

Power of Equity

IR Japan



Financial Results

For the Fiscal Year Ending March 31, 2021 1 Q
(April 1, 2020~ June 30, 2020)

August 21, 2020

IR Japan Holdings, Ltd. (6035)

This presentation is made by IR Japan Holdings, Ltd. (hereinafter, “the Company”) solely for the disclosure of the financial statements, and not published for the purpose of soliciting sales or purchases of securities in Japan, United States, and any other regions. In addition, the Company makes no representation or guarantee of the integrity and accuracy of the presentation which is based on assumption of integrity and accuracy of information from third parties,. Information on this presentation may be amended or deleted without prior notice. Use of the presentation and its contents by any third party without the Company’s prior written consent is strictly forbidden.

Statements in this presentation about future financial results are forward-looking. These statements are based on the assumptions and beliefs of the Company’s management in light of the information currently available. Therefore, the statements are subject to change due to the influence of various risks and uncertainties. Actual financial results may differ greatly from the forecasts which are explicitly and implicitly expressed in these statements. Accordingly, the Company advises against relying on these forward-looking statements. The Company assumes no obligation to revise the forward-looking statements contained herein, whether as a result of new information, future events or other discoveries.

1. Financial Results for the Fiscal Year Ending March 2021 1Q



FY2021 1Q: Financial Highlights

We achieved record high consolidated sales as well as record highs for all measures of profit during the quarter.

	Fiscal Year 2021 Q1 (April 2020—June 2020)			Previous (April 2019—June 2019)
	Amount (Millions of Yen)	Change (Millions of Yen)	Change from Previous Period (%)	Amount (Millions of Yen)
Net Sales	2,379	210	9.7	2,169
Operating Profit	1,345	103	8.3	1,242
Ordinary Profit	1,345	103	8.3	1,241
Profit Attributable to Owners of the Parent Company	913	65	7.8	847
(Reference) EBITDA	1,401	97	7.4	1,304

※EBITDA : Operational Profit + interest paid + depreciation cost

※ EBITDA : 経常利益 + 支払利息 + 減価償却費



FY2021 1Q: Sales by Segment

	Current Quarter (April 2020-June 2020)			Previous (April 2019—June 2019)
	Amount (Millions of Yen)	% of total (%)	Change (%)	Amount (Millions of Yen)
IR・SR Consulting	2,265	95.2	10.7	2,046
Disclosure consulting	73	3.1	▲1.7	75
Database/Other	40	1.7	▲15.6	47



FY2021 1Q: Cost Breakdown

■ SG&A expenses increased as a result of continued investment in personnel.

(¥mln)

Breakdown	Item	Current (April 2020—June 2020)	Previous (April 2019—June 2019)	Change
Variable Costs (Costs of Sales)	Outsourcing	161	144	16
Fixed Costs (SG&A)	Personnel	504	434	70
	Depreciation	55	62	▲6
	Rent	92	92	0
	Other (including database)	217	192	25
Total	COS + SG&A	1,033	927	106



- **We achieved steady progress in winning unique PA/FA projects and while the growth rate is low we achieved record highs in sales and profits.**

<Factors>

- ✓ The risk of increased votes opposing public company's proposals at shareholder meetings did not increase due to domestic and overseas institutional investors temporarily loosening guidelines.
- ✓ Lost opportunities to make agile proposals to customers due to shift to remote work in April and May.

- **Currently, we are not longer seeing the loss of project opportunities. We have successfully changed gears and the rate of growth of sales and profit is recovering.**



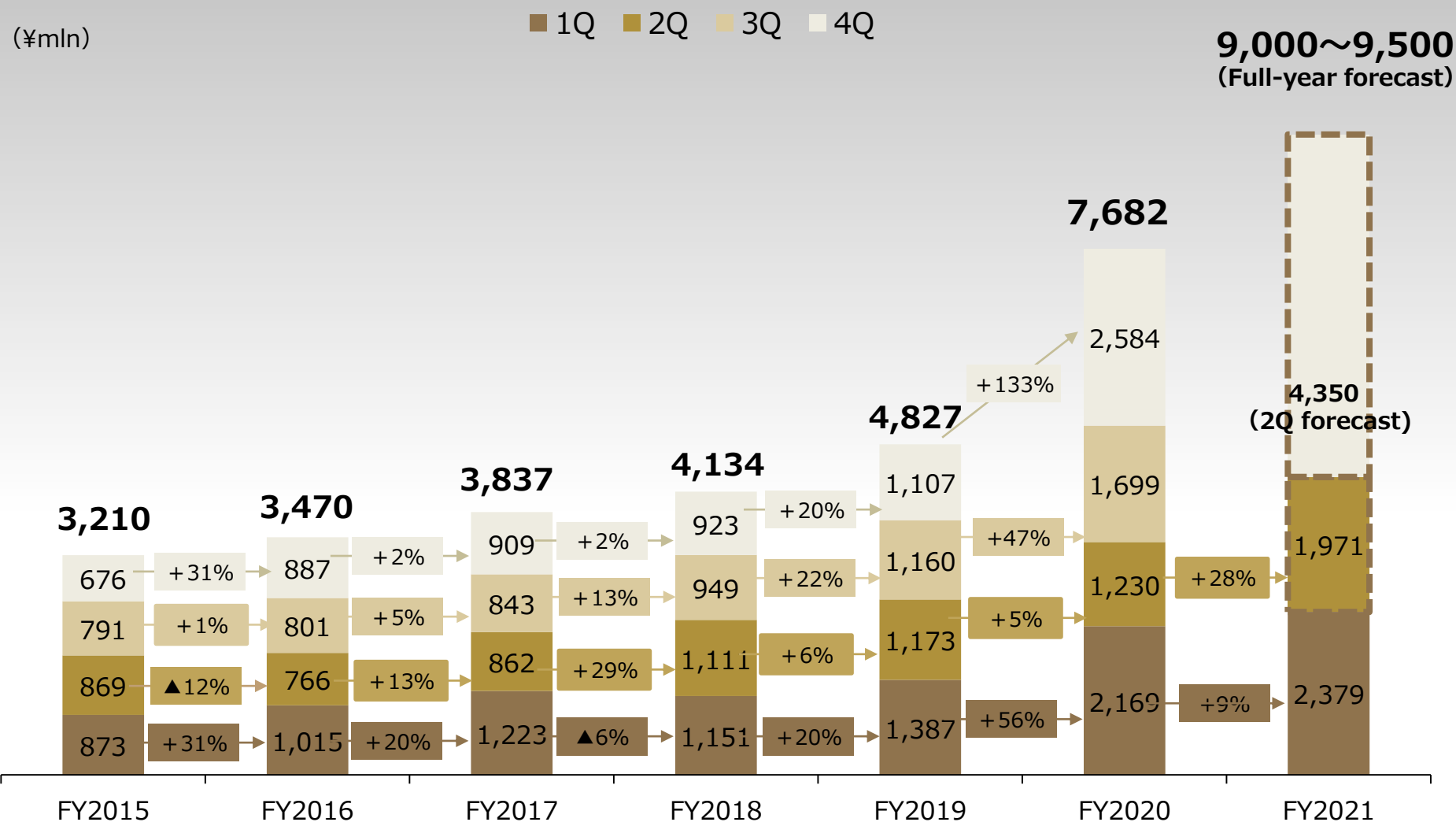
Q2 Revised Earnings Forecast (Announced July 31, 2020)

We have successfully strengthened our front-office systems, and we anticipate that compared to the same period last year, the number of large-scale projects related to PA・FA activist defense and corporate control TOBs will increase by the end of the 2nd quarter. As a result, we have announced a revised forecast for Q2 results.

