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May 9, 2024

## Consolidated Financial Results for the Three Months Ended March 31, 2024 (Under IFRS)

Company name: Integral Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 5842  
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 Scheduled date to file quarterly securities report: May 10, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating income		Profit before income taxes		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2024	5,008	344.6	3,659	655.6	3,643	685.5	2,521	689.7
March 31, 2023	1,126	(60.4)	484	(78.5)	463	(79.3)	319	(79.3)

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
March 31, 2024	2,521	689.7	2,521	689.7	76.06	71.10
March 31, 2023	319	(79.3)	319	(79.3)	11.73	10.88

Note: The Company conducted a stock split with a ratio of 10 for 1 on July 7, 2023. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of				
March 31, 2024	60,678	42,398	42,398	69.9
December 31, 2023	56,296	39,864	39,864	70.8

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	—	0.00	—	0.00	0.00
Fiscal year ending December 31, 2024	—				
Fiscal year ending December 31, 2024 (Forecast)		12.00	—	12.00	24.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

Private equity investments, the Group's business, are significantly affected by market conditions such as the stock market and interest rates, as well as by opportunities to invest and dispose of investments.

In addition, Profit/(Loss) on fair value movements on investment calculated in accordance with International Financial Reporting Standards (IFRS) as adopted by the Group are highly dependent on estimates. Therefore, it is difficult to make reasonable earnings forecasts, and we do not make any business forecasts.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	34,975,000 shares
As of December 31, 2023	34,975,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2024	1,800,500 shares
As of December 31, 2023	1,828,300 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2024	33,155,965 shares
Three months ended March 31, 2023	27,228,333 shares

Note: The Company conducted a stock split with a ratio of 10 for 1 on July 7, 2023. “Average number of shares outstanding during the period” is calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements contained in this document, including the financial results forecasts, are based on information currently available to the Company and certain assumptions deemed to be reasonable, and the Company does not promise achievement. Actual results may differ significantly from these forecasts due to a wide range of factors.

(Method of accessing supplementary material on quarterly financial results)

The Company does not plan to hold a briefing in the first quarter of the current fiscal year. Financial results presentation materials will be disclosed on the Company's website on Thursday, May 9, 2024.

(Change in monetary unit)

In previous consolidated financial statements, the unit for accounting items was stated at thousands of yen. However, starting from the first quarter ended March 31, 2024, the unit has been changed to millions of yen. To ensure comparability, comparative information have been also restated to millions of yen.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

For the three months ended March 31, 2024, the Group sold shares of Skymark (shares held by Fund II Series and shares held by the Group as principal investment) and shares of JRC (shares held by Fund III Series). Fund II Series consists of Integral 2 Limited Partnership and Integral Fund II(A) L.P., and Fund III Series consists of Integral 3 Limited Partnership and Innovation Alpha L.P..

Changes in fair value of investee companies are as follows.

The fair value of listed investees decreased as a result of declining stock prices. The fair value of unlisted investees increased mainly due to the improvement in the performance and financial condition of the investees and the improvement in financial figures of comparable listed companies and other indicators referred in valuation process. The overall fair value of the portfolio companies increased compared to the same period of the previous year.

Operating expenses increased year-on-year due mainly to an increase in personnel expenses resulting from an increase in the number of employees, an occurrence of commission fee to a placement agent (an advisor who introduce overseas LP investors, cultivate relationships with investors, etc.) for the fundraising of Fund V Series, and an increase in taxes and public dues. Fund V Series consists of Integral 5 Limited Partnership, Innovation Alpha V L.P., Initiative Delta V L.P. and Infinity Gamma V L.P..

As a result of the above, Revenue for the three months ended March 31, 2024 was ¥5,008 million (up 344.6% year-on-year), Operating income was ¥3,659 million (up 655.6% year-on-year), Profit before income taxes was ¥3,643 million (up 685.5% year-on-year), and Profit for the period was ¥2,521 million (up 689.7% year-on-year).

