Ticker : 3675 (TSE Prime)

Cross Marketing Group

Cross Marketing Group Inc.

Presentation material for Investors

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1 FY6/2024 Q3 Financial Results Outline

Executive Summary

Summary 1

- **Q1-Q3 revenue was 19.34 billion yen** (down 2% YoY) **and operating profit totaled 1.69 billion yen** (down 22% YoY).
- After bottoming out in Q1, recovery continued in Q2 and Q3, and progress is in line with the full-year forecast.

Summary 2

- **Digital Marketing: Revenue was up 13%** due to recovery in media/promotion order unit prices.
- **Research (Data Marketing/Insight): Revenue declined 9% in total** mainly due to a lull in overseas demand, despite strong performance in Japan.

Summary 3

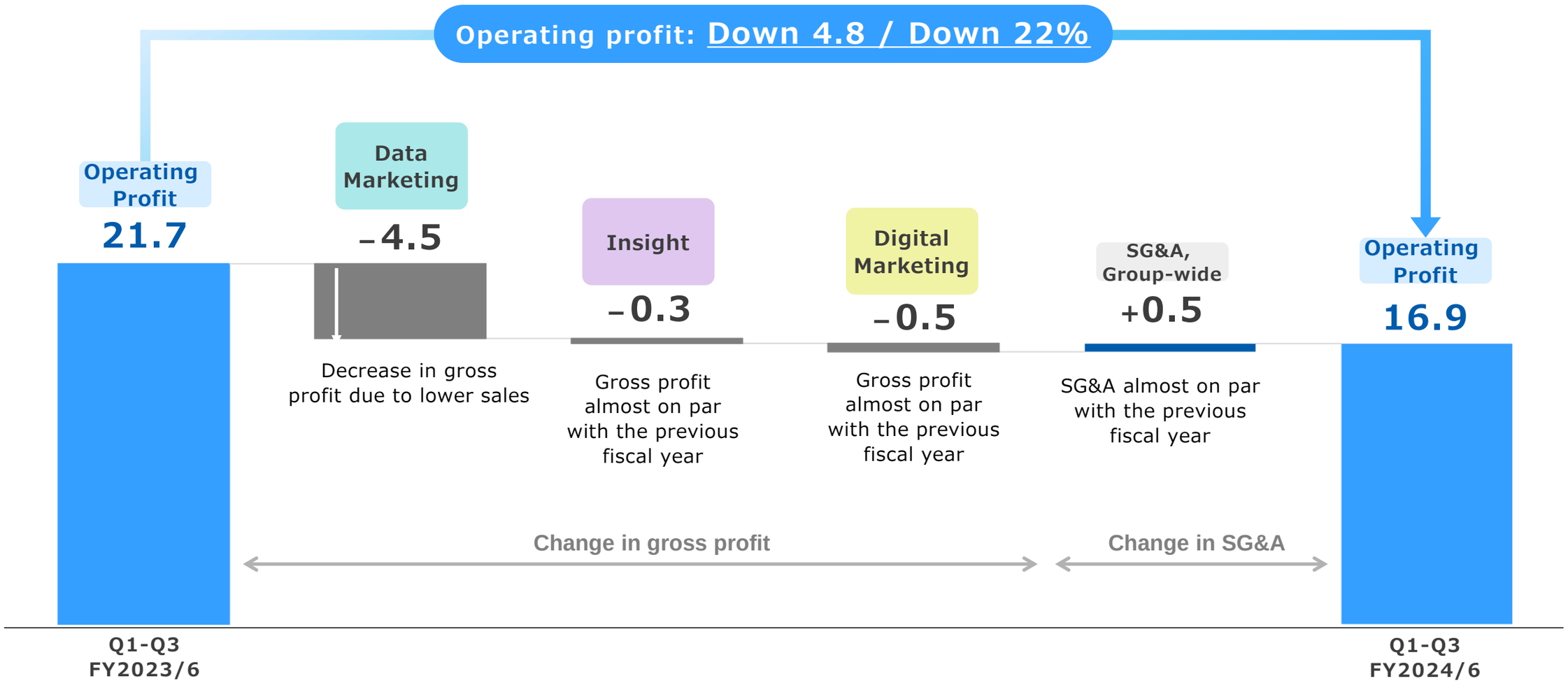
- **Full-year plan fiscal year ending in June 2024: Revenue of 26 billion yen, operating profit of 1.9 billion yen (no change)**
- Q4 (April to June) outlook is favorable: Digital Marketing and research in Japan remain strong, with revenues also increasing for overseas research.

Growth in Digital Marketing led to a turnaround in consolidated revenue growth in Q3 (Jan.-Mar.),
Data Marketing bottomed out in Q2 and is on a recovery track.

(JPY 100 Million)	FY2024/6 Q1 (Jul.-Sep.)	YoY Growth Rate	Q2 (Oct.-Dec.)	YoY Growth Rate	Q3 (Jan.-Mar.)	YoY Growth Rate	Q1-Q3	YoY Growth Rate
Revenue	**56.3**	**−8%**	**68.9**	**−0.2%**	**68.3**	**+3%**	**193.4**	**−2%**
Digital Marketing Business	22.0	−2%	29.1	+23%	26.1	+16%	77.2	+13%
Data Marketing Business	19.6	−15%	20.7	−25%	24.9	−12%	65.2	−17%
Insight Business	14.7	−6%	19.1	+7%	17.2	+10%	51.0	+4%
Gross Profit (Gross Profit Margin)	**20.2** (35.9%)	**−22%** (−6.5pt)	**29.2** (42.4%)	**+3%** (+1.1pt)	**28.2** (41.3%)	**−1%** (−1.7pt)	**77.6** (40.1%)	**−6%** (−2.1pt)
SG&A	**20.4**	**−2%**	**19.7**	**−3%**	**20.6**	**+2%**	**60.7**	**−1%**
Operating Profit (Operating Profit Margin)	**−0.2** (-)	**−** (-)	**9.5** (13.8%)	**+16%** (+1.9pt)	**7.6** (11.1%)	**−10%** (−1.6pt)	**16.9** (8.7%)	**−22%** (−2.3pt)

Factors Behind Fluctuations in Operating Profit (YoY)

Decrease in gross profit due to lower revenue in Data Marketing was the main cause of the fall in operating profit.
Despite new consolidations, SG&A was controlled to be similar to the previous fiscal year.



