

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (J-GAAP)

October 31, 2019

Listed Company Name: IR Japan Holdings, Ltd.
 Securities Code: 6035
 Listing: Tokyo Stock Exchange URL: <https://www.irjapan.jp/>
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 Scheduled Date to Submit Quarterly Securities Report: November 14, 2019
 Scheduled Date to Start Dividend Payment: December 2, 2019
 Preparation of Results Briefing Materials: Yes
 Holding of Financial Results Briefing: Yes (for institutional investors and analysts)

(Amounts of less than one million yen have been truncated)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(1) Consolidated Operating Results

(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 September 30, 2019	3,398	32.7	1,474	70.8	1,471	67.2	1,009	68.4
Six months ended September 30, 2018	2,560	13.2	863	7.9	879	9.8	599	10.9

Note: Comprehensive income Six months ended September 30, 2019: 1,010 million yen (68.2%)
 Six months ended September 30, 2018: 600 million yen (10.5%)

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Six months ended September 30, 2019	56.66	—
Six months ended September 30, 2018	33.66	—

Note: The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2018.

Profit per share figures have been calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	5,868	4,522	77.1
As of March 31, 2019	5,051	4,008	79.4

Reference: Shareholders' equity As of September 30, 2019: 4,522 million yen
 As of March 31, 2019: 4,008 million yen

2. Dividends

	Full-year dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal year ended March 31, 2019	Yen —	Yen 15.00	Yen —	Yen 23.00	Yen 38.00
Fiscal year ending March 31, 2020	—	25.00			
Fiscal year ending March 31, 2020 (Forecast)			—	30.00	55.00

Note: Revision of dividends forecast since last announcement: Yes

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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	6,500	34.6	2,600	81.3	2,600	79.6	1,750	79.1	98.24

Note: Revision of consolidated results forecast since last announcement: Yes

Notes:

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of special accounting treatments in preparing quarterly consolidated financial statements: Yes
Note: For details, please refer to “2. Consolidated Financial Statements and Primary Notes (4) Notes Relating to the Consolidated Financial Statements” on page 15 of the attachment.
- (3) Change in accounting policies, accounting estimates, and retrospective restatements
 - 1) Change in accounting policies in accordance with revision of accounting standards: None
 - 2) Change in accounting policies other than item 1) above: None
 - 3) Change in accounting estimates: None
 - 4) Retrospective restatements: None
- (4) Number of shares issued (common stock)
 - 1) Number of shares issued at the end of the period (including treasury shares)

As of September 30, 2019	17,833,810 shares
As of March 31, 2019	17,825,310 shares
 - 2) Number of treasury shares at the end of the period

As of September 30, 2019	30,767 shares
As of March 31, 2019	817 shares
 - 3) Average number of shares during the period

April – September 2019	17,825,206 shares
April – September 2018	17,815,110 shares

Note: The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2018.

The number of shares issued at the end of the period, the number of treasury shares at the end of the period and the average number of shares during the period have been calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

The quarterly review procedure by a certified public accountant or an auditing firm does not apply to these Consolidated Financial Results.

Explanation regarding appropriate use of results forecast and additional notes

Forward-looking statements, including the results forecast, contained in this document are based on information available to the Group and on certain assumptions deemed to be reasonable as of the date of release of this document. Actual business results may differ substantially due to a number of factors. For conditions prerequisite to the results forecast, and the points to be noted in the use thereof, please refer to “1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2019 (4) Forward-looking Statements Including Consolidated Results Forecast” on page 8 of the attachment.

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Note: The Company will hold a briefing for investors, as indicated below. Materials distributed at this briefing are set to be posted on the Company's website immediately after the briefing.

