

# Annual Report 2017

April 1, 2016–March 31, 2017



Your Capital Market Intelligence  
**IR Japan Holdings, Ltd.**

IR Japan Holdings, Ltd.  
Securities code: 6035



**Shirou Terashita**  
Representative Director,  
President and Chief Executive Officer

寺下史郎

## Corporate Mission

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Our corporate mission is to contribute to the enhancement of the fair capital competitiveness of our clients (publicly-traded companies, investors and market participants) and the growth of the global economy.

## Code of Conduct

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A group that contributes to the development of a fair capital market.

A group that is constantly engaged in competition.

A group that values “courtesy (consideration)” utmost in the global capital market.

# To Our Shareholders

**With the support of our shareholders, we will steadily climb the stairway to growth as a unique financial consulting group.**

The Japanese government is strongly urging domestic companies to adopt “offensive management” with the aim of strengthening fundamentals to a level exceeding earnings at overseas companies, amid concerns that the changes in financial, economic, and diplomatic policies brought about by dramatic shifts in government in major countries worldwide will have a powerful impact on Japan’s real economy and capital markets. In March 2017, the Financial Services Agency revised the Stewardship Code to strengthen supervision of corporate governance at companies (stricter guidance on exercise of voting rights), and the Ministry of Economy, Trade and Industry released its “Practical Guidelines for Corporate Governance Systems.” In response to these corporate reforms by the government, major institutional shareholders in Europe, the U.S., Asia and Japan are expected to have an even stronger presence in the market. In particular, collective engagement (joint exercise of voting rights by institutional shareholders), which is accepted in Europe and the U.S., is finally being considered in Japan as well, and it is believed that these market changes have boosted the largest U.S. activists’ participation in Japan. Japan’s listed companies are now truly recognizing the “Power of Equity,” and are finding it necessary to improve corporate governance and step up revision of asset and business portfolios.

In order to accurately respond to this new financial consulting demand from its listed company clients, the Group strives for accelerated expansion of earnings opportunities by deepening its unique SR (shareholder relations, support for exercise of voting rights) and governance consulting services while steadily promoting its sophisticated stock transfer agency business, adding to its lineup the M&A (trust banking) services that contribute to clients’ offensive management and improvement of asset and business portfolios, and enhancing its consulting system to be able to offer the latest proposals while standing always at the client’s side.

On May 30, 2017, the Company received approval from the Tokyo Stock Exchange, Inc. to change its listing from the JASDAQ (Standard) to the Second Section of the Tokyo Stock Exchange.

We ask our shareholders for their continued kind support.

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SR Consulting, Governance Consulting, Investment Banking Business, Stock Transfer Agency Business			

## Change of Listing to the Second Section of the Tokyo Stock Exchange (June 6, 2017)

The Company changed its market listing from the JASDAQ (Standard) to the Second Section of the Tokyo Stock Exchange on June 6, 2017. This change is in appreciation of the warm support so generously provided by our shareholders. We take this opportunity to express our sincere gratitude from the bottom of our heart.

We will continue our efforts to further expand our operations and to enhance corporate value in order to meet your expectations. We invite you to look forward to the development of the Group, and greatly appreciate your continued support.



June 2017  
Listed on Second Section of the Tokyo Stock Exchange



February 16, 2015  
Moved head office to Kasumigaseki Building



February 2, 2015  
Established IR Japan Holdings, Ltd. as wholly owning parent company of IR Japan (Securities Code: 6035)



March 18, 2011  
Listed for the first time as Japan's first specialized IR/SR services company (Securities Code: 6051)



March 2011  
IR Japan listed on JASDAQ market

April 2013  
Conducted Japan's first commitment-type rights offering

November 2013  
Carried out stock split

February 2015  
Established IR Japan Holdings  
Moved head office to Kasumigaseki Building

