Message from the CFO

Director and CFO, in charge of Internal Controls
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Aiming at increasing corporate value through financial management that withstands changing situations

The COVID-19 outbreak greatly affected the final year of the 12th Medium-Term Management Plan

The 12th Medium-Term Management Plan, which began in April 2017, ended on June 30, 2020 and the 13th Medium-Term Management Plan kicked off in July 2020. Looking back at the past three years of the 12th Plan, we were able to steadily implement one of the big themes of the Plan, namely aggressive investment in R&D and our core businesses, in the first two years, with financial results not differing much from the forecasts for each of these years.

During the third year or the Plan's final year, we implemented measures in view of the Group's future management: INTAGE Healthcare Inc. started the reorganization within the Group; and we changed the fiscal year end from the end of March – the busiest time of year – to the end of June, in an attempt to raise efficiency in the Group's business operation. The fiscal year ended in June 2020 therefore is an irregular accounting period of 15 months. In the meantime, the COVID-19 global pandemic, triggered by its outbreak in China in January 2020 was obviously a main new, external factor influencing us. Being affected by the COVID-19 outbreak, some of our Group's operations were canceled or postponed during our most busy period of February and March. Nevertheless, we were able to achieve record-high operating income for 12 months ended in March 2020. Then in April, when the Japanese Government declared the state of emergency, we were forced to announce revision of our earnings forecasts in June, due to sluggish business. However, we finished the 15-month fiscal year ended June 2020 without recording a sharp drop in net sales, thanks mainly to the stability of our core business, smooth shift into online surveys, and our sales and marketing efforts, including use of data in proactive information distribution.

We aim at increasing corporate value, while balancing offensive and defensive strategies also in the 13th Medium-Term Plan

The INTAGE Group's basic approach to aim at "increasing sustainable, stable corporate value, driven by medium- to long-term growth" remains unchanged during three years of the 13th Plan.

As the COVID-19 impact and outlook for economic recovery are very uncertain, we have assumed a recovery to the pre-COVID-19 growth path in the third year of the 13th Plan and have set numerical targets of ¥62. 5 billion in net sales, ¥5.0 billion in operating income, and 8.0% in consolidated operating margin. The first key point for achieving these targets is the management of ROE (Return on Equity). We believe that medium- to long-term improvement in ROE is an important benchmark in the creation of corporate value. Our ROE dropped from 10.2% in fiscal 2018 (ended March

2019) to 5.9% in fiscal 2019 (ended June 2020), due to the COVID-19 impact. However, we expect this impact will gradually diminish and we aim at returning to the pre-COVID-19 level in ROE within the 13th Plan period.

Our efforts to establish a stable, solid financial base resulted in achieving the equity ratio of 67.8% and consolidated net assets of ¥28.3 billion in fiscal 2019. While the COVID-19 impact will persist in the near term, we intend to carry out proactive investments and M&As for growth, based on a sound financial base, and cope with the changing digital environment of customers for the creation of profit.

Return to shareholders and engagement with investors are our highest priorities

We consider the return of earnings to shareholders as one of our management priorities. Our basic policy is to distribute earnings in consideration of the balance between dividends and retained earnings, based on the consolidated results, and we target a consolidated payout ratio of 35%. We keep committed to sustainable, stable return to shareholders.

In the case of a significant change in the business environment, like the current case of the COVID-19 outbreak, the rationale to use only this payout ratio as a KPI would diminish, in our view. We therefore would like to determine the amount of dividend with consideration given to profit distribution to shareholders, by taking into account the profit level in the income statement and at managing the medium- to long-term balance sheet. In addition, acquisition of treasury stock is to be implemented flexibly, while comprehensively considering the market environment and other factors, in order to raise capital efficiency.

With regard to engagement with investors, we will maintain appropriate engagement, mainly by holding financial result briefings for institutional investors and analysts and making IR visits to institutional investors. As the COVID-19 pandemic has also affected these activities, we have increased use of online means, such as telephone conferencing and Zoom Webinars. In consideration of the situation, we intend to continue making efforts for dialogues. During the dialogues, investors raise questions and opinions on the INTAGE Group's growth strategy, business strategy, and ESG initiatives, which we find useful in considering our management policy. Constructive dialogues with investors are therefore identified as precious opportunities.

