

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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Financial Results

For the Three Months of the Fiscal Year Ending March 31, 2022
(April 1, 2021–June 30, 2021)

August 10, 2021

IR Japan Holdings, Ltd. (6035)

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1. Financial Results for the Three Months of the Fiscal Year Ending March 31, 2022



Three Months of Fiscal 2021: Financial Highlights

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

	3M FY2021 (Apr. 2021—Jun. 2021)			3M FY2020 (Apr. 2020—Jun. 2020)
	Amount (Millions of yen)	YoY change (Millions of yen)	YoY change (%)	Amount (Millions of yen)
Net sales	2,640	260	11.0	2,379
Operating profit	1,431	85	6.4	1,345
Ordinary profit	1,431	86	6.4	1,345
Profit attributable to owners of parent	991	86	8.6	913
(Reference) EBITDA*	1,491	90	6.5	1,401

*EBITDA: Ordinary profit + Interest paid + Depreciation



Three Months of Fiscal 2021: Cost Breakdown

(Millions of yen)

Breakdown	Item	3M FY2021 (Apr.2021—Jun. 2021)	3M FY2020 (Apr.2020—Jun. 2021)	Change
Variable costs (Costs of Sales)	Outsourcing	130	161	-31
Fixed costs (SG&A)	Personnel	620	504	116
	Depreciation	59	55	3
	Rent	97	92	4
	Other (including database)	298	217	79
Total	COS + SG&A	1,208	1,033	174

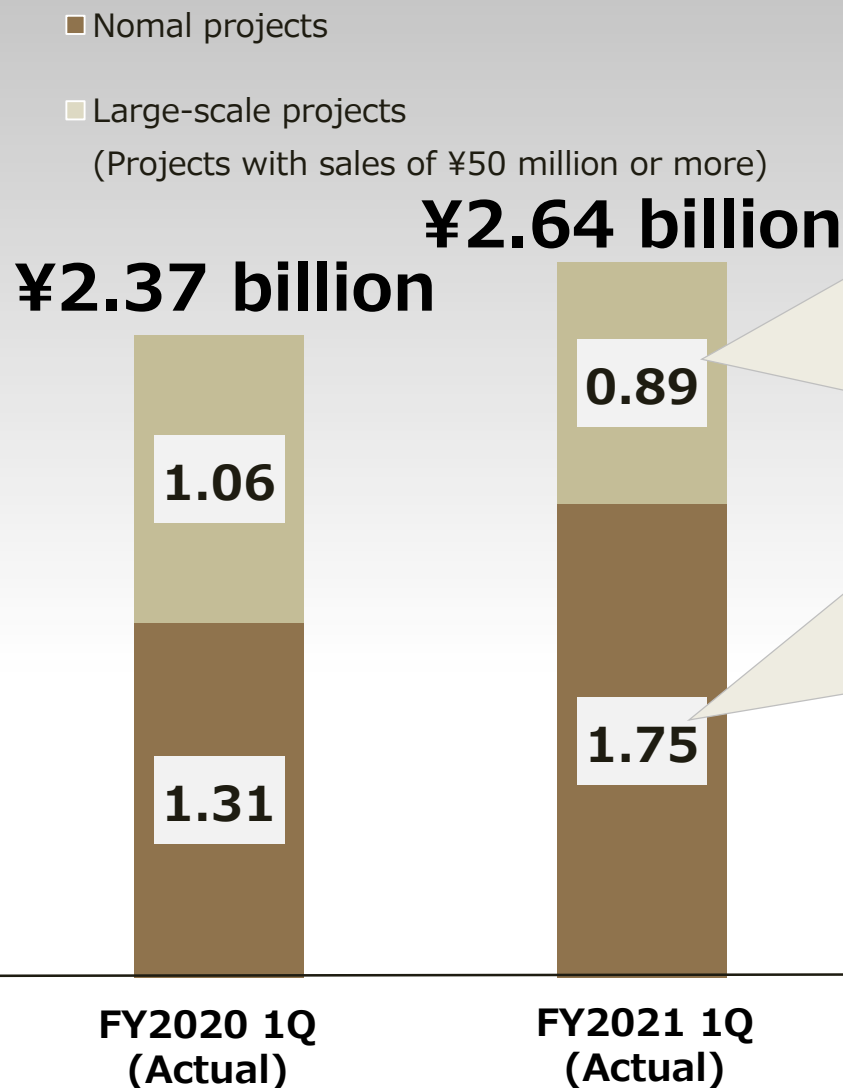


Three Months of Fiscal 2021: Main Financial Points

- The contest for corporate control continued to be active, with activists targeting listed companies entering the market and activists exercising their right to make shareholder proposals. In addition, corporations and activists became more active in hostile corporate and business restructuring activities against Japanese listed companies.
- In the midst of drastic corporate reforms brought by the TSE's market reclassification and the revision of the Corporate Governance Code, normal projects centered on advanced equity consulting services expanded significantly, and orders from existing and new clients continued to increase.
- The number of large-scale projects, such as corporate control contests and activist responses, remained at a high level, and both sales and profits reached record highs. However, due to delays in the execution of some large-scale projects such as TOB-related projects and asset sales in progress since the previous fiscal year, we were unable to achieve a significant increase in revenue.
- At present, the number of large-scale projects undertaken in the first half of the fiscal year is steadily increasing year on year. FA/PA business opportunities related to large-scale corporate and business restructuring projects have developed on the basis of strong relationships of trust with existing clients.



Status of Large-Scale Projects and Normal Projects (Three Months of Fiscal 2021)



Large-scale projects -¥0.18 billion

- ✓ We continue to receive a high level of orders for comprehensive PAs/FAs related to corporate and business restructuring, PAs/FAs for contest for corporate control related to hostile TOBs from activists and business corporations, and PAs/FAs for activist response.
- ✓ On the other hand, delays in the execution of some large-scale projects, such as TOB-related projects and asset sales, which we have been entrusted since the previous fiscal year, had an impact.

Normal projects +¥0.44 billion

- ✓ We have seen an increase in demand for our group's unique and sophisticated equity consulting services.
- ✓ In addition to the conventional SR advisory services for shareholder identification surveys and securing of shareholder proxy support, our unique and sophisticated equity consulting services, including capital policy, B/S management, strategic reviews, and unique advisory services that accurately respond to the TSE's market reclassification, expanded the range of clients and increased the number of contracts.



Status of Large-Scale Projects

Number of Contracts and Sales Amount of Large-Scale Projects*

(Millions of yen)

	First Half		Second Half		Total	
	Cases	Amount	Cases	Amount	Cases	Amount
FY2021 (forecast)	12	1,936	—	—	—	—
FY2020 (actual)	13	1,694	12	1,751	25	3,446
Change	-1	242	—	—	—	—

*Projects with sales of ¥50 million or more

Types and Sales Amount of Large-Scale Project

(Millions of yen)

Project Type	1H FY2021 (forecast)	1H FY2020 (actual)	Change
PA/FA for Contest for Corporate Control	884	826	58
PA/FA for Activist Response	542	610	-68
Corporate FA (MBO, etc.)	510	200	310
Large-Scale SR/PA	0	58	-58
Total	1,936	1,694	242



Pipeline of Large-Scale Projects*

Type of project	Clients	Type of contract	Content
Contest for corporate control	Listed company (Market cap > ¥500 billion)	FA・PA	TOB
Contest for corporate control	Listed company (Market cap > ¥500 billion)	FA・PA	TOB
Contest for corporate control	Listed company (Market cap > ¥500 billion)	FA・PA	Business reorganization, TOB
Contest for corporate control	Listed company (Market cap > ¥500 billion)	FA・PA	Business reorganization
Contest for corporate control	Listed company (Market cap > ¥30 billion)	FA・PA	Business reorganization
Activist response	Listed company (Market cap > ¥500 billion)	FA・PA	Business reorganization, TOB
Activist response	Listed company (Market cap < ¥50 billion)	FA・PA	Business strategy, capital policy
Activist response	Listed company (Market cap > ¥4 billion)	PA	capital policy
Activist response	Listed company (Market cap > ¥30 billion)	FA・PA	Business strategy, capital policy
Activist response	Listed company (Market cap < ¥50 billion)	FA	Business reorganization, TOB
Activist response	Listed company (Market cap > ¥100 billion)	FA・PA	Business reorganization, TOB
Asset sales	Listed company (Market cap > ¥100 billion)	FA	Asset sales
MBO	Listed company (Market cap > ¥100 billion)	FA	MBO

