

2019

ANNUAL REPORT

April 1, 2018–March 31, 2019

Power of Equity

IR Japan is a consulting company that offers services with high added value aimed at developing the capital markets based on the “Power of Equity.”

IR Japan Holdings, Ltd.

Securities Code: 6035



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.

Corporate Identity

An increase in the number of institutional shareholders and a stringent exercise of voting rights have made it essential for Japanese companies to conduct their management while being aware of the “Power of Equity.”

The Company, by providing various high-level solutions related to the “Power of Equity,” will contribute to enhancing the corporate value of Japanese companies.

To Our Shareholders

First, we would like to express our deepest gratitude for the encouragement of our shareholders over many years in supporting our executives and Board of Directors. We would like to thank you for your understanding toward our annual investments in the establishment of our corporate structure. In addition, we can report with pride and conviction that the fundamentals (our business foundation) are in place to enable our progress onto a full-scale growth stage.

Our unified Group services, with our unparalleled rapidity, accuracy, expertise and effective results, have received praise, and the added value of our consulting services has further increased. This was thanks to our focus on increasing investment banking personnel at our Marunouchi Office, which has marked its second year since its establishment, together with an ongoing rise in the number of consulting, system and R&D (AI) personnel at our offices in Kasumigaseki and on Park Avenue in Manhattan, New York.

Listed companies across the world are being confronted by aggressive management using the Power of Equity—the Company’s corporate identity—as a trump card on the global capital markets, as witnessed by the unprecedented momentum from activists who are able to freely manipulate assets in the trillions of yen. The trend has finally landed in Japan (as seen in the implementation of shareholder proposals). Meanwhile, Japanese listed companies that are the Group’s clients have reached the limit of conventional shareholder measures, such as stable shareholder maneuvering, and the demands for consultations that integrate IR/SR, M&A, proxy, corporate governance and matters related to the Companies Act have been rising rapidly.

Institutional reform is progressing at an accelerating pace in Japan’s capital markets. In these markets, IR/SR, M&A, proxy, corporate governance and matters related to the Companies Act can be considered markets within our business domains. In the future, it is predicted that these markets will become mutually connected organically and will transform into huge markets with remarkable growth. The Company is a leading reformer armed with the strength as an independent company, overwhelming accuracy and an accumulated database that has precise research capabilities, and is also a fact-oriented specialist organization. It will dramatically evolve its unparalleled consulting services, which will be able to respond to the complex and high-level needs of these new markets. We will implement unwavering reforms so our shareholders can enjoy our high performance on a new stage, stepping up from our early days to a period of growth. We would like to express our deep appreciation for your continuous support.

CONTENTS

| | |
|--|--|
| ● Financial Results.....03 | ● The Group’s Services05 SR Consulting, Governance Consulting, Investment Banking Business, Stock Transfer Agency Business |
| ● Establishing the Business Foundation for a Full-Blown Stage of Revenue Growth04 | ● Management Team and Governance System.....09 |
| | ● Stock Information.....10 |

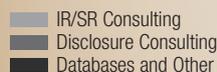
Financial Results

Growing uncertainty in the global economic situation has continued to trigger significant fluctuations in stock markets. A new age of activism has gotten fully underway against this background. The activists are not limited to major players who had been operating mainly in Europe and the United States. They also include traditional institutional investors who confront listed companies with their adept proposals by leveraging their powerful shareholder voting rights. Amid these developments, the Group, as an unparalleled equity consulting firm, organically combined its IR/SR consulting, which includes support services for general meetings including shareholder identification surveys and activities to promote the exercise of voting rights, with its investment banking business, such as FA and PA services, and its stock transfer agency businesses, and has increased the number of entrustments of existing services.

As a result of the above factors, for fiscal 2018, net sales increased 16.8% year on year, to ¥4,827 million, operating profit increased 24.0%, to ¥1,434 million, ordinary profit increased 25.1%, to ¥1,447 million, and profit attributable to owners of parent increased 18.9%, to ¥976 million. The Company recorded its highest net sales and profit since its listing.

