

Annual Report 2018

April 1, 2017 – March 31, 2018

IR Japan Holdings, Ltd.
Securities Code: 6035



Your Capital Market Intelligence
IR Japan Holdings, Ltd.



Shirou Terashita
Representative Director,
President and Chief Executive Officer

寺下史郎

Corporate Mission

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

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

We continue to take on challenges at our next stage of growth as a reformer of Japan's capital markets.

In addition to the Group's IR/SR Consulting Department and Stock Transfer Agency Department in Kasumigaseki, we opened a new Investment Banking Department office in Marunouchi during the fiscal year ended March 31, 2018, and strengthened our operations, administrative structure, and information management system to establish a corporate structure that will continue to take on the challenges of our next stage of growth. We will continue to aim high, inspired by the backing of our shareholders. We would like to express our deep appreciation for your support.

The rapid global expansion of ESG (Environment, Social, Governance) investment is accelerating the introduction of stringent standards for the exercise of voting rights not only by foreign shareholders (overseas institutional shareholders), who are the largest shareholders in Japan's listed companies, but also by domestic institutional shareholders, comprising mainly trust accounts such as Japanese pension funds. The ratio of Japanese shares held by these institutional shareholders is already over half, and dialogue with institutional shareholders is taking on more and more importance in corporate management for Japan's listed companies.

Furthermore, against the backdrop of their rapid advance in Europe, the U.S., and Asia, the efforts of activist shareholders targeting companies that have governance issues regarding such matters as poor performance, scandals, M&A, internal reserves, and shareholder returns are finally shifting into high gear in Japan.

Under these circumstances, to further expand and enhance our unique, independent financial consulting capabilities that make client orientation an absolutely essential criterion, we established our Investment Banking Department as an independent body, bringing together financial, legal, and audit professionals in Marunouchi. Meanwhile, we sought to enhance the skills of our consulting personnel by developing systems that use technologies such as AI (artificial intelligence) to improve global research and consulting capabilities in our IR/SR Consulting Department in Kasumigaseki. As a result, we saw a significant increase in opportunities to provide various solutions related to Power of Equity, which is the Group's greatest asset, and in entrustments related to M&A. In addition, as the first new entrant to the stock transfer agency business in 40 years, we have steadily increased our number of entrustments through cutting-edge shareholder administration handling services, to the point that the Group has become a presence with strong appeal.

As a result of these efforts, we have announced record-high financial results and dividend returns to shareholders. We will continue to increase the speed of reform and take on challenges at the next stage of further growth. We ask our shareholders for their continued support.

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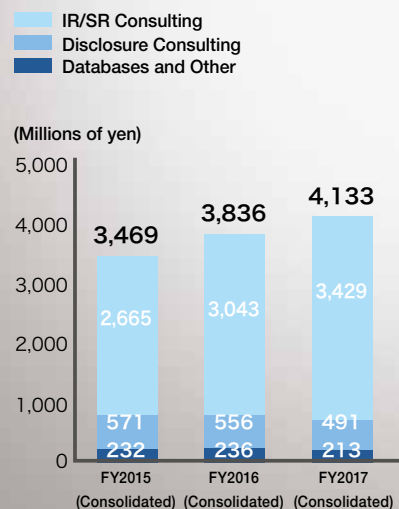
Financial Results

The Group saw an increase in the number of new clients as well as expansion in services for existing clients due to rising needs to secure voting rights at general meetings of shareholders as a result of the introduction of stringent standards for the exercise of voting rights by institutional investors in Japan and overseas, and an increase in the number of activists, against the backdrop of rapidly increasing attention on ESG in global fund management. As for our investment banking business, which has begun full-scale operation, contributions to revenue expansion came from growth in FA (financial advisory) services including large-scale M&A, and a substantial increase in PA (proxy advisory) services, where we boast an overwhelming success rate and track record.

