

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

May 9, 2024

Company name: INTAGE HOLDINGS Inc.	Stock listing: Tokyo Stock Exchange
Code number: 4326	URL: https://www.intageholdings.co.jp/
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Planned filing of quarterly report: May 9, 2024	
Planned start of dividend payments: –	
Preparation of supplementary explanations of quarterly financial results: Yes	
Quarterly financial results presentation held: None	

(Amounts are rounded off to nearest million yen.)

1. Consolidated Financial Results for the Nine Months Ended March 31, 2024 (July 1, 2023 to March 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	%
Nine months ended March 31, 2024	48,348	1.0	3,308	-18.2	3,554	-15.9	2,394	-36.5
Nine months ended March 31, 2023	47,889	1.8	4,046	-19.6	4,225	-19.5	3,767	-1.9

(Note) Comprehensive income: Nine months ended March 31, 2024: ¥2,594 million (-28.4%)
 Nine months ended March 31, 2023: ¥3,621 million (10.4%)

	Profit per share	Profit per share after dilution
	Yen	Yen
Nine months ended March 31, 2024	62.84	–
Nine months ended March 31, 2023	97.71	–

(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 March 31, 2024	47,415	32,048	67.1
As of June 30, 2023	44,391	31,004	69.3

(Reference) Total shareholders' equity: As of March 31, 2024: ¥31,813 million
 As of June 30, 2023: ¥30,769 million

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2023	–	0.00	–	42.00	42.00
Year ending June 30, 2024	–	0.00	–	–	–
Year ending June 30, 2024 (Forecast)	–	–	–	43.00	43.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending June 30, 2024 (July 1, 2023 to June 30, 2024)

(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	64,500	5.1	4,000	5.7	4,300	5.6	3,000	-14.4	78.80

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

* Notes

(1) Changes in significant subsidiaries during the period: None
 (Changes in specified subsidiaries resulting in change in scope of consolidation)
 New: - companies (Company name)
 Excluded: - companies (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)	Nine months ended March 31, 2024	40,426,000	Year ended June 30, 2023	40,426,000
2) Number of treasury shares at the end of the period	Nine months ended March 31, 2024	2,296,620	Year ended June 30, 2023	2,352,785
3) Average number of shares during the period (cumulative from the beginning of the fiscal year)	Nine months ended March 31, 2024	38,102,224	Nine months ended March 31, 2023	38,558,386

* This quarterly financial results report is outside the scope of quarterly review procedures by certified public accountants or auditing firms.

* 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. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to section "(3) Explanation of Forward-looking Information, Including Consolidated Earnings Forecasts" of "1. Qualitative Information Regarding the Consolidated Results for the Nine Months under Review" on page 4 of the attached material.

○ Table of Contents of the Attached Material

1.	Qualitative Information Regarding the Consolidated Results for the Nine Months under Review.....	2
	(1) Explanation of Operating Results	2
	(2) Explanation of Financial Position.....	4
	(3) Explanation of Forward-looking Information, Including Consolidated Earnings Forecasts.....	4
2.	Consolidated Financial Statements and Notes Thereto	5
	(1) Consolidated Balance Sheet.....	5
	(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
	(3) Notes to Quarterly Consolidated Financial Statements.....	9
	(Note on assumptions for going concern).....	9
	(Note in the event of major change in shareholders' equity).....	9
	(Application of accounting treatment specific to the preparation of quarterly consolidated financial statements)	9
	(Segment information).....	9
	(Significant subsequent events)	10

1. Qualitative Information Regarding the Consolidated Results for the Nine Months under Review

(1) Explanation of Operating Results

During the nine months under review (July 1, 2023 to March 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, the environment surrounding customers requires attention, chiefly due to increased prices, the economic impact of the 2024 Noto Peninsula Earthquake and changes in financial markets. Meanwhile, the economies in the Asian region where the Group operates are showing signs of recovery, although the recovery of the Chinese economy slowed.

The Group formulated its 14th Medium-term Management Plan (three-year plan), under which the current fiscal year ending June 30, 2024 is the first fiscal year. The Group's basic policy under this plan is "Towards New Portfolio as a Data + Technology Company-Creation of New Value." We aim to realize a convenient and enriched society by seeing the declining population and aging society, and the development of a digital society as opportunities and eliminating social losses, and we will go beyond providing marketing intelligence (MI) and business intelligence (BI) as standalone functions and create new value as a Data + Technology company that provides services combining MI and BI.

