

Cross Marketing Group Inc.

Presentation material for Investors

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FY6/2025 H1 Financial Results Outline

Summary 1

• H1 revenue of 14.75 billion yen (up 18%) and operating profit of 1.35 billion yen (up 45%). H1 results were generally in line with targets

 Thanks to continued strong business performance and the effect of new consolidated companies, revenue reached a record high for H1

Summary

 Digital Marketing Business: Revenue and profit increased on the back of solid performance by existing businesses and the effect of new consolidated companies

 Two research businesses (Data Marketing and Insight): Profit rose due to strong performance from online research in Japan and recoveries in the US and the UK

Summary

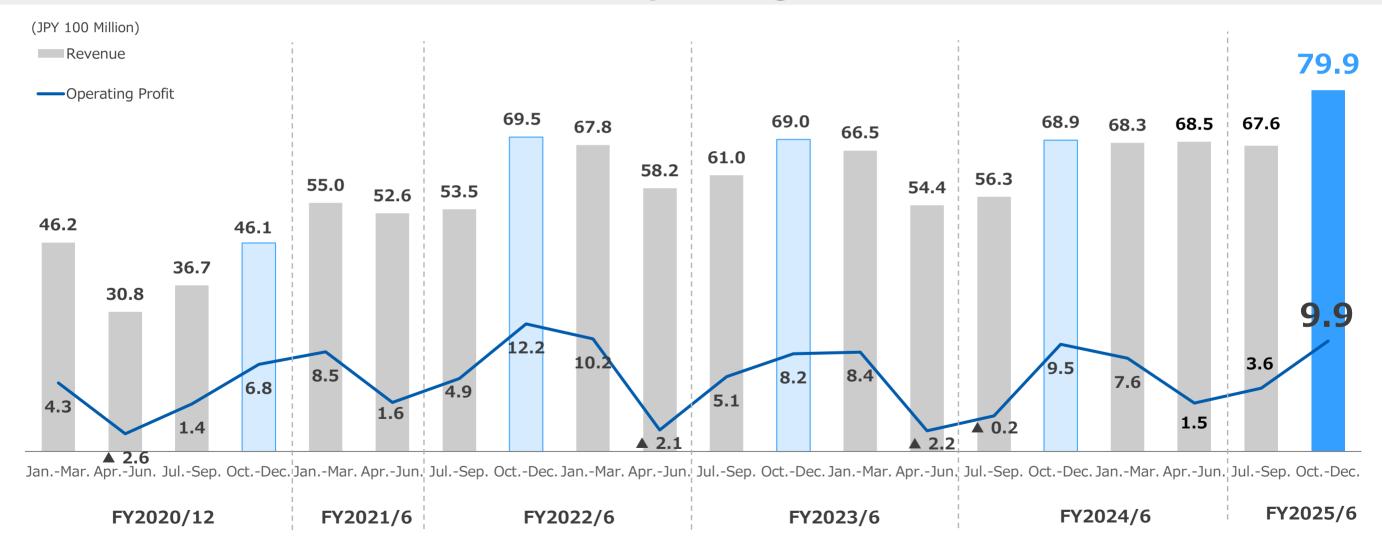
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No change to FY2025/6 full-year performance forecast

Aiming for revenue of 30 billion yen and operating profit of 3 billion yen

Quarterly Fluctuations in Revenue and Operating Profit

FY2025/6 Q2: Revenue reached a record high for an Oct.-Dec. quarter Seasonal factors continue to play a role, but our earnings base is steadily expanding



Financial Results for FY2025/6 H1

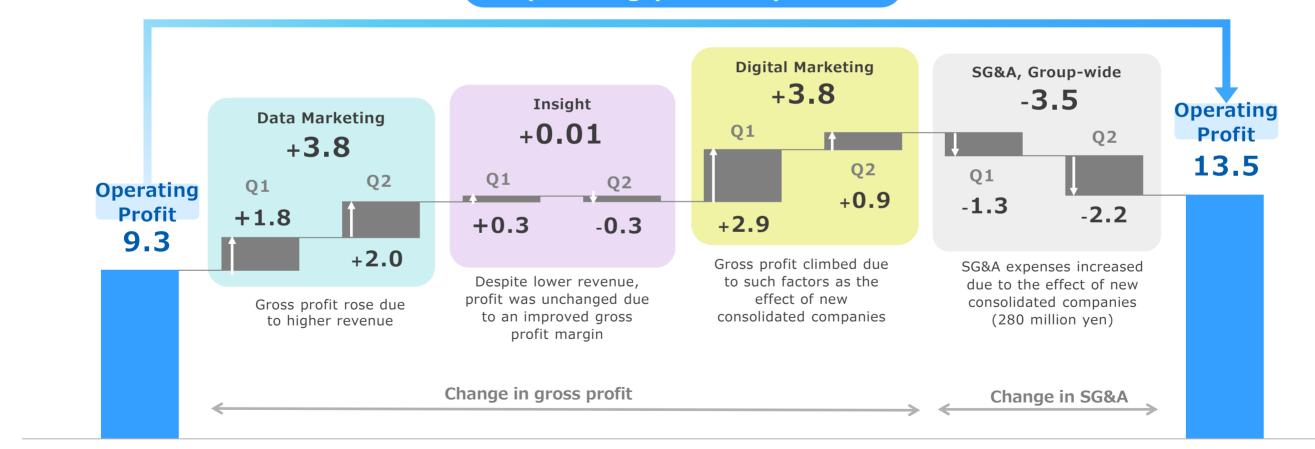
Digital Marketing and Data Marketing drove revenue growth Operating profit increased significantly due to higher revenue and the streamlining of SG&A expenses

	FY2025/6					
(JPY 100 Million)	Q1 (JulSep.)	YoY Growth Rate	Q2 (OctDec.)	YoY Growth Rate	H1 (JulDec.)	YoY Growth Rate
Revenue	67.6	+20%	79.9	+16%	147.5	+18%
Digital Marketing Business	30.8	+40%	32.8	+13%	63.7	+25%
Data Marketing Business	23.0	+17%	28.0	+35%	50.9	+26%
Insight Business	13.8	-6%	19.1	+0.3%	33.0	-2%
Gross Profit (Gross Profit Margin)	25.2 (37.3%)	+25% (+1.4pt)	31.8 (39.8%)	+9% (-2.6pt)	57.0 (38.6%)	+15% (-0.8pt)
SG&A (SG&A Ratio)	21.7 (32.1%)	+6% (-4.2pt)	21.9 (27.4%)	+11% (-1.2pt)	43.5 (29.5%)	+9% (-2.5%)
Operating Profit (Operating Profit Margin)	3.6 (5.3%)	Return to profitability (-)	9.9 (12.4%)	+5% (-1.4pt)	13.5 (9.1%)	+45% (+1.7pt)

Gross profit rose due to such factors as strong performance in Data Marketing and the effect of new consolidated companies in Digital Marketing

This absorbed the higher SG&A of new consolidated companies, and operating profit increased

