

Kick-off of the 13th Medium-Term Management Plan

Self-transformation from a research partner into a customer business strategy implementation partner

Our success or failure depends on whether we can capture changes in the “New Normal” era as business opportunities

Fiscal 2019 ended June 2020 was an important year for the INTAGE Group: We wrapped up our 12th Medium-Term Management Plan and devised our next three-year plan. Fiscal 2019 was also an irregular 15-month accounting year as we have changed our fiscal year-end from March to June. As March is the busiest month for our business, we moved our fiscal year end to June in order to be better concentrated on business, better respond to customers' needs, and better prepare our organization, personnel affairs, and action plan of the coming year upon thorough verification of how we responded at the peak season. During a 12-month period from April 2019 to March 2020, the INTAGE Group achieved record-high operating income despite some COVID-19 impact. In the subsequent three months from April to June 2020, however, we were

heavily affected by the COVID-19 crisis as the Japanese Government declared a state of emergency, major cities across the world went into a lockdown, movement of people and things stalled, and our customers tightened budgets for marketing. The 15-month fiscal 2019 results therefore were weak. Nevertheless, we paid a dividend of ¥30 per share as planned, as we believe this was the most important way to return profits to shareholders. At this moment, it is not clear when the COVID-19 pandemic will be brought under control and even if this does take place, I do not think we will fully return to the pre-COVID-19 situation. I find it important to understand changes of consumers, triggered by the COVID-19 pandemic, and changes of our customers, who have these consumers as their customers. Our success or failure depends on whether we can capture these changes in the “New Normal” era as business opportunities. As the President of the INTAGE Group at this crucial turning point, I have re-affirmed my role and have renewed my determination to turn this into a great opportunity to speed up our decision making.

Basic Policy of the 13th Medium-Term Management Plan

Change the business design!!

Together with customers and consumers,
who are “changing”

Reframe, Connect, Create



Message from the President

President and
Representative Director
Noriaki Ishizuka

Our various challenges brought in some outcome but we are still half-way in forming a business for growth suitable for the new era

The 12th Medium-Term Management Plan covering the three-year period of fiscal 2017–2019 upheld the basic policy, “Take the Initiative—in the field of data activation.” This demonstrated our desire to find business opportunities in various fields, take up many challenges, and make the first move, rather than hesitate in the rapidly-changing business environment. As a result of taking up numerous challenges, several services that can be handed over to the next generation have been launched. A representative case is the launch of “Media Gauge® TV,” a new TV viewing measurement service that calculates audience data of around 2.23 million smart TV units and around 0.84 million home-use video devices. This started in 2017. The “Media Gauge® TV” is our initiative to add value to big data. In 2019, we launched the “Media Gauge® Dynamic Panel” that enables us to measure TV viewing status by target segment down to

each prefecture. We anticipate this service to become a new growth driver.

In the healthcare segment, in addition to business integration of INTAGE Healthcare Inc., the INTAGE Group welcomed Junicon Japan, which has strengths in the medical device and medical economy sector, and KYOWA KIKAKU Ltd., which excels in promotions specialized in medicinal products, in 2019. This has enabled us to establish a one-stop service structure that covers the range from drug discovery to manufacturing, sales, and follow-up services. Creating this structure resulted in domain expansion and higher profitability.

In the business intelligence segment, we have strengthened the organization by acquisition of Buildsystem Co., Ltd. and NSK Inc. in 2019, and our business in Artificial Intelligence (AI) and Digital Transformation (DX) slowly began to take off. I believe we have managed to bring about a degree of favorable outcome, matching the plan to take up challenges in the rapidly-changing environment. However, we have only reached half-way in solidly establishing the means whereby our business can grow in keeping with the new era, an era when the COVID-19 outbreak further accelerates the speed of digitalization.

We must redesign our way of business once again

Our new medium-term management plan is devised from the viewpoint of capturing big changes in the New Normal era as business opportunities and its priority theme is to channel what we have strived for in the previous medium-term management plan into new business growth suitable for the digital age.

The COVID-19 pandemic has exposed how Japan lags other countries in digitalization. This is giving added boost to digitalization transformation (DX). Consumer awareness, values, and purchasing behavior have also changed drastically. I believe that the trend toward DX and the changes on the part of consumers will become our business opportunities. As DX is making various things digitalized, use of data is becoming increasingly vital as a key to progress. Use of consumer data may lead us to a surveillance society if consumers' perspectives were lost. We seek growth by placing "use of consumer-oriented data" as a main point of focus. The era of merely using data is over. We will make our understanding of consumers as a starting point and seek "adding value to data" and "structuring of data utilization." By doing so we seek to attain our aim, to become a business partner of customers. Up to now, we, as their research partner in the marketing field, had provided various services to customers. However, customers' expectation to us are changing. They want us to "provide experiences closely related to consumers," which is generated from combining big data based on research needs.

The INTAGE Group needs to change from being a research partner in the marketing field to a customer business strategy implementation partner. Triggered by the changes in the world and in customers' expectations, we are facing the need to redesign our way of business once again. Please note that this does not deny research, but rather means that we recognize the need to expand our capacity to handle research data. I am convinced that this will lead into satisfying customers' expectation of us. Such thoughts and desires have been incorporated in a new slogan "Change the business design!! – together with customers and consumers who are changing – reframe, connect and create."

