

Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (J-GAAP)

May10, 2021

Listed Company Name: IR Japan Holdings, Ltd.
 Securities Code: 6035
 Listing: Tokyo Stock Exchange URL: <https://www.irjapan.jp/>
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 Scheduled Annual General Meeting of Shareholders: June 10, 2021
 Scheduled Date to Start Dividend Payment: June 11, 2021
 Scheduled Date to Submit Securities Report: June 18, 2021
 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 (from April 1, 2020 to March 31, 2021)

(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	%
Year ended March 31, 2021	8,284	7.8	4,080	12.5	4,070	12.7	2,802	14.6
Year ended March 31, 2020	7,682	59.1	3,626	152.8	3,611	149.5	2,445	150.3

Note: Comprehensive income Year ended March 31, 2021: 2,804 million yen (14.7%)
 Year ended March 31, 2020: 2,444 million yen (150.5%)

	Profit per share—basic	Profit per share—diluted	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	157.81	—	47.3	50.5	49.3
Year ended March 31, 2020	137.32	—	53.0	56.6	47.2

Reference: Equity in earnings (losses) of affiliates Year ended March 31, 2021: — million yen
 Year ended March 31, 2020: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	8,410	6,647	79.0	374.22
As of March 31, 2020	7,712	5,212	67.6	293.52

Reference: Shareholders' equity As of March 31, 2021: 6,647 million yen
 As of March 31, 2020: 5,212 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	2,398	(366)	(1,419)	5,388
Year ended March 31, 2020	3,512	(197)	(1,264)	4,777

2. Dividends

	Full-year dividend					Total dividend amount (Annual)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	—	25.00	—	45.00	70.00	1,244	51.0	27.0
Year ended March 31, 2021	—	35.00	—	50.00	85.00	1,509	53.9	25.5
Year ending March 31, 2022 (Forecast)	—	45.00	—	68.00	113.00		49.6	

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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	12,000	44.8	6,000	47.0	5,990	47.1	4,050	44.5	228.00

Notes:

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes
Newly included: one company Company name: Japan Originated Investment Bank
- (2) 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
- (3) Number of shares issued (common stock)
 - 1) Number of shares issued at the end of the period (including treasury shares)

As of March 31, 2021	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 March 31, 2021	76,083 shares
As of March 31, 2020	76,083 shares
 - 3) Average number of shares during the period

Year ended March 31, 2021	17,760,957 shares
Year ended March 31, 2020	17,808,653 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results (from April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	2,717	65.5	2,508	73.5	2,492	74.3	2,318	72.3
Year ended March 31, 2020	1,642	31.6	1,445	36.5	1,430	35.6	1,346	36.5

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Year ended March 31, 2021	130.56	—
Year ended March 31, 2020	75.59	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	4,831	4,315	89.3	242.93
As of March 31, 2020	4,842	3,365	69.5	189.52

Reference: Shareholders' equity As of March 31, 2021: 4,315 million yen
As of March 31, 2020: 3,365 million yen

The auditing procedure by a certified public accountant or an auditing firm does not apply to these 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. Overview of Operating Results, etc. (4) Business Forecast for the Future" on page 9 of the attachment.

Contents of the Attachment

1. Overview of Operating Results, etc.	5
(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2021	5
(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2021	8
(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2021	8
(4) Business Forecast for the Future	9
(5) Basic Policy Concerning the Distribution of Profits and Dividend Distributions for the Fiscal Year Ended March 31, 2021 and the Following Fiscal Year	9
2. Corporate Group	10
3. Basic Approach to the Selection of Accounting Standards	11
4. Consolidated Financial Statements and Primary Notes	12
(1) Consolidated Balance Sheets	12
(2) Consolidated Statements of Income and Comprehensive Income	14
(3) Consolidated Statement of Changes in Equity	16
(4) Consolidated Statement of Cash Flows	18
(5) Notes Relating to the Consolidated Financial Statements	19
Notes Relating to the Going Concern Assumption	19
Significant Matters for the Basis of Preparation of the Consolidated Financial Statements	19
Consolidated Statement of Cash Flows	19
Segment Information	19
Per Share Information	19
5. Other	20
(1) Changes in Directors who are Audit and Supervisory Committee Members	20

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: Monday, May 10, 2021

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2021

1) General overview

(Millions of yen)

