

Power of Equity
IR Japan



Financial Results

For the Nine Months of the Fiscal Year Ending March 31, 2021
(April 1, 2020–December 31, 2020)

February 19, 2021
IR Japan Holdings, Ltd. (6035)

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1. Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2021



Nine Months of Fiscal 2021: Financial Highlights

■ We achieved record-high sales and profits for the nine months of fiscal 2021.

	9M FY2021 (Apr. 2020—Dec. 2020)			9M FY2020 (Apr. 2019—Dec. 2019)
	Amount (Millions of yen)	Change (Millions of yen)	Change from Previous Period (%)	Amount (Millions of yen)
Net sales	6,008	910	17.9	5,098
Operating profit	2,861	542	23.4	2,318
Ordinary profit	2,855	540	23.3	2,315
Profit attributable to owners of the parent company	1,916	323	20.3	1,592
(Reference) EBITDA*	3,029	543	21.9	2,485

*EBITDA: Ordinary profit + Interest paid + Depreciation cost



Nine Months of Fiscal 2021: Cost Breakdown

SG&A expenses increased due to continued proactive investment in human resources.

(Millions of yen)

Breakdown	Item	9M FY2021 (Apr. 2020—Dec. 2020)	9M FY2020 (Apr. 2019—Dec. 2019)	Change
Variable Costs (Costs of Sales)	Outsourcing	439	447	-7
Fixed Costs (SG&A)	Personnel	1,489	1,272	217
	Depreciation	172	169	3
	Rent	286	278	7
	Other (including database)	757	607	150
Total	COS + SG&A	3,147	2,779	367



Nine Months of Fiscal 2021: Main Financial Points

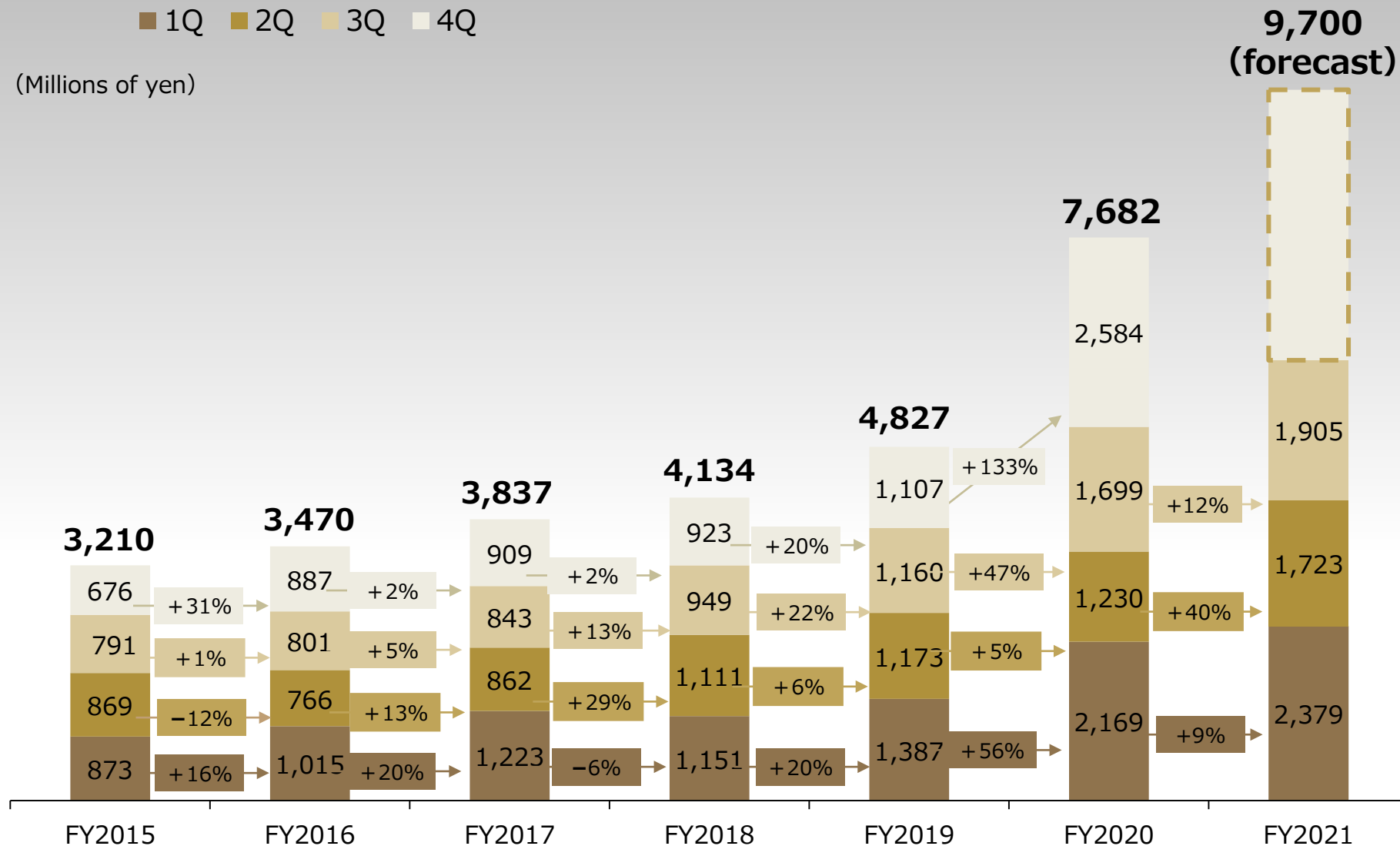
- **With regard to the progress of SR consulting for listed companies, the degree of urgency was loosened due to the COVID-19 pandemic.**
- **On the other hand, TOBs involved in heated contests for corporate control waged by strategic buyers, and the hostile TOBs and demands for the holding of extraordinary general meetings of shareholders by activists are increasing. In addition, the TSE's announcement of the transition process toward a review of market segmentation has accelerated corporate restructuring.**
- **The SR Consulting Department and Investment Banking Department accurately grasped these business opportunities, and continued to increase the number of entrustments of large-scale projects such as PA and FA for contests for corporate control, activist responses, and MBOs.**
At the same time, we expanded our equity consulting services to existing and new clients. These services included capital risk response, practical guidelines on business restructuring, ESG-focused responses. As a result, we achieved record-high sales and profits in the nine months of fiscal 2021.