June 2015  
Transitioned to a company with an audit and supervisory committee

May 2016  
Acquired treasury shares

September 2016  
Established Nomination and Compensation Advisory Committee

November 2016  
Announced introduction of restricted stock

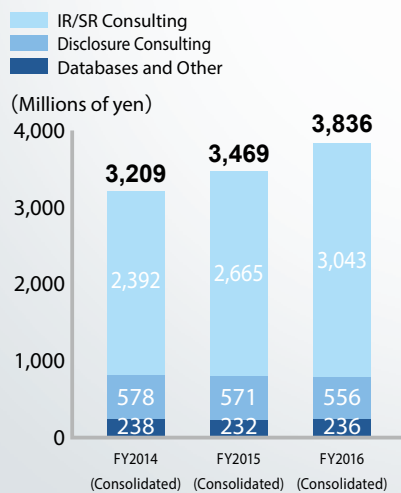
## Financial Results

Sales grew in our core business of SR (shareholder relations) Consulting due to growing needs for consulting services related to the implementation of the Corporate Governance Code by listed companies, the Group's clients, as well as business reorganization and corporate control. Our investment banking business also began a full-scale operation.

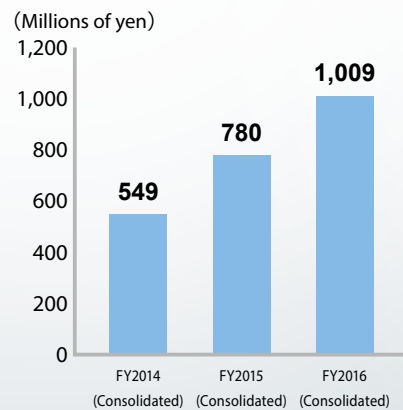
As a result of the above factors, for fiscal 2016, net sales increased 10.6% year on year, to ¥3,836 million, operating income increased 29.4%, to ¥1,009 million, ordinary income increased 29.4%, to ¥1,008 million, and profit attributable to owners of parent increased 56.1%, to ¥694 million. The Company recorded its highest net sales and profit since its listing.

The Company will pay stable dividends, comprehensively considering factors such as its financial position and income level, while maintaining a high dividend payout ratio. For fiscal 2016, the full-year dividend is ¥40 per share.

