

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (J-GAAP)

July 31, 2017

Listed Company Name: IR Japan Holdings, Ltd.
 Securities Code: 6035
 Listing: Tokyo Stock Exchange URL: <http://www.irjapan.jp/>
 Representative: Shirou Terashita, President and Chief Executive Officer
 Contact: Atsuko Furuta, Section Chief, Corporate Planning Section Tel.: +81-3-3519-6750
 Scheduled Date to Submit Quarterly Securities Report: August 14, 2017
 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 Three Months Ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

(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	%
Three months ended June 30, 2017	1,151	−5.8	485	−16.2	486	−16.1	329	−6.9
Three months ended June 30, 2016	1,222	20.4	579	80.6	579	80.7	354	68.7

Note: Comprehensive income Three months ended June 30, 2017: 330 million yen (−5.8%)
 Three months ended June 30, 2016: 351 million yen (67.1%)

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Three months ended June 30, 2017	37.09	—
Three months ended June 30, 2016	39.00	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	4,137	3,298	79.7
As of March 31, 2017	3,847	3,190	82.9

Reference: Shareholders' equity As of June 30, 2017: 3,298 million yen
 As of March 31, 2017: 3,190 million yen

2. Dividends

	Full-year dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	15.00	—	25.00	40.00
Fiscal year ending March 31, 2018	—				
Fiscal year ending March 31, 2018 (Forecast)		15.00	—	25.00	40.00

Note: Revision of dividends forecast since last announcement: None

Note 1: The dividend sources at the end of the second quarter of the fiscal year ended March 31, 2017 include other capital surplus. For details, please refer to “Details of dividends paid from other capital surplus” described below.

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2018
(from April 1, 2017 to March 31, 2018)

(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
First half	—	—	—	—	—	—	—	—	—
Full year	4,100	6.9	1,100	8.9	1,100	9.0	725	4.3	81.45

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 12 of the attachment.
- (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 June 30, 2017	9,277,555 shares
As of March 31, 2017	9,277,555 shares
 - 2) Number of treasury shares at the end of the period

As of June 30, 2017	386,232 shares
As of March 31, 2017	386,232 shares
 - 3) Average number of shares during the period

April – June 2017	8,891,323 shares
April – June 2016	9,082,252 shares

The quarterly review procedure does not apply to these 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 Group 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 Three Months Ended June 30, 2017 (3) Forward-looking Statements Including Consolidated Results Forecast” on page 7 of the attachment.

Details of dividends paid from other capital surplus

Of the dividends for the fiscal year ended March 31, 2017, those paid from other capital surplus are set out as follows:

Record date	Second quarter-end	Total
Dividend per share	15.00 yen	15.00 yen
Total dividends	133 million yen	133 million yen

Note: Percentage decrease in net assets 0.055

Contents of the Attachment

1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2017	5
(1) Operating Results	5
(2) Financial Position	7
(3) Forward-looking Statements Including Consolidated Results Forecast	7
 2. Consolidated Financial Statements and Primary Notes	 9
(1) Consolidated Balance Sheets	9
(2) Consolidated Statements of Income and Comprehensive Income	10
(3) Notes Relating to the Consolidated Financial Statements	12
Notes relating to the going concern assumption	12
Notes regarding significant changes in the amount of shareholders' equity	12
Application of special accounting treatments in preparing consolidated financial statements	12
Additional information	12
Segment information and others	12

Note: The Company held a briefing for investors, as indicated below. Materials distributed at this briefing are set to be posted on the Company's website immediately after the briefing. The materials are available in Japanese only.

Financial results briefing for institutional investors and analysts: Monday, July 31, 2017

1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2017

(1) Operating Results

1) General overview

During the three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017), net sales for the Group decreased 5.8% year on year, due to sales from a portion of entrusted and ongoing projects in the investment banking business being posted in and after the second quarter. In terms of profits, operating profit and ordinary profit decreased 16.2% and 16.1% year on year, respectively, as a result of a decrease in sales, while profit attributable to owners of parent decreased 6.9% year on year, due to a decrease in income taxes.