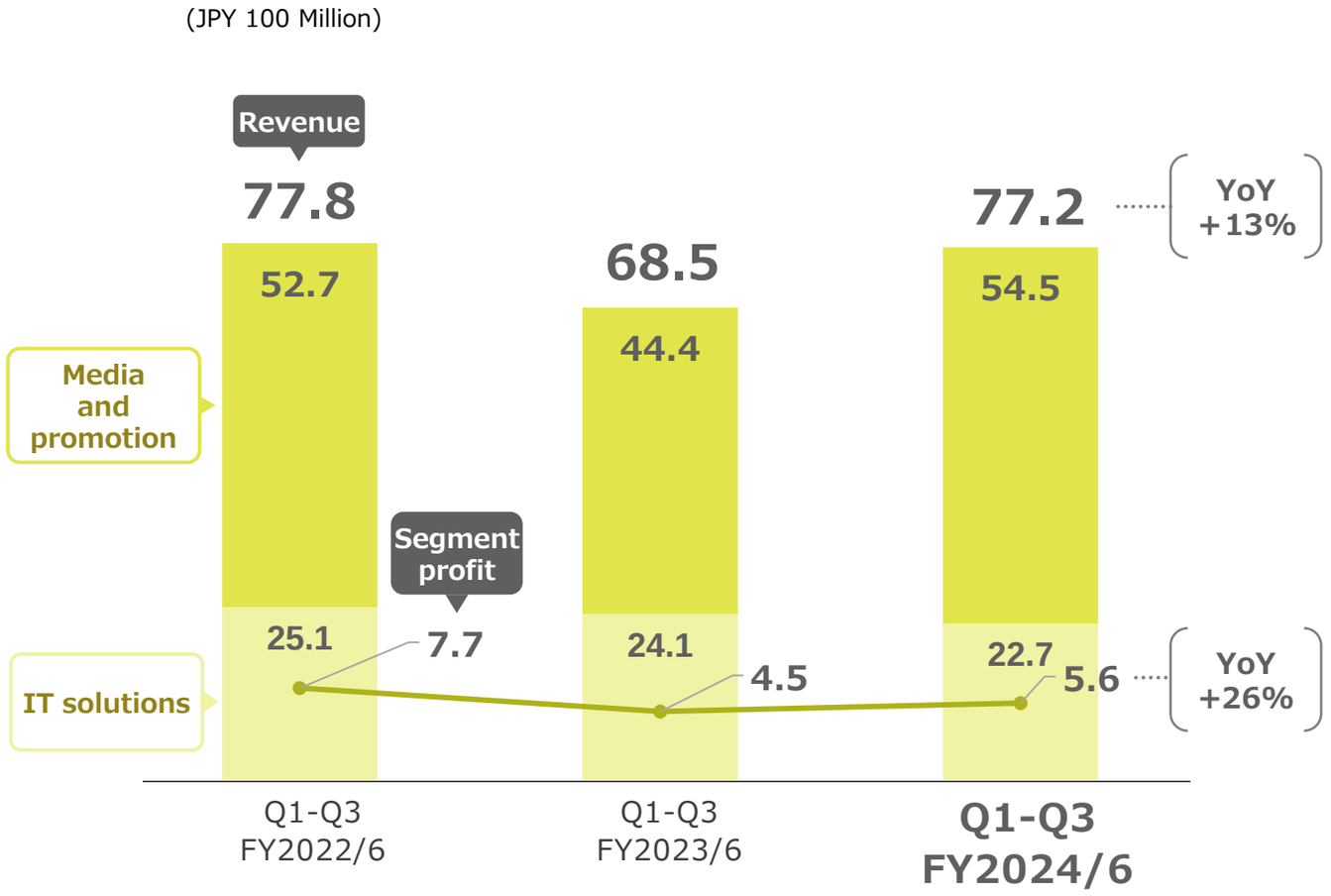
Q1-Q3 revenue up 13%, segment profit up 26%
Full-scale recovery in media/promotion, IT solutions contributed with improved profit.

Highlights

- Media and promotion revenue increased 23% in Q1-Q3. 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 -10% Q2 -24% Q3 -22% Q4 -2%
  FY2024/6: Q1 +7% Q2 +54% Q3 +33%

- IT solutions contributed to increased segment profit with improvement in SG&A ratio (-2.6 points).
- Segment profit increased 26%. Segment profitability of 10% was secured in Q3 as in Q2.



Q1-Q3 revenue declined 17% and segment profit declined 23%
Although demand in Japan was strong, overseas demand has run its course.

Highlights

- Revenue in Japan increased 4%. Demand for online research remained strong.

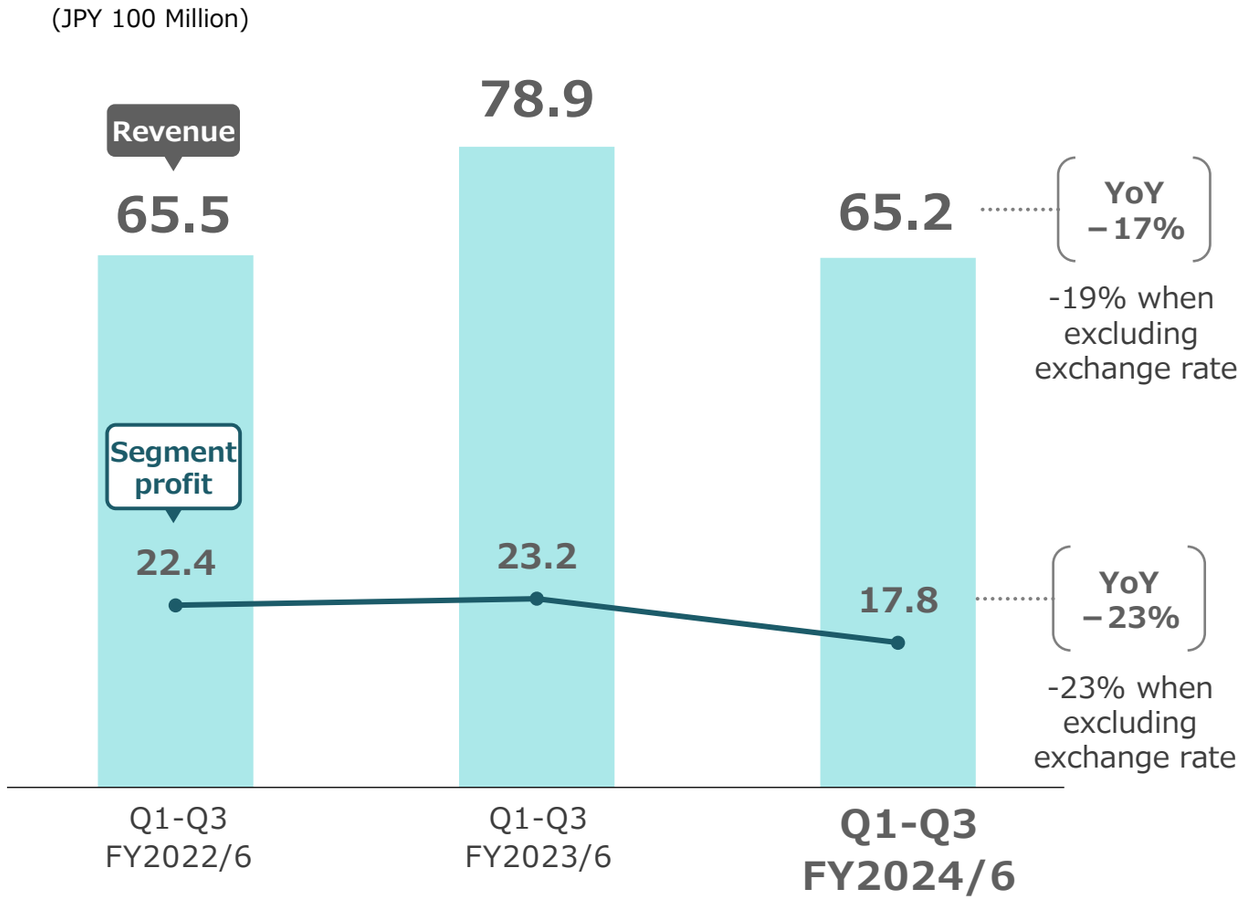
Lowlights

- Overseas revenue declined 50%. Overseas, in the mainstay North American market, demand ran its course backed by the recovery from the COVID-19 pandemic.

Exchange rate impact

- The effect of the weak yen*1 boosted revenue by 110 million yen but had minimal impact on profit.

*1 Compared to the actual exchange rate in Q3 of the fiscal year ended in June 2023



Q1-Q3 revenue rose 4% and segment profit declined 15%
Although revenue increased in both Japan and overseas, profit decreased due to a drop in the gross margin.

Highlights

- Revenue in Japan increased 2% in total, while overseas revenue increased 8%. Strong performance continued in Indonesia.