Operating profit: Up 4.2

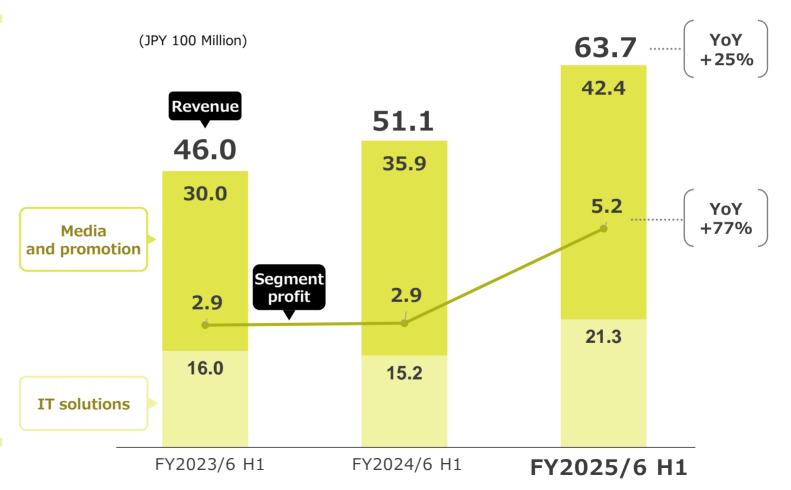


Digital Marketing Business

Revenue up 25%, segment profit up 77% Driver was high-growth businesses plus effect of new consolidated companies

Highlights

- Revenue in the media and promotion domain increased 18%. High-growth domains such as influencer marketing contributed, as did newly consolidated TRAFFICS* and PathCrie*.
- Revenue in the IT solutions domain increased 40%. Newly consolidated CRI* contributed significantly.
- Segment profit expanded substantially. Gross profit increased in line with revenue growth, and this covered the increase in SG&A due to the effect of new consolidated companies.

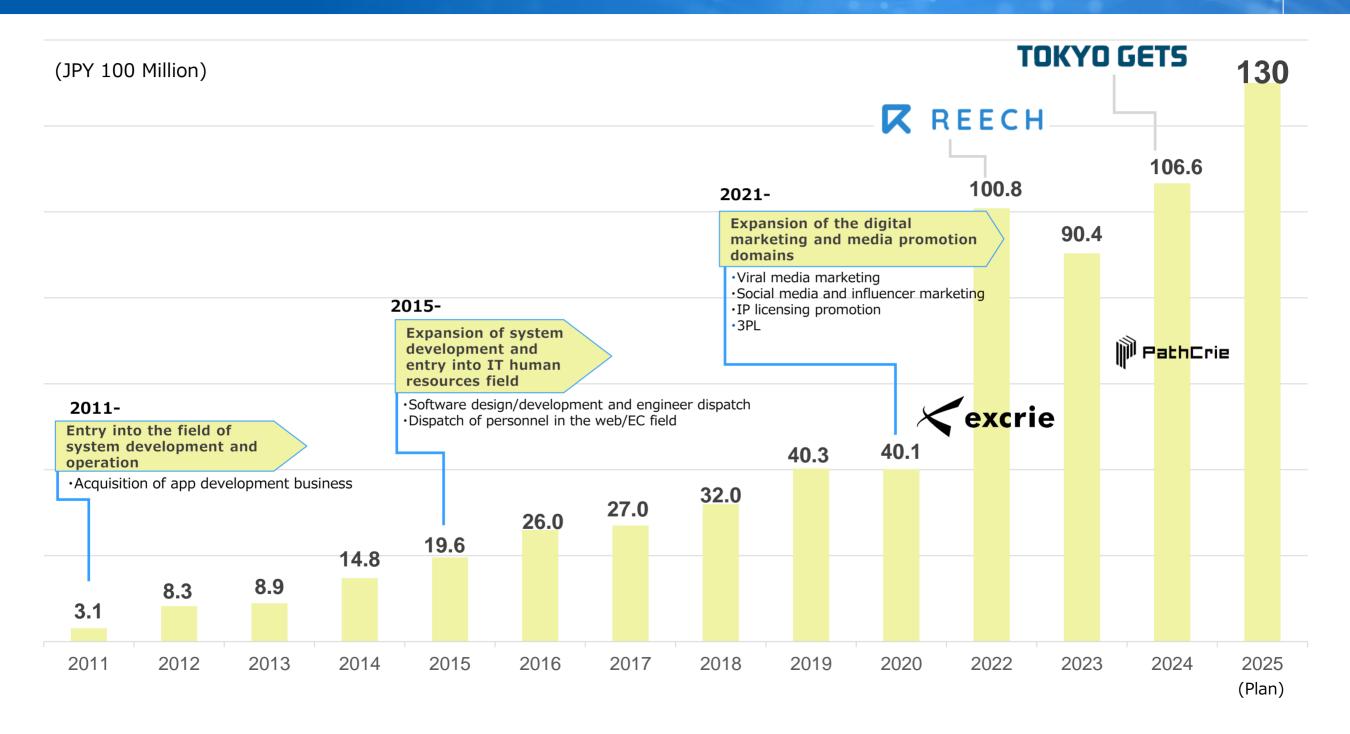


^{*}TRAFFICS Co., Ltd.: Operations include event management, outsourcing, and creative production. Consolidated from January 2024.

PathCrie Inc.: Operations include third-party logistics in the e-commerce domain. Consolidated from May 2024.

Creative Resource Institute Co., Ltd. (CRI): Operations include dispatch of directors/engineers and advertising production. Consolidated from April 2024.

(Reference) Digital Marketing Business: Revenue Base Expanding



Data Marketing Business

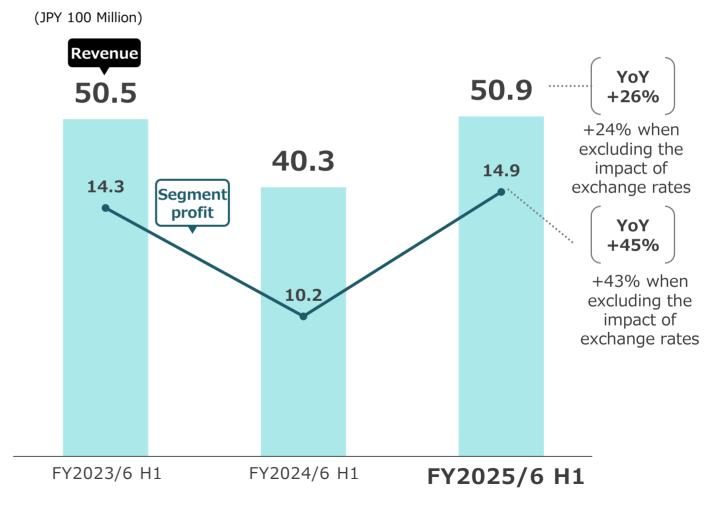
Revenue up 26%, segment profit up 45% Demand for online research remained strong in Japan, and overseas revenue recovered significantly

Highlights

- Revenue in Japan increased 11% YoY. Demand for online research was strong. By industry, communication, entertainment, automobiles, advertising agencies, etc. were the drivers.
- Overseas revenue increased 69% YoY. In the mainstay North American market, demand recovered significantly.
- Segment profit increased 45% YoY due to an increase in gross profit in line with revenue growth.

Exchange rate impact

• The effect of exchange rate fluctuations*1 increased revenue by 190 million yen but had minimal impact on profit.



^{*1} Compared to the actual exchange rate in Q2 of the fiscal year ended in June 2024.

Insight Business

Revenue down 2%, segment profit down 1% The main reason was struggles in the domestic medical field in Q1, but there was a recovery in Q2 (Oct.-Dec.).

(JPY 100 Million)

Highlights

- Overseas revenue increased 4%. Revenue in the UK recovered. Food-related revenue grew.
- Gross profit margin improved due to a better cost situation as we curtailed price discounting.