	Consolidated Q2 Earnings Forecast (April, 2020—September, 2020)			Previous FY (April, 2019—September, 2019)
	Sales (Millions of Yen)	Change (Millions of Yen)	Change (%)	Sales (Millions of Yen)
Sales	4,350	951	28.0	3,398
Operating Profit	2,218	743	50.5	1,474
Ordinary Profit	2,218	746	50.7	1,471
Profit attributable to owners of parent company	1,505	495	49.1	1,009
Net income per share (Yen)	84.78	28.12	49.6	56.66



Trend of Quarterly Sales

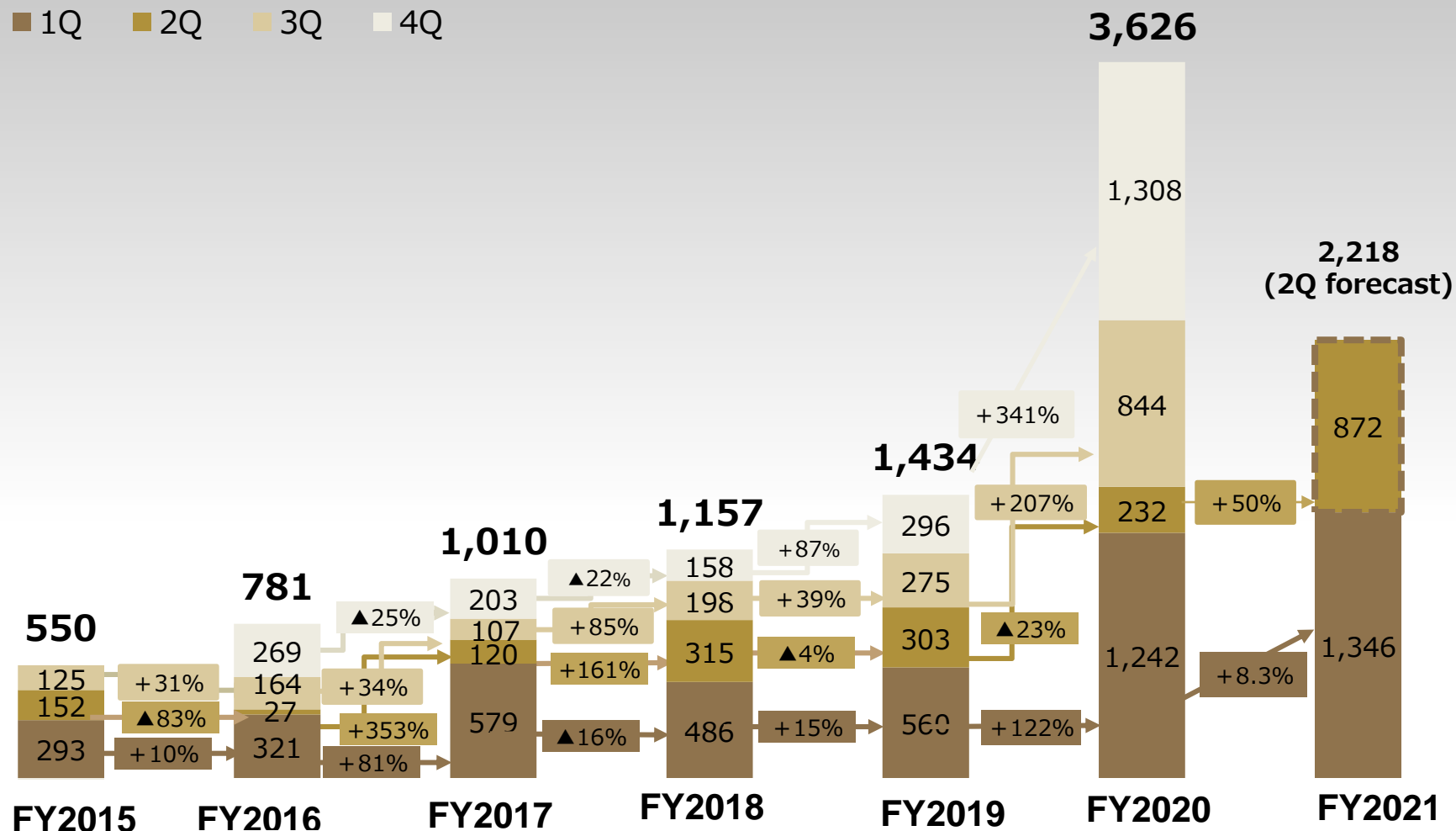




Trend of Quarterly Operating Profit

(¥mln)

■ 1Q ■ 2Q ■ 3Q ■ 4Q





Our Workplace in the Corona Pandemic





Trends in the Number of Large-Scale Projects

*Projects over 50 million yen

Trends in the number of large-scale projects* and sales (estimate)

(¥mln)

	First Half		Second Half		Total	
	Number	Sales	Number	Sales	Number	Sales
FY ended March 2020	7	702	16件	2,537	23	3,239
FY ending March 2021	12	1,482	—	—	—	—
Change	5	780	—	—	—	—

Large-scale Projects by Type and Sales (Forecast)

(¥mln)

Type	Q1 Previous FY (April-September 2019)	Q2 Consolidated (April-September 2020)
P A・F A : related to corporate control	300	764
P A・F A : Activist response strategy	302	610
F A : MBO related	50	50
S R : Other	50	58
Total	702	1,482



Pipeline of Large-Scale Projects In-Progress *

Type of deal	Contracted Firm	Type of Contract	Content
TOB	Listed Firm (Mkt. Cap>¥500b)	FA・PA	TOB
TOB	Listed Firm (Mkt. Cap>¥500b)	FA・PA	Business Strategy, TOB
TOB	Listed Firm (Mkt.Cap>¥500b)	FA・PA	Business Strategy, M&A
TOB	Listed Firm (Mkt. Cap>¥10b)	FA・PA	Hostile TOB
Activist Response	Listed Firm (Mkt. Cap>¥10b)	FA・PA	TOB
Activist Response	Listed Firm (Mkt. Cap>¥500b)	FA・PA	Business Strategy, M&A, Shareholder Return
Activist Response	Listed Firm (Mkt. Cap>¥100b)	PA	Business Strategy, Shareholder Return, TOB
Activist Response	Listed Firm (Mkt. Cap>¥100b)	FA・PA	Business Strategy, Corporate Governance, Shareholder Return
Activist Response	Listed Firm (Mkt. Cap>¥50b)	FA・PA	Business Strategy, Shareholder Return, TOB
Large SR-based support	Listed Firm (Mkt. Cap>¥100b)	FA・PA	Corporate Defense Measures
Large SR-based support	Listed Firm (Mkt. Cap>¥10b)	PA	Poison pill, SR
MBO	Listed Firm (Mkt. Cap>¥10b)	FA	MBO
MBO	Listed Firm (Mkt. Cap>¥10b)	FA	MBO