	Fiscal 2020 (April 2020 to March 2021)			Fiscal 2019 (April 2019 to March 2020)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	8,284	602	7.8	7,682	59.1
Operating profit	4,080	454	12.5	3,626	152.8
Ordinary profit	4,070	459	12.7	3,611	149.5
Profit attributable to owners of parent	2,802	357	14.6	2,445	150.3
(Reference) EBITDA	4,303	466	12.2	3,837	126.9

Note: EBITDA: Ordinary Profit + Interest Expenses + Depreciation

During the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021), amicable and hostile activities by business companies and activists against listed companies in Japan gained momentum with respect to corporate restructuring and business reorganizations, including proposals made beneath the surface, marking the powerful start of an era of major restructuring in the Japanese economy. The Group maintained the same high level as the previous fiscal year, in terms of the number of equity consulting entrustments, and continued to increase sales and profits, as we deepened and expanded our business base through even more advanced solutions. However, due to the carrying forward of the completion of some large-scale projects that were planned for the second half of the fiscal year under review to the following year, as well as the impact of the lifting of ROE standards application by advisory companies on the exercise of voting rights in the run-up to the general meetings of shareholders due to the coronavirus outbreak, we were unable to achieve a significant increase in net sales, so that sales growth was not quite as dramatic as it could have been. On the other hand, profits continued to increase by double digits, absorbing the increase in labor costs and achieving an improved growth in profit margin on sales, compared to the previous fiscal year.

Against this background, in March of this year, an extraordinary general meetings of shareholders, which was requested by activists at one of Japan's leading listed companies, partially passed some activist proposals. The situation subsequently developed, with the proposed takeover of the company by the fund becoming public knowledge, and it is becoming clear that risks regarding ownership are not a remote concern for any listed company (or Board of Directors) any more. In addition, a revision of the Tokyo Stock Exchange (TSE) market categories based on the market capitalization of tradable shares at the end of June this year is forcing listed companies to decide whether to eliminate cross-shareholdings (non-tradable shares), and a revision of the Corporate Governance Code, a draft of which was published in April, has led to a rapid increase in the need by listed companies for equity consulting since the start of the new fiscal year.

The wholly-owned subsidiaries of the Group, IR Japan, Inc. (a Type I Financial Instruments Business Operator) and Japan Originated Investment Bank, Inc., which was established in February this year, are unparalleled, completely independent financial consulting firms, that are able to work while remaining close to a wide variety of clients from beginning to end with a high level of sensitivity to imminent capital risk, providing sophisticated analysis and solutions, and consistently undertaking the execution of actual corporate and business restructuring (defense/offense). As highly flexible investment banks that are able to undertake such services, we are continuing to receive a large number of equity consulting contracts with our many highly qualified professionals. In addition, from the previous fiscal year to the fiscal year under review, we continued to achieve an overwhelming track record in large-scale projects of PA services^{*1} and FA services^{*2}, including ownership battles such as proxy fights, hostile TOBs, and MBOs, as well as activist responses. With the "Power of Equity^{®*3} (the power of shareholder voting rights)" as our greatest weapon, we will continue to increase the number of entrustments of large-scale projects in the era of major restructuring, by providing practical, fact-oriented solutions that enhance the confidence of cross-border capital markets.

^{*1} PA services: Proxy Advisory services (Proxy fight services, in which the Company boasts an overwhelmingly successful track record)

^{*2} 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)

^{*3} Power of Equity[®]: "Power of Equity" is a registered trademark of our subsidiary, IR Japan, Inc. (No. 6196294).

During the fiscal year ended March 31, 2021, net sales increased 7.8% year on year, to ¥8,284 million, operating profit increased 12.5% year on year, to ¥4,080 million, ordinary profit increased 12.7% year on year, to ¥4,070 million and profit attributable to owners of parent increased 14.6% year on year, to ¥2,802 million, all figures increasing for the sixth consecutive year and achieving record highs. EBITDA increased 12.2% year on year, to ¥4,303 million.

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	Fiscal 2020 (April 2020 to March 2021)			Fiscal 2019 (April 2019 to March 2020)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	7,614	91.9	9.2	6,974	72.1
Disclosure Consulting	475	5.7	-8.9	522	-8.7
Databases and Other	194	2.4	4.9	185	-8.7
Total	8,284	100.0	7.8	7,682	59.1

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, 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 fiscal year under review, net sales from IR/SR Consulting increased 9.2% year on year, to achieve a record high of ¥7,614 million.