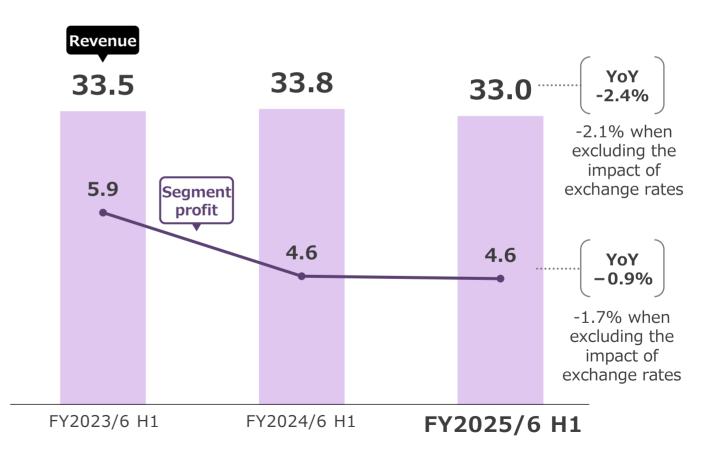
Lowlights

 Revenue in Japan declined 4%. Research in the medical/health-care field struggled, particularly in Q1. However, revenue increased again in Q2.

Exchange rate impact

 The effect of exchange rate fluctuations*1 boosted revenue by 50 million yen but had minimal impact on profit.

^{*1} Compared to the actual exchange rate in Q2 of the fiscal year ended in June 2024.



(Reference) Trends in Revenue for Overseas Subsidiaries

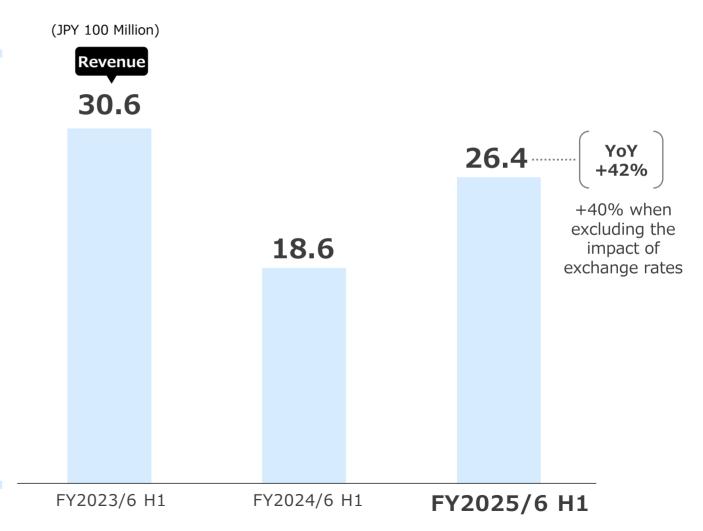
Total overseas revenue increased 42% Revenue in North America and the UK recovered significantly

Highlights

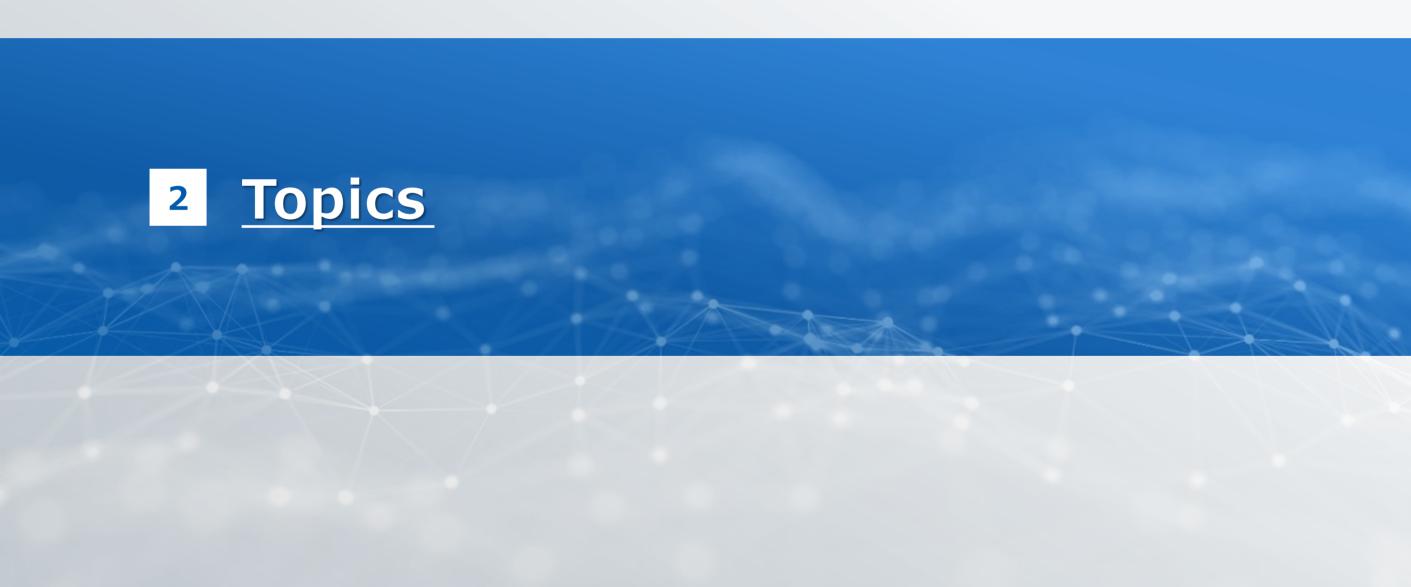
- Revenue in North America and the UK continued to recover. Revenue from research companies, information and communication, food, etc. grew.
- India also saw growth. Revenue from beverages, research companies, etc. grew.

Exchange rate impact

 The effect of exchange rate factors*1 increased total overseas revenue by 240 million yen.



^{*1} Compared to the actual exchange rate in Q2 of the fiscal year ended in June 2024.



Business Topics (1): Examples of Group Synergies

Example of collaboration between consolidated subsidiaries Cross Marketing and REECH

Company A (cosmetics and toiletries sector)



Customer that commissions Cross Marketing to conduct market research

Background

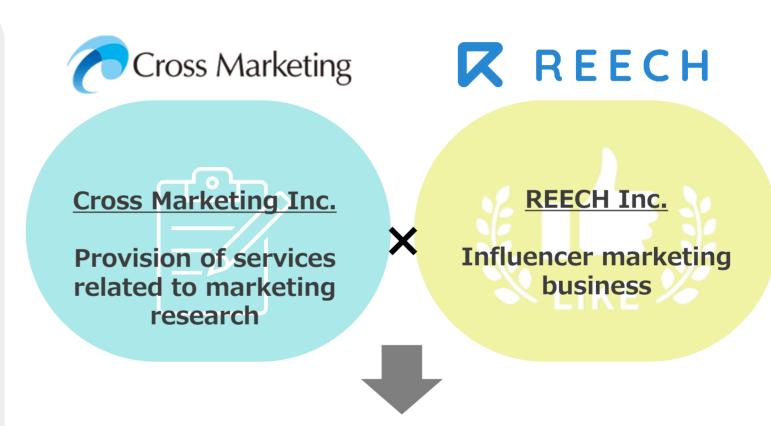


The customer wanted to carry out research on makeup for men, but the criteria were detailed and performing it would have been difficult with Cross Marketing's product testers alone



Recruited testers that met the criteria through collaboration with REECH, which possesses a database of influencers

→Won the order as it was now possible to conduct research meeting the detailed criteria demanded by the customer



The combination of **marketing research** and **influencer marketing support** allowed precise research needs to be satisfied!