Quarterly Sales

■ 1Q ■ 2Q ■ 3Q ■ 4Q

(Millions of yen)

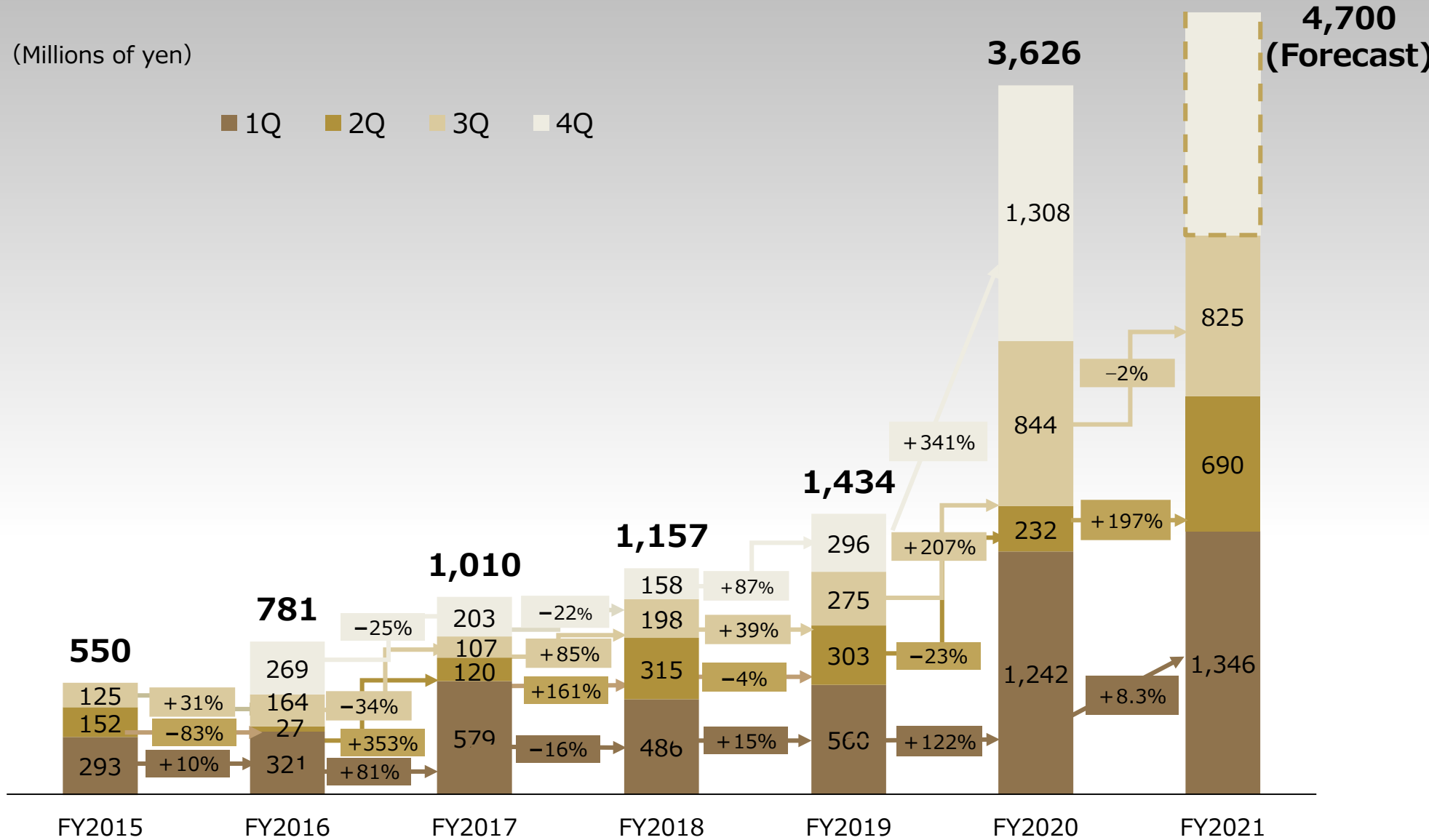




Quarterly Operating Profit

(Millions of yen)

■ 1Q ■ 2Q ■ 3Q ■ 4Q





Status of Large-Scale Projects

Number of Contracts and Estimated Sales Amount of Large-Scale Projects (As of October 30, 2020) (Millions of yen)

	First Half		Second Half				Total	
	Result		2Q Announcement		From 3Q Onward		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
FY2021 (Announced on Oct. 30, 2020)	13	1,694	13	1,742	—	—	26	3,437
FY2020 (Announced on May 15, 2020)	7	702	9	1,058	7	1,479	23	3,238
Change	6	993	4	685	—	—	3	198

*Projects with sales of ¥50 million or more

Types and Estimated Sales Amount of Existing Large-Scale Project* Contracts (As of October 30, 2020)

Project Type	FY2021	FY2020	Change
	2Q Announcement	Result	
PA/FA for Contest for Corporate Control	1,187	909	277
PA/FA for Activist Response	1,524	1,514	10
Corporate FA (MBO, etc.)	325	705	-380
Large-Scale SR/PA	400	110	290
Total	3,437	3,238	198

*Existing contracts: Projects to be closed during fiscal 2021 (incorporated into the full-year performance forecast)

