

# Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (J-GAAP)

October 30, 2020

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 13, 2020  
 Scheduled Date to Start Dividend Payment: December 1, 2020  
 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, 2020 (from April 1, 2020 to September 30, 2020)

### (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, 2020	4,102	20.7	2,035	38.1	2,030	38.0	1,380	36.7
Six months ended September 30, 2019	3,398	32.7	1,474	70.8	1,471	67.2	1,009	68.4

Note: Comprehensive income Six months ended September 30, 2020: 1,379 million yen (36.6 %)  
 Six months ended September 30, 2019: 1,010 million yen (68.2 %)

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Six months ended September 30, 2020	77.74	—
Six months ended September 30, 2019	56.66	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	7,406	5,843	78.9
As of March 31, 2020	7,712	5,212	67.6

Reference: Shareholders' equity As of September 30, 2020: 5,843 million yen  
 As of March 31, 2020: 5,212 million yen

## 2. Dividends

	Full-year dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	Yen —	Yen 25.00	Yen —	Yen 45.00	Yen 70.00
Fiscal year ending March 31, 2021	—	35.00			
Fiscal year ending March 31, 2021 (Forecast)			—	50.00	85.00

Note: Revision of dividends forecast since last announcement: Yes

For the revision of dividends forecast, see the “Announcement of Revision of Results Forecast and Dividend Forecast (Dividend Increase),” announced today (October 30, 2020).

## 3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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	9,700	26.3	4,700	29.6	4,690	29.9	3,150	28.8	177.36

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

For the revision of consolidated results forecast, see the “Announcement of Revision of Results Forecast and Dividend Forecast (Dividend Increase),” announced today (October 30, 2020).

Notes:

(1) Changes in significant subsidiaries during the period: 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 17 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, 2020 17,838,310 shares
  - As of March 31, 2020 17,833,810 shares
- 2) Number of treasury shares at the end of the period
  - As of September 30, 2020 76,083 shares
  - As of March 31, 2020 76,083 shares
- 3) Average number of shares during the period
  - April – September 2020 17,759,694 shares
  - April – September 2019 17,825,206 shares

The quarterly review procedure by a certified public accountant or an auditing firm does not apply to this Summary of 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 Company 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, 2020 (4) Forward-looking Statements Including Consolidated Results Forecast” on page 10 of the attachment.

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Note: The Company held a briefing for investors (online meeting), 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: Thursday, November 19, 2020

# 1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2020

## (1) Operating Results

### 1) General overview

(Millions of yen)

	Six months ended September 30, 2020 (April to September 2020)			Six months ended September 30, 2019 (April to September 2019)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	4,102	703	20.7	3,398	32.7
Operating profit	2,035	561	38.1	1,474	70.8
Ordinary profit	2,030	559	38.0	1,471	67.2
Profit attributable to owners of parent	1,380	370	36.7	1,009	68.4
(Reference) EBITDA	2,144	555	35.0	1,588	59.1