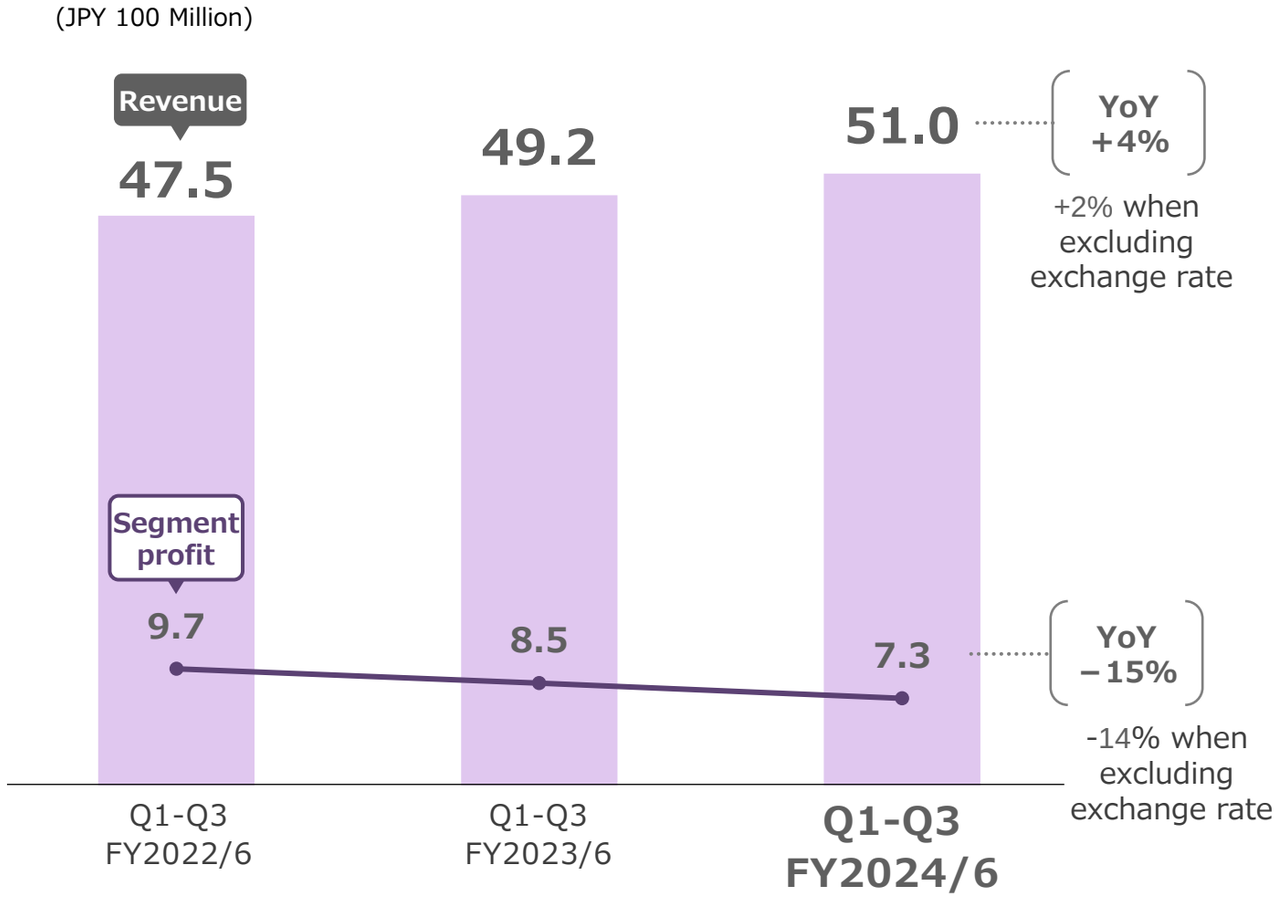
Lowlights

- Segment gross profit margin declined by 1.9 points due to higher cost ratio in some areas (domestic medical field, overseas Singapore).

Exchange rate impact

- The effect of the weak yen*1 boosted revenue by 100 million yen but had minimal impact on profit.

*1 Compared to the actual exchange rate in Q3 of the fiscal year ended in June 2023



(Reference) Trends in Revenue for Overseas Subsidiaries

Total overseas revenue fell 34% mainly because demand ran its course. Emerging markets continued to grow.

Highlights

- In Indonesia, orders were received from government affiliated energy, automotive, and consumer goods industries regardless of industry, and performance was strong.
- In India, we absorbed demand for surveys from consulting and research firms and performed well.

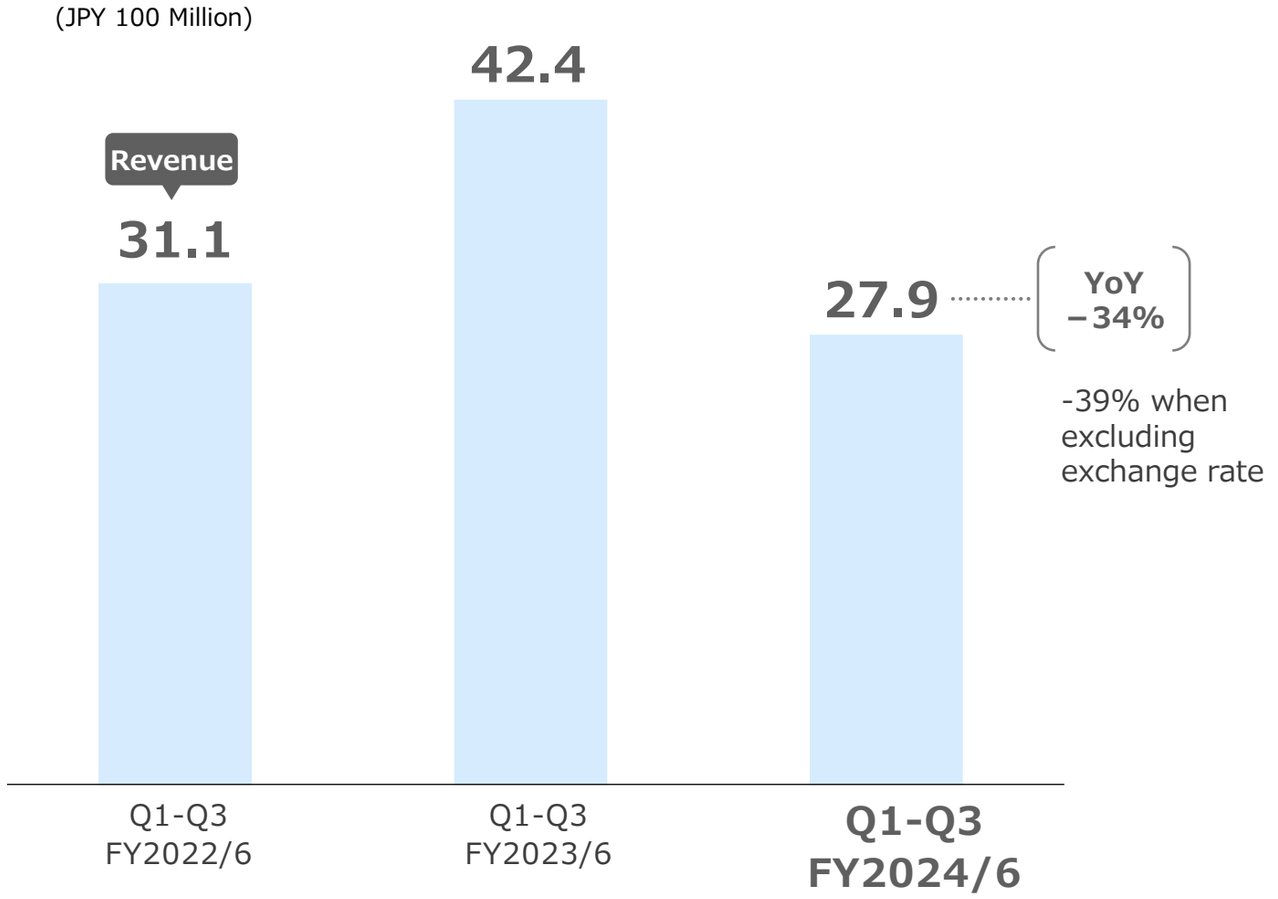
Lowlights

- Demand in North America ran its course, and revenue decreased 34% overall.