### (2) Explanation of Financial Position

#### a. Analysis of financial position

Assets, liabilities and equity at the end of the first quarter ended March 31, 2024 were as follows:

#### (Assets)

Total assets increased by ¥4,381 million from the end of the previous fiscal year to ¥60,678 million. Total current assets increased by ¥31 million to ¥19,260 million, mainly due to a ¥1,784 million increase in Trade and other receivables and a ¥47 million increase in Other current assets, despite a ¥1,790 million decrease in Cash and cash equivalents. Non-current assets increased by ¥4,350 million to ¥41,417 million, mainly due to a ¥423 million increase in Investment portfolio, a ¥1,720 million increase in Investment in subsidiaries measured at fair value, and a ¥2,256 million increase in Loans.

#### (Liabilities)

Total liabilities increased by ¥1,847 million from the end of the previous fiscal year to ¥18,280 million. Current liabilities decreased by ¥1,036 million to ¥6,482 million, mainly due to a ¥1,405 million decrease in Income tax payable, while Advances received increased by ¥324 million. Non-current liabilities increased ¥2,884 million to ¥11,797 million, mainly due to a ¥1,866 million increase in Loans and a ¥1,053 million increase in Deferred tax liabilities.

#### (Equity)

Total equity increased by ¥2,533 million from the end of the previous fiscal year to ¥42,398 million, mainly due to a ¥2,521 million increase in Retained earnings by the record in Profit for the period attributable to owners of the parent.

#### b. Cash flows

Cash flows for the three months ended March 31, 2024 were as follows:

#### (Cash flows from operating activities)

Cash flows used by operating activities for the three months ended March 31, 2024 was a ¥3,632 million (¥1,464 million used in the same period of the previous year). This was mainly due to an increase of ¥1,784 million in Trade and other receivables, an increase of ¥2,256 million in Loans, and an increase in Investment in subsidiaries measured at fair value of ¥1,720 million, while Profit before income taxes of ¥3,632 million was recorded.

#### (Cash flows from investing activities)

There were no Cash flows from investing activities for the three months ended March 31, 2024 (There were no Cash flows from investing activities in the same period of the previous year).

(Cash flows from financing activities)

Cash flows provided from financing activities for the three months ended March 31, 2024 was ¥1,841 million (¥1,424 million provided in the same period of the previous year). This was mainly due to proceeds from Loans of ¥2,255 million while repayment of Loans of ¥390 million occurred.

As a result, Cash and cash equivalents decreased by ¥1,790 million, and Cash and cash equivalents at the end of the period was ¥17,132 million (¥18,922 million at the end of the previous fiscal year).

(3) Explanation of Information on Future Forecasts Including Consolidated Earnings Forecast

Private equity investments, the Group's business, are significantly affected by market conditions such as the stock market and interest rates, as well as by opportunities to invest and dispose of investments.

In addition, Gain/(Loss) on fair value movements of investees calculated in accordance with International Financial Reporting Standards (IFRS) as adopted by the Group are highly dependent on estimates.

Therefore, it is difficult to make reasonable earnings forecasts, and we do not make any business forecasts.

However, for the convenience of investors and shareholders, instead of earnings forecasts, we disclose the recurring profit/loss forecasts as reference information. The recurring profit/loss forecasts for the fiscal year ending December 31, 2024 (January 1, 2024 to December 31, 2024) are as follows.

(Reference information)

(Unit: million yen, %)

	Year ended December 31, 2023 (Actual)	Three-month period ended March 31, 2024 (Actual)	Year ending December 31, 2024 (Forecast) *1	
				Percentage change from the previous year
Fund management fees	3,755	886	4,320	15.0%
Management support fees	197	59	241	22.5%
Recurring expenses (A-B)	2,936	758	3,543	20.7%
Operating expenses (A)	3,087	1,349	5,091	64.9%
One-time expenses (B)	151	590	1,548	924.5%

【Assumptions for Recurring Profit/Loss Forecast for the year ending December 31, 2024 (Consolidated)】

1. Outlook for the Group as a whole

We are an independent private equity management company that invest in both listed and unlisted companies in Japan. We seek to provide investors with superior returns by investing at appropriate valuations in mid-cap Japanese companies with potential for earnings growth.