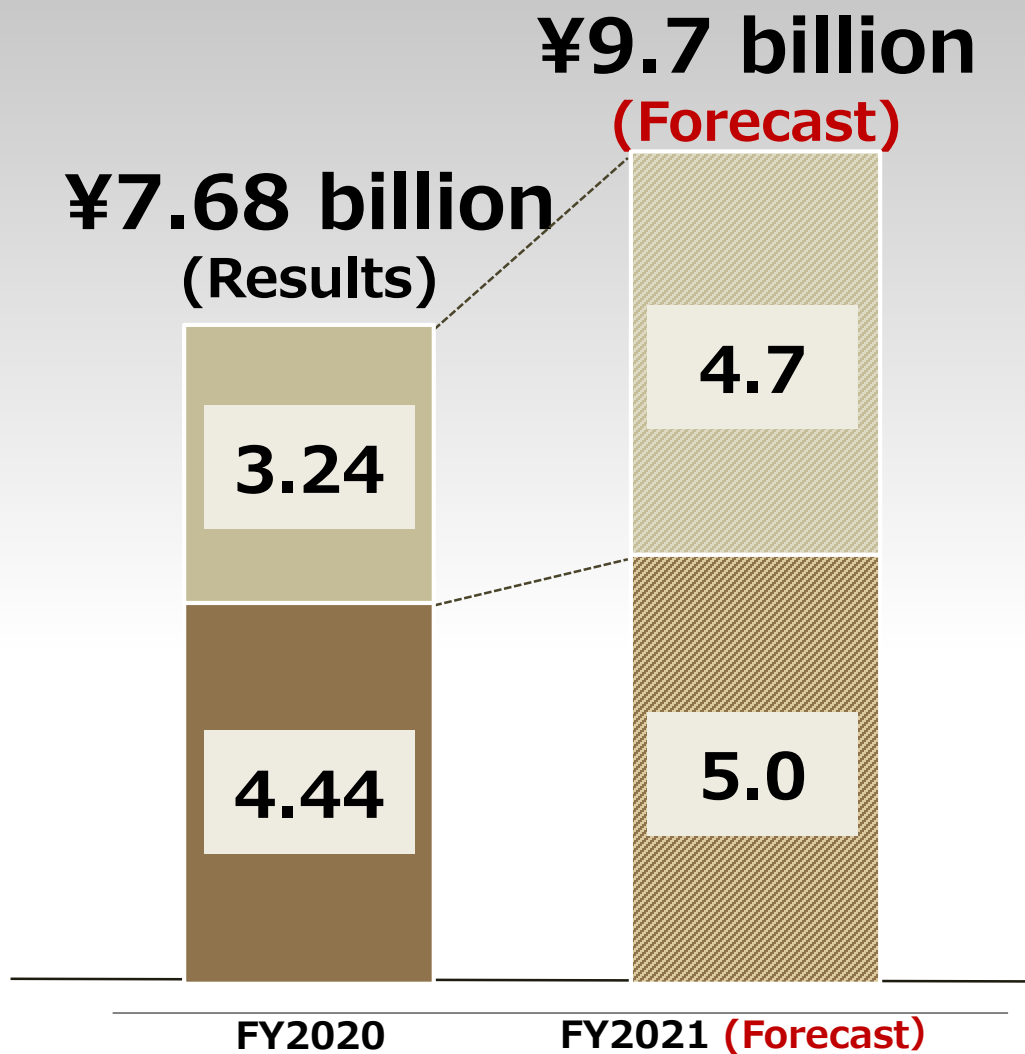
Projects for large pipelines and other projects currently under contract are not included.

Currently, five new large-scale project contracts (more than 1 billion yen) are in process.



Approach to the Full-Year Earnings Forecast

■ Nomal projects ■ Large-scale projects (Projects with sales of ¥50 million or more)





Pipeline of Large-Scale Projects*

Type of Project	Clients	Type of Contract	Content
Contest for Corporate Control	Listed company (Mkt. Cap>¥500b)	FA・PA	TOB
Contest for Corporate Control	Listed company (Mkt. Cap>¥50b)	FA・PA	Business Strategy, M&A
Contest for Corporate Control	Listed company (Mkt. Cap>¥50b)	FA・PA	Business Strategy, M&A
Contest for Corporate Control	Listed company (Mkt. Cap>¥50b)	FA・PA	TOB
Activist Response	Listed company (Mkt. Cap>¥100b)	FA・PA	Business Reorganization
Activist Response	Listed company (Mkt. Cap>¥100b)	FA・PA	Business Strategy, Shareholder Return
Activist Response	Listed company (Mkt. Cap>¥50b)	FA・PA	Business Reorganization
Activist Response	Listed company (Mkt. Cap>¥50b)	FA	Business Reorganization, TOB
Activist Response	Listed company (Mkt. Cap>¥50b)	FA・PA	Business Strategy, SR
Activist Response	Listed company (Mkt. Cap>¥50b)	FA・PA	Business Strategy, SR
Large-scale SR Support	Listed company (Mkt. Cap>¥100b)	FA・PA	Business Reorganization, M&A
MBO	Listed company (Mkt. Cap>¥50b)	FA	MBO
MBO	Listed company (Mkt. Cap>¥50b)	FA	MBO
MBO	Listed company (Mkt. Cap>¥50b)	FA	MBO
Asset sales	Unlisted company	FA	Real Estate sales