Note: EBITDA: Ordinary Profit + Interest Expenses + Depreciation

During the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020), net sales increased 20.7% year on year, to ¥4,102 million, operating profit increased 38.1% year on year, to ¥2,035 million, ordinary profit increased 38.0% year on year, to ¥2,030 million, profit attributable to owners of parent increased 36.7% year on year, to ¥1,380 million, and EBITDA increased 35.0% year on year, to ¥2,144 million, all figures achieving record highs. During the six months ended September 30, 2020, the advisory companies on the exercise of voting rights and foreign and domestic institutional shareholders seemed to be overtaken by an atmosphere of exemption from responsibilities brought on by the coronavirus outbreak, and the trend for stricter criteria for exercising voting rights at the general shareholders' meetings of listed companies seemed to relax temporarily. Additionally, an ostensible calm prevailed, although beneath the surface the activists and strategic buyers (business companies) were waging even more heated ownership battles than before. As for the Company, owing to the success of shifting our front office from remote working back to working at offices with thorough infection prevention measures, the number of large-scale project entrustments in the core services of SR Consulting and PA<sup>\*1</sup> and FA<sup>\*2</sup> significantly exceeded the levels of the same period of the previous fiscal year, and continued record highs in sales and profits were reported. The results for the six months ended September 30, 2020 fell short of the forecast for net sales and profit disclosed in the first quarter. This was mainly due to a portion of major projects being completed in and after the third quarter. Reflecting this tendency to relax the exercise of voting rights as a result of the coronavirus outbreak, listed companies are currently not feeling the urgency to deal with SR (responses to institutional shareholders). However, at next year's shareholders' meetings, this current mood of viewing the coronavirus outbreak as a special event will have dissipated, and the criteria for exercising voting rights are expected to become even more stringent amid rapidly growing concerns over ESG. Additionally, ownership battles being thoroughly prepared beneath the surface by activists and strategic buyers are also expected to come into full swing. Our unparalleled equity consulting base, which has successfully evolved from IR/SR to investment banking, will accelerate its efforts to increase its number of entrustments by keeping in mind the likelihood of the normalization of the coronavirus outbreak and promoting optimal organizational responses thereto.

<sup>\*1</sup> PA services: Proxy Advisory services (Proxy fight services, in which the Company boasts an overwhelmingly successful track record)

<sup>\*2</sup> FA services: Financial Advisory services (Responses to activists, hostile TOBs, advanced MBOs, and M&As, to which Japan's largest and most cutting-edge group of experts is deployed)

(a) Number of contracts of large-scale projects (amounting to ¥50 million or more) and sales amount (forecast)

(i) Year on year comparison (Figures announced for the second quarter)

(Millions of yen)

	First half		Second half		Full year	
	Actual		As of the announcement dates for the second quarter		As of the announcement dates for the second quarter	
	Number of Projects	Amount	Number of Projects	Amount	Number of Projects	Amount
Fiscal year ending March 31, 2021 (Announced on October 30, 2020)	13	1,694	13	1,742	26	3,437
Fiscal year ended March 31, 2020 (Announced on November 7, 2019)	7	702	9	1,058	16	1,759
Change	6	993	4	685	10	1,678

(ii) Comparison with the results of the fiscal year ended March 31, 2020 (Announced on May 15, 2020)

(Millions of yen)

(Millions of yen)

	First half		Second half				Full year	
			As of the announcement dates for the second quarter		From the third quarter onward			
	Number of Projects	Amount	Number of Projects	Amount	Number of Projects	Amount	Number of Projects	Amount
Fiscal year ending March 31, 2021 (Announced on October 30, 2020)	13	1,694	13	1,742	—	—	26	3,437
Fiscal year ended March 31, 2020 (Announced on May 15, 2020)	7	702	9	1,058	7	1,479	23	3,238
Change	6	993	4	685	—	—	3	198

(b) Types, sales amount of large-scale projects (amounting to ¥50 million or more) (forecast)

(i) First half results

(Millions of yen)

Types of project	Fiscal year ending March 31, 2021	Fiscal year ended March 31, 2020	Change
	First half	First half	
PA/FA for ownership battles	826	314	512
PA/FA for activist responses	610	337	272
Company-side FA (MBOs, etc.)	200	—	200
Large-scale SR/PA	58	50	8
Total	1,694	702	993

## (ii) Comparison with the results of the fiscal year ended March 31, 2020

(Millions of yen)

Types of project	Fiscal year ending March 31, 2021	Fiscal year ended March 31, 2020	Change
	As of the announcement date for the second quarter	Actual	
PA/FA for ownership battles	1,187	909	277
PA/FA for activist responses	1,524	1,514	10
Company-side FA (MBOs, etc.)	325	705	-380
Large-scale SR/PA	400	110	290
Total	3,437	3,238	198

