

Summary of Consolidated Financial Results for the Three Months Ended September 30, 2023 (Japanese GAAP)

November 8, 2023

Company name: INTAGE HOLDINGS Inc. Stock listing: Tokyo Stock Exchange
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 Planned filing of quarterly report: November 8, 2023
 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 Three Months Ended September 30, 2023 (July 1, 2023 to September 30, 2023)

(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, 2023	14,306	1.3	198	-65.4	314	-65.3	150	-78.3
Three months ended September 30, 2022	14,119	2.3	573	-34.4	907	-4.6	691	-11.6

(Note) Comprehensive income: Three months ended September 30, 2023: ¥324 million (-55.6%)
 Three months ended September 30, 2022: ¥730 million (-1.2%)

	Profit per share		Profit per share after dilution	
	Yen		Yen	
Three months ended September 30, 2023	3.95		–	
Three months ended September 30, 2022	17.66		–	

(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, 2023	44,207	29,711	66.7
As of June 30, 2023	44,391	31,004	69.3

(Reference) Total shareholders' equity: As of September 30, 2023: ¥29,467 million
 As of June 30, 2023: ¥30,769 million

2. Dividends

	Dividends 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	–				
Year ending June 30, 2024 (Forecast)		0.00	–	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
Interim period (Cumulative)	31,000	3.5	2,000	1.2	2,250	1.7	1,500	-9.2	39.40
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)	Three months ended September 30, 2023	40,426,000	Year ended June 30, 2023	40,426,000
2) Number of treasury shares at the end of the period	Three months ended September 30, 2023	2,351,830	Year ended June 30, 2023	2,352,785
3) Average number of shares during the period (cumulative from the beginning of the fiscal year)	Three months ended September 30, 2023	38,073,166	Three months ended September 30, 2022	39,171,980

* 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 Three Months under Review" on page 3 of the attached material.

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

(1) Explanation of Operating Results

During the three months under review (July 1, 2023 to September 30, 2023), the Japanese economy is expected to maintain a modest recovery, partly due to various government policies on changes in social conditions while the employment and income environment improved. However, the environment surrounding customers remains uncertain due to downside risks to the global economy such as the impact of global monetary tightening and concerns over China's economic outlook.

Meanwhile, the economies of the Asian region where the Group operates are showing signs of recovery, although the situation varies from country to country.

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 (*) 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.

Across the Group as a whole, we will work to strengthen capital policy based on a stable financial base, create business through intragroup collaboration, implement measures to increase non-financial capital such as human capital, and strengthen sustainability.

As a result of these efforts, the INTAGE Group's consolidated net sales for the three months under review amounted to ¥14,306 million (up 1.3% from the same period of the previous year), with an operating profit of ¥198 million (down 65.4%), ordinary profit of ¥314 million (down 65.3%), and profit attributable to owners of parent of ¥150 million (down 78.3%).

The results by business segment are described below.

1) Marketing Support (Consumer Goods & Services)

In the Marketing Support (Consumer Goods & Services) segment, both sales and profit decreased; consolidated net sales for the segment amounted to ¥9,015 million (down 1.8% from the same period of the previous year), with an operating loss of ¥295 million (operating profit of ¥112 million in the same period of the previous year).

Panel surveys, the core business of the segment, performed well. However, the custom research business was impacted by customers' budget tightening amid soaring raw material prices and results fell short of the level a year earlier. Under such conditions, the custom research business stepped up efforts to find new customers and reactivate inactive customers, and orders and inquiries from customers are on the path to recovery. Meanwhile, Research and Innovation Co., Ltd. which provides CODE (a smartphone app that allows users to register shopping information and commodity ratings) performed strongly.

In overseas business, sales were strong in Vietnam and in Thailand but weak at dataSpring Inc. and in Singapore. Going forward, we aim to steadily win projects in each country and promote collaboration between business sites, with the aim of achieving our full-year targets.

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

Profit decreased, chiefly reflecting poorer net sales than forecast and a rise in investment expenses.