Exchange rate impact

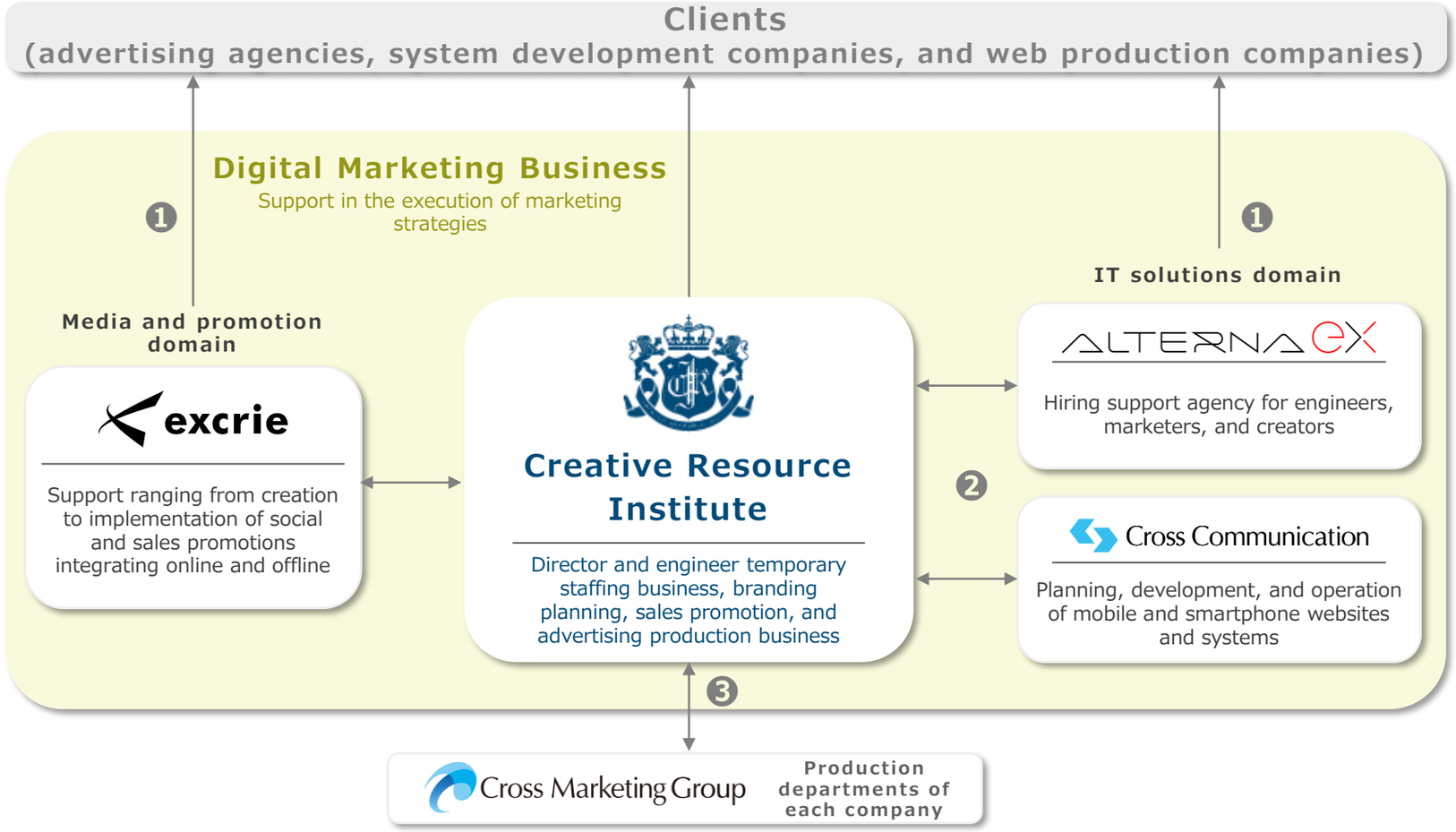
- The effect of the weak yen*1 boosted revenue by 210 million yen (overseas total).

*1 Compared to the actual exchange rate in Q3 of the fiscal year ended in June 2023



2 Topics

Toward further expansion of Digital Marketing, acquired shares of Creative Resource Institute (CRI) (April 2024)



Expected business synergies

1 Maximization and improvement of efficiency of customer support

i. Increased sales to customers, particularly advertising agencies, through service collaboration with excrie in the area of marketing and promotion
ii. Collaboration of director and engineer personnel with AlternaEx and increased dispatch of digital human resources to customers

2 Further expansion of the engineering human resource base at Group companies

i. Engineer training in collaboration with AlternaEx and Cross Communication
ii. Expansion of CRI's unique engineer training systems

3 Improved productivity and design strength through collaboration with the production departments of each Group company

i. Rollout of CRI's design production, advertising production, and web promotion know-how to each Group company

Conversion of TRAFFICS Co., Ltd. into a Subsidiary (February 2024)
Strengthening promotion support business in Kansai area

TRAFFICS

■ Business overview
- Outsourcing of event management, secretariat representation, etc.
- Creative production for web and print media
- System solutions
- In-house SaaS solution development

■ Business synergies
- One-stop implementation of offline event management and campaigns
- Strengthening of response capability and expansion of the Group's business in the Kansai area

