Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (J-GAAP)

November 1, 2024

Listed Company Name: IR Japan Holdings, Ltd.
Securities Code: 6035
Listing: Tokyo Stock Exchange URL: https://www.irjapan.jp/
Representative: Shirou Terashita
President and Chief Executive Officer
Contact: Yutaka Fujiwara
Director and General Manager, Corporate Planning Department Tel.: +81-3-3519-6750
Scheduled Date to Submit Semi-annual Securities Report: November 12, 2024
Scheduled Date to Start Dividend Payment: December 2, 2024
Preparation of Results Briefing Materials: Yes
Holding of Financial Results Briefing: Yes (for institutional investors and analysts)

(Amounts of less than one million yen have been truncated)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	2,923	-4.7	519	-37.8	522	-37.4	356	-36.1
Six months ended September 30, 2023	3,067	-0.4	835	69.7	835	68.4	557	60.1

Note: Comprehensive income Six months ended September 30, 2024: 341 million yen (-39.7%)
Six months ended September 30, 2023: 566 million yen (62.9%)

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Six months ended September 30, 2024	20.08	—
Six months ended September 30, 2023	31.39	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	6,670	5,448	81.7
As of March 31, 2024	6,669	5,372	80.6

Reference: Shareholders' equity As of September 30, 2024: 5,448 million yen
As of March 31, 2024: 5,372 million yen

2. Dividends

	Full-year dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	15.00	—	15.00	30.00
Year ending March 31, 2025	—	10.00			
Year ending March 31, 2025 (Forecast)			—	—	—

Note: Revision of dividends forecast since last announcement: None

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2025
(from April 1, 2024 to March 31, 2025)

The Company has not announced its consolidated results forecast for the fiscal year ending March 31, 2025 since it is difficult to reasonably calculate its results forecast at this time. We will promptly disclose the consolidated results forecast as soon as it becomes possible to calculate it.

Note: Revision of consolidated results forecast since last announcement: None

Notes:

(1) Significant changes in the scope of consolidation during the period: None
Newly included: — Excluded: —

(2) Application of special accounting treatments in preparing semi-annual consolidated financial statements: Yes

Note: For details, please refer to "2. Consolidated Financial Statements and Primary Notes (4) Notes Relating to the Consolidated Financial Statements."

(3) Change in accounting policies, accounting estimates, and retrospective restatements
1) Change in accounting policies in accordance with revision of accounting standards: None
2) Change in accounting policies other than item 1) above: None
3) Change in accounting estimates: None
4) Retrospective restatements: None

(4) Number of shares issued (common stock)
1) Number of shares issued at the end of the period (including treasury shares)
As of September 30, 2024 17,839,710 shares
As of March 31, 2024 17,839,710 shares
2) Number of treasury shares at the end of the period
As of September 30, 2024 76,327 shares
As of March 31, 2024 76,327 shares
3) Average number of shares during the period
April – September 2024 17,763,383 shares
April – September 2023 17,763,420 shares

The review procedure by a certified public accountant or an auditing firm does not apply to this Summary of Consolidated Financial Results.

Explanation regarding appropriate use of results forecast and additional notes

Forward-looking statements, including the results forecast, contained in this document are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this document. Actual business results may differ substantially due to a number of factors. For conditions prerequisite to the results forecast, and the points to be noted in the use thereof, please refer to "1. Overview of Operating Results, etc. (3) Forward-looking Statements Including Consolidated Results Forecast."

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Note: The Company held a briefing for investors (online meeting), as indicated below. Materials distributed at this briefing are set to be posted on the Company's website immediately after the briefing.

