

Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (J-GAAP)

May 14, 2019

Listed Company Name: IR Japan Holdings, Ltd.
 Securities Code: 6035
 Listing: Tokyo Stock Exchange URL: <https://www.irjapan.jp/>
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 Scheduled Annual General Meeting of Shareholders: June 25, 2019
 Scheduled Date to Start Dividend Payment: June 26, 2019
 Scheduled Date to Submit Securities Report: June 26, 2019
 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 (from April 1, 2018 to March 31, 2019)

(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	%
Year ended March 31, 2019	4,827	16.8	1,434	24.0	1,447	25.1	976	18.9
Year ended March 31, 2018	4,133	7.7	1,156	14.5	1,157	14.7	821	18.2

Note: Comprehensive income Year ended March 31, 2019: 975 million yen (18.8%)
 Year ended March 31, 2018: 821 million yen (18.1%)

	Profit per share—basic	Profit per share—diluted	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	54.82	—	25.7	30.0	29.7
Year ended March 31, 2018	46.16	—	24.2	27.4	28.0

Reference: Equity in earnings (losses) of affiliates Year ended March 31, 2019: — million yen
 Year ended March 31, 2018: — million yen

Note: The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2018.

Profit per share figures have been calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	5,051	4,008	79.4	224.87
As of March 31, 2018	4,589	3,586	78.1	201.38

Reference: Shareholders' equity As of March 31, 2019: 4,008 million yen
 As of March 31, 2018: 3,586 million yen

Note: The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2018.

Net assets per share figures have been calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	1,352	(338)	(580)	2,726
Year ended March 31, 2018	1,225	(459)	(344)	2,293

2. Dividends

	Full-year dividend					Total dividend amount (Annual)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2018	—	25.00	—	35.00	60.00	534	65.0	15.8
Fiscal year ended March 31, 2019	—	15.00	—	23.00	38.00	677	69.3	12.1
Fiscal year ending March 31, 2020 (Forecast)	—	20.00	—	25.00	45.00		64.2	

Note: 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, 2018 have been calculated using amounts prior to the split, and the dividends for the fiscal year ended March 31, 2019 and the forecast of dividends for the fiscal year ending March 31, 2020 have been calculated using amounts after the split.

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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	5,600	16.0	1,870	30.4	1,870	29.2	1,250	28.0	70.13

Notes:

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) 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
- (3) Number of shares issued (common stock)
 - 1) Number of shares issued at the end of the period (including treasury shares)

As of March 31, 2019	17,825,310 shares
As of March 31, 2018	18,583,910 shares
 - 2) Number of treasury shares at the end of the period

As of March 31, 2019	817 shares
As of March 31, 2018	772,564 shares
 - 3) Average number of shares during the fiscal year

Year ended March 31, 2019	17,819,798 shares
Year ended March 31, 2018	17,801,858 shares

Note: The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2018.

The number of shares issued at the end of the period, the number of treasury shares at the end of the

period and the average number of shares during the period have been calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results (from April 1, 2018 to March 31, 2019)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	1,248	36.0	1,059	37.8	1,055	37.4	986	31.9
Year ended March 31, 2018	918	41.0	768	49.3	767	49.6	747	56.8

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Year ended March 31, 2019	55.34	—
Year ended March 31, 2018	42.00	—

Note: The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2018.

Profit per share figures have been calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	3,616	3,260	90.1	182.91
As of March 31, 2018	3,173	2,828	89.1	158.81

Reference: Shareholders' equity As of March 31, 2019: 3,260 million yen

As of March 31, 2018: 2,828 million yen

Note: The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2018.

Net assets per share figures have been calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

The auditing procedure by a certified public accountant or an auditing firm does not apply to these 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. Overview of Operating Results, etc. (4) Business Forecast for the Future” on page 10 of the attachment.

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Note: The Company held a briefing for investors, as indicated below.