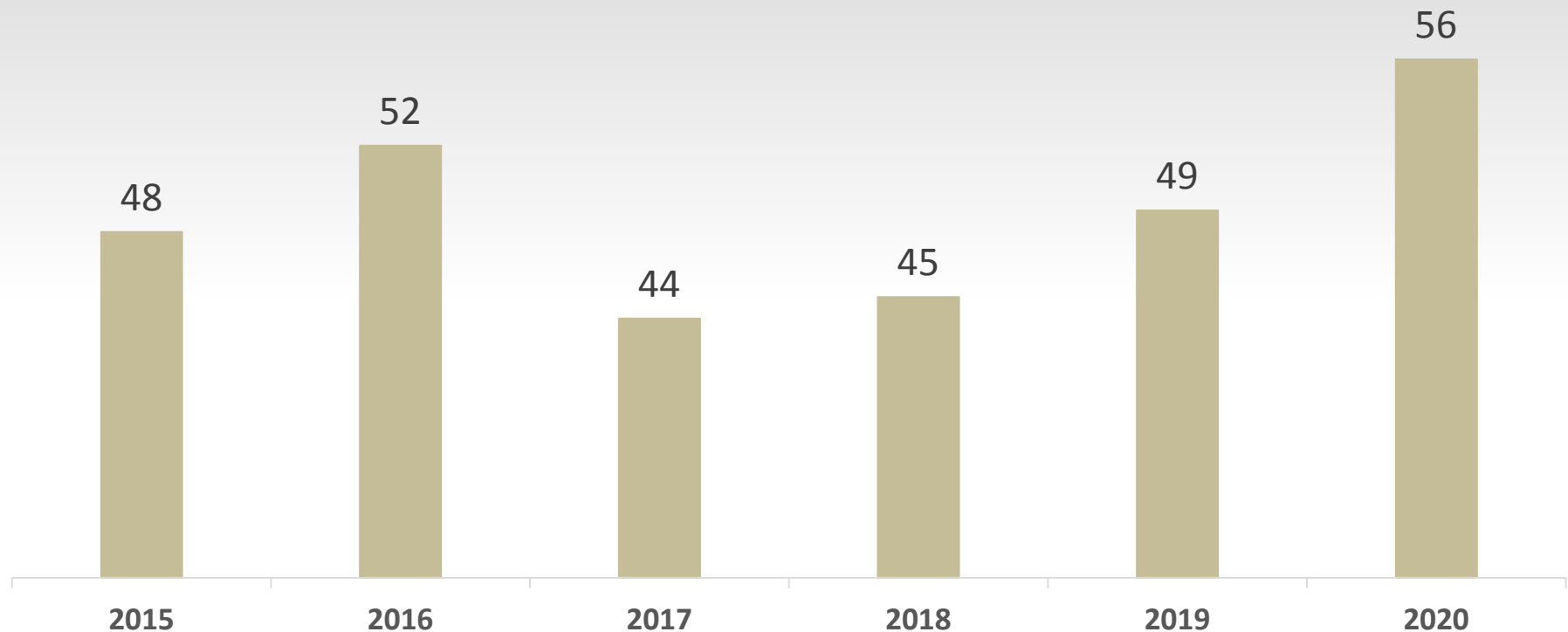
***The above large-scale projects are expected to be partially booked in fiscal 2021.**



Intensification of Corporate Restructuring and Contest for Corporate Control

The number of domestic TOBs (tender offers) reached a record-high level of about 60 (excluding treasury stock TOBs). The quickening of corporate restructuring in Japan is conspicuous as a harbinger of changing times.

Number of TOBs in Japan





Quickening Activity of Company Reorganizations in Japan

We are seeing concrete and rapid progress in dramatic corporate actions such as group reorganizations, mergers, asset sales, review of strategic capital tie-ups, the dissolution of parent subsidiary dual listings.

TOB

Nippon Steel TOB of **Tokyo Seiko**

Nitori TOB of **Shimachu**

Mitsui Fudosan TOB of **Tokyo Dome**

CoroWide TOB of **Otoya**

Maeda Corporation TOB of **Maeda Road**



Dissolution of Parent Subsidiary Dual Listings

NTT 100% buyout of **NTT DoCoMo**

ITOCHU 100% buyout of **FamilyMart**

SONY 100% buyout of **Sony Financial**

LIXIL sale of **LIXIL Viva**

Hitachi sale of **Hitachi Chemical**





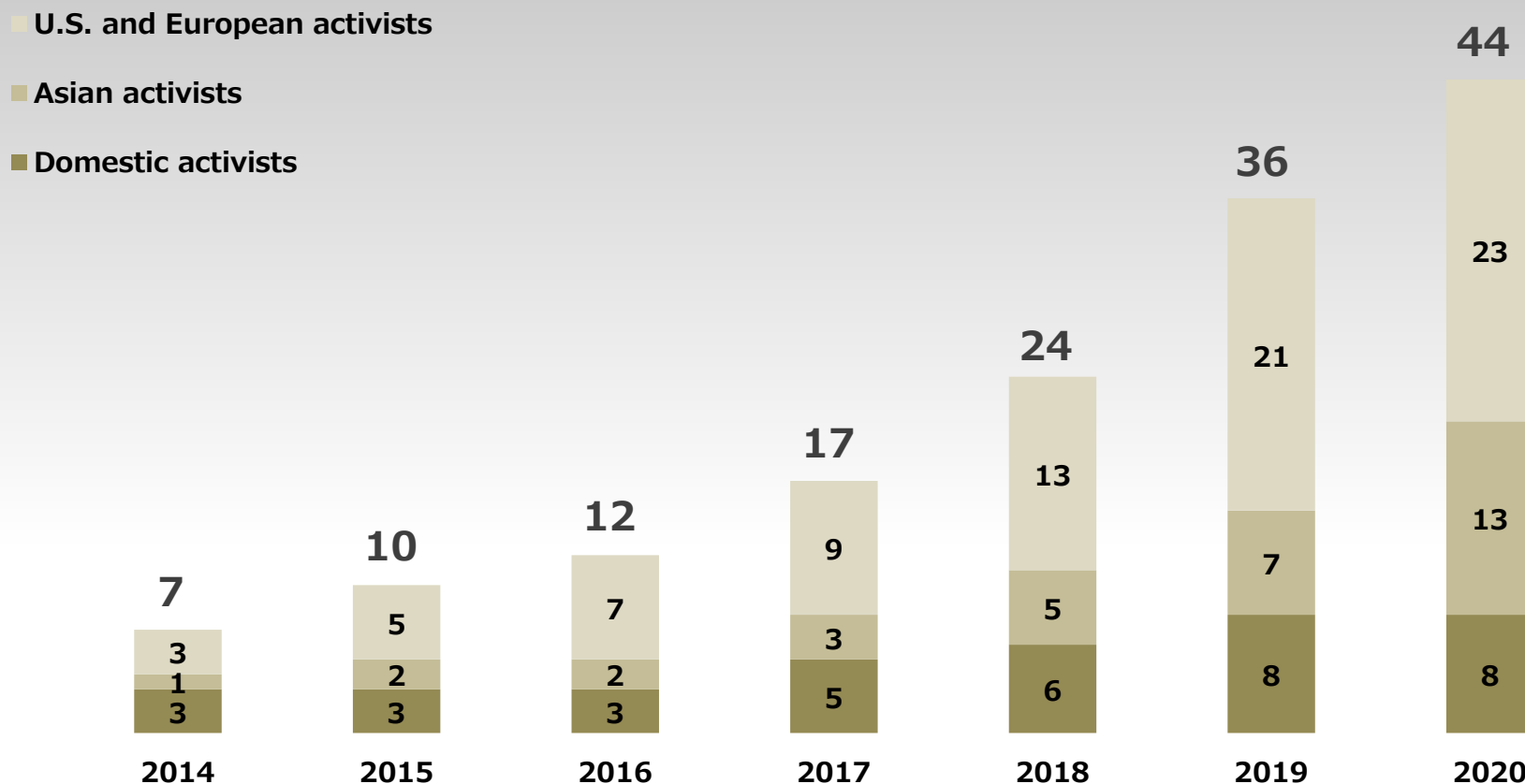
Quickening Activity of Company Reorganizations in Japan.