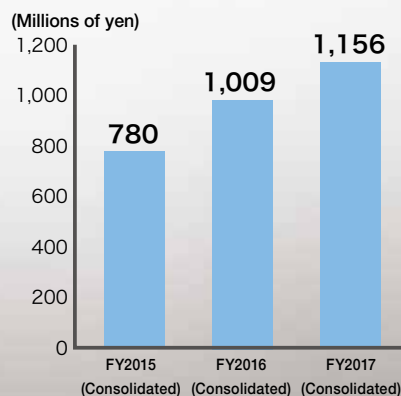
As a result of the above factors, for fiscal 2017, net sales increased 7.7% year on year, to ¥4,133 million, operating profit increased 14.5%, to ¥1,156 million, ordinary profit increased 14.7%, to ¥1,157 million, and profit attributable to owners of parent increased 18.2%, to ¥821 million. The Company recorded its highest net sales and profit since its listing.

With regard to dividends, the Company will maintain a high dividend payout ratio while comprehensively considering factors such as its financial position and profit level. We set a full-year dividend of ¥60 per share for fiscal 2017, increasing the dividend for the third consecutive fiscal year.

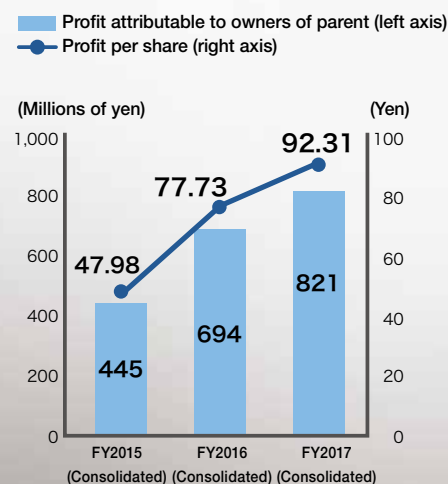
Net Sales



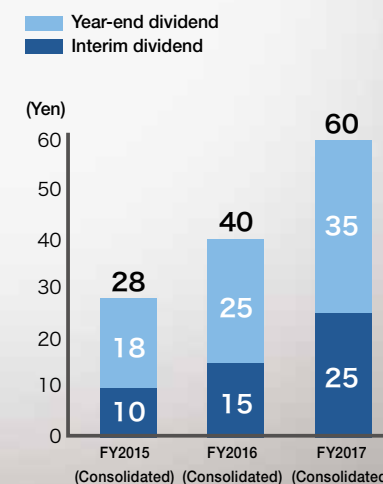
Operating Profit



Profit Attributable to Owners of Parent/ Profit per Share



Trend in Dividends



Fiscal 2017 Review

The Company changed its market listing to the Second Section of the Tokyo Stock Exchange on June 6, 2017. In addition, due to the expansion of our organization and operations, we established the Investment Banking Department office of IR Japan, Inc., a subsidiary of the Company, in the Shin-Kokusai Building in Marunouchi in January 2018.

We will continue our efforts to further expand our operations and enhance corporate value to meet the expectations of our shareholders.

Fiscal 2017 IR Japan Holdings



July 13, 2017

Introduced share-based compensation systems using restricted stock (shares with restriction on transfer)



December 8, 2017

Acquired qualification as TOKYO PRO Market J-Adviser

February 20, 2018

Began offering services to analyze risk of activist holdings using AI (artificial intelligence)

June 6, 2017

Changed market listing to the Second Section of the Tokyo Stock Exchange

September 29, 2017

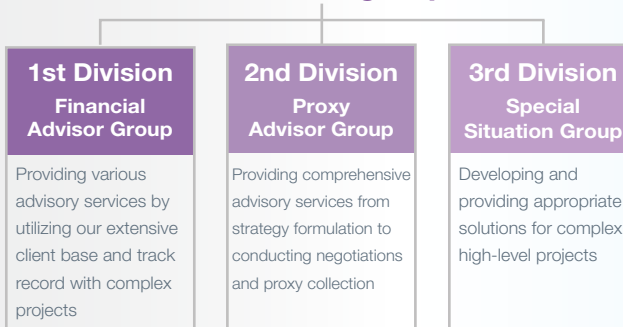
Announced conclusion of share transfer agreement between SHINMEI Co., LTD., to whom we provided advisory services as FA, and Sushiro Global Holdings Ltd.