In the Marketing Support (Consumer Goods & Services) segment, we aim to achieve profitability in Japan by making progress towards establishing the CX marketing platform, revamping SCI, and expanding sales of next-generation research by Research and Innovation Co., Ltd., in addition to growing existing businesses and expanding domains through new businesses.

Overseas, we aim to strengthen our marketing and sales structure through collaboration with Global Future Lab (*1) and to further establish a business foundation.

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 develop human resources with high levels of expertise (professionals) to provide solutions that will help solve the issues faced by customers. At the same time, we will also continue strengthening our sales structure.

In the Business Intelligence segment, we are leveraging the data analysis skills and understanding of user business we have developed to date to create value from data, for the realization of DX partners that will continue to choose us 10 years from now. Furthermore, we will support customers' business transformation by further developing our current data utilization solutions to establish and provide solutions shared across industries.

In addition, the Group announced a capital and business alliance with NTT DOCOMO, INC. (hereinafter "DOCOMO") as part of its medium- to long-term growth strategies, and the tender offer for the Company's common shares by DOCOMO was finalized in October 2023. To deepen collaboration between the two companies while emphasizing management autonomy and independence, the Group has become a consolidated subsidiary of DOCOMO while maintaining its listing. Based on the capital and business alliance, the Group will work to maximize the value of data through its data handling capabilities, including data collection, aggregation, analysis and visualization by leveraging DOCOMO's customer base of approximately 100 million (*2) and its extensive store of behavioral data. In addition, by exerting the synergies of combining the data held by both companies and their valorization, the Group anticipates significant future growth and will contribute to solving social issues.

The Company established the Synergy Strategy Division in February 2024 to create synergies as quickly as possible. Additionally, the Company created subcommittees composed of committee members from both companies to generate five synergies (*3) and established subcommittees to facilitate sales coordination and data linkage. Through these subcommittees, the two companies enhance their mutual understanding and deliberate specific business plans.

Although the Group as a whole is lower than planned due to the impact of budget tightening by some customers, the mainstay panel surveys remain firm, and the research business of consumer goods manufacturers and healthcare shows a recovery trend. Meanwhile, personnel and other expenses increased in association with organizational reinforcement in anticipation of expanded operations in the core businesses and increased investment aiming to expand domains, while expenses were generated with the capital and business alliance with DOCOMO, and these will have an impact on the business performance of the Group. However, the Group is moving forward mainly with strengthening its capital policy based on its stable financial base, creating business through collaboration among Group companies, implementing measures to increase non-financial capital including human capital and strengthening sustainability, as in the past.

As a result of these efforts, the INTAGE Group's consolidated net sales for the nine months under review amounted to ¥48,348 million (up 1.0% from the same period of the previous year), with an operating profit of ¥3,308 million (down 18.2%), ordinary profit of ¥3,554 million (down 15.9%), and profit attributable to owners of parent of ¥2,394 million (down 36.5%).

The results by business segment are described below.

1) Marketing Support (Consumer Goods & Services)

In the Marketing Support (Consumer Goods & Services) segment, sales increased but profit decreased; consolidated net sales of the segment amounted to ¥31,586 million (up 0.6% from the same period of the previous year), with an operating profit of ¥1,352 million (down 28.3%)

Panel surveys, the core business of the segment, performed well. Meanwhile, custom research results were mostly unchanged year on year; however, progress is less than planned, reflecting the fact that specific customers have tightened their marketing budgets. Orders and inquiries from customers are on a path to recovery after efforts to increase sales by finding new customers/points of contact and reactivating inactive customers/points of contact were stepped up. The field of communication was at a level lower than the previous year.

In overseas business, sales were strong in Thailand and Singapore. We aim to steadily receive projects in each country and promote collaboration between business sites to increase sales.

Investment activities were carried out as planned towards establishing the CX Marketing Platform and revamping SCI.