The Company, effective June 6, 2017, changed its listing to the Second Section of the Tokyo Stock Exchange. As a unique consulting partner that connects shareholders with listed companies, we will continue to strengthen our management structure that allows us to seize business opportunities in a timely manner with the aim of further development.

(Millions of yen)

	Three months ended June 30, 2017 (April to June 2017)			Three months ended June 30, 2016 (April to June 2016)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	1,151	-71	-5.8	1,222	20.4
Operating profit	485	-93	-16.2	579	80.6
Ordinary profit	486	-93	-16.1	579	80.7
Profit attributable to owners of parent	329	-24	-6.9	354	68.7

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	Three months ended June 30, 2017 (April to June 2017)			Three months ended June 30, 2016 (April to June 2016)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	1,005	87.3	-4.1	1,048	26.3
Disclosure Consulting sales	92	8.0	-21.6	118	-6.8
Databases and Other sales	53	4.7	-4.1	55	-3.3
Total net sales	1,151	100.0	-5.8	1,222	20.4

IR/SR Consulting

IR/SR Consulting is the Group's core lineup of services, including shareholder identification surveys, proxy voting simulation, proxy advisory (comprehensive strategy planning for shareholder meetings), the investment banking business, and the stock transfer agency business.

During the period under review, net sales from IR/SR Consulting decreased 4.1% year on year, due to the completion of a portion of entrusted projects in M&A advisory services of the investment banking business being postponed to and after the second quarter, despite strong sales in our core business of SR Consulting. In IR/SR Consulting, our engagements with institutional investors have been gaining even greater momentum thanks to the revision of the Stewardship Code and the start of disclosures of individual results of exercise of voting rights. At the same time, a rise in activists' activities at general meetings of shareholders both domestic and overseas has resulted in a boost in shareholder identification surveys as part of efforts by companies to understand risk and hold dialogues with investors, and other general shareholder meeting support services such as proxy voting simulations for gaining approval of proposals at general meetings of shareholders. Furthermore, an increase in the number of companies revising their governance structures has steadily led to an increase in services to support the adoption of executive compensation systems utilizing stock (Restricted Stock, Performance Share) and services for the referral of independent outside director candidates.

In the investment banking business, the Group's reputation is rising among companies that have witnessed the approval of activists' shareholder proposals and have become potential targets of activists. Inquiries about our proxy advisory services have increased as companies recognize that the Group's consulting know-how is indispensable in securing corporate control. Additionally, numerous projects have commenced in M&A advisory services, as proof that the fortifications that we made to the organization in the previous fiscal year are definitely bearing fruit. However, the completion of entrusted projects being postponed to and after the second quarter has become a factor in a decrease in sales of IR/SR Consulting. Meanwhile, the Group is making a concerted effort to establish a stable earnings base going forward by hiring exceptional talent as part of our investment into the future, while accurately grasping the diverse needs of our clients by leveraging the unique features of our investment banking business.

In the stock transfer agency business, as of July 31, 2017, entrustments with 48 companies have been completed, and the number of shareholders under administration reached 242,875 (compared with entrustments concluded with 40 companies and 212,504 shareholders under administration in the same period of the previous fiscal year). In addition to the synergy generated with the Group's core business of IR/SR Consulting, we are being held in high regard by our existing clients for precisely meeting our clients' needs, while interest in our stock transfer agency business has also been growing among new clients. Our experienced personnel have made it possible for us to offer even better services to our clients and we will continue to make efforts to expand entrustments in the future. Meanwhile, we will continue to thoroughly enhance risk management of the stock transfer agency business.

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 declined 21.6% from the same period of the previous fiscal year, despite an increase in entrustments for the creation of annual reports, as a result of a decrease in entrustments for the creation of business reports and shareholder newsletters.