January 9, 2018

Established Investment Banking Department office in Shin-Kokusai Building

Investment Banking Department Structure

IR Japan Investment Banking Department



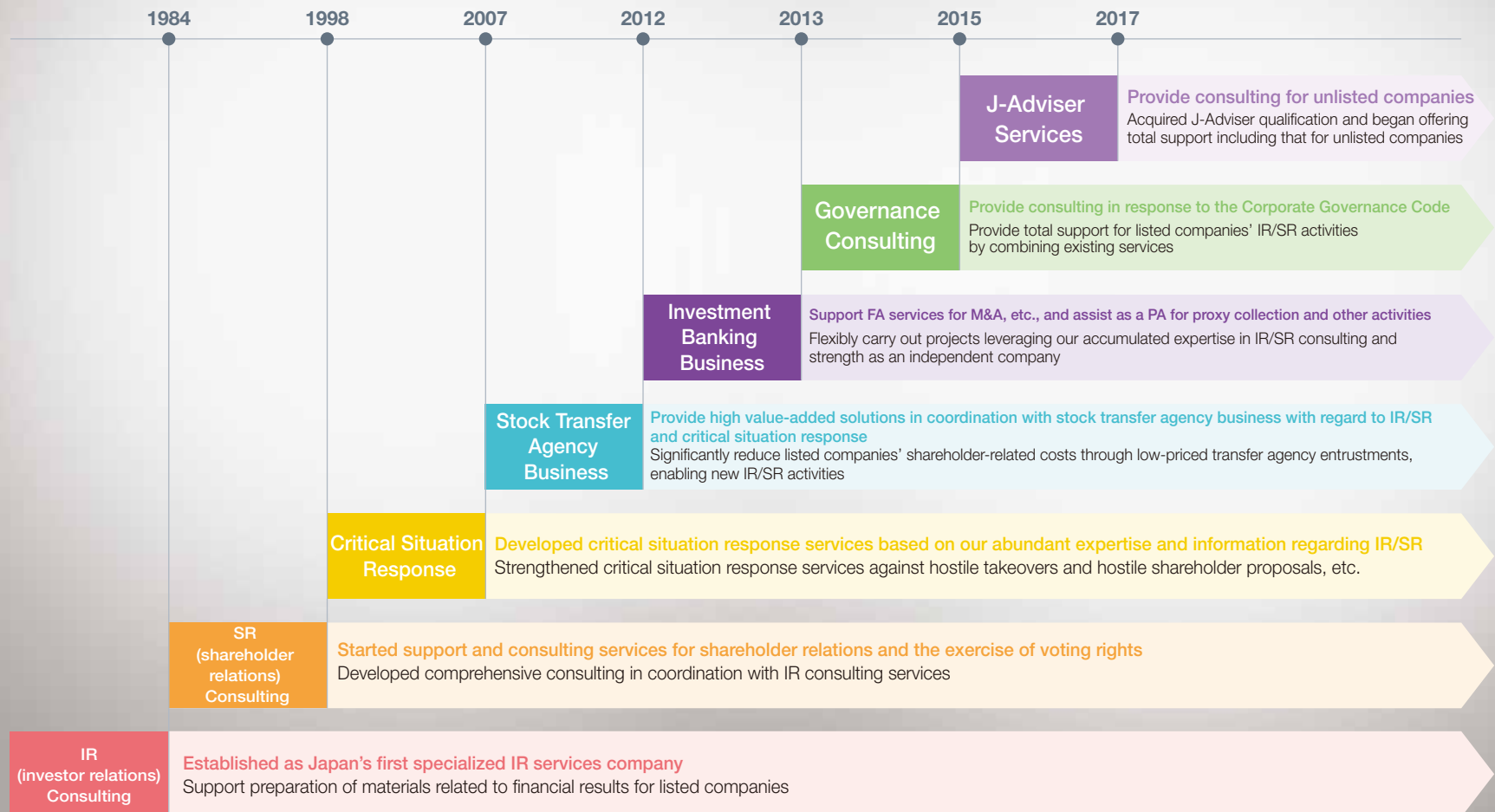
Investment Banking Department Office (Marunouchi)

We have brought together a team of financial, legal, and audit professionals in Marunouchi to respond immediately and flexibly to consultations on M&A, proxy, etc.



Expansion of the Group's Services

Having begun with IR/SR consulting services, the Group 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 sophisticated equity consulting services for listed companies on matters such as M&A, response to activists, handling the exercise of voting rights at general meetings of shareholders, and ESG.