2) Marketing Support (Healthcare)

In the Marketing Support (Healthcare) segment, sales increased but profit decreased; consolidated net sales of the segment

amounted to ¥3,353 million (up 2.0% from the same period of the previous year), with an operating profit of ¥255 million (down 31.9%)

In this segment, results in the research business, which is the core business of INTAGE Healthcare Inc., were below the level a year earlier but are starting to stage a recovery driven by custom research in the healthcare domain. The results of the CRO (contract research organization) business are below the level a year earlier due to the absence of large projects.

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

Profits were affected by the decline in sales in the profitable areas of the research business.

3) Business Intelligence

In the Business Intelligence segment, both sales and profit increased; consolidated net sales of the segment amounted to ¥1,938 million (up 17.4% from the same period of the previous year), with an operating profit of ¥239 million (up 176.1%).

At INTAGE TECHNOSPHERE Inc., as the COVID-19 pandemic drew to an end, 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. and NSK Co., Ltd. also achieved higher sales than in the same period of the previous fiscal year.

Profit rose due to sales growth.

* Global Future Lab: organization involved in marketing and the development of new services for overseas business expansion

(2) Explanation of Financial Position

(Assets)

Current assets contracted ¥66 million from the end of the previous fiscal year to ¥26,346 million. This decrease was mostly due to a fall in cash and deposits by ¥2,091 million, while notes and accounts receivable - trade, and contract assets grew ¥1,309 million and work in process increased by ¥417 million.

Non-current assets contracted ¥116 million from the end of the previous fiscal year to ¥17,861 million. This was mostly due to a drop of ¥45 million in lease assets, a fall of ¥30 million in goodwill, and a decrease of ¥13 million in investment securities, despite an increase of ¥72 million in deferred tax assets.

As a result, total assets decreased by ¥183 million to ¥44,207 million.

(Liabilities)

Current liabilities increased ¥1,328 million from the end of the previous fiscal year to ¥13,130 million. This was mainly due to an increase of ¥1,475 million in short-term borrowings and ¥1,187 million in others, despite a decrease of ¥303 million in income taxes payable and a fall of ¥964 million in provision for bonuses.

Non-current liabilities decreased by ¥218 million from the end of the previous fiscal year to ¥1,365 million. This was mainly due to decreases of ¥73 million in long-term borrowings, ¥31 million in lease liabilities, and ¥106 million in retirement benefit liability.

As a result, total liabilities decreased by ¥1,109 million to ¥14,496 million.

(Net assets)

Total net assets decreased by ¥1,293 million from the end of the previous fiscal year to ¥29,711 million. This was mainly due to an increase of ¥1,465 million in retained earnings, despite an increase of ¥171 million in foreign currency translation adjustments.

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

There is no change to the interim and full-year consolidated earnings forecasts for the year ending June 30, 2023, 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)	First quarter under review (As of September 30, 2023)
(Thousands of yen)		
Assets		
Current assets		
Cash and deposits	12,620,553	10,529,135
Notes and accounts receivable - trade, and contract assets	9,437,602	10,747,300
Merchandise	15,422	20,608
Work in process	2,186,425	2,604,058
Supplies	146,511	161,959
Other	2,010,226	2,287,226
Allowance for doubtful accounts	-3,877	-3,998
Total current assets	26,412,864	26,346,290
Non-current assets		
Property, plant and equipment		
Net buildings and structures	1,171,150	1,160,413
Net equipment and fixtures	274,841	291,065
Land	1,998,156	1,998,156
Net leased assets	479,871	434,149
Total property, plant and equipment	3,924,020	3,883,784
Intangible assets		
Goodwill	832,688	802,372
Other	3,054,218	2,951,701
Total intangible assets	3,886,907	3,754,073
Investments and other assets		
Investment securities	5,846,269	5,832,887
Deferred tax assets	2,505,024	2,577,328
Retirement benefit asset	101,306	110,219
Other	2,027,233	2,028,891
Allowance for doubtful accounts	-312,467	-325,493
Total investments and other assets	10,167,365	10,223,833
Total non-current assets	17,978,294	17,861,692
Total assets	44,391,158	44,207,982

(Thousands of yen)