Financial results briefing for institutional investors and analysts: Friday, November 1, 2024

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Six Months Ended September 30, 2024

1) General overview

(Millions of yen)

	Six months ended September 30, 2024 (April to September 2024)			Six months ended September 30, 2023 (April to September 2023)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	2,923	-144	-4.7	3,067	-0.4
Operating profit	519	-315	-37.8	835	69.7
Ordinary profit	522	-312	-37.4	835	68.4
Profit attributable to owners of parent	356	-201	-36.1	557	60.1
(Reference) EBITDA	693	-301	-30.3	994	54.3

Note: EBITDA = Ordinary profit + Interest expenses + Depreciation

During the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024), net sales decreased 4.7% year on year, to ¥2,923 million. In terms of profits, due to active investment in human resources, operating profit decreased 37.8% year on year, to ¥519 million, ordinary profit decreased 37.4% year on year, to ¥522 million and profit attributable to owners of parent decreased 36.1% year on year, to ¥356 million. EBITDA decreased 30.3% year on year, to ¥693 million.

During the six months ended September 30, 2024, activists targeting listed companies intensified and diversified their activities, and the number of shareholder proposals submitted by activists remained at record-high levels. They made wide-ranging comments on business strategies, corporate governance, stock price and capital efficiency improvements, and reductions of cross-shareholdings.

Regarding contingency response projects[*1] related to responses to activists, ownership battles and responses to M&As, among others, contracts for PA services[*2] and FA services[*3] centering on ownership battles have decreased. However, regarding projects that are centered on PA/FA response to activists, the number of entrustments has remained at the same level of the previous fiscal year.

Regarding ordinary response projects[*4] such as shareholder identification surveys, the number of new and additional project contracts increased from the second half of the previous fiscal year, including annual retainer contracts related to equity consulting services, based on the strong relationship of trust with our clients, and this trend has continued into the current fiscal year.

In Japan's capital markets, amid rising expectations for reforms in Japanese companies by foreign shareholders, cross-shareholdings are being cancelled and institutional investors and financial institutions are becoming increasingly strict about exercising voting rights. Shareholder meeting proposals have faced higher opposition rates, and the stable securing of voting rights is increasingly becoming a focus of attention. Moreover, as for the corporate restructuring and M&A areas, there has been a rise in activist activities targeting listed companies. Recently, there has also been a spread of hostile TOBs implemented by operating companies. These trends, coupled with changes in financial institutions' attitudes towards acquisition financing and FA acceptances, are expected to increase further. As shown in the Group's key concept, the "Power of Equity®[*5]," capital risks that significantly affect the survival and control of listed companies are increasing, under external pressure from "shareholders."

Under these circumstances, to provide support that converts expectations and external pressures from the stock market into the sustainable growth of listed companies, who are our clients, we will—as the only independent equity consulting and financial advisory group that does not belong to a financial organization, essentially offers proxy advisory services, and does not take the activist side—leverage both our consulting services related to shareholder voting rights and our M&A advisory services related to management control, while supporting the sustainable growth of listed companies in Japan.

*1 Contingency response projects: Deals to handle PA and FA services in contingency phases such as responses to activists, ownership battles, responses to M&As, etc.

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

*3 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)

*4 Ordinary response projects: Equity consulting services in normal times related to shareholder identification surveys, voting rights analysis, corporate defense, corporate value enhancement, etc.

*5 Power of Equity®: "Power of Equity" is a registered trademark of our subsidiary, IR Japan, Inc. (No. 6196294).

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.

Overview of net sales by service type

(Millions of yen)

Service	Six months ended September 30, 2024 (April to September 2024)			Six months ended September 30, 2023 (April to September 2023)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	2,744	93.9	-4.8	2,883	1.9
Disclosure Consulting	132	4.5	-0.8	134	-25.1
Databases and Other	46	1.6	-7.0	49	-31.0
Total	2,923	100.0	-4.7	3,067	-0.4

(a) Breakdown of large-scale projects (amounting to ¥50 million or more) and normal projects (amounting to less than ¥50 million)

(Millions of yen)

	Large-scale projects (¥50 million or more)		Normal projects (less than ¥50 million)
	Number of Projects	Amount	Amount
Six months ended September 30, 2024	8	676	2,246
Six months ended September 30, 2023	10	1,022	2,044
Change	-2	-345	201