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

(Millions of yen)

	1st half		2nd half		Full year	
	Number of Projects	Amount	Number of Projects	Amount	Number of Projects	Amount
Fiscal year ended March 31, 2021	13	1,694	12	1,751	25	3,446
Fiscal year ended March 31, 2020	7	702	16	2,537	23	3,239
Change	6	993	-4	-785	2	207

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

(Millions of yen)

Types of project	Fiscal 2020 (April 2020 to March 2021)	Fiscal 2019 (April 2019 to March 2020)	Change
PA/FA for ownership battles	1,302	910	392
PA/FA for activist responses	1,543	1,514	29
Company-side FA (MBOs, etc.)	485	705	-220
Large-scale SR/PA	114	110	4
Total	3,446	3,239	207

The total number of entrustments of large-scale projects (amounting to ¥50 million or more) for the full year amounted to ¥3,446 million (an increase of 6.4% year on year). Due to postponement of the

completion of several large-scale projects (totaling approximately ¥1,100 million), contracted in the second half of the year and related partially to ownership battles, to April or later, the amount of entrustments in the second half of the year was ¥785 million lower than the amount of entrustments in the second half of the previous year. Work on these postponed projects is progressing steadily, and will be recorded in and after the first quarter of the fiscal year ending March 31, 2022. As the Group has an overwhelmingly strong track record in the era of major restructuring, the demand for PA/FA services for ownership battles and responding to activists is extremely high, and we expect to see a rapid increase in the number of entrustments, particularly on the offensive side. Furthermore, in company-side FA execution services in the final phase of corporate restructuring and business reorganizations, we expect that an increase in the number of entrustments of large-scale projects will be spurred by the newly established Japan Originated Investment Bank, Inc., which will have professional personnel and an organizational structure in place within the first quarter.

The total number of entrustments for the full year for regular projects (of less than ¥50 million) amounted to ¥4,838 million (an increase of 8.9% year on year). While SR advisory services were briefly sluggish due to a relaxation of the criteria for exercising voting rights under the coronavirus outbreak, recent activist victories at extraordinary general meetings of shareholders and takeover bids by private equity funds have led to a rapid rise in tensions, along with an increase in the number of entrustments. In particular, there has been a significant increase in the number of requests for high-level equity consulting services that are unique to the Group, ranging from traditional SR advisory services based on shareholder identification surveys, to services covering corporate and business restructuring (offense/defense), capital policy, B/S management and shareholder returns, etc., and closer relationships with clients are steadily being established, more strongly than ever before. In addition, we have seen a significant increase in the number of entrustments of consulting business in relation to the TSE's revised listing classifications. In April of this year, the Financial Services Agency published a revised draft of the Corporate Governance Code, which will require new standards of conduct for companies seeking to move from the First Section of the TSE to the Prime Market. With an eye toward the market capitalization reference date at the end of June of this year, when the TSE will be reclassified, we expect demand for various consulting services to meet the new standards of conduct in areas such as governance design, shareholder meetings, dialogue with institutional investors, ESG disclosure, and diversity to increase rapidly in the coming years.

In the stock transfer agency business, as of March 31, 2021, entrustments with 72 companies have been completed, and the number of shareholders under administration reached 390,152 (compared with entrustments concluded with 75 companies and 359,285 shareholders under administration in the same period of the previous fiscal year). Unlike conventional stock transfer agency organizations, the Company continuously deploys strategic sales activities from the standpoint of corporate defense against activists and hostile TOBs.

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 8.9% from the previous fiscal year, to ¥475 million for the fiscal year 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 fiscal year under review increased 4.9% from the previous fiscal year, to ¥194 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) Overview of Financial Position for the Fiscal Year Ended March 31, 2021

1) Assets

Total assets of the Group as of March 31, 2021 increased ¥697 million from the end of the previous fiscal year, to ¥8,410 million, due primarily to increases in cash and deposits of ¥610 million and other (intangible assets) of ¥116 million, and a decrease in deferred tax assets of ¥36 million.

2) Liabilities

Total liabilities of the Group as of March 31, 2021 decreased ¥737 million from the end of the previous fiscal year, to ¥1,763 million, due primarily to decreases in income taxes payable of ¥341 million, advances received of ¥156 million, and other (current liabilities) of ¥174 million.

