

Medium-term Management Plan “DX Action 2024”

August 12, 2021



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Overview of Group

Company Name	Cross Marketing Group Inc.
President & CEO	Miki Igarashi
Established	April 1, 2003 Established Cross Marketing Group Inc. and shifted to a holding company on June 3, 2013
Capital	JPY 646,709,000
Business	Digital Marketing, Data Marketing, Insight
Affiliated Company	Consolidated subsidiaries : 31 companies Equity method affiliates : 2 companies
Number of Employees [Consolidated]	1,354 (Including 238 temporary staff)



Introduction to Representative Director, President and CEO

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

External Positions

- RareJob, Inc.
Outside director
- Japan Marketing Research Association
Deputy chairman



Mission

**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.

We are a comprehensive marketing solution company that supports customers to solve a wide range of issues related to marketing, starting with market research.



A Group that introduces DX and digitizes services in the Data Marketing Business, Insight Business and Digital Marketing Business, underpinned by an analysis of consumers' WHY, and can provide Marketing DX Solutions.

Since 2021, we have reinforced a digital shift and DX support as we aim for further growth.

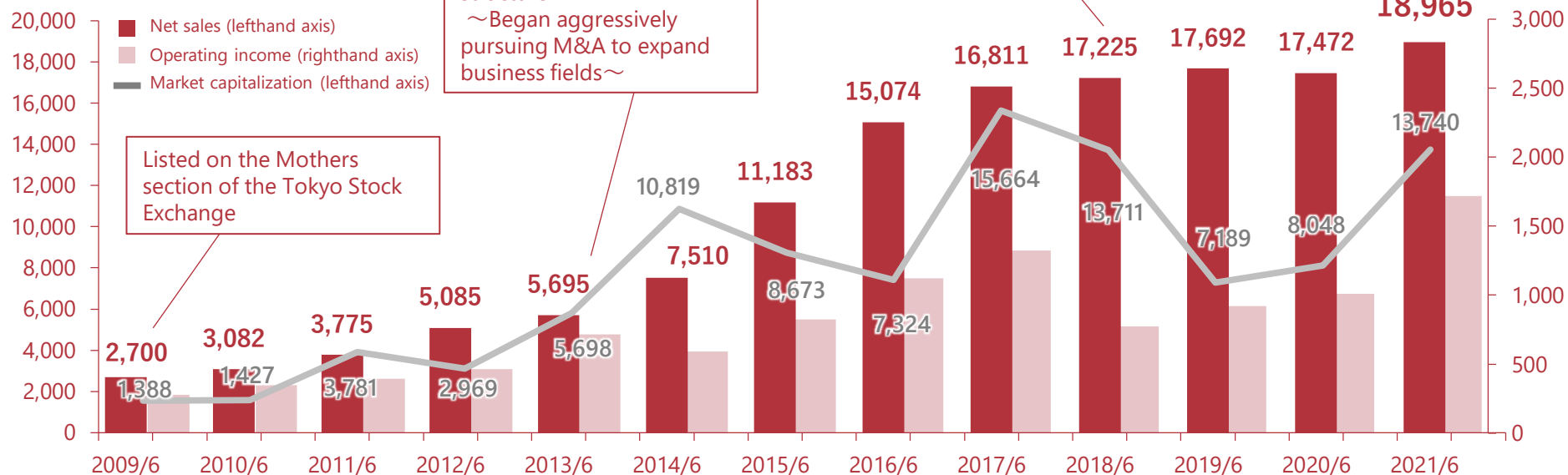


Primary Business Development and Earnings Fluctuations

1. Overview of Group

Expand business fields with establishing subsidiaries and M&A, and extend further into areas of expertise

(Unit: Million yen)



Changes to business segments
~Support for DX transformation in client companies' marketing, with a focus on the digital marketing business~

Change to holding company structure
~Began aggressively pursuing M&A to expand business fields~

Market change to First Section of TSE

Listed on the Mothers section of the Tokyo Stock Exchange

Marketing solutions (acquisition of D&M, Inc. and DO HOUSE 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 Fittio Inc.)

Marketing research (start of marketing consulting, R&D acquisition, establishment of Medilead Inc., acquisition of Shopper's Eye)



Cross Marketing Group

Digital Marketing

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

 Cross Communication

 Cross Propworks  Fittio

 Data and Marketing

 DO HOUSE

Data Marketing

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

 MARKELYTICS

 Medical World Panel

 withwork

 Cross Marketing

 Kadence International

Insight

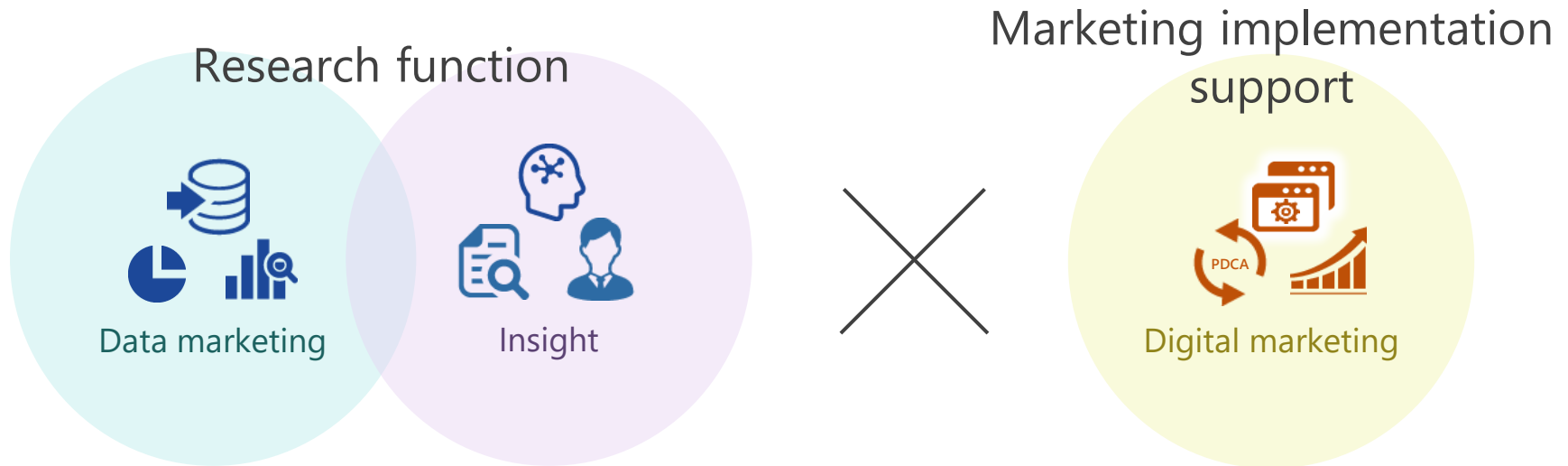
Supports customer decision-making by providing consultations to resolve customer issues and uncovering consumer insights.