With regard to dividends, the Company will comprehensively consider factors such as its financial position and profit level and achieve stable dividend growth while maintaining a high dividend payout ratio. We set a full-year dividend of ¥38 per share for fiscal 2018, increasing the dividend for the fourth consecutive fiscal year.

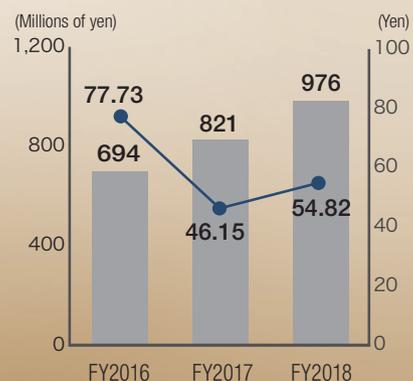
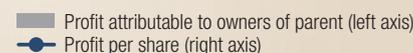
Net Sales



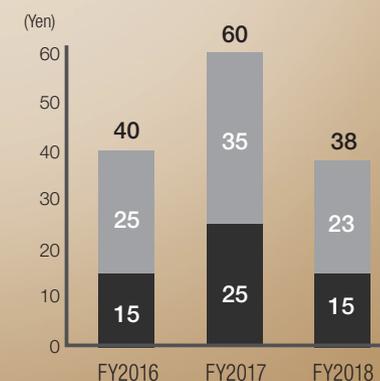
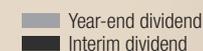
Operating Profit



Profit Attributable to Owners of Parent/Profit per Share



Trend in Dividends



*1 The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2018. Profit per share figures from the fiscal year ended March 31, 2018, onward have been calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

*2 The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2018. The dividends for the fiscal year ended March 31, 2019, have been calculated using amounts after the split.

Establishing the Business Foundation for a Full-Blown Stage of Revenue Growth

The Group has established its business foundation to prepare for a full-blown stage of revenue growth, after investments in the foundation were completed at our Marunouchi Office, which has marked its second year since its establishment, in addition to our offices in Kasumigaseki and on Park Avenue in Manhattan, New York. We will provide our clients with optimal solutions as an unparalleled equity consulting firm with the three branches of our business in Kasumigaseki, Manhattan and Marunouchi, amid rapidly rising demands for consultations that integrate IR/SR, M&A, proxy, corporate governance and matters related to the Companies Act.

Power of Equity

Kasumigaseki
IR/SR Consulting



Manhattan, New York
Research



Marunouchi
Investment Banking



Unparalleled Equity Consulting

Kasumigaseki

The headquarters of our IR/SR consulting service, which is the Group's core lineup of services, including shareholder identification surveys, proxy voting simulation, proxy advisory (comprehensive strategy planning for shareholder meetings) and the stock transfer agency business. Our front, middle and back office staff cooperate on a daily basis to perform consulting and research services.

Park Avenue, Manhattan, New York

We have continuously collected the latest local information through daily direct dialogue with institutional investors in the United States, the United Kingdom and the rest of Europe since 2004, when we were the first Japanese IR company to establish a U.S. presence. We also support actual IR/SR activities, such as Japanese companies' overseas IR road shows, together with enhancing the accuracy of our shareholder identification surveys, through daily face-to-face communication between our local staff and overseas institutional investors.

Marunouchi

At the Marunouchi Office, newly established in January 2018, our specialist team, which possesses many track records with high-level investment banking projects, utilizes its unique strengths as an independent company that does not belong to any financial group to provide financial advisory (FA) services that stand shoulder to shoulder with its clients. Profitability will improve further, now that the Marunouchi Office has marked its second year since its establishment, and investments in the business foundation have been completed. The Marunouchi Office has entered a stage in which it can contribute to the Group's growth.