3) Net assets

Net assets of the Group as of March 31, 2021 increased ¥1,434 million from the end of the previous fiscal year, to ¥6,647 million, due primarily to an increase in retained earnings of ¥2,802 million from profit attributable to owners of parent and a decrease in retained earnings of ¥1,420 million as a result of payment of dividends.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2021

Cash and cash equivalents (hereinafter "net cash") of the Group as of March 31, 2021 increased ¥610 million from the end of the previous fiscal year, to ¥5,388 million.

Cash flows from respective activities during the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥2,398 million (¥3,512 million in the previous fiscal year).

Major sources of cash inflow were profit before income taxes of ¥4,060 million and depreciation of ¥231 million, while major source of cash outflow was income taxes paid of ¥1,542 million.

Cash flows from investing activities

Net cash used in investing activities was ¥366 million (¥197 million in the previous fiscal year).

Major sources of cash outflow were purchase of property, plant and equipment of ¥29 million, purchase of intangible assets of ¥290 million, and purchase of investment securities of ¥30 million.

Cash flows from financing activities

Net cash used in financing activities was ¥1,419 million (¥1,264 million in the previous fiscal year).

Major source of cash outflow was cash dividends paid of ¥1,419 million.

(Reference) Cash flow indicators

	As of March 31, 2017	As of March 31, 2018	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021
Equity ratio (%)	82.9	78.1	79.4	67.6	79.0
Equity ratio based on market capitalization (%)	298.3	470.7	640.5	1,335.4	2,823.7
Cash flows/interest-bearing debt ratio (%)	12.1	16.3	14.8	5.7	8.3
Interest coverage ratio (times)	1,542.8	1,318.9	1,217.0	2,927.2	1,965.8

(Note) Equity ratio: shareholders' equity/total assets

Equity ratio based on market capitalization: market capitalization/total assets

Cash flows/interest-bearing debt ratio: interest-bearing debt/cash flows from operating activities

Interest coverage ratio: cash flows from operating activities/interest payment

* Interest-bearing debt represents all of the debt that bears interest of the entire debt recorded in the Balance Sheet.

(4) Business Forecast for the Future

1) Forecast for consolidated operating results for the fiscal year ending March 31, 2022
(as of May 10, 2021)

(Millions of yen)

	Forecast Year ending March 31, 2022			Actual Year ended March 31, 2021	
	Amount	Amount change (YoY)	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	12,000	3,715	44.8	8,284	7.8
Operating profit	6,000	1,919	47.0	4,080	12.5
Ordinary profit	5,990	1,919	47.1	4,070	12.7
Profit attributable to owners of parent	4,050	1,247	44.5	2,802	14.6

Our existing SR advisory unit aims to steadily increase its mainstay shareholder identification survey business and actively expand the number of entrustments of its advanced equity consulting business, including ESG, while our unique investment banking PA/FA unit will flexibly seize business opportunities in the era of major restructuring and increase the number of entrustments of large-scale projects. In addition, the newly established Japan Originated Investment Bank, Inc. will be entrusted with the execution services of the core FA business. As a result, we expect to post net sales of ¥12,000 million (an increase of 44.8% year on year), operating profit of ¥6,000 million (an increase of 47.0% year on year), ordinary profit of ¥5,990 million (an increase of 47.1% year on year), and profit attributable to owners of parent of ¥4,050 million (an increase of 44.5% year on year).

(5) Basic Policy Concerning the Distribution of Profits and Dividend Distributions for the Fiscal Year Ended March 31, 2021 and the Following Fiscal Year

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.

The year-end dividend is ¥50 per share, owing to increases in both net sales and profit for the fiscal year ended March 31, 2021. As a result, the full-year dividend is ¥85 per share, including the interim dividend of ¥35 per share.

