

Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (J-GAAP)

May 13, 2022

Listed Company Name: IR Japan Holdings, Ltd.
 Securities Code: 6035
 Listing: Tokyo Stock Exchange URL: <https://www.irjapan.jp/>
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 Scheduled Annual General Meeting of Shareholders: June 17, 2022
 Scheduled Date to Start Dividend Payment: June 20, 2022
 Scheduled Date to Submit Securities Report: June 20, 2022
 Preparation of Results Briefing Materials: Yes
 Holding of Financial Results Briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results (from April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	8,402	1.4	3,489	-14.5	3,477	-14.6	2,434	-13.1
Year ended March 31, 2021	8,284	7.8	4,080	12.5	4,070	12.7	2,802	14.6

Note: Comprehensive income Year ended March 31, 2022: 2,436 million yen (-13.1%)
 Year ended March 31, 2021: 2,804 million yen (14.7%)

	Profit per share—basic	Profit per share—diluted	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	137.07	—	34.6	39.9	41.5
Year ended March 31, 2021	157.81	—	47.3	50.5	49.3

Reference: Equity in earnings (losses) of affiliates Year ended March 31, 2022: — million yen
 Year ended March 31, 2021: — million yen

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the fiscal year ended March 31, 2022.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	9,027	7,415	82.1	417.43
As of March 31, 2021	8,410	6,647	79.0	374.22

Reference: Shareholders' equity As of March 31, 2022: 7,415 million yen
 As of March 31, 2021: 6,647 million yen

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the fiscal year ended March 31, 2022.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	2,602	(537)	(1,686)	5,767
Year ended March 31, 2021	2,398	(366)	(1,419)	5,388

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the fiscal year ended March 31, 2022.

2. Dividends

	Full-year dividend					Total dividend amount (Annual)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	—	35.00	—	50.00	85.00	1,509	53.9	25.5
Year ended March 31, 2022	—	45.00	—	68.00	113.00	2,007	82.4	28.5
Year ending March 31, 2023 (Forecast)	—	45.00	—	68.00	113.00		—	

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2023

(from April 1, 2022 to March 31, 2023)

The Company has not announced its consolidated results forecast for the fiscal year ending March 31, 2023 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.

Notes:

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in the scope of consolidation): None

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

Note: For details, please refer to “3. Consolidated Financial Statements and Primary Notes (5) Notes Relating to the Consolidated Financial Statements” on page 19.

(3) Number of shares issued (common stock)

- 1) Number of shares issued at the end of the period (including treasury shares)

As of March 31, 2022	17,839,710 shares
As of March 31, 2021	17,838,310 shares
- 2) Number of treasury shares at the end of the period

As of March 31, 2022	76,283 shares
As of March 31, 2021	76,083 shares
- 3) Average number of shares during the period

Year ended March 31, 2022	17,763,155 shares
Year ended March 31, 2021	17,760,957 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results (from April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	2,684	-1.2	2,459	-1.9	2,450	-1.7	2,266	-2.2
Year ended March 31, 2021	2,717	65.5	2,508	73.5	2,492	74.3	2,318	72.3

	Profit per share— basic	Profit per share— diluted
	Yen	Yen
Year ended March 31, 2022	127.59	—
Year ended March 31, 2021	130.56	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	5,292	4,913	92.8	276.59
As of March 31, 2021	4,831	4,315	89.3	242.93

Reference: Shareholders' equity As of March 31, 2022: 4,913 million yen
As of March 31, 2021: 4,315 million yen

The auditing procedure by a certified public accountant or an auditing firm does not apply to these Financial Results.

Explanation regarding appropriate use of results forecast and additional notes

Forward-looking statements, including the results forecast, contained in this document are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this document. Actual business results may differ substantially due to a number of factors. For conditions prerequisite to the results forecast, and the points to be noted in the use thereof, please refer to "1. Overview of Operating Results, etc. (4) Business Forecast for the Future" on page 10.