Financial results briefing for institutional investors and analysts: Tuesday, November 19, 2019

1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2019

(1) Operating Results

1) General overview

During the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019), activists, seen as a symbol of our times, accelerated investments in and proposals to Japanese companies, in response to the expansion of global ESG (Environment, Social and Governance) investments. In this backdrop, there is dissatisfaction toward Japanese companies, including their pace of growth, internal reserves and, ultimately, low TSR^{*1}. Corporate governance, which constitutes their core, also faced strong winds of change, with the consent of overseas and domestic institutional shareholders (who together have reached shareholding ratios capable of taking control of the Japanese companies), engaged in the rigorous exercise of their voting rights in adherence to the Stewardship Code. Meanwhile, companies are finding it increasingly difficult to maneuver stable shareholders as they had done so in the past through mutual holding of shares. This is due to compliance with the revised Corporate Governance Code, forcing the Japanese companies to seriously address the issue of equity (voting rights), which is a shareholder's lawful right. Such movements have, at the same time, become factors for accelerating M&As among domestic companies. The domestic M&A market is about to enter a new stage, in which listed companies engage in hostile TOBs and acquire control over other companies through hostile proxy fights, once considered taboo in Japan.

Our SR advisory's greatest strength is voting-rights engagements with over 6,000 institutional shareholders worldwide that continuously invest in Japanese companies. In addition to that, the Company has been rapidly increasing the number of entrustments by clustering its proxy advisory (proxy fights), which claims an outstanding track record of wins, and its financial advisory (finance and M&As), which is deployed with Japan's largest and cutting-edge group of experts in activist responses. This arrangement provides unparalleled equity consulting proposals to the senior management of listed companies that are the Company's clients, contributing to improvements in their corporate value.

During the six months ended September 30, 2019, net sales increased 32.7% year on year, to ¥3,398 million, operating profit increased 70.8% year on year, to ¥1,474 million, ordinary profit increased 67.2% year on year, to ¥1,471 million and profit attributable to owners of parent increased 68.4% year on year, to ¥1,009 million, all achieving record highs. EBITDA increased 59.1% year on year, to ¥1,588 million. Although net sales in the second quarter of the fiscal year ending March 31, 2020 also achieved a record high, its growth rate was moderate due to a limited number of projects concluding during these three months, which coincided with the end of the peak season for shareholders meetings in June. Currently, the number of ongoing entrustment projects that would conclude by the end of this fiscal year and new entrustment projects are continuing to grow significantly.

^{*1}TSR: Total Shareholder Return (An indicator of total shareholder return that combines capital gains and dividends)

(Millions of yen)

	Six months ended September 30, 2019 (April to September 2019)			Six months ended September 30, 2018 (April to September 2018)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	3,398	837	32.7	2,560	13.2
Operating profit	1,474	610	70.8	863	7.9
Ordinary profit	1,471	591	67.2	879	9.8
Profit attributable to owners of parent	1,009	410	68.4	599	10.9
(Reference) EBITDA ^{*2}	1,588	590	59.1	998	9.2

^{*2}EBITDA: Ordinary Profit + Interest Expenses + Depreciation

2) Net sales by type of service

The Group is engaged in the consulting business specializing in IR/SR activities, which constitutes a single business segment. An overview of net sales by service type is as follows.

(Millions of yen)

Service	Six months ended September 30, 2019 (April to September 2019)			Six months ended September 30, 2018 (April to September 2018)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	2,965	87.3	41.4	2,097	14.2
Disclosure Consulting sales	343	10.1	-6.9	368	14.2
Databases and Other sales	89	2.6	-5.0	94	-7.4
Total net sales	3,398	100.0	32.7	2,560	13.2

IR/SR Consulting

IR/SR Consulting is the Group's core lineup of services, including shareholder identification surveys, proxy voting simulation, corporate governance advisory, proxy advisory (PA: comprehensive strategy planning for shareholder meetings), the investment banking business (FA: financial advisory and M&A advisory), and the stock transfer agency business.

During the period under review, net sales from IR/SR Consulting increased 41.4% year on year, to ¥2,965 million. Our core SR Consulting services related to voting rights to listed companies that are our existing clients also steadily grew. Another increase was seen in the number of entrustments for newly developed services that deal with various capital risks, due to utilizing huge data accumulated through our SR services and to progress in our financial advisory services. Additionally, the number of entrustments of large-scale projects to respond to activists and to acquire control rose considerably, while revenue was recorded for certain projects that were completed during this period. Furthermore, the number of entrustments by new clients is also increasing steadily, and by providing higher-quality consulting services, we have been steadily raising the average unit price of our entrustments, including those from our existing clients.