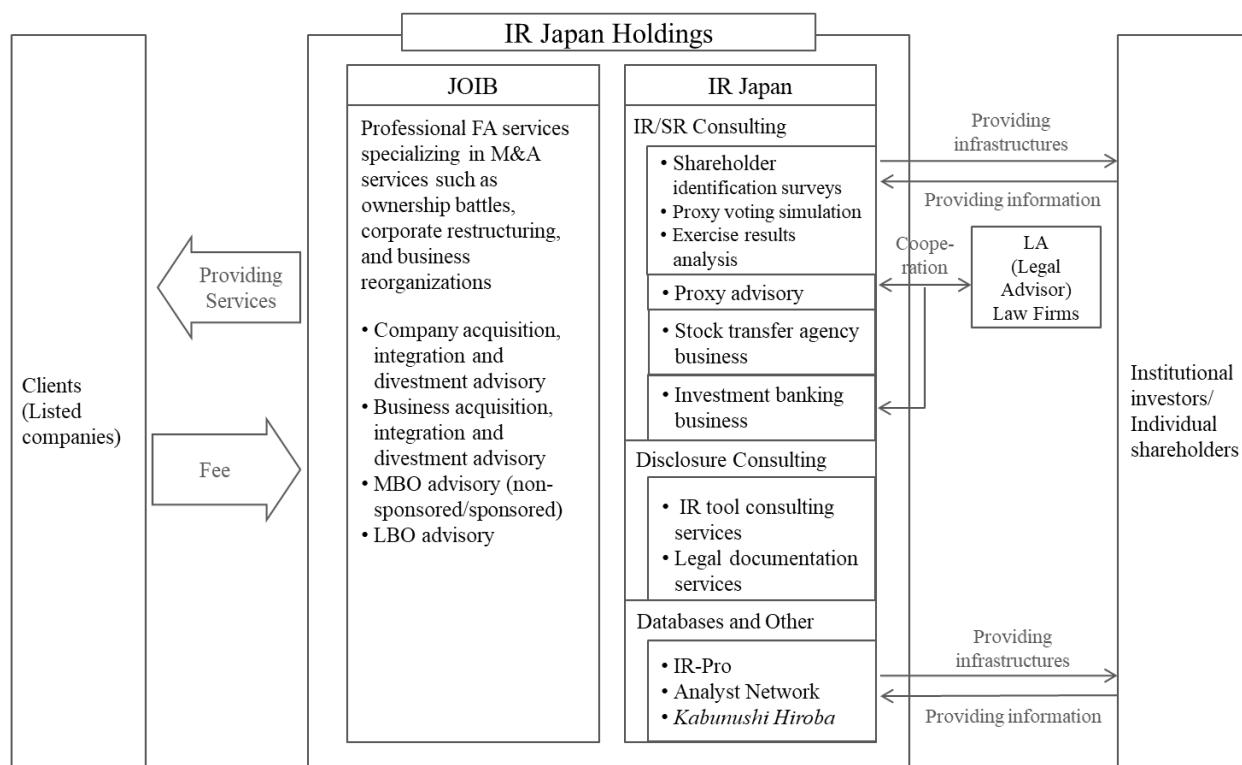
Moreover, the Company would like to appropriate the internal reserves for strategic investments for the reinforcement of existing businesses and for future growth business areas to increase its corporate value.

For the fiscal year ending March 31, 2022, the Company is currently scheduled to pay ¥45 per share as an interim dividend (an increase of ¥10 year on year) and ¥68 per share as a year-end dividend (an increase of ¥18 year on year), for a full-year dividend of ¥113 per share (an increase of ¥28), which represents the seventh consecutive year of dividend increases.

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ending March 31, 2022 (Forecast)
Dividend per share	70 yen	85 yen	113 yen
Interim dividend	25 yen	35 yen	45 yen
Year-end dividend	45 yen	50 yen	68 yen
Dividend payout ratio	51.0%	53.9%	49.6%

2. Corporate Group

The Group consists of the Company and two consolidated subsidiaries (IR Japan, Inc., hereinafter “IR Japan” and Japan Originated Investment Bank, Inc., hereinafter “JOIB”), and is developing businesses. The structure of the Group’s businesses is as follows.



IR Japan engages in consulting business specializing in IR/SR activities, which constitutes a single business segment. IR Japan regards IR (investor relations) activities as the activities of listed companies in relation to general investors, while SR (shareholder relations) activities as the activities of listed companies to strengthen relations with their shareholders.

IR Japan offers IR/SR Consulting, Disclosure Consulting, and Databases and Other services as comprehensive support for the IR/SR activities of listed companies, among others.

