Summary of Consolidated Financial Results for the Six Months Ended December 31, 2024 (Japanese GAAP)

February 6, 2024

Company name: INTAGE HOLDINGS Inc. Stock listing: Tokyo Stock Exchange
Code number: 4326 URL https://www.intageholdings.co.jp/
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Scheduled date to file semi-annual Securities Report: February 6, 2024
Planned start of dividend payments: March 7, 2025
Preparation of supplementary explanations of financial results: Yes
Financial results presentation held: Yes (for institutional investors and analysts)

(Amounts are rounded off to nearest million yen.)

1. Consolidated Financial Results for the Six Months Ended December 31, 2024 (July 1, 2024 to December 31, 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	%
Six months ended December 31, 2024	32,027	4.2	1,781	16.4	1,744	6.3	2,017	98.8
Six months ended December 31, 2023	30,739	2.6	1,530	-22.6	1,640	-25.9	1,015	-38.5

(Note) Comprehensive income: 1,731 million yen (39.2%) for the six months ended December 31, 2024
1,244 million yen (-28.0%) for the six months ended December 31, 2023

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2024	52.88	–
Six months ended December 31, 2023	26.65	–

(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 December 31, 2024	45,724	32,522	70.7
As of June 30, 2024	45,318	32,439	71.1

(Reference) Total shareholders' equity: As of December 31, 2024: 32,336 million yen
As of June 30, 2024: 32,208 million yen

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	–	22.50			
Year ending June 30, 2025 (Forecast)			–	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
Full year	68,000	7.5	4,500	36.8	4,500	27.0	3,750	52.6	98.21

(Note) Revisions to the most recently disclosed earnings forecasts: Yes

* Notes

(1) Significant changes to subsidiaries during the period: Yes
New consolidated companies: 1 company (Company name) DOCOMO InsightMarketing, INC
Excluded: - company (Company name)

(2) Accounting policies adopted specially for the preparation of semi-annual 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 December 31, 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 December 31, 2024	2,242,320	As of June 30, 2024	2,296,620
3) Average number of shares during the period (cumulative from the beginning of the fiscal year)	Six months ended December 31, 2024	38,153,084	Six months ended December 31, 2023	38,088,778

* Semi-annual financial results are outside the scope of review by certified public accountants or audit corporations.

* 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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(Note on assumptions for going concern) ....エラー! ブックマークが定義されていません。
(Note in the event of major change in shareholders' equity)エラー! ブックマークが定義されていません。
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(Segment information) ....エラー! ブックマークが定義されていません。

1. Overview of Consolidated Financial Results, etc.

(1) Overview of Consolidated Financial Results for the Six Months Ended December 31, 2024

During the six month under review (July 1, 2024 to December 31, 2024), the Japanese economy is 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, close attention needs to be paid to the effects of rising prices, future policy trends in the U.S., events in the Middle East, and fluctuations in the financial and capital markets, among other developments.

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 DOCOMO 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) by a Consolidated Subsidiary, Transfer of Shares in the Incorporated Company, and Recording of Extraordinary Income 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. 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 (Cross Fact) 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 six months under review amounted to ¥32,027 million (up 4.2% from the same period of the previous year), with an operating profit of ¥1,781 million (up 16.4%), ordinary profit of ¥1,744 million (up 6.3%), and profit attributable to owners of parent of ¥2,017 million (up 98.8%).

The results by business segment are described below.

1) Marketing Support (Consumer Goods & Services)

In the Marketing Support (Consumer Goods & Services) segment, sales and profit increased; consolidated net sales of the segment amounted to ¥21,691 million (up 12.7% from the same period of the previous year), with an operating profit of ¥227 million (up 199.6%)

In this segment, panel surveys maintained the previous year's level. The custom research business, 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.

Profit increased due to the effect of higher sales, despite the impact of investment expenses, personnel expenses, and upfront costs associated with the launch of a synergistic business with NTT DOCOMO, Inc. for the purpose of earnings growth over the medium and long terms.

2) Marketing Support (Healthcare)

In the Marketing Support (Healthcare) segment, sales decreased but profit increased; consolidated net sales of the segment amounted to ¥6,609 million (down 11.7% from the same period of the previous year), with an operating profit of ¥1,186 million (up 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 ¥3,727 million (down 7.2% from the same period of the previous year), with an operating profit of ¥368 million (up 3.3%). Sales decreased but operating profit increased, and remained higher than planned levels. In this segment, the data integration platform and utilization business, which INTAGE TECHNOSPHERE Inc. has placed as a priority investment area, 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 were affected by the decline in sales, but nonetheless increased as a result of efforts to improve profitability by reviewing pricing and increasing operational efficiency.