Financial results briefing for institutional investors and analysts: Thursday, May 30, 2019

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2019

1) General overview

During the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019), the Japanese stock markets continued to be clouded by a sense of lagging behind due to further growing uncertainty in the global economic situation, despite having bottomed out in certain aspects. In these circumstances, a new age of activism has gotten fully underway, as major activists who had been operating mainly in Europe and the U.S. raised their presence with their unequivocal intentions toward the Japanese stock markets, while traditional institutional investors also confronted listed companies with their adept proposals by leveraging their powerful shareholder voting rights. Meanwhile, a sense of alarm toward capital risks rapidly reached new heights among the listed companies that are the Group's clients, as the significance of their strategic holding of shares came under intense scrutiny in conjunction with the revision of the Corporate Governance Code while conventional measures to secure stable shareholders approached their limits. Amid these developments, the Group, as an unparalleled equity (voting rights) consulting firm, organically combined its IR/SR consulting, investment banking and stock transfer agency businesses to increase the number of entrustments of existing services, while also expanding entrustments from capital consulting services utilizing the newly developed AI and corporate governance-related services, as well as entrustments of shareholder voting rights and services that draw on its strengths as an independent FA (Financial Advisor) with an extensive knowledge of shareholder trends.

During the fiscal year ended March 31, 2019, net sales and every profit item increased significantly over the same period of the previous fiscal year and achieved record highs as well as increases in both sales and profits for the fifth consecutive term. Net sales during the fiscal year ended March 2019 increased 16.8% year on year, to ¥4,827 million, operating profit increased 24.0% year on year, to ¥1,434 million, absorbing the increase in costs associated with the opening of the Investment Banking Department Office and the increase in the number of consultants, etc., ordinary profit increased 25.1% year on year, to ¥1,447 million and EBITDA increased 21.8% year on year, to ¥1,691 million. Profit attributable to owners of parent increased 18.9% year on year, to ¥976 million.

(Millions of yen)

	Fiscal 2018 (April 2018 to March 2019)			Fiscal 2017 (April 2017 to March 2018)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	4,827	693	16.8	4,133	7.7
Operating profit	1,434	277	24.0	1,156	14.5
Ordinary profit	1,447	290	25.1	1,157	14.7
Profit attributable to owners of parent	976	155	18.9	821	18.2
(Reference) EBITDA	1,691	302	21.8	1,389	14.1

(Note) EBITDA: Ordinary Profit + Interest Expenses + Depreciation

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	Fiscal 2018 (April 2018 to March 2019)			Fiscal 2017 (April 2017 to March 2018)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	4,052	84.0	18.2	3,429	12.7
Disclosure Consulting sales	571	11.8	16.4	491	-11.7
Databases and Other sales	202	4.2	-4.7	213	-9.9
Total net sales	4,827	100.0	16.8	4,133	7.7

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 fiscal year under review, net sales from IR/SR Consulting increased 18.2% year on year.

Shareholdings by overseas and domestic institutional shareholders, who are the biggest investors in Japanese listed companies, i.e., pure institutional shareholders that are impacted by the Stewardship Code, now account for the majority of shares held. They have increasingly come to hold the casting vote in the control of Japanese listed companies, making the importance of proxy (voting rights) decisions to grow continuously. The world's most influential pension funds (which provide operating funds) have been shifting their focus to strengthening ESG (Environment, Social and Governance). Amid this big shift, especially in terms of "G," the ideals concerning corporate governance by Japanese companies are coming under the market's scrutiny for their lack of growth drivers, the ambiguous selection and concentration of business portfolios, scandals, high levels of internal reserves and shareholder returns dictated by conventions, etc. In these circumstances, we have entered a new era of full-scale activism with an accelerating influx of overseas activists and the appointment of one of the most prominent U.S. activists as a director of a Japanese company. We are also seeing cases where traditional institutional investors make demands on companies similar to those of the activists, and listed companies being pursued on various viewpoints such as capital policies, M&A strategies and governance and then being confronted by demands that could shake management to its core are becoming more common under the guise of minority-shareholder protection and the reinforcement of global shareholder returns.

Meanwhile, a revision of the Corporate Governance Code has put the listed companies that are the Group's clients under intense scrutiny regarding the significance of their strategic holding of shares, including the mutual holding of shares between financial institutions and operating companies. In the meantime, the stringent exercise of voting rights by overseas and domestic institutional shareholders has pushed conventional measures to secure stable shareholders to the limit. Under these circumstances, as an unparalleled equity (voting rights) consulting firm, the Group has been recognized for its outstanding precision and speed in acquiring voting rights information of institutional shareholders from around the world. This has led to significant increases in entrustments and the share for SR consulting services to secure stable votes. In addition to these existing services, in line with the heightened awareness for corporate defense, the Group has proceeded to introduce to large-cap companies "Activist Analytics," a cutting-edge product developed to analyze activist risks using AI, and expanded its consulting services relating to capital policies. The Group's proprietary consulting service, "Shareholders' Club", to deal with individual investors has also been performing strongly.