Business Topics (2): Examples of Group Synergies

Example of collaboration between consolidated subsidiaries Cross Marketing and Cross Propworks

Company B (information/communications business)



We were asked for advice on an issue faced by a customer for which Cross Propworks provided sales outsourcing support

Background

to achieve that goal



Wanted to substantially accelerate sales of the tool it had developed Did not know what tasks it needed to accomplish



Gathered market insights through research toward a business restructuring

Action

→Won the order through differentiation from other research firms, namely the ability to both conduct the research and provide support following the business restructuring



Cross Marketing Inc.

Provision of services related to marketing research



Cross Propworks Inc.

BPO business handling the input, processing, aggregation, and checking of various types of data, the verification of system quality, website operation, etc.



The combination of **marketing research** and **sales support** allowed assistance to be provided continuously from the design/development of the product to its sale!

Business Topics (3): Example of Industry/Government Collaboration

Consolidated subsidiary excrie and Date City, Hokkaido, signed a business agreement based on a national government "regional revitalization entrepreneur" scheme

Overview

Consolidated subsidiary excrie and Date City, Hokkaido, signed a business agreement that has seen the former dispatch a "regional revitalization entrepreneur" to the latter

Period: One year from January 14, 2025 (extendable by up to three years) Location of assignment: Planning and Coordination Section, Planning and Finance Department

Service description: Boost the unique appeal of the city and enhance its value through the hometown tax program (system allowing taxpayers who live in urban areas to contribute to rural areas in return for a tax credit from income tax and residence tax)

What is a regional revitalization entrepreneur?

Regional revitalization entrepreneurs are employees of private companies and other organizations based in Japan's three largest cities who are dispatched to local governments for a certain period under a scheme operated by the Ministry of Internal Affairs and Communications.

The aim is to promote regional revitalization by enabling local governments to tap experienced and skilled talent who can leverage their expert knowledge and insights to address the region-specific issues faced by the local governments.









Acquisition of treasury shares completed. Completion of acquisition of 3% of the shares issued by the company for 370 million yen

Purpose

Decided to implement share buybacks as part of shareholder return policy and to enable the execution of a flexible capital policy and diversification of incentive plans.

Total no. of shares acquired

567,900 shares (maximum of 700,000 shares)
Ratio to total number of issued shares (excluding treasury shares) 3.0%

Total amount of acquisition

372,310,800 yen (maximum of 400,000,000 yen)

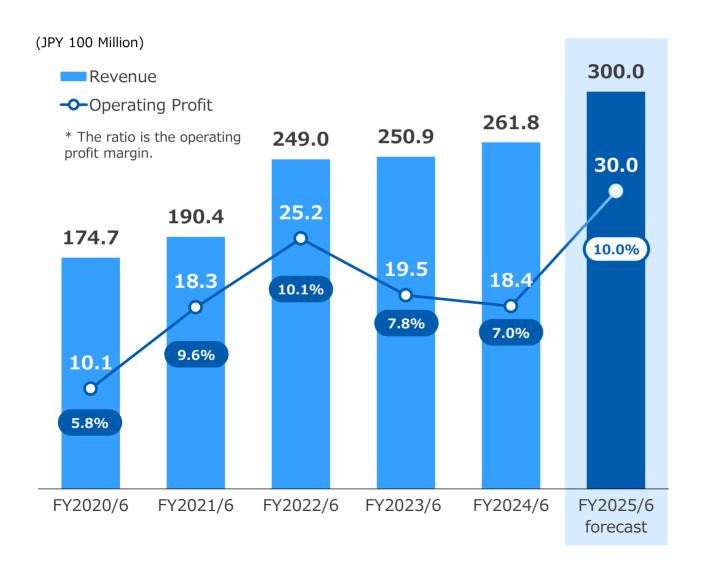
Acquisition period

August 13, 2024 to February 12, 2025

Forecast & Shareholder Returns

Full-year Earnings Forecast for FY2025/6

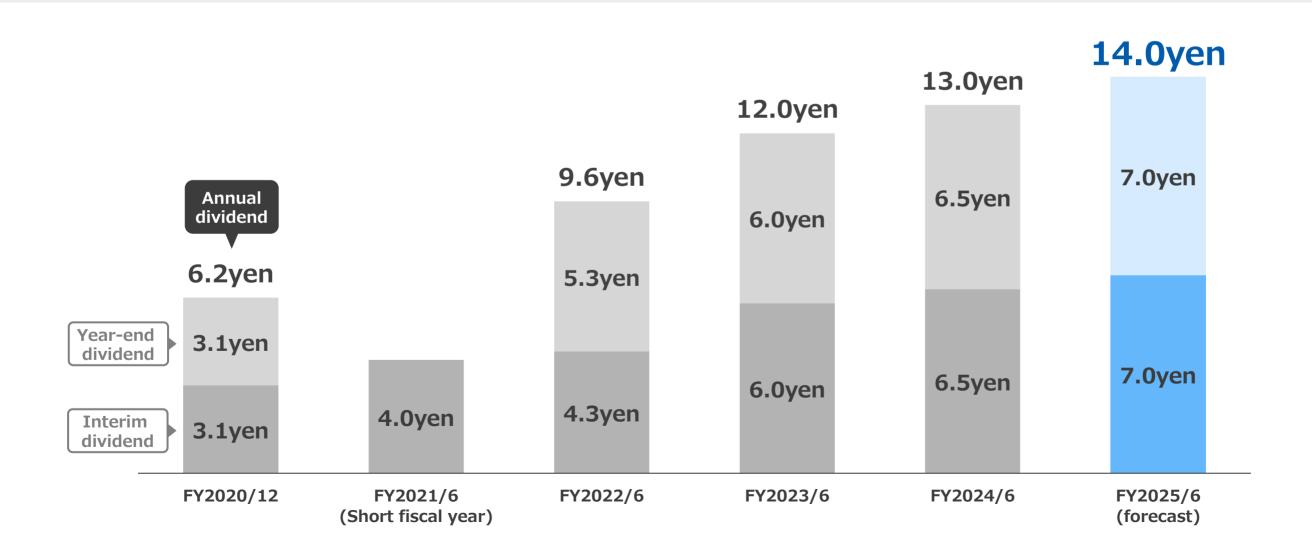
No change to Medium-term Management Plan and final year earnings targets Targeting revenue of 30 billion yen (+15%) and operating profit of 3 billion yen (+63%)



(JPY 100 Million)	FY2024/6 Actual	FY2025/6 Forecast	YoY
Revenue	261.8	300.0	+15%
Digital Marketing	106.6	130.0	+22%
Data Marketing	88.1	100.0	+14%
Insight	67.1	70.0	+4%
Operating Profit	18.4	30.0	+63%
Ordinary Profit	19.1	29.0	+52%
Net Income Attributable to Owners of the Parent	11.9	18.0	+51%
EPS	62.1	93.6	+51%
Dividends Per Share (yen)	13.0	14.0	+1.0

Dividend policy:

Continue to increase dividends with a target dividend payout ratio of approximately 15% We expect to pay 14.0 yen in the fiscal year ending in June 2025 (Interim dividend: 7.0 yen, year-end dividend: 7.0 yen).