The Group's Services

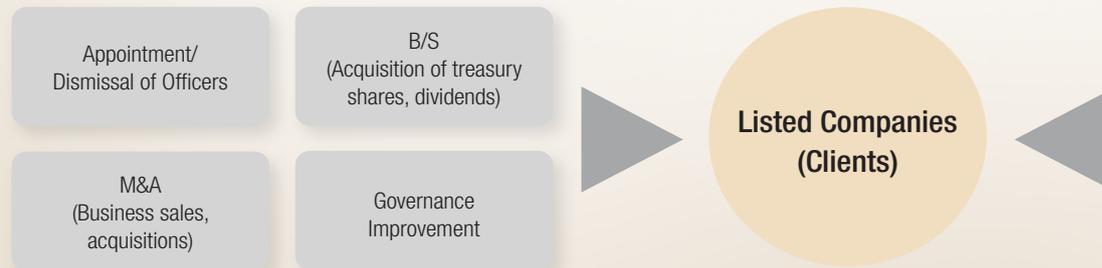
Having begun with IR/SR consulting services, the Group expanded its SR (shareholder relations) services including the stock transfer agency business, the investment banking business and governance consulting. The Group will further continue to provide sophisticated equity consulting services for listed companies on matters such as M&A, response to activists, handling the exercise of voting rights at general meetings of shareholders and ESG.

Unparalleled Equity Consulting System

We provide our clients with solutions from all aspects by maximizing the Power of Equity,
in order to face increasingly sophisticated activist demands

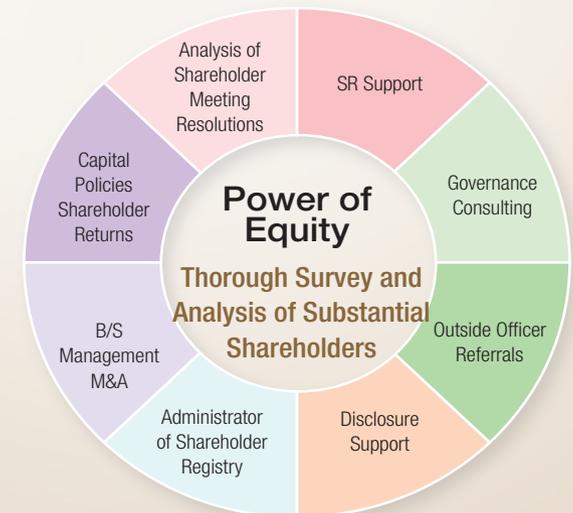
Activist Demands

Pursuing listed companies from various viewpoints such as capital policies, M&A strategies and governance, under the guise of minority shareholder protection and the reinforcement of global shareholder returns



The Group's Solutions

We are able to provide solutions to our clients from all aspects by maximizing the Power of Equity



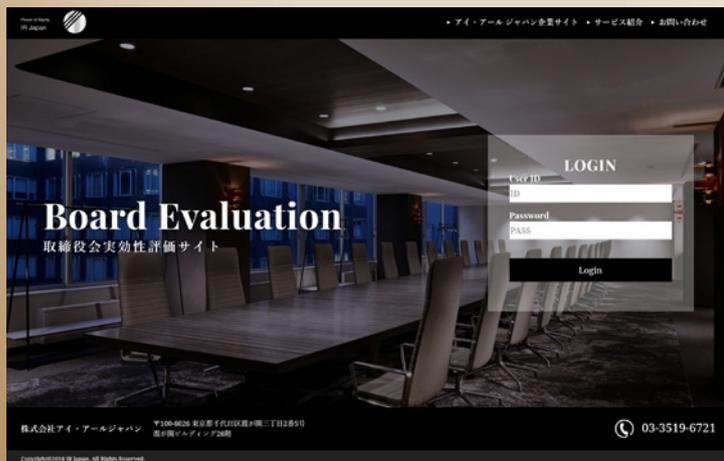
SR Consulting

Voting rights (by proxy) are becoming increasingly important, as overseas and domestic institutional investors account for the majority of shareholdings. In particular, activists, whose presence has rapidly expanded, are effectively utilizing collective engagement to spread quickly. Against this background, we have significantly increased entrustments for the Group's SR services, such as general meeting support that includes high-quality shareholder identification surveys and activities to promote the exercise of voting rights.

We have seen strong performances from "Activist Analytics," a service that analyzes activist risks using AI, and our proprietary service, "Shareholders' Club," to deal with individual investors, in addition to our existing services.