 medilead

 Shopper's Eye

 ENVIROSELL

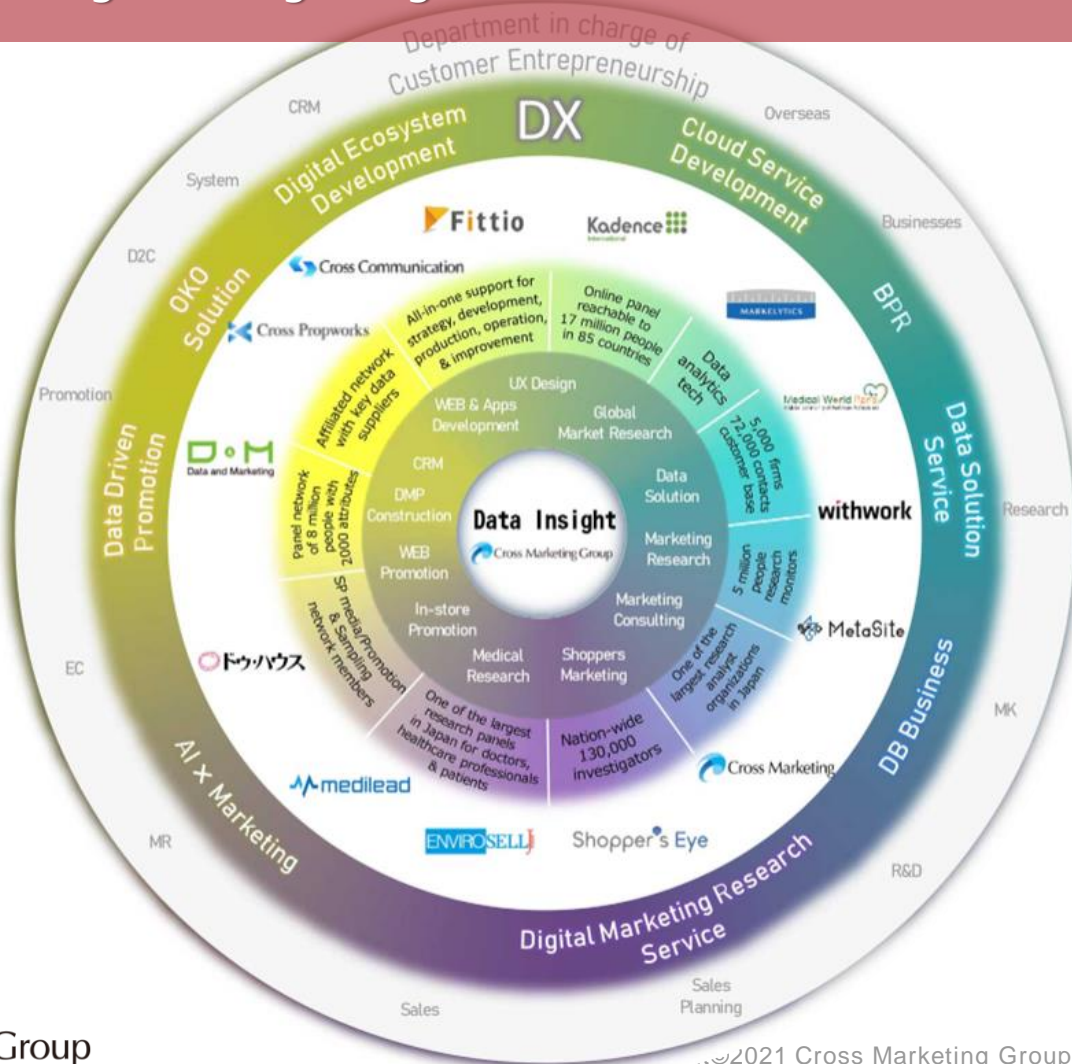
By combining **research (understanding consumers)** with **marketing implementation support**, we can provide **added value that leads directly to business promotion and growth** for client companies.



Comprehensive marketing solutions

based on data and understanding

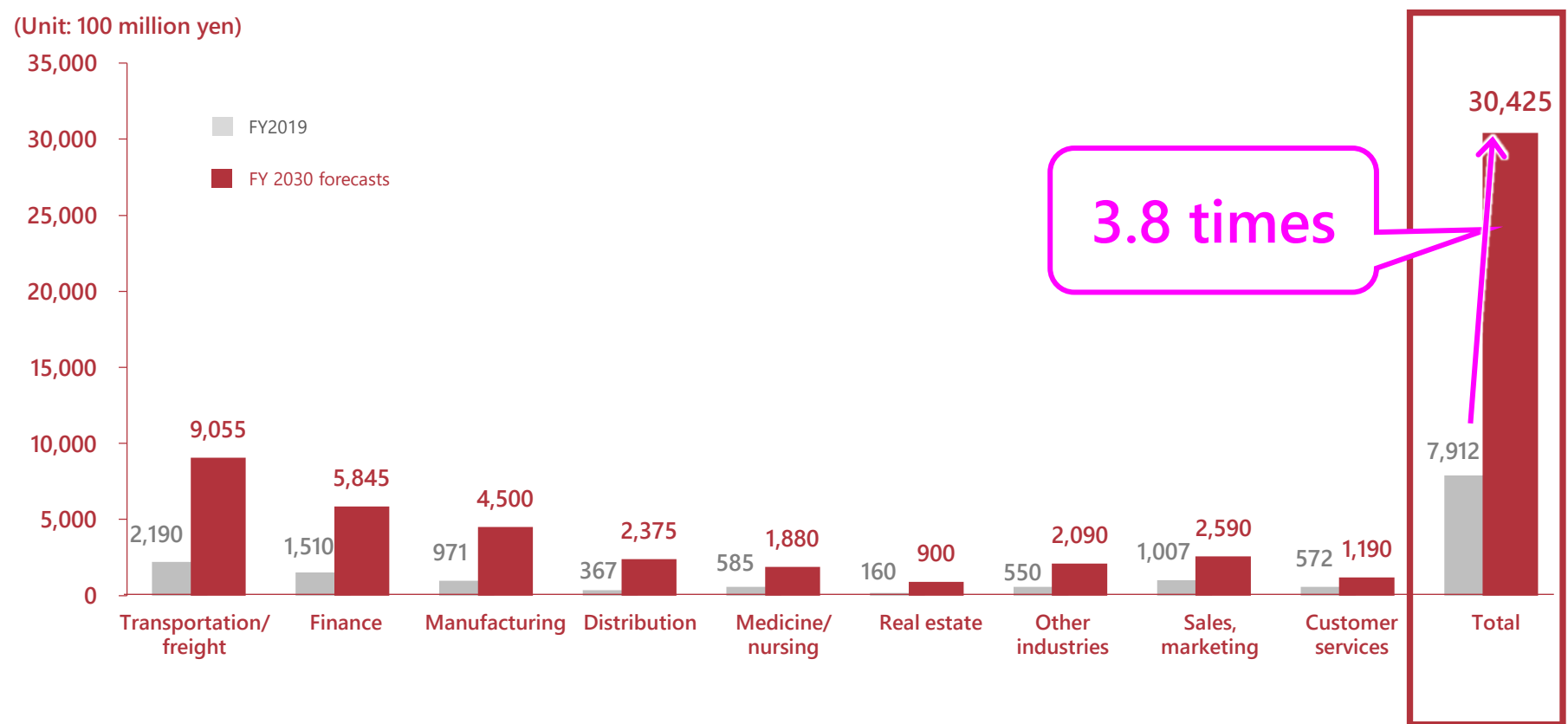
We aspire to be a Group that supports every step in marketing from strategy formulation to the implementation of marketing measures by identifying consumers' "why"—Cross Marketing's strength—and guiding customers' business to success as their partner.



