Summary of Consolidated Financial Results for the Three Months Ended September 30, 2024 (Japanese GAAP)

November 6, 2024

Company name: INTAGE HOLDINGS Inc. Stock listing: Tokyo Stock Exchange
Code number: 4326 URL https://www.intageholdings.co.jp/
Representative: Yoshiya Nishi, President and Representative Director
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Planned start of dividend payments: –
Preparation of supplementary explanations of financial results: Yes
Financial results presentation held: None

(Amounts are rounded off to nearest million yen.)

1. Consolidated Financial Results for the Three Months Ended September 30, 2024 (July 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended September 30, 2024	15,057	5.2	187	-5.7	106	-66.1	1,132	653.8
Three months ended September 30, 2023	14,306	1.3	198	-65.4	314	-65.3	150	-78.3

(Note) Comprehensive income: Three months ended September 30, 2024: ¥1,227 million (278.3%)
Three months ended September 30, 2023: ¥324 million (-55.6%)

	Profit per share	Profit per share after dilution
	Yen	Yen
Three months ended September 30, 2024	29.70	–
Three months ended September 30, 2023	3.95	–

(Note) For the purpose of calculating profit per share, the number of shares of the Company held in trust for directors' compensation was included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares during the period.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	45,310	32,012	70.1
As of June 30, 2024	45,318	32,439	71.1

(Reference) Total shareholders' equity: As of September 30, 2024: ¥31,780 million
As of June 30, 2024: ¥32,208 million

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2024	–	0.00	–	43.00	43.00
Year ending June 30, 2025	–				
Year ending June 30, 2025 (Forecast)		22.50	–	22.50	45.00

(Note) Revisions to the most recently disclosed dividend forecasts: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending June 30, 2025 (July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim period (Cumulative)	32,500	5.7	1,100	-28.1	1,100	-32.9	2,000	97.0	52.48
Full year	68,000	7.5	3,800	15.5	3,800	7.2	3,700	50.6	97.04

(Note) Revisions to the most recently disclosed earnings forecasts: None

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes
New consolidated companies: 1 company (Company name) DOCOMO InsightMarketing, INC
Excluded: - company (Company name)

(2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements:
1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
2) Changes in accounting policies due to other reasons: None
3) Changes in accounting estimates: None
4) Restatement of prior period financial statements: None

(4) Number of shares issued and outstanding (common shares)

1) Number of shares issued at the end of the period (including treasury shares)	As of September 30, 2024	40,426,000	As of June 30, 2024	40,426,000
2) Number of treasury shares at the end of the period	As of September 30, 2024	2,296,620	As of June 30, 2024	2,296,620
3) Average number of shares during the period (cumulative from the beginning of the fiscal year)	Three months ended September 30, 2024	38,129,380	Three months ended September 30, 2023	38,073,166

* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or an auditing corporation: None

* Explanation on the appropriate use of earnings forecasts and other special notes

The forward-looking statements made in this document, including the earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ materially owing to various factors.

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1. Overview of Consolidated Financial Results, etc.

(1) Overview of Consolidated Financial Results for the First Quarter Ended September 30, 2024

During the three months under review (July 1, 2024 to September 30, 2024), the Japanese economy was expected to maintain a modest recovery, partly due to various government policies while the employment and income environment improved. However, there is a risk that a downturn in overseas economies, such as the continued high level of interest rates in Europe and the U.S. and the effects associated with the continued stagnation of the real estate market in China, could put downward pressure on the Japanese economy. In addition, it was necessary to pay close attention to the impact of rising commodity prices, situation in the Middle East, changes in the financial and capital markets, and other factors.

The economies of the Asian region where the Group operates are at a standstill.

In the consolidated fiscal year under review, the second year of the 14th Medium-term Management Plan, the Group has adopted the management policy of "Synergy & Optimization" to realize the Group's basic policy, "Towards New Portfolio as a Data + Technology Company - Creation of New Value." We will promote the expansion of business areas with the keyword of "Synergy" and the optimization of the Group's management resources with the keyword of "Optimization."

As described in the Notice of Acquisition of Shares of DOCOMO InsightMarketing, INC (to Make it a Subsidiary) dated April 22, 2024, DOCOMO InsightMarketing, INC, which is a joint venture between NTT DOCOMO, INC. and the Company, became our wholly owned subsidiary as of July 1, 2024.

As described in the Notice of Company Split (Incorporation-Type Company Split) and Transferring Shares of a Newly-Incorporated Company by a Consolidated Subsidiary Company, and Recording of Extraordinary Profit dated June 17, 2024, our consolidated subsidiary, INTAGE Healthcare Inc. transferred its CRO business to Alfresa Holdings Corporation on September 2, 2024.