Providing one-stop services through inter-Group collaboration

TRAFFICS

Providing high-quality and affordable services in the Kansai area

Strong trust from customers

×

Digital Marketing Business

excrie

REECH

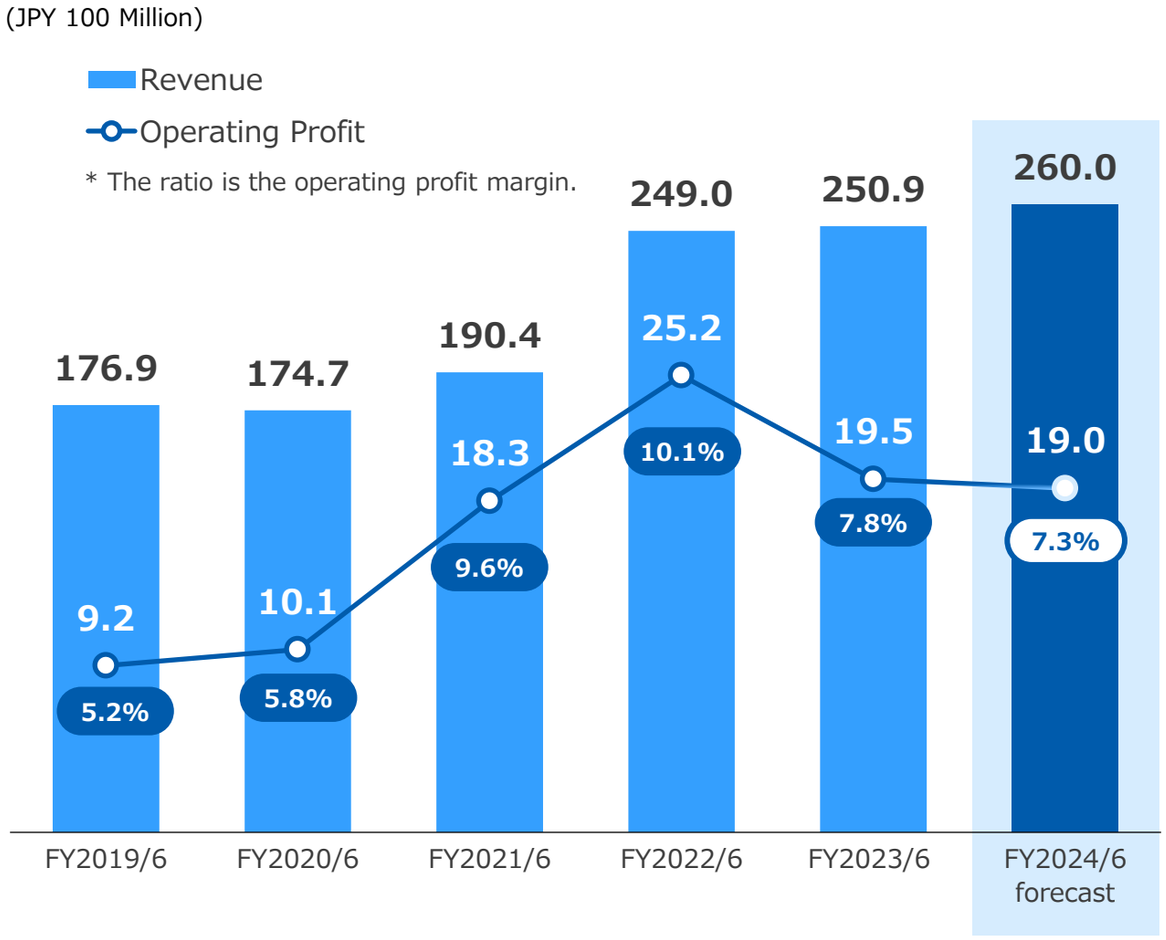
TOKYO GETS

Supporting customers not only online but also offline

3 Forecast & Shareholder Returns

Full-year Earnings Forecast for FY2024/6

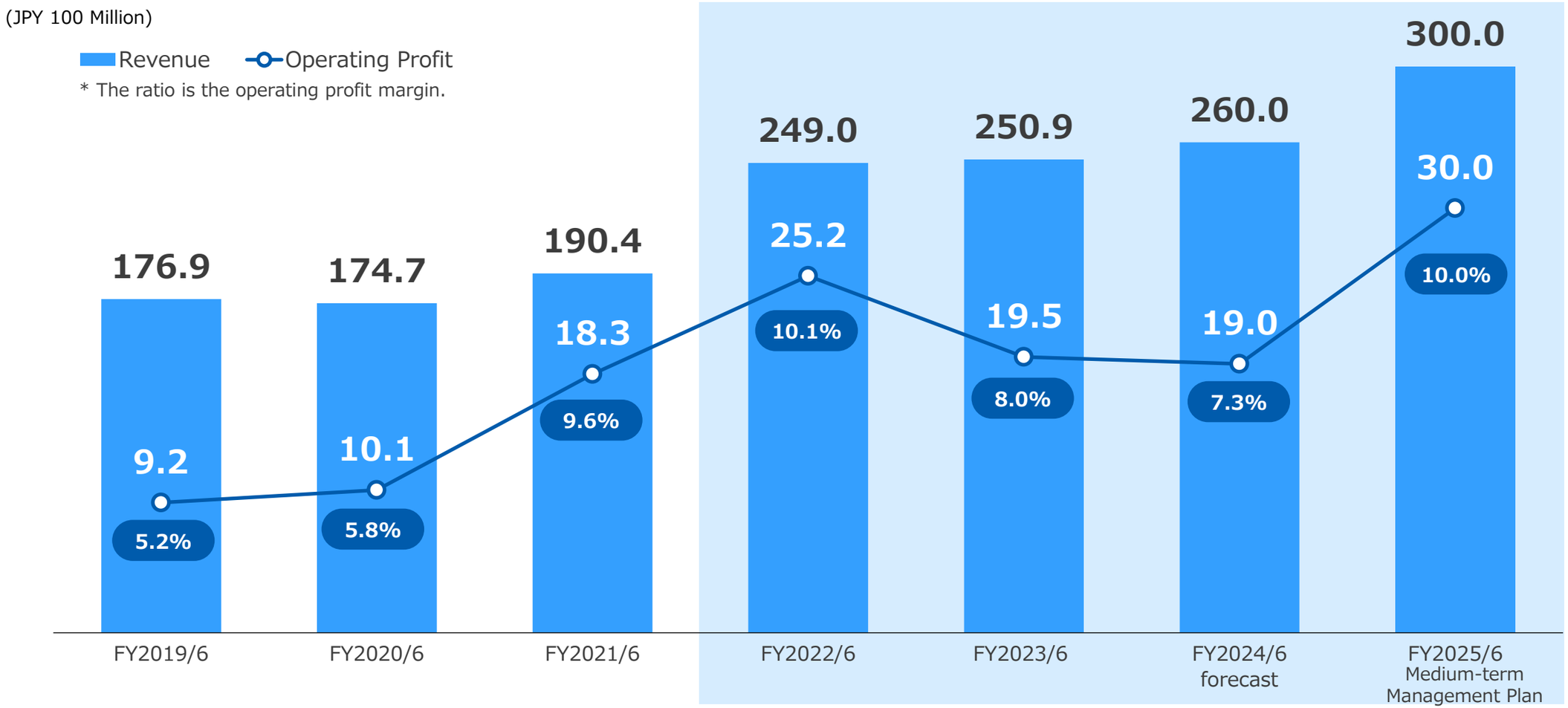
Full-year plan: Revenue of 26 billion yen, operating profit of 1.9 billion yen
No change from the forecast announced in February 2024



(JPY 100 Million)	FY2023/6 Actual	FY2023/6 Forecast	YoY
Revenue	**250.9**	**260.0**	**+4%**
Digital Marketing	90.4	110.0	+22%
Data Marketing	97.5	85.0	−13%
Insight	63.0	65.0	+3%
Operating Profit	**19.5**	**19.0**	**−3%**
Ordinary Profit	**18.8**	**18.0**	**−4%**
Net Income	**10.0**	**10.0**	**−1%**
EPS	**51.0**	**52.0**	**+2%**
Dividends Per Share (yen)	**12.0**	**13.0**	**+1.0**