External Environment

Forecast of Japan's DX market

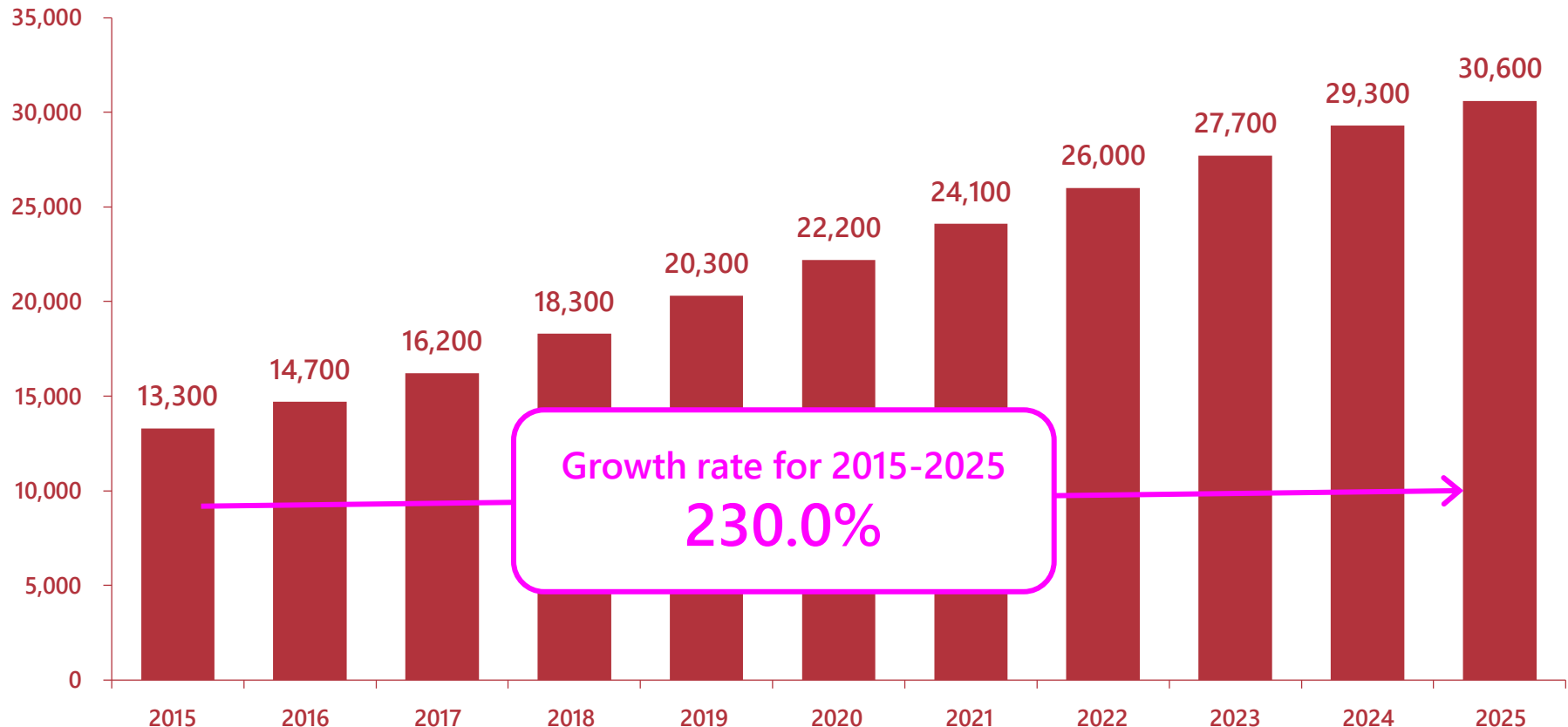
Investment in Japan's DX market is expected to increase 3.8 times over from fiscal 2019 to fiscal 2030, and the market is expanding rapidly.



Source: Fuji Chimera Research Institute, Inc. "2020 Digital Transformation Market Future Outlook"..

The digital D2C market is also expanding, and the market scale is expected to be 2.3 times 2015 levels by 2025.

(Unit: 100 million yen)

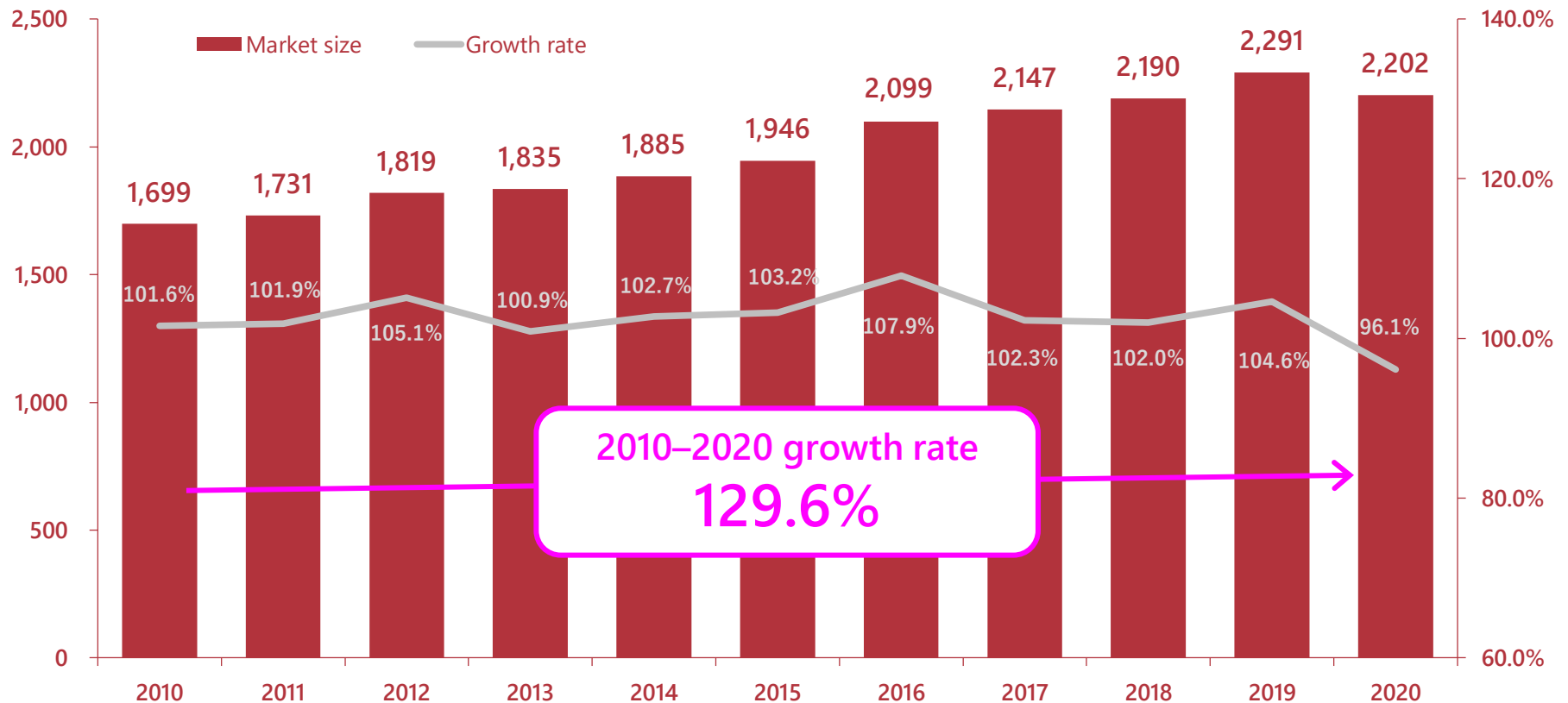


Source: Ureru Net Advertising Co., Ltd.

Trends in scale of market in Japan's research market

The scale of Japan's research market decreased in 2020 due to the pandemic, but prior to this, the market showed sustained and stable growth.

(Unit: 100 million yen)



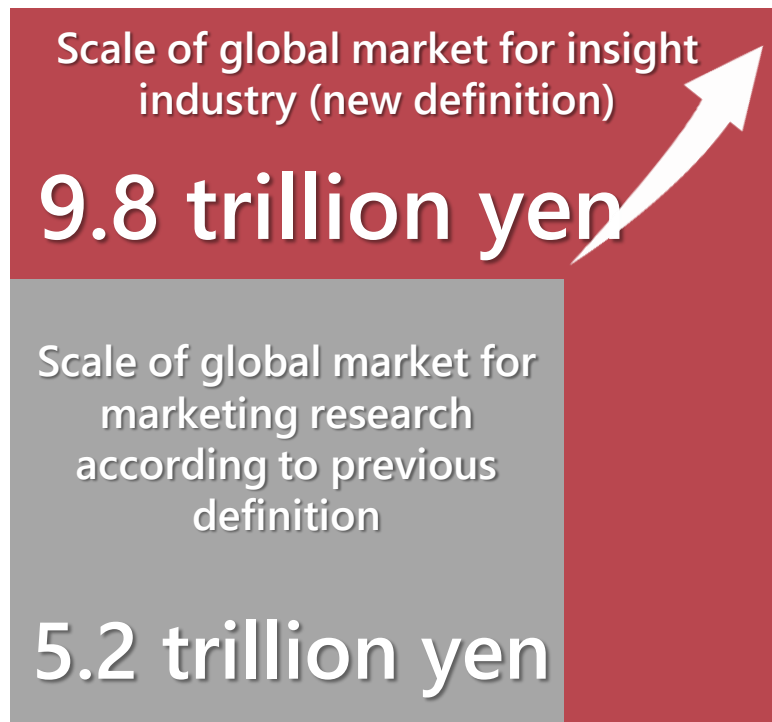
Source: Field Survey of Management Operations, Japan Marketing Research Association

ESOMAR's redefinition of the research market and the size of the global insights market

Change in definition of research market by ESOMAR:

“An industry that compiles and analyzes a range of data and provides insights to clients”

The scale of the global market, including companies in technology and those in consulting, is approximately 10 trillion yen.