In the Marketing Support (Consumer Goods & Services) segment, in addition to the growth of existing businesses in Japan, the Company is promoting investments to increase the value provided to customers, to secure profits by implementing price increases, and to revamp SCI. In addition, we will focus on the development of new services and solutions and sales collaboration with NTT DOCOMO, INC. Regarding to overseas, we will strengthen our sales structure through collaboration between domestic and overseas offices.

In the Marketing Support (Healthcare) segment, we will add healthcare consumer awareness and behavior data to factual data obtained through real-world data, etc. to increase understanding of consumers, for the realization of healthcare decision-making partners. We will also continue to promote the enhancement of medical real-world data, including the upgrade of the integrated database (CrossFact) due to the importance of the medical consumer perspective.

In the Business Intelligence segment, we will accelerate business growth by expanding the data integration platform and utilization business, developing solution services to solve common industry issues, and revamping existing client systems that support business transformation as our priority tasks.

The Group's overall performance has been affected by increased investments aimed at expanding the areas in which the Group continues to work. However, as in the past, we will continue to strengthen our capital policy based on a stable financial base, create businesses through inter-group collaboration, implement measures to increase non-financial capital such as human capital, and strengthen sustainability.

The above-mentioned transfer of the CRO business resulted in the recording of a gain on sale of businesses in extraordinary income. Although the amount of gain on sale of businesses was less than initially expected due to the value of assets and liabilities related to the transferred business and the transfer consideration adjustment at closing, profit attributable to owners of parent was higher than that for the same period last year.

As a result of these efforts, the INTAGE Group's consolidated net sales for the three months under review amounted to ¥15,057 million (up 5.2% from the same period of the previous year), with an operating profit of ¥187 million (down 5.7%), ordinary profit of ¥106 million (down 66.1%), and profit attributable to owners of parent of ¥1,132 million (up 653.8%).

The results by business segment are described below.

1) Marketing Support (Consumer Goods & Services)

In the Marketing Support (Consumer Goods & Services) segment, consolidated net sales for the segment amounted to ¥10,066 million (up 11.7% from the same period of the previous year), with an operating loss of ¥290 million (operating loss of ¥295 million in the same period of the previous year).

In this segment, panel surveys and custom research results maintained the previous year's level. INTAGE Research Inc. and Research and Innovation Co., Ltd. performed well. In addition, DOCOMO InsightMarketing, INC contributed significantly to the increase in sales.

Overseas business also remained at a higher level than the previous year. Investment activities are progressing as planned,

including the revamping of SCI.

As for profits, despite the positive effect of increased sales, operating loss was at the same level as the previous year due to investment expenses, personnel expenses, and the impact of prior expenses from the launch of a synergy business with NTT DOCOMO, Inc. aimed at expanding business performance over the medium to long term.

2) Marketing Support (Healthcare)

In the Marketing Support (Healthcare) segment, sales decreased but profit increased; consolidated net sales of the segment amounted to ¥3,184 million (down 5% from the same period of the previous year), with an operating profit of ¥279 million (up 9.8%). Profitability improved significantly despite a decline in sales due to the impact of the sale of the CRO business at INTAGE Healthcare Inc. In this segment, in the research business, the mainstay of INTAGE Healthcare Inc., custom research in the medical field contributed to higher profits as both sales and operating profit increased from the previous year

3) Business Intelligence

In the Business Intelligence segment, consolidated net sales of the segment amounted to ¥1,807 million (down 6.8% from the same period of the previous year), with an operating profit of ¥197 million (down 17.6%). Both sales and operating profit, however, remained at planned levels. In this segment, the data integration platform and utilization business, which INTAGE TECHNOSPHERE Inc. has placed as a priority investment area as a new initiative, remained strong, but sales remained below the level of the previous year, partly due to a reactionary decline from the large-scale projects in the previous fiscal year. As for Buildsystem Co., Ltd., sales remained at a higher level than in the previous year due to strong sales of low-code development projects.

Profits decreased due to a reactionary decline from the large-scale projects in the previous fiscal year as well as sales.

(2) Overview of Financial Position for the First Quarter Ended September 30, 2024

(Assets)

Current assets contracted ¥153 million from the end of the previous fiscal year to ¥27,851 million. This was mainly due to an increase ¥500 million in work in process and decreases of ¥948 million in cash and deposits, and ¥926 million in notes and accounts receivable - trade, and contract assets.

Non-current assets increased ¥145 million from the end of the previous fiscal year to ¥17,458 million. This was mainly due to increases of ¥2,113 million in goodwill, ¥231 million in deferred tax assets, and ¥196 million in retirement benefit asset, despite a decrease of ¥2,406 million in investment securities.

