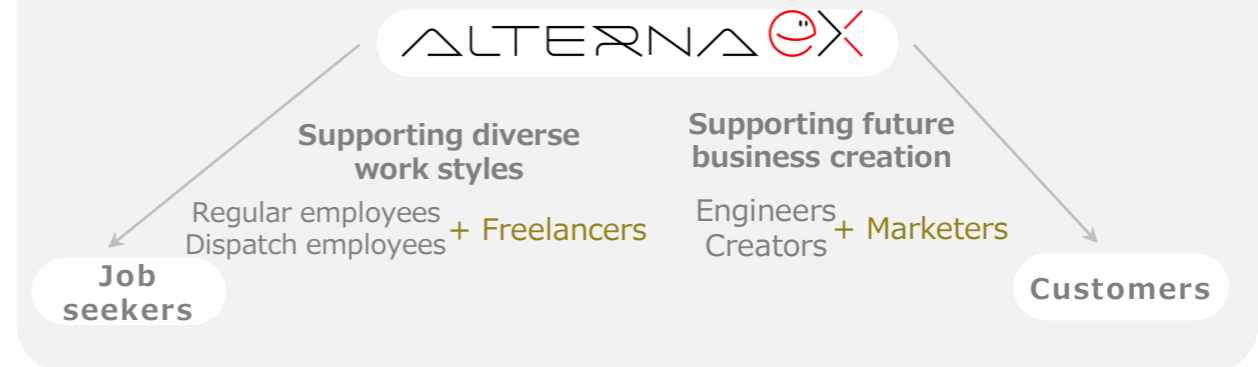


Solving marketing issues for customers' products and services
Contributing to clients' business growth



January 1, 2024
Company name changed from Fittio

A company creating options in the near future



Growing business domains to become a company supporting the creation of businesses in the near future

excrie & REECH

Accelerating promotion projects commissioned by local governments

Full support from planning management to promotion



Providing marketing services combining research & promotion



Providing influencer marketing-related services

Helping to resolve various issues faced by local governments

Past projects

- 1 Sanjo City, Niigata Prefecture**
Promotion of communication plan on supporting new residents
- 2 Miyazaki Prefecture Tourism Association**
Influencer public relations over social media

Cross Propworks provides BPO services in the IT solutions domain.
Newly established Nagaoka location for the purposes of business expansion and job creation.

Nagaoka City

- Economic center of the Chuetsu Region
- Many universities and vocational schools are located in the area, ideal for recruiting operators to support the BPO business.

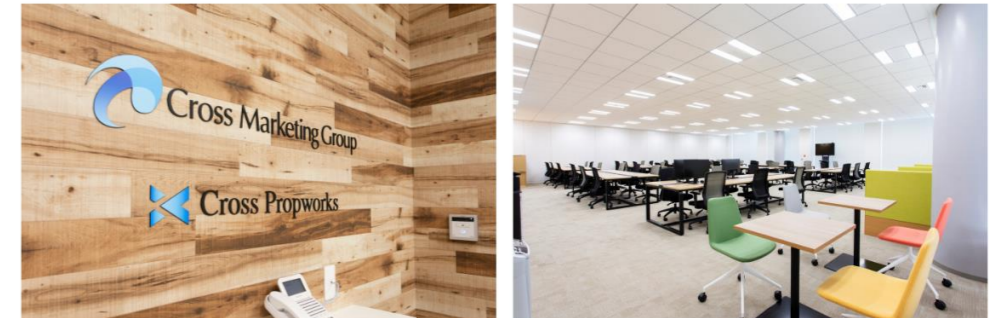
Cross Propworks

- Steadily expanding since its establishment in 2015.
- Establishing new locations is essential for further growth ahead.

Increasing service value
by expanding business domains
Creating jobs in Nagaoka City

Overall business growth for the CMG Group

Cross Propworks



Business overview

Providing various BPO services such as research business support, quality verification and testing services, website operation services, and internal information system operation support.

3 Forecast & Shareholder Returns

Revised the full-year earnings forecast. Revenue to rise 4% and operating profit to fall 3% YoY.