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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, May 13, 2022

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2022

1) General overview

(Millions of yen)

	Fiscal 2021 (April 2021 to March 2022)			Fiscal 2020 (April 2020 to March 2021)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	8,402	118	1.4	8,284	7.8
Operating profit	3,489	-591	-14.5	4,080	12.5
Ordinary profit	3,477	-593	-14.6	4,070	12.7
Profit attributable to owners of parent	2,434	-367	-13.1	2,802	14.6
(Reference) EBITDA	3,738	-564	-13.1	4,303	12.2

Note: EBITDA= Ordinary profit + Interest expenses + Depreciation

During the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022), net sales increased 1.4% year on year, to ¥8,402 million, achieving record high. Operating profit decreased 14.5% year on year, to ¥3,489 million, ordinary profit decreased 14.6% year on year, to ¥3,477 million and profit attributable to owners of parent decreased 13.1% year on year, to ¥2,434 million. EBITDA decreased 13.1% year on year, to ¥3,738 million.

In terms of net sales, although the curtain rose on business reorganization, activist activities remained weak. As in the previous fiscal year, we continued to receive a high level of entrustments of normal projects (amounting to less than ¥50 million) in equity consulting services, however, sales growth remained stagnant. In addition, following the smooth start of Japan Originated Investment Bank, Inc. (“JOIB”), the Group’s consolidated subsidiary dedicated to investment banking, the number of entrustments of large-scale projects (amounting to ¥50 million or more) for PA services*1 and FA services*2 in the investment banking business, such as ownership battles, increased significantly, including those in the pipeline. However, despite achieving record-high net sales, results were significantly lower than expected during the fiscal year under review, due to the postponement of project implementation, the reduction of project sales from the initial forecast, and the carry-over of projects to the next fiscal year. Profits were lower than in the same period of the previous year due to an increase in selling, general and administrative expenses as a result of reinforcements in the human resources system of JOIB and system investments in the stock transfer agency business, among others.

We have not achieved our sales forecasts for two fiscal years, and by taking this matter seriously, we have decided to reduce the remuneration of directors, excluding outside directors. Remuneration of the president will be reduced by 20% and remuneration of directors will be reduced by 15% for the following one-year period.

With our strong presence in IR/SR services as a foundation, we are promoting investment banking business such as activist and ESG responses and business reorganization as growth drivers, and we are strongly aware that the Group is building an unparalleled business model ideally suited to responding to future dramatic changes in Japan’s capital markets. Drawing from our overwhelming track record in securing ownership, or voting rights, we will lead a wide variety of business reorganization, from both the offensive and defensive sides. This endeavor will inevitably bring fluctuations to our full-year forecast, with large-scale projects accounting for the majority of our sales. However, we are confident that we are on a solid path to medium- to long-term growth in sales and profits.

Regarding the upcoming general meetings of shareholders in June, demand for SR remains slow as voting rights advisory companies continue to decide to exempt companies from the ROE standard due to the coronavirus outbreak. However, the year 2022 has seen a resurgence in activity, with an increase in shareholder proposals by activists. There has also been an increase in ESG-related shareholder proposals by environmental activists, and these developments have triggered some demand for equity consulting services. In addition, increasing engagement by activists has prompted a rise in proposals for business reorganization and privatizations of listed companies. The change to a new market classification by the Tokyo Stock Exchange has also led to the release of non-tradable shares in the market and the reevaluation of the shareholder control structures of listed companies. Business reorganization and M&A are increasingly recognized as important means of corporate growth strategies, with a growing number of hostile ownership battles and M&A activities by strategic buyers (business companies). This has triggered an increase in the number of inquiries for PA/FA services, for which the Group has an overwhelming track record.

- *1 PA services: Proxy Advisory services (Proxy fight services, in which the Company boasts an overwhelmingly successful track record)
- *2 FA services: Financial Advisory services (Responses to activists, hostile TOBs, advanced MBOs, and M&As, to which Japan's largest and most cutting-edge group of experts is deployed)

2) Net sales by type of service

The Group is engaged in the consulting business specializing in IR/SR activities, which constitutes a single business segment. An overview of net sales by service type is as follows.

