

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (J-GAAP)

February 1, 2018

Listed Company Name: IR Japan Holdings, Ltd.
 Securities Code: 6035
 Listing: Tokyo Stock Exchange URL: <http://www.irjapan.jp/>
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 Scheduled Date to Submit Quarterly Securities Report: February 14, 2018
 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, 2017 (from April 1, 2017 to December 31, 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	%
Nine months ended December 31, 2017	3,211	9.7	998	23.7	998	23.9	673	36.7
Nine months ended December 31, 2016	2,927	13.4	806	57.9	806	57.9	492	47.2

Note: Comprehensive income Nine months ended December 31, 2017: 687 million yen (39.0%)
 Nine months ended December 31, 2016: 495 million yen (52.9%)

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Nine months ended December 31, 2017	75.73	—
Nine months ended December 31, 2016	55.06	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	4,408	3,452	78.3
As of March 31, 2017	3,847	3,190	82.9

Reference: Shareholders' equity As of December 31, 2017: 3,452 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	—	25.00	—		
Fiscal year ending March 31, 2018 (Forecast)				25.00	50.00

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
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
- (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 13 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 December 31, 2017	9,291,955 shares
As of March 31, 2017	9,277,555 shares
 - 2) Number of treasury shares at the end of the period

As of December 31, 2017	386,282 shares
As of March 31, 2017	386,232 shares
 - 3) Average number of shares during the period

April – December 2017	8,899,376 shares
April – December 2016	8,954,537 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 Nine Months Ended December 31, 2017 (3) Forward-looking Statements Including Consolidated Results Forecast” on page 8 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

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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.

Financial results briefing for institutional investors and analysts: Thursday, February 1, 2018

1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2017

(1) Operating Results

1) General overview

During the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017), net sales for the Group increased 9.7% year on year, as a result of the Group's core business of IR/SR Consulting and the investment banking business seizing business opportunities in a timely manner, taking advantage of companies' growing exposure to equity-related risks in conjunction with governance activism as well as increasing M&A activities. Operating profit and ordinary profit increased 23.7% and 23.9% year on year, respectively, thanks to an increase in the number of highly profitable projects in the investment banking business. The profit-to-sales ratio for both items also rose. As a result, profit attributable to owners of parent increased by 36.7% year on year. Consequently, both net sales and profits reached record highs for the nine-month period.

(Millions of yen)

	Nine months ended December 31, 2017 (April to December 2017)			Nine months ended December 31, 2016 (April to December 2016)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	3,211	283	9.7	2,927	13.4
Operating profit	998	191	23.7	806	57.9
Ordinary profit	998	192	23.9	806	57.9
Profit attributable to owners of parent	673	180	36.7	492	47.2

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	Nine months ended December 31, 2017 (April to December 2017)			Nine months ended December 31, 2016 (April to December 2016)	
	Amount	Percentage of net sales	Percentage change (YoY)	Amount	Percentage change (YoY)
IR/SR Consulting	2,619	81.6	15.4	2,270	19.4
Disclosure Consulting sales	434	13.5	-10.4	484	-4.4
Databases and Other sales	157	4.9	-9.3	173	-0.4
Total net sales	3,211	100.0	9.7	2,927	13.4

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 increased 15.4% year on year, due to contributions from the high value-added solution business for securing voting rights centered on the Group's core service of shareholder identification surveys, as well as the growing investment banking business. Driven by the revitalization of the Japanese stock market during the period under review, assertive foreign shareholders who make demands on corporate governance at Japanese companies and domestic institutional investors who are in compliance with the Stewardship Code continued to increase their holdings, leading to the increased risk related to governance activism through shareholder proposals, direct or indirect governance over investee companies, and demands for capital policies and shareholder returns by activist funds in both Japan and overseas. As the stable shareholder ratio at Japanese companies continues to diminish substantially, there has been an expansion in the range of needs for SR Consulting, which enables listed companies to monitor beneficial shareholders not on the shareholder register and to secure voting rights. As a result, the Group's presence as a unique listed consulting company in this field has grown, and the number of entrustments has increased steadily. Moreover, in our corporate governance consulting, our solid track record and results of conducting evaluations of the

effectiveness of the board of directors of major companies have become widely known among our clients. Accordingly, the Group's deeply rooted strengths in making evaluations of boards of directors have led to further increases in entrustments. Demand for our services for referrals of outside directors has also been increasing toward the new fiscal year.

The Group has been working on the organizational expansion of its investment banking business, regarded as a priority management initiative. With the increasing number of M&As among both listed and unlisted companies in Japan, the Group has gathered its members of the Investment Banking Division, including professionals in the fields of accounting, banking, finance, and compliance as well as in equity (proxy, in particular) consulting, at its new Investment Banking Office (Marunouchi), which was established on January 9, 2018. The Group also aims to enhance its unique presence in the field of equity-related M&As as a proxy advisor (PA) or a financial advisor (FA). Entrustments in proxy consulting that boasts an overwhelming track record continued to increase during the period under review, and a large-scale FA project by our enhanced M&A team completed, which contributed substantially to growth in revenue. Furthermore, the Group acquired J-Adviser qualification from Tokyo Stock Exchange, Inc. on December 8, 2017, and launched its new business of providing support services to companies wishing to become listed on the TOKYO PRO Market, a stock market for professional investors.