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

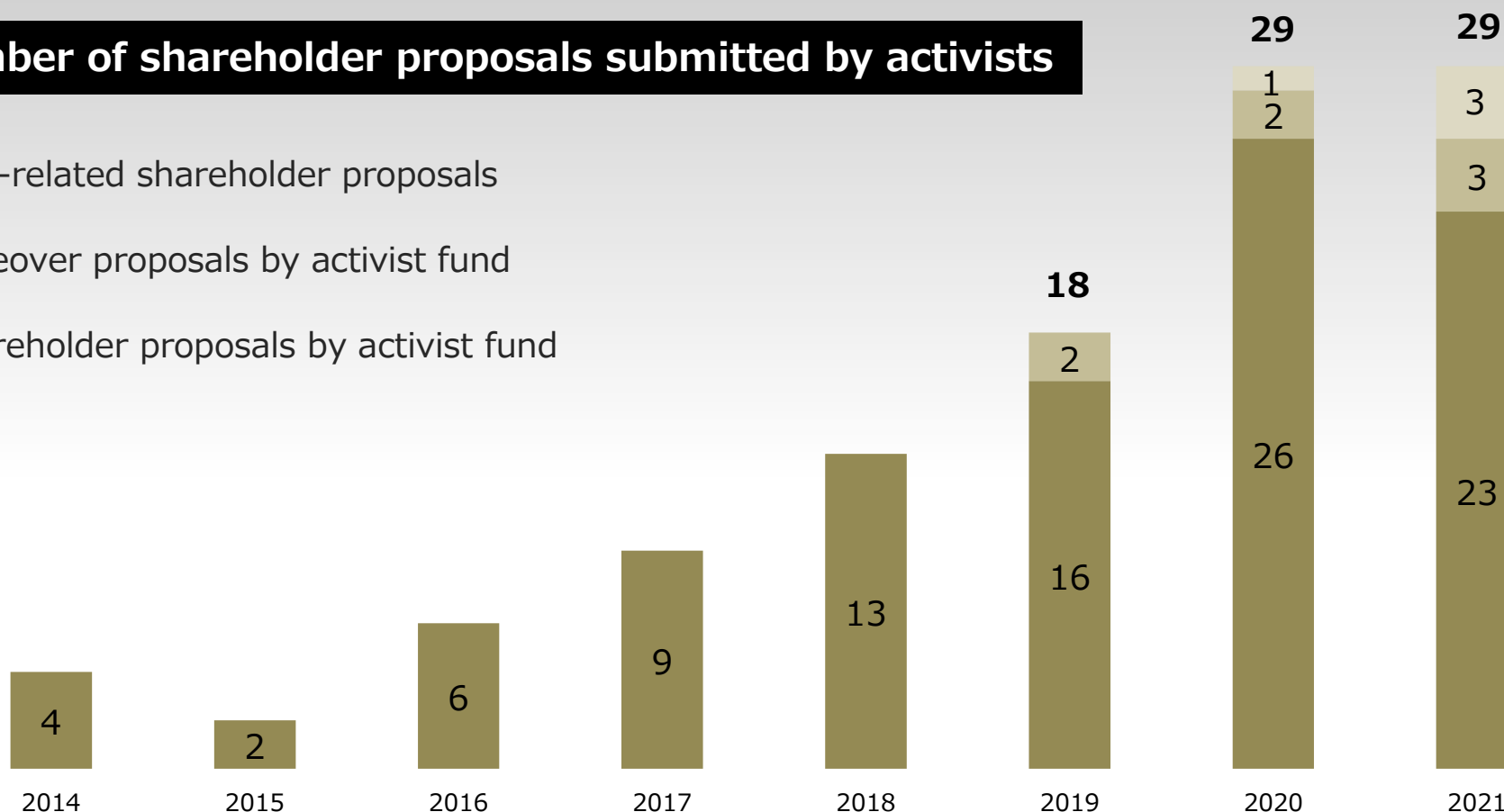


Activists are Acting Aggressively

■ As of June 30, 2021, there have been a total of 23 shareholder proposals submitted by activists, which is the same number as recorded last year.

Number of shareholder proposals submitted by activists

- ESG-related shareholder proposals
- Takeover proposals by activist fund
- Shareholder proposals by activist fund



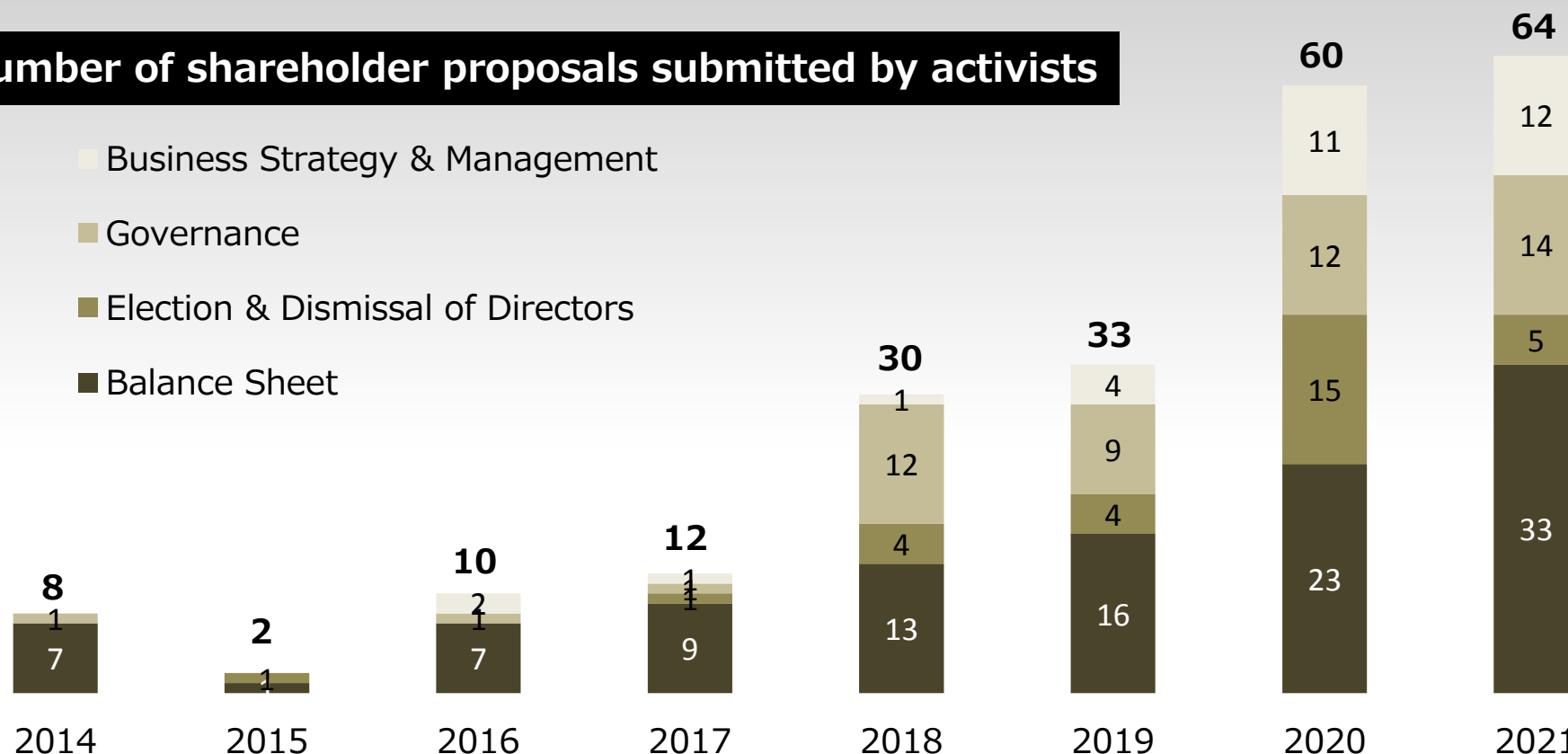
*As of June 30, 2021



Number of Shareholder Proposals Submitted by Activists

As of June 30, 2021, the number of shareholder proposals was 64, already exceeding the 60 proposals submitted in 2020. A wide variety of proposals including not only balance sheet-related proposals, but also proposals related to business strategies and governance, have been submitted.