As a result, total assets decreased by ¥8 million to ¥45,310 million.

(Liabilities)

Current liabilities rose by ¥416 million from the end of the previous fiscal year to ¥12,306 million. This was mainly due to increases of ¥522 million in income taxes payable and ¥960 million in other, despite decreases of 78 million in accounts payable-trade and ¥980 million in provision for bonuses.

Non-current liabilities increased ¥3 million from the end of the previous fiscal year, to ¥991 million. This was mainly due to a ¥57 million increase in asset retirement obligations, which was partially offset by a ¥22 million decrease in lease obligations and a ¥42 million decrease in provision for share awards.

As a result, total liabilities increased by ¥419 million to ¥13,297 million.

(Net assets)

Total net assets decreased by ¥427 million from the end of the previous fiscal year to ¥32,012 million. This was mainly due to decreases of ¥523 million in retained earnings and ¥44 million in valuation difference on available-for-sale securities, despite an increase of ¥145 million in foreign currency translation adjustment.

2. Consolidated Financial Statements and Notes Thereto

(1) Consolidated Balance Sheet

(Thousands of yen)

	Previous consolidated fiscal year (As of June 30, 2024)	First quarter under review (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	12,045,279	11,096,810
Notes and accounts receivable - trade, and contract assets	11,413,813	10,487,770
Merchandise	25,402	26,113
Work in process	1,859,716	2,360,176
Supplies	128,381	116,795
Other	2,538,923	3,770,304
Allowance for doubtful accounts	-6,092	-6,239
Total current assets	28,005,424	27,851,731
Non-current assets		
Property, plant and equipment		
Net buildings and structures	1,142,896	1,204,544
Net equipment and fixtures	291,810	378,500
Land	1,998,156	1,998,156
Net leased assets	347,606	332,777
Total property, plant and equipment	3,780,470	3,913,979
Intangible assets		
Goodwill	711,421	2,824,814
Other	2,801,911	2,845,396
Total intangible assets	3,513,333	5,670,211
Investments and other assets		
Investment securities	5,920,277	3,514,212
Deferred tax assets	1,622,811	1,854,051
Retirement benefit assets	688,061	884,683
Other	2,120,386	1,904,416
Allowance for doubtful accounts	-332,260	-282,792
Total investments and other assets	10,019,276	7,874,571
Total non-current assets	17,313,079	17,458,762
Total assets	45,318,504	45,310,493

(Thousands of yen)

	Previous consolidated fiscal year (As of June 30, 2024)	First quarter under review (As of September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable – trade	2,975,988	2,897,813
Lease liabilities	162,711	168,535
Income taxes payable	288,105	810,463
Provision for bonuses	2,199,639	1,219,306
Provision for point card certificates	2,299,060	2,284,928
Other	3,965,143	4,925,777
Total current liabilities	11,890,649	12,306,824
Non-current liabilities		
Long-term borrowings	100,000	100,000
Lease liabilities	233,622	211,031
Provision for share awards	161,096	118,678
Retirement benefit liability	315,774	310,167
Asset retirement obligations	104,675	161,983
Other	72,836	89,305
Total non-current liabilities	988,006	991,166
Total liabilities	12,878,655	13,297,991
Net assets		
Shareholders' equity		
Share capital	2,378,706	2,378,706
Capital surplus	1,796,219	1,796,274
Retained earnings	30,916,440	30,392,794
Treasury shares	-3,381,200	-3,381,200
Total shareholders' equity	31,710,166	31,186,574
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124,580	80,531
Foreign currency translation adjustment	711,140	856,321
Remeasurements of defined benefit plans	-336,964	-342,840
Total accumulated other comprehensive income	498,756	594,012
Non-controlling interests	230,926	231,915
Total net assets	32,439,848	32,012,502
Total liabilities and net assets	45,318,504	45,310,493

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

For the three months ended September

(Thousands of yen)