Revision of the Medium-term Management Plan Period

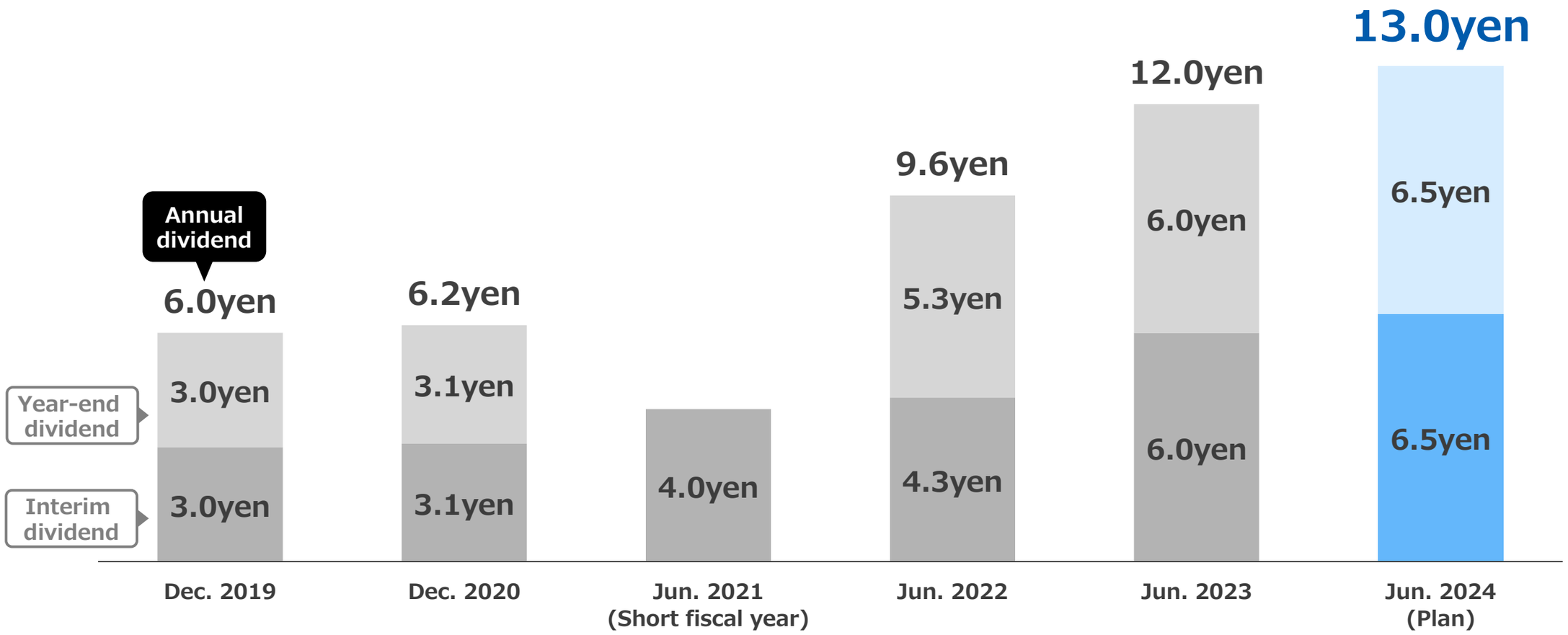
Extended the period of the Medium-term Management Plan by one year.
Final year target: 30 billion yen in revenue and 3 billion yen in operating profit.



Dividend Forecast

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 profile（As of Mar.31 2024）

Company name	Cross Marketing Group Inc. (ticker：3675, TSE Prime)
President & CEO	Miki Igarashi
Established	April 1, 2003
Key financial indicators(Yen) -FY2023/6-	Total Sales 25.0bn Operating Profit 2.0bn億円 ROE 17.1% Total Assets 14.3bn Net Equity 6.0bn Capital 650mn
Business Segments	Digital Marketing, Data Marketing, Insight
Affiliated Companies	Consolidated subsidiaries : 30 companies Equity method affiliates : 4 companies
Consolidated Employees	1,451(Incl. 226 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

mission

Discover
Something
New.

未来をつくろう。

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.

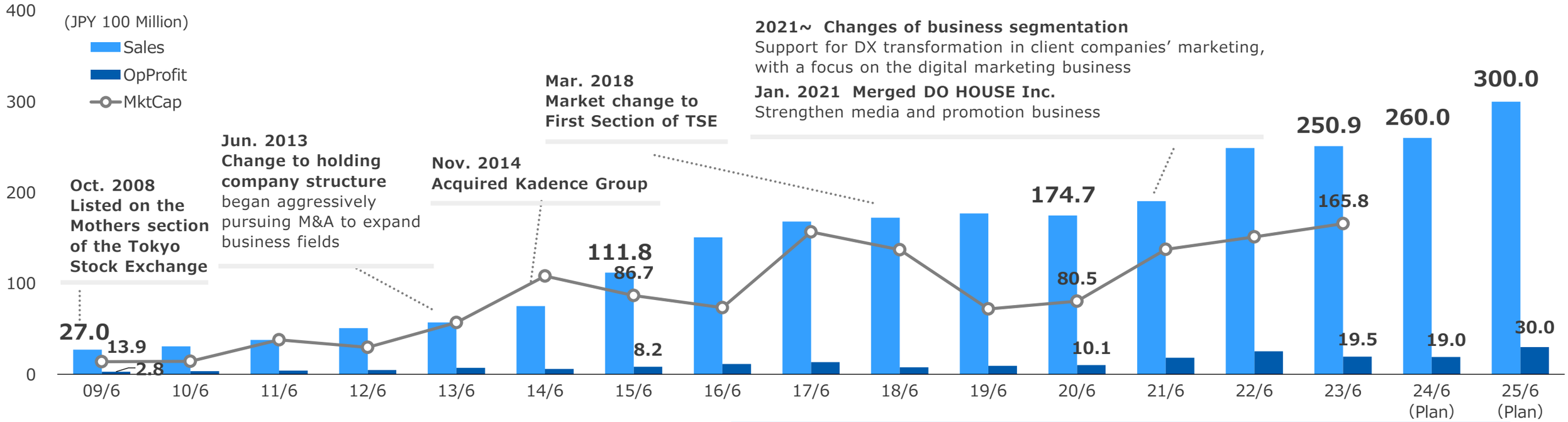
Business Transition

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.



Primary Business Development & Earnings Records

Expand business fields with establishing subsidiaries and M&A, and extend further into areas of expertise
Executed 22 M&A transactions for 36 companies* in Japan and abroad



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 Mar. 31, 2024

Cross Marketing Group

Digital Marketing

FY2023/6 Revenue Y 9.0bn
Sales Share 36.0%

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

Cross Communication
excrie
Cross Propworks
ALTERNA EX
Norfre
REECH
TOKYO GETS
MDIU

Data Marketing

Y 9.8bn
38.9%

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

withwork
Cross Marketing
medilead
MetaSite
Kadence International
ENVIROSELL JAPAN