Number of shareholder proposals submitted by activists

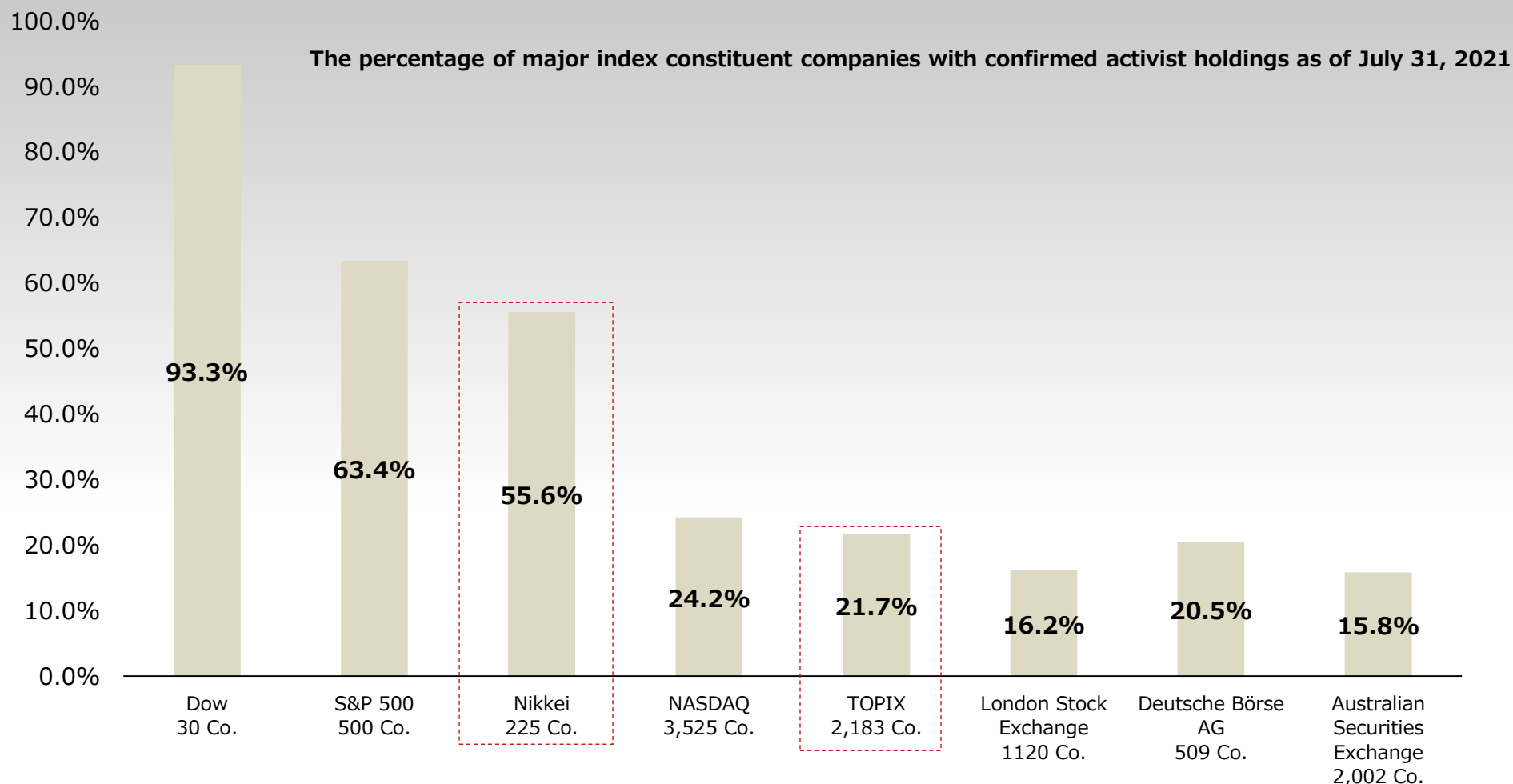


*As of June 30, 2021



Recent Trends in Global Activism

Percentage of major index constituent companies held by activists



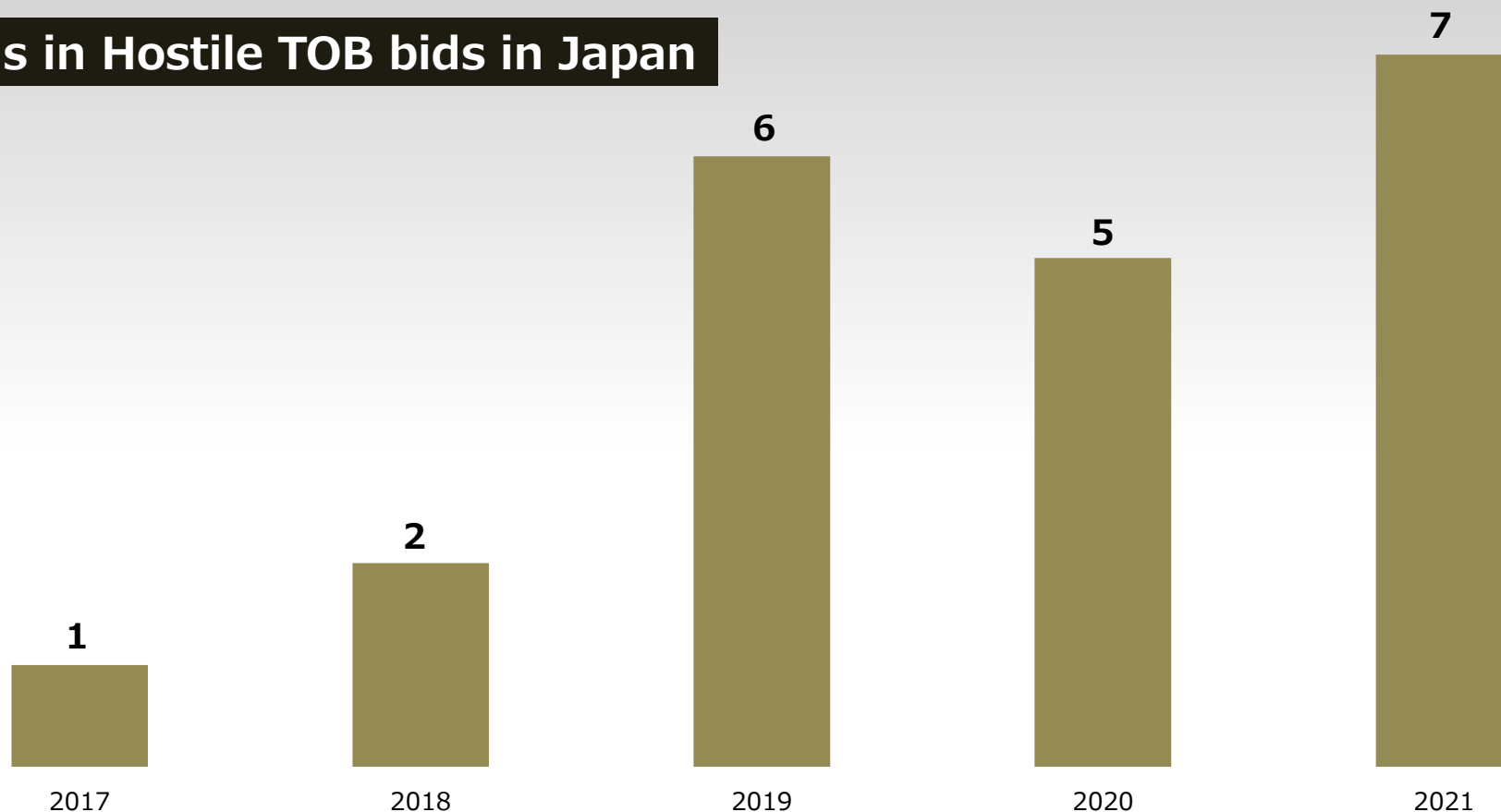
Note: Data related to activist holdings was collated from Activist Insight. Data regarding only Nikkei and TOPIX was sourced from publicly available information or from the results of IR Japan's in-house shareholder identification surveys. The number of listed companies was collated from the World Federation of Exchanges database, and from the database of the Tokyo Stock Exchange. London Stock Exchange figures exclude AIM-listed companies.