There have been rapid and widespread movements recently among the listed companies that are our clients to materialize fundamental corporate or business reorganization, including group restructuring, management integration, disposal of assets, review of capital alliances, dissolution of parent-subsidary listings, business spin-offs, etc. These movements are starting to gain momentum, including actions at hostile levels as well as conventionally conducted amicable actions. This indicates that ownership battles by strategic buyers (domestic and overseas business companies) and major shareholders are becoming established as an essential method in the growth strategies of companies in Japan as well. Furthermore, we have reached the stage at which activists who are the catalysts accelerating this movement have begun making specific proposals to listed companies, as well as executing event-driven strategies including bringing out the ultimate means such as hostile TOBs and holding extraordinary general meetings of shareholders.

In these large-scale M&A advisory services involving business reorganization and ownership battles, ascertaining the feasibility of TOBs and securing voting rights in the proxy fights have become crucial. Our overwhelming track record and know-how in TOBs and proxy fights backed by our unparalleled PA/FA services have been rated highly and the driving force behind the acceleration of our entrustments of large-scale projects. Our AI, which powerfully enhances our unparalleled database and our research structure, has become the source of our competitiveness and raised the bar for competitors who consider entering this market. Utilizing this AI, our related organizations collect and analyze the world's highest level of intelligence 24/7, covering information on the shareholdings, the exercise of voting rights, and TOBs of institutional shareholders and activists around the world, and promptly augment the database with this information. We are also capable of offering advanced solutions by putting in place a flexible team structure across the Company where optimal teams are organized and assigned by each project, headed mainly by the specialists of SR consulting and investment banking.

As a result of these efforts, there was a substantial increase in PA/FA for ownership battles among the large-scale projects completed in the first half, while PA/FA for responding to activists continued to significantly exceed the results of the previous year, backed by our overwhelming track record. Additionally, we continued to receive entrustments of large-scale projects, as our abundant track record in FA services for MBO deals has been attracting widespread attention. While a portion of our large-scale projects will be completed in the second half, the number already contracted to be scheduled for completion by the end of the fiscal year has increased significantly year on year and is currently expected to significantly exceed the amount of the entrustments that had been completed by the previous fiscal year-end. The SR consulting unit and the investment banking unit will increase the number of our entrustments of large-scale projects on both the defensive and offensive sides, by fully utilizing the augmented AI and the database of the research unit and leveraging the sophisticated and cutting-edge FA/PA solutions backed by the Power of Equity® (the power of shareholder voting rights), while continuing to maintain a stance of thoroughly standing by the side of our clients.

## 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, 2020 (April to September 2020)			Six months ended September 30, 2019 (April to September 2019)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	3,791	92.4	27.8	2,965	41.4
Disclosure Consulting	226	5.5	-34.0	343	-6.9
Databases and Other	84	2.1	-5.8	89	-5.0
Total	4,102	100.0	20.7	3,398	32.7

### IR/SR Consulting

IR/SR Consulting is the Group's core lineup of services. These include SR advisory (shareholder identification surveys, proxy voting simulation, corporate governance improvement, evaluation of the effectiveness of boards of directors, ESG-linked improvement of governance, capital policies including shareholder returns, etc.), proxy advisory (PA: comprehensive strategy planning and execution of proxy fights, convocation of and responses to extraordinary general meeting of shareholders, collection and tabulation of proxies, etc.), financial advisory (FA: responses to hostile TOBs, treasury shares TOBs, acceptance simulation of TOBs, placement agents (in capital increases through third-party allotment), comprehensive strategy planning and execution of M&As and MBO, etc.), and the stock transfer agency business. During the period under review, net sales from IR/SR Consulting increased 27.8% year on year, to ¥3,791 million.