Top 10 companies in world's insight industry field

Ranking		Company name	Headquarters Country in which it is located	2019 sales	
2019	2018			Global total	Compared to previous year
1	1	Nielsen	USA	6,498	-0.3
2	3	Gartner	USA	4,245	6.8
3	2	IQVIA	USA	4,139	7.6
4	—	Adobe Systems	USA	3,206	31.2
5	4	Kantar	UK	2,870	9.8
6	—	Salesforce.com	USA	2,506	32.0
7	5	IPSOS	France	2,243	8.6
8	—	IHS Markit	UK	2,198	5.6
9	6	GfK	Germany	1,673	5.2
10	—	CoStar Group	USA	1,400	17.4

(Unit: million USD, %)

* 1 USD = 110 yen

Source: ESOMAR's "Global Market Research 2020" and Japan Marketing Research Association

Overview of Medium-term Management Plan

Medium-term Management Plan “DX Action 2024” guidelines

Marketing DX Partner

We use our **digital** strengths and the ability to **understand consumers** and **clarify their “why”** through analyses of all the data surrounding consumers to provide support in every area, from the **implementation of customers’ marketing solutions** to **reforms in the marketing process**. With one-stop services from planning strategies to their implementation, we will lead **customers’ business to success**.

Triple Three

Market capitalization

30 bil. yen



13.7 bil. yen in 2021

*1



Group's consolidated
sales

30 bil. yen



19 bil. yen in 2021

*2



Group's consolidated
operating income

3 bil. yen



1.8 bil. yen in 2021

*3

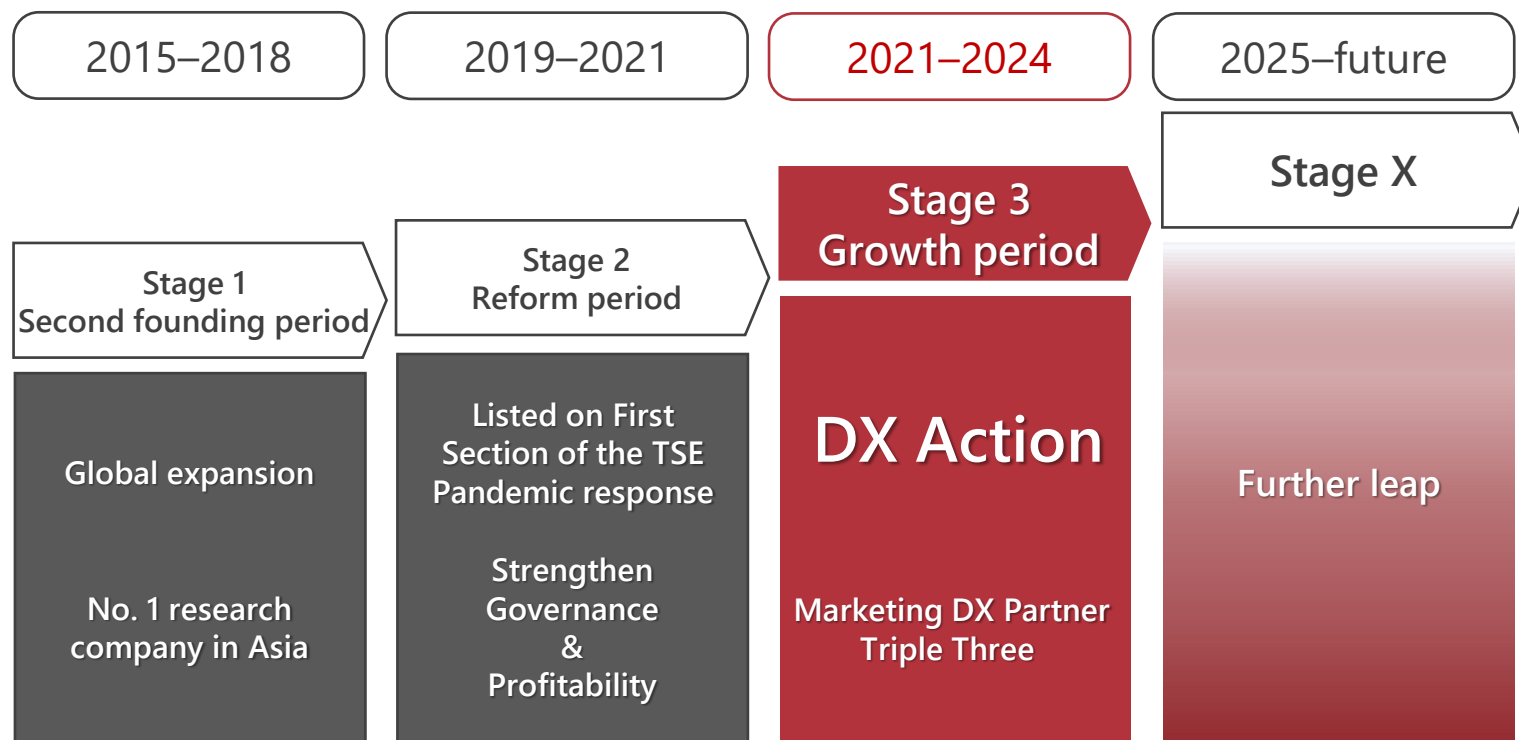


*1
Share price on June 30, 2021 (closing price)

*2, 3
2021 figures for the Group's consolidated sales and consolidated operating income are the figures for July 2020 to June 2021.