	Previous consolidated fiscal year (As of June 30, 2023)	First quarter under review (As of September 30, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	2,973,730	2,910,209
Short-term borrowings	224,840	1,700,000
Lease liabilities	215,361	195,798
Income taxes payable	560,187	256,959
Provision for bonuses	2,138,925	1,174,696
Provision for point card certificates	2,287,583	2,304,710
Other	3,401,164	4,588,327
Total current liabilities	11,801,793	13,130,701
Non-current liabilities		
Long-term borrowings	173,410	100,000
Lease obligations	321,346	290,166
Provision for share awards	173,215	142,367
Retirement benefit liability	755,043	648,217
Asset retirement obligations	103,966	104,420
Other	57,512	80,388
Total non-current liabilities	1,584,494	1,365,560
Total liabilities	13,386,287	14,496,262
Net assets		
Shareholders' equity		
Share capital	2,378,706	2,378,706
Capital surplus	1,789,401	1,787,280
Retained earnings	30,075,545	28,609,839
Treasury shares	-3,461,377	-3,458,130
Total shareholders' equity	30,782,275	29,317,696
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	113,749	87,040
Foreign currency translation adjustment	657,900	829,020
Remeasurements of defined benefit plans	-784,122	-766,445
Total accumulated other comprehensive income	-12,472	149,615
Non-controlling interests	235,067	244,408
Total net assets	31,004,871	29,711,720
Total liabilities and net assets	44,391,158	44,207,982

(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 2022 (July 1, 2022 to September 30, 2023)	For the three months ended September 2023 (July 1, 2023 to September 30, 2023)
Net sales	14,119,046	14,306,996
Cost of sales	9,358,961	9,612,566
Gross profit	4,760,084	4,694,430
Selling, general and administrative expenses	4,186,321	4,495,697
Operating profit	573,762	198,732
Non-operating income		
Interest income	2,118	5,995
Dividend income	2,704	1,927
Share of profit of entities accounted for using equity method	54,885	16,055
Gain on investments in investment partnerships	217,850	47,944
Foreign exchange gains	44,881	30,089
Other	22,234	28,117
Total non-operating income	344,674	130,129
Non-operating expenses		
Interest expenses	3,745	4,771
Commission expenses	4,025	3,786
Commission for purchase of treasury shares	3,355	–
Provision of allowance for doubtful accounts	–	4,227
Other	233	1,413
Total non-operating expenses	11,359	14,198
Ordinary profit	907,078	314,663
Extraordinary income		
Gain on sales of investment securities	78,434	–
Total extraordinary income	78,434	–
Profit before income taxes	985,513	314,663
Income taxes	346,746	160,696
Profit	638,767	153,966
Profit (loss) attributable to non-controlling interests	-53,182	3,742
Profit attributable to owners of parent	691,949	150,224

Consolidated Statements of Comprehensive Income

For the three months ended September

(Thousands of yen)

	For the three months ended September 2022 (July 1, 2022 to September 30, 2022)	For the three months ended September 2023 (July 1, 2023 to September 30, 2023)
Profit	638,767	153,966
Other comprehensive income		
Valuation difference on available-for-sale securities	-188,331	-25,916
Foreign currency translation adjustment	251,752	178,805
Remeasurements of defined benefit plans, net of tax	28,112	17,676
Total of other comprehensive income	91,533	170,566
Comprehensive income	730,300	324,533
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	775,304	312,312
Comprehensive income attributable to non-controlling interests	-45,004	12,220

(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 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.

(Segment information)

I For the three months ended September 2022 (July 1, 2022 to September 30, 2022)

Information on the amounts of net sales and income 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	9,179,110	3,289,071	1,650,864	14,119,046
Intra-group net sales and transfers	-	-	-	-
Total	9,179,110	3,289,071	1,650,864	14,119,046
Segment income	112,410	374,564	86,787	573,762

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

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

Information on the amounts of net sales and income 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.

(Significant subsequent events)

The public tender offer for the Company's common shares commenced on September 7, 2023 by NTT DOCOMO, INC. was completed on October 16, 2023 and NTT DOCOMO, INC. became the Company's parent company with effect October 23, 2023. NTT DOCOMO, INC. owns 19,622,021 shares of the Company (ratio to the number of voting rights held by all shareholders: 51.00% (rounded to two decimal places)).

Since the Nippon Telegraph and Telephone Corporation owns more than 50% of the total voting rights of NTT DOCOMO, INC., the Nippon Telegraph and Telephone Corporation is now classed as the Company's parent company.