Increase in Hostile Takeover Bids in Japan

In Japan, hostile Takeover Bids by listed companies (strategic buyers) are increasing, and takeovers and the acquisition of management control by such hostile TOBs are becoming an important tool to conduct M&A.

Trends in Hostile TOB bids in Japan



*As of June 30, 2021



The Emergence of Corporate Restructuring in Japan

We have seen a rise in hostile corporate restructuring and business restructuring of listed companies in Japan by corporations and activists.

➤ TOBs Initiated by Corporations

Nippon Steel's TOB against **Tokyo Rope MFG**

Starwood Capital Japan's TOB against **Invesco Office J-REIT**

NITORI's TOB against **Shimachu**

Mitsui Fudosan's TOB against **Tokyo Dome**

➤ TOBs Initiated by Activists

Strategic Capital's TOB against **Keihanshin Building**

Citi Index Eleventh's TOB against **Japan Asia Group**

Effissimo's TOB against **Sanken Electric**

Aslead Capital Pte.'s TOB against **FUJI KOSAN**

➤ Shareholder Proposals Submitted by Activists

Effissimo's call for **Toshiba** to hold an extraordinary general meeting of shareholders
→ The proposal was approved.

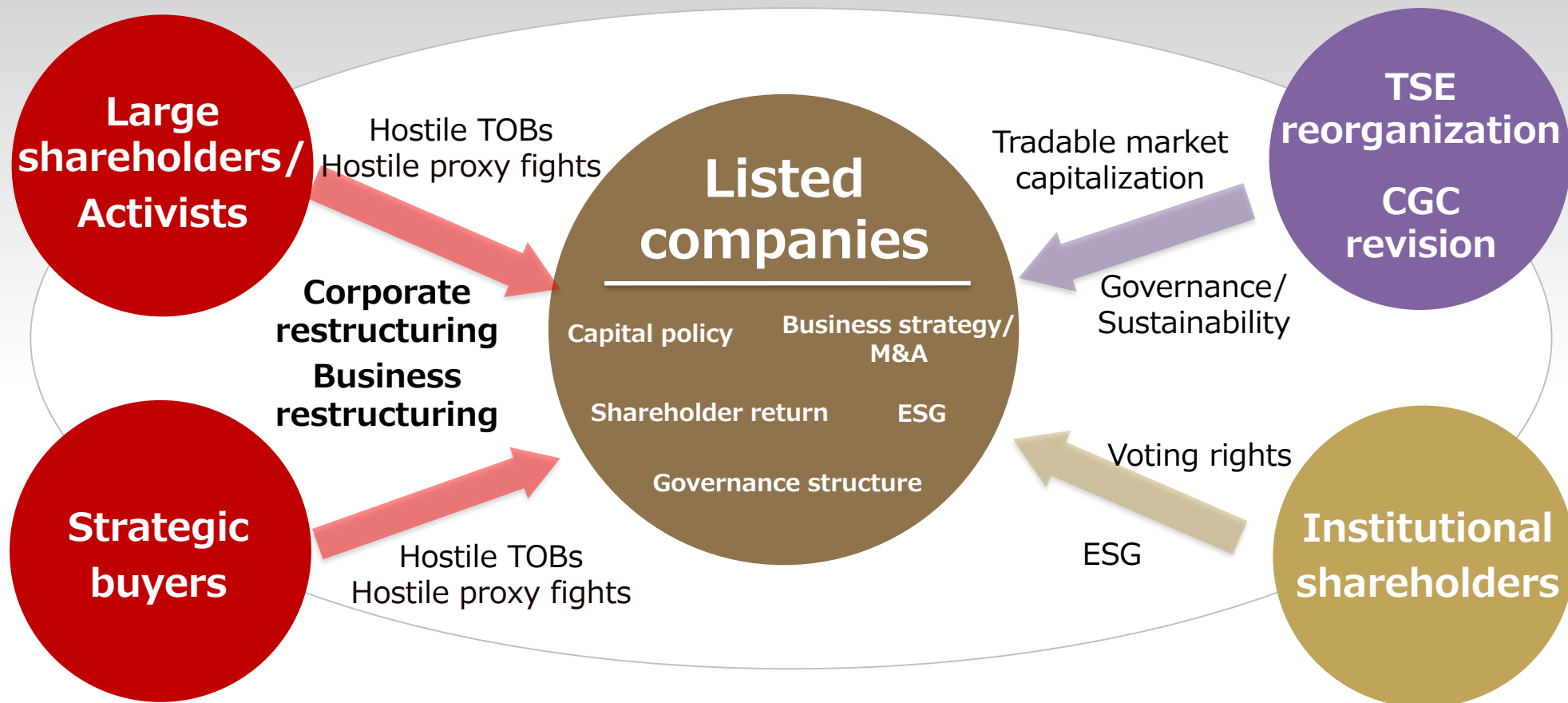


Toshiba's Ordinary General Meeting of Shareholders
→ Two candidates for director proposed by management were rejected by shareholders.



Changes in the Environment Surrounding Listed Companies

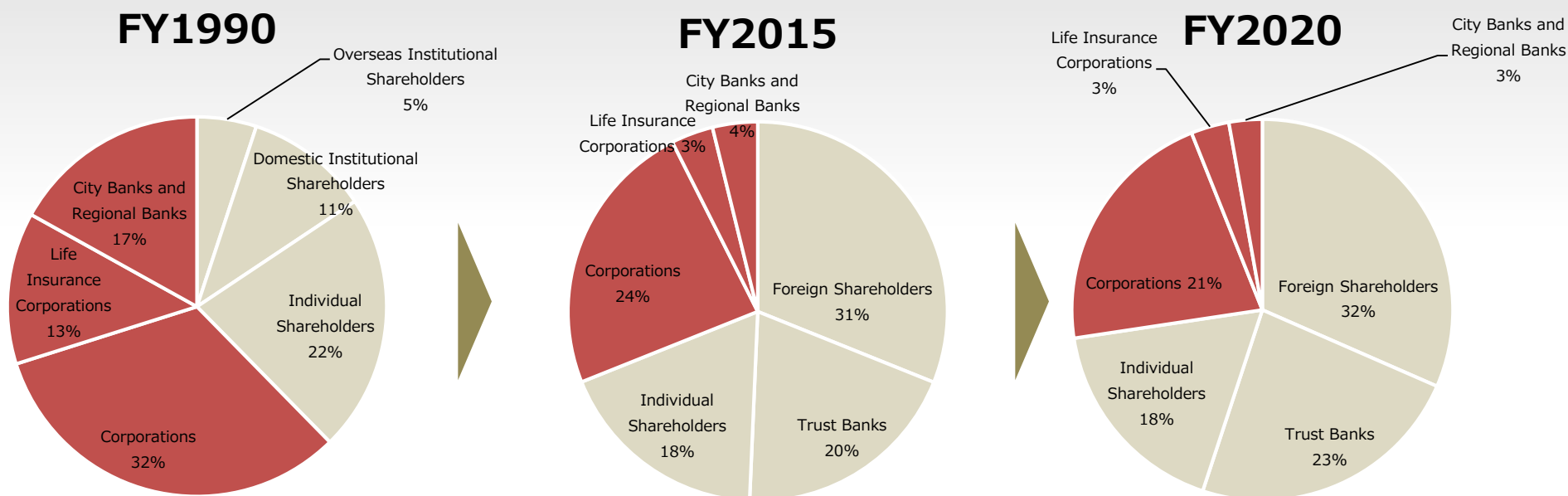
- In the era of major restructuring, the contest for corporate control has become as an important means of corporate growth strategy.
- The TSE's reclassification of its market segments and the revision of the Corporate Governance Code require capital policies, business restructuring and M&A, shareholder returns, and top management thinking regarding ESG that sincerely address shareholders.