(Millions of yen)

Service	Fiscal 2021 (April 2021 to March 2022)			Fiscal 2020 (April 2020 to March 2021)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	7,870	93.7	3.4	7,614	9.2
Disclosure Consulting	344	4.1	-27.6	475	-8.9
Databases and Other	187	2.2	-3.5	194	4.9
Total	8,402	100.0	1.4	8,284	7.8

IR/SR Consulting

IR/SR Consulting is the Group's core lineup of services. These include SR advisory (shareholder identification surveys, proxy voting simulation, corporate governance improvement, evaluation of the effectiveness of boards of directors, capital policies including shareholder returns, etc.), proxy advisory (PA: comprehensive strategy planning and execution of proxy fights, convocation of and responses to extraordinary general meeting of shareholders, collection and tabulation of proxies, etc.), financial advisory (FA: responses to hostile TOBs, treasury shares TOBs, acceptance simulation of TOBs, placement agents (in capital increases through third-party allotment), comprehensive strategy planning and execution of M&As and MBO, etc.), and the stock transfer agency business. During the fiscal year under review, net sales from IR/SR Consulting increased 3.4% year on year, to ¥7,870 million.

- (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)
Fiscal year ended March 31, 2022	3,547	4,854
Fiscal year ended March 31, 2021	3,446	4,838
Change	101	16

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

(Millions of yen)

	First half		Second half		Full year	
	Number of Projects	Amount	Number of Projects	Amount	Number of Projects	Amount
Fiscal year ended March 31, 2022	13	1,692	15	1,855	28	3,547
Fiscal year ended March 31, 2021	13	1,694	12	1,751	25	3,446
Change	—	-2	3	104	3	101

(c) Sales amount of large-scale projects already contracted (amounting to ¥50 million or more) by type
(Millions of yen)

Types of project	Fiscal 2021 (April 2021 to March 2022)	Fiscal 2020 (April 2020 to March 2021)	Change
PA/FA for ownership battles	1,574	1,302	272
PA/FA for activist responses	1,091	1,543	-452
Company-side FA (MBOs, etc.)	697	485	212
Large-scale SR/PA	184	114	69
Total	3,547	3,446	101

The total number of entrustments of normal projects (amounting to less than ¥50 million) for the fiscal year under review increased 0.3% year on year, to ¥4,854 million.

Demand for shareholder identification surveys and SR advisory services which aim to secure stable voting rights remained weak, partly due to the slow movement of activists and voting rights advisory companies. However, entrustments of the Group's unique and high-level equity consulting services, including advisory services to enhance corporate value, which respond to TSE's revised listing classifications, B/S simulation, and Strategic Review, as well as ESG-related consulting, progressed steadily.

In May this year, we established IRJ Business Consulting Staff Inc. ("IRJ Business Consulting Staff"), as a wholly owned subsidiary of IR Japan, Inc., the Company's subsidiary, with the aim of strengthening relationships with listed company clients in IR/SR services and expanding our investment banking business. The back-office business of IR Japan will be transferred to IRJ Business Consulting Staff by means of a company split, effective July 1, 2022. Under this new organization structure, prompt and effective development of our IR/SR services, even more high value-added equity consulting, and M&A proposals are expected to grow.

The total number of entrustments of large-scale projects (amounting to ¥50 million or more) increased 3.0% year on year, to ¥3,547 million.

As for large-scale projects completed in the fiscal year under review, we have continued to maintain our entrustments, mainly of PA/FA services for ownership battles associated with hostile TOBs (takeover bids), and comprehensive PA/FA services for corporate and business restructuring. However, due to the year-on-year decline in PA/FA services for activist responses, our sales growth remained low. On the other hand, entrustments of PA/FA services related to business reorganization by strategic buyers (business companies) expanded significantly, including projects carried over to the next fiscal year. The need for business reorganization with TOBs and proxy fights as core strategies is further increasing, and we expect that the Group's robust track record of success in this area will generate significant demand while prompting new inquiries. In activist activities, we expect to see an increase in demand for complex activist responses in the future, with large-scale projects and a record-high number of new climate change-related shareholder proposals from environmental activist groups. The Group gathers and analyzes the most advanced market intelligence and ESG information from around the world. This enables us to provide a unique database, expertise, and execution capabilities to support the normal IR/SR services that serve as a point of contact with activists, as well as contingency planning for TOBs and proxy fights. We will accelerate our promotion of unparalleled, high-level equity consulting services with the aim of enhancing the common interests of shareholders for a wide variety of clients. Currently, we are focusing on the early completion of large-scale projects that have been carried over to the next fiscal year, and by building on the success of proposals that responded to immediate demand for these large-scale projects, we are steadily building up a new pipeline.