IR/SR Consulting Department and Investment Banking Department Joint Seminar held on February 27, 2019



Governance Consulting

The number of entrustments for our outside officer referral services has increased, backed by a trend among institutional investors to demand tighter independence criteria for outside directors, as well as diversity and a higher ratio of outside directors on boards of directors.

Entrustments for the Group's services for evaluations of the effectiveness of boards of directors have also increased, in conjunction with greater demands, mainly by institutional investors, to utilize third-party organizations in evaluating the effectiveness of boards of directors, as well as ensuring fairness in the adequacy of boards of directors as a measure against activists. Furthermore, we launched a web-based pre-questionnaire service in 2019 for our services for evaluating the effectiveness of boards of directors.

Main Entrustments for Evaluations of the Effectiveness of Boards of Directors

| Market Capitalization | Industry | Evaluation Method |
|--------------------------|--------------------------|----------------------|
| Over ¥1 trillion | Food | Questionnaire method |
| Over ¥1 trillion | Wholesale | Interview method |
| Over ¥1 trillion | Pharmaceuticals | Interview method |
| Over ¥1 trillion | Transportation machinery | Questionnaire method |
| Over ¥1 trillion | Oil/coal products | Interview method |
| Over ¥1 trillion | Air transportation | Interview method |
| Over ¥1 trillion | Steel | Interview method |
| ¥100 billion–¥1 trillion | Chemicals | Interview method |
| ¥100 billion–¥1 trillion | Insurance | Interview method |
| ¥100 billion–¥1 trillion | Other products | Questionnaire method |

Main Officer Referrals in Fiscal 2018

| Industry | Market Capitalization | Referral Position | Female | Background |
|--------------------------|---------------------------|-----------------------------|--------|-------------------------------|
| Food | Over ¥1 trillion | Outside director | ● | Company management experience |
| Construction | Over ¥1 trillion | Outside director | ● | Government ministry |
| Chemicals | ¥500 billion–¥1 trillion | Outside director | | Company management experience |
| Chemicals | ¥500 billion–¥1 trillion | Outside director | ● | Company management experience |
| Food | ¥500 billion–¥1 trillion | Outside director | | Company management experience |
| Construction | ¥500 billion–¥1 trillion | Outside director | | Company management experience |
| Wholesale | ¥100 billion–¥500 billion | Outside director | | Company management experience |
| Transportation machinery | ¥100 billion–¥500 billion | Outside director | ● | Company management experience |
| Service | Unlisted | Outside director | | Company management experience |
| Real estate | Unlisted | Full-time corporate auditor | | Audit firm |



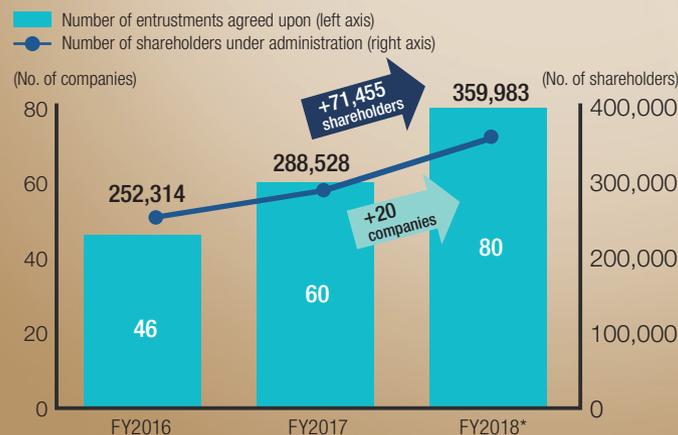
Investment Banking Business

In addition to our PA services, with its unparalleled track record, we have reinforced our FA services system by increasing the number of legal, accounting and finance experts. Our presence as an independent investment bank has grown significantly through our outstanding knowledge of shareholder voting rights, shareholder trends and corporate governance.

In fiscal 2018, we raised the number of entrustments of FA and PA services, namely highly difficult projects requiring the Group's unique knowledge and experience. These included a large-scale treasury stock takeover bid (TOB), an M&A of an unlisted company by a listed company and a share transfer made through a listed company major shareholder MBO. In terms of our FA and PA services, we continue to maintain an extensive pipeline, with projects steadily increasing at this time.