Profit decreased, chiefly due to a rise in expenses reflecting an increase in investment expenses and in the size of the workforce in anticipation of higher sales. The cost increase was not offset by the increase in net sales, which was lower than forecast.

2) Marketing Support (Healthcare)

In the Marketing Support (Healthcare) segment, both sales and profit decreased; consolidated net sales of the segment amounted to ¥10,757 million (down 1.8% from the same period of the previous year), with an operating profit of ¥1,407 million (down 14.2%)

In this segment, research sales, the mainstay of INTAGE Healthcare Inc., reflected the lack of significant projects in the same period of the previous year, but custom research in the medical field has trending toward a recovery. Overall sales remained about the same as the previous year. The results of the CRO (contract research organization) business are below the previous year. We aim to create new projects by participating in conferences and promoting activities using the website.

KYOWA KIKAKU Ltd. saw net sales rise after gaining a new drug launch project and a large project and continued working to improve the gross profit margin.

Profit decreased owing to the impact of smaller sales of CRO.

3) Business Intelligence

In the Business Intelligence segment, both sales and profit increased; consolidated net sales of the segment amounted to ¥6,003 million (up 8.8% from the same period of the previous year), with an operating profit of ¥548 million (up 5.4%).

At INTAGE TECHNOSPHERE Inc., the order backlogs for SI projects steadily accumulated, particularly for the travel industry, exceeding the level of a year earlier. Sales were also solid in the DX support area and the health information area.

Buildsystem Co., Ltd. also achieved higher sales than in the same period of the previous fiscal year.

Profit rose due to sales growth.

- *1 Global Future Lab: organization involved in marketing and the development of new services for overseas business expansion
- *2 As of March 31, 2024
- *3 Five synergies
 - (i) ID-based and one-stop marketing support centering on consumers for daily consumer goods manufacturers
 - (ii) Comprehensive support for distribution and retailing value chains
 - (iii) Entry into new business domains in the areas of customer satisfaction (CS) and employee satisfaction (ES)
 - (iv) Full-funnel marketing support with a focus on consumers for durable consumer goods manufacturers and service operators
 - (v) Strengthening of capacity of healthcare-related industries to solve social issues

(2) Explanation of Financial Position

(Assets)

Current assets increased ¥3,176 million from the end of the previous fiscal year to ¥29,589 million. This increase was mainly due to a rise in notes and accounts receivable - trade, and contract assets by ¥4,916 million, while cash and deposits and work in process decreased by ¥1,512 million and ¥429 million, respectively.

Non-current assets contracted ¥151 million from the end of the previous fiscal year to ¥17,826 million. This decrease was mostly because other in intangible assets and net leased assets in property, plant and equipment declined by ¥255 million and ¥125 million, respectively, while other in investments and other assets increased by ¥194 million.

As a result, total assets increased by ¥3,024 million to ¥47,415 million.

(Liabilities)

Current liabilities increased ¥2,447 million from the end of the previous fiscal year to ¥14,249 million. This was mainly due to an increase of ¥1,975 million in short-term borrowings and an increase of ¥1,091 million in other in current liabilities, despite a decrease of ¥802 million in provision for bonuses.

Non-current liabilities decreased by ¥466 million from the end of the previous fiscal year to ¥1,118 million. This decrease was mostly because retirement benefit liability, lease liabilities and long-term borrowings declined by ¥304 million, ¥84 million and ¥73 million, respectively.

As a result, total liabilities increased by ¥1,980 million to ¥15,367 million.

(Net assets)

Total net assets increased by ¥1,043 million from the end of the previous fiscal year to ¥32,048 million. This was mainly due to an increase of ¥778 million in retained earnings and a rise of ¥140 million in foreign currency translation adjustment.

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

There is no change to the full-year consolidated earnings forecasts for the year ending June 30, 2024, announced in “Summary of Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (Japanese GAAP)” dated August 7, 2023.

