

## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (J-GAAP)

February 3, 2023

Listed Company Name: IR Japan Holdings, Ltd.  
 Securities Code: 6035  
 Listing: Tokyo Stock Exchange URL: <https://www.irjapan.jp/>  
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 President and Chief Executive Officer  
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 Scheduled Date to Submit Quarterly Securities Report: February 13, 2023  
 Scheduled Date to Start Dividend Payment: —  
 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 Nine Months Ended December 31, 2022

(from April 1, 2022 to December 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	%
Nine months ended December 31, 2022	4,621	-24.4	879	-64.3	944	-61.6	654	-61.7
Nine months ended December 31, 2021	6,116	1.8	2,464	-13.9	2,459	-13.9	1,710	-10.8

Note: Comprehensive income Nine months ended December 31, 2022: 655 million yen (-61.7%)  
 Nine months ended December 31, 2021: 1,711 million yen (-10.7%)

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Nine months ended December 31, 2022	36.86	—
Nine months ended December 31, 2021	96.28	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	7,280	6,063	83.8
As of March 31, 2022	9,027	7,415	82.1

Reference: Shareholders' equity As of December 31, 2022: 6,063 million yen  
 As of March 31, 2022: 7,415 million yen

## 2. Dividends

	Full-year dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen —	Yen 45.00	Yen —	Yen 68.00	Yen 113.00
Fiscal year ending March 31, 2023	—	45.00	—		
Fiscal year ending March 31, 2023 (Forecast)				68.00	113.00

Note: Revision of dividends forecast since last announcement: None

## 3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,437	-35.3	530	-84.8	575	-83.5	390	-84.0	21.96

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

Notes:

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly included: — Excluded: —

(2) Application of special accounting treatments in preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Consolidated Financial Statements and Primary Notes (3) Notes Relating to the Consolidated Financial Statements” on page 13.

(3) 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 “2. Consolidated Financial Statements and Primary Notes (3) Notes Relating to the Consolidated Financial Statements” on page 13.

(4) Number of shares issued (common stock)

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

As of December 31, 2022 17,839,710 shares

As of March 31, 2022 17,839,710 shares

2) Number of treasury shares at the end of the period

As of December 31, 2022 76,283 shares

As of March 31, 2022 76,283 shares

3) Average number of shares during the period

April – December 2022 17,763,427 shares

April – December 2021 17,763,066 shares

The quarterly 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. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2022 (3) Forward-looking Statements Including Consolidated Results Forecast” on page 8.

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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, February 3, 2023

## 1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2022

### (1) Operating Results

#### 1) General overview

(Millions of yen)

	Nine months ended December 31, 2022 (April to December 2022)			Nine months ended December 31, 2021 (April to December 2021)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	4,621	-1,494	-24.4	6,116	1.8
Operating profit	879	-1,584	-64.3	2,464	-13.9
Ordinary profit	944	-1,514	-61.6	2,459	-13.9
Profit attributable to owners of parent	654	-1,055	-61.7	1,710	-10.8
(Reference) EBITDA	1,164	-1,481	-56.0	2,646	-12.6

Note: EBITDA = Ordinary profit + Interest expenses + Depreciation

We sincerely apologize for the significant inconvenience caused by the commencement of the investigation of a former executive of the Company by the Securities and Exchange Surveillance Commission on June 1, 2022. In response to the investigation of a former executive of the Company by the Securities and Exchange Surveillance Commission, the Group received an investigation report from the Investigation Committee on August 30, 2022. The Group has taken the results of the investigation and the recommendations by the Investigation Committee very seriously, and has been implementing the measures disclosed on September 27, 2022 for improving the information management framework and enhancing the governance framework.

In addition, regarding the article related to the Group published by DIAMOND Online on November 10, 2022, the Company has determined that an investigation should be launched as soon as possible to uncover the facts in detail, and established its own third-party committee on December 8, 2022. Currently, the third-party committee, which is made up entirely of neutral and impartial outside experts who are independent from the Group, is uncovering the facts and investigating matters it deems necessary. We plan to announce the results of the investigation in February or March 2023.