Our company name “Integral” originates from “integral calculus - accumulation among relations over time”, meaning that we strive to establish a relationship of deep trust and accumulation of the highest wisdom. As a result of this accumulation, we aim to contribute to the realization of Japanese-style business improvement as “Trusted Investor”, which is our corporate mission.

Our Group has established a business model with diversified earning opportunities utilizing our principal capital. The Company's subsidiaries, affiliates, and investees are managed as an investment portfolio, and under this structure, the Group earns fund management fees, management support fees, and carried interest. In this situation, we aim to continuously increase the rate of earnings growth by expanding assets under management (“AUM”) over the medium to long term by increasing the value of equity of investees, to maximize the carried interest received through the realization of investment income, and to continuously grow the fair value (“FV”) of principal investments.

It is difficult to reasonably forecast future AUM, realization of investment income, and FV of principal investments, so we do not forecast these results. These actual figures are as follows.

[Reference for actual results]

(Unit: 100 million yen)

	As of and for the year ended December 31, 2022	As of and for the year ended December 31, 2023	As of and for the three-month period ended March 31, 2024
AUM *1	2,464	2,185	2,179
Fee-Earning AUM *2	1,940	1,835	1,798
FV of principal investments	284	327	347
Acquisition value of principal investments *3	76	82	71
FV of fund investments	1,790	2,244	2,463
Unrealized carried interest *4			
Fund II Series *5	64	20	17
Fund III Series	74	146	153
Fund IV Series *6	-	54	80

- Note: \*1 AUM is calculated based on capital commitment amounts for funds for which the investment period has not ended or for funds without a defined investment period, and based on the fair value of the remaining investments for funds for which the investment period has ended. AUM includes only the funds for which we receive management fee, and excludes funds in which co-investors make investments for specific investees. The investment period is the period during which the partnership agreement allows the Group to make new investments, which is approximately 5 years after the start of the fund.
- \*2 Fee Earning AUM consist of the balance of managed assets that are used as the basis in calculating fund management fees. It is calculated based on capital commitment amounts for funds for which the investment period has not ended or for funds without a defined investment period, and based on the investment acquisition cost of the remaining investments for funds for which the investment period has ended.
- \*3 The acquisition value of principal investments is calculated based on (i) the acquisition cost of shares and bonds based on IFRS and (ii) the amount calculated by subtracting the amounts distributed as investment return from the amount of invested capital.
- \*4 Unrealized carried interest is the amount of carried interest that is expected to be received assuming that the relevant funds were terminated and liquidated as of the relevant date and at the estimated fair value of their investments Unrealized carried interest is calculated as 20% of the sum of (i) the accumulated distribution amounts as of the end of the fiscal year, (ii) gain or loss from fair market valuation of the portfolio and (iii) net assets, less (iv) the amount of investments to be made. Unrealized carried interest shown in the table above consists of the prospective amount that we expect to receive from the unrealized carried interest calculated in accordance with the aforementioned formula, less the GP investments by our directors and employees.
- \*5 The unrealized carried interest of Fund II Series decreased due to the realization of carried interest and the Group's receipt of ¥3.2 billion in the year ended December 31, 2023 and ¥0.5 billion for the three months ended March 31, 2024.
- \*6 Fund IV Series consists of Integral 4 Limited Partnership, Innovation Alpha IV L.P. and Initiative Delta IV L.P.

## 2. Fund management fees

Fund management fees are recognized as revenue with the passage of time, as the Group, in principle, provides investment management services to the funds over the duration of the funds in accordance with the partnership agreement with the funds that the Group manages. In accordance with the partnership agreement, Fund management fees is calculated in principal based on (i) the amount of capital commitments of the fund currently in the investment period and (ii) the investment balance of the fund after the end of the investment period. The total amount of capital commitment of Fund IV Series, which are currently in the investment period, is ¥123.8 billion.