Changes in Corporate Japan's Shareholder Composition

- As the TSE reorganizes its market segments, the meaning of holding cross shareholdings will be severely questioned, and the pace of reduction is bound to accelerate.
- The voting of institutional shareholders is becoming stricter and more diversified amid a major wave of the strengthening of ESG-related matters. This is forcing companies to give serious consideration of shareholders voting.



Source: Created by referencing data in "Share Distribution Survey Results" disclosed by the TSE



The Restructuring of the Market Sections of the Tokyo Stock Exchange

The TSE's New Sections

Current sections

First Section

For companies with a large amount of liquidity

Second Section

For companies with a proven track record

Mothers

For startups and emerging companies

JASDAQ

For diversified companies (Companies with a proven track record and startups)

Standard

Growth

Prime

A market for companies that have a market capitalization (liquidity) large enough to be **the investment target of many institutional investors**, have a higher level of governance, and are committed to sustainable growth and medium- to long-term enhancement of corporate value with a focus on constructive dialogue with investors.

Standard

A market for companies that have a certain level of market capitalization (liquidity) **as an investment target in a public market**, and that are committed to sustainable growth and medium- to long-term enhancement of corporate value while maintaining the basic level of governance as a listed company.

Growth

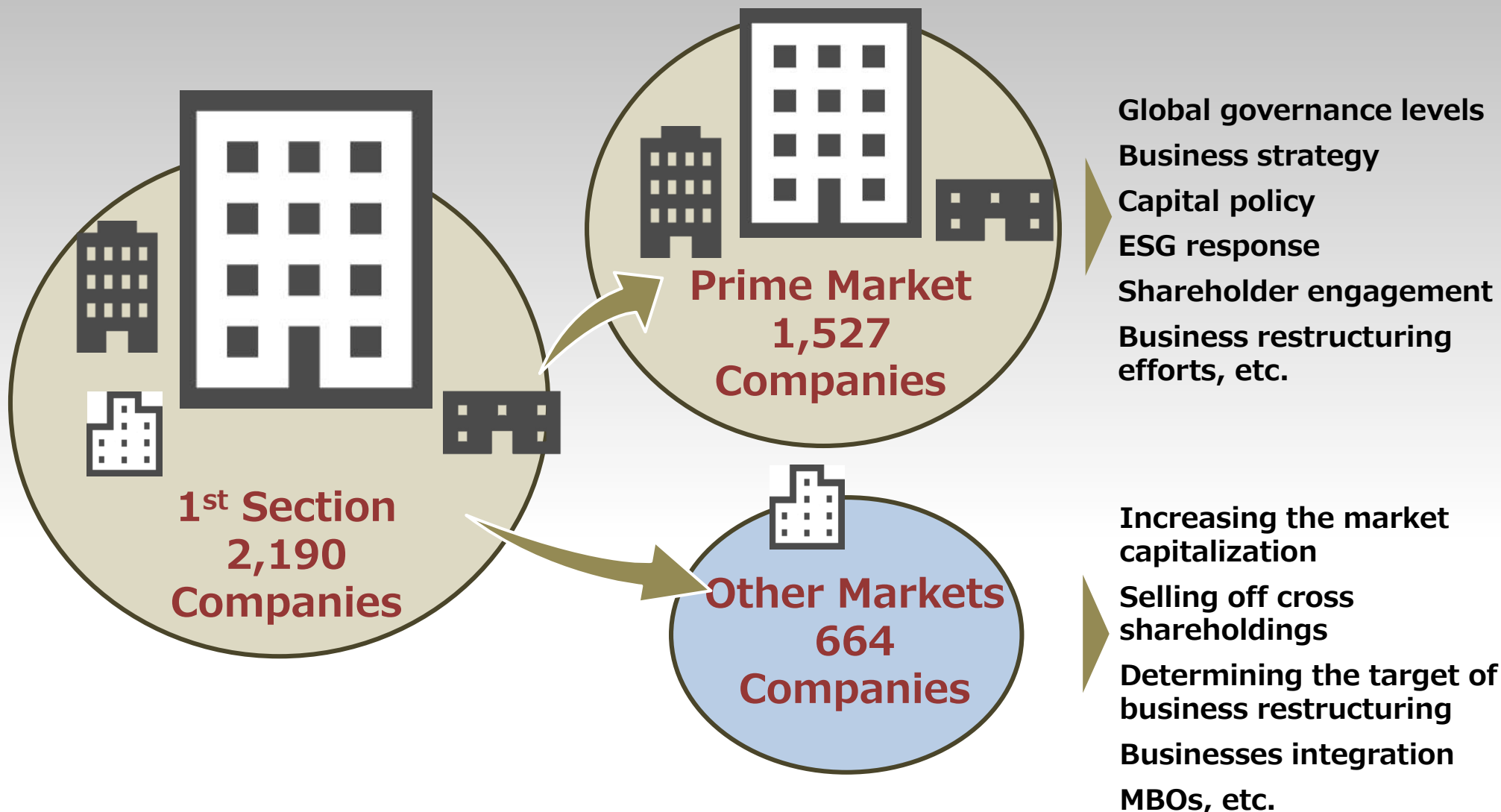
A market for companies that have timely and appropriate disclosure of their business plans and progress to achieve high growth potential and a certain level of market reputation, but with relatively high risk in terms of business performance.

Source: Prepared by IRJ based on JPX's "Overview of New Market Segments"

- Market selection procedures will be conducted from September to December, with a record date set as of the end of June 2021
- Passing the criteria for maintaining their listing on the Prime Market = Increase in tradable market capitalization is extremely important (elimination of cross-shareholdings)



The Impact of the Restructuring of the Market Sections of the Tokyo Stock Exchange