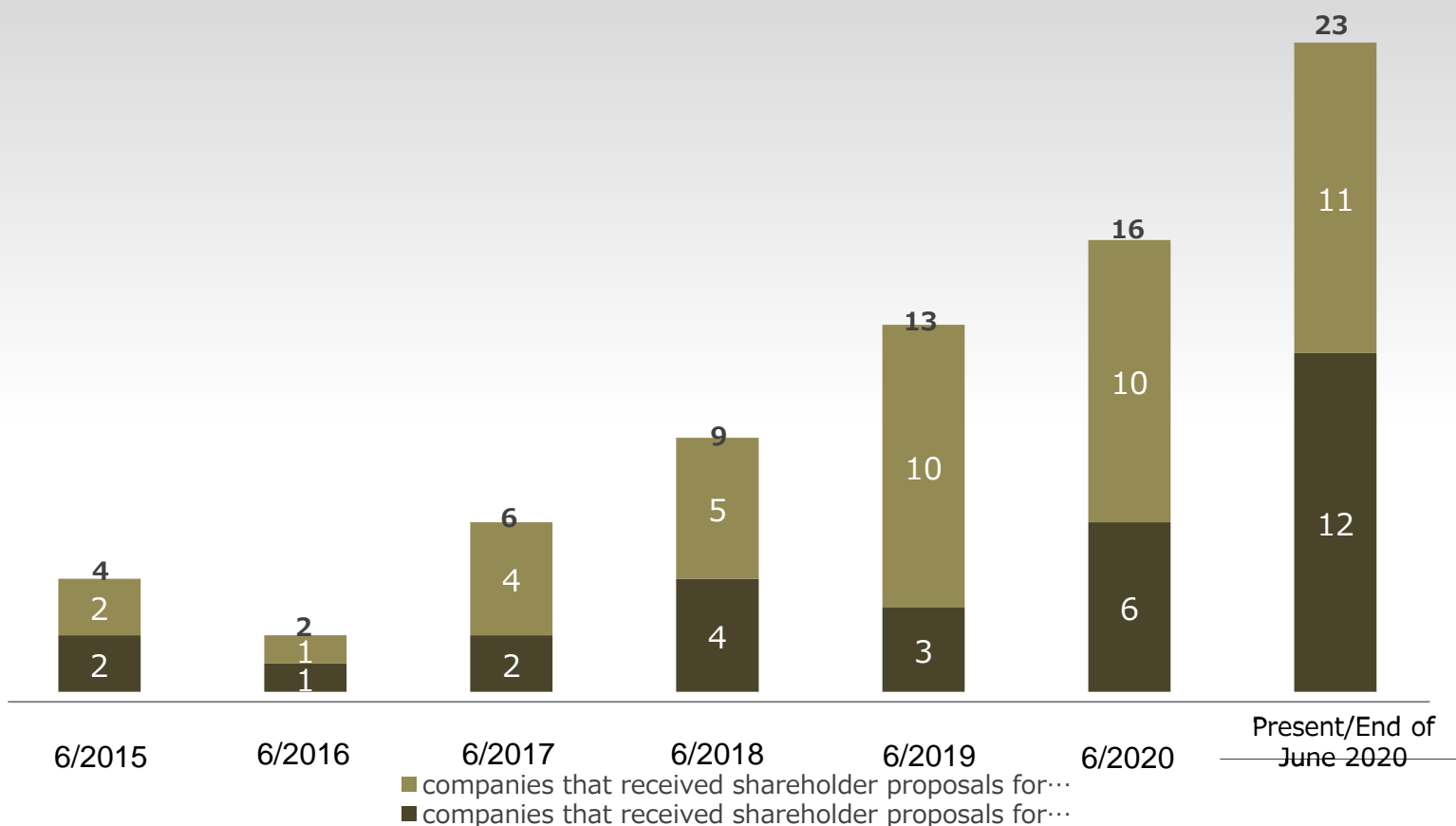
*** The above in-progress large-scale projects are expected to be booked in the fiscal year ending March 2021.**



Activist Campaigns

- In addition to companies that received activist proposals for the first time, the number of companies that have received proposals from the same activists consecutively for two years has risen.

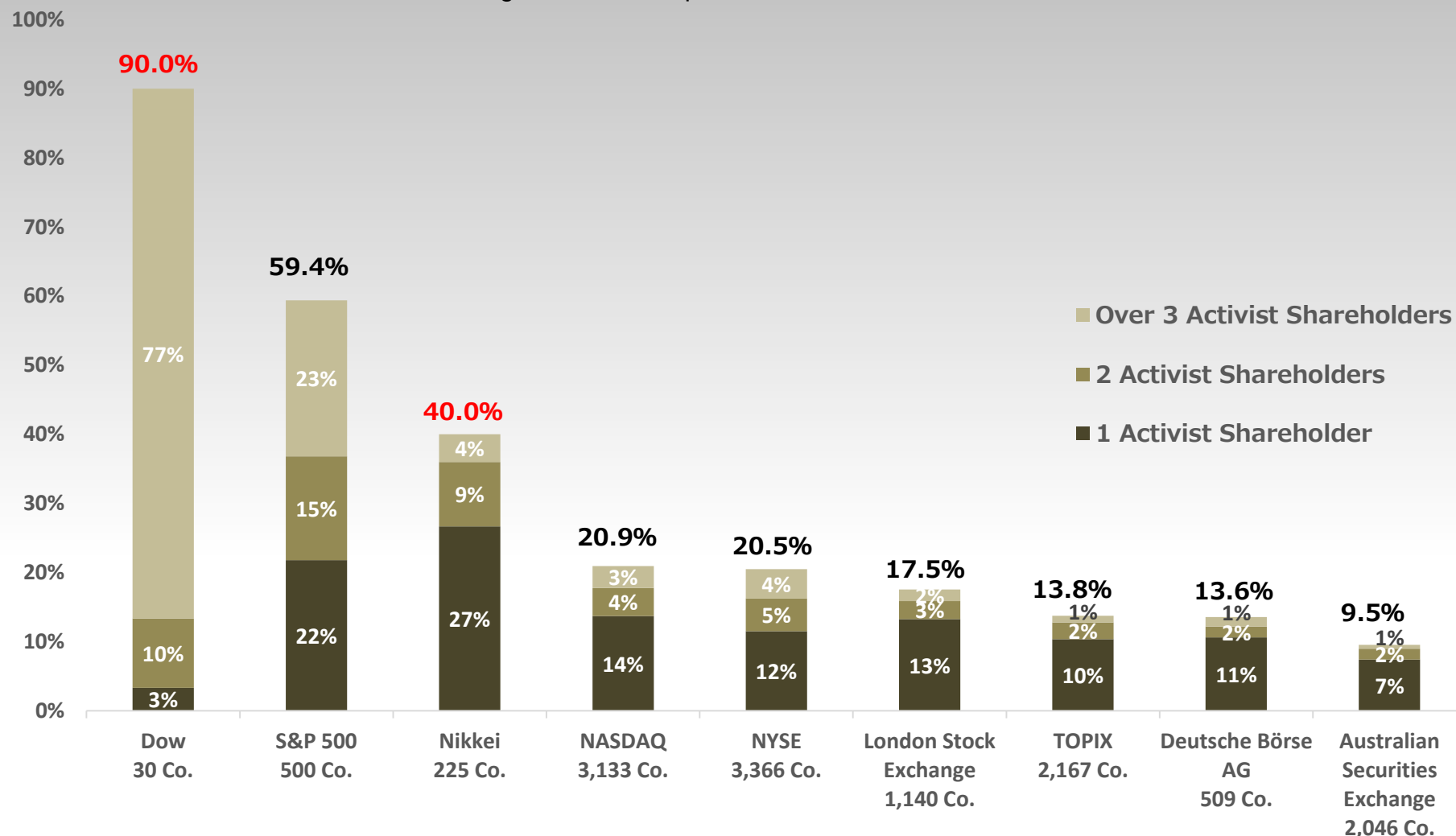
Number of Shareholder Proposals Submitted by Activists