During the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022), both sales and profits declined significantly, as net sales decreased 24.4% year on year, to ¥4,621 million, operating profit decreased 64.3% year on year, to ¥879 million, ordinary profit decreased 61.6% year on year, to ¥944 million and profit attributable to owners of parent decreased 61.7% year on year, to ¥654 million. EBITDA decreased 56.0% year on year, to ¥1,164 million.

During the nine months ended December 31, 2022, we continued to make efforts to regain our clients' trust in the Group, by placing a priority on providing explanations to our clients and other related parties regarding the series of events and the new management structure that was launched on November 1, 2022. With regard to normal projects (amounting to less than ¥50 million) in equity consulting services, despite certain existing clients canceling their contracts due to the effects of the investigations by the Securities and Exchange Surveillance Commission and other events, we are continuing to receive contracts for comprehensive equity consulting services based on the strong relationship of trust that our clients have shown toward the Group's services. Regarding large-scale projects (amounting to ¥50 million or more), the number of contracts decreased significantly from June 2022 onward, due to factors such as the impact of us not being able to proactively offer and execute proposals that could lead a wide variety of business reorganizations and M&As in the PA services<sup>\*1</sup> and FA services<sup>\*2</sup> centering on ownership battles. Additionally, operating profit, ordinary profit and profit attributable to owners of parent declined significantly compared to those of the same period of the previous fiscal year, due to a decrease in net sales and an increase in selling, general and administrative expenses resulting from the series of expenses incurred in dealing with the Investigation Committee, among others.

Meanwhile, while the presence of Japanese companies in the global market is diminishing, activists are reinigorating their activities, and risks related to ownership and voting rights of listed companies in Japan are becoming increasingly heightened. As the intensified activity by activists serves as a catalyst for these changes, the reallocation of management resources and the reduction and shakeout of listed companies through M&As and business reorganization are expected to accelerate in the future.

The Group will further deepen its unparalleled equity consulting and leverage its greatest strength, the Power of Equity<sup>®</sup> to the fullest. We will utilize our unique database related to the most advanced market intelligence, ESG information, and contingency planning for TOBs and proxy fights, and leverage both our

consulting services related to the shareholder voting rights and M&A advisory services related to management control, while standing by the side of our clients and thoroughly supporting them from both the offense and defense sides.

\*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	Nine months ended December 31, 2022 (April to December 2022)			Nine months ended December 31, 2021 (April to December 2021)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	4,286	92.7	-24.3	5,662	2.1
Disclosure Consulting	225	4.9	-28.5	314	-7.7
Databases and Other	110	2.4	-20.4	138	12.1
Total	4,621	100.0	-24.4	6,116	1.8

### 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 period under review, net sales from IR/SR Consulting decreased 24.3% year on year, to ¥4,286 million.

(a) Breakdown of large-scale projects (amounting to ¥50 million or more) and normal projects (amounting to less than ¥50 million) during the nine months ended December 31, 2022

	Large-scale projects (¥50 million or more)		Normal projects (less than ¥50 million)
	Number	Amount (Millions of yen)	Amount (Millions of yen)
Nine months ended December 31, 2022	15	1,234	3,387
Nine months ended December 31, 2021	26	2,652	3,463
Change	-11	-1,417	-76

(b) Types and sales amount of large-scale projects (amounting to ¥50 million or more) for the nine months ended December 31, 2022

(Millions of yen)

Types of project	Nine months ended December 31, 2022	Nine months ended December 31, 2021	Change
PA/FA for ownership battles	80	1,320	-1,240
PA/FA for activist responses	615	840	-224
Company-side FA (MBOs, etc.)	490	346	144
Large-scale SR/PA	48	144	-96
Total	1,234	2,652	-1,417

Net sales of large-scale projects (amounting to ¥50 million or more) for the period under review declined 53.5% year on year, to ¥1,234 million. The number of contracts decreased significantly, due to the impact of us not being able to proactively offer and execute proposals that could lead a wide variety of business reorganizations and M&As in the PA services and FA services centering on ownership battles. Net sales of normal projects (amounting to less than ¥50 million) decreased 2.2% year on year, to ¥3,387 million. Although there were contract cancellations by certain clients, in addition to our traditional shareholder identification surveys and SR advisory services, which aim to secure stable voting rights, our unique and high-level equity consulting services related to corporate defense and the enhancement of corporate value maintained the same level as in the same period of the previous fiscal year.