3. **Carried interest**  
Under our existing fund agreements, as a general partner, we are entitled to distribution referred to as “carried interest” based on the fund’s performance. We record the amount that is up to 20% of cumulative gains on capital invested less the amount that has already been recorded and that will highly probable not to be subject to claw-back as carried interest, when it is certain that the funds will make distributions in excess of the hurdle rate of 8% of the deployment capital set forth in the partnership agreement and that we will be able to receive carried interest.
4. **Management support fees**  
After making an investment, the Company dispatches our employees to the investees and supports its management to realize investees’ short to mid strategic goals. Management support fees are paid to us in accordance with the management support agreement and are recognized as revenue over the contract period with the passage of time.
5. **Operating expenses**  
The Group’s operating expenses consist primarily of personnel expenses, commissions expenses, depreciation (including depreciation of right-of-use assets).
6. **One-time expenses**  
The Group’s one-time expenses are the cost that are not expected to be incurred on an ongoing basis, such as costs with regard to the listing or fund-raising activities. In the year ended December 31, 2024, the commission fee to a placement agent (an advisor who introduce overseas LP investors, cultivate relationships with investors, etc.) for the fundraising of Fund V Series is included, thus the one-time expenses increased from the previous year.



**2. Condensed Quarterly Consolidated Financial Statements and Primary Notes**

(1) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss

For the Three-month period ended March 31, 2024

(Unit: million yen)

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2024
Realized profits/(losses) on the disposal of investments	-	-
Fair value movements on investment portfolio	805	524
Fair value movements on subsidiaries measured at fair value	(691)	3,034
Dividends	19	3
Interest income from investment portfolio	2	-
Gross investment return	136	3,562
Fund management fees	938	886
Carried interest	-	501
Management support fees	50	59
Other operating income	2	0
Revenue	1,126	5,008
Operating expenses	(642)	(1,349)
Operating income (loss)	484	3,659
Finance income	0	17
Finance costs	(20)	(33)
Profit (loss) before income taxes	463	3,643
Income taxes	(144)	(1,121)
Profit (loss) for the period	319	2,521
Profit (loss) for the period attributable to:		
Owners of the parent	319	2,521
Profit (loss) for the period	319	2,521
Earnings per share	Yen	Yen
Basic earnings (loss) per share	11.73	76.06
Diluted earnings (loss) per share	10.88	71.10

Condensed Quarterly Consolidated Statement of Comprehensive Income  
 For the Three-month period ended March 31, 2024

	(Unit: million yen)	
	Three-month period ended March 31, 2023	Three-month period ended March 31, 2024
Profit (loss) for the period	319	2,521
Comprehensive income for the period	319	2,521
Comprehensive income for the period attributable to:		
Owners of the parent	319	2,521
Comprehensive income for the period	319	2,521

(2) Condensed Quarterly Consolidated Statement of Financial Position  
As of March 31, 2024

(Unit: million yen)

	December 31, 2023	March 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	18,922	17,132
Trade and other receivables	206	1,990
Income taxes receivable	0	3
Loans	35	35
Other current financial assets	15	1
Other current assets	49	97
Total current assets	19,229	19,260
Non-current assets:		
Investments:	36,404	38,549
Investment portfolio	8,468	8,892
Investments in subsidiaries measured at fair value	27,936	29,657
Property, plant and equipment	208	199
Right-of-use assets	255	218
Intangible assets	3	3
Loans	-	2,256
Other non-current financial assets	194	190
Other non-current assets	0	-
Total non-current assets	37,066	41,417
Total assets	56,296	60,678

(Unit: million yen)

	December 31, 2023	March 31, 2024
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Current liabilities:		
Trade and other payables	781	795
Income taxes payable	1,477	71
Consumption taxes payable	36	60
Advances received	615	939
Loans	780	780
Loans from subsidiaries measured at fair value	3,500	3,500
Lease liabilities	141	141
Provision for bonuses	66	94
Other current liabilities	119	100
Total current liabilities	7,519	6,482
Non-current liabilities:		
Loans	759	2,625
Lease liabilities	35	-
Asset retirement obligations	114	114
Deferred tax liabilities	8,003	9,056
Total non-current liabilities	8,912	11,797
Total liabilities	16,432	18,280
<b>Equity</b>		
Share capital	7,634	7,634
Capital surplus	6,371	6,383
Retained earnings	25,866	28,388
Share acquisition rights	0	0
Treasury stock	(9)	(9)
Equity attributable to owners of parent	39,864	42,398
Total equity	39,864	42,398
Total liabilities and equity	56,296	60,678