Percentage of Companies on Main Stock Exchanges/Indices with Activist Shareholders

Percentage refers to companies that have confirmed activist shareholders as of June 2020



※The ratios listed are based on data from Activist Insight. However, the numbers for Nikkei and TOPIX are based on publicly available information and IR Japan shareholder surveys. The number of listed companies at each stock exchange is based on World Federation of Exchanges (WFE). The London Stock Exchange only includes the number of UK companies

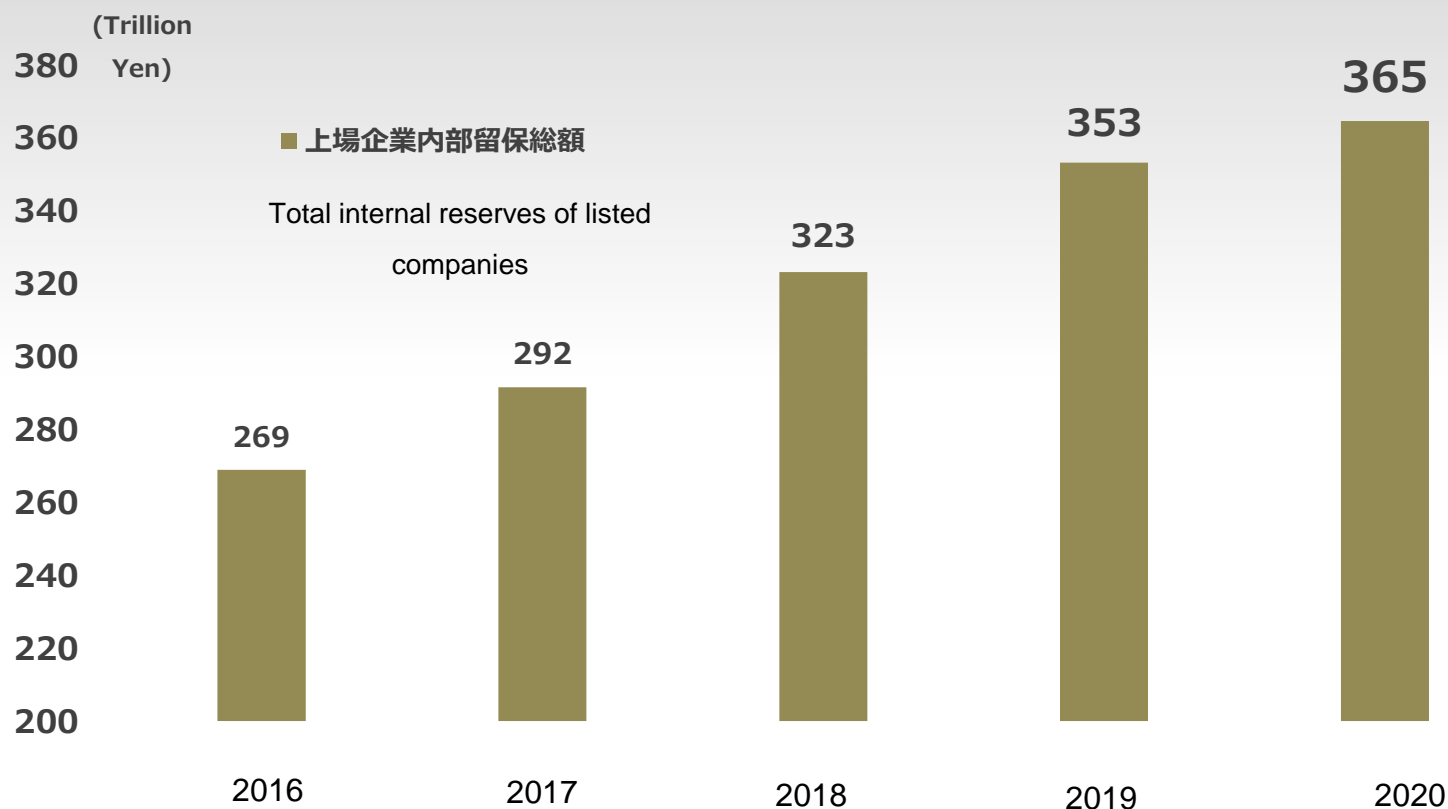


① Japanese Companies at Risk From Activists

- Total internal reserves have risen year-on-year, surpassing ¥300 trillion in 2018, and are now currently at ¥365 trillion.