(2) Overview of Financial Position for the Six Months Ended December 31, 2024

(Assets)

Current assets increased ¥1,082 million from the end of the previous fiscal year to ¥29,087 million. This increase was mainly due to a rise in notes and accounts receivable - trade, and contract assets by ¥825 million, an increase in work in process by ¥451 million and an increase in other by ¥630 million, while cash and deposits decreased by ¥836 million.

Non-current assets contracted ¥676 million from the end of the previous fiscal year to ¥16,636 million. This was mainly due to a decrease of ¥3,241 million in investment securities, despite increases of ¥2,028 million in goodwill, ¥138 million in deferred tax assets, and ¥319 million in retirement benefit assets.

As a result, total assets increased by ¥405 million to ¥45,724 million.

(Liabilities)

Current liabilities rose by ¥464 million from the end of the previous fiscal year to ¥12,355 million. This was mainly due to increases of ¥100 million in short-term borrowings and ¥970 million in income taxes payable, which were partially offset by decreases of ¥124 million in accounts payable-trade and ¥389 million in other.

Non-current liabilities declined ¥141 million from the end of the previous fiscal year, to ¥846 million. This was mainly due to decreases of ¥100 million in long-term borrowings and ¥58 million in lease liabilities.

As a result, total liabilities increased by ¥323 million to ¥13,201 million.

(Net assets)

Total net assets increased by ¥82 million from the end of the previous fiscal year to ¥32,522 million. This was mainly due to an increase of ¥361 million in retained earnings, which offset a decrease of ¥242 million in valuation difference on available-for-sale securities.

(Analysis of Cash Flows)

Cash and cash equivalents as of December 31, 2024, totaled ¥12,026 million, an increase of ¥1,024 million from the end of the previous consolidated fiscal year, as a result of the following activities.

(Cash flows from operating activities)

The amount of profit before income taxes exceeded the amount of payments for gain on sale of businesses, increase in notes and accounts receivable-trade, and increase in notes and accounts payable-trade, resulting in a net cash inflow of ¥482 million.

(Cash flows from investing activities)

The net cash inflow was ¥1,400 million because the proceeds from business transfer exceeded the outflow from purchase of property, plant and equipment, purchase of intangible assets, and purchase of shares of subsidiaries resulting in change in scope of consolidation.

(Cash flows from financing activities)

Dividend payments and other expenditures resulted in a net outflow of ¥1,776 million.

(3) Explanation of Forward-looking Information, Including Consolidated Earnings Forecasts

The Company has changed the full-year consolidated earnings forecasts for the year ending June 30, 2025, announced in “Summary of Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (Japanese GAAP)” dated August 7, 2024.

For details, see Notice of Differences Between Forecast and Actual Results for the First Half of the Fiscal Year Ending June 30, 2025 and Revision of Full Year Financial Results Forecast released separately today.

* Earnings forecasts are made based on information available at the time of publication of this material. Actual results may differ significantly from the forecasts owing to various factors.

2. Semi-annual Consolidated Financial Statements and Notes on Important Matters

(1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	Previous consolidated fiscal year (As of June 30, 2024)	First half under review (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	12,045,279	11,208,786
Notes and accounts receivable - trade, and contract assets	11,413,813	12,239,707
Merchandise	25,402	26,855
Work in process	1,859,716	2,311,401
Supplies	128,381	136,624
Other	2,538,923	3,169,917
Allowance for doubtful accounts	-6,092	-5,842
Total current assets	28,005,424	29,087,449
Non-current assets		
Property, plant and equipment		
Net buildings and structures	1,142,896	1,156,050
Net equipment and fixtures	291,810	365,242
Land	1,998,156	1,998,156
Net leased assets	347,606	294,714
Other	–	434
Total property, plant and equipment	3,780,470	3,814,599
Intangible assets		
Goodwill	711,421	2,739,530
Other	2,801,911	3,016,481
Total intangible assets	3,513,333	5,756,012
Investments and other assets		
Investment securities	5,920,277	2,678,820
Deferred tax assets	1,622,811	1,761,373
Retirement benefit assets	688,061	1,007,452
Other	2,120,386	1,931,582
Allowance for doubtful accounts	-332,260	-312,992
Total investments and other assets	10,019,276	7,066,235
Total non-current assets	17,313,079	16,636,847
Total assets	45,318,504	45,724,297