In governance consulting, the number of entrustments for outside director referral services has increased, backed by a trend among institutional shareholders to demand tighter independence criteria for outside directors, as well as diversity and a higher ratio of outside directors on boards of directors. Furthermore, entrustments for the Group's services for evaluations of boards of directors have also increased, in conjunction with greater demands, mainly by institutional shareholders to utilize third-party organizations in evaluating the effectiveness of boards of directors, as well as ensuring fairness in evaluating the adequacy of boards of directors as a measure against activists.

In the Investment Banking Department, in addition to our cutting-edge PA (Proxy Advisor) consulting system with its unique track record, we reinforced our FA (Financial Advisor) consulting system by increasing the number of legal, accounting and finance experts. Our presence as an unparalleled independent FA has grown significantly through our outstanding knowledge of shareholder voting rights, shareholder trends and corporate governance. During the fiscal year under review, we continued to steadily raise the number of entrustments of FA and PA services, namely highly difficult projects requiring the Group's unique knowledge and experience. These included a major FA and PA project for a listed company faced with a proposal by an activist, serving as a buyer FA in the acquisition of an unlisted company by a listed company, and a major SR project in conjunction with group restructuring and changes in governance of a listed company. In terms of our FA and PA services, we continue to maintain an extensive pipeline, and new FA and PA projects are steadily increasing at this time.

In the stock transfer agency business, as of May 14, 2019, entrustments with 80 companies have been completed, and the number of shareholders under administration reached 359,983 (compared with entrustments concluded with 60 companies and 288,528 shareholders under administration in the same period of the previous fiscal year). The importance of shareholder information of stock transfer agency organizations which are on the front line of shareholders and its flexible response capability to shareholders has been growing from the standpoint of corporate defense against activists and hostile takeovers. This has resulted in an increase in the number of large listed companies switching entrustments and of new entrustments by early-stage companies in recognition of the advanced solutions offered by the Group's

stock transfer agency services. These included corporate defense, securing stable and long-term shareholders, securing stable voting rights and quickly responding to equity finance, and this trend is expected to further accelerate going forward.

*“Shareholders’ Club” is a registered trademark of the Company.

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 fiscal year under review increased 16.4% from the previous fiscal year. The growth was a result of steadily capturing the consulting needs relating to ESG disclosures that leverage the Group’s strength of maintaining an institutional investor’s perspective, in response to the rising interest in ESG by the fund providers and institutional investors.

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 fiscal year under review decreased 4.7% from 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) Overview of Financial Position for the Fiscal Year Ended March 31, 2019

(Assets)

Total assets of the Group as of March 31, 2019 increased ¥461 million from the end of the previous fiscal year, to ¥5,051 million, due primarily to increases in cash and deposits of ¥433 million and investment securities of ¥165 million.

(Liabilities)

Total liabilities of the Group as of March 31, 2019 increased ¥39 million from the end of the previous fiscal year, to ¥1,042 million, due primarily to an increase in deposits received of ¥37 million.

(Net assets)

Net assets of the Group as of, March 31, 2019 increased ¥421 million from the end of the previous fiscal year, to ¥4,008 million, due primarily to an increase in retained earnings of ¥976 million from profit and a decrease in retained earnings of ¥579 million as a result of payment of dividends.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2019

Cash and cash equivalents (hereinafter “net cash”) of the Group as of March 31, 2019 increased ¥433 million (up 18.9%) from the end of the previous fiscal year, to ¥2,726 million.

Cash flows from respective activities during the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥1,352 million (¥1,225 million in the previous fiscal year).

Major sources of cash inflow were profit before income taxes of ¥1,447 million and depreciation of ¥242 million, while major source of cash outflow was income taxes paid of ¥452 million.

Cash flows from investing activities

Net cash used in investing activities was ¥338 million (¥459 million in the previous fiscal year).

Major sources of cash outflow were purchase of intangible assets of ¥140 million and payments for investment securities of ¥170 million.

Cash flows from financing activities

Net cash used in financing activities was ¥580 million (¥344 million in the previous fiscal year).

Major source of cash outflow was cash dividends paid of ¥579 million.

(Reference) Cash flow indicators

	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017	As of March 31, 2018	As of March 31, 2019
Equity ratio (%)	76.5	77.6	82.9	78.1	79.4
Equity ratio based on market capitalization (%)	256.1	164.5	298.3	470.7	640.5
Cash flows/interest-bearing debt ratio (%)	—	18.4	12.1	16.3	14.8
Interest coverage ratio (times)	—	866.8	1,542.8	1,318.9	1,217.0

(Note) Equity ratio: shareholders' equity/total assets

Equity ratio based on market capitalization: market capitalization/total assets

Cash flows/interest-bearing debt ratio: interest-bearing debt/cash flows from operating activities

Interest coverage ratio: cash flows from operating activities/interest payment

* Interest-bearing debt represents all of the debt that bears interest of the entire debt recorded in the Balance Sheet.