Databases and Other

Databases and Other provides web-based IR support services via IR-Pro, a comprehensive support system for corporate IR activities that provides information on shareholdings revealed through reports on the possession of large volume and publicly offered domestic and overseas investment trusts, 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 4.1% from the same period of the previous fiscal year.

3) Seasonal fluctuations

The Group's quarterly net sales tend to be concentrated in the first and second quarters because of the nature of the core business, IR/SR Consulting services. These services are usually in great demand around June, when Japanese companies organize shareholder meetings. Recently, however, opportunities for recording net sales have grown also in the third and fourth quarters, and the customary seasonal fluctuations are tending toward flattening out, thanks to large-scale service demand distributed evenly throughout the year, as well as to the investment banking business and the stock transfer agency business, both of which are non-seasonal operations.

(2) Financial Position

1) Assets

Total assets of the Group as of June 30, 2017 increased ¥289 million from the end of the previous fiscal year, to ¥4,137 million, due primarily to a decrease in cash and deposits of ¥58 million and increases in notes and accounts receivable—trade of ¥240 million and work in process of ¥53 million.

2) Liabilities

Total liabilities of the Group as of June 30, 2017 increased ¥180 million from the end of the previous fiscal year, to ¥838 million, due primarily to increases in notes and accounts payable—trade of ¥22 million and income taxes payable of ¥103 million.

3) Net assets

Net assets of the Group as of June 30, 2017 increased ¥108 million from the end of the previous fiscal year, to ¥3,298 million, due primarily to an increase in retained earnings of ¥329 million from profit attributable to owners of parent and a decrease in retained earnings of ¥222 million as a result of payment of dividends.

(3) Forward-looking Statements Including Consolidated Results Forecast

1) Forecast for the fiscal year ending March 31, 2018

Forecast for consolidated operating results for the fiscal year ending March 31, 2018
(as of May 15, 2017)

(Millions of yen)

	Forecast Year ending March 31, 2018			Actual Year ended March 31, 2017	
	Amount	Amount change (YoY)	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	4,100	263	6.9	3,836	10.6
Operating profit	1,100	90	8.9	1,009	29.4
Ordinary profit	1,100	91	9.0	1,008	29.4
Profit attributable to owners of parent	725	30	4.3	694	56.1

The forecast for the fiscal year ending March 31, 2018 is based on reasonable grounds for calculation as of May 15, 2017. Net sales and profits are expected to be steady from the second quarter due to the strong performance of SR-related services and the posting of sales from entrusted and ongoing projects in the investment banking business.

2) Basic policy concerning the distribution of profits and dividend distributions for the fiscal year ending March 31, 2018

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, 2018, the Company is currently scheduled to pay ¥15 per share as an interim dividend and ¥25 per share as a year-end dividend.

Moreover, the Company would like to appropriate the internal reserves for strategic investments for the reinforcement of existing businesses and for future growth business areas to increase its corporate value.

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018 (Forecast)
Dividend per share	20 yen	28 yen	40 yen	40 yen
Interim dividend	8 yen	10 yen	15 yen	15 yen
Year-end dividend	12 yen	18 yen	25 yen	25 yen
Dividend payout ratio	50.8%	58.4%	51.5%	49.1%