4 Company Overview

Company profile (As of December. 31, 2024)

Company name	Cross Marketing Group Inc.	(ticker: 3675, TSE Prime)
President & CEO	Miki Igarashi	
Established	April 1, 2003	
Key financial indicators(Yen) -FY2024/6-	Total Sales 26.2bn Operating Profit 1.8bn億円 Total Assets 16.6bn Net Equity 7.1bn Capita	
Business Segments	Digital Marketing, Data Marketing, Insight	
Affiliated Companies	Consolidated subsidiaries : 30 companies Equity method affiliates : 1 companies	
Consolidated Employees	1,683(Incl. 188 temporary staff)	

Introducing Representative Director, President and CEO



Miki Igarashi

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

External Positions

RareJob, Inc.
Outside director
Japan Marketing Research Association
Chairman

Company Philosophy



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.

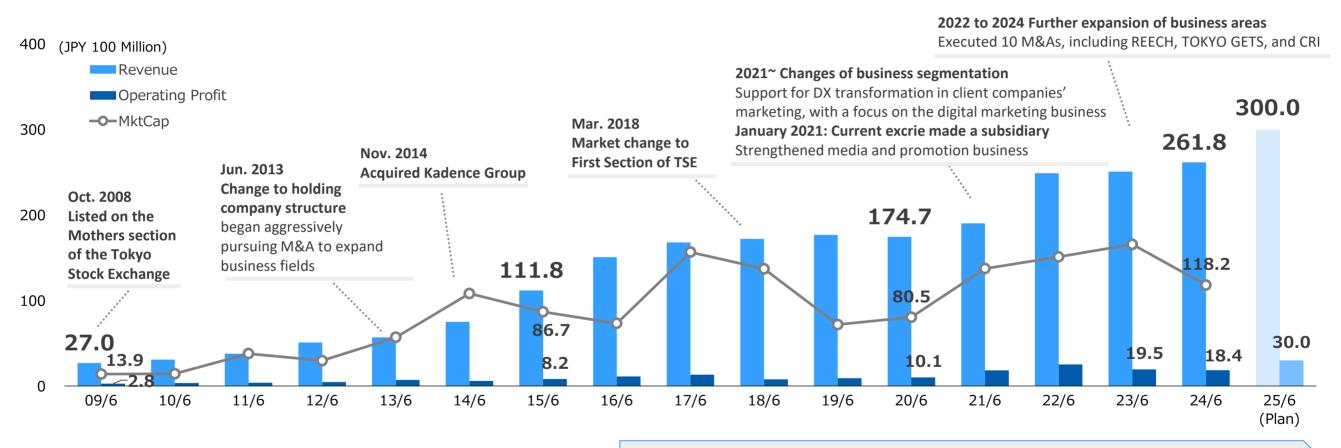
Business Transition

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.



Expand business fields by establishing subsidiaries and M&A, and extend further into areas of expertise Executed 23 M&A transactions for 37 companies* in Japan and abroad



Marketing solutions (acquisition of current excrie)

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, establishment of Medilead Inc., acquisition of Shoppers Eye)

Business Segments and Major Group Companies



Digital Marketing

FY2024/6 Revenue 10.66 billion ven Revenue composition 40.7%

Marketing media operations, digital promotion, app development/maintenance/operations, human resource services, etc.





















Data Marketing

8.81 billion yen 33.7%

Supporting customer decisionmaking in marketing activities through data collection centered on online methods

Insight

6.71 billion yen 25.6%

Efforts such as consulting to solve problems, understanding consumers, and discovering the "why?" of consumers to support customer decision-making













Panel network consisting of

13,894,422 people*

Detailed profiles in a maximum of 2,500 categories



*As of December 31, 2024

Data analytics technology and organization of

about 300 analysts



Internet research system and organization of

over **250** 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 13.9 million people

Detailed profiles in a maximum of 2,500 categories







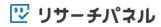






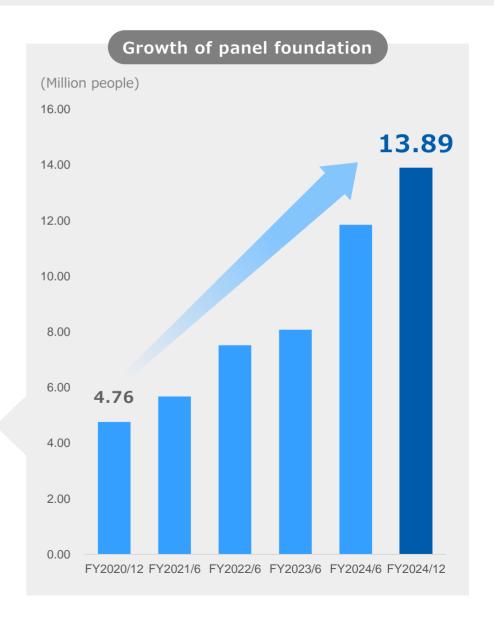


Tie-up with about 30 companies







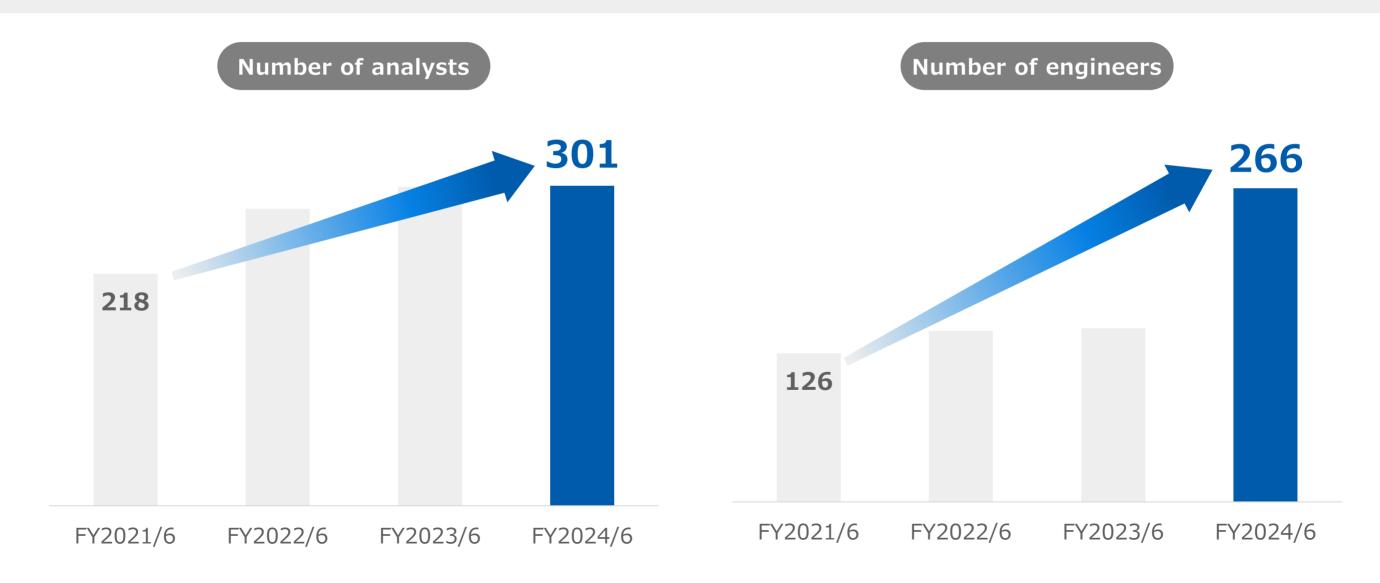


Group-wide Strength

Expansion of human resource base: steady growth in the number of analysts and engineers