In the stock transfer agency business, as of February 1, 2018, entrustments with 52 companies have been completed, and the number of shareholders under administration reached 262,291 (compared with entrustments concluded with 42 companies and 227,254 shareholders under administration in the same period of the previous fiscal year). During the period under review, the Group's strategic marketing activities intended for unlisted companies have seen gradual success, such as entrustments concluded with newly listed companies. 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 10.4% from the same period of the previous fiscal year. In this business, the Group has been conducting fundamental reviews of disclosures associated with shareholders, particularly ESG (Environment, Social and Governance), which are the Group's strengths, and we have seen the results of the reviews since the beginning of this year.

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 9.3% from the same period of the previous fiscal year, due mainly to a decline in orders for surveys for individual investors.

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 December 31, 2017 increased ¥560 million from the end of the previous fiscal year, to ¥4,408 million, due primarily to increases in cash and deposits of ¥288 million, notes and accounts receivable—trade of ¥86 million, and non-current assets of ¥229 million mainly resulting from the opening of the Investment Banking Office (Marunouchi).

2) Liabilities

Total liabilities of the Group as of December 31, 2017 increased ¥297 million from the end of the previous fiscal year, to ¥955 million, due primarily to increases in short-term loans payable of ¥100 million and income taxes payable of ¥218 million.

3) Net assets

Net assets of the Group as of December 31, 2017 increased ¥262 million from the end of the previous fiscal year, to ¥3,452 million, due primarily to an increase in retained earnings of ¥673 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 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.

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 has increased the interim dividend by ¥10 from the initial forecast to ¥25 per share. The Company is currently scheduled to pay ¥25 per share as a year-end dividend. As a result, the full-year dividend including the interim dividend will be ¥50 per share, an increase of ¥10 compared with the previous fiscal year. 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. The Company intends to remain flexible in light of performance trends and other factors.

	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	50 yen
Interim dividend	8 yen	10 yen	15 yen	25 yen
Year-end dividend	12 yen	18 yen	25 yen	25 yen
Dividend payout ratio	50.8%	58.4%	51.5%	61.4%

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, Inc., the Company's subsidiary. 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 December 31, 2017
Assets		
Current assets		
Cash and deposits	1,907,420	2,195,949
Notes and accounts receivable—trade	610,149	696,940
Work in process	11,873	16,592
Other	228,157	180,396
Allowance for doubtful accounts	(807)	(924)
Total current assets	2,756,793	3,088,955
Non-current assets		
Property, plant and equipment	281,540	333,407
Intangible assets		
Software	428,193	456,544
Other	21,357	32,426
Total intangible assets	449,550	488,971
Investments and other assets		
Other	433,803	571,824
Allowance for doubtful accounts	(77,039)	(77,039)
Total investments and other assets	356,763	494,784
Total non-current assets	1,087,853	1,317,163
Deferred assets		
Deferred organization expenses	3,331	2,449
Total deferred assets	3,331	2,449
Total assets	3,847,978	4,408,567
Liabilities		
Current liabilities		
Accounts payable—trade	40,995	8,149
Short-term loans payable	100,000	200,000
Accounts payable—other	71,611	82,711
Income taxes payable	56,771	275,709
Provision for bonuses	79,624	45,750
Provision for directors' bonuses	8,100	—
Other	245,836	285,893
Total current liabilities	602,938	898,213
Non-current liabilities		
Long-term accounts payable—other	—	51,294
Net defined benefit liability	3,743	6,116
Provision for directors' retirement benefits	51,294	—
Total non-current liabilities	55,037	57,410
Total liabilities	657,976	955,624
Net assets		
Shareholders' equity		
Capital stock	795,803	805,797
Capital surplus	784,605	794,599
Retained earnings	1,909,386	2,138,418
Treasury shares	(300,881)	(300,975)
Total shareholders' equity	3,188,914	3,437,838
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,087	15,105
Total accumulated other comprehensive income	1,087	15,105
Total net assets	3,190,001	3,452,943
Total liabilities and net assets	3,847,978	4,408,567

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
For the Nine Months Ended December 31, 2017

	(Thousands of yen)	
	Nine Months of FY2016 (from April 1, 2016 to December 31, 2016)	Nine Months of FY2017 (from April 1, 2017 to December 31, 2017)
Net sales	2,927,887	3,211,201
Cost of sales	839,764	803,152
Gross profit	2,088,122	2,408,049
Selling, general and administrative expenses	1,281,178	1,409,672
Operating profit	806,943	998,376
Non-operating income		
Interest income	80	6
Foreign exchange gains	80	—
Commission fee	—	1,325
Referral fee	189	—
Miscellaneous income	—	1,165
Other	419	193
Total non-operating income	770	2,690
Non-operating expenses		
Interest expenses	402	624
Loss on sales of notes payable	72	186
Foreign exchange losses	—	777
Amortization of deferred organization expenses	881	881
Commission for purchase of treasury shares	165	—
Total non-operating expenses	1,522	2,470
Ordinary profit	806,192	998,596
Extraordinary losses		
Loss on valuation of golf club membership	9,500	—
Total extraordinary losses	9,500	—
Profit before income taxes	796,692	998,596
Income taxes	303,697	324,639
Profit	492,994	673,957
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	492,994	673,957

Consolidated Statements of Comprehensive Income
For the Nine Months Ended December 31, 2017

	(Thousands of yen)	
	Nine Months of FY2016 (from April 1, 2016 to December 31, 2016)	Nine Months of FY2017 (from April 1, 2017 to December 31, 2017)
Profit	492,994	673,957
Other comprehensive income		
Valuation difference on available-for-sale securities	2,014	14,017
Total other comprehensive income	2,014	14,017
Comprehensive income	495,009	687,974
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	495,009	687,974
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 third 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 nine months ended December 31, 2017.

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.