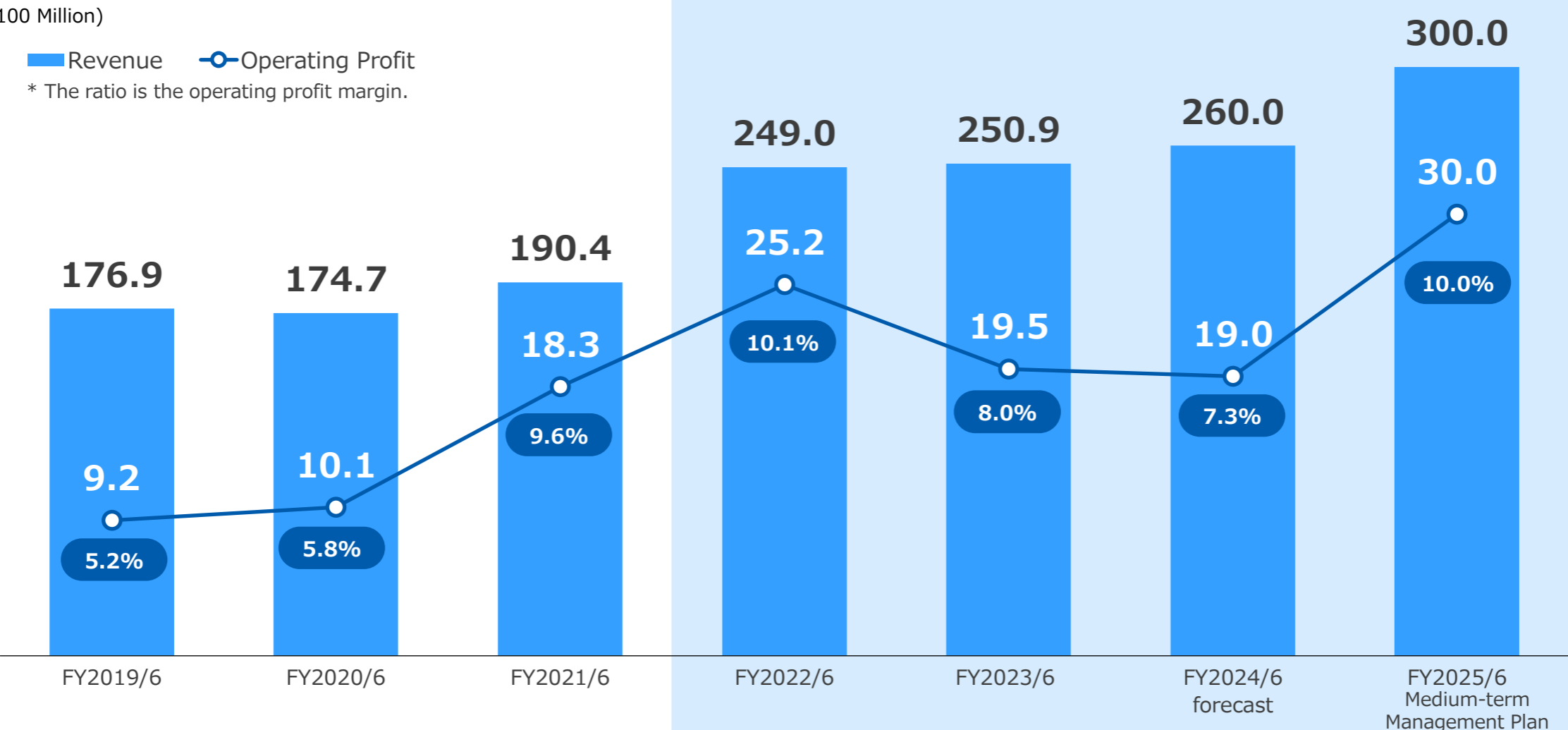
**Adjusted revenue mainly for the Data Marketing Business.
The dividend forecast remains unchanged.**

(JPY 100 Million)	FY2023/6 Actual	FY2024/6 Initial forecast	New forecast	Vs. initial forecast	YoY
Revenue	250.9	300.0	260.0	- 13%	+ 4%
Digital Marketing	90.4	120.0	110.0	- 8%	+ 22%
Data Marketing	97.5	110.0	85.0	- 23%	- 13%
Insight	63.0	70.0	65.0	- 7%	+ 3%
Operating Profit	19.5	30.0	19.0	- 37%	- 3%
Ordinary Profit	18.8	29.0	18.0	- 38%	- 4%
Net Income	10.0	18.0	10.0	- 44%	- 1%
EPS	51.0	90.1	52.0	- 42%	+ 2%
Dividends Per Share (yen)	12.0	13.0	13.0	-	+ 1.0

Extended the period of the Medium-term Management Plan by one year.
Final year target: 30 billion yen in revenue and 3 billion yen in operating profit.