Of special note is a rapid increase in the number of entrustments for large-scale PA/FA projects. The growth is a result of proactively combining our proxy advisory (PA) and financial advisory (FA) in response to a dramatic rise in the recognition of the Company's track record in activist responses, proxy fights, M&As, etc. At the same time, there has been an increase in the number of clients who understand the appropriateness of our stance of consistently being on the issuing company's side, which is our greatest strength of being independent, against the backdrop of growing attention to our unparalleled consulting advisory services utilizing cutting-edge AI. Specifically, these services include responses to activists who aim to pass shareholder proposals by fully utilizing collective engagement, an overhaul of capital policies/portfolios, quantitative analysis of the acquisition of treasury shares/dividend policies, MBOs (delisting), capital and business alliances, M&As (both defensive and offensive: conducting a TOB as an FA of an operating company; acquiring control through a proxy fight as a PA of an operating company), etc. We concluded contracts with various clients, which will contribute to revenues in the fiscal year under review. The Fair M&A Guidelines announced by the Ministry of Economy, Trade and Industry in June this year also emphasizes the growing significance of conflict-of-interest problems in M&As and minority shareholder protection, as well as the perspective of MOM (Majority of Minority). Amid a heightened interest in the roles of independent FAs, business opportunities for the Company's FA services are expected to increase exponentially. Furthermore, with regard to placement-agent services, for which we have been licensed by the Financial Services Agency, we are steadily increasing the projects in the pipeline, including capital and business alliances relating to M&As and flexible financing.

In governance consulting, the number of entrustments for services that evaluate the effectiveness of boards of directors has increased, in conjunction with greater demands, mainly by institutional shareholders to utilize third-party organizations in evaluating the effectiveness of boards of directors, as well as ensuring fairness in evaluating the adequacy of boards of directors as a measure against activists. Additionally, the number of entrustments for outside director referral services has steadily increased, backed by a trend to demand a higher ratio of outside directors on boards of directors.

In the stock transfer agency business, as of October 31, 2019, entrustments with 80 companies have been completed, and the number of shareholders under administration reached 361,586 (compared with entrustments concluded with 76 companies and 333,382 shareholders under administration in the same period of the previous fiscal year). The importance of shareholder information of stock transfer agency

organizations which are on the front line of shareholders and its flexible response capability to shareholders has been growing from the standpoint of corporate defense against activists and hostile takeovers. The Company intends to deploy a strategic approach, unlike conventional stock transfer agency organizations, as an organization with expertise in corporate defense, as it leverages its acquired knowledge of shareholder voting rights in critical situations such as ownership battles.

With regard to the system that controls inward direct investments to Japan (foreign capital regulations), the cabinet decided on October 18 to amend the Foreign Exchange and Foreign Trade Act (Foreign Exchange Act), imposing tighter controls on investments by foreign capital in Japanese companies operating in strategically sensitive industries in terms of national security. Discussions are proceeding toward enacting this legislation in fiscal year 2020. According to media coverage, the threshold of foreign investments requiring advance examination, which is currently 10% or more, will be lowered to 1% or more. The election of directors and the content of business transfers are also expected to come under advance examination. The impact of this new regulation is being closely watched, especially among the institutional shareholders. An October 24 statement by the Asian Corporate Governance Association (ACGA), an organization to which the major institutional shareholders worldwide with investment records in Japanese stock belong, remarked on how detrimental the proposed amendment would be to the Japanese capital markets and corporate governance. While certain activists may be affected by this regulation going forward, the Company also intends to pay careful attention to its enactment and application, both from the perspective of the development of Japan's capital markets and improvement to governance.

Disclosure Consulting

Disclosure Consulting consists of IR tool consulting services (support for the planning and creation of various disclosure documents required for IR activities, including annual reports, integrated reports and shareholder newsletters) and legal documentation services (the creation of a variety of disclosure documents in English and the translation of such documents from Japanese to English in connection with business reorganization and M&As).

Sales from Disclosure Consulting for the period under review decreased 6.9% from the same period of the previous fiscal year, to ¥343 million. The decrease was a result of revenue from certain projects including integrated reports being recorded in and after the third quarter, despite the increase in entrustments for consulting services relating to ESG disclosures, in response to the rising interest in ESG by the fund providers and institutional investors.

