

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 (J-GAAP)

February 4, 2025

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
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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, 2024 (from April 1, 2024 to December 31, 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	%
Nine months ended December 31, 2024	4,324	-3.3	729	-30.7	731	-30.6	499	-29.5
Nine months ended December 31, 2023	4,469	-3.3	1,052	19.7	1,054	11.6	708	8.1

Note: Comprehensive income Nine months ended December 31, 2024: 485 million yen (-31.7%)
Nine months ended December 31, 2023: 710 million yen (8.4%)

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Nine months ended December 31, 2024	28.10	—
Nine months ended December 31, 2023	39.86	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	6,523	5,414	83.0
As of March 31, 2024	6,669	5,372	80.6

Reference: Shareholders' equity As of December 31, 2024: 5,414 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 quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes Relating to the Quarterly Consolidated Financial Statements” on page 12.

(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 December 31, 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 December 31, 2024 76,327 shares

As of March 31, 2024 76,327 shares

3) Average number of shares during the period

April – December 2024 17,763,383 shares

April – December 2023 17,763,408 shares

Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

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” on page 7.

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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: Tuesday, February 4, 2025

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Nine Months Ended December 31, 2024

1) General overview

(Millions of yen)

	Nine months ended December 31, 2024 (April to December 2024)			Nine months ended December 31, 2023 (April to December 2023)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	4,324	-145	-3.3	4,469	-3.3
Operating profit	729	-322	-30.7	1,052	19.7
Ordinary profit	731	-322	-30.6	1,054	11.6
Profit attributable to owners of parent	499	-208	-29.5	708	8.1
(Reference) EBITDA	984	-310	-24.0	1,295	11.2

Note: EBITDA = Ordinary profit + Interest expenses + Depreciation

During the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024), net sales decreased 3.3% year on year, to ¥4,324 million. In terms of profits, due to active investment in human resources, operating profit decreased 30.7% year on year, to ¥729 million, ordinary profit decreased 30.6% year on year, to ¥731 million and profit attributable to owners of parent decreased 29.5% year on year, to ¥499 million. EBITDA decreased 24.0% year on year, to ¥984 million.

During the nine months ended December 31, 2024, activists targeting listed companies in Japan 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}, FA services^{*3}, and corporate FA (M&A, etc.) 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, there has been a significant increase in the number of shareholder identification surveys based on the strong relationship of trust with our clients, as well as new and additional project contracts related to equity consulting services, in line with changes in the external environment.

In Japan's capital markets, amid rising expectations for reforms in Japanese companies by foreign shareholders, there has been a significant acceleration in cancellations of cross-shareholdings by financial institutions and business corporations. On the other hand, institutional investors and financial institutions are becoming increasingly strict about exercising voting rights, and proposals at the general meetings of shareholders are facing higher opposition rates. The importance of strengthening corporate governance and implementing measures to enhance corporate value in order to secure stable voting rights is rising. Moreover, as for the corporate restructuring and M&A areas, there has been an increase in activist activities targeting listed companies, and corporate restructuring triggered by an influx of activists is also on the rise. The environment surrounding M&A is changing rapidly, and corporate restructuring and takeover bids without consent by both domestic and foreign strategic buyers (operating companies) 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	Nine months ended December 31, 2024 (April to December 2024)			Nine months ended December 31, 2023 (April to December 2023)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	4,080	94.4	-3.4	4,225	-1.4
Disclosure Consulting	168	3.9	2.5	164	-26.8
Databases and Other	74	1.7	-6.3	79	-28.2
Total	4,324	100.0	-3.3	4,469	-3.3

(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
Nine months ended December 31, 2024	13	1,038	3,285
Nine months ended December 31, 2023	16	1,629	2,839
Change	-3	-591	445

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

(Millions of yen)

Types of project	Nine months ended December 31, 2024	Nine months ended December 31, 2023	Change
PA/FA for ownership battles	72	331	-259
PA/FA response to activists	659	736	-77
Company-side FA (M&As, etc.)	307	562	-254
Total	1,038	1,629	-591

The sales amount of large-scale projects (amounting to ¥50 million or more) for the nine months ended December 31, 2024 decreased 36.3% year on year, to ¥1,038 million. This was mainly due to a decrease in the number of contracts for projects that are centered on PA/FA and corporate FA projects for ownership battles. The sales amount of normal projects (amounting to less than ¥50 million) increased 15.7% year on year, to ¥3,285 million, as there has been a significant increase in the number of shareholder identification surveys based on the strong relationship of trust with our clients, as well as new and additional project contracts related to equity consulting services, in line with changes in the external environment.

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

(Millions of yen)

	Contingency response projects	Ordinary response projects
Nine months ended December 31, 2024	1,478	2,845
Nine months ended December 31, 2023	2,049	2,420
Change	-570	424

The sales amount of contingency response projects related to responses to activists, ownership battles and responses to M&As for the nine months ended December 31, 2024 decreased 27.8% year on year, to ¥1,478 million, mainly due to a decrease in the number of contracts for projects that are centered on PA/FA and corporate FA projects for ownership battles.

The sales amount of ordinary response projects such as shareholder identification surveys for the nine months ended December 31, 2024 increased 17.6% year on year, to ¥2,845 million. There has been a significant increase in the number of shareholder identification surveys based on the strong relationship of trust with our clients, as well as new and additional project contracts related to equity consulting services, in line with changes in the external environment.