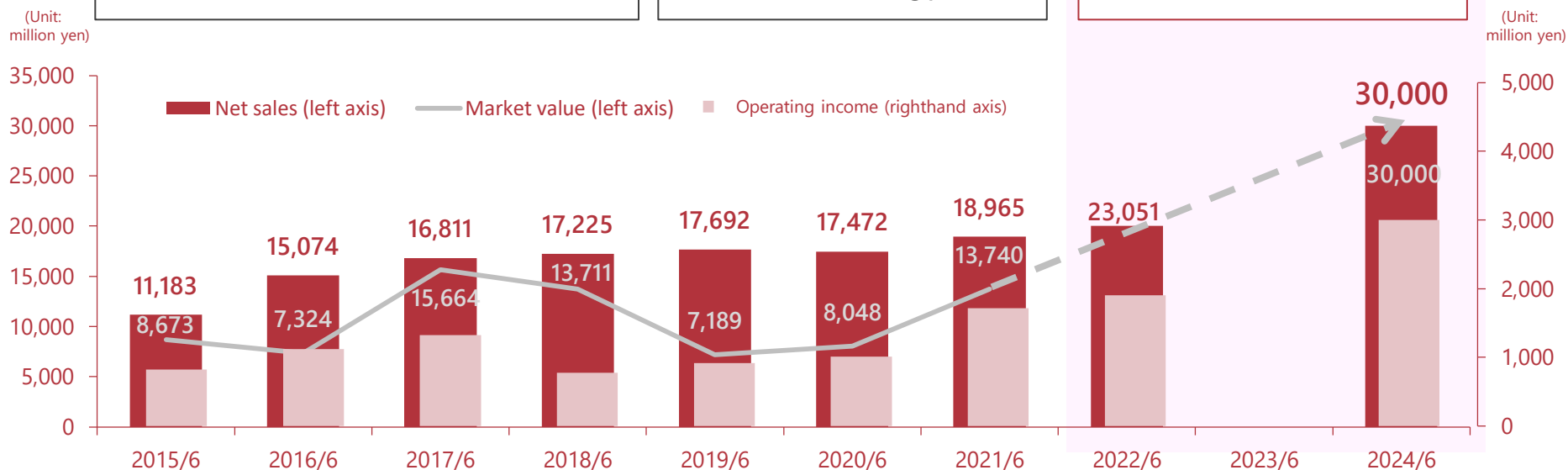
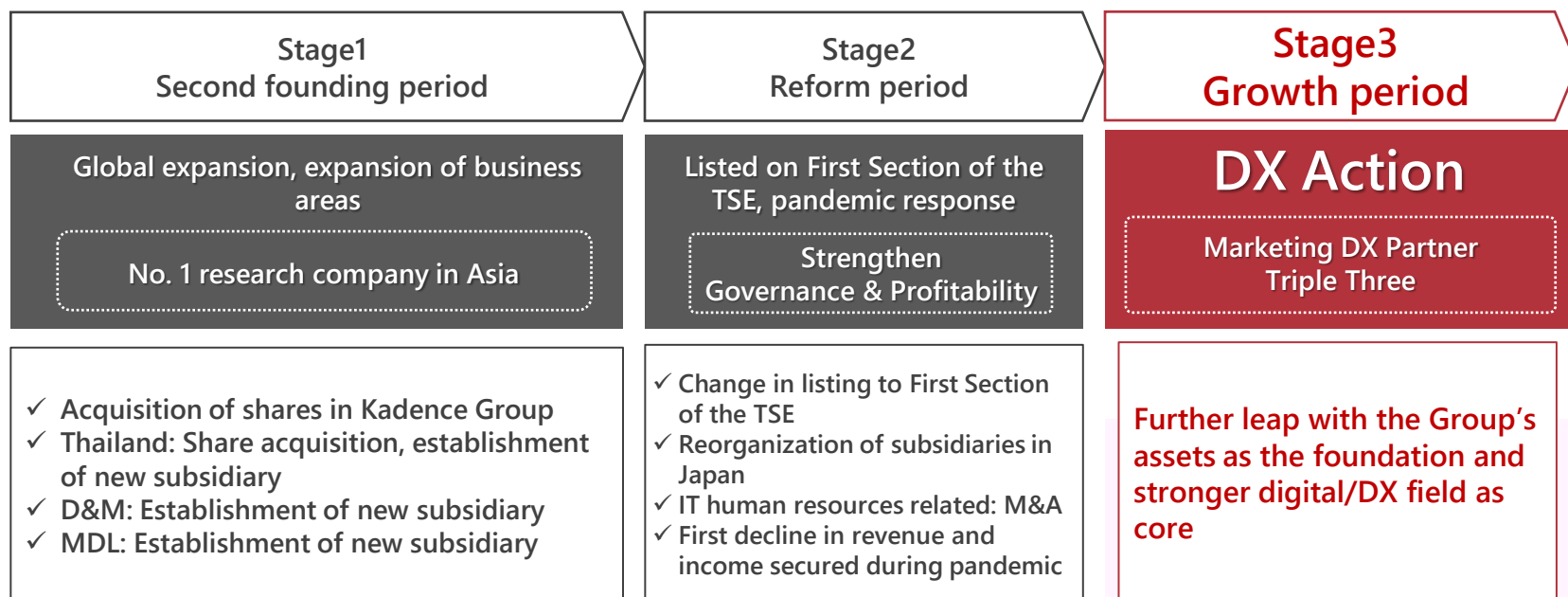
Role of Medium-term Management Plan

The Stage 3 growth period will be the foundation for future additional leaps based around DX Action in order to achieve the long-term vision.



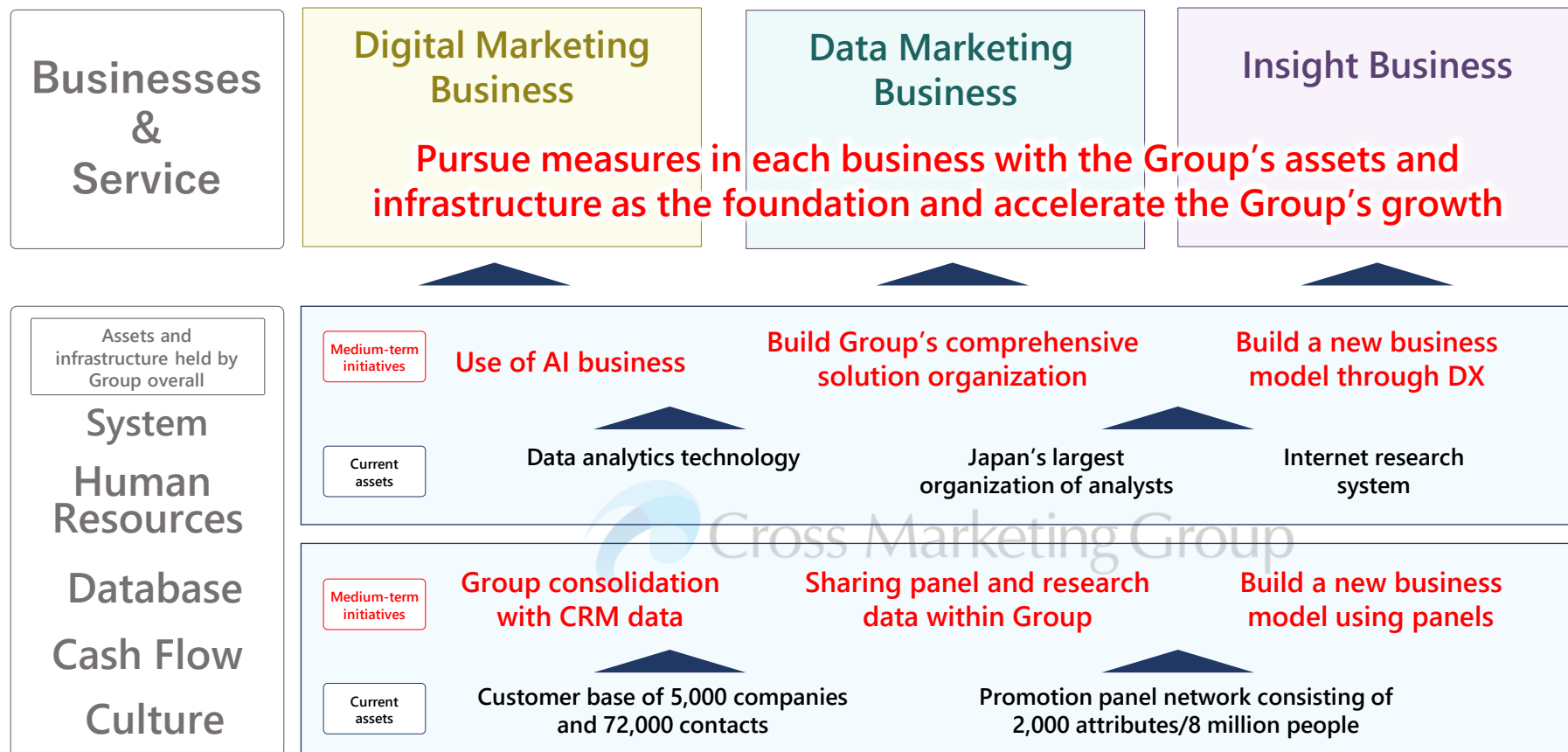
3. Overview of Medium-term Management Plan