In the stock transfer agency business, as of March 31, 2022, entrustments with 70 companies have been completed, and the number of shareholders under administration reached 410,426 (compared with entrustments concluded with 72 companies and 390,152 shareholders under administration in the previous fiscal year). On August 20, 2021, the Group concluded a business alliance agreement relating to the stock transfer agency business with SMBC Trust Bank Ltd. Upon obtaining the approval of the relevant authorities, SMBC Trust Bank Ltd. entered the stock transfer agency business in December 2021, and the Group will engage in administrative services relating to the stock transfer agency business entrusted to SMBC Trust Bank Ltd. Through this business alliance, we will proactively promote the expansion of the number of entrustments, for companies making initial public offerings.

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 fiscal year under review decreased 27.6% from the previous fiscal year, to ¥344 million. The decrease was due to the Company prioritizing the entrustment of projects as part of SR consulting over single projects, in support for integrated reports, etc., despite an increase in entrustments for consulting services relating to ESG disclosures, in response to the rising interest in ESG by the fund providers and institutional investors.

Databases and Other

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

Sales from Databases and Other for the fiscal year under review decreased 3.5% from the previous fiscal year, to ¥187 million.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2022

1) Assets

Total assets of the Group as of March 31, 2022 increased ¥617 million from the end of the previous fiscal year, to ¥9,027 million, due primarily to increases in cash and deposits of ¥379 million and software of ¥267 million.

2) Liabilities

Total liabilities of the Group as of March 31, 2022 decreased ¥150 million from the end of the previous fiscal year, to ¥1,612 million, due primarily to a decrease in income taxes payable of ¥185 million.

3) Net assets

Net assets of the Group as of March 31, 2022 increased ¥768 million from the end of the previous fiscal year, to ¥7,415 million, due primarily to an increase in retained earnings of ¥2,434 million from profit attributable to owners of parent and a decrease in retained earnings of ¥1,687 million as a result of payment of dividends.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2022

Cash and cash equivalents (hereinafter “net cash”) of the Group as of March 31, 2022 increased ¥379 million from the end of the previous fiscal year, to ¥5,767 million. Cash flows from respective activities during the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥2,602 million (¥2,398 million in the previous fiscal year).

Major sources of cash inflow were profit before income taxes of ¥3,477 million and depreciation of ¥260 million, while major source of cash outflow was income taxes paid of ¥1,251 million.

Cash flows from investing activities

Net cash used in investing activities was ¥537 million (¥366 million in the previous fiscal year).

Major sources of cash outflow were purchase of property, plant and equipment of ¥141 million, purchase of intangible assets of ¥345 million, and payments of leasehold and guarantee deposits of ¥52 million.

Cash flows from financing activities

Net cash used in financing activities was ¥1,686 million (¥1,419 million in the previous fiscal year).

Major source of cash outflow was cash dividends paid of ¥1,686 million.

(Reference) Cash flow indicators

	As of March 31, 2018	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022
Equity ratio (%)	78.1	79.4	67.6	79.0	82.1
Equity ratio based on market capitalization (%)	470.7	640.5	1,335.4	2,823.7	857.0
Cash flows/interest-bearing debt ratio (%)	16.3	14.8	5.7	8.3	7.7
Interest coverage ratio (times)	1,318.9	1,217.0	2,927.2	1,965.8	2,143.2

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

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

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

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

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

(4) Business Forecast for the Future

Regarding the consolidated results forecast for the fiscal year ending March 31, 2023, demand for normal projects is improving, partly due to the movement of new activists. As a comparison of our current performance to the previous year's results, our pipeline of large-scale projects, including those carried over to the next fiscal year, currently exceeds that of the previous year. However, as the percentage of large-scale projects in our consolidated net sales has increased, the difficulty and complexity of these projects have also increased. There have been many cases where projects had to be postponed or cancelled or schemes had to be changed due to changes in circumstances that were not initially anticipated or due to customer situations. We have therefore determined that it is difficult to estimate the consolidated results forecast for the full year at this stage, and decided not to disclose a forecast. We will promptly disclose the consolidated results forecast as soon as it becomes possible to calculate it.