Databases and Other

Databases and Other provides web-based IR support services via IR-Pro, a comprehensive support system for corporate IR activities that provides information on shareholdings revealed through reports on the possession of large volume and publicly offered domestic and overseas investment trusts, and the Analyst Network, which allows listed companies to accept reservations for IR explanatory meetings and manage attendee information in a single step. IR Japan also operates the *Kabunushi-Hiroba*, a survey system for individual investors.

Sales from Databases and Other for the period under review decreased 5.0% from the same period of the previous fiscal year, to ¥89 million.

3) Seasonal fluctuations

The Group's quarterly net sales tend to be concentrated in the first quarter because of the nature of the core business, IR/SR Consulting services. These services are usually in great demand around June, when Japanese companies organize shareholder meetings. Recently, however, opportunities for recording net sales are also tending to increase in the third and fourth quarters, and the customary seasonal fluctuations are tending toward flattening out, thanks to large-scale service demand distributed evenly throughout the year, as well as to the investment banking business and the stock transfer agency business, both of which are non-seasonal operations.

(2) Financial Position

1) Assets

Total assets of the Group as of September 30, 2019 increased ¥817 million from the end of the previous fiscal year, to ¥5,868 million, due primarily to an increase in cash and deposits of ¥954 million.

2) Liabilities

Total liabilities of the Group as of September 30, 2019 increased ¥303 million from the end of the previous fiscal year, to ¥1,346 million, due primarily to an increase in income taxes payable of ¥285 million.

3) Net assets

Net assets of the Group as of September 30, 2019 increased ¥514 million from the end of the previous fiscal year, to ¥4,522 million, due primarily to an increase in retained earnings of ¥1,009 million from profit, a decrease from purchase of treasury shares of ¥109 million and a decrease in retained earnings of ¥409 million as a result of payment of dividends.

(3) Overview of Cash Flows

Cash and cash equivalents of the Group during the six months ended September 30, 2019 increased ¥954 million from the end of the previous fiscal year, to ¥3,680 million. Cash flows during the period under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥1,583 million (¥966 million in the same period of the previous fiscal year).

Major sources of cash inflow were profit before income taxes of ¥1,470 million, depreciation of ¥116 million and decrease (increase) in trade receivables of ¥252 million, while major source of cash outflow was income taxes paid of ¥341 million.

Cash flows from investing activities

Net cash used in investing activities was ¥109 million (¥91 million in the same period of the previous fiscal year).

Major sources of cash outflow were purchase of property, plant and equipment of ¥12 million and purchase of intangible assets of ¥97 million.

Cash flows from financing activities

Net cash used in financing activities was ¥519 million (¥312 million in the same period of the previous fiscal year).

Major sources of cash outflow were dividends paid of ¥410 million and purchase of treasury shares of ¥109 million.

(4) Forward-looking Statements Including Consolidated Results Forecast

1) Forecast for the fiscal year ending March 31, 2020

Forecast for consolidated operating results for the fiscal year ending March 31, 2020
(as of October 31, 2019)

(Millions of yen)

	Forecast Year ending March 31, 2020			Previous forecast Year ending March 31, 2020 (As of August 2, 2019)		Actual Year ended March 31, 2019	
	Amount	Amount change (YoY)	Percentage change (YoY)	Amount	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	6,500	1,672	34.6	6,000	24.3	4,827	16.8
Operating profit	2,600	1,165	81.3	2,150	49.9	1,434	24.0
Ordinary profit	2,600	1,152	79.6	2,150	48.5	1,447	25.1
Profit attributable to owners of parent	1,750	773	79.1	1,450	48.4	976	18.9

The forecast for the fiscal year ending March 31, 2020 is based on reasonable grounds for calculation as of October 31, 2019.

On August 2, 2019, the Company disclosed upward revisions of its results forecast for the fiscal year ending March 31, 2020. However, as a steady increase in sales of IR/SR consulting is expected due to the progress of operations since then, and given factors including the conclusion of agreements for large-scale entrustments of services related to proxy fight and response to activists, the Company has announced upward revisions from the previous forecast and has increased net sales by ¥500 million to ¥6,500 million; operating profit and ordinary profit by ¥450 million to ¥2,600 million, respectively; and profit attributable to owners of parent by ¥300 million to ¥1,750 million in its full-year results forecast. Profitability is expected to further improve as sales increase with the completion of investments in business foundation improvements including offices, systems, and AI. The Company will continue to make more proactive investments into human resources.