Strengthening our ability to support diversifying customer needs

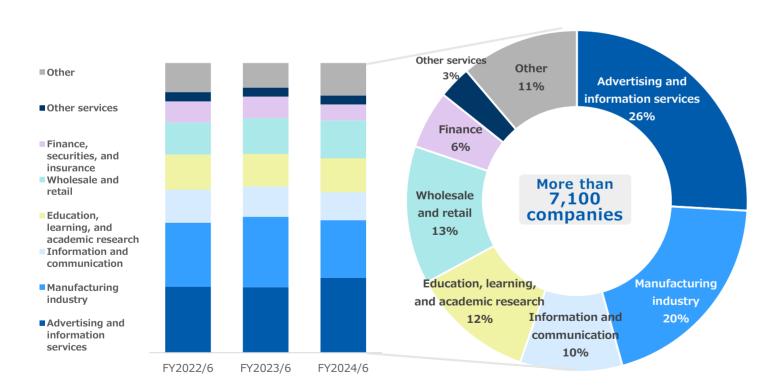
through M&As and internal development



Customer base of more than 7,100 companies per year (an increase of approximately 500 companies YoY), spread across a wide range of industries

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

Revenue composition by customer industry

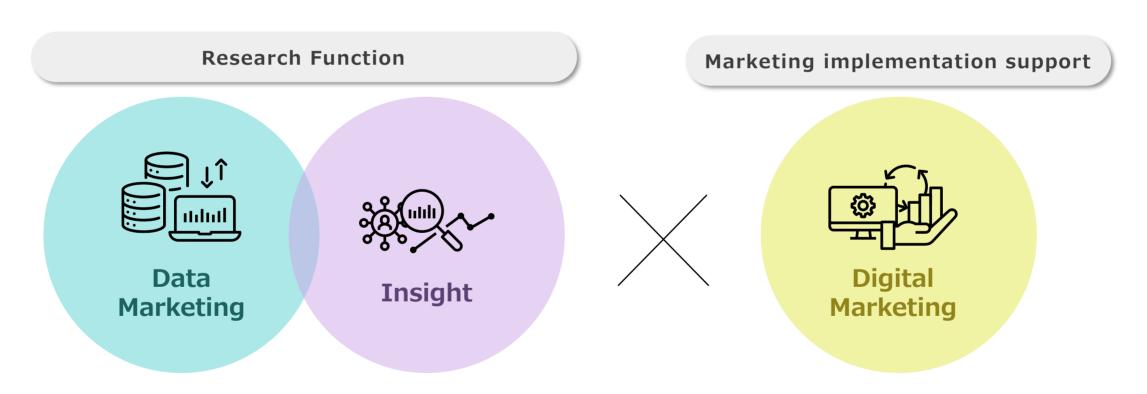


Overview of major customers and revenue composition (FY2024/6)

	Industries of major customers	Revenue (Million yen)	Composition of total revenue
1	Other services industry	402	1.5%
2	Communication industry	347	1.3%
3	Manufacturing (FMCG*) industry	284	1.3%
4	Information services industry	275	1.0%
5	Information services industry	233	0.9%
	•		
	Top 10 companies total	2,693	10.3%
	•		
	Top 100 companies total .	9,016	34.4%
	Top 300 companies total	13,043	49.8%

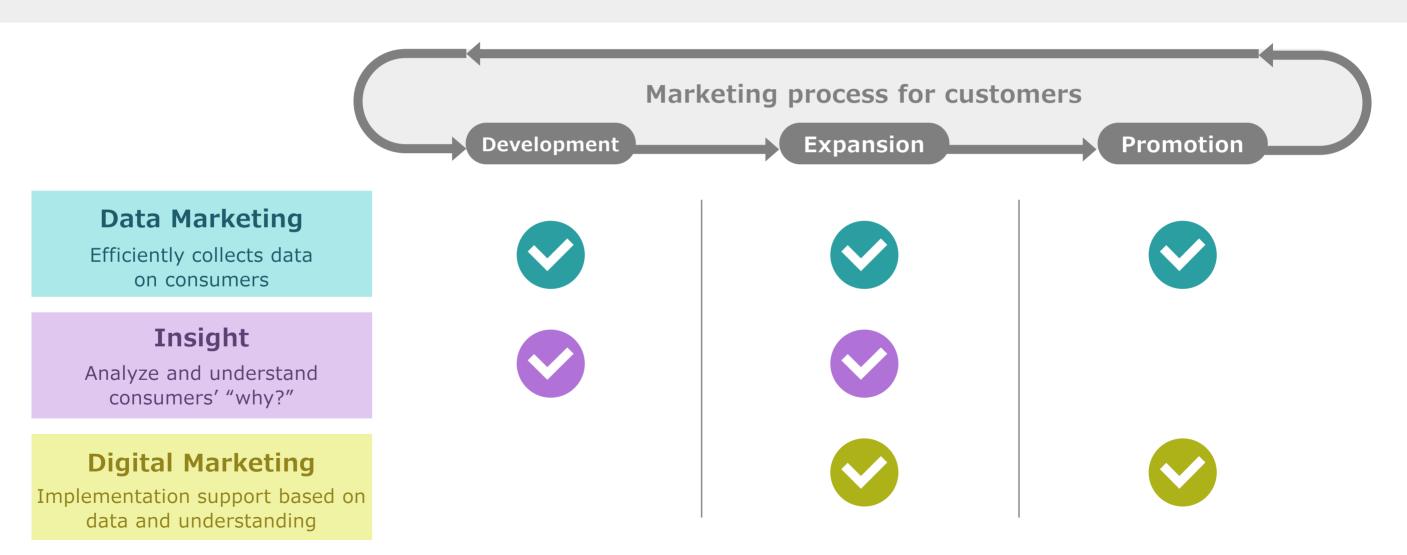
^{*}FMCG is an abbreviation for "fast-moving consumer goods," which refers to products that sell relatively quickly such as beverages, food and cosmetics (daily consumables).

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.



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

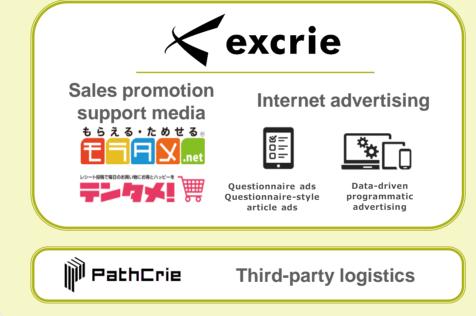
Digital Marketing Business -Media and promotion-

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





Social media marketing

TOKYO GETS

IP collaboration

Panel network consisting of 13.74 million affiliates



















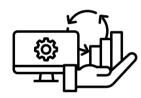






Digital Marketing Business -IT solutions-

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 Sonv Bank Inc.