Insight

6.3bn
25.1%

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

Panel network consisting of

11,474,442 people*

Detailed profiles in a maximum of

2,500 categories



*As of Mar. 31, 2024

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

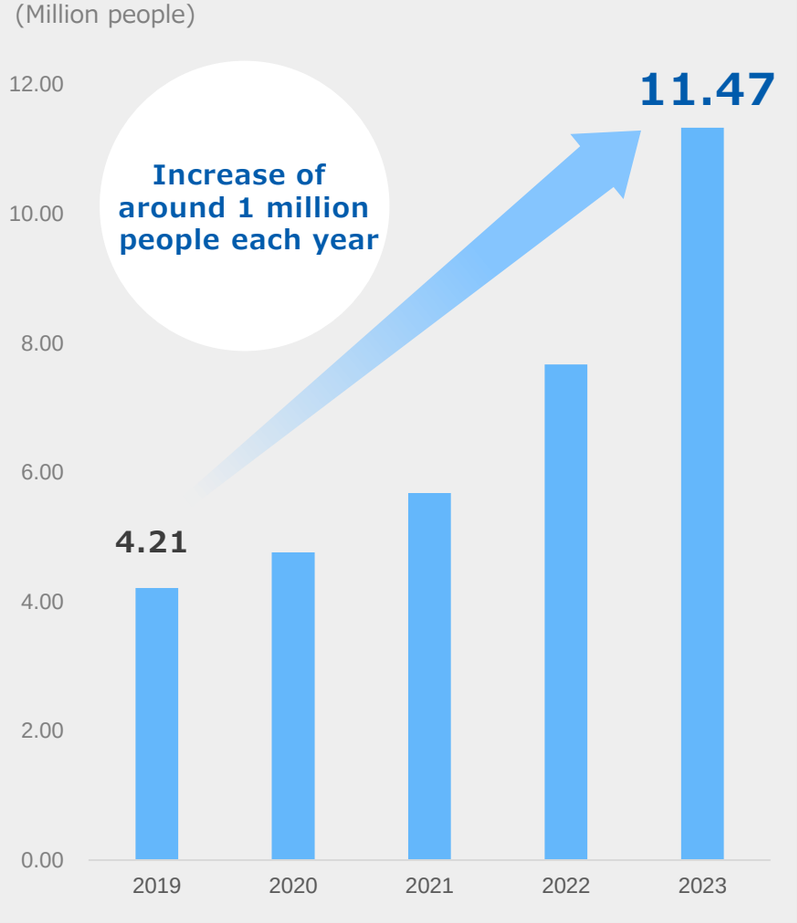
Panel network of 11.5 million people

Detailed profiles in a maximum of 2,500 categories

Tie-up with about 30 companies

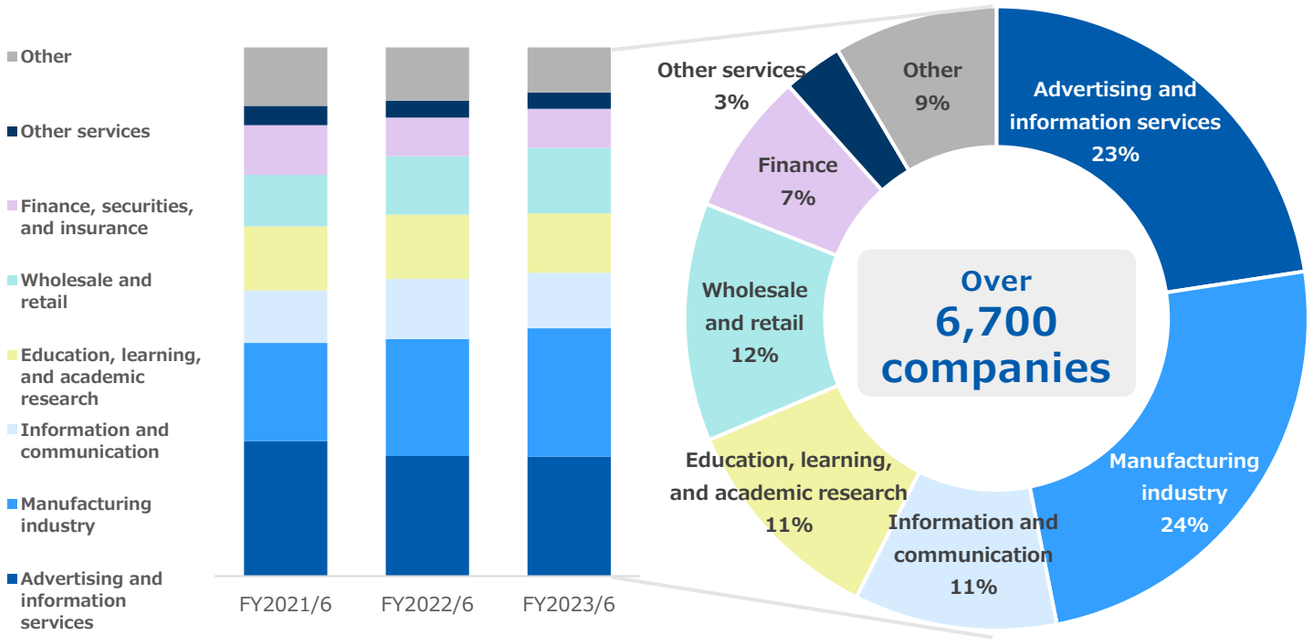
リサーチパネル　Loyalty Marketing, Inc.　dジョブ

Growth of panel foundation



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 (FY2024/6)

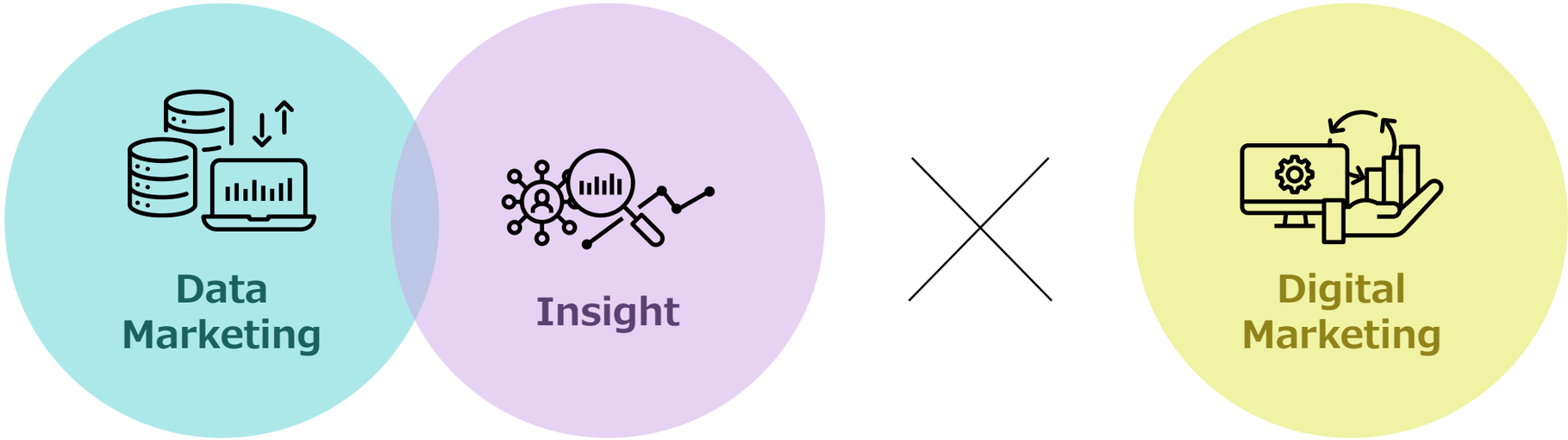
	Industries of major customers	Revenue (Million yen)	Composition of total revenue
1	Communication industry	386	1.5%
2	Other services industry	301	1.2%
3	Manufacturing (FMCG*) industry	282	1.1%
4	Information services industry	257	1.0%
5	Other manufacturing industry	212	0.9%
	・ ・		
	Top 10 companies total	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**

Business Model

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?"

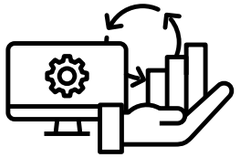
Digital Marketing
Implementation support based on data and understanding

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

Segment Overview – Digital Marketing

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

excrie

Sales promotion support media

もらえる・ためせる®
モラタメ.net

レシート投稿で毎日のお買い物にお得とハッピーを
テンクメ!

Internet advertising

Questionnaire ads
Questionnaire-style article ads

Data-driven programmatic advertising

REECH

Social media marketing

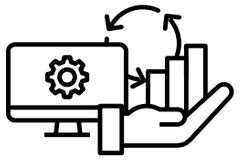
TOKYO GETS

IP collaboration

Panel network consisting of 11.5 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.