Role of Medium-term Management Plan

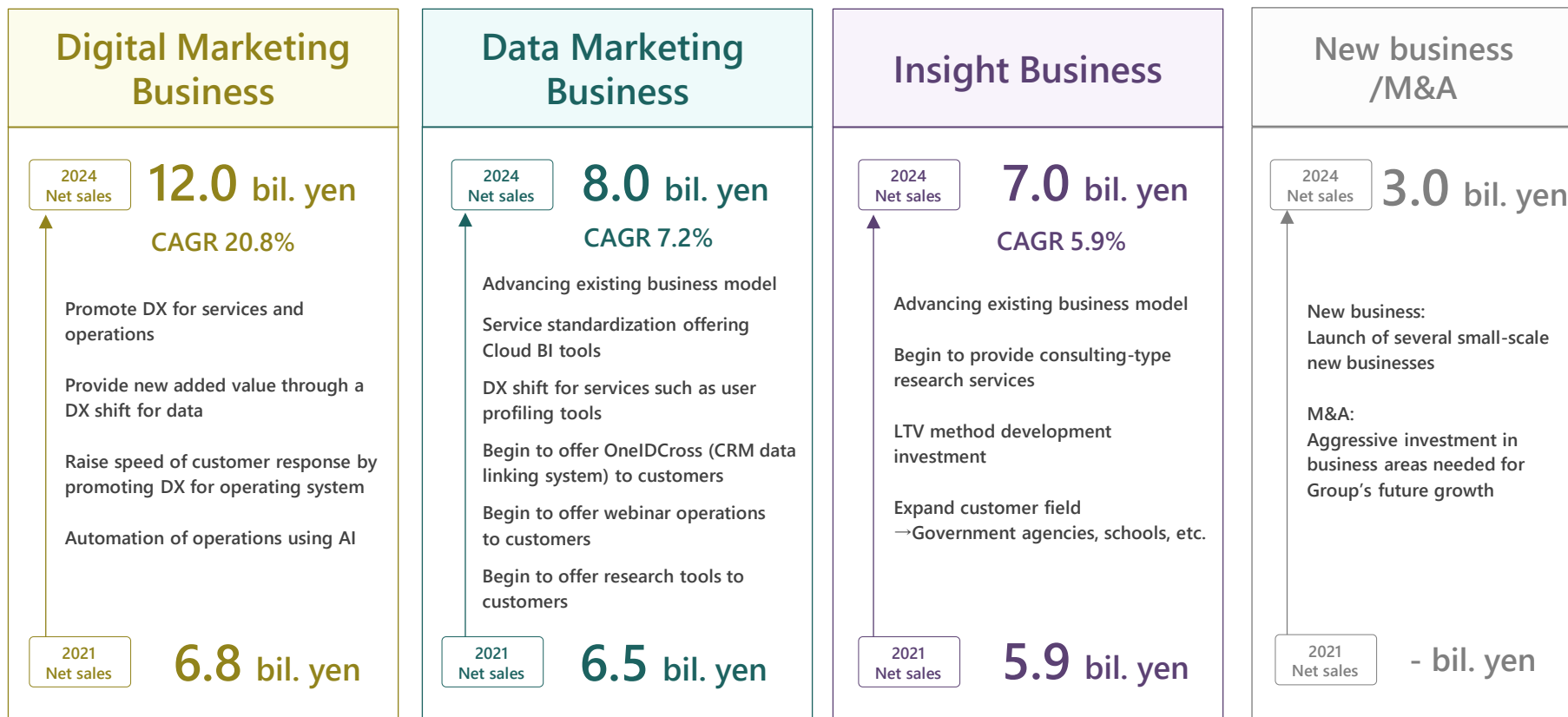


Group assets and infrastructure foundation

Build structures and systems to effectively and efficiently utilize the Group's assets and infrastructure, and accelerate the Group's overall growth by strengthening businesses, investment and M&A



Measures in each segment and quantitative targets



Assets and infrastructure held by the Group

System

Human Resources

Database

Cash Flow

Culture

New business development policy

To achieve ongoing growth, launch several small-scale new businesses and drive the Group's overall business growth together with the growth of existing businesses.

Scale

Implement feasibility studies with a total investment of about 30 million yen in each new business

Continuity policy

Make additional investments when expansion to a certain scale can be expected
Pull out of businesses in which growth cannot be expected and consider next new business

Achievements with past new businesses



Data and Marketing

WEB promotion business

karada Laboratory

e-commerce cosmetics
business



Support for launch of e-commerce site



QiQUMO, a self-administered questionnaire tool

M&A strategy

Invest aggressively in business areas needed for the Group's future growth

	Business M&A			Incubation CVC
Purpose	Expansion of service menu	Expansion and reinforcement of network	Improve service quality	Compilation of cutting-edge technology information and capital gains
Anticipated companies	Companies in digital marketing field Software development and SaaS-related company Companies working on DX, such as healthcare and consumer goods	Companies in data marketing field	Companies in insight field	Companies with technology and services that can be applied and transferred for use by Group
Standards for evaluating companies targeted for investment	Availability of new technology, high-quality personnel	Synergies with Group	Availability of high-quality personnel	Availability of new expertise, high-quality personnel
New investment and valuation	100–500 million yen	100–1,000 million yen	100–1,000 million yen	100–300 million yen

Overseas expansion

Expand and strengthen the Group's global network

■ Improve efficiency with consolidation and elimination of existing bases

Growth investment primarily in the US

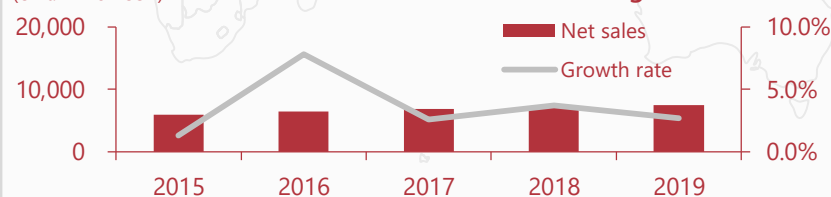
■ Search for development possibilities in untapped areas

Asia: Malaysia

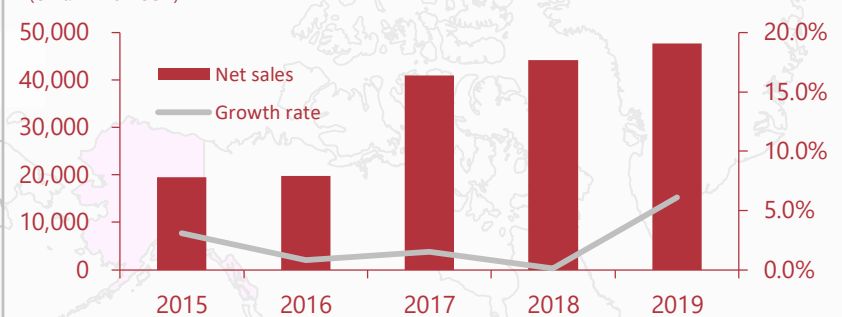
Mekong area — Laos
— Myanmar
— Cambodia

Europe: Germany, France

(Unit: million USD) Trends in market scale: Asia-Pacific region

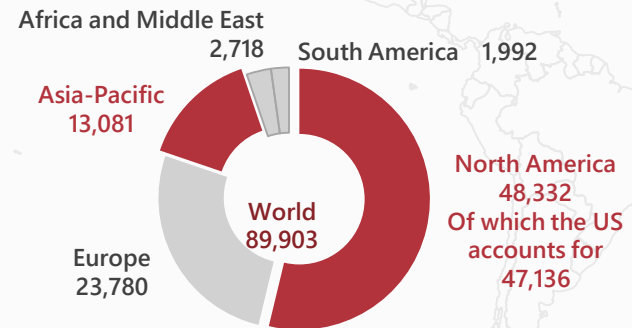


(Unit: million USD) Trends in market scale: North America



Scale of global insight market

(Unit: million USD)



■ Already developed regions
■ Regions in which expansion is considered

HR Strategy, SDGs

Purpose of HR strategy:

- Build a system that can generate results and an HR development model unique to Cross Marketing
- Set up labor health environment and make aggressive investments
- Improve organization's speed by creating a culture and establishing it
- Strengthen HR hiring capacity so that it matches business expansion

Foster and strengthen human resources

- Visualize and analyze human resources through talent management
- Build and administer HR development system and expand throughout Group
- Develop next generation of managers
- Career development support (internal training, dispatch to outside educational institutions)
 - DX personnel training by job type
 - Training by rank
 - Training for manager candidates

Improve engagement and build a system and organization that can yield results

- Strengthen management
- Mentor program for new graduates and second group of new graduates
- Support in building internal networks
- Support in building a career path (building careers)
- Shape culture of CMG through Culture Book
- Earn certification as a Health & Productivity Management Outstanding Organization (White 500)



Strengthen hiring capacity

- Promote rehiring of retirees by building an alumni network
- Expand hiring channels and hire people with the potential to perform for the Company

Under its “Discover Something New: Create the Future” mission, the Cross Marketing Group supports the sustainable development goals (SDGs) set forth by the United Nations.