- * 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. Consolidated Financial Statements and Notes Thereto

(1) Consolidated Balance Sheet

	Previous consolidated fiscal year (As of June 30, 2023)	Third quarter under review (As of March 31, 2024)
(Thousands of yen)		
Assets		
Current assets		
Cash and deposits	12,620,553	11,107,790
Notes and accounts receivable - trade, and contract assets	9,437,602	14,354,485
Merchandise	15,422	16,786
Work in process	2,186,425	1,756,856
Supplies	146,511	119,998
Other	2,010,226	2,237,260
Allowance for doubtful accounts	-3,877	-4,007
Total current assets	26,412,864	29,589,170
Non-current assets		
Property, plant and equipment		
Net buildings and structures	1,171,150	1,135,239
Net equipment and fixtures	274,841	297,561
Land	1,998,156	1,998,156
Net leased assets	479,871	354,797
Total property, plant and equipment	3,924,020	3,785,755
Intangible assets		
Goodwill	832,688	741,738
Other	3,054,218	2,799,138
Total intangible assets	3,886,907	3,540,876
Investments and other assets		
Investment securities	5,846,269	5,938,803
Deferred tax assets	2,505,024	2,498,288
Retirement benefit assets	101,306	159,299
Other	2,027,233	2,221,961
Allowance for doubtful accounts	-312,467	-318,199
Total investments and other assets	10,167,365	10,500,153
Total non-current assets	17,978,294	17,826,785
Total assets	44,391,158	47,415,956

(Thousands of yen)

	Previous consolidated fiscal year (As of June 30, 2023)	Third quarter under review (As of March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable – trade	2,973,730	3,289,203
Short-term borrowings	224,840	2,200,000
Lease liabilities	215,361	167,434
Income taxes payable	560,187	532,145
Provision for bonuses	2,138,925	1,336,502
Provision for point card certificates	2,287,583	2,231,502
Other	3,401,164	4,492,296
Total current liabilities	11,801,793	14,249,084
Non-current liabilities		
Long-term borrowings	173,410	100,000
Lease liabilities	321,346	236,728
Provision for share awards	173,215	153,716
Retirement benefit liability	755,043	450,144
Asset retirement obligations	103,966	104,590
Other	57,512	72,833
Total non-current liabilities	1,584,494	1,118,013
Total liabilities	13,386,287	15,367,097
Net assets		
Shareholders' equity		
Share capital	2,378,706	2,378,706
Capital surplus	1,789,401	1,796,219
Retained earnings	30,075,545	30,853,858
Treasury shares	-3,461,377	-3,381,200
Total shareholders' equity	30,782,275	31,647,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	113,749	98,923
Foreign currency translation adjustment	657,900	798,575
Remeasurements of defined benefit plans	-784,122	-731,092
Total accumulated other comprehensive income	-12,472	166,405
Non-controlling interests	235,067	234,867
Total net assets	31,004,871	32,048,858
Total liabilities and net assets	44,391,158	47,415,956

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

Consolidated Statements of Income

For the nine months ended March

	(Thousands of yen)	
	For the nine months ended March 2023 (July 1, 2022 to March 31, 2023)	For the nine months ended March 2024 (July 1, 2023 to March 31, 2024)
Net sales	47,889,040	48,348,600
Cost of sales	30,965,009	31,323,801
Gross profit	16,924,031	17,024,798
Selling, general and administrative expenses	12,877,961	13,716,253
Operating profit	4,046,069	3,308,545
Non-operating income		
Interest income	8,232	17,624
Dividend income	7,755	8,518
Share of profit of entities accounted for using equity method	246,587	200,753
Gain on investments in investment partnerships	221,686	16,320
Other	82,294	60,872
Total non-operating income	566,555	304,088
Non-operating expenses		
Interest expenses	15,959	15,366
Loss on retirement of non-current assets	14,802	25,299
Provision of allowance for doubtful accounts	282,366	-
Other	74,098	17,565
Total non-operating expenses	387,226	58,230
Ordinary profit	4,225,398	3,554,402
Gain on sale of investment securities		
Gain on sale of shares of subsidiaries and associates	146,414	-
Total extraordinary income	76,459	-
Gain on sale of investment securities	222,874	-
Extraordinary losses		
Loss on valuation of investment securities	7,480	63,489
Total extraordinary losses	7,480	63,489
Profit before income taxes	4,440,792	3,490,913
Income taxes	794,043	1,080,196
Profit	3,646,748	2,410,716
Profit (loss) attributable to non-controlling interests	-120,768	16,473
Profit attributable to owners of parent	3,767,517	2,394,243