(4) Business Forecast for the Future

Forecast for consolidated operating results for the fiscal year ending March 31, 2020
(as of May 14, 2019)

(Millions of yen)

	Forecast Year ending March 31, 2020			Actual Year ended March 31, 2019	
	Amount	Amount change (YoY)	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	5,600	772	16.0	4,827	16.8
Operating profit	1,870	435	30.4	1,434	24.0
Ordinary profit	1,870	422	29.2	1,447	25.1
Profit attributable to owners of parent	1,250	273	28.0	976	18.9

The forecast for the fiscal year ending March 31, 2020 is based on reasonable grounds for calculation as of May 14, 2019.

As for net sales, the core SR-related services, IR/SR Consulting services including shareholder identification surveys, and the investment banking business related to proxy fights and M&As are primarily expected to contribute to revenue. Profitability is expected to further improve going forward with the completion of investments in business foundation expansion including the opening of the Investment Banking Department office, along with the progress in M&As and proxy advisory services.

5) Basic Policy Concerning the Distribution of Profits and Dividend Distributions for the Fiscal Year Ended March 31, 2019 and the Following Fiscal Year

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.

The year-end dividend is ¥23 per share, an increase of ¥3 from the previous forecast, owing to increases in both net sales and profit for the fiscal year ended March 31, 2019. As a result, the full-year dividend is ¥38 per share, including the interim dividend of ¥15 per share. The dividend in the fiscal year ended March 31, 2019, rose for the fourth consecutive 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.

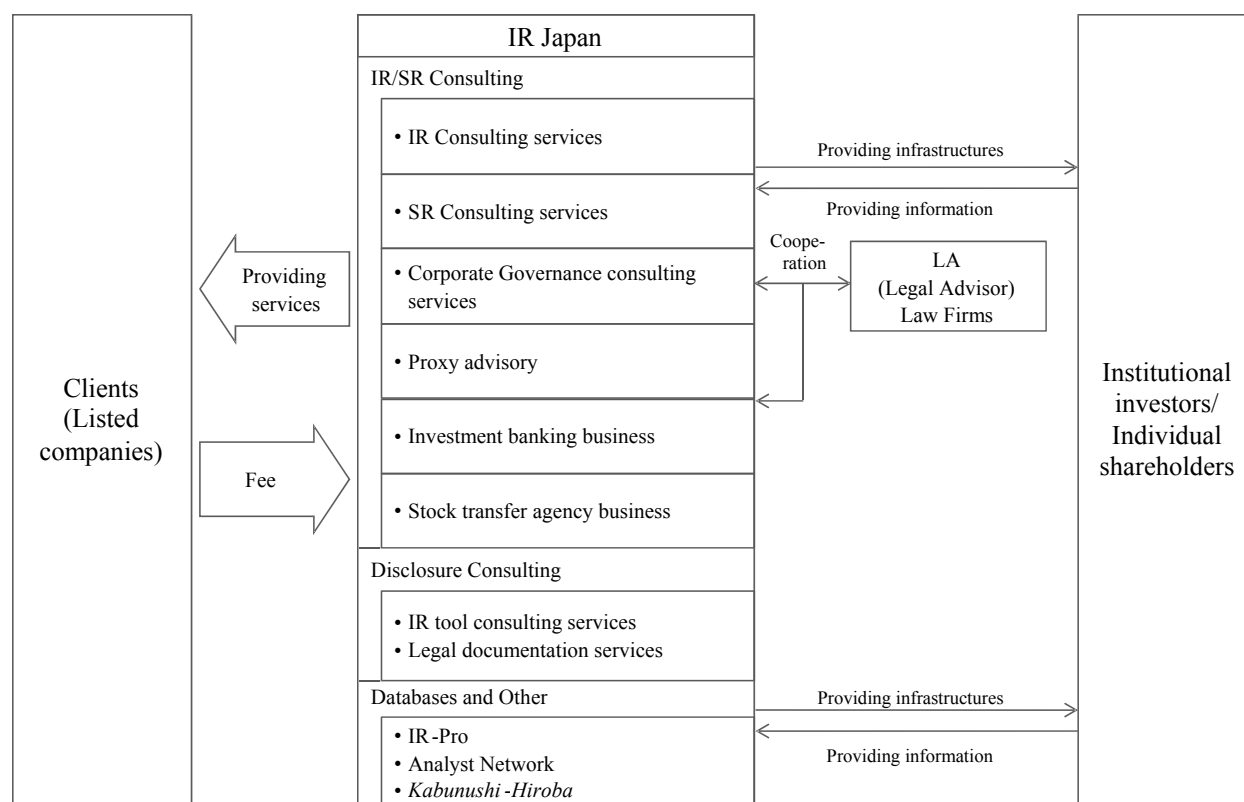
For the fiscal year ending March 31, 2020, the Company is currently scheduled to pay ¥20 per share as an interim dividend and ¥25 per share as a year-end dividend for a full-year dividend of ¥45 per share (an increase of ¥7). However, the Company intends to remain flexible, including in the acquisition of treasury shares, in light of performance trends and other factors.