In the stock transfer agency business, as of December 31, 2024, entrustments with 70 companies have been completed, and the number of shareholders under administration reached 389,226 (compared with entrustments concluded with 68 companies and 398,368 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 nine months ended December 31, 2024 decreased 3.4% year on year, to ¥4,080 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 nine months ended December 31, 2024 increased 2.5% from the same period of the previous fiscal year, to ¥168 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 nine months ended December 31, 2024 decreased 6.3% from the same period of the previous fiscal year, to ¥74 million.

(2) Overview of Financial Position for the Nine Months Ended December 31, 2024

1) Assets

Total assets of the Group as of December 31, 2024 decreased ¥146 million from the end of the previous fiscal year, to ¥6,523 million, due primarily to decreases in notes and accounts receivable—trade, and contract assets of ¥94 million and in software of ¥93 million, and an increase in other (intangible assets) of ¥95 million.

2) Liabilities

Total liabilities of the Group as of December 31, 2024 decreased ¥188 million from the end of the previous fiscal year, to ¥1,108 million, due primarily to a decrease in income taxes payable of ¥172 million.

3) Net assets

Net assets of the Group as of December 31, 2024 increased ¥41 million from the end of the previous fiscal year, to ¥5,414 million, due primarily to an increase in retained earnings of ¥499 million from profit attributable to owners of parent and a decrease in retained earnings of ¥444 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, 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 our policy of targeting a consolidated dividend payout ratio of approximately 50%, the Company 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. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

	(Thousands of yen)	
	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	4,132,474	4,083,979
Notes and accounts receivable—trade, and contract assets	472,204	377,245
Work in process	5,703	4,149
Other	247,575	294,056
Total current assets	4,857,958	4,759,431
Non-current assets		
Property, plant and equipment	303,482	266,731
Intangible assets		
Software	720,041	626,143
Other	98,158	193,196
Total intangible assets	818,200	819,339
Investments and other assets		
Other	757,251	744,703
Allowance for doubtful accounts	(66,960)	(66,960)
Total investments and other assets	690,291	677,743
Total non-current assets	1,811,974	1,763,815
Total assets	6,669,932	6,523,246
Liabilities		
Current liabilities		
Accounts payable—trade	30,617	21,954
Short-term borrowings	200,000	200,000
Accounts payable—other	153,594	156,542
Income taxes payable	241,446	69,240
Contract liabilities	61,185	46,615
Provision for bonuses	165,953	96,558
Provision for customer measure costs	171,430	171,430
Other	206,347	275,666
Total current liabilities	1,230,575	1,038,007
Non-current liabilities		
Long-term accounts payable—other	45,863	45,863
Retirement benefit liability	20,537	25,090
Total non-current liabilities	66,401	70,954
Total liabilities	1,296,976	1,108,962

	(Thousands of yen)	
	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	865,298	865,298
Capital surplus	553,406	553,406
Retained earnings	4,357,040	4,412,033
Treasury shares	(410,104)	(410,104)
Total shareholders' equity	5,365,641	5,420,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,314	(6,350)
Total accumulated other comprehensive income	7,314	(6,350)
Total net assets	5,372,956	5,414,284
Total liabilities and net assets	6,669,932	6,523,246

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
For the Nine Months Ended December 31, 2024

	(Thousands of yen)	
	Nine Months of FY2023 (from April 1, 2023 to December 31, 2023)	Nine Months of FY2024 (from April 1, 2024 to December 31, 2024)
Net sales	4,469,545	4,324,008
Cost of sales	872,231	942,164
Gross profit	3,597,314	3,381,843
Selling, general and administrative expenses	2,544,794	2,652,112
Operating profit	1,052,520	729,730
Non-operating income		
Interest income	11	188
Dividend income	292	591
Gain on investments in investment partnerships	2,581	2,100
Interest on tax refund	2,721	2
Other	1,024	1,760
Total non-operating income	6,630	4,643
Non-operating expenses		
Interest expenses	815	1,192
Loss on sale of notes receivable—trade	19	—
Foreign exchange losses	1,910	1,568
Cancellation fee	2,400	—
Total non-operating expenses	5,145	2,760
Ordinary profit	1,054,005	731,613
Profit before income taxes	1,054,005	731,613
Total income taxes	345,997	232,536
Profit	708,007	499,077
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	708,007	499,077

Quarterly Consolidated Statement of Comprehensive Income
For the Nine Months Ended December 31, 2024

	(Thousands of yen)	
	Nine Months of FY2023 (from April 1, 2023 to December 31, 2023)	Nine Months of FY2024 (from April 1, 2024 to December 31, 2024)
Profit	708,007	499,077
Other comprehensive income		
Valuation difference on available-for-sale securities	2,802	(13,664)
Total other comprehensive income	2,802	(13,664)
Comprehensive income	710,810	485,412
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	710,810	485,412
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes Relating to the Quarterly Consolidated Financial Statements

Application of Special Accounting Treatments in Preparing Quarterly 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 nine months ended December 31, 2024 are included, and calculates tax expenses by multiplying profit before income taxes by the estimated effective tax rate.

Notes Regarding 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.

Notes Regarding Significant Changes in the Amount of Shareholders' Equity

None applicable

Notes Relating to the Going Concern Assumption

None applicable

Notes Relating to the Statement of Cash Flows

The Company has not prepared a quarterly consolidated statement of cash flows for the nine months ended December 31, 2024. Depreciation (including amortization of intangible assets) for the nine months ended December 31, 2024 is as follows.

	(Thousands of yen)	
	Nine Months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Nine Months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Depreciation	240,930	252,200