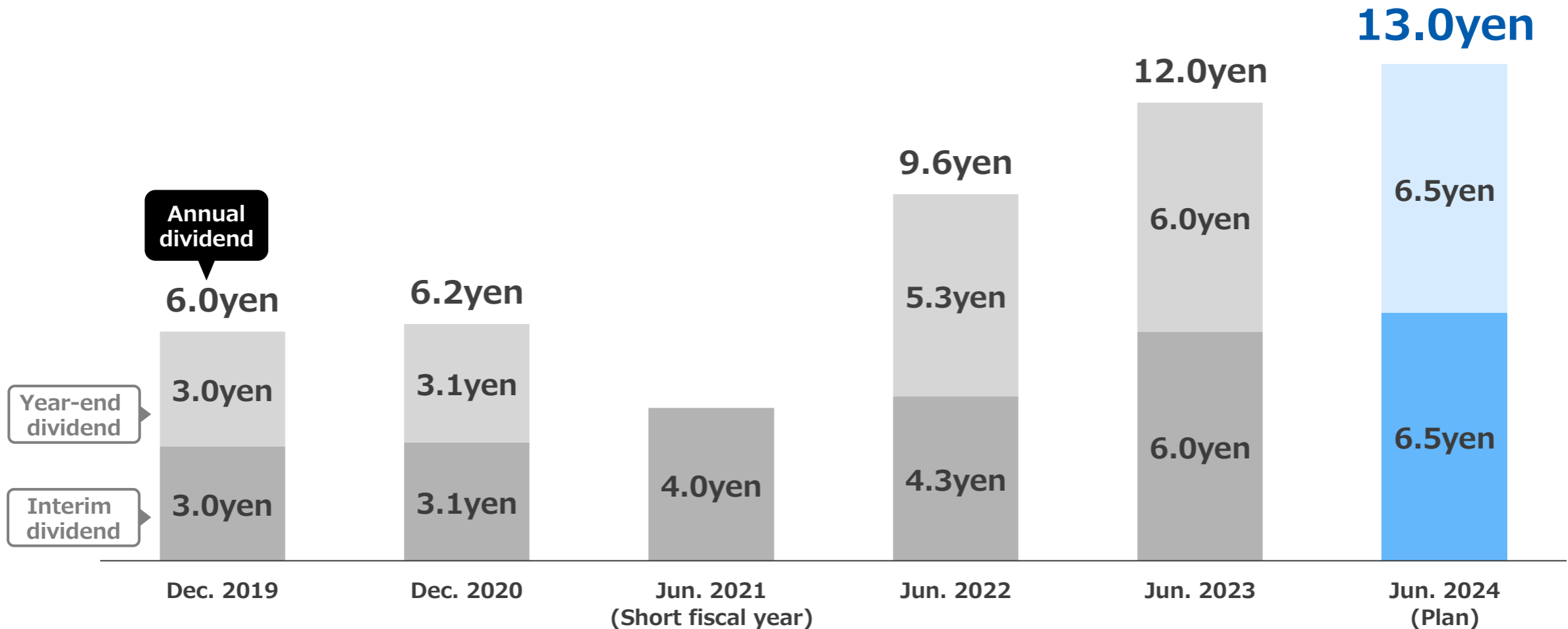
(JPY 100 Million)

■ Revenue ● Operating Profit
* The ratio is the operating profit margin.



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).



4 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 6/2023-	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 : 30 companies Equity method affiliates : 4 companies	
Consolidated Employees	1,522(Incl. 245 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.