Main Investment Banking Projects in Fiscal 2018

| Project | Our Client | Counterparty | Transaction Details |
|---|--|----------------------------------|--|
| Acquisition of treasury shares | Sanshin Electronics Co., Ltd. (8150) | — | Investment Banking Department Status: FA of Sanshin Electronics As an FA of Sanshin Electronics, provided advisory services relating to the acquisition of treasury shares via tender offer. Sanshin Electronics performed an acquisition of treasury shares of 30.74% (of number of shares issued) of common stock. |
| TOB | Major Shareholders of Sanshin Corporation (1984) | AKTIO Holdings Corporation | Investment Banking Department Status: FA of Sanshin Corporation's Major Shareholders AKTIO Holdings made Sanshin Corporation a wholly owned subsidiary through a TOB. The TOB was established after an application rate of 95.93% of the approximately 30% of Sanshin Corporation shares held by major individual shareholders (multiple persons/total number of shares). |
| Acquisition | Musashi Seimitsu Industry Co., Ltd. (7220) | Asadakatan Chutetsusho Co., Ltd. | Investment Banking Department Status: FA of Musashi Seimitsu Industry Musashi Seimitsu Industry acquired 100% of the shares of Asadakatan Chutetsusho and made it a wholly owned subsidiary. Musashi Seimitsu Industry acquired all the shares held by individual shareholders, including those of the founding family. |
| Acquisition/capital and business alliance | AIT Corporation (9381) | Nisshin Transportation Co., Ltd. | Investment Banking Department Status: FA of AIT Corporation Share exchange between AIT Corporation and Nisshin Transportation, a subsidiary of Hitachi Transport System, Ltd. (security code: 9086) (making Nisshin Transportation into a wholly owned subsidiary of AIT Corporation). Hitachi Transport System came to hold approximately 20% of AIT Corporation shares through the share exchange. A capital and business alliance agreement was executed between both parties. |
| Partial transfer of business | Koiwai Dairy Products Co., Ltd. | Mitsubishi Corporation (8058) | Investment Banking Department Status: FA of Koiwai Dairy Products As an FA of Koiwai Dairy Products (a subsidiary of Kirin Holdings Company, Limited), provided advisory services regarding the (partial) transfer to Mitsubishi Corporation of its processed cheese business. Koiwai Dairy Products, upon transferring (a portion of) its processed cheese business to the newly established subsidiary Dairy Products Solution Co., Ltd., transferred 100% of the subsidiary's shares to Mitsubishi Corporation. |



*As of May 14, 2019

Stock Transfer Agency Business

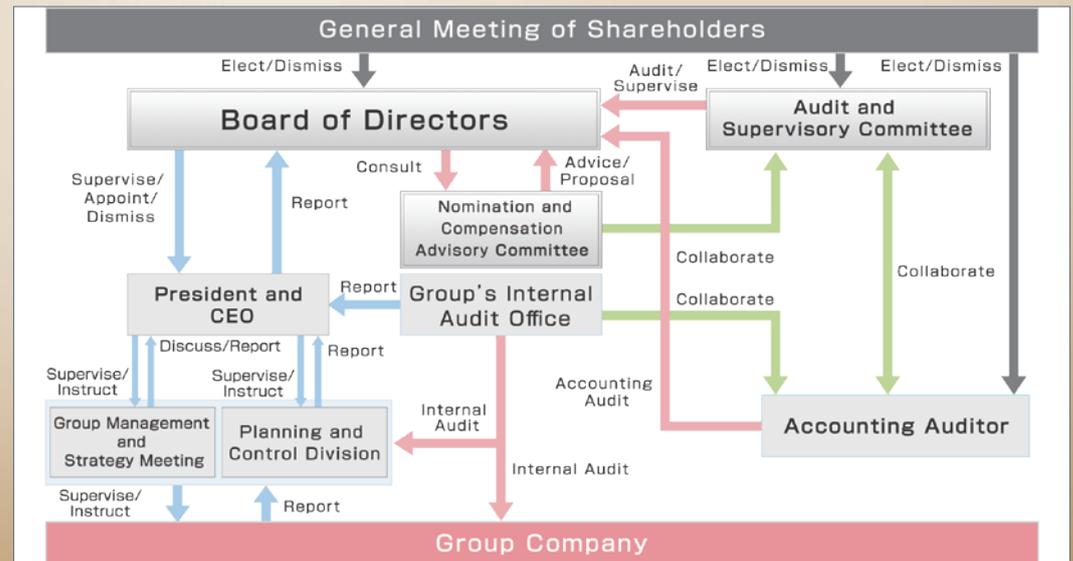
In the stock transfer agency business, the number of shareholders under administration reached 359,983, and entrustments with 80 companies have been agreed upon as of May 14, 2019. The importance of shareholder information of stock transfer agency organizations which are on the front line of shareholders and their flexible response capabilities to shareholders has been growing from the standpoint of corporate defenses against activists and hostile takeovers. This has resulted in an increase in the number of entrustments by large listed companies and early-stage companies due to the Group's corporate defense responses, securing of stable and long-term shareholders, securing of stable voting rights, quick responses to equity finance, etc.