(Thousands of yen)

	Previous consolidated fiscal year (As of June 30, 2024)	First half under review (As of September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable – trade	2,975,988	2,851,069
Short-term borrowings	–	100,000
Lease liabilities	162,711	161,882
Income taxes payable	288,105	1,258,486
Provision for bonuses	2,199,639	2,176,197
Provision for point card certificates	2,299,060	2,232,053
Other	3,965,143	3,575,786
Total current liabilities	11,890,649	12,355,476
Non-current liabilities		
Long-term borrowings	100,000	–
Lease liabilities	233,622	175,203
Provision for share awards	161,096	124,472
Retirement benefit liability	315,774	299,157
Asset retirement obligations	104,675	162,170
Other	72,836	85,314
Total non-current liabilities	988,006	846,318
Total liabilities	12,878,655	13,201,794
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	31,278,107
Treasury shares	-3,381,200	-3,338,108
Total shareholders' equity	31,710,166	32,114,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124,580	-117,701
Foreign currency translation adjustment	711,140	679,483
Remeasurements of defined benefit plans	-336,964	-340,137
Total accumulated other comprehensive income	498,756	221,644
Non-controlling interests	230,926	185,877
Total net assets	32,439,848	32,522,502
Total liabilities and net assets	45,318,504	45,724,297

(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income

Semi-annual consolidated statement of income

(Thousands of yen)

	For the six months ended December 31, 2023 (July 1, 2023 - December 31, 2023)	For the six months ended December 31, 2024 (July 1, 2024 - December 31, 2024)
Net sales	30,739,244	32,027,300
Cost of sales	20,044,168	20,272,496
Gross profit	10,695,075	11,754,803
Selling, general and administrative expenses	9,164,843	9,973,250
Operating profit	1,530,232	1,781,552
Non-operating income		
Interest income	11,454	12,110
Dividend income	8,518	9,202
Share of profit of entities accounted for using equity method	29,735	4,470
Gain on investments in investment partnerships	43,973	–
Insurance claim and dividend income	17,495	25,961
Other	48,551	26,795
Total non-operating income	159,729	78,539
Non-operating expenses		
Interest expenses	9,969	4,273
Loss on investments in investment partnerships	—	40,007
Foreign exchange gains	26,965	60,504
Other	12,956	11,242
Total non-operating expenses	49,891	116,028
Ordinary profit	1,640,071	1,744,064
Extraordinary income		
Gain on sale of businesses	–	1,588,041
Other	–	197,643
Total extraordinary income	–	1,785,685
Extraordinary losses		
Loss on valuation of investment securities	55,729	382,626
Other	–	20,000
Total extraordinary losses	55,729	402,626
Profit before income taxes	1,584,341	3,127,122
Income taxes	562,791	1,115,110
Profit	1,021,550	2,012,012
Profit (loss) attributable to non-controlling interests	6,384	-5,670
Profit attributable to owners of parent	1,015,165	2,017,682

Semi-annual consolidated statement of comprehensive income

(Thousands of yen)

	For the six months ended December 31, 2023 (July 1, 2023 - December 31, 2023)	For the six months ended December 31, 2024 (July 1, 2024 - December 31, 2024)
Profit	1,021,550	2,012,012
Other comprehensive income		
Valuation difference on available-for-sale securities	-73,861	-242,625
Foreign currency translation adjustment	261,136	-34,483
Remeasurements of defined benefit plans, net of tax	35,352	-3,172
Total of other comprehensive income	222,628	-280,281
Comprehensive income	1,244,178	1,731,731
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,227,840	1,740,570
Comprehensive income attributable to non-controlling interests	16,337	-8,839