Note: Dividends up to and including the interim dividend for the fiscal year ended March 31, 2015 are the actual dividends paid by IR Japan, while the dividends including and after the year-end dividend for the fiscal year ended March 31, 2015 are actual dividends paid by the Company and dividend forecasts.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	1,907,420	1,848,739
Notes and accounts receivable—trade	610,149	850,462
Work in process	11,873	64,922
Other	228,157	255,400
Allowance for doubtful accounts	(807)	(1,124)
Total current assets	2,756,793	3,018,399
Non-current assets		
Property, plant and equipment	281,540	280,129
Intangible assets		
Software	428,193	420,057
Other	21,357	63,723
Total intangible assets	449,550	483,780
Investments and other assets		
Other	433,803	428,980
Allowance for doubtful accounts	(77,039)	(77,039)
Total investments and other assets	356,763	351,941
Total non-current assets	1,087,853	1,115,851
Deferred assets		
Deferred organization expenses	3,331	3,037
Total deferred assets	3,331	3,037
Total assets	3,847,978	4,137,289
Liabilities		
Current liabilities		
Accounts payable—trade	40,995	63,215
Short-term loans payable	100,000	100,000
Accounts payable—other	71,611	101,806
Income taxes payable	56,771	160,369
Provision for bonuses	79,624	40,000
Provision for directors' bonuses	8,100	—
Other	245,836	316,684
Total current liabilities	602,938	782,076
Non-current liabilities		
Long-term accounts payable—other	—	51,294
Net defined benefit liability	3,743	5,432
Provision for directors' retirement benefits	51,294	—
Total non-current liabilities	55,037	56,726
Total liabilities	657,976	838,803
Net assets		
Shareholders' equity		
Capital stock	795,803	795,803
Capital surplus	784,605	784,605
Retained earnings	1,909,386	2,016,842
Treasury shares	(300,881)	(300,881)
Total shareholders' equity	3,188,914	3,296,369
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,087	2,116
Total accumulated other comprehensive income	1,087	2,116
Total net assets	3,190,001	3,298,486
Total liabilities and net assets	3,847,978	4,137,289

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
For the Three Months Ended June 30, 2017

	(Thousands of yen)	
	Three Months of FY2016 (from April 1, 2016 to June 30, 2016)	Three Months of FY2017 (from April 1, 2017 to June 30, 2017)
Net sales	1,222,843	1,151,420
Cost of sales	232,806	217,288
Gross profit	990,037	934,131
Selling, general and administrative expenses	410,862	448,628
Operating profit	579,174	485,503
Non-operating income		
Interest income	43	0
Foreign exchange gains	515	—
Commission fee	—	1,325
Referral fee	189	—
Other	245	164
Total non-operating income	995	1,490
Non-operating expenses		
Interest expenses	136	132
Loss on sales of notes payable	43	169
Foreign exchange losses	—	67
Amortization of deferred organization expenses	293	293
Commission for purchase of treasury shares	165	—
Total non-operating expenses	639	663
Ordinary profit	579,530	486,330
Extraordinary losses		
Loss on valuation of golf club membership	7,800	—
Total extraordinary losses	7,800	—
Profit before income taxes	571,730	486,330
Income taxes	217,500	156,592
Profit	354,229	329,738
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	354,229	329,738

Consolidated Statements of Comprehensive Income
For the Three Months Ended June 30, 2017

	(Thousands of yen)	
	Three Months of FY2016 (from April 1, 2016 to June 30, 2016)	Three Months of FY2017 (from April 1, 2017 to June 30, 2017)
Profit	354,229	329,738
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,949)	1,028
Total other comprehensive income	(2,949)	1,028
Comprehensive income	351,280	330,767
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	351,280	330,767
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 first quarter of the fiscal year ending March 31, 2018 is included, and calculates tax expenses by multiplying quarterly profit before income taxes by the estimated effective tax rate.

Additional information

Discontinuance of Directors' Retirement Benefits System

The Company had accumulated a reserve to provide for payment of directors' retirement benefits based on the regulations regarding provision for directors' retirement benefits. The Board of Directors resolved at a meeting on March 16, 2017 to discontinue the directors' retirement benefits system, and the proposal regarding payment of termination benefits in conjunction with the discontinuance of directors' retirement benefits system was approved, as proposed, at the Annual General Meeting of Shareholders held on June 26, 2017.

As a result, the entire amount of "provision for directors' retirement benefits" has been reversed and the outstanding portion of the termination benefits has been posted as "long-term accounts payable—other" under non-current liabilities in the first quarter of the fiscal year ending March 31, 2018.

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.