■ **Activists have entered a phase of executing event-driven strategies, such as hostile TOBs and demands for extraordinary shareholders meetings.**

Fund name	Target Company	Proposal period	Requirements
3d Investment Partners	TOSHIBA	2020/6	Shareholder proposal (election of two directors)
Effissimo Capital	TOSHIBA	2020/6	Shareholder proposal (election of three directors)
Oasis Management	FamilyMart	2020/8	Announced a release requesting a special dividend in connection with TOB from ITOCHU Corporation
RMB Capital	FamilyMart	2020/8	Proposed a price increase upon TOB from ITOCHU Corporation (letter was published)
Oasis Management	Tokyo Dome	2020/10	Temporary general meeting request (3 outlaws dismissed)
Strategic Capital	Keihanshin Building	2020/11	TOB (The number of shares to be purchased is 10,206,100 shares, equivalent to 20% of the total number of shares to be purchased. The shareholding ratio after the completion of the Tender Offer is 29.33%)
Effissimo Capital	TOSHIBA	2020/12	Request for convocation of extraordinary general meeting of shareholders (election of three directors) ※Investigation of management regarding the exercise of voting rights
Farallon Capital Management	TOSHIBA	2020/12	Request for convocation of extraordinary general meeting of shareholders (Amendments to the policy on investment for growth and capital policy, and amendments to the Articles of Incorporation to submit capital policy to the General Meeting of Shareholders)
RMB Capital	Faith	2020/12	Demand for dividend increase and share buyback (Letter published)
Citi index	Japan Asia Group Limited	2021/1	TOB (No maximum number of shares to be purchased)
Effissimo Capital	SANKEN ELECTRIC	2021/2	TOB (The number of shares to be purchased is 20.03%. (Ownership ratio after the completion of the tender offer: 30%))
Nippon Active Value Fund	EBARA JITSUGYO	2021/2	Implemented a shareholder proposal to increase dividends



Number of activist funds active in Japan



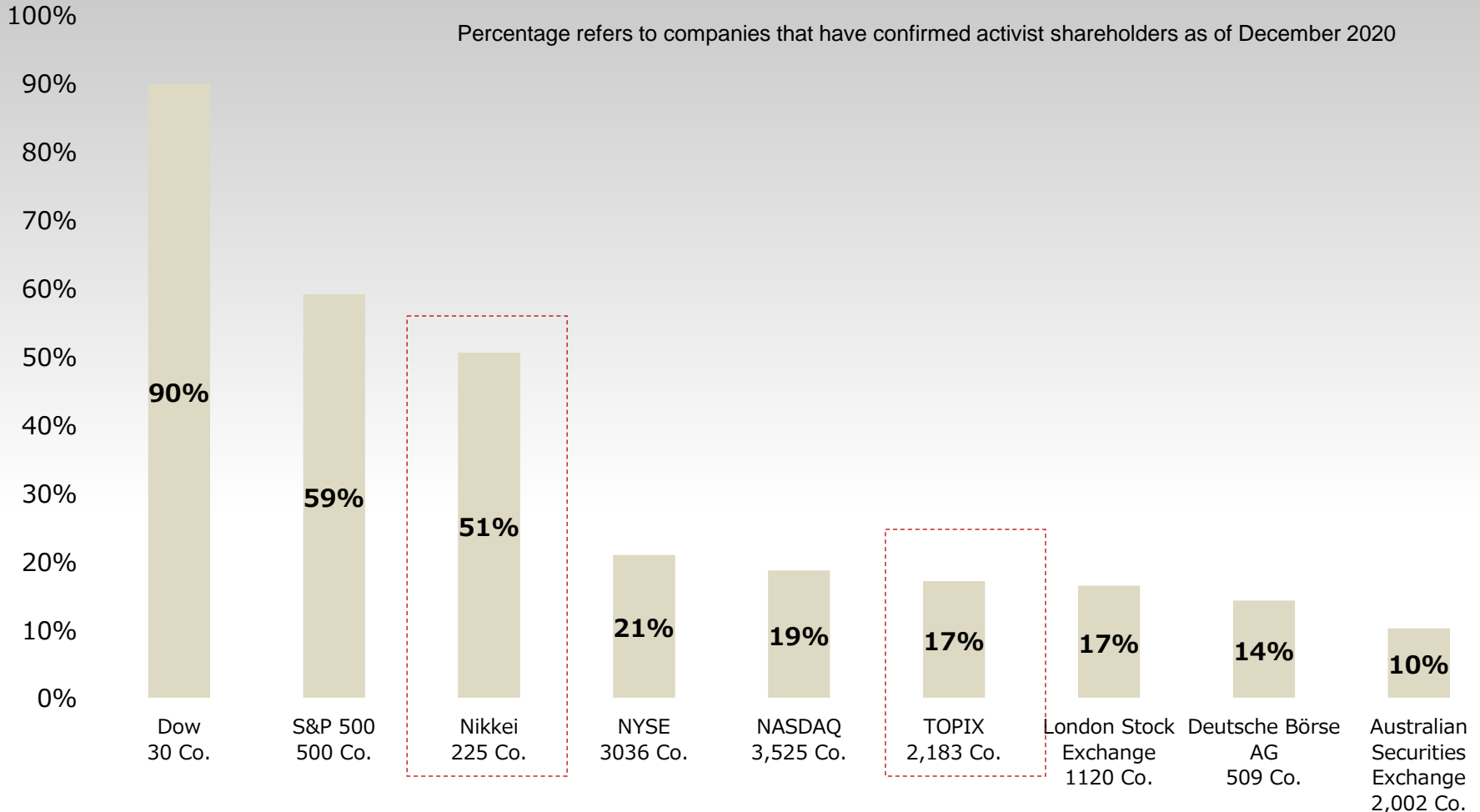
[Definition of the number of funds]