In order to provide these services, IR Japan uses its network of institutional investors encompassing fund managers, analysts, and voting-rights agents from 947 domestic companies and 9,158 companies overseas, as well as a network of 56,283 individual shareholders registered with the *Kabunushi-Hiroba*, a web-based questionnaire system (as of March 31, 2021), to collect daily information essential for providing consulting services in Japan and overseas. Furthermore, IR Japan not only collects information but also plays an intermediary role that links listed companies to investors and shareholders by communicating the views and needs of institutional investors and individual shareholders to the listed companies.

Furthermore, IR Japan offers assistance as a PA (proxy advisor) or a FA (financial advisor: investment banks) in cooperation with the LA (legal advisor: law firms) for critical situations such as proxy fights.

The Investment Banking Department launched in January 2014 is fully prepared through the enhancement of its organizational and operational structure, including recruitment of experienced personnel, to provide comprehensive financial solutions to listed companies, including financial advisory services such as those relating to M&As, management integration, and the acquisition of wholly owned subsidiaries, private placement services that support listed companies’ capital increases through third-party allotment, as well as to support unlisted companies to become listed on the TOKYO PRO Market through J-Adviser services.

As the Company anticipates the emergence of an ultra-large M&A market that will emerge in the era of major restructuring in Japan, JOIB was established in February 2021, with the aim of dramatically expanding IR Japan’s investment banking business going forward. As a unique investment bank born in Japan that respects Japanese corporate culture, corporate value, and shareholder value, JOIB mainly provides professional FA services, specializing in M&A services such as ownership battles, corporate restructuring, and business reorganizations, as well as advisory services for company acquisitions (business acquisitions), integration and divestments, and MBO advisory (non-sponsored/sponsored) and LBO advisory services for large-cap to mid- and small-cap companies.

3. Basic Approach to the Selection of Accounting Standards

The Group applies Japanese accounting standards, taking into account the comparability of consolidated financial statements among fiscal periods and among companies. With respect to the application of International Financial Reporting Standards (IFRS) and its application date, etc., the Group will give due consideration to this matter, taking into account our business circumstances both in Japan and overseas.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	4,812,059	5,423,053
Notes and accounts receivable—trade	1,222,038	1,207,215
Work in process	59,171	44,479
Prepaid expenses	97,413	136,042
Other	12,976	13,981
Allowance for doubtful accounts	(2,086)	-
Total current assets	6,201,573	6,824,773
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	294,620	303,041
Accumulated depreciation	(84,897)	(105,521)
Facilities attached to buildings, net	209,722	197,520
Vehicles	20,434	20,434
Accumulated depreciation	(4,366)	(7,779)
Vehicles, net	16,067	12,655
Tools, furniture and fixtures	306,785	329,554
Accumulated depreciation	(214,305)	(240,453)
Tools, furniture and fixtures, net	92,479	89,101
Total property, plant and equipment	318,269	299,276
Intangible assets		
Software	423,542	430,465
Other	11,760	128,476
Total intangible assets	435,302	558,942
Investments and other assets		
Investment securities	175,504	183,707
Leasehold and guarantee deposits	273,979	282,869
Long-term accounts receivable—trade	110,160	99,360
Deferred tax assets	260,270	223,786
Other	8,700	8,700
Allowance for doubtful accounts	(71,280)	(71,280)
Total investments and other assets	757,334	727,143
Total non-current assets	1,510,906	1,585,362
Total assets	7,712,480	8,410,136

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable—trade	64,962	72,979
Short-term borrowings	200,000	200,000
Accounts payable—other	107,559	145,058
Accrued expenses	53,749	36,827
Income taxes payable	1,179,839	838,732
Advances received	261,274	105,128
Deposits received	157,956	57,233
Provision for bonuses	100,548	106,503
Other	315,146	140,996
Total current liabilities	2,441,036	1,703,460
Non-current liabilities		
Long-term accounts payable—other	50,710	50,710
Retirement benefit liability	8,526	8,952
Total non-current liabilities	59,237	59,663
Total liabilities	2,500,274	1,763,123
Net assets		
Shareholders' equity		
Share capital	830,001	855,673
Capital surplus	518,109	543,781
Retained earnings	4,274,346	5,656,377
Treasury shares	(410,004)	(410,004)
Total shareholders' equity	5,212,452	6,645,828
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(246)	1,184
Total accumulated other comprehensive income	(246)	1,184
Total net assets	5,212,205	6,647,012
Total liabilities and net assets	7,712,480	8,410,136