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended December 31, 2023 (July 1, 2023 - December 31, 2023)	For the six months ended December 31, 2024 (July 1, 2024 - December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	1,584,341	3,127,122
Depreciation	643,732	638,058
Amortization of goodwill	60,633	170,567
Decrease (increase) in retirement benefit asset	-23,068	-319,390
Increase (decrease) in retirement benefit liability	-223,678	-16,858
Increase (decrease) in provision for bonuses	-59,042	131,802
Increase (decrease) in allowance for doubtful accounts	-7,505	-19,397
Increase (decrease) in provision for point card certificates	-32,245	-67,007
Increase (decrease) in provision for share awards	-23,427	-36,624
Interest and dividend income	-19,973	-21,312
Share of loss (profit) of entities accounted for using equity method	-29,735	-4,470
Interest expenses	9,969	4,273
Loss (gain) on investments in investment partnerships	-43,973	40,007
Loss (gain) on sale of businesses	–	-1,588,041
Loss (gain) on valuation of investment securities	55,729	382,626
Decrease (increase) in trade receivables	-2,445,886	-704,228
Decrease (increase) in inventories	-325,393	-583,507
Increase (decrease) in trade payables	18,073	-621,041
Increase (decrease) in accrued consumption taxes	49,577	-164,269
Other	-216,008	-123,351
Subtotal	-1,027,882	224,956
Interest and dividends received	19,973	21,312
Interest paid	-9,824	-4,747
Income taxes paid or refunded (“minus” is payment)	-613,997	248,990
Other	4,895	-7,784
Cash flows from operating activities	-1,626,835	482,727

(Thousands of yen)

	For the six months ended December 31, 2023 (July 1, 2023 - December 31, 2023)	For the six months ended December 31, 2024 (July 1, 2024 - December 31, 2024)
Cash flows from investing activities		
Purchase of property, plant and equipment	-94,763	-159,026
Purchase of intangible assets	-272,935	-467,696
Purchase of investment securities	-176,234	-21,106
Proceeds from sale of investment securities	249,861	418,900
Loan advances	-760	-1,100
Proceeds from collection of loans receivable	12,351	6,775
Purchase of shares of subsidiaries resulting in a change in the scope of consolidation	–	-411,490
Proceeds from sale of businesses	–	2,036,225
Payments of guarantee deposits	-9,930	-30,832
Proceeds from refund of guarantee deposits	7,843	3,317
Proceeds from distributions from investment partnerships	5,641	2,480
Other	-21,519	23,565
Cash flows from investing activities	-300,444	1,400,013
Cash flows from financing activities		
Proceeds from short-term borrowings	5,000,000	–
Repayments of short-term borrowings	-3,000,000	–
Repayments of long-term borrowings	-98,250	–
Repayments of lease liabilities	-126,162	-83,645
Proceeds from share issuance to non-controlling shareholders	5,054	872
Purchase of treasury shares	-212	–
Dividends paid	-1,614,597	-1,655,333
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-10,056	–
Other	-16,641	-38,160
Cash flows from financing activities	139,136	-1,776,267
Effect of exchange rate change on cash and cash equivalents	253,561	-20,419
Net increase (decrease) in cash and cash equivalents	-1,534,582	86,053
Cash and cash equivalents at beginning of period	12,536,899	11,940,803
Cash and cash equivalents at end of period	11,002,316	12,026,857

(4) Notes on Semi-annual Consolidated Financial Statements

(Note on assumptions for going concern)

Not applicable.

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

Not applicable.

(Application of particular accounting treatments concerning preparation of semi-annual consolidated financial statements)

(Tax expense calculation)

Tax expenses 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 six months under review.

(Segment information)

I For the six months ended December 2023 (July 1, 2023 to December 31, 2023)

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	19,242,323	7,482,012	4,014,909	30,739,244
Intra-group net sales and transfers	–	–	–	–
Total	19,242,323	7,482,012	4,014,909	30,739,244
Segment profit	75,832	1,098,479	355,920	1,530,232

(Note)The total of the segment profit equals the operating profit reported in the semi-annual consolidated statements of income.

II. For the six months ended December 2024 (July 1, 2024 to December 31, 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	21,691,312	6,609,153	3,726,834	32,027,300
Intra-group net sales and transfers	–	–	–	–
Total	21,691,312	6,609,153	3,726,834	32,027,300
Segment profit	227,189	1,186,766	367,597	1,781,552

(Note)The total of the segment profit equals the operating profit reported in the semi-annual consolidated statements of income.

2. Information on impairment loss of non-current assets, amortization of goodwill and unamortized balance by reportable segment

(Significant changes in amount of goodwill)

In the Marketing Support (Consumer Goods & Services) segment, shares of DOCOMO InsightMarketing, INC. were acquired and included in the scope of consolidation. This event resulted in an increase in goodwill of ¥2,198,676 thousand during the six months under review.