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

(Millions of yen)

Types of project	Six months ended September 30, 2024	Six months ended September 30, 2023	Change
PA/FA for ownership battles	—	236	-236
PA/FA response to activists	434	493	-58
Company-side FA (M&As, etc.)	241	292	-50
Total	676	1,022	-345

The sales amount of large-scale projects (amounting to ¥50 million or more) for the fiscal year under review decreased 33.8% year on year, to ¥676 million. This was mainly due to a decrease in the number of contracts for projects that are centered on PA/FA projects for ownership battles. The sales amount of normal projects (amounting to less than ¥50 million) increased 9.9% year on year, to ¥2,246 million, as the number of new and additional project contracts increased from the second half of the previous fiscal year, including annual retainer contracts related to equity consulting services, based on the strong relationship of trust with our clients.

(c) Breakdown of contingency response projects and ordinary response projects

(Millions of yen)

	Contingency response projects	Ordinary response projects
Six months ended September 30, 2024	1,107	1,815
Six months ended September 30, 2023	1,392	1,674
Change	-284	140

The sales amount of contingency response projects related to responses to activists, ownership battles

and responses to M&As for the period under review decreased 20.4% year on year, to ¥1,107 million, mainly due to a decrease in the number of contracts for projects that are centered on PA/FA projects for ownership battles.

The sales amount of ordinary response projects such as shareholder identification surveys for the period under review increased 8.4% year on year, to ¥1,815 million. From the second half of the previous fiscal year, the number of new and additional project contracts increased, including annual retainer contracts related to equity consulting services, based on the strong relationship of trust with our clients.

In the stock transfer agency business, as of September 30, 2024, entrustments with 64 companies have been completed, and the number of shareholders under administration reached 396,739 (compared with entrustments concluded with 65 companies and 407,952 shareholders under administration in the same period of the previous fiscal year). We will continue to provide stock transfer agency services that meet the needs of the times by strengthening cooperation with SMBC Trust Bank Ltd. regarding stock transfer agency business and developing innovative services that set us apart from conventional stock transfer agencies.

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, comprehensive strategy planning and execution of M&As and MBO, etc.), and the stock transfer agency business.

Sales from IR/SR Consulting for the period under review decreased 4.8% year on year, to ¥2,744 million.

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 for the period under review decreased 0.8% from the same period of the previous fiscal year, to ¥132 million.

Databases and Other

Databases and Other provides web-based IR support services via Stock Watch, which provides information on shareholdings revealed through reports on the possession of large volume and publicly offered domestic and overseas investment trusts, IR-Pro, which is a comprehensive support system for corporate IR activities, and the Analyst Network, which allows listed companies to accept reservations for IR explanatory meetings and manage attendee information in a single step. IR Japan also operates the *Kabunushi-Hiroba*, a survey system for individual investors.

Sales from Databases and Other for the period under review decreased 7.0% from the same period of the previous fiscal year, to ¥46 million.

(2) Overview of Financial Position for the Six Months Ended September 30, 2024

1) Assets

Total assets of the Group as of September 30, 2024 increased ¥0 million from the end of the previous fiscal year, to ¥6,670 million, due primarily to an increase in cash and deposits of ¥72 million and decreases in software of ¥34 million, property, plant and equipment of ¥26 million and notes and accounts receivable—trade, and contract assets of ¥22 million.

2) Liabilities

Total liabilities of the Group as of September 30, 2024 decreased ¥74 million from the end of the previous fiscal year, to ¥1,222 million, due primarily to decreases in income taxes payable of ¥56 million and provision for bonuses of ¥27 million.

3) Net assets

Net assets of the Group as of September 30, 2024 increased ¥75 million from the end of the previous fiscal year, to ¥5,448 million, due primarily to an increase in retained earnings of ¥356 million from profit attributable to owners of parent and a decrease in retained earnings of ¥266 million as a result of payment

of dividends.