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

	(Thousands of yen)	
	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Net sales	7,682,321	8,284,571
Cost of sales	1,284,014	1,234,899
Gross profit	6,398,307	7,049,671
Selling, general and administrative expenses	2,772,158	2,969,074
Operating profit	3,626,148	4,080,597
Non-operating income		
Interest income	14	14
Dividend income	197	210
Foreign exchange gains	51	-
Gain on forfeiture of unclaimed dividends	371	161
Penalty income	-	4,125
Dividend income of insurance	666	734
Miscellaneous income	90	674
Total non-operating income	1,390	5,920
Non-operating expenses		
Interest expenses	1,230	1,219
Foreign exchange losses	-	786
Amortization of organization expenses	979	-
Loss on investments in investment partnerships	5,984	13,583
Commission for purchase of treasury shares	7,629	-
Other	42	97
Total non-operating expenses	15,867	15,686
Ordinary profit	3,611,672	4,070,831
Extraordinary losses		
Loss on valuation of investment securities	409	10,000
Total extraordinary losses	409	10,000
Profit before income taxes	3,611,262	4,060,830
Income taxes—current	1,279,630	1,222,171
Income taxes—deferred	(113,843)	35,852
Total income taxes	1,165,786	1,258,023
Profit	2,445,476	2,802,807
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,445,476	2,802,807

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Profit	2,445,476	2,802,807
Other comprehensive income		
Valuation difference on available-for-sale securities	(572)	1,430
Total other comprehensive income	(572)	1,430
Comprehensive income	2,444,904	2,804,237
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,444,904	2,804,237
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity
FY2019 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	818,292	506,400	2,683,909	(691)	4,007,911
Changes in items during period					
Issuance of new shares	11,708	11,708			23,417
Dividends of surplus			(855,039)		(855,039)
Profit attributable to owners of parent			2,445,476		2,445,476
Purchase of treasury shares				(409,312)	(409,312)
Net changes in items other than shareholders' equity					-
Total changes in items during period	11,708	11,708	1,590,436	(409,312)	1,204,541
Balance at end of current period	830,001	518,109	4,274,346	(410,004)	5,212,452

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	325	325	4,008,236
Changes in items during period			
Issuance of new shares			23,417
Dividends of surplus			(855,039)
Profit attributable to owners of parent			2,445,476
Purchase of treasury shares			(409,312)
Net changes in items other than shareholders' equity	(572)	(572)	(572)
Total changes in items during period	(572)	(572)	1,203,969
Balance at end of current period	(246)	(246)	5,212,205

FY2020 (from April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	830,001	518,109	4,274,346	(410,004)	5,212,452
Changes in items during period					
Issuance of new shares	25,672	25,672			51,344
Dividends of surplus			(1,420,775)		(1,420,775)
Profit attributable to owners of parent			2,802,807		2,802,807
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					-
Total changes in items during period	25,672	25,672	1,382,031	-	1,433,376
Balance at end of current period	855,673	543,781	5,656,377	(410,004)	6,645,828

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	(246)	(246)	5,212,205
Changes in items during period			
Issuance of new shares			51,344
Dividends of surplus			(1,420,775)
Profit attributable to owners of parent			2,802,807
Purchase of treasury shares			-
Net changes in items other than shareholders' equity	1,430	1,430	1,430
Total changes in items during period	1,430	1,430	1,434,806
Balance at end of current period	1,184	1,184	6,647,012