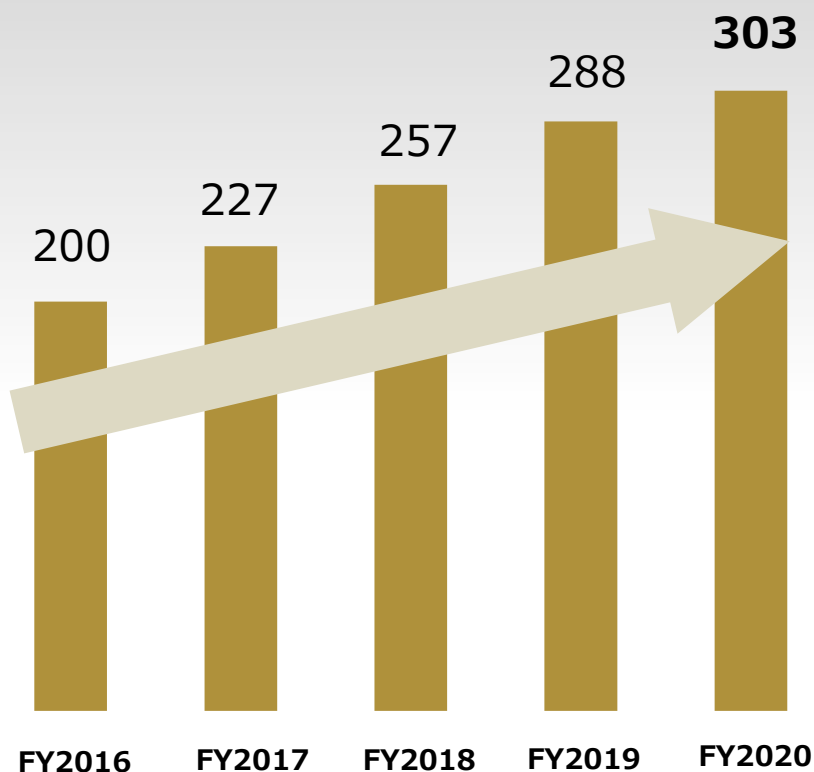




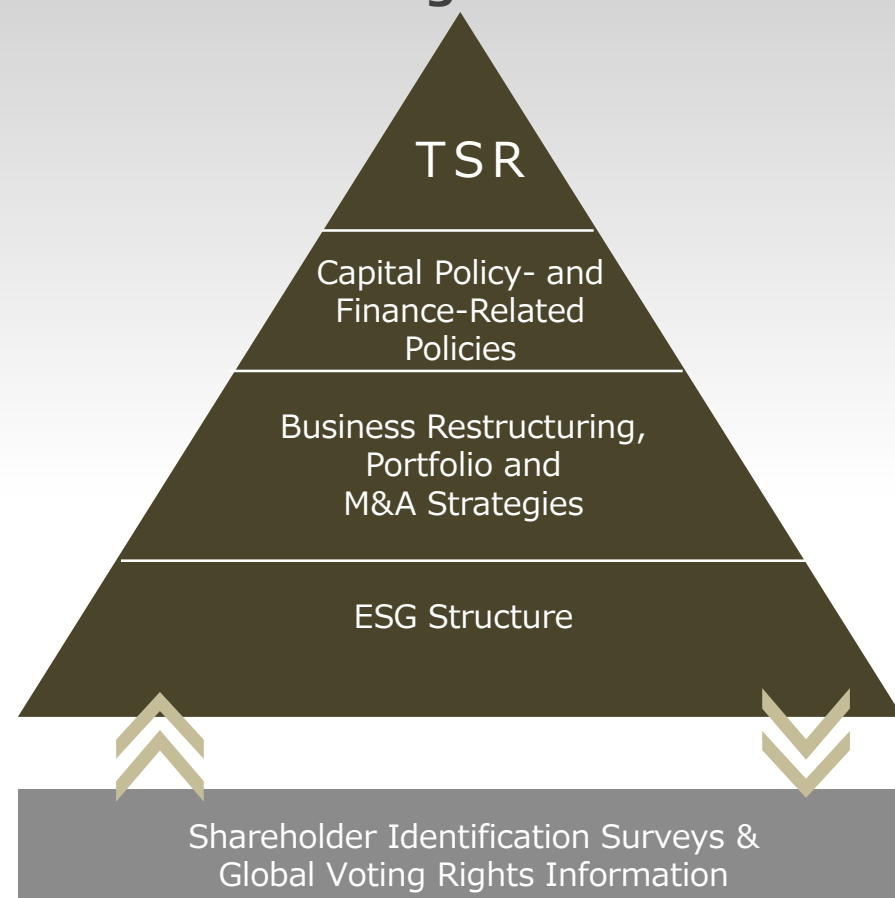
Growing Demand for Equity Consulting Services

Expansion of Our Core Client Base

Note: Number of clients with annual transaction amounts of ¥5 million or more



Increased Support From Our Equity Consulting Division





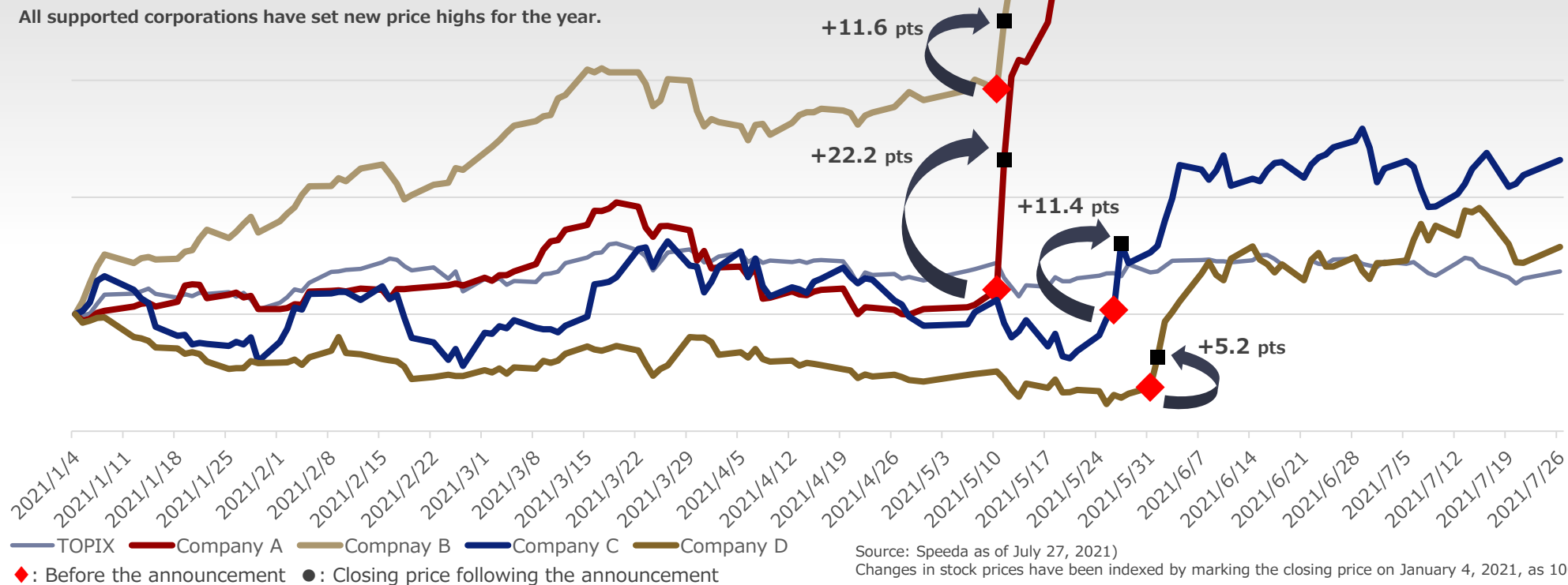
Our Performance of Equity Consulting

Stock Price Performance of Corporations Receiving Our Support

Stock Price Performance after the Announcement of the Medium-Term Management Plan

	The closing price on the day before announcement ⇒ The closing price on the day of announcement	The closing price on the day before announcement ⇒ The closing price on July 26, 2021
Company A: Price Change	+22.2 pts	+94.9 pts
Company B: Price Change	+11.6 pts	+28.3 pts
Company C: Price Change	+11.4 pts	+25.7 pts
Company D: Price Change	+5.2 pts	+24.0 pts

All supported corporations have set new price highs for the year.