SR Consulting

The foreign-shareholder ratio is rising at Japanese companies due to factors such as favorable global economic conditions and monetary easing. Meanwhile, the number of stable shareholders is decreasing due to the Corporate Governance Code and Stewardship Code, and corporate scandals and shareholder proposals are on the rise. As a result, there is even greater need for SR (shareholder relations) consulting, and the Group has seen an increase in SR services such as support services for general meetings of shareholders, including shareholder identification surveys in Japan and overseas, and activities to promote the exercise of voting rights.

Awareness of shareholder relations is increasing year by year among listed companies, and the Group held a total of 10 seminars on shareholder relations in fiscal 2017, all of which were well attended and well received by representatives from numerous listed companies.



24th IR/SR Consulting Seminar held on September 7, 2017



Governance Consulting

Evaluations of the effectiveness of boards of directors at listed companies have entered their third year, and investors are demanding high-level evaluations by a third party. Such evaluations are also drawing the attention of numerous listed companies as a means of preventing corporate scandals.

There are ever-growing needs for referral of independent outside directors at listed companies seeking to achieve diversity.

The Group has been developing new services in response to the Corporate Governance Code to be revised in June 2018, such as verification of the value of shareholdings of other listed companies. A strong need for the Group's governance consulting services is also expected to continue.

Investment Banking Business

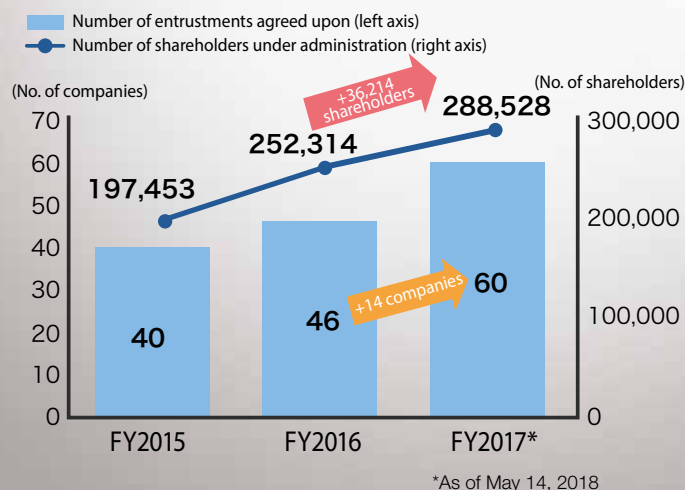
The Group's Investment Banking Department established its office in Marunouchi in January 2018 to immediately and flexibly respond to the rapid increase in consultations on issues such as M&A and proxy.

PA (proxy advisory) services have grown substantially due to an increase in proposals from activists and other shareholders, the stepping up of individual disclosure of voting results, and collective engagement by institutional investors.

Recognition of the Group's Investment Banking Department is growing as a result of increasing the number of consultants, strengthening organizational capabilities, and providing FA (financial advisory) services for large-scale M&A. Furthermore, the Group acquired J-Adviser qualification and enhanced its access with unlisted companies. M&A projects for the next fiscal year are also steadily increasing.



Acquired J-Adviser qualification on December 8, 2017



Stock Transfer Agency Business

In the stock transfer agency business, the number of shareholders under administration reached 288,528 and entrustments with 60 companies have been agreed upon as of May 14, 2018. The number of entrustments with companies, including newly listed companies, increased steadily as a result of an increased number of experienced personnel and a strengthened marketing structure. Furthermore, we promoted synergies with other services such as shareholder identification surveys and the shareholder management system, in addition to the strengths of the Group's stock transfer agency business. As a result, the Group's comprehensive services have been well received, and this has led to additional entrustments in the stock transfer agency business.

Management Team (As of June 26, 2018)