ALTERNA ex

Recruitment support agency for engineers, marketers, and creators

Customers

Engineers
Marketers
+
Creators

ALTERNA ex

Supporting the creation of businesses in the near future

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 11.5 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

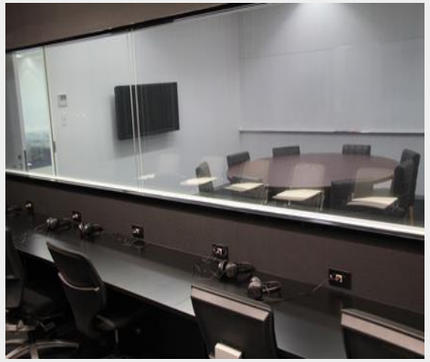
About 1,000 projects



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

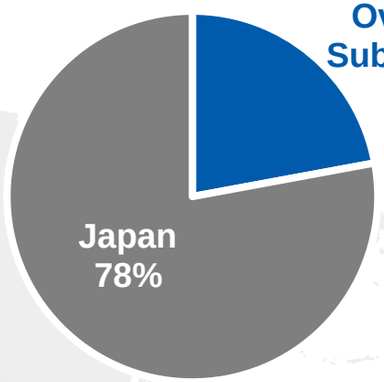


Analysis and understanding of consumer insights



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

FY 2023/6 Composition ratio of sales





Cross Marketing | medilead | ENVIROSELL | Kadence International | MetaSite | withwork

5 Appendix

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

Consolidated Profit and Loss

Units: JPY 100 Million	Q1-Q3 FY2023/6	Q1-Q3 FY2024/6	YoY Growth Rate
Revenue	**196.5**	**193.4**	**−2%**
Gross Profit	**82.9**	**77.6**	**−6%**
(Gross Profit Margin)	(42.2%)	(40.1%)	(−2.1pt)
SG&A	**61.2**	**60.7**	**−1%**
(SG&A Ratio)	(31.1%)	(31.4%)	(+0.2pt)
Operating Profit	**21.7**	**16.9**	**−22%**
(Operating Profit Margin)	(11.1%)	(8.7%)	(−2.3pt)
Ordinary Profit	**20.9**	**16.8**	**−20%**
Extraordinary Gains	**0.8**	**0.0**	**−**
Income Taxes	**8.3**	**7.0**	**−16%**
Net Income	**12.5**	**9.9**	**−21%**

1 **Revenue decreased**

Growth was sluggish in Data Marketing Business

2 **Gross profit margin declined**

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

Data Marketing Business was the major factor for declining revenue

Consolidated Balance Sheet

Units: JPY 100 Million	End of Jun. 2023	End of Mar. 2024	Changes
Current Assets	**112.9**	**118.9**	**+6.0**
Cash & Deposit	64.8	62.3	−2.5
Notes & Accounts Receivable	31.3	42.7	+11.4
Other	16.8	13.9	−2.9
Non-current Assets	**30.2**	**32.0**	**+1.8**
Goodwill	6.2	5.5	−0.7
Other	24.0	26.5	+2.5
Total Assets	**143.1**	**150.9**	**+7.8**
Current Liabilities	**51.5**	**55.6**	**+4.1**
Accounts Payable	9.8	16.1	+6.3
Short-term Debt*	13.4	13.5	+0.1
Other	28.2	26.1	−2.1
Non-current Liabilities	**30.7**	**26.6**	**−4.2**
Long-term Debt	27.6	23.1	−4.5
Other	3.1	3.5	+0.4
Net Assets	**60.9**	**68.7**	**+7.9**
Equity Ratio	**42.0%**	**45.5%**	**+3.5pt**

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

1

Cash and deposit totaled slightly more than 6 billion yen

Was sufficient for investment in business growth and repayment of debts

2

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

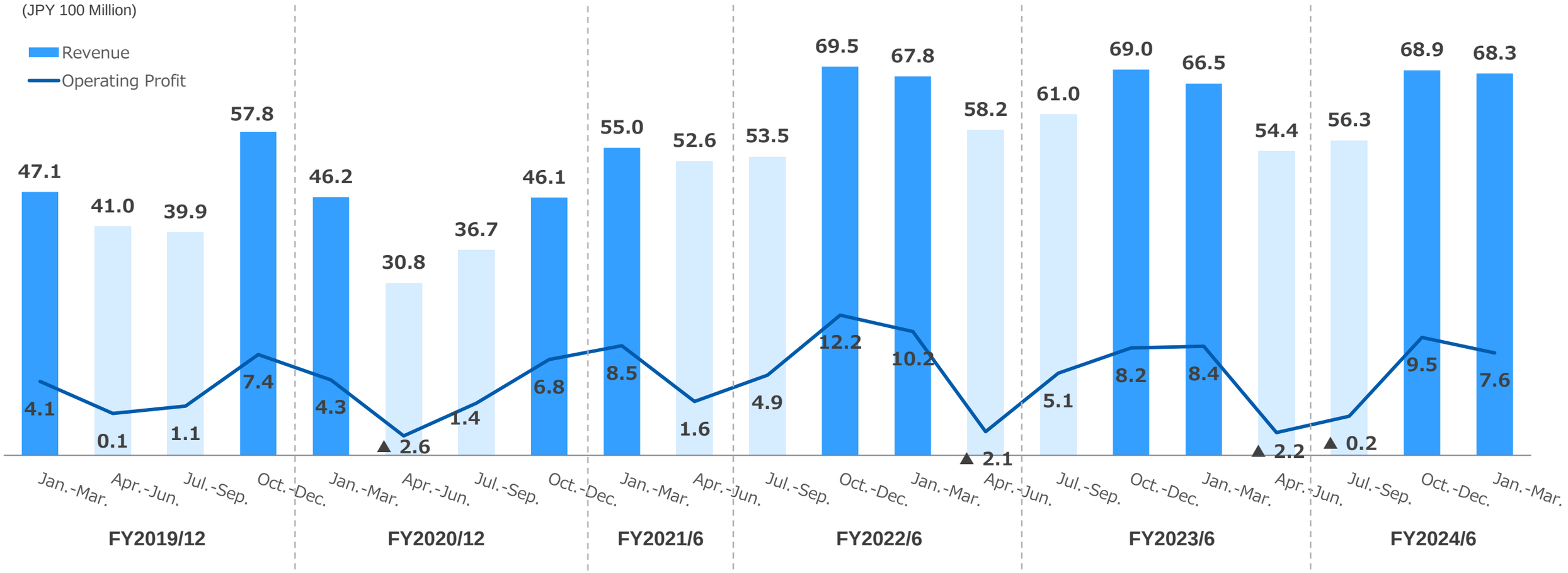
3

Equity ratio of 45.5%

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

Quarterly Fluctuations in Revenue and Operating Profit

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



Sustainability

Category	Materiality	Specific initiatives ※All figures are for FY2023/6.
Environment	Broader protection of the global environment, including addressing climate change	・Express support for TCFD and join the TCFD consortium. ・CO2 emissions（t-Co2） Scope1　0 Scope2　305　(Emissions associated with office electricity consumption) Scope3　47　(Emissions from the use of cloud services)
Social	Enhancing human capital	・Renewal of the personnel evaluation system ・A total of 20 training courses for managers have been organised.
	Increasing diversity, equity and inclusion (DE&I)	・Percentage of women in management positions: 22.3 ・Percentage of male employees taking maternity leave: 61.5 ・Wage differentials between men and women in the total workforce: 63.7
	Advancing joint social contribution activities in collaboration with a wide range of partners in industry, academia and government	・Support organizations that help achieve the SDGs through the Moratame SDGs Project.
Governance	Enhancing corporate governance functions and internal management systems	・Ratio of outside directors: 60% ・Internal reporting system
	Further strengthening risk management, information security and privacy protection	・Compliance training
	Motivating appropriate information disclosure to and dialogue with stakeholders	・Number of investor briefings held: 8
Business	Balancing economic growth and sustainability activities	・Sustainability-related research sales -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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