(5) Basic Policy Concerning the Distribution of Profits and Dividend Distributions for the Fiscal Year Ended March 31, 2022 and the Following Fiscal Year

The Company makes it a basic policy to distribute profits to its shareholders in line with its business results, while maintaining its financial strength by securing sufficient internal reserves to carry out sound business operations. The Company's Articles of Incorporation stipulate that a decision on the distribution of surplus and other matters as specified in each item of Paragraph 1, Article 459, of the Companies Act can be made by a resolution of the Board of Directors, unless otherwise specified by laws and regulations, while a decision on year-end dividends is to be made at the General Meeting of Shareholders. The Company's Articles of Incorporation also stipulate that an interim dividend can be provided with the date of record being September 30 of each year.

For the fiscal year ended March 31, 2022, the year-end dividend is ¥68 per share. Accordingly, the full-year dividend including the interim dividend is scheduled to be ¥113 per share, an increase of ¥28 compared to the previous fiscal year.

For the fiscal year ending March 31, 2023, given that the establishment of the business structure and investments for the future are expected to steadily progress as planned, and net sales and profits are also expected to achieve the previous year's level or above, the Company is currently scheduled to pay ¥45 per share as an interim dividend and ¥68 per share as a year-end dividend for a year-end dividend of ¥113 per share.

In addition, the Company plans to acquire its treasury shares in a timely, appropriate, and flexible manner.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2023 (Forecast)
Dividend per share	85 yen	113 yen	113 yen
Interim dividend	35 yen	45 yen	45 yen
Year-end dividend	50 yen	68 yen	68 yen
Dividend payout ratio	53.9%	82.4%	—

2. Basic Approach to the Selection of Accounting Standards

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

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,423,053	5,802,794
Notes and accounts receivable—trade	1,207,215	—
Accounts receivable—trade	—	1,051,653
Contract assets	—	37,820
Work in process	44,479	6,835
Prepaid expenses	136,042	155,896
Other	13,981	148,084
Total current assets	6,824,773	7,203,085
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	303,041	334,612
Accumulated depreciation	(105,521)	(128,018)
Facilities attached to buildings, net	197,520	206,593
Vehicles	20,434	20,434
Accumulated depreciation	(7,779)	(11,191)
Vehicles, net	12,655	9,242
Tools, furniture and fixtures	329,554	449,371
Accumulated depreciation	(240,453)	(276,756)
Tools, furniture and fixtures, net	89,101	172,615
Total property, plant and equipment	299,276	388,452
Intangible assets		
Software	430,465	697,949
Other	128,476	9,607
Total intangible assets	558,942	707,557
Investments and other assets		
Investment securities	183,707	176,990
Leasehold and guarantee deposits	282,869	332,435
Long-term accounts receivable—trade	99,360	88,560
Deferred tax assets	223,786	192,748
Other	8,700	8,700
Allowance for doubtful accounts	(71,280)	(71,280)
Total investments and other assets	727,143	728,154
Total non-current assets	1,585,362	1,824,163
Total assets	8,410,136	9,027,248

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable—trade	72,979	89,405
Short-term borrowings	200,000	200,000
Accounts payable—other	145,058	189,231
Accrued expenses	36,827	43,691
Income taxes payable	838,732	653,478
Advances received	105,128	—
Contract liabilities	—	64,137
Deposits received	57,233	63,306
Provision for bonuses	106,503	158,784
Other	140,996	87,565
Total current liabilities	1,703,460	1,549,601
Non-current liabilities		
Long-term accounts payable—other	50,710	50,710
Retirement benefit liability	8,952	11,902
Total non-current liabilities	59,663	62,613
Total liabilities	1,763,123	1,612,214
Net assets		
Shareholders' equity		
Share capital	855,673	865,298
Capital surplus	543,781	553,406
Retained earnings	5,656,377	6,403,741
Treasury shares	(410,004)	(410,004)
Total shareholders' equity	6,645,828	7,412,441
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,184	2,592
Total accumulated other comprehensive income	1,184	2,592
Total net assets	6,647,012	7,415,033
Total liabilities and net assets	8,410,136	9,027,248