Management Team (As of June 25, 2019)



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.

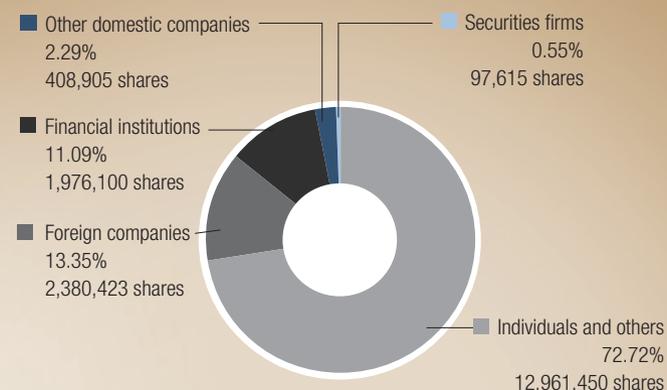


Stock Information (As of March 31, 2019)

● Status of Shares

| | |
|---|---|
| Total number of shares authorized to be issued: | 70,000,000 |
| Total number of shares issued: | 17,825,310 (including 817 treasury shares) |
| Number of shareholders: | 3,045 |

● Shareholder Composition



Note: Percentage of ownership is calculated excluding treasury shares (817 shares).

● Major Shareholders

| Name of shareholder | Number of shares | Percentage of ownership |
|---|------------------|-------------------------|
| Shirou Terashita | 9,089,000 | 50.99 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 690,000 | 3.87 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 682,700 | 3.83 |
| Japan Trustee Services Bank, Ltd. (Trust account) | 636,300 | 3.57 |
| GOLDMAN SACHS INTERNATIONAL | 453,376 | 2.54 |
| 45 Eyes Co., Ltd. | 346,000 | 1.94 |
| BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) | 238,608 | 1.34 |
| MSIP CLIENT SECURITIES | 200,500 | 1.12 |
| Individual | 200,000 | 1.12 |
| BBH/DESTINATIONS INTERNATIONAL EQUITY FUND / WASATCH ADVISORS | 197,100 | 1.11 |

Note: Percentage of ownership is calculated excluding treasury shares (817 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 | ¥810 million (as of March 31, 2019) |
| Major Subsidiary | IR Japan, Inc. <ul style="list-style-type: none">• Building Lots and Buildings Transaction Business Operator “Governor of Tokyo (1) No. 100534”• Type I Financial Instruments Business Operator “Kanto Local Finance Bureau (Kinsho) No. 2624”• Stock transfer agent• Designated administrator of shareholder registry, etc.• Member of the Japan Securities Dealers Association• Honorary international participant, Council of Institutional Investors (U.S.A.)• Certified investment evaluation institute• Supporting member, the Securities Analysts Association of Japan• Member, the IR Planners Association of Japan• Member, Japan Investor Relations Association• Charged Employment Placement License “License No. 13-Yu-303368” |