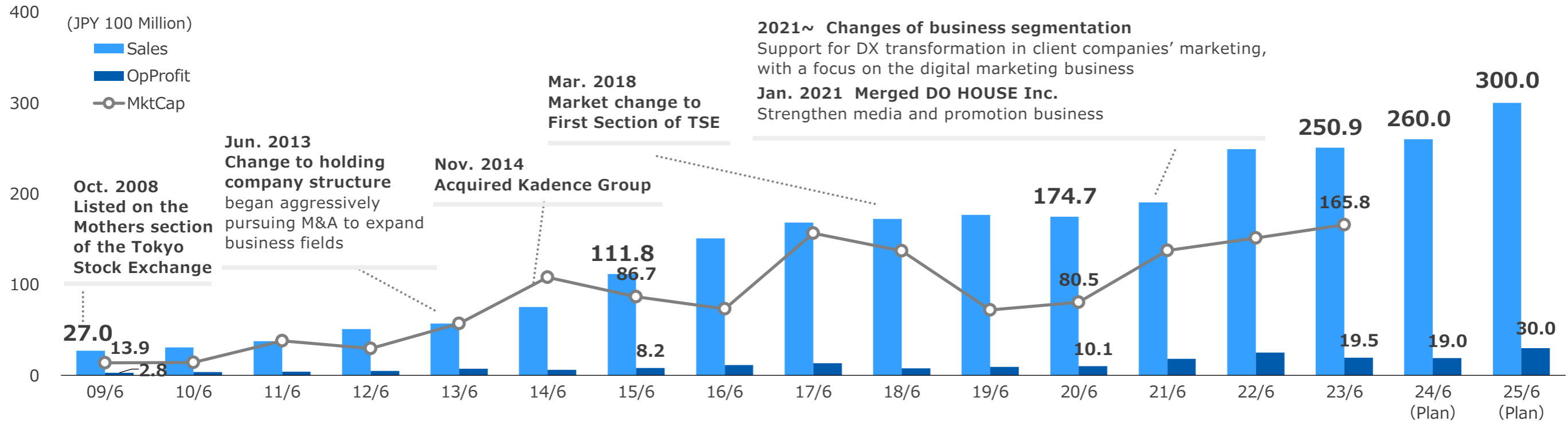
That is the Cross Marketing Group's mission.

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



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

Marketing Solutions(acquisition of current excrie Inc.)

Overseas expansion(establishment of local companies in China and Singapore, acquisition of Kadence International)

IT Solutions (acquisition of business for Cross Communication, acquisition of current Alterna Ex Inc.)

Marketing Research(Started marketing consulting, acquisition of R&D, Medilead Inc., Shoppers Eye)

*As of Dec. 31, 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.



Data Marketing
 Y 9.8bn
 38.9%

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



Insight
 6.3bn
 25.1%

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



Panel network
consisting of

11,274,992
people*

Detailed profiles in
a maximum of
2,500 categories



*As of Dec. 31, 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

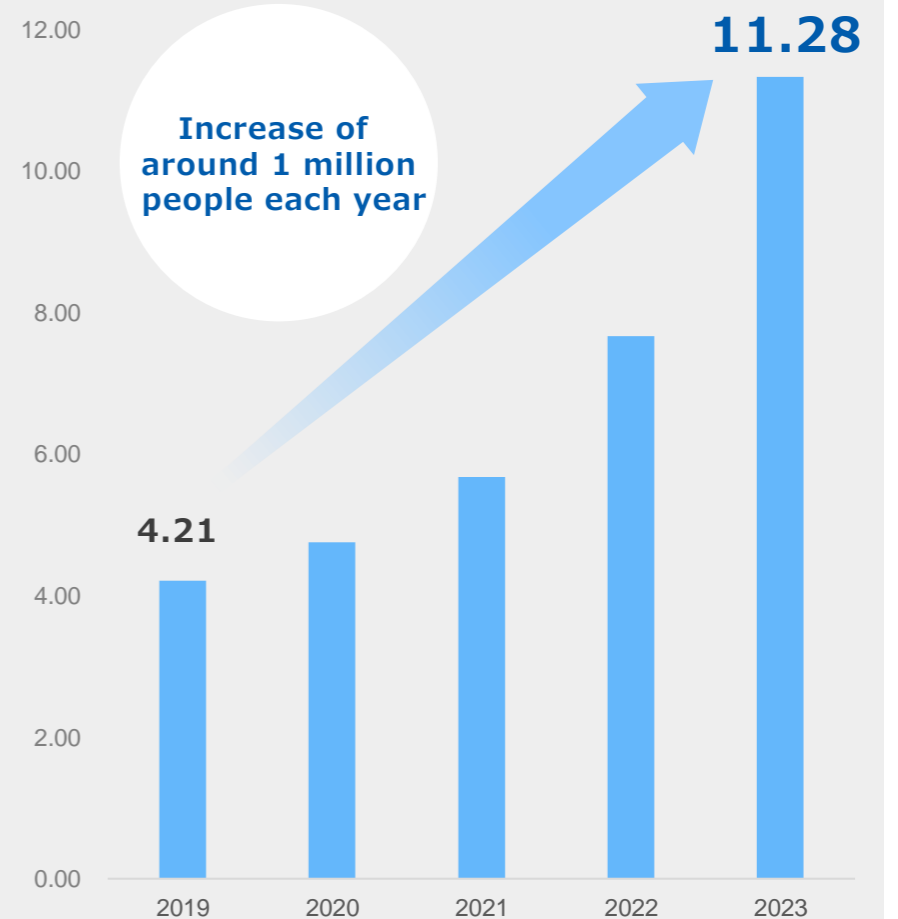
リサーチパネル

Loyalty Marketing, Inc.