(3) Condensed Quarterly Consolidated Statement of Changes in Equity  
For the Three-month period ended March 31, 2023

(Unit: million yen)

	Share capital	Capital surplus	Retained earnings	Share acquisition rights	Treasury stock	Equity attributable to owners of parent	Total equity
Balance as of January 1, 2023	1,077	43	18,292	1	(9)	19,405	19,405
Profit (loss) for the period	-	-	319	-	-	319	319
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	319	-	-	319	319
Share-based payment transactions	-	-	-	0	-	0	0
Exercise of share acquisition rights	-	0	-	(0)	-	-	-
Disposal of treasury stock	-	-	-	-	0	0	0
Total transactions with owners	-	0	-	0	0	0	0
Balance as of March 31, 2023	1,077	43	18,611	1	(9)	19,725	19,725

For the Three-month period ended March 31, 2024

(Unit: million yen)

	Share capital	Capital surplus	Retained earnings	Share acquisition rights	Treasury stock	Equity attributable to owners of parent	Total equity
Balance as of January 1, 2024	7,634	6,371	25,866	0	(9)	39,864	39,864
Profit (loss) for the period	-	-	2,521	-	-	2,521	2,521
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,521	-	-	2,521	2,521
Share-based payment transactions	-	-	-	0	-	0	0
Exercise of share acquisition rights	-	0	-	(0)	-	-	-
Disposal of treasury stock	-	11	-	-	0	11	11
Total transactions with owners	-	11	-	(0)	0	11	11
Balance as of March 31, 2024	7,634	6,383	28,388	0	(9)	42,398	42,398

(4) Condensed Quarterly Consolidated Statement of Cash Flow  
For the Three-month period ended March 31, 2024

	(Unit: million yen)	
	Three-month period ended March 31, 2023	Three-month period ended March 31, 2024
<b>Cash flows from operating activities:</b>		
Profit (loss) before income taxes	463	3,643
Depreciation and amortization	46	46
Share-based payment expenses	0	0
Interest and dividend income	(22)	(20)
Interest expenses	20	33
Increase (decrease) in provisions	76	27
Decrease (increase) in trade and other receivables	(52)	(1,784)
Decrease (increase) in investment portfolio	(535)	(423)
Decrease (increase) in investments in subsidiaries measured at fair value	753	(1,720)
Decrease (increase) in loans	(1,670)	(2,256)
Decrease (increase) in other financial assets	(11)	17
Decrease (increase) in other assets	(21)	(30)
Increase (decrease) in trade and other payables	(319)	30
Increase (decrease) in consumption taxes payable	(10)	23
Increase (decrease) in advances received	(72)	324
Increase (decrease) in other liabilities	(0)	(19)
Subtotal	(1,355)	(2,108)
Interest and dividends received	21	4
Interest paid	(65)	(49)
Income taxes paid	(64)	(1,477)
Cash flows from operating activities	(1,464)	(3,632)
<b>Cash flows from investing activities:</b>		
Cash flows from investing activities	-	-
<b>Cash flows from financing activities:</b>		
Proceeds from loans from subsidiaries measured at fair value	1,850	-
Proceeds from loans	-	2,255
Repayments of loans	(390)	(390)
Repayments of lease liabilities	(35)	(35)
Proceeds from sale of treasury stock	0	11
Cash flows from financing activities	1,424	1,841
Increase (decrease) in cash and cash equivalents	(39)	(1,790)
Cash and cash equivalents at the beginning of the period	2,309	18,922
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the period	2,270	17,132

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going concern assumptions)

Not applicable.

(Segment information)

The description is omitted because the Group engages in a single operating segment of the equity investment business.