4) Cash flows

Cash and cash equivalents of the Group as of September 30, 2024 increased ¥72 million from the end of the previous fiscal year, to ¥4,170 million. Cash flows during the period under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥461 million (¥1,917 million in the previous fiscal year). Major sources were profit before income taxes of ¥522 million, income taxes paid of ¥224 million, and depreciation of ¥169 million.

Cash flows from investing activities

Net cash used in investing activities was ¥121 million (¥143 million in the previous fiscal year). Major source of cash outflow was purchase of intangible assets of ¥121 million.

Cash flows from financing activities

Net cash used in financing activities was ¥266 million (¥1,209 million in the previous fiscal year). Source of cash outflow was cash dividends paid of ¥266 million.

(3) Forward-looking Statements Including Consolidated Results Forecast

1) Forecast for consolidated operating results for the fiscal year ending March 31, 2025

The consolidated results forecast for the fiscal year ending March 31, 2025 has not been announced as it is difficult to calculate a reasonable results forecast at this time due to the nature of the Group's business.

We will promptly disclose the consolidated results forecast for the full year as soon as it becomes possible to calculate it.

2) Basic policy concerning the distribution of profits and dividend distributions for the fiscal year ending March 31, 2025

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.

For the fiscal year ending March 31, 2025, on the basis of performance trends for the six months ended September 30, 2024 and our policy of targeting a consolidated dividend payout ratio of approximately 50%, the Company has resolved to pay ¥10 per share as an interim dividend.

Due to difficulties in estimating the consolidated results forecast for the full year at this stage, the year-end dividend has not yet been determined. However, dividends for the fiscal year ending March 31, 2025 will be determined with a target consolidated dividend payout ratio of approximately 50%, while comprehensively taking into account the dividend sources of the Company as well as the necessity of maintaining the stable equity ratio of IR Japan, Inc. (hereinafter, "IRJ"), the Company's subsidiary, as IRJ is a Type I Financial Instruments Business Operator.

	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025 (Forecast)
Dividend per share	30 yen	NYD
Interim dividend	15 yen	10 yen*
Year-end dividend	15 yen	NYD
Dividend payout ratio	69.8%	NYD

* The interim dividend for the fiscal year ending March 31, 2025 is an actual amount.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	4,132,474	4,205,387
Notes and accounts receivable—trade, and contract assets	472,204	449,529
Work in process	5,703	2,030
Other	247,575	249,208
Total current assets	4,857,958	4,906,156
Non-current assets		
Property, plant and equipment	303,482	277,220
Intangible assets		
Software	720,041	685,183
Other	98,158	123,780
Total intangible assets	818,200	808,964
Investments and other assets		
Other	757,251	744,872
Allowance for doubtful accounts	(66,960)	(66,960)
Total investments and other assets	690,291	677,912
Total non-current assets	1,811,974	1,764,097
Total assets	6,669,932	6,670,254
Liabilities		
Current liabilities		
Accounts payable—trade	30,617	42,053
Short-term borrowings	200,000	200,000
Accounts payable—other	153,594	158,727
Income taxes payable	241,446	185,041
Contract liabilities	61,185	78,333
Provision for bonuses	165,953	138,780
Provision for customer measure costs	171,430	171,430
Other	206,347	179,685
Total current liabilities	1,230,575	1,154,051
Non-current liabilities		
Long-term accounts payable—other	45,863	45,863
Retirement benefit liability	20,537	22,311
Total non-current liabilities	66,401	68,174
Total liabilities	1,296,976	1,222,226

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	865,298	865,298
Capital surplus	553,406	553,406
Retained earnings	4,357,040	4,447,210
Treasury shares	(410,104)	(410,104)
Total shareholders' equity	5,365,641	5,455,811
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,314	(7,783)
Total accumulated other comprehensive income	7,314	(7,783)
Total net assets	5,372,956	5,448,027
Total liabilities and net assets	6,669,932	6,670,254

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

For the Six Months Ended September 30, 2024

(Thousands of yen)