ALTERNA CX

Recruitment support agency for engineers, marketers, and creators

Creative Resource Institute

Director and engineer temporary staffing business **Brand planning** Sales promotion Advertising production business

Segment Overview - Data Marketing

Data Marketing Business

Internet-based **Questionnaire Surveys**



Efficient data compilation through Japan's largest network of panels

Largest in the industry Panel network of 13.9 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



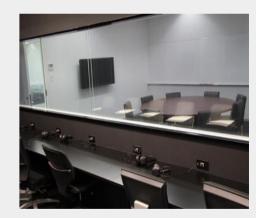
Group interviews incl. CLT carried out annually About 1,000 projects



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

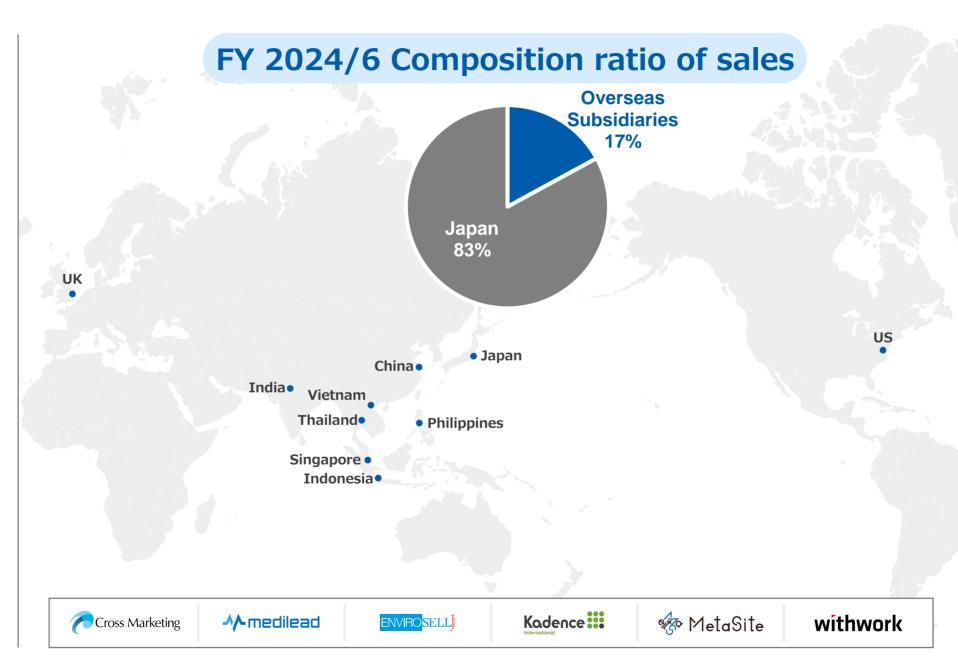
Consumer data is efficiently compiled



Analysis and understanding of consumer insights



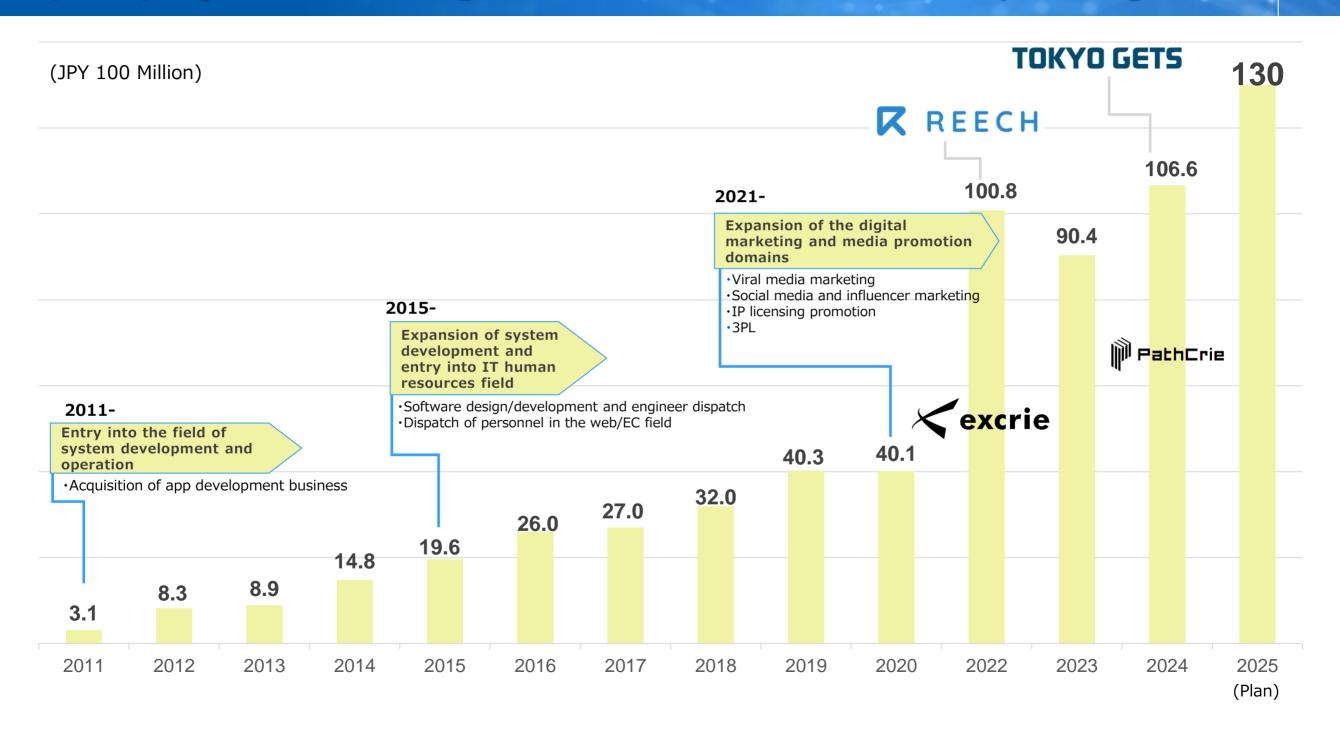
Services provided by
Group companies with
expertise and bases in 10
countries around the
world



5 Appendix

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

(Reprint) Digital Marketing Business: Revenue Base Expanding



Overview of High-growth Business Domains - Profile of REECH

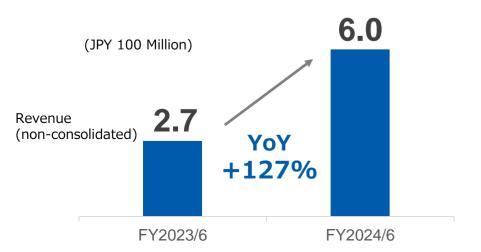
REECH Inc.

Provides database tools that connect influencers and companies



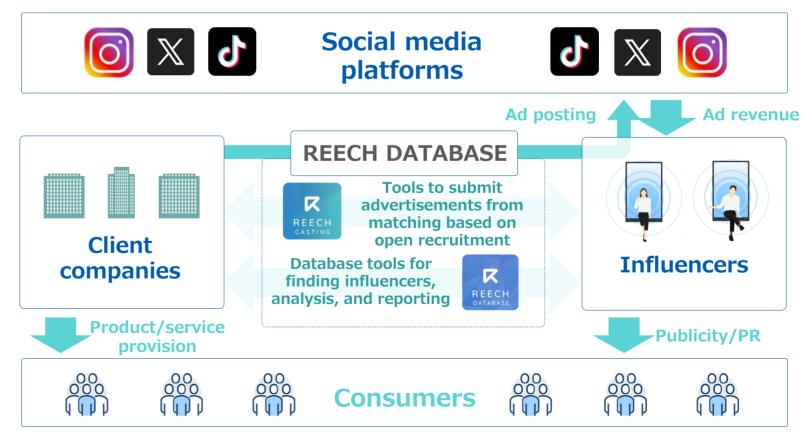
Business operations

- (1) Marketing support using "REECH Data Base," a proprietary database built with data obtained from social media
- (2) Promotion support using **influencers**
- Acquired shares in March 2022 and started consolidating profit and loss in April 2022
- Expected to continue expanding due to growth of social media platform advertising and increases in numbers of social media users and influencers



Business (1): Database marketing

- ✓ Proprietary database, "REECH Data Base," built with data obtained from social media platforms Instagram, YouTube, TikTok, and X, amasses huge volumes of post data.
- ✓ From this data, it is possible to gauge performance and trends, and then propose ways of boosting the topicality and reach of social media campaigns.