During the first half of the year, demand for SR advisory was sluggish due to the impact of a relaxation of criteria for exercising voting rights among foreign and domestic institutional shareholders and the apparent lull in movement by activists. Our PA/FA services, on the other hand, experienced substantial growth as developments such as business reorganization and ownership battles by strategic buyers and major shareholders were active. In the second half of the year, demand for our SR advisory is expected to pick up steam once again, due to an increased number of convocations of extraordinary general meetings of shareholders by the activists and stricter criteria for exercising voting rights in the coming fiscal year. ESG-related consulting needs have also witnessed a rapid increase, and we intend to offer consulting that integrates ESG with our highly competitive SR and focuses on the "E and S" by effectively utilizing the AI database, in addition to our strong point of "G."

In the stock transfer agency business, as of September 30, 2020, entrustments with 72 companies have been completed, and the number of shareholders under administration reached 385,436 (compared with entrustments concluded with 80 companies and 361,586 shareholders under administration in the same period of the previous fiscal year). Currently, there are four companies in Japan including the Company, which are licensed by the Financial Services Agency, the Tokyo Stock Exchange, and all other stock exchanges in Japan to engage in the stock transfer agency business. Of the four, we are the newest stock transfer agency organization, having entered this industry for the first time in 40 years as a new organization. Also, of the four, two were found to have inappropriately counted votes in the exercise of voting rights. We have already disclosed that the Company had no involvement whatsoever in the inappropriate actions recently pointed out. In securing the appropriate exercise of voting rights, which is one of the most important rights of the shareholders, we will share awareness of our responsibilities throughout the Company and continue to take the greatest possible care in executing our duties going forward.

### 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, which depends mainly on single projects, decreased 34.0% from the same period of the previous fiscal year, to ¥226 million for the period under review. The decrease was due to the Company prioritizing the entrustment of projects as part of SR Consulting over single projects in planning and production projects including integrated reports, 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 Stock Watch, which provides information on shareholdings revealed through reports on the possession of large volume and publicly offered domestic and overseas investment trusts, IR-Pro, which is a comprehensive support system for corporate IR activities, 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 5.8% from the same period of the previous fiscal year, to ¥84 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, 2020 decreased ¥306 million from the end of the previous fiscal year, to ¥7,406 million, due primarily to an increase in cash and deposits of ¥209 million and a decrease in notes and accounts receivable—trade of ¥608 million.

### 2) Liabilities

Total liabilities of the Group as of September 30, 2020 decreased ¥938 million from the end of the previous fiscal year, to ¥1,562 million, due primarily to decreases in income taxes payable of ¥487 million and advances received of ¥133 million.

### 3) Net assets

Net assets of the Group as of September 30, 2020 increased ¥631 million from the end of the previous fiscal year, to ¥5,843 million, due primarily to an increase in retained earnings of ¥1,380 million from profit attributable to owners of parent and a decrease in retained earnings of ¥799 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, 2020 increased ¥209 million from the end of the previous fiscal year, to ¥4,987 million. Cash flows during the period under review are as follows.

#### Cash flows from operating activities

Net cash provided by operating activities was ¥1,170 million (¥1,583 million in the same period of the previous fiscal year).

Major sources of cash inflow were profit before income taxes of ¥2,030 million, depreciation of ¥113 million and decrease in trade receivables of ¥608 million, while major sources of cash outflow were income taxes paid of ¥1,120 million and decrease in advances received of ¥133 million.

#### Cash flows from investing activities

Net cash used in investing activities was ¥161 million (¥109 million in the same period of the previous fiscal year).

Major sources of cash outflow were purchase of property, plant and equipment of ¥16 million and purchase of intangible assets of ¥128 million.

#### Cash flows from financing activities

Net cash used in financing activities was ¥798 million (¥519 million in the same period of the previous fiscal year).

Major source of cash outflow was cash dividends paid of ¥798 million.