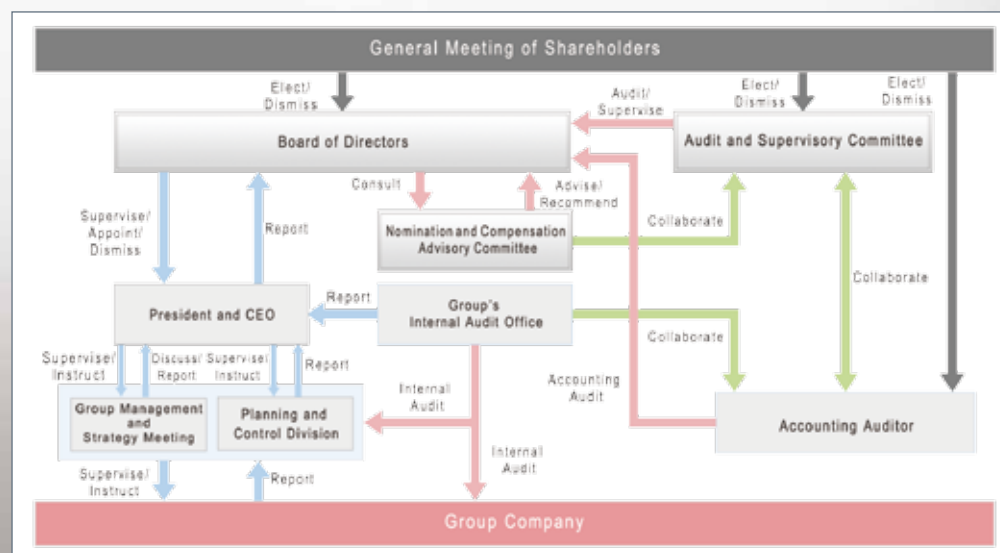
The Company reinforced its management structure with the addition of one more outside director.



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.

The Company welcomed a new outside director in June 2018, bringing the ratio of outside directors to 50%.



Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018	Change		As of March 31, 2017	As of March 31, 2018	Change
Assets				Liabilities			
Current assets				Current liabilities			
Cash and deposits	1,907	2,328	420	Accounts payable—trade	40	37	(3)
Notes and accounts receivable—trade	610	746	136	Short-term loans payable	100	200	100
Work in process	11	14	2	Accounts payable—other	71	71	0
Prepaid expenses	75	100	25	Accrued expenses	55	56	0
Deferred tax assets	59	68	9	Income taxes payable	56	201	144
Other	93	17	(76)	Advances received	27	41	13
Allowance for doubtful accounts	(0)	(2)	(1)	Deposits received	110	187	77
Total current assets	2,756	3,274	517	Provision for bonuses	79	89	10
				Provision for directors' bonuses	8	9	1
Non-current assets				Other	52	49	(2)
Property, plant and equipment				Total current liabilities	602	945	342
Facilities attached to buildings	196	285	89	Non-current liabilities			
Accumulated depreciation	(29)	(44)	(15)	Long-term accounts payable—other	—	51	51
Facilities attached to buildings, net	166	240	74	Net defined benefit liability	3	6	2
Tools, furniture and fixtures	226	292	66	Provision for directors' retirement benefits	51	—	(51)
Accumulated depreciation	(111)	(145)	(34)	Total non-current liabilities	55	57	2
Tools, furniture and fixtures, net	114	146	31	Total liabilities	657	1,003	345
Total property, plant and equipment	281	387	106				
Intangible assets							
Software	428	446	18				
Other	21	21	0				
Total intangible assets	449	468	18				
Investments and other assets							
Investment securities	24	17	(7)	Net assets			
Lease and guarantee deposits	187	298	110	Shareholders' equity			
Long-term accounts receivable—trade	142	131	(10)	Capital stock	795	805	9
Deferred tax assets	64	72	8	Capital surplus	784	794	9
Other	14	11	(3)	Retained earnings	1,909	2,286	376
Allowance for doubtful accounts	(77)	(73)	3	Treasury shares	(300)	(300)	0
Total investments and other assets	356	457	100	Total shareholders' equity	3,188	3,585	396
Total non-current assets	1,087	1,313	225	Accumulated other comprehensive income			
Deferred assets				Valuation difference on available-for-sale securities	1	1	0
Deferred organization expenses	3	2	(1)	Total accumulated other comprehensive income	1	1	0
Total deferred assets	3	2	(1)	Total net assets	3,190	3,586	396
Total assets	3,847	4,589	741	Total liabilities and net assets	3,847	4,589	741