Overview of High-growth Business Domains - Excerpt from REECH Marketing Material

Business (2): Influencer promotion support

Utilization of influencer data from over 400,000 accounts/over 250 million posts

Number of followers ≠ level of influence

Based on attributes, past posts, and engagement data,

suggest influencers who can deliver results

Insourcing

Reducing costs through the insourcing (bringing in-house), streamlining, and automation of influencer marketing

More than 200 PR campaigns per year

Able to provide casting and direction technology based on track record of numerous PR campaigns

Examples of use







Tokyo Gets Co., Ltd.

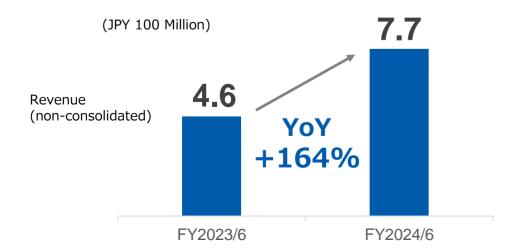
Support for corporate promotions, events, and merchandising utilizing entertainment content

TOKYO GETS

Business operations

IP promotion support business

- Acquired shares in May 2023 and started consolidating in July 2023
- Utilizes entertainment content for promotion, etc. One-stop support from planning proposals to negotiations with copyright holders



Content-owning companies (publishers)

Provision of merchandising rights

TOKYO GETS

Entertainment content utilization know-how

Collaboration proposals for customers' promotions

Digital Marketing Business

excrie REECH, etc.

Examples:

- · Campaign management · Advertising
- Promotional material planning/production

Clients (manufacturers, etc.)

TOKYO GETS

Features/ strengths

- ✓ Facilitating tie-ups between promotion plans and IP content that has a high consumer focus and is closely related to the product concerned
- ✓ Leveraging the topicality, attention-grabbing ability, and purchase-inducing power of content to enhance outcomes from various strategies. Availability of one-stop support from planning proposals to negotiations with copyright holders

Topicality

Creating a buzz thanks to the renown of the content and the activities of the fans Also attractive to retailers

Reach and purchase-inducing power

Rapidly diffused via fan networks Offering of gifts and merchandise stimulates the desire to buy

Track record of more than 1,100 tie-ups

Campa ign manag ement

In-store/ storefront promotio nal materials

Gifts Influ

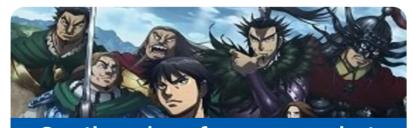
Influen cers

Adverti

semen

ts

Examples of use



Creating a buzz for a new product

With a new product to be released, <u>wanted to</u> <u>create a buzz</u> through collaboration with content suited to the target of men in their 30s-40s.

20,000 reposts on social media in two months

Became a hot topic among fans



Generating sales instantaneously

- Wanted to boost the percentage of consumers aware of the product, as it had been sagging
- Wanted to generate sales instantaneously when exposure in stores increases

Became a **hot topic** immediately after the start of the campaign

Collaboration packaging proved so popular that additional production was needed



Support with negotiations for distribution

- Was difficult to secure shelf space because product wasn't well known
- Through collaboration with topical content, <u>wanted to</u> obtain an advantage in negotiations for distribution to increase the percentage of stores carrying the product

Brushed major rivals aside and secured six facings
Greatly contributed to increasing store
penetration

Consolidated Profit and Loss

(JPY 100 Million)	FY2024/6 H1	FY2025/6 H1	YoY Growth Rate
Revenue	125.1	147.5	+18% (1
Gross Profit	49.4	57.0	+15%
(Gross Profit Margin)	(39.5%)	(38.6%)	(-0.8pt)
SG&A	40.1	43.5	+9%
(SG&A Ratio)	(32.0%)	(29.5%)	(-2.5pt)
Operating Profit	9.3	13.5	+45%
(Operating Profit Margin)	(7.4%)	(9.1%)	(+1.7pt)
Ordinary Profit	8.8	13.0	+48%
Extraordinary Gains	0.0	-0.1	_
Income Taxes	3.0	5.1	+68%
Net Income Attributable to Owners of the Parent	5.8	7.8	+35%

-----Sharp increase in revenue

Domestic and overseas consumer surveys and promotions saw strong demand. Effect of new consolidated companies also contributed

Increased gross profit

Increased in line with higher revenue

Streamlining of SG&A expenses

Due to expense streamlining, the rise in SG&A expenses was less than the growth in revenue

Consolidated Balance Sheet

(JPY 100 Million)	End of Jun. 2024	End of Dec. 2024	Changes		
Current Assets	127.6	130.9	+3.3		
Cash & Deposits	73.8	64.8	-9.0		
Notes & Accounts Receivable	38.5	47.7	+9.2	Decreased compared to the start of the fiscal year due to debt repayment etc.	
Other	15.3	18.3	+3.0	-	
Non-current Assets	38.7	37.7	-1.0	_	
Goodwill	12.3	11.0	-1.3		
Other	26.4	26.7	+0.3	Made progress in amortization of goodwill of consolidated subsidiaries	
Total Assets	166.3	168.6	+2.3		
Current Liabilities	58.7	61.9	+3.2	_	
Accounts Payable	12.3	16.9	+4.6	-	
Short-term Debt*	16.3	15.8	-0.5	Decrease in other accounts payable and debt	
Other	30.1	29.2	-0.9	Income and consumption taxes payable	
Non-current Liabilities	36.8	32.1	-4.7	 decreased, and short-term and long-term debt was repaid 	
Long-term Debt	33.5	28.5	-5.0	3	
Other	3.3	3.7	+0.4	Equity ratio of 44.2%	
Net Assets	70.8	74.5	+3.7	Slightly increased from the end of the previous period, and secured healthy levels	
Equity Ratio	42.6%	44.2%	+1.6pt		

^{*}Short-term Debt including Long-term Debt, returned within one year

Consolidated Statements of Cash Flows

(JPY 100 Million)	FY2024/6 H1	FY2025/6 H1	Changes			
Operating Cash Flow	-2.8	3.8	+6.6			
Income Before Taxes	8.8	12.9	+4.1	Income before tax increased		
D&A	2.6	3.4	+0.8			
Decrease (increase) in Trade Receivables	-15.2	-9.2	+6.0			
Income Taxes Paid	-5.9	-5.5	+0.4			
Other	7.0	2.2	-4.8	•		
Investment Cash Flow	-2.1	-2.3	-0.2	-		
Financial Cash Flow	-6.5	-10.3	-3.8	Maintained levels of cash and deposits Balance of cash equivalents increased YoY		
Net Proceeds and Payments of Short-term Debt	0.2	0.6	+0.5			
Net Proceeds and Payments of Long-term Debt	-5.0	-6.0	-1.0			
Other	-1.7	-5.0	-3.3			
Cash Equivalents at the End of Period	53.2	64.8	+11.6			

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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