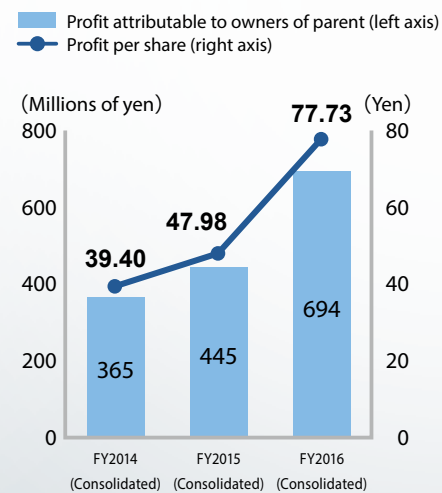
### Net Sales



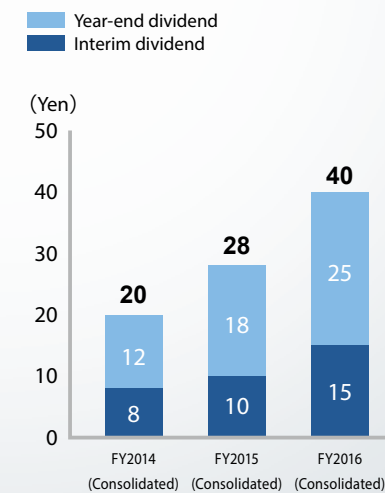
### Operating Income



### Profit Attributable to Owners of Parent/ Profit per Share



### Trend in Dividends



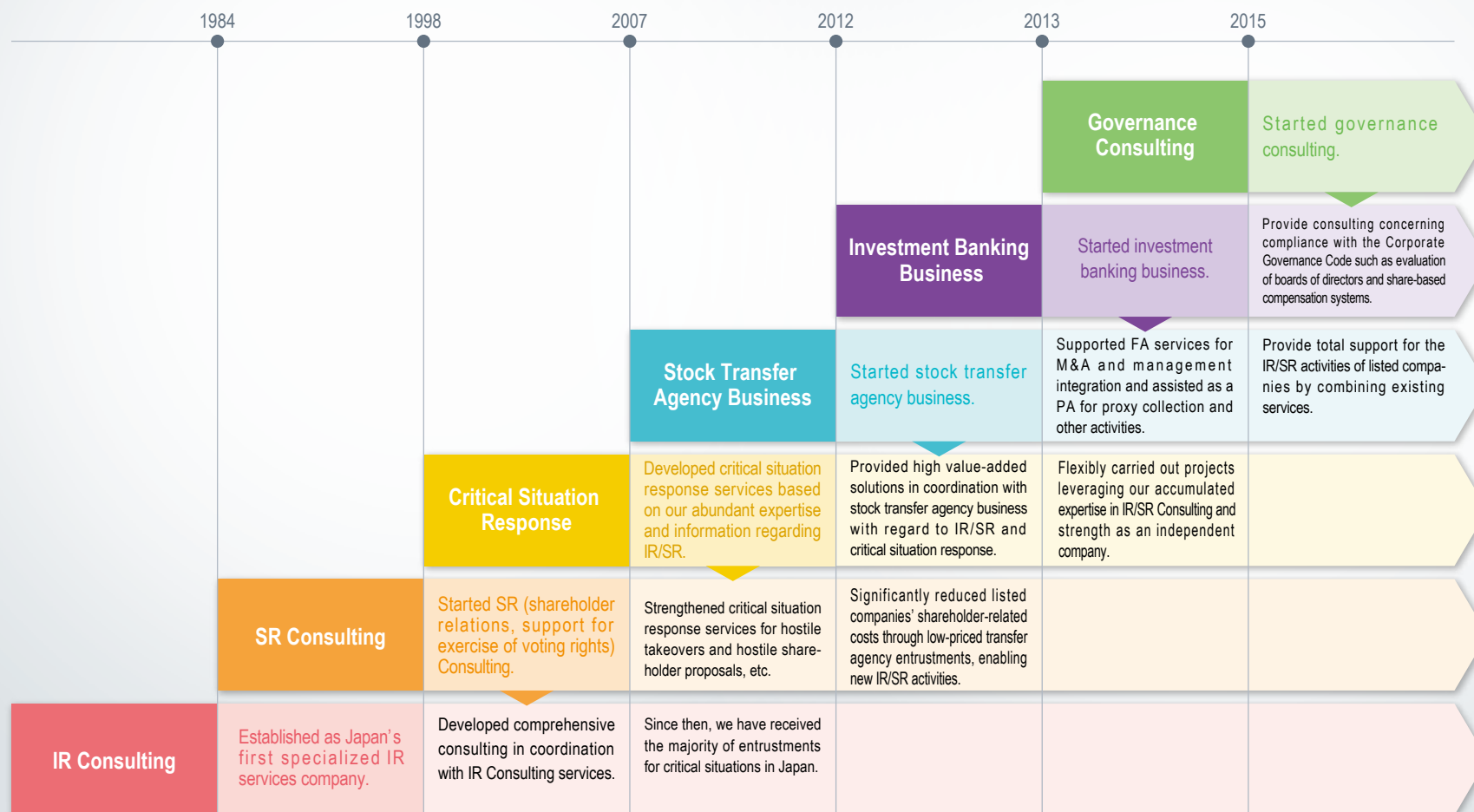
\*1 Net sales and income for fiscal 2014 include the results of IR Japan.

\*2 Dividends up to and including the interim dividend for fiscal 2014 are the actual dividends paid by IR Japan. Dividends including and after the year-end dividend for fiscal 2014 are actual dividends paid by the Company.



## The Group's Services

Having begun with IR/SR Consulting services, the Group has expanded its SR (shareholder relations) services including the stock transfer agency business in 2012, the investment banking business in 2013, and governance consulting in 2015. The Group will further continue to provide comprehensive services to support the IR/SR activities of listed companies.