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

(Thousands of yen)

	FY2020 (from April 1, 2020 to March 31, 2021)	FY2021 (from April 1, 2021 to March 31, 2022)
Net sales	8,284,571	8,402,608
Cost of sales	1,234,899	1,273,705
Gross profit	7,049,671	7,128,903
Selling, general and administrative expenses	2,969,074	3,639,493
Operating profit	4,080,597	3,489,410
Non-operating income		
Interest income	14	19
Dividend income	210	210
Gain on forfeiture of unclaimed dividends	161	112
Subsidy income	—	785
Penalty income	4,125	—
Dividend income of insurance	734	781
Miscellaneous income	674	254
Total non-operating income	5,920	2,163
Non-operating expenses		
Interest expenses	1,219	1,219
Foreign exchange losses	786	1,308
Loss on investments in investment partnerships	13,583	8,467
Loss on extinguishment of share-based remuneration expenses	—	2,750
Other	97	166
Total non-operating expenses	15,686	13,911
Ordinary profit	4,070,831	3,477,661
Extraordinary losses		
Loss on valuation of investment securities	10,000	—
Total extraordinary losses	10,000	—
Profit before income taxes	4,060,830	3,477,661
Income taxes—current	1,222,171	1,012,416
Income taxes—deferred	35,852	30,416
Total income taxes	1,258,023	1,042,832
Profit	2,802,807	2,434,828
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	2,802,807	2,434,828

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2020 (from April 1, 2020 to March 31, 2021)	FY2021 (from April 1, 2021 to March 31, 2022)
Profit	2,802,807	2,434,828
Other comprehensive income		
Valuation difference on available-for-sale securities	1,430	1,408
Total other comprehensive income	1,430	1,408
Comprehensive income	2,804,237	2,436,236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,804,237	2,436,236
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity
 FY2020 (from April 1, 2020 to March 31, 2021)

(Thousands of yen)

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

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

FY2021 (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	855,673	543,781	5,656,377	(410,004)	6,645,828
Changes in items during period					
Issuance of new shares	9,625	9,625			19,250
Dividends of surplus			(1,687,465)		(1,687,465)
Profit attributable to owners of parent			2,434,828		2,434,828
Purchase of treasury shares					—
Net changes in items other than shareholders' equity					—
Total changes in items during period	9,625	9,625	747,363	—	766,613
Balance at end of current period	865,298	553,406	6,403,741	(410,004)	7,412,441

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	1,184	1,184	6,647,012
Changes in items during period			
Issuance of new shares			19,250
Dividends of surplus			(1,687,465)
Profit attributable to owners of parent			2,434,828
Purchase of treasury shares			—
Net changes in items other than shareholders' equity	1,408	1,408	1,408
Total changes in items during period	1,408	1,408	768,021
Balance at end of current period	2,592	2,592	7,415,033