dジョブ

Growth of panel foundation

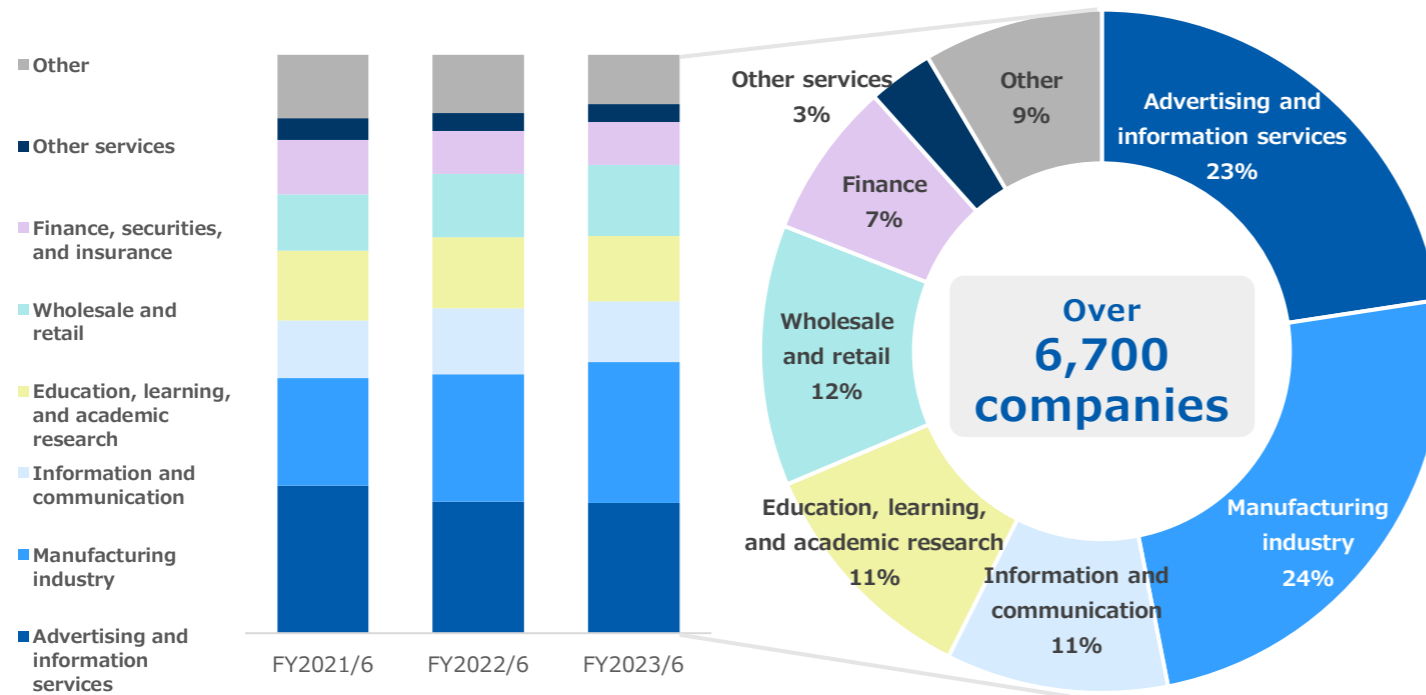
(Million people)