## SR Consulting

Needs for SR (shareholder relations) Consulting have grown due to a rise in activist activity in Japan and overseas, as well as the introduction of the Corporate Governance Code. As a result, the Group saw an increase in SR services such as shareholder identification surveys and proxy voting results analysis in Japan and abroad.

Awareness of the Corporate Governance Code is increasing year by year among listed companies, and our 22nd IR/SR Consulting Seminar titled “Corporate Governance Reforms for Japanese Companies as Foreseen by Global Institutional Shareholders—Exploring the Challenges of the Corporate Governance Code” held on November 18, 2016, was attended by representatives from numerous listed companies.



22nd IR/SR Consulting Seminar held on November 18, 2016



"ID (Independent Director)-Search," website for referral of independent outside director candidates

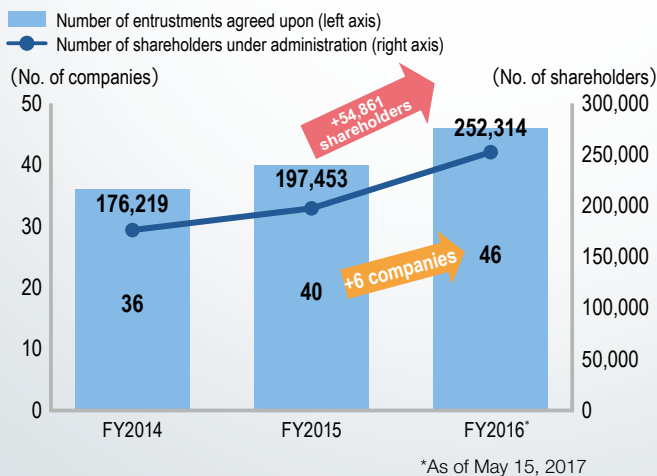
## Governance Consulting

We are steadily accumulating a track record in consulting on evaluating the effectiveness of boards of directors and on executive compensation systems utilizing stock, mainly among Japan's leading listed companies. With regard to evaluation of boards of directors in particular, in addition to support based on the perspective of institutional investors, we conduct evaluations under the direction and guidance of a U.S. consulting firm with an extensive track record in evaluating the effectiveness of boards of directors at global companies. Our services are rated highly, with 100% of our client companies continuing their entrustment.

Response has also been strong for the "ID (Independent Director) – Search" website we set up as part of our services to address the growing need for referral of independent outside director candidates. The standout feature of this service is that approximately 70% of registered candidates are experienced corporate managers.

## Investment Banking Business

The Group's investment banking business has expanded both in terms of organization and operation, and M&A advisory services, which are the Group's focus in particular, have steadily accumulated a track record. The Group is also seeing expansion of its distinctive project pipeline, including an increase in consultations from clients due to its highly regarded track record to date and independence. The Group provides a wide range of solutions, including behind-the-scenes resolutions that avoid proxy fights, in its traditional proxy advisory services that continue to receive many consultations.



## Stock Transfer Agency Business

In the stock transfer agency business, the number of shareholders under administration reached 252,314 and entrustments with 46 companies have been agreed upon as of May 15, 2017.

Recognition of the Group's stock transfer agency business is growing due to an enhanced structure including new sales activities in cooperation with consultants in the IR/SR Consulting Department. Our comprehensive services in coordination with the IR/SR Consulting Department, which has an overwhelming track record in proxy fights and support services for general meetings of shareholders, have been well received, and this has led to entrustments in the stock transfer agency business.