Going forward, we will establish an SDG Declaration and strive to create a sustainable society.

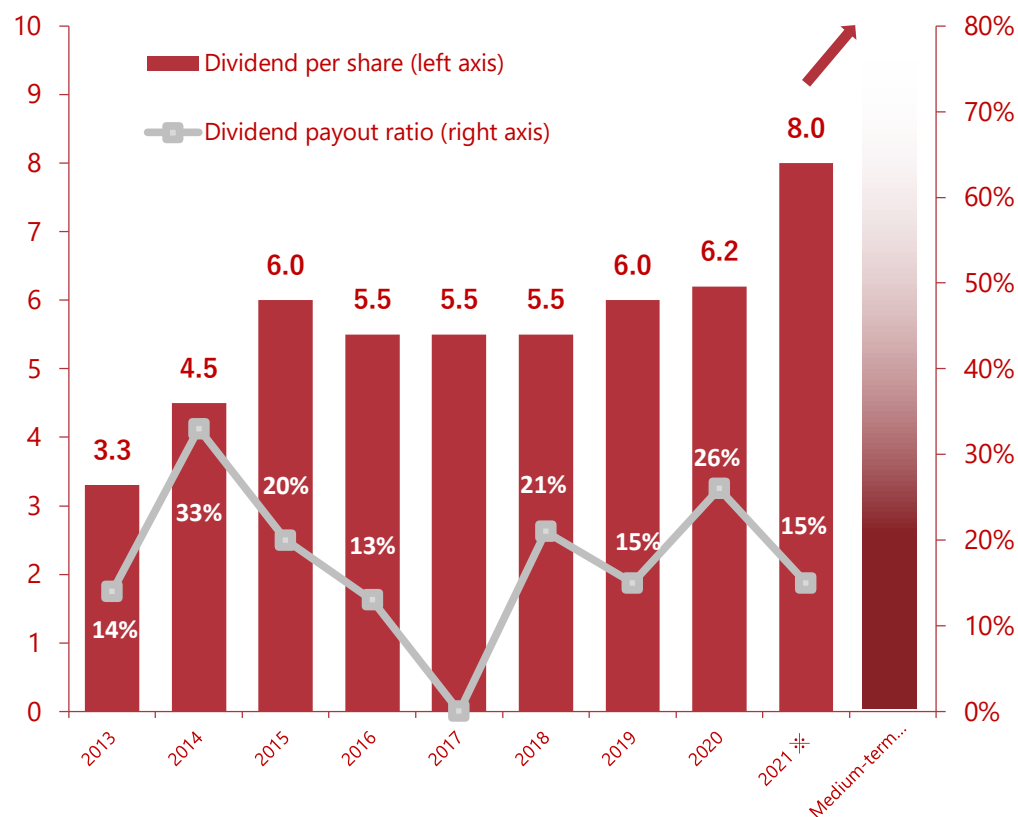
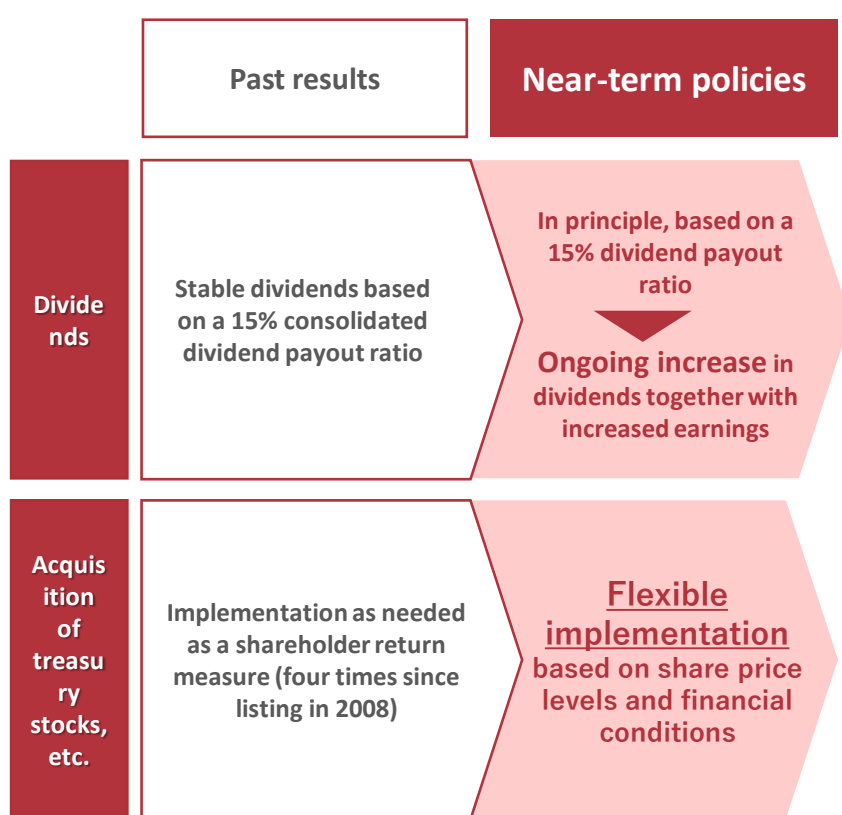
SUSTAINABLE DEVELOPMENT GOALS



Capital Policy, etc.

Policy on shareholder returns

While continuing to make stable returns to shareholders through dividends, the Group aims to expand its business and continue to increase dividends with a consolidated dividend payout ratio of about 15%, in principle, taking into account capital demand and future business investment plans, among other factors.



* In 2021, dividends for the irregular six-month financial period ended in June 2021 were doubled (equivalent to dividends for 12 months).

Aiming to meet standards to remain in Prime Market segment

At the Board of Directors meeting held on August 12, 2021, the Board decided to choose the Prime Market segment when the TSE's listing segment are changed in April 2022.

Results of first screening for compliance with market listing requirements

Number of Floating-stock : Compliant	Floating-stock market capitalization: Not compliant	Floating-stock ratio: Compliant	Trading Value: Compliant
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Based on the Medium-term Management Plan, we will improve corporate value by pursuing business activities, actively carrying out IR and augmenting corporate governance as well as meeting the criteria for maintaining the Prime Market listing.

We plan to submit and disclose a Plan on Compliance with Listing Standards from September to December on specific initiatives.

Company Culture



Keep on doing things that will be good for everyone, for the client.
Not "it can't be done," but "how to do it?"
It is the prerogative of challengers to be unafraid of failure.
If you do it, you can see the next thing.
If you do it, you understand your own growth.
We just do it.

Thoughts behind our vision, "Just go for it!"

We want to continue being challengers so that we never stop growing.

We are not afraid of mistakes, and can take on all kinds of challenges. We will value the growth and success that result from this process.

To achieve this, we always hold on to a spirit of challenge and create our stance on new initiatives from culture. We will create a company that continues to embrace challenges.

CMG Culture Book

We put the values and culture that we value as a company into words, compiled it as a Culture Book and distributed it to employees.

CMG has a wide range of businesses and expands in many different directions, including overseas. We have colleagues overseas with a wide range of values.

We will clarify and share what is important to us while accepting diverse values. This will strengthen personal growth, ties between individuals and the organization, and affiliations within the organization.



Policy

Mind

Action

Action

Names by industry field





Road of growth is the approach that we want our CMG colleagues to value as we work to achieve further growth.
They are made up of policy, mind and action.

Support your colleagues with all your might and do not betray them.

Supporting one another

How far can you go in building supportive relationships with the colleagues you've had the fortune to meet? No matter how advanced your skills, or how talented, you cannot achieve results or success without trusting your colleagues. You will have no opportunities unless you earn their trust. This is crucial, so sometimes you may receive harsh feedback. This is crucial, so we share the joy of growth. If you can build this kind of relationship, these ties will continue even after you leave the organization someday.