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2020 (from April 1, 2020 to March 31, 2021)	FY2021 (from April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	4,060,830	3,477,661
Depreciation	231,979	260,493
Share-based remuneration expenses	46,267	22,835
Loss (gain) on valuation of investment securities	10,000	—
Loss (gain) on investments in investment partnerships	13,583	8,467
Increase (decrease) in allowance for doubtful accounts	(2,086)	—
Increase (decrease) in provision for bonuses	5,954	52,281
Increase (decrease) in retirement benefit liability	425	2,949
Foreign exchange losses (gains)	765	(444)
Interest income	(14)	(19)
Dividend income	(210)	(210)
Interest expenses	1,219	1,219
Loss on extinguishment of share-based remuneration expenses	—	2,750
Decrease (increase) in trade receivables	25,623	166,362
Decrease (increase) in contract assets	—	(37,820)
Increase (decrease) in trade payables	8,017	16,426
Increase (decrease) in advances received	(156,146)	—
Increase (decrease) in contract liabilities	—	(40,991)
Increase (decrease) in accounts payable—other	21,698	32,396
Other, net	(325,825)	(109,065)
Subtotal	3,942,081	3,855,292
Interest and dividends received	227	230
Interest paid	(1,219)	(1,214)
Income taxes paid	(1,542,777)	(1,251,633)
Net cash provided by (used in) operating activities	2,398,311	2,602,675
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,157)	(141,202)
Purchase of intangible assets	(290,933)	(345,304)
Payments of leasehold and guarantee deposits	(16,540)	(52,209)
Proceeds from refund of leasehold and guarantee deposits	—	1,500
Purchase of investment securities	(30,000)	—
Net cash provided by (used in) investing activities	(366,630)	(537,216)
Cash flows from financing activities		
Dividends paid	(1,419,921)	(1,686,161)
Net cash provided by (used in) financing activities	(1,419,921)	(1,686,161)
Effect of exchange rate change on cash and cash equivalents	(765)	444
Net increase (decrease) in cash and cash equivalents	610,994	379,740
Cash and cash equivalents at beginning of period	4,777,059	5,388,053
Cash and cash equivalents at end of period	5,388,053	5,767,794

(5) Notes Relating to the Consolidated Financial Statements

Notes Relating to the Going Concern Assumption

None applicable

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

1. Scope of consolidation

Number of consolidated subsidiaries and names of consolidated subsidiaries

Number of consolidated subsidiaries: 2

Name of consolidated subsidiary: IR Japan, Inc.

Japan Originated Investment Bank, Inc.

2. Fiscal year, etc., of consolidated subsidiaries

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

3. Application of the consolidated taxation system

The consolidated taxation system has been applied.

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

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

Changes in Accounting Policies

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) etc., effective from the beginning of the fiscal year ended March 31, 2022, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when control of these goods or services is transferred to the customer. As a result, the Company has changed its method of revenue recognition for contractual services. Previously, revenue for contractual services was recognized based on the customer’s delivery receipt. Following the change, revenue is recognized over a certain period of time as performance obligations are satisfied over the time the service is rendered.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. However, this has no effect on the balance of retained earnings at the beginning of the period. Furthermore, it also does not affect the profit or loss for the fiscal year ended March 31, 2022.

Due to the application of the Accounting Standard for Revenue Recognition, etc., “notes and accounts receivable—trade,” which was presented under “current assets” in the consolidated balance sheets for the previous fiscal year, is stated as “accounts receivable—trade” and “contract assets” from the fiscal year ended March 31, 2022. Furthermore, “advances received,” which was presented under “current liabilities” in the consolidated balance sheets for the previous fiscal year, is stated as “contract liabilities” from the fiscal year ended March 31, 2022. “Decrease (increase) in trade receivables,” which was presented in “Cash flows from operating activities” in the consolidated statements of cash flows in the previous fiscal year, is presented separately from the fiscal year ended March 31, 2022 as “decrease (increase) in trade receivables” and “decrease (increase) in contract assets,” and “increase (decrease) in advances received” is presented as “increase (decrease) in contract liabilities.”

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) etc., effective from the beginning of the fiscal year ended March 31, 2022, and in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for

Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement, etc., into the future. This has no impact on the consolidated financial statements.

Consolidated Statement of Cash Flows

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

	(Thousands of yen)	
	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
Cash and deposits	5,423,053	5,802,794
Time deposits with a maturity longer than three months	(35,000)	(35,000)
Cash and cash equivalents	5,388,053	5,767,794

Segment Information

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

Per Share Information

	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
Net assets per share	¥374.22	¥417.43
Profit per share—basic	¥157.81	¥137.07

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

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

Item	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (Thousands of yen)	2,802,807	2,434,828
Profit not available to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent related to shares of common stock (Thousands of yen)	2,802,807	2,434,828
Weighted average number of shares of common stock during the fiscal year (Shares)	17,760,957	17,763,155