Internal Reserves of Listed Japanese Companies

※Internal Reserves = Retained earnings + assumptions



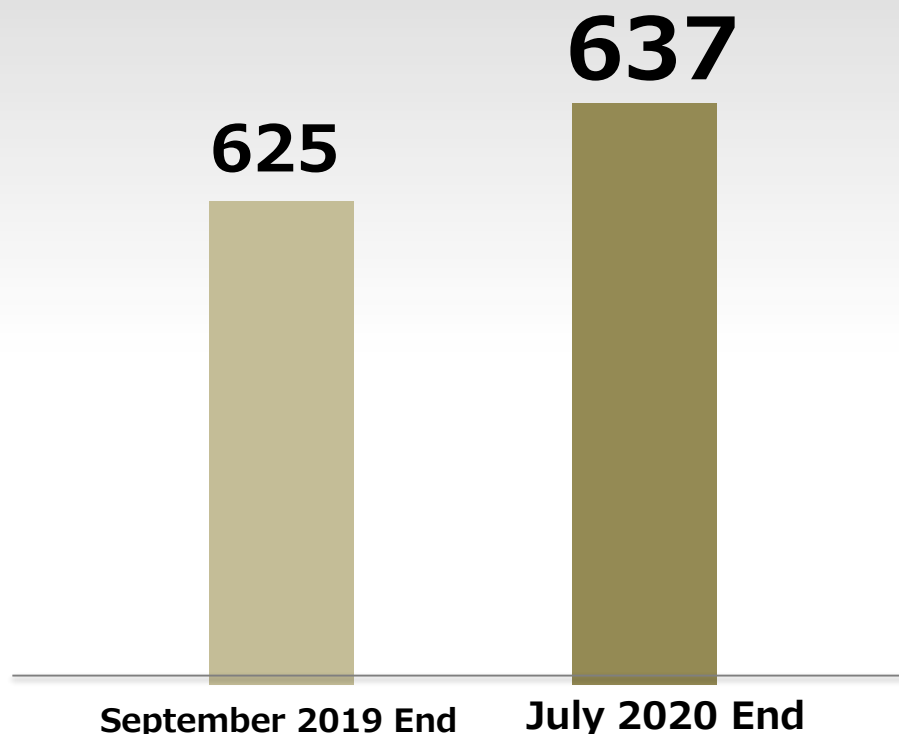


②Japanese Companies with High Potential Risk from Activists

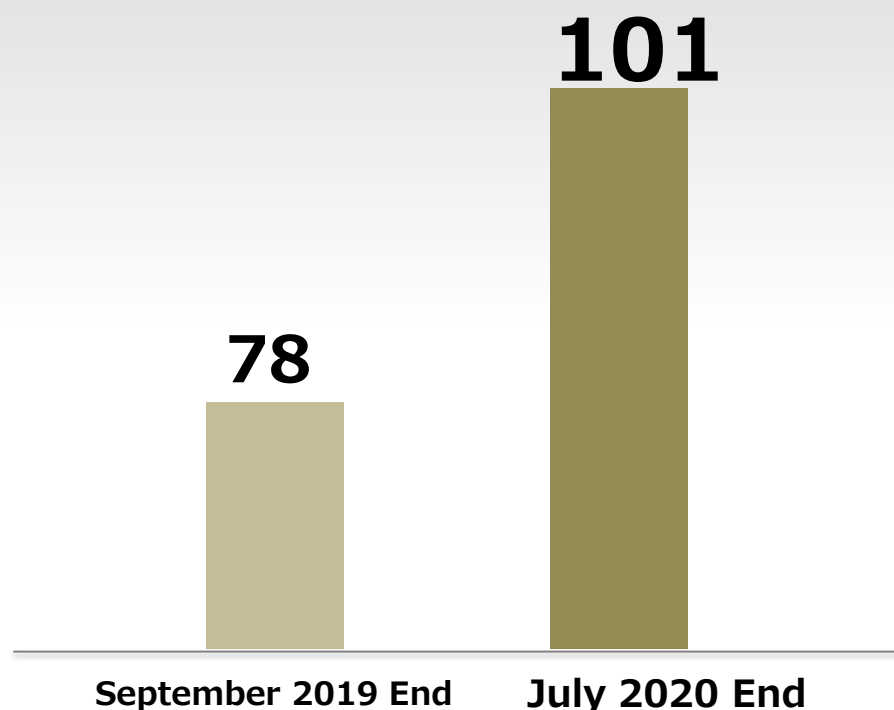
At present, more than 600 companies are at risk of being the target of activism.

※Companies with risk value quotient over 60 according to our firm's AI analysis.

Companies with Risk Quotient > 60



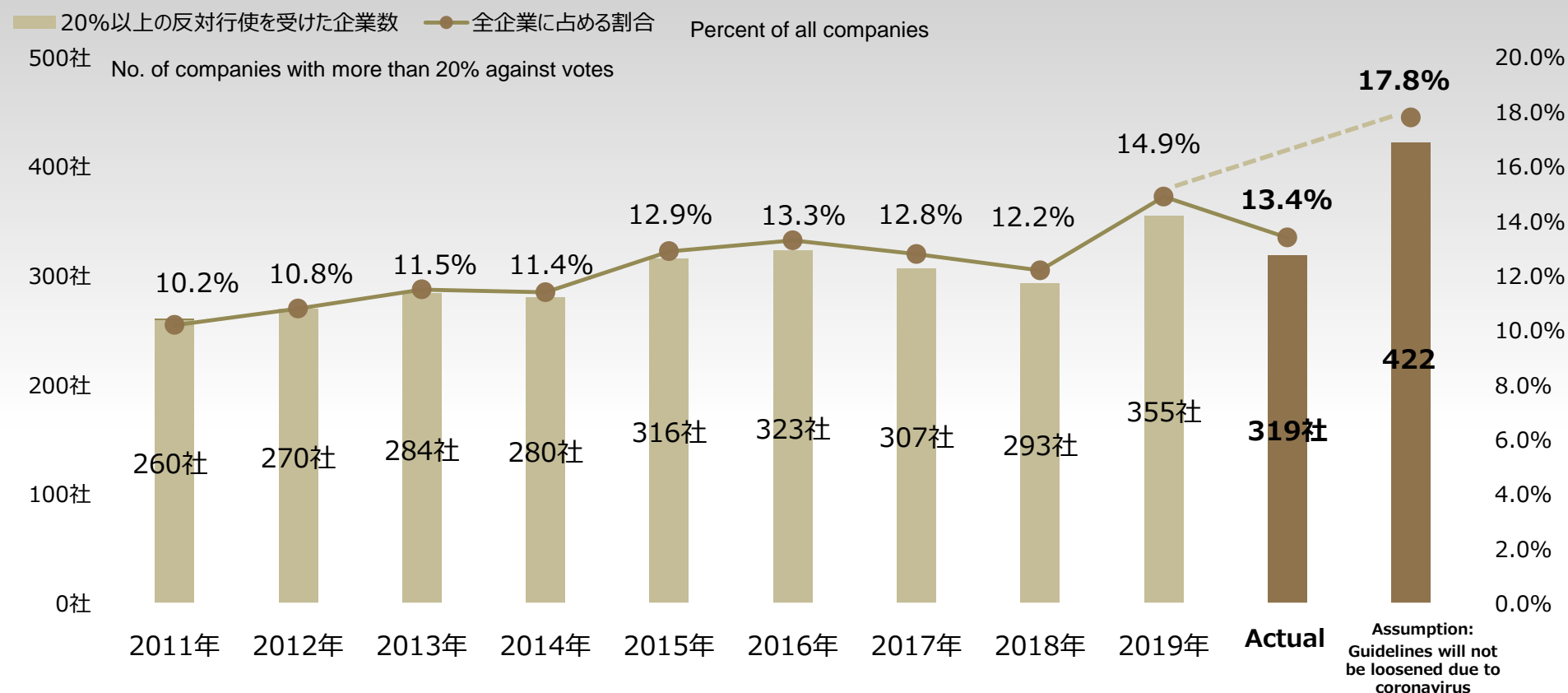
Companies with Risk Quotient > 80





Voting Results at Shareholders' Meetings (Trends in Voting at June 2020 Meetings)

319 companies received against votes of more than 20% at the June 2020 shareholder meetings. Assuming that voting guidelines had not been loosened because of the coronavirus, we estimate that this year more than 422 companies would have received an against vote of 20%.



※2020 Results: Aggregate of 2338 companies confirmed as of July 13.

※2020 Forecast: Assuming ISS applies their ROE guidelines, we calculated that based on ISS recommendations, about 70% of overseas investors at companies who do not meet the ROE guidelines will vote against internal directors (representative directors).