We also have to accelerate the speed in response to the acceleration of DX in the world and by our customers. This requires the comprehensive strength. Responding to issues faced by customers, we must go beyond the traditional boundaries of business and legacy divisions, and we must converge knowledge, and coordinate within the Group. It is crucial that we redefine our assets and combine them in an optimal way. We have to create new value by combining various services, products, and solutions in ways hitherto unknown or untried. To achieve that goal, we will lower organizational barriers and deftly create an environment where those who want to make



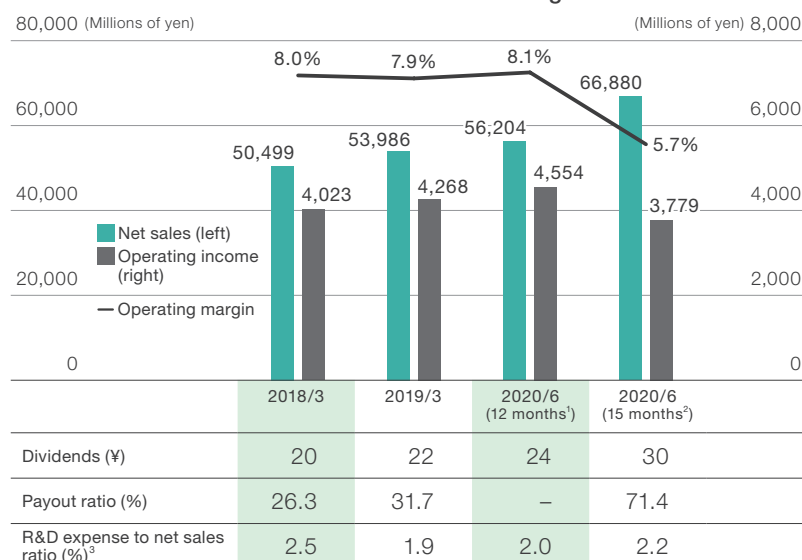
new, good performance will be empowered to do so. The acceleration of DX is generating a big wave that further forces use of data. If there were any data we do not currently own but are needed by our customers and consumers, we will invest in obtaining them, via an alliance, M&A, or other means. Conversely, we intend to simultaneously review or withdraw from business or services, which do not fit in our future design or strategy. However, we will not make such judgement from a short-term viewpoint. Even if a certain business had poor profitability at present, we will consider measures to improve profit and maintain the business as long as it can fit in our future vision and be an important component of our comprehensive strength, or it may potentially provide value to more than one customer.

Every kind of personal data must be handled on the basis of a consumer-centric attitude

We announced the "Declaration to achieve the SDGs" at the same time with the new medium-term management plan. Our corporate vision is "Know today, Power tomorrow: We connect our customers to their



Review of the 12th Medium-Term Management Plan



1 The figures for the Apr. 2019 – Mar. 2020 period are shown as a reference.

2 Due to a change in the fiscal year end, the year ended June 30, 2020 covers 15 months from April 2019 to June 2020.

3 The amount including labor costs and expenses is divided by net sales in each period.

(Millions of yen)	April 2018– March 2019 (12 months)	April 2019– March 2020 (12 months)	Change	COVID-19 impact		April 2019– June 2019 (3 months)	April 2020– June 2020 (3 months)	Change
Net sales	53,986	56,204	2,218	Small	Big	11,329	10,676	△653
Operating income	4,268	4,554	286	◀	▶	121	△775	△896

customers, to create a prosperous society of limitless possibilities.” The wording “a prosperous society of limitless possibilities” precisely means a sustainable society. In the COVID-19 crisis, people become more eager to pursue a healthy, safe, reliable society. The INTAGE Group is not a big consumer of fossil fuel in its business but handles personal data of many individuals. As we will handle more big data in the future, our information security must be infallible. Moreover, in addition to information security, we must maintain the perspectives of consumers and handle data with a sense of ethics on the basis of a consumer-centric attitude. By clearly indicating sustainable goals in the form of the “Declaration to achieve the SDGs,” I hope our employees will become proud to be working in the INTAGE Group.

The INTAGE Group’s raison d’ être is the provision of unbiased, objective criteria

For more than the 60 years we have been in business, we have diligently dealt with data as the core of all we do. I take pride that no other company in Japan but the INTAGE Group has handled data for such a long time

and has truly made use of them. Concerning information on consumers or markets, we have continuously presented objective criteria from an unbiased position. Based on our unbiased information, our customers derive how they can bring more benefits or happiness to consumers. This process helps create new services and products, which reward the consumers. Then the INTAGE Group catches up with the consumers’ needs and requests regarding these services and products. This kind of a series of processes are in action every day. The provision of unbiased, objective perspective is our raison d’ être. Moreover, the COVID-19 pandemic has brought about significant changes in consumers’ awareness and values. Our services concerning DX and sustainability are strongly desired by consumers. This is one aspect of the environment in which we do business. Immediately upon my appointment as CEO, I visited the INTAGE Group’s operating companies and presented my belief “Tough times bring opportunity.” I feel strongly that the current time of change and reform provides prime opportunities for us to grow business. I am committed to further advancing our business of combining research with IT. I hope you, our shareholders, will look forward to the INTAGE Group’s further growth ahead.