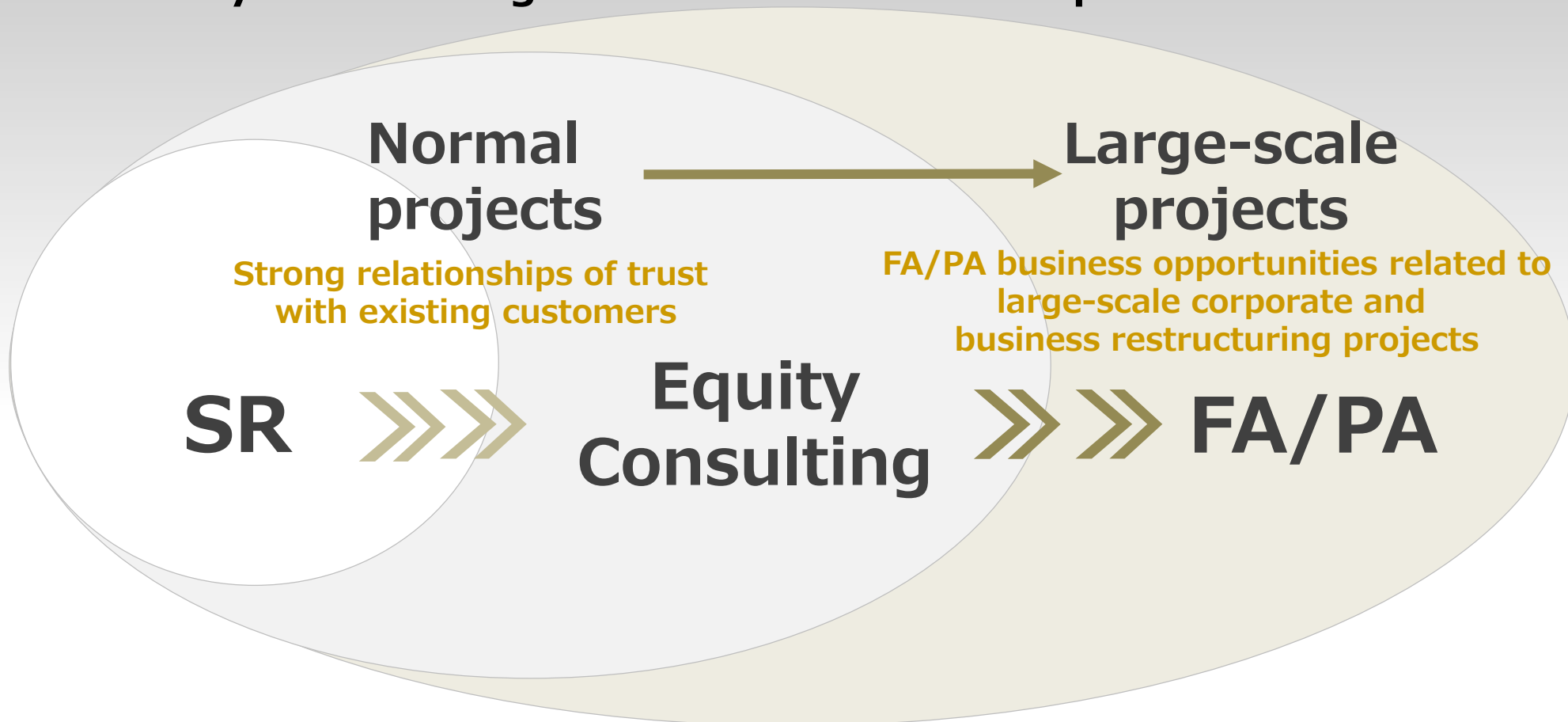
Source: Speeda as of July 27, 2021)

Changes in stock prices have been indexed by marking the closing price on January 4, 2021, as 100.



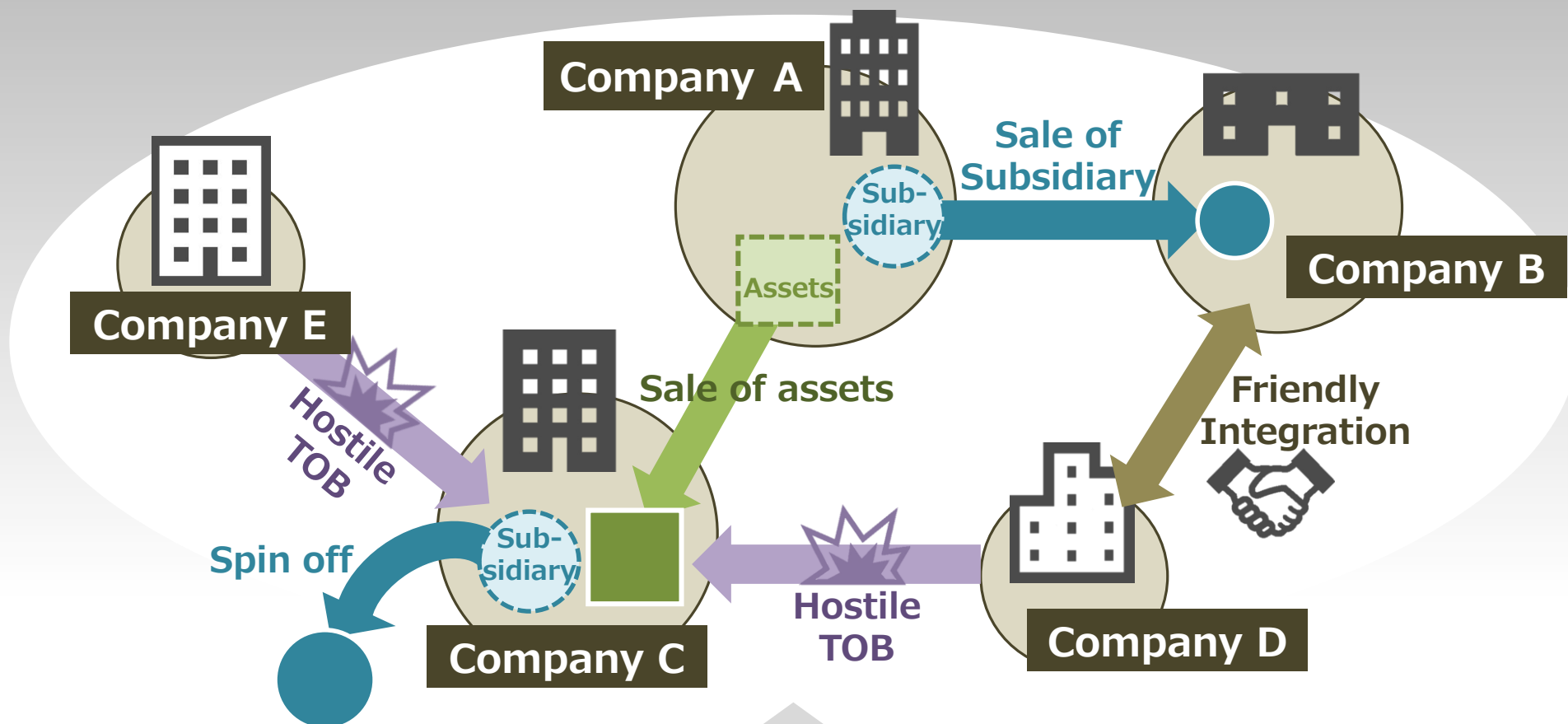
Expansion of Support Services Starting from the Equity Consulting Business

- Requests for advanced equity consulting services, which are unique to our company, have increased significantly, and we are steadily establishing much closer relationships with clients.





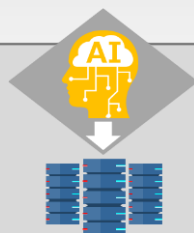
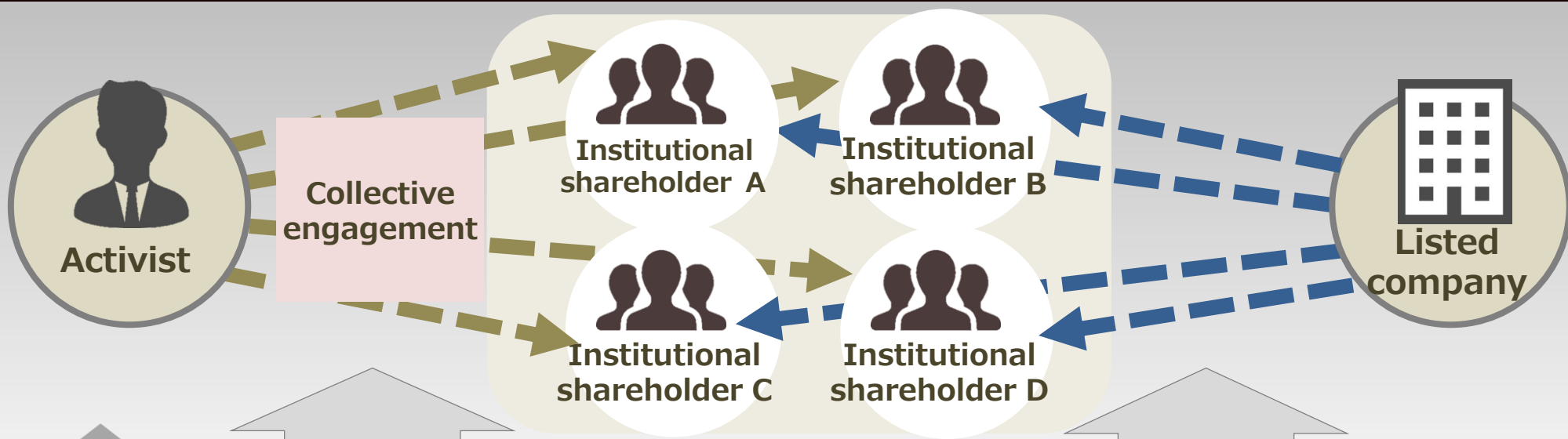
Arrival of the Era of Major Restructuring



In the era of major restructuring, the Group provides specialized consulting services for strategic planning and implementation in contests to secure corporate control.