Announcements of Important Guidelines Related to Management, M&A and Corporate Governance by the Ministry of Economy, Trade & Industry

- On July 31, the Ministry of Economy, Trade and Industry released the Business Restructuring Practical Guidelines and Practical Guidelines for Independent Directors
- The ability to provide advice to the Board of Directors and Outside Directors from investors and shareholders' perspective is now required, and the specialized knowledge and solutions provided by our Group's SR/PA/FA are increasingly important for listed company clients.

✓Points from the Practical Guidelines for Business Transformations

- 1 Regular review of business portfolio (quantitative analysis)
- 2 Best owner perspective
- 3 Shareholder and activist perspective
- 4 Increasing role of Outside Directors (business portfolio review, obligation to communicate with shareholders)
- 5 References the Board's duty of care and fiduciary duty to shareholders

✓Points from Practical Guidelines for Independent Directors

- 1 Encourages the Board of Directors to discuss business portfolio review
- 2 Dialogue with investors, involvement in investor relations
- 3 Pro-active supervision in situations where there are conflicts of interest with the controlling shareholder

Source: Prepared by IRJ based on Practical Guidelines for Business Transformations and Practical Guidelines for Independent Directors

Practical Guidelines for Business Transformations: <https://www.meti.go.jp/press/2020/07/20200731003/20200731003-1.pdf>
Practical Guidelines for Independent Directors: <https://www.meti.go.jp/press/2020/07/20200731004/20200731004-1.pdf>



「Practical Guidelines for Business Transformation (Corporate responses to shareholder opinions)」

- ✓ **Receiving shareholder opinions on a company's business portfolio* presents firms with a prime opportunity to consider the optimal structure of their business portfolio to drive sustainable growth and increase corporate value. It** is crucial that companies seriously consider the proposals that are being made. ※The shareholder proposal spoken of here is not the type referred to in the Company Act, but rather an opinion submitted by shareholders that has been submitted to a company that is collectively referred to as a shareholder opinion.
- ✓ The Board of Directors have a duty of care to the company … when a shareholder's opinion regarding business portfolio is submitted to the company, the Board is expected to earnestly consider the proposal and pro-actively gather information to fulfill their responsibilities.
- ✓ In line with this, **if a company receives a rational, research-based business portfolio-related proposal from shareholders, it is recommended that, as a principle, the Board of Directors should conduct an earnest evaluation of the said shareholder opinion.**
- When considering such proposals, it may be useful for the Board of Directors to conduct a strategic review, with reference to practical guidelines in Europe and the United States, using external financial advisors and other experts.
- Activism (shareholder activism) is also increasing in Japan, and there are sentiments such as “activist proposals regarding business portfolio should be considered a trigger for discussions”, “external stimulation is necessary to shift from a traditional Japanese organization to a scientific and logical Western-style management”, “in Europe and the United States, activists are becoming more prominent as representatives of shareholders that don't have a voice”.

Source: Prepared by IRJ based on Practical Guidelines for Business Transformations and Practical Guidelines for Independent Directors

Practical Guidelines for Business Transformations: <https://www.meti.go.jp/press/2020/07/20200731003/20200731003-1.pdf>

Practical Guidelines for Independent Directors: <https://www.meti.go.jp/press/2020/07/20200731004/20200731004-1.pdf>



Increased M&A by Strategic Buyers

There has been an accelerated movement to promote strategic growth based on business restructurings

TOB of **Family Mart** by **Itochu**

TOB of **Ootoya** by **Colowide**

TOB of **Sony Financial Holdings HD** by **Sony**

TOB of **Hitachi Chemicals** by **Showa Denko**

TOB of **LIXIL Leverage** by **Arcland Sakamoto**

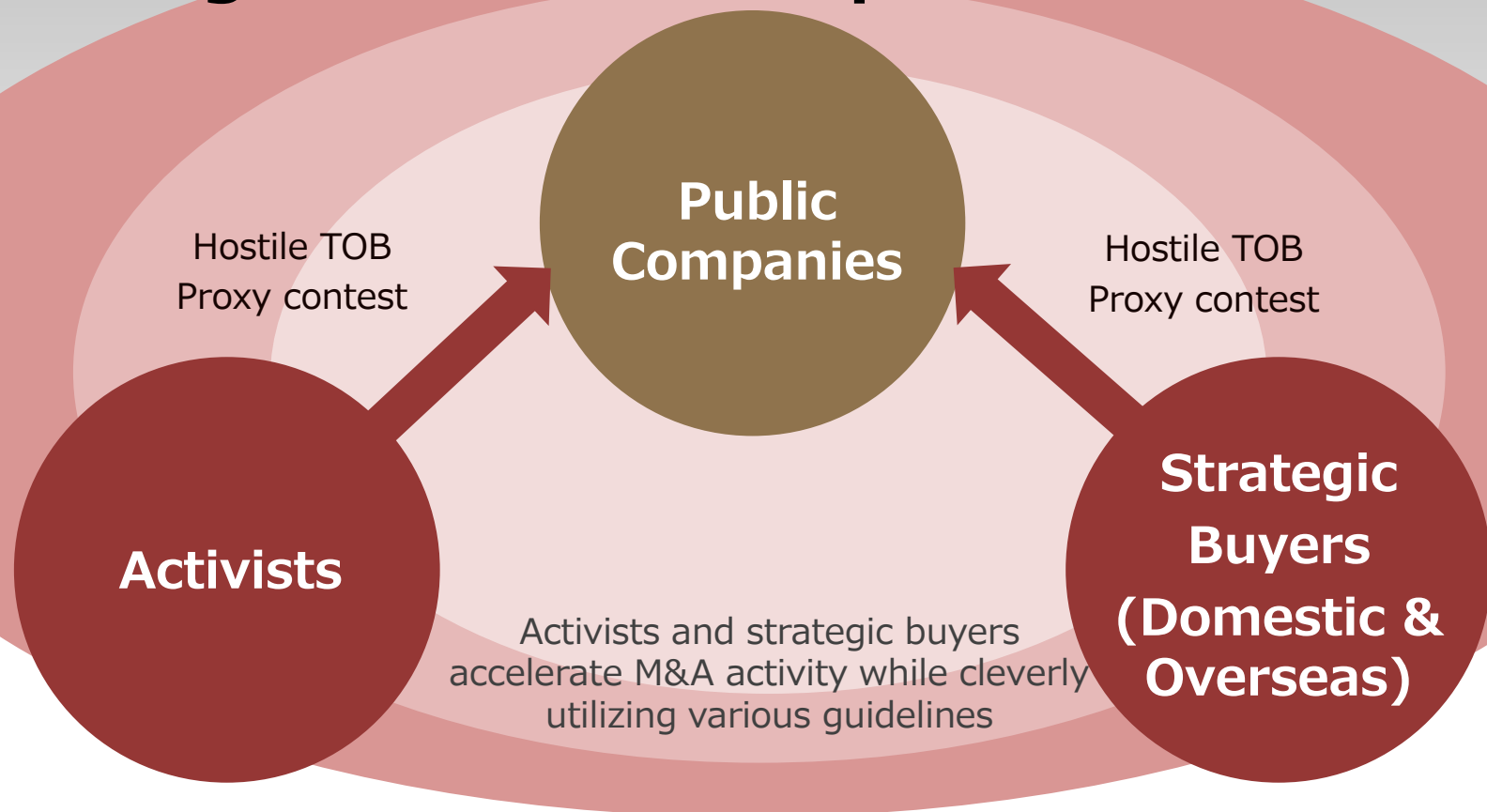
TOB of **Hitachi High Tech** by **Hitachi**