	For the three months ended September 2023 (July 1, 2023 to September 30, 2023)	For the three months ended September 2024 (July 1, 2024 to September 30, 2024)
Net sales	14,306,996	15,057,972
Cost of sales	9,612,566	9,792,868
Gross profit	4,694,430	5,265,104
Selling, general and administrative expenses	4,495,697	5,077,745
Operating profit	198,732	187,358
Non-operating income		
Interest income	5,995	6,710
Dividend income	1,927	30
Share of profit of entities accounted for using equity method	16,055	3,083
Gain on investments in investment partnerships	47,944	–
Reversal of allowance for doubtful accounts	–	40,318
Foreign exchange gains	30,089	–
Other	28,117	9,576
Total non-operating income	130,129	59,717
Non-operating expenses		
Interest expenses	4,771	2,178
Commission expenses	3,786	3,190
Foreign exchange gains	–	117,845
Provision of allowance for doubtful accounts	4,227	–
Other	1,413	17,070
Total non-operating expenses	14,198	140,285
Ordinary profit	314,663	106,791
Extraordinary income		
Gain on sale of businesses	–	1,588,041
Total extraordinary income	–	1,588,041
Profit before income taxes	314,663	1,694,832
Income taxes	160,696	570,799
Profit	153,966	1,124,032
Profit (loss) attributable to non-controlling interests	3,742	-8,336
Profit attributable to owners of parent	150,224	1,132,369

Consolidated Statements of Comprehensive Income

For the three months ended September

(Thousands of yen)

	For the three months ended September 2023 (July 1, 2023 to September 30, 2023)	For the three months ended September 2024 (July 1, 2024 to September 30, 2024)
Profit	153,966	1,124,032
Other comprehensive income		
Valuation difference on available-for-sale securities	-25,916	-43,660
Foreign currency translation adjustment	178,805	153,300
Remeasurements of defined benefit plans, net of tax	17,676	-5,875
Total of other comprehensive income	170,566	103,764
Comprehensive income	324,533	1,227,797
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	312,312	1,227,624
Comprehensive income attributable to non-controlling interests	12,220	172

(3) Notes to Quarterly Consolidated Financial Statements

(Application of accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Tax expense calculation)

Tax expenses for the Company and its consolidated subsidiaries are calculated by multiplying income before income taxes by an effective tax rate, which is reasonably estimated by applying tax-effect accounting to estimated income before income taxes for the fiscal year including the three months under review. However, for companies with regard to which the use of the estimated effective tax rate in tax expense calculations gives a noticeably irrational result, the Company uses the statutory effective tax rate, while factoring in significant add-subtract items.
Income taxes - deferred are included in the income taxes.

(Notes on segment information)

Segment information

I For the three months ended September 2023 (July 1, 2023 to September 30, 2023)

Information on the amounts of net sales and profit by reportable segment

	Reportable segment			Total (Thousands of yen)
	Marketing Support (Consumer Goods & Services) (Thousands of yen)	Marketing Support (Healthcare) (Thousands of yen)	Business Intelligence (Thousands of yen)	
Net sales				
Net sales to third parties	9,015,160	3,353,476	1,938,360	14,306,996
Intra-group net sales and transfers	–	–	–	–
Total	9,015,160	3,353,476	1,938,360	14,306,996
Segment income (loss)	-295,880	255,031	239,581	198,732

(Note) The total of the segment income (loss) equals the operating profit reported in the quarterly consolidated statements of income.

II. For the three months ended September 2024 (July 1, 2024 to September 30, 2024)

1.Information on the amounts of net sales and profit by reportable segment

	Reportable segment			Total (Thousands of yen)
	Marketing Support (Consumer Goods & Services) (Thousands of yen)	Marketing Support (Healthcare) (Thousands of yen)	Business Intelligence (Thousands of yen)	
Net sales				
Net sales to third parties	10,066,208	3,184,347	1,807,417	15,057,972
Intra-group net sales and transfers	–	–	–	–
Total	10,066,208	3,184,347	1,807,417	15,057,972
Segment income (loss)	-290,115	279,983	197,490	187,358

(Note) The total of the segment income (loss) equals the operating profit reported in the quarterly consolidated statements of income.

2.Information on the amounts of impairment loss on fixed assets or goodwill by reportable segment

(Important change on the amount of goodwill)

In the Marketing Support (Consumer Goods & Services) segment, the Group acquired the stock of DOCOMO InsightMarketing, INC, and included them in the scope of consolidation. The increase in goodwill due to this event was 2,198,676 thousand yen for the first quarter of this fiscal year.

(Note in the event of major change in shareholders' equity)

Not applicable.

(Note on assumptions for going concern)

Not applicable.

(Notes on statement of cash flows)

The Company did not prepare quarterly consolidated statement of cash flows for the first three months of the fiscal year under review. Depreciation (including amortization of intangible assets, excluding amortization of goodwill) and amortization of goodwill for the first quarter under review are as follows.

	For the three months ended September 2023 (July 1, 2023 to September 30, 2023)	For the three months ended September 2024 (July 1, 2024 to September 30, 2024)
Depreciation	321,251 thousand yen	322,233 thousand yen
Amortization of goodwill	30,316 thousand yen	85,283 thousand yen