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

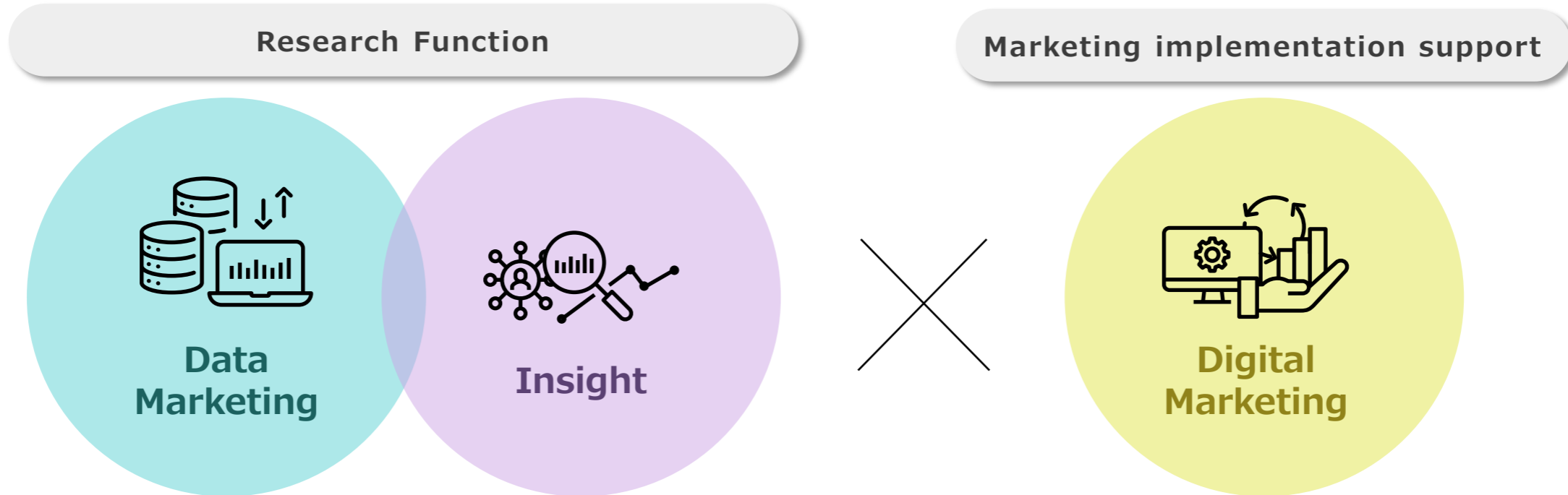


Overview of major customers and revenue composition (FY2023/6)

	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%

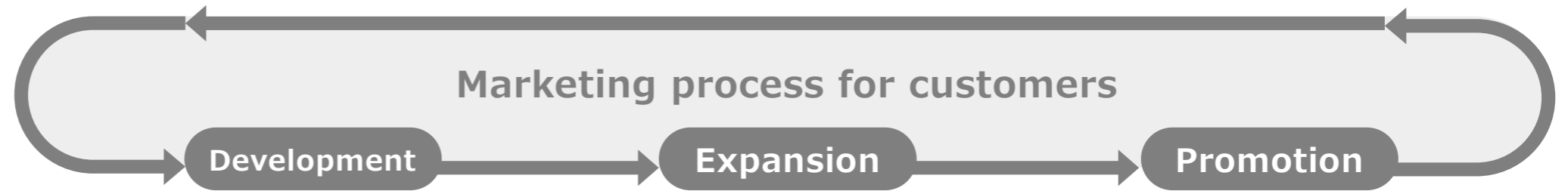
* FMCG is an abbreviation for "fast-moving consumer goods," which refers to products that sell relatively quickly such as beverages, food and cosmetics (daily consumables).

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.



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.



Data Marketing
Efficiently collects data on consumers

Insight
Analyze and understand consumers' "why?"

Digital Marketing
Implementation support based on data and understanding



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

Digital Marketing Business -Media and promotion-

Operation of sales promotion support media, and development of Internet advertising services



Total support from planning to execution and data measurement of customers' marketing initiatives

Providing sales promotion services combining data, technology, and the Internet



Sales promotion support media

Internet advertising

もらえる・ためせる®

レシート投稿で毎日のお買い物にお得とハッピーを


Questionnaire ads
Questionnaire-style article ads

Data-driven programmatic advertising



Social media marketing



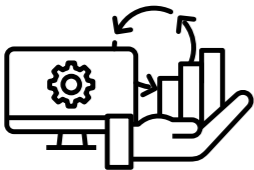
IP collaboration

Panel network consisting of 11.28 million affiliates



Digital Marketing Business -IT solutions-

Support for implementation of customers' marketing strategies



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

Major Businesses

Cross Communication

Planning, development, and operation of mobile/smartphone websites and systems



Smartphone securities application development
Daiwa Connect Securities Co., Ltd.

Banking application development
Sony Bank Inc.