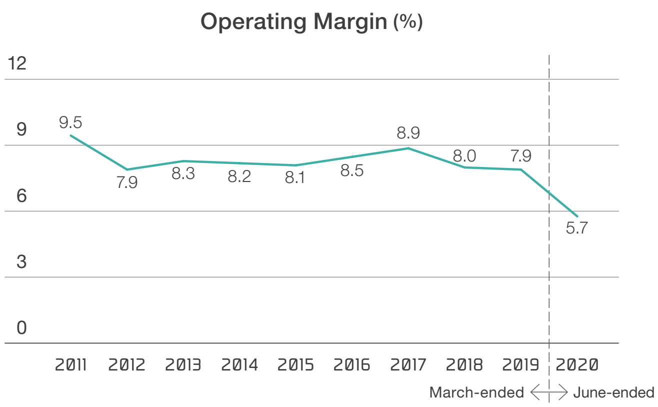
I would like to ask for continued support from our shareholders and investors for our endeavors in the era of data.

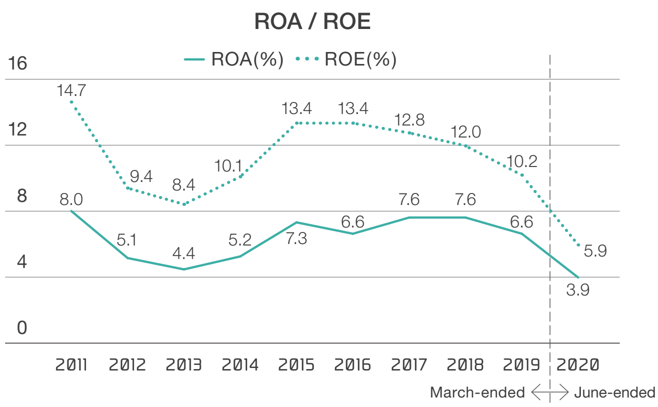
Summary of Fiscal 2020 Results

Consolidated basis (15 months)

The Company achieved record-high income for a 12-month period from April 2019 to March 2020 despite some COVID-19 impact. For the subsequent period from April to June, 2020 the impact was more significant. Dividends were paid out as initially planned.

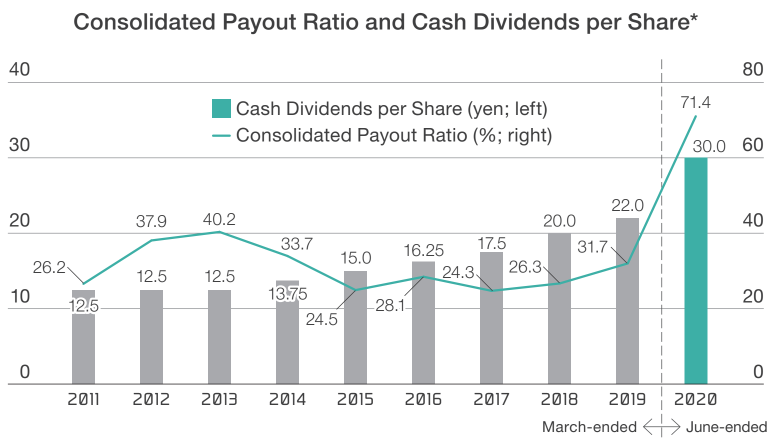
Net sales	Operating income	Ordinary income	Net profit attributable to owners of parent	Dividends per share
¥66.8 bn	¥3.7 bn	¥3.7 bn	¥1.6 bn	¥30





Change of fiscal year

Due to a change of fiscal year end, from the end of March to the end of June, the year ended June 30, 2020 is a 15-month period from April 1, 2019 to June 30, 2020. The figures are therefore for that period.



* The Company implemented a stock split at a ratio of two shares for each share of common stock on October 1, 2013 and another stock split at a ratio of two shares for each share of common stock on October 1, 2017. Accordingly, dividend amounts take these stock splits into account.