In the stock transfer agency business, as of December 31, 2022, entrustments with 67 companies have been completed, and the number of shareholders under administration reached 405,296 (compared with entrustments concluded with 72 companies and 401,518 shareholders under administration in the same period of 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 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. 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 period under review decreased 28.5% from the same period of the previous fiscal year, to ¥225 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 20.4% from the same period of the previous fiscal year, to ¥110 million.

## (2) Financial Position

### 1) Assets

Total assets of the Group as of December 31, 2022 decreased ¥1,747 million from the end of the previous fiscal year, to ¥7,280 million, due primarily to decreases in cash and deposits of ¥1,411 million and notes and accounts receivable—trade, and contract assets of ¥549 million.

### 2) Liabilities

Total liabilities of the Group as of December 31, 2022 decreased ¥395 million from the end of the previous fiscal year, to ¥1,216 million, due primarily to a decrease in income taxes payable of ¥653 million and an increase in contract liabilities of ¥248 million.

### 3) Net assets

Net assets of the Group as of December 31, 2022 decreased ¥1,351 million from the end of the previous fiscal year, to ¥6,063 million, due primarily to an increase in retained earnings of ¥654 million from profit attributable to owners of parent and a decrease in retained earnings of ¥2,007 million as a result of payment of dividends.

(3) Forward-looking Statements Including Consolidated Results Forecast

1) Forecast for consolidated operating results for the fiscal year ending March 31, 2023  
(as of February 3, 2023)

(Millions of yen)

	Forecast			Actual	
	Fiscal year ending March 31, 2023			Fiscal year ended March 31, 2022	
	Amount	Amount change (YoY)	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	5,437	-2,965	-35.3	8,402	1.4
Operating profit	530	-2,959	-84.8	3,489	-14.5
Ordinary profit	575	-2,902	-83.5	3,477	-14.6
Profit attributable to owners of parent	390	-2,044	-84.0	2,434	-13.1

With regard to normal projects (amounting to less than ¥50 million), despite certain existing clients canceling their contracts and some effects of us not being able to proactively draft proposals regarding equity consulting services due to the effects of the series of the investigations and other events, we are continuing to receive contracts for comprehensive equity consulting services as a whole, based on the relationship of trust that our clients have shown toward the Group's services. We also expect a decrease in the number of large-scale projects (amounting to ¥50 million or more) to be completed in the second half of the fiscal year to continue at present, as a result of effects of us not being able to proactively offer and execute proposals that could lead a wide variety of business reorganizations and M&As in the PA services and FA services centering on ownership battles from June 2022 onward.

2) Basic policy concerning the distribution of profits and dividend distributions for the fiscal year ending March 31, 2023

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, 2023, the Company plans to pay ¥68 per share as the year-end dividend, which is the same amount as in the previous fiscal year, as the establishment of the business structure is progressing solidly and medium- to long-term growth in sales and profits is expected, despite decreases in net sales and profits. Accordingly, the full-year dividend including the interim dividend will be ¥113 per share, which is the same amount as in the previous fiscal year.

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

	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2023 (Forecast)
Dividend per share	113 yen	113 yen
Interim dividend	45 yen	45 yen
Year-end dividend	68 yen	68 yen
Dividend payout ratio	82.4%	514.7%