## Board of Directors and Audit and Supervisory Committee Members (As of June 26, 2017)



**Shirou Terashita**  
President and CEO



**Takuji Kurio**  
Executive Vice President  
and COO



**Keisuke Tomimatsu**  
Director/Audit and  
Supervisory Committee  
Member



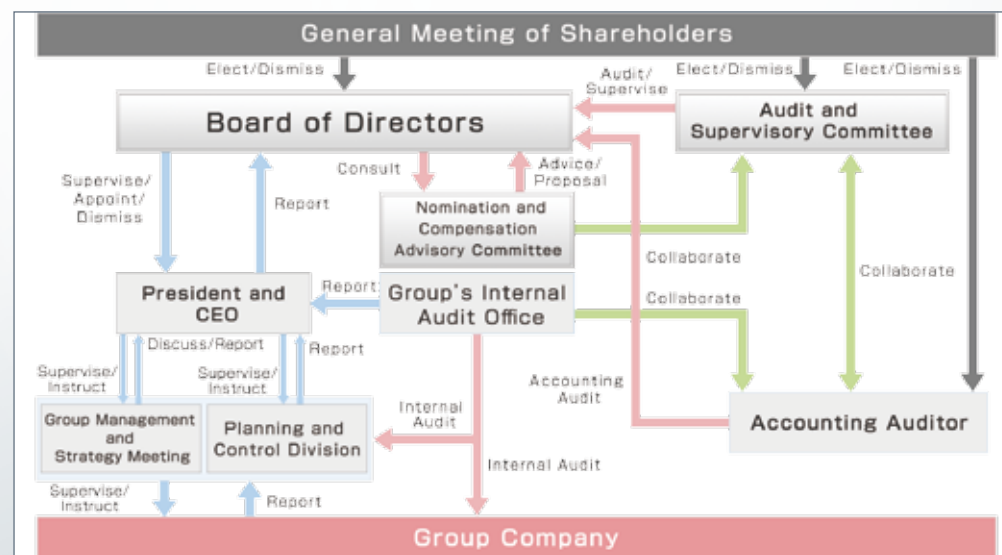
**Nobuyoshi Yamori**  
Outside Director/  
Audit and Supervisory  
Committee Member



**Kazufumi Onishi**  
Outside Director/  
Audit and Supervisory  
Committee Member

## Governance System

The Company seeks to improve its corporate value by emphasizing the establishment of good relationships with all stakeholders including shareholders, employees and business partners. To achieve this, the Company believes it is essential to reinforce and enhance its corporate governance, and is making sincere efforts to establish an optimal management and administrative structure to ensure sound, efficient and transparent management.



# Consolidated Financial Statements

## Consolidated Balance Sheet (As of March 31)

(Millions of yen)

	2016	2017	Amount change (YoY)		2016	2017	Amount change (YoY)
<b>Assets</b>				<b>Liabilities</b>			
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and deposits	1,849	1,907	58	Accounts payable—trade	32	40	8
Notes and accounts receivable—trade	860	610	(250)	Short-term loans payable	100	100	—
Work in process	24	11	(13)	Accounts payable—other	84	71	(12)
Prepaid expenses	61	75	13	Accrued expenses	88	55	(32)
Deferred tax assets	62	59	(3)	Income taxes payable	214	56	(157)
Other	15	93	77	Advances received	37	27	(10)
Allowance for doubtful accounts	(3)	(0)	2	Deposits received	33	110	77
Total current assets	2,871	2,756	(114)	Provision for bonuses	76	79	3
				Provision for directors' bonuses	3	8	5
				Other	71	52	(18)
<b>Non-current assets</b>				Total current liabilities	741	602	(138)
Property, plant and equipment							
Facilities attached to buildings	196	196	—	<b>Non-current liabilities</b>			
Accumulated depreciation	(15)	(29)	(13)	Net defined benefit liability	3	3	0
Facilities attached to buildings, net	180	166	(13)	Provision for directors' retirement benefits	147	51	(96)
Tools, furniture and fixtures	208	226	18	Total non-current liabilities	150	55	(95)
Accumulated depreciation	(76)	(111)	(34)	Total liabilities	891	657	(233)
Tools, furniture and fixtures, net	131	114	(16)				
Total property, plant and equipment	311	281	(30)				
Intangible assets							
Software	457	428	(29)				
Other	21	21	0				
Total intangible assets	479	449	(29)				
Investments and other assets							
Investment securities	23	24	1	<b>Net assets</b>			
Lease and guarantee deposits	213	187	(25)	<b>Shareholders' equity</b>			
Long term accounts receivable—trade	—	142	142	Capital stock	795	795	—
Deferred tax assets	65	64	(1)	Capital surplus	784	784	—
Other	19	14	(4)	Retained earnings	1,514	1,909	394
Allowance for doubtful accounts	(1)	(77)	(75)	Treasury shares	(0)	(300)	(300)
Total investments and other assets	320	356	36	Total shareholders' equity	3,095	3,188	93
Total non-current assets	1,111	1,087	(23)	Accumulated other comprehensive income			
Deferred assets				Valuation difference on available-for-sale securities	(0)	1	1
Deferred organization expenses	4	3	(1)	Total accumulated other comprehensive income	(0)	1	1
Total deferred assets	4	3	(1)	Total net assets	3,095	3,190	94
Total assets	3,986	3,847	(138)	Total liabilities and net assets	3,986	3,847	(138)