2) Basic Policy Concerning the Distribution of Profits and Dividend Distributions for the Fiscal Year Ending March 31, 2020

The Company makes it a basic policy to distribute profits to its shareholders in line with its business results, while maintaining its financial strength by securing sufficient internal reserves to carry out sound business operations. The Company's Articles of Incorporation stipulate that a decision on the distribution of surplus and other matters as specified in each item of Paragraph 1, Article 459, of the Companies Act can be made by a resolution of the Board of Directors, unless otherwise specified by laws and regulations, while a decision on year-end dividends is to be made at the General Meeting of Shareholders. The Company's Articles of Incorporation also stipulate that an interim dividend can be provided with the date of record being September 30 of each year.

Moreover, the Company would like to appropriate the internal reserves for strategic investments for the reinforcement of existing businesses and for future growth business areas to increase its corporate value.

For the fiscal year ending March 31, 2020, the Company had initially been scheduled to pay ¥20 per share as an interim dividend and ¥25 per share as a year-end dividend for a full-year dividend of ¥45 per share. However, given the upward revision of the full-year results forecast, the Company has resolved to increase its interim dividend by ¥5 to ¥25 per share. The year-end dividend is also scheduled to be increased by ¥5 to ¥30 per share. Accordingly, the full-year dividend including the interim dividend is scheduled to be ¥55 per share, an increase of ¥17 from the previous fiscal year.

	Fiscal year ending March 31, 2020 (Forecast)	Fiscal year ending March 31, 2020 (Initial forecast)	Fiscal year ended March 31, 2019
Dividend per share	55 yen	45 yen	38 yen
Interim dividend	25 yen	20 yen	15 yen
Year-end dividend	30 yen	25 yen	23 yen
Dividend payout ratio	56.0%	55.3%	69.3%

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	2,761,534	3,715,920
Notes and accounts receivable—trade	710,261	457,993
Work in process	11,571	38,687
Other	113,900	205,455
Allowance for doubtful accounts	(1,927)	(1,246)
Total current assets	3,595,339	4,416,809
Non-current assets		
Property, plant and equipment	354,269	339,267
Intangible assets		
Software	414,928	376,402
Other	11,345	69,846
Total intangible assets	426,273	446,248
Investments and other assets		
Other	748,151	740,000
Allowance for doubtful accounts	(73,799)	(73,799)
Total investments and other assets	674,351	666,200
Total non-current assets	1,454,895	1,451,716
Deferred assets		
Organization expenses	979	391
Total deferred assets	979	391
Total assets	5,051,214	5,868,918
Liabilities		
Current liabilities		
Accounts payable—trade	23,732	54,906
Short-term borrowings	200,000	200,000
Accounts payable—other	77,626	94,036
Income taxes payable	194,541	479,657
Provision for bonuses	85,777	106,091
Provision for bonuses for directors (and other officers)	7,500	—
Other	395,383	353,164
Total current liabilities	984,561	1,287,857
Non-current liabilities		
Long-term accounts payable—other	50,710	50,710
Retirement benefit liability	7,706	8,010
Total non-current liabilities	58,416	58,721
Total liabilities	1,042,978	1,346,578

	(Thousands of yen)	
	As of March 31, 2019	As of September 30, 2019
Net assets		
Shareholders' equity		
Share capital	818,292	830,001
Capital surplus	506,400	518,109
Retained earnings	2,683,909	3,283,855
Treasury shares	(691)	(110,166)
Total shareholders' equity	4,007,911	4,521,799
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	325	540
Total accumulated other comprehensive income	325	540
Total net assets	4,008,236	4,522,339
Total liabilities and net assets	5,051,214	5,868,918

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
For the Six Months Ended September 30, 2019