Data Source: IR Japan Tabulation

The number of funds is for those which Japanese equity investment is known and for which there is disclosed activist activity (*) at home or abroad. Funds' whose investment in Japanese equities prior to the commencement of activist activities are not included.



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



※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



A huge M&A market is being created for contests for corporate control



As the era of major restructurings begins, contest for corporate control by strategic buyers (domestic and overseas operating companies), major shareholders (operating companies, founders, etc.) and activists is taking root as an important part of a company's growth strategy



Establishment of the Foundation of a Unique Equity Consultancy in the Era of Major Restructuring

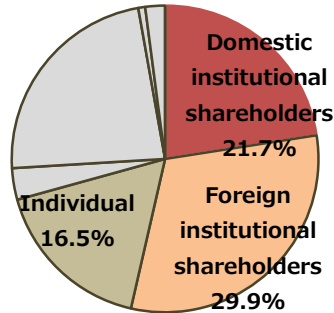
Optimal use of capital market data through AI

Proprietary AI and a Global Research Structure

Information on approx. 6,000 domestic and international global proxy officers

Approx. 10,000 activist investment activities

Shareholder Composition of Corporate Japan



Non-stable shareholder ratio
Approx. 68.1%

FA with an overwhelming track record in Proxy and TOB

- TOB
- Proxy fight
- Extraordinary (ordinary) shareholders meeting

M&A transactions involving contests for corporate control

NEW

Japan Originated Investment Bank, Inc.



Establishment of Japan Originated Investment Bank

Established Japan Originated Investment Bank to dramatically expand our investment-banking business



As a differentiated investment bank born in Japan that respects Japanese corporate culture, corporate values, and shareholder values, we have developed FA operations specializing in M&A. These operations include contests for corporate control and corporate and business restructurings ranging from large caps to the middle and small cap markets.

Company Profile

Japan Originated Investment Bank, Inc.

Address: 4-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

Capital: 100 million yen

Date of incorporation: February 4, 2021

Shareholder composition: IR Japan Holdings Co., Ltd.

100%

Business Details

FA operations specializing in mergers and acquisitions, such as contests for corporate control and corporate and business restructuring

- Advisory for acquisitions, consolidations, and divestitures
- Advisory for business acquisitions, integrations, and divestitures
- MBO advisory (non-sponsored/sponsored)
- LBO advisory



A Specialized Group that Optimally Handles Equity Consulting and M&A Executives in the Era of Major Restructuring

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J O I B

SR Consulting

- Shareholder identification surveys
- Strategic Review
- Governance consultation
- ESG Disclosure Consulting

Covering approx. 3,600 listed companies

Investment bank

- Proxy advisory
- Activist defense
- Competition for corporate control
- Placement agent business

Full use of proprietary TOB and voting data

Simulation strategy planning and specific implementation capabilities

- Acquisitions, consolidations and divestitures
- Financial advisory
- Business acquisitions, consolidations and divestitures
- MBO advisory
- LBO advisory

M&A execution

FA operations specializing in mergers and acquisitions, such as contests for corporate control and corporate and business restructuring



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)