	Six Months of FY2023 (from April 1, 2023 to September 30, 2023)	Six Months of FY2024 (from April 1, 2024 to September 30, 2024)
Net sales	3,067,262	2,923,201
Cost of sales	561,308	642,283
Gross profit	2,505,953	2,280,918
Selling, general and administrative expenses	1,670,679	1,761,129
Operating profit	835,274	519,788
Non-operating income		
Interest income	11	186
Dividend income	292	384
Foreign exchange gains	—	163
Interest on tax refund	2,721	2
Gain on investments in investment partnerships	—	2,100
Other	791	890
Total non-operating income	3,815	3,728
Non-operating expenses		
Interest expenses	540	724
Loss on sale of notes receivable—trade	19	—
Foreign exchange losses	1,653	—
Loss on investments in investment partnerships	1,092	—
Total non-operating expenses	3,306	724
Ordinary profit	835,783	522,791
Profit before income taxes	835,783	522,791
Total income taxes	278,103	166,171
Profit	557,679	356,620
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	557,679	356,620

Consolidated Statement of Comprehensive Income
For the Six Months Ended September 30, 2024

(Thousands of yen)

	Six Months of FY2023 (from April 1, 2023 to September 30, 2023)	Six Months of FY2024 (from April 1, 2024 to September 30, 2024)
Profit	557,679	356,620
Other comprehensive income		
Valuation difference on available-for-sale securities	8,964	(15,098)
Total other comprehensive income	8,964	(15,098)
Comprehensive income	566,644	341,521
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	566,644	341,521
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	Six Months of FY2023 (from April 1, 2023 to September 30, 2023)	Six Months of FY2024 (from April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	835,783	522,791
Depreciation	158,580	169,989
Loss (gain) on investments in investment partnerships	1,092	(2,100)
Increase (decrease) in provision for bonuses	(11,806)	(27,173)
Increase (decrease) in retirement benefit liability	3,777	1,773
Increase (decrease) in allowance for doubtful accounts	—	(0)
Foreign exchange losses (gains)	338	501
Interest income	(11)	(186)
Dividend income	(292)	(384)
Interest expenses	540	724
Decrease (increase) in accounts receivable - trade, and contract assets	175,641	22,674
Increase (decrease) in trade payables	(4,013)	11,436
Increase (decrease) in contract liabilities	368,454	17,148
Increase (decrease) in accounts payable—other	4,611	(1,917)
Other, net	265,832	(29,652)
Subtotal	1,798,528	685,625
Interest and dividends received	303	569
Interest paid	(543)	(869)
Payments into deposit money	(10,000)	—
Income taxes paid	(315,465)	(224,641)
Income taxes refund	444,809	432
Net cash provided by (used in) operating activities	1,917,632	461,116
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,410)	(5,442)
Purchase of intangible assets	(138,113)	(121,997)
Proceeds from refund of leasehold and guarantee deposits	—	700
Proceeds from sale of investment securities	—	5,339
Net cash provided by (used in) investing activities	(143,524)	(121,400)
Cash flows from financing activities		
Dividends paid	(1,208,974)	(266,300)
Purchase of treasury shares	(96)	—
Net cash provided by (used in) financing activities	(1,209,070)	(266,300)
Effect of exchange rate change on cash and cash equivalents	(338)	(501)
Net increase (decrease) in cash and cash equivalents	564,699	72,913
Cash and cash equivalents at beginning of period	4,042,354	4,097,474
Cash and cash equivalents at end of period	4,607,054	4,170,387

(4) Notes Relating to the Consolidated Financial Statements

Notes Relating to the Going Concern Assumption

None applicable

Notes Regarding Significant Changes in the Amount of Shareholders' Equity

None applicable

Application of Special Accounting Treatments in Preparing Consolidated Financial Statements

Regarding tax expenses, the Company reasonably estimates an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year in which the period under review is included, and calculates tax expenses by multiplying semi-annual profit before income taxes by the estimated effective tax rate.

Segment Information and Others

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