### (4) Forward-looking Statements Including Consolidated Results Forecast

#### 1) Forecast for consolidated operating results for the fiscal year ending March 31, 2021 (as of October 30, 2020)

	Forecast Year ending March 31, 2021			Previous forecast Year ending March 31, 2021 (As of July 31, 2020)		Actual Year ended March 31, 2020	
	Amount	Amount change (YoY)	Percentage change (YoY)	Amount	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	9,700	2,017	26.3	9,000 to 9,500	17.2 to 23.7	7,682	59.1
Operating profit	4,700	1,073	29.6	—	—	3,626	152.8
Ordinary profit	4,690	1,078	29.9	—	—	3,611	149.5
Profit attributable to owners of parent	3,150	704	28.8	—	—	2,445	150.3

The impact of the new coronavirus infection remained uncertain as of October 30, 2020. However, regarding the consolidated results forecast for the fiscal year ending March 31, 2021, in anticipation of steady growth in the SR services and an increase in large-scale projects entrustments in PA/FA investment banking business, the Company announced its full-year results forecast, and increased net sales by ¥2,017 million year on year to ¥9,700 million; operating profit by ¥1,073 million year on year to ¥4,700 million; ordinary profit by ¥1,078 million year on year to ¥4,690 million; and profit attributable to owners of parent by ¥704 million year on year to ¥3,150 million.

#### 2) Basic policy concerning the distribution of profits and dividend distributions for the fiscal year ending March 31, 2021

The Company makes it a basic policy to distribute profits to its shareholders in line with its business results and aiming for a consolidated dividend payout ratio of around 50%, 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, 2021, the Company had previously been scheduled to pay ¥25 per share as an interim dividend and ¥45 per share as a year-end dividend for a full-year dividend of ¥70 per share. However, given the full-year consolidated results forecast, the Company has resolved to increase its interim dividend by ¥10 to ¥35 per share. The year-end dividend is also scheduled to be increased by ¥5 to ¥50 per share. Accordingly, the full-year dividend including the interim dividend is scheduled to be ¥85 per share, an increase of ¥15 from the previous fiscal year.

In addition, the Company plans to acquire its treasury shares in a timely, appropriate, and flexible manner in accordance with stock price levels.

	Fiscal year ending March 31, 2021 (Forecast)	Fiscal year ending March 31, 2021 (Initial forecast)	Fiscal year ended March 31, 2020
Dividend per share	85 yen	70 yen	70 yen
Interim dividend	35 yen	25 yen	25 yen
Year-end dividend	50 yen	45 yen	45 yen
Dividend payout ratio	47.9%	—	51.0%

## 2. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheets

		(Thousands of yen)
	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	4,812,059	5,022,002
Notes and accounts receivable—trade	1,222,038	613,497
Work in process	59,171	65,707
Other	110,389	141,153
Allowance for doubtful accounts	(2,086)	(1,049)
Total current assets	6,201,573	5,841,311
Non-current assets		
Property, plant and equipment	318,269	307,836
Intangible assets		
Software	423,542	383,837
Other	11,760	112,461
Total intangible assets	435,302	496,299
Investments and other assets		
Other	828,614	832,113
Allowance for doubtful accounts	(71,280)	(71,522)
Total investments and other assets	757,334	760,591
Total non-current assets	1,510,906	1,564,727
Total assets	7,712,480	7,406,038
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	64,962	59,260
Short-term borrowings	200,000	200,000
Accounts payable—other	107,559	100,443
Income taxes payable	1,179,839	691,901
Advances received	261,274	128,235
Provision for bonuses	100,548	129,096
Other	526,852	194,448
Total current liabilities	2,441,036	1,503,384
Non-current liabilities		
Long-term accounts payable—other	50,710	50,710
Retirement benefit liability	8,526	8,063
Total non-current liabilities	59,237	58,774
Total liabilities	2,500,274	1,562,158

	(Thousands of yen)	
	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	830,001	855,673
Capital surplus	518,109	543,781
Retained earnings	4,274,346	4,855,913
Treasury shares	(410,004)	(410,004)
Total shareholders' equity	5,212,452	5,845,363
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(246)	(1,483)
Total accumulated other comprehensive income	(246)	(1,483)
Total net assets	5,212,205	5,843,880
Total liabilities and net assets	7,712,480	7,406,038