	(Thousands of yen)	
	Six Months of FY2018 (from April 1, 2018 to September 30, 2018)	Six Months of FY2019 (from April 1, 2019 to September 30, 2019)
Net sales	2,560,943	3,398,746
Cost of sales	581,935	710,464
Gross profit	1,979,008	2,688,282
Selling, general and administrative expenses	1,115,882	1,214,190
Operating profit	863,125	1,474,092
Non-operating income		
Interest income	5	7
Dividend income	170	197
Late penalties received	17,927	—
Gain on forfeiture of unclaimed dividends	386	151
Other	142	90
Total non-operating income	18,632	446
Non-operating expenses		
Interest expenses	540	618
Loss on sales of notes receivable—trade	11	32
Foreign exchange losses	694	224
Amortization of organization expenses	587	587
Loss on investments in investment partnerships	—	1,346
Commission for purchase of treasury shares	—	351
Total non-operating expenses	1,834	3,161
Ordinary profit	879,923	1,471,377
Extraordinary losses		
Loss on valuation of investment securities	—	409
Total extraordinary losses	—	409
Profit before income taxes	879,923	1,470,967
Total income taxes	280,343	461,058
Profit	599,580	1,009,909
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	599,580	1,009,909

Consolidated Statements of Comprehensive Income
For the Six Months Ended September 30, 2019

(Thousands of yen)

	Six Months of FY2018 (from April 1, 2018 to September 30, 2018)	Six Months of FY2019 (from April 1, 2019 to September 30, 2019)
Profit	599,580	1,009,909
Other comprehensive income		
Valuation difference on available-for-sale securities	997	214
Total other comprehensive income	997	214
Comprehensive income	600,578	1,010,123
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	600,578	1,010,123
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six Months of FY2018 (from April 1, 2018 to September 30, 2018)	Six Months of FY2019 (from April 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	879,923	1,470,967
Depreciation	118,223	116,780
Share-based remuneration expenses	8,632	11,384
Loss (gain) on valuation of investment securities	—	409
Loss (gain) on investments in investment partnerships	—	1,346
Increase (decrease) in allowance for doubtful accounts	(800)	(681)
Increase (decrease) in provision for bonuses	(1,730)	20,314
Increase (decrease) in provision for bonuses for directors (and other officers)	(9,600)	(7,500)
Increase (decrease) in retirement benefit liability	1,162	304
Foreign exchange losses (gains)	95	295
Interest income	(5)	(7)
Dividend income	(170)	(197)
Interest expenses	540	618
Decrease (increase) in trade receivables	266,947	252,268
Increase (decrease) in trade payables	4,879	31,174
Increase (decrease) in accounts payable—other	(4,116)	4,128
Other, net	30,167	23,991
Subtotal	1,294,149	1,925,599
Interest and dividends received	177	206
Interest paid	(459)	(591)
Income taxes paid	(326,989)	(341,563)
Net cash provided by (used in) operating activities	966,878	1,583,650
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,064)	(12,160)
Purchase of intangible assets	(50,881)	(97,311)
Payments of leasehold and guarantee deposits	(1,224)	—
Purchase of investment securities	(35,000)	—
Net cash provided by (used in) investing activities	(91,170)	(109,472)
Cash flows from financing activities		
Dividends paid	(312,352)	(410,022)
Purchase of treasury shares	(371)	(109,474)
Net cash provided by (used in) financing activities	(312,723)	(519,497)
Effect of exchange rate change on cash and cash equivalents	(294)	(295)
Net increase (decrease) in cash and cash equivalents	562,688	954,385
Cash and cash equivalents at beginning of period	2,293,254	2,726,534
Cash and cash equivalents at end of period	2,855,943	3,680,920

(4) Notes Relating to the Consolidated Financial Statements

Notes Relating to the Going Concern Assumption

None applicable

Notes Regarding Significant Changes in the Amount of Shareholders' Equity

None applicable

Application of Special Accounting Treatments in Preparing Consolidated Financial Statements

The Company reasonably estimates an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year in which the second quarter of the fiscal year ending March 31, 2020 is included, and calculates tax expenses by multiplying quarterly profit before income taxes by the estimated effective tax rate.

Segment Information and Others

This is not applicable as the Group engages in consulting business specializing in IR/SR activities, which constitutes a single business segment.