TOB of **Maeda Road Construction** by **Maeda**



Creation of a Huge Corporate Control M&A Market in Japan

A huge market for corporate control M&A



- Practical Guidelines for Corporate Governance Systems
- Practical Guidelines on Group Governance Systems
- Practical Guidelines for Business Transformations
- Practical Guidelines for Independent Directors
- Fair M&A Guidelines



IR Japan's Strengths (Integration of PA & FA)

Financial Advisor

Largest and most advanced professional group for activist defense, hostile TOB defense, advanced MBO and M&A

- Hostile TOB defense
- TOB share buybacks
- TOB compliance simulation
- Placement agent (third-party allocation)
- All M&A and MBO strategy planning and execution

Proxy Advisor

Overwhelming record of gathering power of attorney

- All strategy planning and execution for proxy contests
- Convening and response to extraordinary meeting of shareholders
- Collection and gathering of power of attorney

Securities Agency

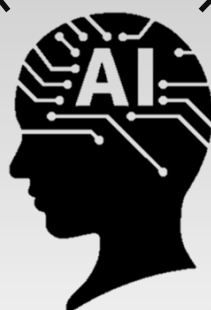
A one-of-a-kind and independent securities agency business that has obtained approval from the TSE and FSA.

**The one and only consulting service that integrates
PA and FA**



IR Japan's Strengths (AI-supported PA & FA Operations)

Ownership status
Trading status
Average acquisition price
...



✓ **Capability to determine the real shareholders of listed companies in Europe, America and Asia**

Approx. **20,000** companies

✓ **Instantly grasp activist status (new ownership/sale)**

3,500 cases

Collects a wide variety of public information from all over the world

EDINET

Domestic
Investment
Report

Overseas
investment
Report

EDGAR

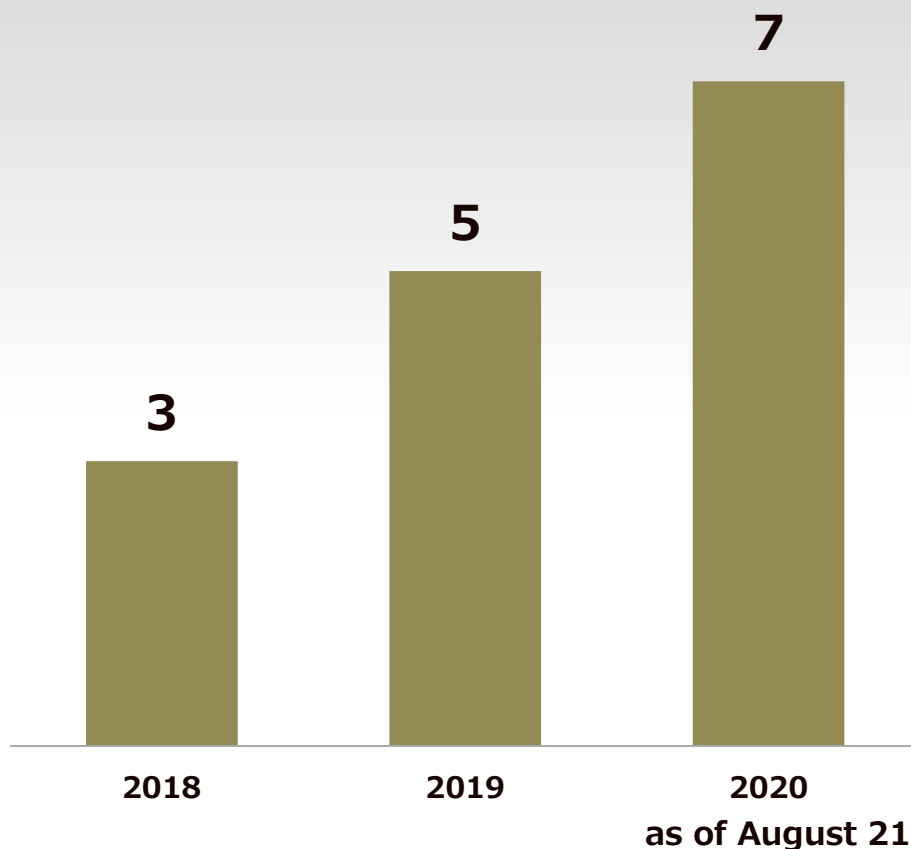
**Our AI covers
200,000 funds
per year**



Support for MBO Projects

Even when companies are delisted via MBO, specialized FA groups with abundant experience in shareholder ownership analysis that can support companies in their strategic planning and execution are highly valued.

Trend in the Number of MBOs



2020: Companies to be delisted via MBO

- Mamezou Holdings (IRJ FA supported the target)
- Odelic (IRJ supported the buyer)
- JEUGIA
- Miyako
- Sogo Medical Holdings
- Nichiigakkan
- Kojima Iron Works

Companies announcing strategic de-listings
(IRJ Supports)

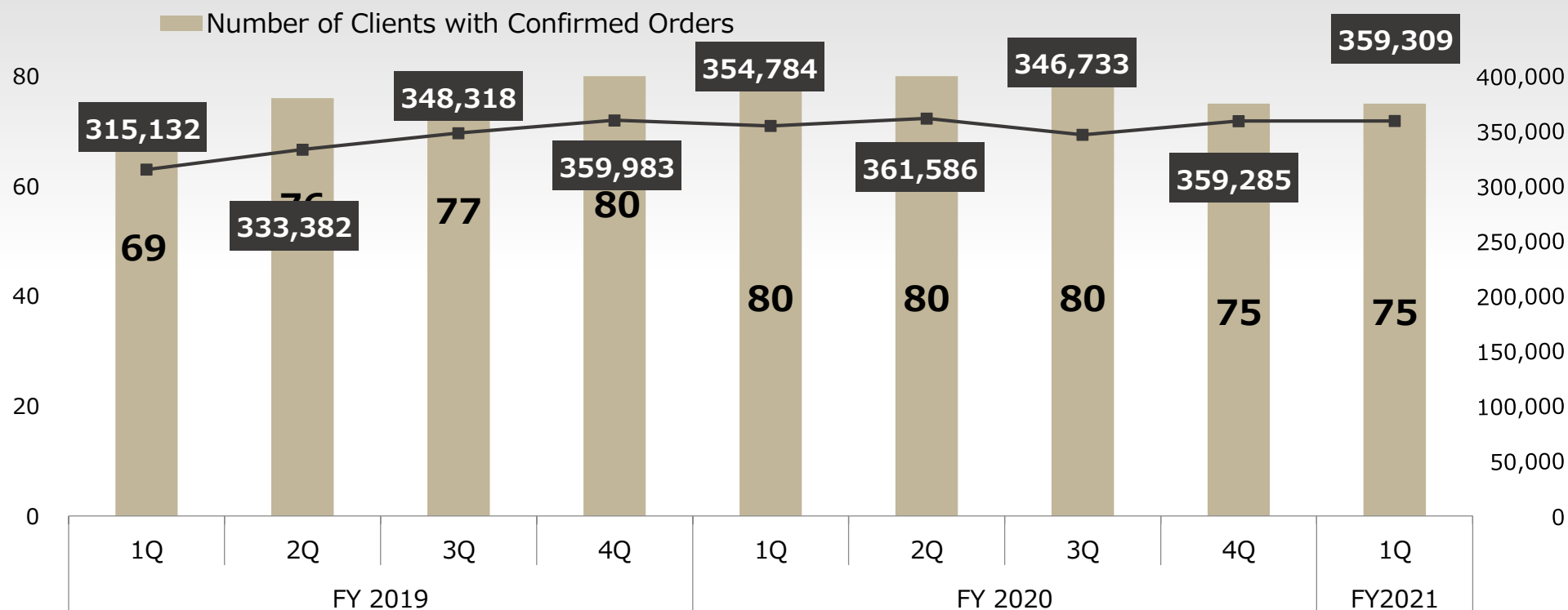
- SOFTBRAIN Co. (IRJ FA is supporting the company)