Consolidated Statements of Comprehensive Income

For the nine months ended March

(Thousands of yen)

	For the nine months ended March 2023 (July 1, 2022 to March 31, 2023)	For the nine months ended March 2024 (July 1, 2023 to March 31, 2024)
Profit	3,646,748	2,410,716
Other comprehensive income		
Valuation difference on available-for-sale securities	-244,610	-15,511
Foreign currency translation adjustment	134,727	145,970
Remeasurements of defined benefit plans, net of tax	84,338	53,029
Total of other comprehensive income	-25,544	183,488
Comprehensive income	3,621,204	2,594,205
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,734,688	2,573,121
Comprehensive income attributable to non-controlling interests	-113,484	21,083

(3) Notes to Quarterly 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 accounting treatment specific to the preparation of quarterly consolidated financial statements)

Tax expenses for the Company and its consolidated subsidiaries are calculated by multiplying profit before income taxes by an effective tax rate, which is reasonably estimated by applying tax-effect accounting to estimated profit before income taxes for the fiscal year including the nine 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.

(Segment information)

I For the nine months ended March 2023 (July 1, 2022 to March 31, 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	31,413,533	10,955,596	5,519,910	47,889,040
Intra-group net sales and transfers	-	-	-	-
Total	31,413,533	10,955,596	5,519,910	47,889,040
Segment profit	1,886,391	1,639,794	519,884	4,046,069

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

II For the nine months ended March 2024 (July 1, 2023 to March 31, 2024)

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	31,586,787	10,757,932	6,003,879	48,348,600
Intra-group net sales and transfers	-	-	-	-
Total	31,586,787	10,757,932	6,003,879	48,348,600
Segment profit	1,352,883	1,407,502	548,159	3,308,545

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

(Significant subsequent events)

At a meeting of the Board of Directors held on April 22, 2024, the Company decided to acquire from NTT DOCOMO, INC. (“DOCOMO”), the Company’s parent company, all shares in DOCOMO Insight Marketing, INC. (“DIM”), a joint venture between DOCOMO and the Company, excluding the treasury stock that DIM plans to acquire from DOCOMO which is described in 7. Other, and to make DIM a wholly owned subsidiary. The Company concluded a stock purchase agreement with DOCOMO on the same date.

1. Reasons for the acquisition of shares

The collaborative activities carried out through DIM thus far are activities for creating synergy effects through the integrated business management of the Company and DOCOMO and the Company decided to implement the transaction in the belief that making DIM a wholly owned subsidiary, rather than continuing DIM’s business as a joint venture, would enable more flexible business operation.

The Company also believes that making DIM a wholly owned subsidiary will enable greater business efficiency through flexible management decision-making and the integration of manufacturing and sales. It believes that this will result in a swifter customer response and the provision of services that meet customer expectations and DIM can, therefore, be expected to make a greater contribution to the Company’s business results and boost its corporate value.

2. Company from whom the shares will be acquired

NTT DOCOMO, INC.

3. Company whose shares will be acquired, and their business and size

- (1) Name: DOCOMO Insight Marketing, INC.
- (2) Business: Research business, communication service business, area marketing business, and other consulting business
- (3) Share capital: ¥950 million

4. Timing of the stock acquisition

July 1, 2024 (plan)

5. Number of shares to be acquired, acquisition price and ownership ratio after acquisition

- (1) Number of shares to be acquired: Number obtained by deducting the number of treasury shares DIM will acquire from DOCOMO, which is described in 7. Other, from the 19,380 shares of DIM’s stock held by DOCOMO
- (2) Acquisition price: Amount obtained by multiplying ¥240,368 per share by the number of shares acquired (Note)
- (3) Ownership ration after acquisition: 100%

(Note) The acquisition price per share has been agreed, taking the value of DIM’s shares to be ¥9,134 million.

6. Funds for acquisition

The Company’s own funds

7. Other

DIM will acquire treasury shares from DOCOMO on July 1, 2024. The number of treasury shares to be acquired is determined in accordance with DIM’s balance sheet for the fiscal year ended March 31, 2024.

The Company will acquire all shares of DIM held by DOCOMO after DIM’s acquisition of treasury shares and will make DIM its wholly owned subsidiary.