## Consolidated Statement of Income

For the year ended March 31

(Millions of yen)

	2016	2017	Percentage change (YoY)
Net sales	3,469	<b>3,836</b>	10.6
Cost of sales	1,092	<b>1,104</b>	1.0
Gross profit	2,376	<b>2,732</b>	15.0
Selling, general and administrative expenses	1,595	<b>1,722</b>	8.0
Operating income	780	<b>1,009</b>	29.4
Non-operating income			
Interest income	0	0	
Dividend income	0	0	
Gain on forfeiture of unclaimed dividends	0	0	
Referral fee	0	0	
Other	0	0	
Total non-operating income	1	<b>1</b>	(28.7)
Non-operating expenses			
Interest expenses	0	0	
Loss on sales of notes payable	0	0	
Foreign exchange losses	0	0	
Amortization of deferred organization expenses	1	1	
Other	—	0	
Total non-operating expenses	2	<b>2</b>	(9.8)
Ordinary income	779	<b>1,008</b>	29.4
Extraordinary income			
Reversal of provision for directors' retirement benefits	—	96	
Total extraordinary income	—	<b>96</b>	—
Extraordinary losses			
Loss on retirement of non-current assets	1	—	
Loss on valuation of investment securities	23	—	
Loss on valuation of golf club membership	—	9	
Provision of allowance for doubtful accounts	—	71	
Total extraordinary losses	25	<b>80</b>	221.1
Profit before income taxes	754	<b>1,024</b>	35.7
Income taxes—current	316	<b>325</b>	
Income taxes—deferred	(6)	<b>3</b>	
Total income taxes	309	<b>329</b>	6.4
Profit	445	<b>694</b>	56.1
Profit attributable to non-controlling interests	—	—	
Profit attributable to owners of parent	445	<b>694</b>	56.1

## Consolidated Statement of Comprehensive Income

For the year ended March 31

(Millions of yen)

	2016	2017	Percentage change (YoY)
Profit	445	<b>694</b>	56.1
Other comprehensive income			
Valuation difference on available-for-sale securities	0	1	
Total other comprehensive income	0	<b>1</b>	111.3
Comprehensive income	445	<b>696</b>	56.2
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	445	<b>696</b>	
Comprehensive income attributable to non-controlling interests	—	—	

## Status of the Company's Shares (As of March 31, 2017)

### ● Status of Shares

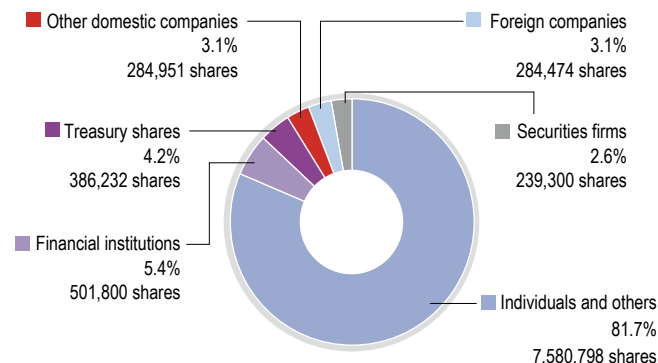
Total number of shares authorized to be issued: 35,000,000 shares