## 2. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheets

	(Thousands of yen)	
	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	5,802,794	4,391,212
Notes and accounts receivable—trade, and contract assets	1,089,474	540,407
Work in process	6,835	8,347
Other	303,981	456,773
<b>Total current assets</b>	<b>7,203,085</b>	<b>5,396,740</b>
Non-current assets		
Property, plant and equipment	388,452	366,043
Intangible assets		
Software	697,949	655,373
Other	9,607	139,037
<b>Total intangible assets</b>	<b>707,557</b>	<b>794,411</b>
Investments and other assets		
Other	799,434	794,154
Allowance for doubtful accounts	(71,280)	(71,280)
<b>Total investments and other assets</b>	<b>728,154</b>	<b>722,874</b>
<b>Total non-current assets</b>	<b>1,824,163</b>	<b>1,883,328</b>
<b>Total assets</b>	<b>9,027,248</b>	<b>7,280,069</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	89,405	9,398
Short-term borrowings	200,000	200,000
Accounts payable—other	189,231	199,515
Income taxes payable	653,478	—
Contract liabilities	64,137	312,212
Provision for bonuses	158,784	123,150
Other	194,563	311,667
<b>Total current liabilities</b>	<b>1,549,601</b>	<b>1,155,944</b>
Non-current liabilities		
Long-term accounts payable—other	50,710	45,863
Retirement benefit liability	11,902	14,618
<b>Total non-current liabilities</b>	<b>62,613</b>	<b>60,481</b>
<b>Total liabilities</b>	<b>1,612,214</b>	<b>1,216,425</b>

	(Thousands of yen)	
	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	865,298	865,298
Capital surplus	553,406	553,406
Retained earnings	6,403,741	5,051,183
Treasury shares	(410,004)	(410,004)
Total shareholders' equity	7,412,441	6,059,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,592	3,760
Total accumulated other comprehensive income	2,592	3,760
Total net assets	7,415,033	6,063,644
Total liabilities and net assets	9,027,248	7,280,069

(2) Consolidated Statements of Income and Comprehensive Income  
 Consolidated Statement of Income  
 For the Nine Months Ended December 31, 2022

	(Thousands of yen)	
	Nine Months of FY2021 (from April 1, 2021 to December 31, 2021)	Nine Months of FY2022 (from April 1, 2022 to December 31, 2022)
Net sales	6,116,242	4,621,922
Cost of sales	914,432	765,163
Gross profit	5,201,809	3,856,758
Selling, general and administrative expenses	2,737,797	2,977,433
Operating profit	2,464,011	879,325
Non-operating income		
Interest income	9	12
Dividend income	210	282
Gain on forfeiture of unclaimed dividends	112	240
Gain on investments in investment partnerships	—	8,079
Compensation for damage received	—	5,279
Insurance claim income	—	50,000
Other	604	2,715
Total non-operating income	937	66,610
Non-operating expenses		
Interest expenses	932	815
Loss on sale of notes receivable—trade	166	193
Foreign exchange losses	630	560
Loss on investments in investment partnerships	1,435	—
Loss on extinguishment of share-based remuneration expenses	2,750	—
Other	—	53
Total non-operating expenses	5,914	1,623
Ordinary profit	2,459,034	944,312
Profit before income taxes	2,459,034	944,312
Total income taxes	748,842	289,603
Profit	1,710,192	654,709
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,710,192	654,709

Consolidated Statement of Comprehensive Income  
For the Nine Months Ended December 31, 2022

	(Thousands of yen)	
	Nine Months of FY2021 (from April 1, 2021 to December 31, 2021)	Nine Months of FY2022 (from April 1, 2022 to December 31, 2022)
Profit	1,710,192	654,709
Other comprehensive income		
Valuation difference on available-for-sale securities	999	1,167
Total other comprehensive income	999	1,167
Comprehensive income	1,711,191	655,877
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,711,191	655,877
Comprehensive income attributable to non-controlling interests	—	—

(3) 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

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 third quarter of the fiscal year ending March 31, 2023 is included, and calculates tax expenses by multiplying quarterly profit before income taxes by the estimated effective tax rate.

Changes in Accounting Policies

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

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) effective from the beginning of the first quarter of the fiscal year ending March 31, 2023, and in accordance with the transitional treatment provided for in paragraph 27-2 of the guidance, the Company will apply the new accounting policy prescribed by the guidance into the future. This has no impact on the consolidated financial statements.

Additional Information

(Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and its consolidated subsidiaries transitioned from the consolidated taxation system to the group tax sharing system from the first quarter of the fiscal year ending March 31, 2023. Accordingly, the Company and its consolidated subsidiaries comply with the treatment prescribed in the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021) regarding the accounting treatment and disclosure of corporate and local income taxes and tax effect accounting. In addition, the changes in accounting policies in conjunction with the application of the PITF No. 42, in accordance with paragraph 32-1 of the PITF No. 42, are deemed to have no effect.

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.