ALTERNAX

Recruitment support agency for engineers, marketers, and creators

Customers

Engineers
Marketers
+
Creators

Supporting the creation of businesses in the near future

ALTERNAX

Regular employees
Dispatch employees
+
Freelancers

Creating working styles in the near future

Job seekers

Data Marketing Business

Internet-based Questionnaire Surveys



Efficient data compilation through Japan's largest network of panels

Largest in the industry
Panel network of **11.28 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

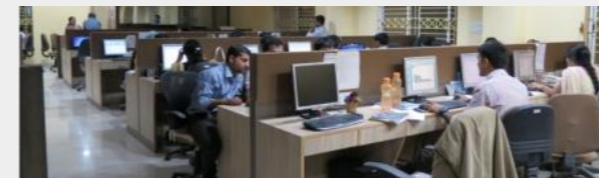
In-depth research and analytical reporting based on consumer data/facts



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

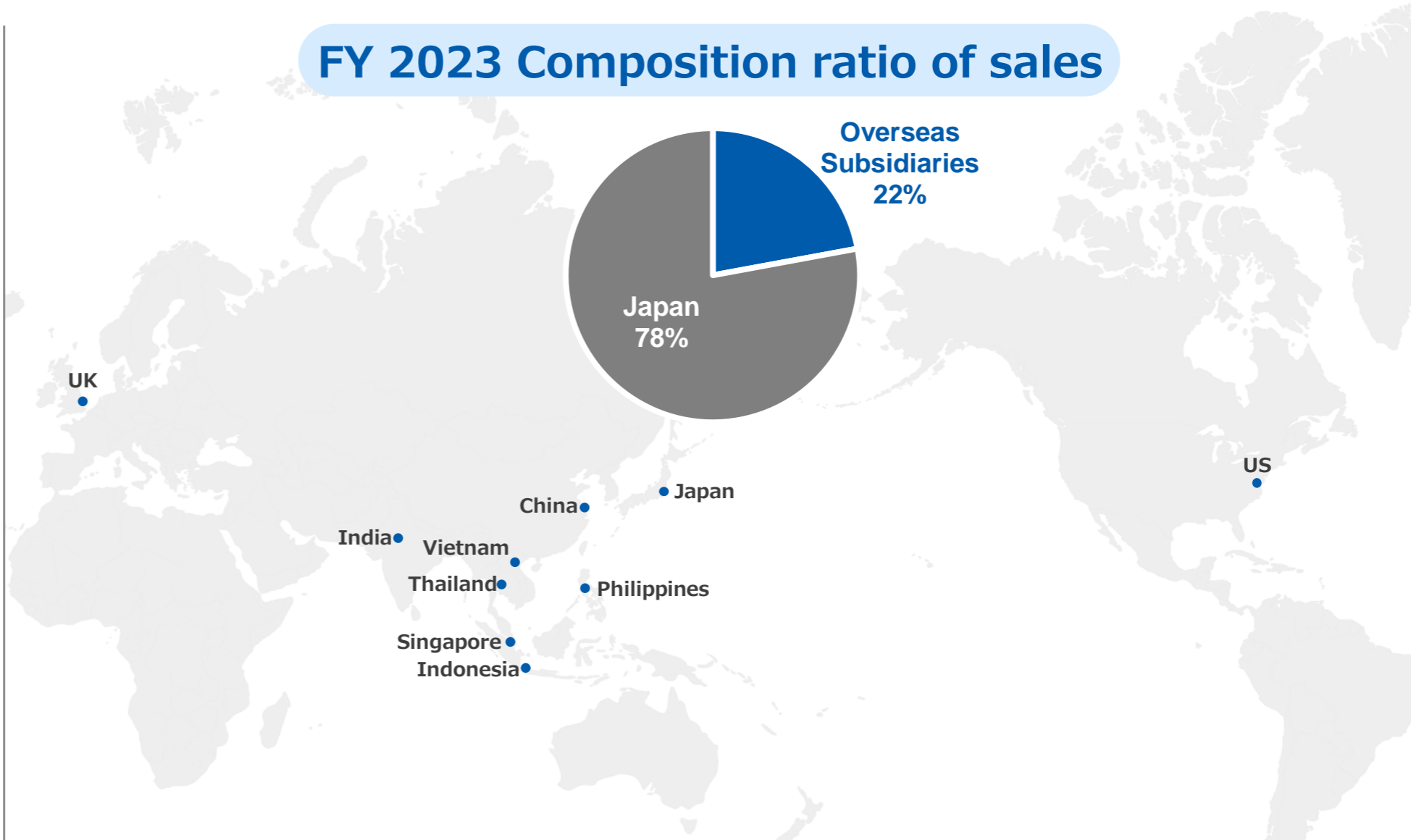


Analysis and understanding of consumer insights



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

FY 2023 Composition ratio of sales



5 Appendix

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

Units: JPY 100 Million

	FY2023/6 H1	FY2024/6 H1	YoY Growth Rate
Revenue	130.0	125.1	- 4%
Gross Profit	54.3	49.4	- 9%
(Gross Profit Margin)	(41.8%)	(39.5%)	(- 2.3 pt)
SG&A	41.0	40.1	- 2%
(SG&A Ratio)	(31.5%)	(32.0%)	(+ 0.5 pt)
Operating Profit	13.3	9.3	- 30%
(Operating Profit Margin)	(10.2%)	(7.4%)	(- 2.8 pt)
Ordinary Profit	12.7	8.8	- 31%
Extraordinary Gains	- 0.1	0.0	-
Income Taxes	4.8	3.0	- 37%
Net Income	7.6	5.8	- 25%

Revenue decreased

Growth was sluggish mainly in the Data Marketing Business

Gross profit margin declined

The Data Marketing Business was the major factor for declining revenue

SG&A was controlled at the previous year's level

Units: JPY 100 Million	End of Jun. 2023	End of Dec. 2023	Changes
Current Assets	112.9	114.7	+ 1.8
Cash & Deposit	64.8	53.2	- 11.6 ¹
Notes & Accounts Receivable	31.4	45.8	+ 14.4 ²
Other	16.8	15.7	- 1.1
Non-current Assets	30.2	30.9	+ 0.8
Goodwill	6.2	5.3	- 0.9
Other	23.9	25.6	+ 1.7
Total Assets	143.1	145.6	+ 2.5
Current Liabilities	51.5	54.4	+ 2.9
Accounts Payable	9.8	16.1	+ 6.2 ²
Short-term Debt*	13.4	12.9	- 0.5
Other	28.2	25.4	- 2.8
Non-current Liabilities	30.7	26.3	- 4.5
Long-term Debt	27.6	22.9	- 4.7
Other	3.1	3.4	+ 0.3
Net Assets	60.9	65.0	+ 4.1
Equity Ratio	42.0%	44.6%	+ 2.6 pt ³

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

Accounts receivable and accounts payable increased