Total number of shares issued: 9,277,555 shares

(including 386,232 treasury shares)

Number of shareholders: 2,298

### ● Breakdown of Shares by Owner



### ● Major Shareholders

Name of shareholder	No. of shares	Percentage of ownership (%)
Shirou Terashita	4,884,000	52.64
IR Japan Holdings, Ltd. (Treasury shares)	386,232	4.16
The Master Trust Bank of Japan, Ltd. (Trust account)	255,500	2.75
45 Corporation Co., Ltd.	176,000	1.89
Individual	150,200	1.61
Trust & Custody Services Bank, Ltd. (Pension trust account)	134,200	1.44
Keisuke Tomimatsu	131,700	1.41
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	116,046	1.25
Asset Management Co., Ltd.	95,000	1.02
Individual	90,000	0.97

Statements in this report that are not historical facts are forward-looking statements based on the assumptions and beliefs of the Company's management in light of the information currently available to it and involve risks and uncertainties, including economic trends, market demand, and revisions to the tax system or regulatory systems. These factors could affect the Company's business and financial results in future periods, and the Company assumes no responsibility for any damages that may occur due to the use of information in this report. The Company assumes no obligation to revise forward-looking statements contained herein, whether as a result of new information or future events.

## Information for Shareholders

<b>Business year</b>	From April 1 to March 31 of the following year
<b>Record date of dividend payment</b>	Year-end dividend: March 31 Interim dividend: September 30 Other information is announced in advance when necessary.
<b>Record date of general meeting of shareholders</b>	March 31 Other information is announced in advance when necessary.
<b>Ordinary general meeting of shareholders</b>	June
<b>Method of public announcements</b>	Electronic notification ( <a href="http://www.irjapan.net/koukoku/">http://www.irjapan.net/koukoku/</a> ) (Japanese only) In the event that electronic notification of public announcements is impossible owing to an accident or other unavoidable reason, public announcements will be published in the <i>Nihon Keizai Shimbun</i> .
<b>Administrator of shareholder registry</b>	IR Japan, Inc.
<b>Contact information</b>	26th floor, Kasumigaseki Building, 2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-6026, JAPAN Tel: 0120-975-960

Please make requests for change of address or the purchase or sale of shares in a number less than one share unit at the securities firm where you have your account.

Please contact the administrator of shareholder registry at the address shown above to request payment of unpaid dividends.

## Company Profile

<b>Name</b>	IR Japan Holdings, Ltd.
<b>Address</b>	26th floor, Kasumigaseki Building, 2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-6026, JAPAN URL : <a href="http://www.irjapan.jp/">http://www.irjapan.jp/</a>
<b>Established</b>	February 2015
<b>Capital</b>	795 million yen (As of March 31, 2017)
<b>Major subsidiary</b>	IR Japan, Inc. <input type="radio"/> Building Lots and Buildings Transaction Business Operator “Governor of Tokyo (1) No. 100534” <input type="radio"/> Type I Financial Instruments Business Operator “Kanto Local Finance Bureau (Kinsho) No. 2624” <input type="radio"/> Stock transfer agent <input type="radio"/> Designated administrator of shareholder registry, etc. <input type="radio"/> Member of the Japan Securities Dealers Association <input type="radio"/> Honorary international participant, Council of Institutional Investors (U.S.A.) <input type="radio"/> Certified investment evaluation institute <input type="radio"/> Supporting member, The Securities Analysts Association of Japan <input type="radio"/> Member, The IR Planners Association of Japan <input type="radio"/> Member, Japan Investor Relations Association <input type="radio"/> Charged Employment Placement License “License No. 13-Yu-303368”