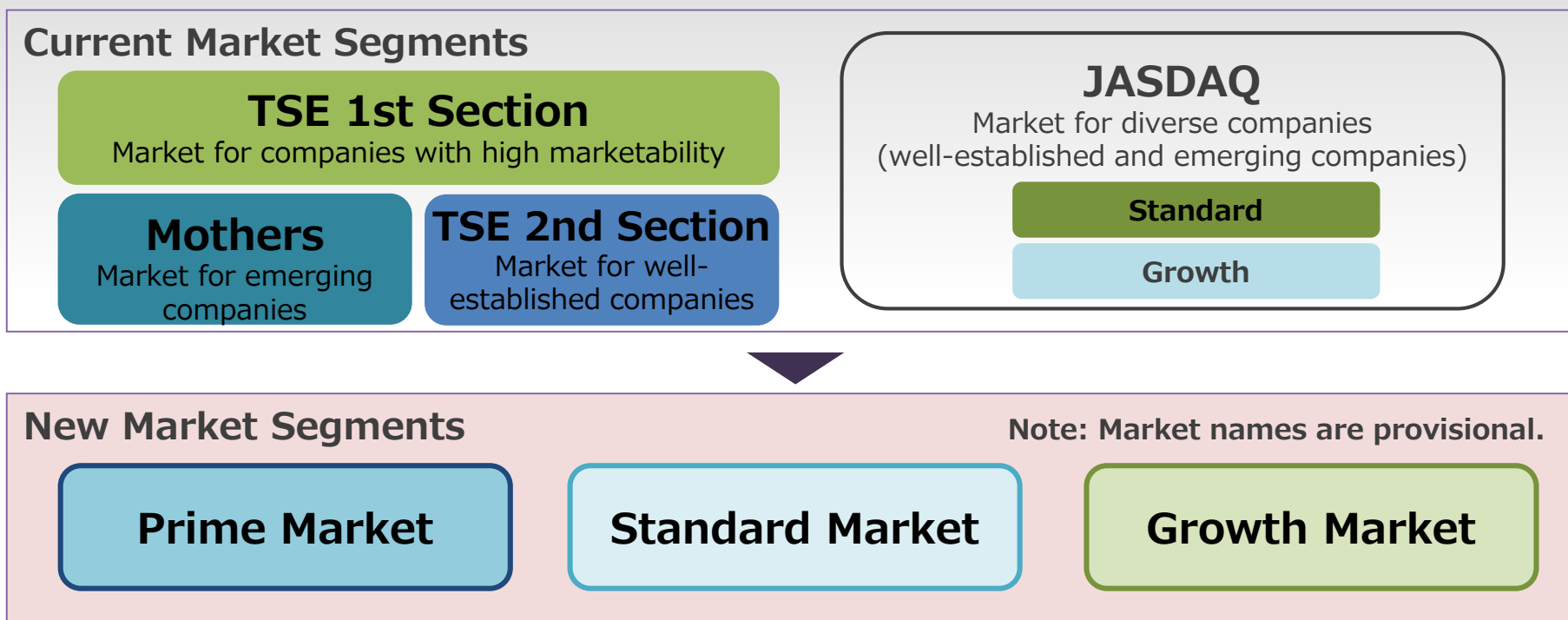


Long-term aim of the Group: 90 billion yen of total sales



Review of TSE's Market Segments

- The Japan Exchange Group plans to revise its current five market segments into three market segments: the prime market, the standard market, and the growth market by April 1, 2022.
- The trend of corporate restructuring is expected to accelerate further due to the effect of the announcement of the transition process to review market segments.



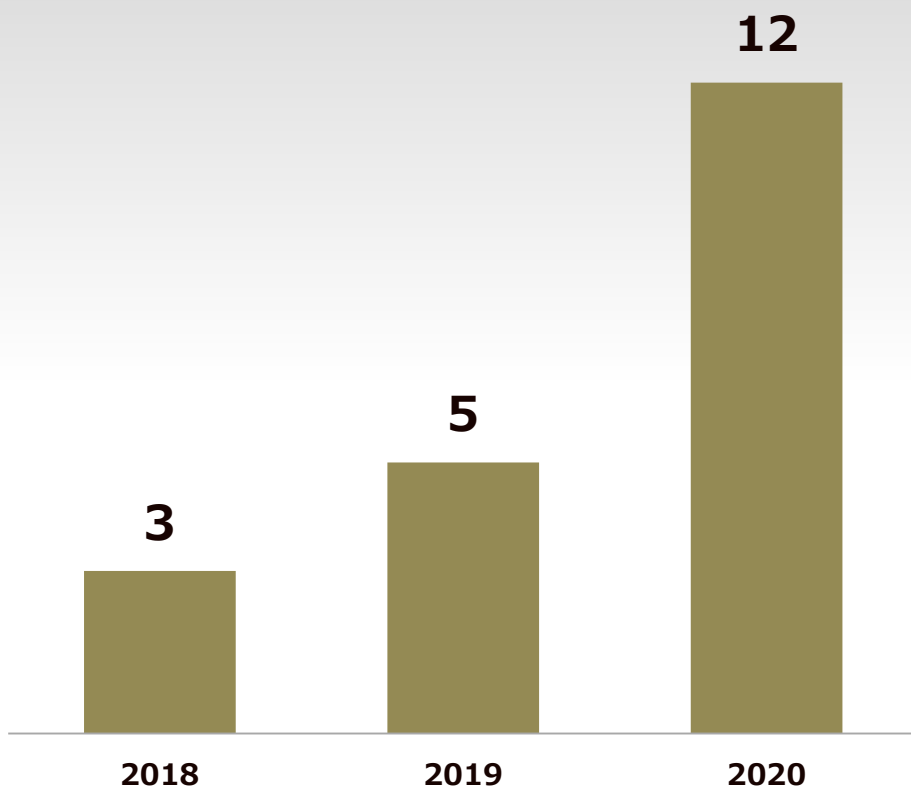
Source: Prepared by referring to JPX "Overview of New Market Segmentation, etc."



Support for MBOs

Even in privatizations such as MBOs, the ability of specialized FA groups to design and implement sophisticated schemes based on our advanced and abundant experience in the shareholder control structure is highly evaluated.

Number of MBOs



Our Support for MBOs

2020

- MAMEZOU HOLDINGS
(Supported as FA for the target company)
- ODELIC
(Supported as buyer's FA)
- Kawakin Holdings
(Supported as buyer's FA)

2021

- Taisei
(Supported as buyer's FA)

Our Support for Strategic Privatization (2020)

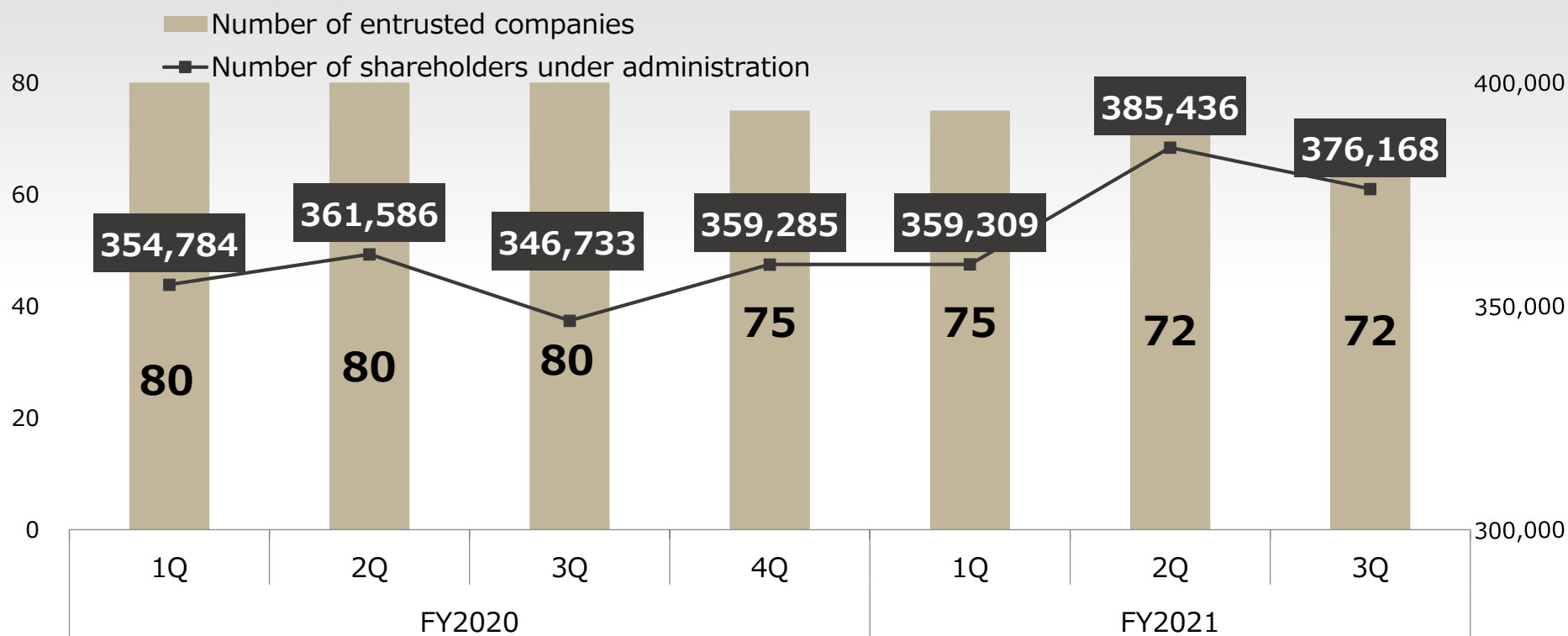
- SOFTBRAIN
(Supported as FA for the target company)