Consolidated Statement of Income

(Millions of yen)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)	Change (%)
Net sales	3,836	4,133	7.7
Cost of sales	1,104	1,045	(5.3)
Gross profit	2,732	3,088	13.0
Selling, general and administrative expenses	1,722	1,931	12.1
Operating profit	1,009	1,156	14.5
Non-operating income	1	3	212.4
Non-operating expenses	2	3	46.5
Ordinary profit	1,008	1,157	14.7
Extraordinary income			
Reversal of provision for directors' retirement benefits	96	—	—
Gain on sales of investment securities	—	22	—
Total extraordinary income	96	22	(76.4)
Extraordinary losses			
Loss on valuation of golf club membership	9	—	—
Provision of allowance for doubtful accounts	71	—	—
Total extraordinary losses	80	—	—
Profit before income taxes	1,024	1,179	15.2
Income taxes—current	325	376	15.5
Income taxes—deferred	3	(17)	—
Total income taxes	329	358	8.7
Profit	694	821	18.2
Profit attributable to non-controlling interests	—	—	—
Profit attributable to owners of parent	694	821	18.2

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)	Change (%)
Profit	694	821	18.2
Other comprehensive income			
Valuation difference on available-for-sale securities	1	0	(83.7)
Total other comprehensive income	1	0	(83.7)
Comprehensive income	696	821	18.1
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	696	821	18.1
Comprehensive income attributable to non-controlling interests	—	—	—

Stock Information (As of March 31, 2018)

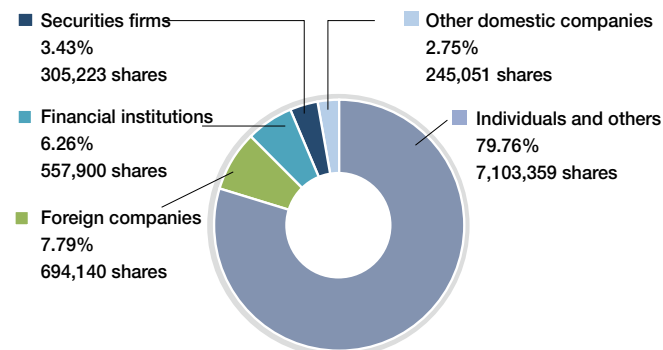
● Status of Shares

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

Total number of shares issued: 9,291,955 (including 386,282 treasury shares)

Number of shareholders: 2,656

● Shareholder Composition



*Percentage of ownership is calculated excluding treasury shares (386,282 shares).

● Major Shareholders

Name of shareholder	No. of shares	Percentage of ownership (%)
Shirou Terashita	4,888,300	54.88
Japan Trustee Services Bank, Ltd. (Trust account)	212,100	2.38
SBI SECURITIES Co., Ltd.	182,523	2.04
45 Corporation Co., Ltd.	176,000	1.97
Trust & Custody Services Bank, Ltd. (Pension trust account)	169,800	1.90
Individual	131,700	1.47
STATE STREET BANK AND TRUST COMPANY	117,102	1.31
CACEIS BANK LUXEMBOURG BRANCH/UCITS CLIENTS	97,000	1.08
Individual	95,600	1.07
The Master Trust Bank of Japan, Ltd. (Trust account)	66,900	0.75

*Percentage of ownership is calculated excluding treasury shares (386,282 shares).

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 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 the future, 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 the forward-looking statements contained herein, whether as a result of new information or future events.

Information for Shareholders

Business year	From April 1 to March 31 of the following year
Record date of dividend payment	Year-end dividend: March 31 Interim dividend: September 30 Other information is announced in advance when necessary.
Record date of general meeting of shareholders	March 31 for ordinary general meeting of shareholders. When necessary, information for holding meetings is announced in advance.
Ordinary general meeting of shareholders	June
Method of public announcements	Electronic notification (https://www.irjapan.jp/ir_info/release/publicnotice.html) (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> .
Administrator of shareholder registry	IR Japan, Inc.
Contact information	26th floor, Kasumigaseki Building, 2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-6026, JAPAN Toll-free dial: 0120-975-960 (only in Japan)

Request for change of address or the purchase or sale of shares in a number less than one share unit

Please contact the securities firm where you have your account.

Request for payment of unpaid dividends

Please contact the administrator of shareholder registry at the address shown above.

Company Profile

Name	IR Japan Holdings, Ltd.
Head Office	26th floor, Kasumigaseki Building, 2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-6026, JAPAN URL : https://www.irjapan.jp/en/
Established	February 2015
Capital	0.8 billion yen (as of March 31, 2018)
Major Subsidiary	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”