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statement of Income  
For the Six Months Ended September 30, 2020

	(Thousands of yen)	
	Six Months of FY2019 (from April 1, 2019 to September 30, 2019)	Six Months of FY2020 (from April 1, 2020 to September 30, 2020)
Net sales	3,398,746	4,102,458
Cost of sales	710,464	605,414
Gross profit	2,688,282	3,497,043
Selling, general and administrative expenses	1,214,190	1,461,281
Operating profit	1,474,092	2,035,762
Non-operating income		
Interest income	7	8
Dividend income	197	210
Gain on forfeiture of unclaimed dividends	151	96
Other	90	499
Total non-operating income	446	815
Non-operating expenses		
Interest expenses	618	611
Loss on sales of notes receivable—trade	32	97
Foreign exchange losses	224	377
Amortization of organization expenses	587	—
Loss on investments in investment partnerships	1,346	4,670
Commission for purchase of treasury shares	351	—
Total non-operating expenses	3,161	5,756
Ordinary profit	1,471,377	2,030,821
Extraordinary losses		
Loss on valuation of investment securities	409	—
Total extraordinary losses	409	—
Profit before income taxes	1,470,967	2,030,821
Income taxes	461,058	650,156
Profit	1,009,909	1,380,664
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,009,909	1,380,664

Consolidated Statement of Comprehensive Income  
For the Six Months Ended September 30, 2020

	(Thousands of yen)	
	Six Months of FY2019 (from April 1, 2019 to September 30, 2019)	Six Months of FY2020 (from April 1, 2020 to September 30, 2020)
Profit	1,009,909	1,380,664
Other comprehensive income		
Valuation difference on available-for-sale securities	214	(1,236)
Total other comprehensive income	214	(1,236)
Comprehensive income	1,010,123	1,379,427
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,010,123	1,379,427
Comprehensive income attributable to non-controlling interests	—	—

## (3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six Months of FY2019 (from April 1, 2019 to September 30, 2019)	Six Months of FY2020 (from April 1, 2020 to September 30, 2020)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,470,967	2,030,821
Depreciation	116,780	113,102
Share-based remuneration expenses	11,384	18,260
Loss (gain) on valuation of investment securities	409	—
Loss (gain) on investments in investment partnerships	1,346	4,670
Increase (decrease) in allowance for doubtful accounts	(681)	(795)
Increase (decrease) in provision for bonuses	20,314	28,547
Increase (decrease) in provision for bonuses for directors (and other officers)	(7,500)	—
Increase (decrease) in retirement benefit liability	304	(463)
Foreign exchange losses (gains)	295	563
Interest income	(7)	(8)
Dividend income	(197)	(210)
Interest expenses	618	611
Decrease (increase) in trade receivables	252,268	608,541
Increase (decrease) in trade payables	31,174	(5,701)
Increase (decrease) in advances received	119,669	(133,039)
Increase (decrease) in accounts payable—other	4,128	(25,431)
Other, net	(95,678)	(347,898)
Subtotal	1,925,599	2,291,571
Interest and dividends received	206	222
Interest paid	(591)	(621)
Income taxes paid	(341,563)	(1,120,938)
Net cash provided by (used in) operating activities	1,583,650	1,170,233
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(12,160)	(16,511)
Purchase of intangible assets	(97,311)	(128,105)
Payments of leasehold and guarantee deposits	—	(16,540)
Net cash provided by (used in) investing activities	(109,472)	(161,156)
<b>Cash flows from financing activities</b>		
Dividends paid	(410,022)	(798,569)
Purchase of treasury shares	(109,474)	—
Net cash provided by (used in) financing activities	(519,497)	(798,569)
Effect of exchange rate change on cash and cash equivalents	(295)	(563)
Net increase (decrease) in cash and cash equivalents	954,385	209,943
Cash and cash equivalents at beginning of period	2,726,534	4,777,059
Cash and cash equivalents at end of period	3,680,920	4,987,002



(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, 2021 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.