Transfer Agency Business

Entrustments with 72 companies have been completed, and the number of shareholders under administration reached 376,168 as of December 31, 2020. We continue to pursue strategic business development from the perspective of defending the company from activist and hostile TOBs, in distinction from conventional stock transfer agents.

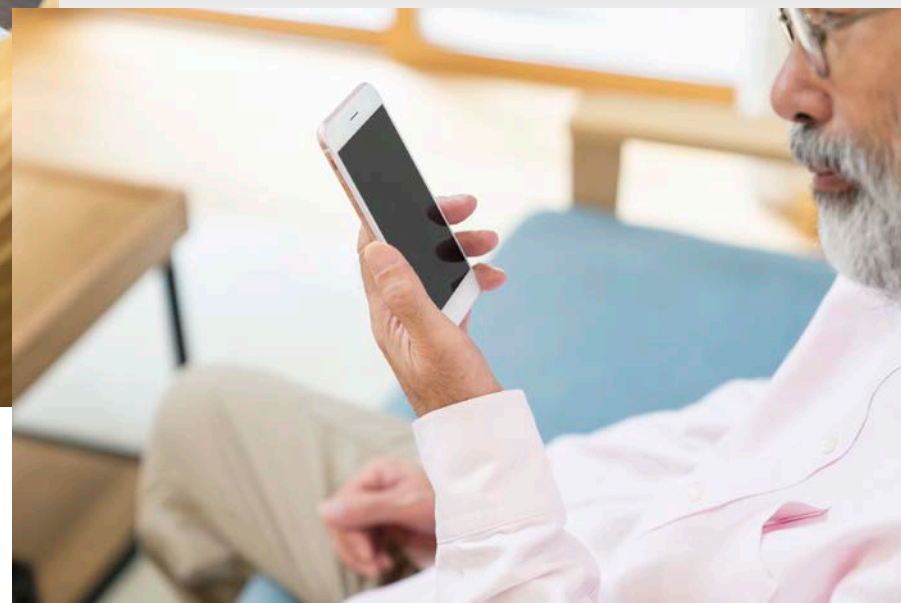
Number of Entrustments





Transfer Agency Business

We will utilize the innovation that is our strong point, such as in the areas of virtual general meetings of shareholders and the electronic exercising of voting rights, to expand the number of entrustments, as a cutting-edge stock transfer agency.



2. Financial Forecast and Shareholder Return



- We are expecting that our SR business will show favorable expansion and that our PA and FA investment banking business will see more orders for large scale projects.

	FY2021 Forecast			FY2020 Results	
	Amount (Millions of yen)	Change (Millions of yen)	Change (%)	Amount (Millions of yen)	Change (%)
Net sales	9,700	2,017	26.3	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 the parent company	3,150	704	28.8	2,445	150.3



Shareholder Return

■ Including the interim dividend, the dividend for the full year is planned to be ¥85 per share (an increase of ¥15).

Depending on the level of the stock price, we also plan to acquire treasury stock in a timely, appropriate, and flexible manner.

Dividend per Share	Interim	Year-end	Full Year	Payout Ratio
FY2021 (Forecast)	35 yen	50 yen	85 yen	47.9%
FY2021 (Initial Forecast)	25 yen	45 yen	70 yen	—
FY2020 Actual	25 yen	45 yen	70 yen	51.0%

3. Supplementary Information



Field of Power of Equity and Market Size

IR (Investor Relations) Investor Response

**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, etc.

Main Players

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

SR (Shareholders Relations) Shareholder Response

**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 assumption that 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 trillion 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.



Total Shareholder Return (TSR)

Period	March 31, 2020	January 31, 2021
1 Year	304.09%	330.23%
3 Years	673.90%	1577.53%
5 Years	1222.39%	6276.28%
From Listing (March 17, 2011)	2820.25%	13099.44%

*TSR: Calculated as capital gain + income gain assuming the income gain is reinvested and the value of the reinvested dividend is taken into account.



(Reference) Net Sales by Business Segment for Nine months of Fiscal 2021

	9M FY2021 (Apr. 2020—Dec. 2020)			9M FY2020 (Apr. 2019—Dec. 2019)
	Amount (Millions of yen)	Percent of Total (%)	YOY Change (%)	Amount (Millions of yen)
IR・SR Consulting	5,543	92.3	22.8	4,515
Disclosure Consulting	341	5.7	-23.0	443
Database/Other	123	2.1	-11.1	139

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



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