Take up challenges with no fear of the future

Challenge the future

Don't think someone else will do it for you; do it yourself. Don't assume someone else will think it; think for yourself. Think of everything that happens in the organization and at work as your business. This is the quickest way to achieve growth. If you change your perspective, everything can become your own concern. The world changes in an instant when you make it your business. You will have no regrets if you think, decide and act for yourself. Live a life with no regrets.

Do not run from results

Face reality

As long as you are working, you will be asked to show results. But you will not always produce good results. Sometimes, things will not turn out as you had hoped. The important thing is how you interpret this. For example, no matter the result, it is important to accept it straight on as long as you thought and acted for yourself. This leads to the next thing, and that's why you can't run from results.

Push forward rather than adjusting

Push forward

Think of the customer's perspective first. Do not run from what you should do just because it's convenient for you or the organization. Do not push what you should have done onto someone else. Push forward rather than making adjustments. Get rid of the habit of making decisions based on what you want to do or don't want to do or have never done. Do what should be done from the customer's perspective. Push forward with intention.

The approach we want our employees to value when they join the company and the awareness we would like employees promoted to manager and division head to have are organized as “Knowledge & Style” by rank.

Don't forget that you're a challenger



Scale is a source of pride for CMG, but we are still challengers. We aren't the top in the industry in Japan, and even globally we might just be in the top 20. We are not stable now, nor will we rest easy in the future. Our existing members are working full out, and working hard to boost earnings. We have no intention of becoming complacent about our position. We will continue to take up challenges going forward, and will not forget what it's like to be a challenger.

You didn't become important, your work just changed.



Becoming a manager doesn't mean you become an important person. You moved from work that can be completed by one person to work that requires results as a team. The type of work changed. It is not enough just to have fighting capacity. You need the ability to build teams and the ability to solve organizational issues. This is several times more difficult than member work. But this change will definitely lead to your future career.

Winning is important Not losing is even more important



Continuing to make small wins is important. But sometimes major challenges are also necessary. Even if you lose as a result, losing skillfully can have more value than winning small if the results are plus minus zero.

We have many colleagues in jobs labeled “specialist,” such as researchers and engineers. We have adopted the approach and mindset we would like these specialists to have as “Specialist Style.”

#001

Knowledge alone does not
make a professional.
A real professional transforms
knowledge into wisdom.

Wisdom.

#011

Break out of your own shell.
At CMG, experts are not
those that stick to their own
narrow field.

Break away.

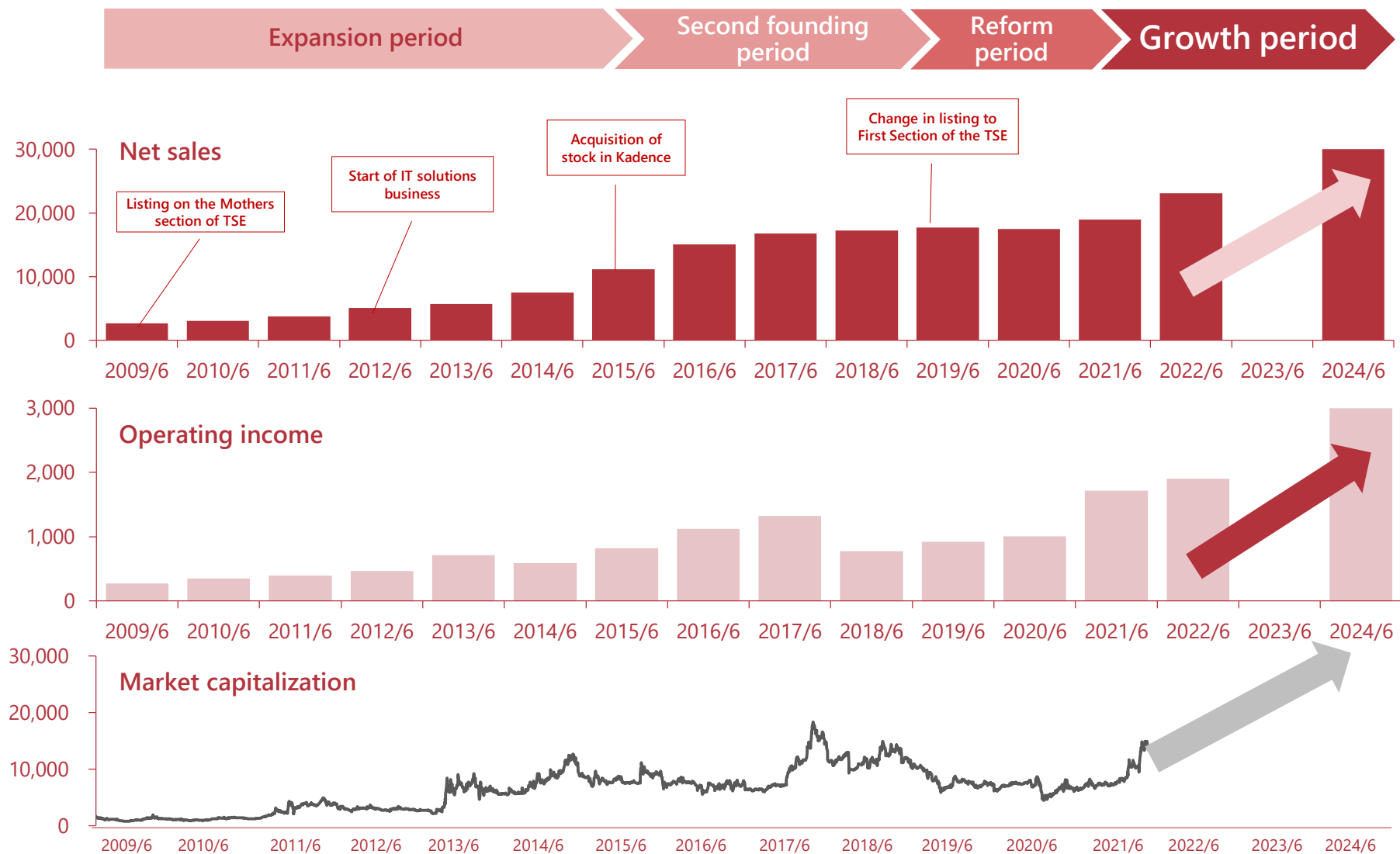
#007

Ask yourself what purpose
expertise serves.
Specialties that don't generate
profits are just decorations.

Bring profit.

Appendix

(Unit: million yen)



	Fiscal year ended in December 2018	Fiscal year ended in December 2019	Fiscal year ended in December 2020	Fiscal year ended in June 2021 ^{*1}
Net sales (million yen)	17,492	18,580	15,985	10,758
Digital marketing business ^{*2}	3,198	4,026	4,801	4,353
Data marketing business ^{*2}	7,396	7,583	5,570	3,704
Insight business ^{*2}	6,898	6,971	5,614	2,701
Operating income (million yen)	955	1,267	986	1,007
Ordinary income (million yen)	840	1,150	1,078	1,048
Net income (million yen)	507	(477)	467	540
Net assets (million yen)	3,900	3,420	3,594	4,339
Total assets (million yen)	10,429	9,927	11,416	11,775
Dividends per share (yen)	5.5	6.0	6.2	4.0
EPS (yen)	25.92	(24.12)	23.67	^{*3} 27.50
BPS (yen)	193.79	166.19	179.58	204.27
ROE (%)	14.0	-	13.6	14.3
ROA (%)	8.4	11.3	10.1	9.0

*1. The fiscal year ended in June 2021 was an irregular six-month period due to the change in our fiscal period.

*2. The sales figures by business segment for 2018 and 2019 have been recalculated in line with the new segments and provided here as reference.

*3. The dividends for the fiscal year ended in June 2021 reflects six months' worth of earnings.

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 the Company does not guarantee or promise the accuracy or completeness of the information, and it is subject to change in the future. Translated with www.DeepL.com/Translator (free version)

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