Increase due to more large long-term projects, in addition to growth at the end of the high sales season

Equity ratio of 44.6%

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

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

Units: JPY 100 Million

	FY2023/6 H1	FY2024/6 H1	Changes
Operating Cash Flow	3.7	-2.8	-6.5
Income Before Tax	12.6	8.8	-3.8
D&A	1.9	2.6	+0.7
Decrease (increase) in Trade Receivables	-6.9	-15.2	-8.4
Income Taxes Paid	-5.3	-5.9	-0.6
Other	1.4	7.0	+5.6
Investment Cash Flow	-3.6	-2.1	+1.5
Financial Cash Flow	0.3	-6.5	-6.8
Net Proceeds and Payments of Short-term Debt	0.3	0.2	-0.1
Net Proceeds and Payments of Long-term Debt	6.0	-5.0	-11.0
Other	-6.0	-1.7	+4.3
Cash Equivalents at the End of Period	55.3	53.2	-2.0










1

Income before tax decreased

2

Maintained level of cash and deposit

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

Category	Materiality	Specific initiatives ※All figures are for FY2023.
<p>Environment</p>  	<p>Broader protection of the global environment, including addressing climate change</p>	<ul style="list-style-type: none"> •Express support for TCFD and join the TCFD consortium. •CO2 emissions (t-Co2) <ul style="list-style-type: none"> Scope1 0 Scope2 305 (Emissions associated with office electricity consumption) Scope3 47 (Emissions from the use of cloud services)
<p>Social</p>   	<p>Enhancing human capital</p> <p>Increasing diversity, equity and inclusion (DE&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"> •Renewal of the personnel evaluation system •A total of 20 training courses for managers have been organised. •Percentage of female new employees: 54.7 •Percentage of male employees taking maternity leave 61.5 •Support organizations that help achieve the SDGs through the Moratame SDGs Project.
<p>Governance</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"> •Ratio of outside directors: 60% •Internal reporting system •Compliance training •Number of investor briefings held: 8
<p>Business</p>   	<p>Balancing economic growth and sustainability activities</p>	<ul style="list-style-type: none"> •Sustainability-related research sales <ul style="list-style-type: none"> -Domestic: 69.79 million yen -Overseas: 66.45million yen •Do-House and REECH commissioned for community revitalization event

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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