Our Strength Accelerating the Number of Contracts of Large-Scale Projects



Our AI and proprietary global research systems enable detailed and up-to-date understanding and analysis of trends among activists and institutional investors



Approx. 20,000
companies

Able to research listed companies in Europe, the U.S.A., Asia, and Japan

Approx. 200,000
funds

Number of funds covered by our AI (annually)

Combined domestic and foreign total
Approx. 6,000 people

Constantly collect and accumulate information on people in charge of voting rights on a global scale

Approx. 10,000
cases worldwide

Constantly collect and accumulate information on the investment performance and activities of activists



Advantages of our Proxy Advisory and Financial Advisory Services During the Era of Major Restructuring

Information essential to acquiring control rights

Business description	IRJ/JOIB	Other firms
Countermeasures against activists	◎	△
Detailed and accurate analysis of shareholders (Overseas institutional shareholders/domestic institutional shareholders/activists/hedge funds/individual shareholders)	◎	×
Precise analysis of information on the exercise of voting rights	◎	△
Uniquely advanced data analysis, strategy planning and execution regarding the success or failure of TOBs	◎	×
Uniquely advanced data analysis, strategy planning and execution on the success or failure of proxy contests	◎	×
Execution of M&A	◎	◎
Placement agent	◎	◎
Responding to relevant agencies and ministries	◎	◎
TOB agent	×	◎
Balance sheet management/capital policy	◎	◎
Review of business portfolio	◎	◎

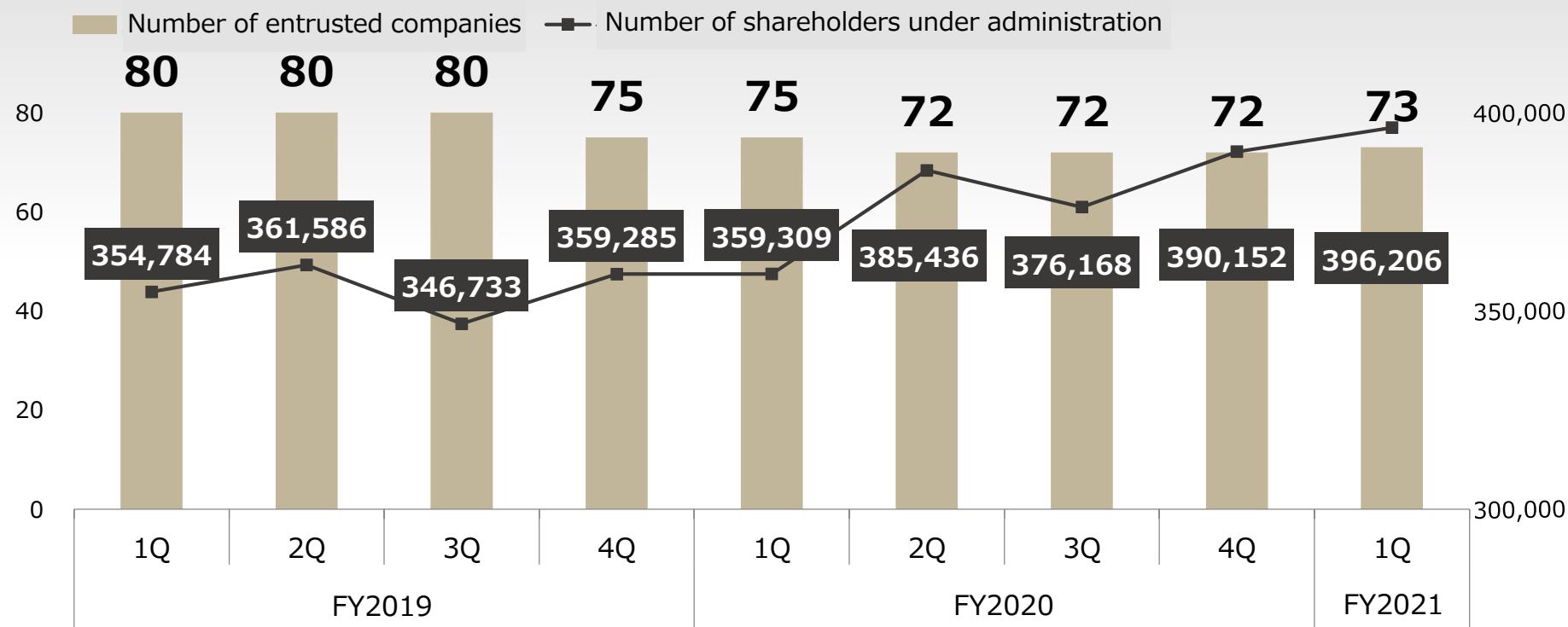
Made possible by the establishment of JOIB



Transfer Agency Business

Entrustments with 73 companies have been completed, and the number of shareholders under administration reached 396,206 as of June 30, 2021. The Diet discussed the oligopolistic situation and the issues of Japan's transfer agency business in order to ensure that Japan's transfer agency business is properly managed. 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 were the first Japanese company to pass a proposal to amend its articles of incorporation to allow it to hold a shareholders' meeting without a specified location at its annual shareholders' meeting in June 2021.
- To more actively promote stock transfer agency services that meet the needs of the times, we are taking the initiative in making all possible preparations for the dawn of the new electronic shareholders' meeting era.



2. Financial Forecast and Shareholder Return



Financial Forecast for Fiscal 2021 (As of May 10, 2021)

We will increase the number of contracts for advanced equity consulting services, as well as the number of large-scale projects. We expect that the newly established JOIB is entrusted with the execution of the core business of our financial advisory services.

Sales of JOIB are expected to be around ¥2 billion in fiscal 2021.

	FY2021 forecast			FY2020 results	
	Amount (Millions of yen)	YoY change (Millions of yen)	YoY change (%)	Amount (Millions of yen)	YoY change (%)
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



Shareholder Return

- For fiscal 2021, we currently plan to pay an interim dividend of ¥45 per share and a year-end dividend of ¥68 per share, for an annual dividend of ¥113 per share.

Dividend per share	Interim	Year-end	Full year	Payout ratio
FY2019 actual	¥25	¥45	¥70	51.0%
FY2020 actual	¥35	¥50	¥85	53.9%
FY2021 forecast	¥45	¥68	¥113	49.6%

3. Supplementary Information



Field of Power of Equity and Market Size

IR (Investor Relations) Investor Response

**IR market in the wide sense:
¥45 billion**

- ◆ 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**

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

Main Players

Mitsubishi UFJ Trust/
Mitsui Sumitomo Trust/
Mizuho Trust

M&A (Mergers and Acquisitions) Corporate Acquisition

M&A market: ¥600 billion

◆ 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) from the MARR statistics.

Legal Sector Legal Services

LA market: ¥200 billion

- ◆ 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

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 on 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 company's most recent financial statements.



The Group'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 of total sales



Total Shareholder Return (TSR)

Period	March 31, 2021	July 31, 2021
1 year	479.50%	486.96%
3 years	2,151.52%	2,180.49%
5 years	3,253.16%	3,296.95%
From listing (March 17, 2011)	9,994.00%	10,128.55%

* 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 Three months of Fiscal 2021

	3M FY2021 (Apr. 2021—Jun. 2021)			3M FY2020 (Apr. 2020—Jun. 2020)
	Amount (Millions of yen)	Percent of total (%)	YoY change (%)	Amount (Millions of yen)
IR・SR Consulting	2,509	95.1	10.8	2,265
Disclosure Consulting	88	3.3	19.2	73
Database/Other	42	1.6	5.5	40

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.

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