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	3,611,262	4,060,830
Depreciation	224,539	231,979
Share-based remuneration expenses	24,157	46,267
Loss (gain) on valuation of investment securities	409	10,000
Loss (gain) on investments in investment partnerships	5,984	13,583
Increase (decrease) in allowance for doubtful accounts	(2,360)	(2,086)
Increase (decrease) in provision for bonuses	4,650	5,954
Increase (decrease) in provision for bonuses for directors (and other officers)	(7,500)	-
Increase (decrease) in retirement benefit liability	820	425
Foreign exchange losses (gains)	55	765
Interest income	(14)	(14)
Dividend income	(197)	(210)
Interest expenses	1,230	1,219
Decrease (increase) in trade receivables	(500,977)	25,623
Increase (decrease) in trade payables	41,230	8,017
Increase (decrease) in advances received	229,118	(156,146)
Increase (decrease) in accounts payable—other	29,715	21,698
Other, net	345,627	(325,825)
Subtotal	4,007,752	3,942,081
Interest and dividends received	211	227
Interest paid	(1,199)	(1,219)
Income taxes paid	(494,272)	(1,542,777)
Net cash provided by (used in) operating activities	3,512,491	2,398,311
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,447)	(29,157)
Purchase of intangible assets	(181,904)	(290,933)
Payments of leasehold and guarantee deposits	-	(16,540)
Purchase of investment securities	-	(30,000)
Net cash provided by (used in) investing activities	(197,351)	(366,630)
Cash flows from financing activities		
Dividends paid	(855,246)	(1,419,921)
Purchase of treasury shares	(409,312)	-
Net cash provided by (used in) financing activities	(1,264,559)	(1,419,921)
Effect of exchange rate change on cash and cash equivalents	(55)	(765)
Net increase (decrease) in cash and cash equivalents	2,050,524	610,994
Cash and cash equivalents at beginning of period	2,726,534	4,777,059
Cash and cash equivalents at end of period	4,777,059	5,388,053

(5) Notes Relating to the Consolidated Financial Statements

Notes Relating to the Going Concern Assumption

None applicable

Significant Matters for the Basis of Preparation of the Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries and names of consolidated subsidiaries

Number of consolidated subsidiaries: 2

Name of consolidated subsidiary: IR Japan, Inc.

Japan Originated Investment Bank, Inc.

2. Fiscal year, etc., of consolidated subsidiaries

The closing date for the fiscal year of the consolidated subsidiary is the same as the consolidated closing date.

3. Application of the consolidated taxation system

The consolidated taxation system has been applied.

4. Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

With regard to items subjected to the transition to the group tax sharing system established under the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8, 2020) and items of the non-consolidated taxation system to be reviewed in conjunction with the transition to the group tax sharing system, the Company and its domestic consolidated subsidiary, pursuant to the treatment in paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020), have not applied the provisions of paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), but applied the provisions of the Income Tax Act before the revision to the amounts of deferred tax assets and deferred tax liabilities.

Consolidated Statement of Cash Flows

*1 Relationship between the balance of cash and cash equivalents at the end of the fiscal year and amount of items posted in the Consolidated Balance Sheet is as follows.

	(Thousands of yen)	
	Previous fiscal year (April 1, 2019 to March 31, 2020)	Current fiscal year (April 1, 2020 to March 31, 2021)
Cash and deposits	4,812,059	5,423,053
Time deposits with a maturity longer than three months	(35,000)	(35,000)
Cash and cash equivalents	4,777,059	5,388,053

Segment Information

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

Per Share Information

	Previous fiscal year (April 1, 2019 to March 31, 2020)	Current fiscal year (April 1, 2020 to March 31, 2021)
Net assets per share	¥293.52	¥374.22
Profit per share—basic	¥137.32	¥157.81

Notes: 1. Profit per share—diluted is not stated as there were no residual shares.

2. The basis for the calculation of profit per share—basic is as follows.

Item	Previous fiscal year (April 1, 2019 to March 31, 2020)	Current fiscal year (April 1, 2020 to March 31, 2021)
Profit attributable to owners of parent (Thousands of yen)	2,445,476	2,802,807
Profit not available to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent related to shares of common stock (Thousands of yen)	2,445,476	2,802,807
Weighted average number of shares of common stock during the fiscal year (Shares)	17,808,653	17,760,957

5. Other

(1) Changes in Directors who are Audit and Supervisory Committee Members

1) New candidate

Director/Audit and Supervisory Committee Member (Outside)

Kimikazu Noumi

Executive Advisor, J-WILL CORPORATION (Current)

Outside Director, Nishimoto Co., Ltd. (Current)

Outside Director, SPARX Group Co., Ltd (Current)

Senior Managing Executive Trustee, The Norinchukin Bank (Former)

Representative Director, Chairman and CEO, Aozora Bank, Ltd. (Former)

Investment Committee Member, Government Pension Investment Fund (Former)

Representative Director, President and CEO, Innovation Network Corporation of Japan (Former)

Outside Director, KONICA MINOLTA, INC. (Former)

2) Retiree

Director/Audit and Supervisory Committee Member (Outside)

Takanobu Yasunaga

*The new candidate will be formally decided at the 7th Annual General Meeting of Shareholders, to be held on June 10, 2021.