Transfer Agency Business

The number of client companies contracted is 75, and the number of shareholders we administrate is 359,309 (as of June 30, 2020).
Contrary to traditional agency's strategy, we will continue to promote strategic business development by focusing on defending companies against activists and hostile TOBs.

Number of Contracts



2. Forecast of Financial Results & Shareholder Return



Revised FY2021 Earnings Forecast (Announced July 31, 2020)

- We revised the full-year forecast upward as we expect the number of large-scale project contracts in the PA・FA investment banking division to increase along with the steady expansion of SR.

	Full-year Forecast (ending March 31, 2021)		
	Sales (millions of yen)	Change from previous FY (millions of yen)	Change (%)
Current Forecast	9,000~9,500	1,318~1,818	17.2~23.6
Previous Forecast	8,500~9,000	818~1,318	10.6~17.2
Change	500~500		
Change (%)	5.6~5.9		



Shareholder Return

- For FY2021, the annual dividend is expected to be 70 yen, with an interim dividend of 25 yen per share and a year-end dividend of 45 yen per share.

Dividend per Share	Interim	Year-End	Annual	Payout Ratio
FY2019	15 yen	23 yen	38 yen	69.3%
Actual FY2020	25 yen	45 yen	70 yen	51.0%
Forecast FY2021	25 yen	45 yen	70 yen	—

3. Supplementary Information



Field Power of Equity and Market Size

IR (Investor Relations) Investor Support

**IR Market in the wide
sense: 45 billion yen**

- ◆ Institutional disclosure | FIEA-related business
- ◆ Voluntary disclosure |
 - Shareholder communication, disclosure magazine, English IR materials, etc.
- ◆ Total IR Support |
 - Information Session, conference, meeting...

Main Players

Pronexus/Takara Printing
Nomura IR/Daiwa IR/Nikko IR
Japan IR and Investor Support/Japan
Shareholder Services

SR (Shareholders Relations) Shareholder Support

**SR Market in the wide
sense: 100 billion yen**

- ◆ Transfer Agency
- ◆ Shareholder Meeting-related support
 - Prior voting result-simulation
 - Action plan to pass shareholder meeting proposals
 - Proxy voting result analysis
- ◆ Shareholder identification consulting

Main Players

Mitsubishi UFJ Trust/ Mitsui
Sumitomo Trust/ Mizuho Trust

M&A (Mergers and Acquisitions) Corporate Acquisition

M&A Market: 600 billion yen

◆ M&A Commission

Main Players

Nomura Securities/Mizuho FG/Goldman Sachs
Daiwa Securities/JP Morgan/MUMSS/ Mitsui
Sumitomo FG
GCA/Japan M&A Center/M&A Capital
Strike

Data Source:

■ M&A market scale is calculated based on the hypothesis of the commission rate is 2% of 2018 Japanese Corporate-related M&A cost (approx. 30 trillion yen) from the MARR statistics.

Legal Sector Legal Services

LA Market: 200 billion yen

- ◆ Business Law (Companies Act, FIEA, etc.) support
- ◆ Corporate Governance

Main Players

Anderson Mori & Tomotsune Law Firm
Nagashima Ohno & Tsunematsu Law Firm
Nishimura & Asahi Law Firm
Mori Hamada & Matsumoto Law Firm
TMI Associates

Equity Consulting Market

Total about **1,000** billion yen

Data Source :

■ TA's numbers are calculated based on most recent commission income and gross business profit. IR and securities certificate printing companies' data are calculated based off their most recent sales.

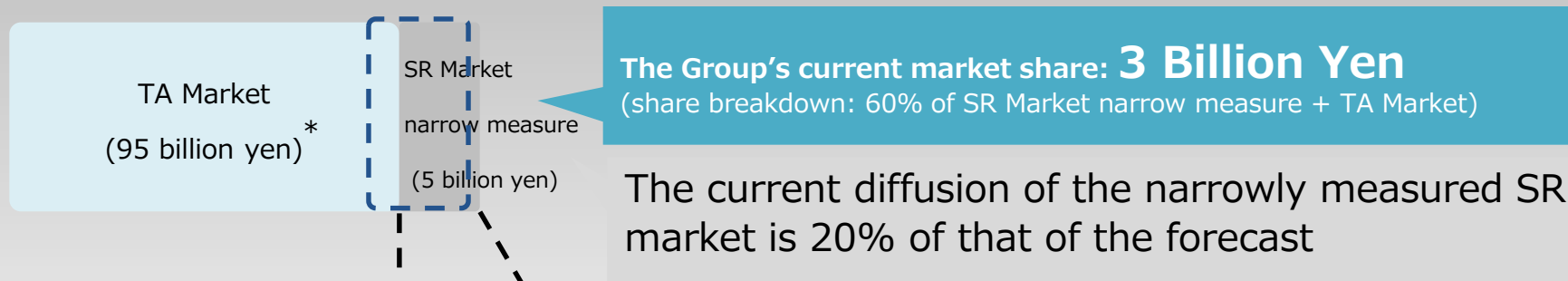
Data Source :

■ Calculated based on Japan IR Association's IR activity research "Average annual cost of IR activity" and recent sales of securities certificate printing and IR companies. The main players' sales are taken from each companies most recent financial statements.



The Company's Long-Term Goals

The Current SR ("Shareholder Relations") Market (the broad market measure which includes TA ("Transfer Agency"))



Prospective Broad Measure SR Market (including TA)



* Calculated by IR Japan based on sales amount of the main players

**Log-term aim of the Group:
90 billion yen of total sales**



Total Shareholder Return (TSR)

Period	3/31/2020	7/31/2020
1 Year	304.09%	415.54%
3 Years	673.90%	1864.50%
5 Years	1222.39%	2819.18%
From Listing (3/11/2011)	2820.25%	8660.79%

※TSR: calculated as capital gain + income gain assuming the income gain is re-invested and the value of the re-invested dividend is taken into account.

Power of Equity

We, IR Japan, are a consulting firm
that provides services with high additional value based on voting power,
for the development of the capital market.

Power of Equity

IR Japan



「Power of Equity」 is a registered trademark of IR Japan