Additionally, the Company resolved on May 14, 2019 to acquire its treasury shares (up to 160,000 shares / ¥300 million) in an effort to improve capital efficiency and implement flexible capital policies in line with changes in the management environment as well as to enhance distribution of profits to its shareholders.

	Fiscal year ended March 31, 2018	Before taking stock split into consideration Fiscal year ended March 31, 2019	After taking stock split into consideration Fiscal year ended March 31, 2019	Fiscal year ending March 31, 2020 (Forecast)
Dividend per share	60 yen	76 yen	38 yen	45 yen
Interim dividend	25 yen	30 yen	15 yen	20 yen
Year-end dividend	35 yen	46 yen	23 yen	25 yen
Dividend payout ratio	65.0%	69.3%	69.3%	64.2%

2. Corporate Group

The Group consists of the Company and a consolidated subsidiary (IR Japan, Inc., hereinafter “IR Japan”), and is developing businesses. The structure of the Group’s businesses is as follows.



IR Japan engages in consulting business specializing in IR/SR activities, which constitutes a single business segment. IR Japan regards IR (investor relations) activities as the activities of listed companies in relation to general investors, while SR (shareholder relations) activities as the activities of listed companies to strengthen relations with their shareholders.

IR Japan offers IR/SR Consulting, Disclosure Consulting, and Databases and Other services as comprehensive support for the IR/SR activities of listed companies, among others.

In order to provide these services, IR Japan uses its network of institutional investors encompassing fund managers, analysts, and voting-rights agents from 828 domestic companies and 8,326 companies overseas, as well as a network of 54,014 individual shareholders registered with the *Kabunushi-Hiroba*, a web-based questionnaire system (as of March 31, 2019), to collect daily information essential for providing consulting services in Japan and overseas. Furthermore, IR Japan not only collects information but also plays an intermediary role that links listed companies to investors and shareholders by communicating the views and needs of institutional investors and individual shareholders to the listed companies.

Furthermore, IR Japan offers assistance as a PA (proxy advisor) or a FA (financial advisor: investment banks) in cooperation with the LA (legal advisor: law firms) for critical situations such as proxy fights.

The Investment Banking Department launched in January 2014 is fully prepared through the enhancement of its organizational and operational structure, including recruitment of experienced personnel, to provide comprehensive financial solutions to listed companies, including financial advisory services such as those relating to M&As, management integration, and the acquisition of wholly owned subsidiaries, as well as to support unlisted companies to become listed on the TOKYO PRO Market through J-Adviser services.

3. Basic Approach to the Selection of Accounting Standards

The Group applies Japanese accounting standards, taking into account the comparability of consolidated financial statements among fiscal periods and among companies. With respect to the application of International Financial Reporting Standards (IFRS) and its application date, etc., the Group will give due consideration to this matter, taking into account our business circumstances both in Japan and overseas.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	2,328,254	2,761,534
Notes and accounts receivable—trade	746,829	710,261
Work in process	14,501	11,571
Prepaid expenses	100,877	103,438
Other	17,263	10,461
Allowance for doubtful accounts	(2,251)	(1,927)
Total current assets	3,205,474	3,595,339
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	285,812	290,115
Accumulated depreciation	(44,880)	(64,790)
Facilities attached to buildings, net	240,932	225,325
Vehicles	—	20,434
Accumulated depreciation	—	(954)
Vehicles, net	—	19,480
Tools, furniture and fixtures	292,595	295,624
Accumulated depreciation	(145,781)	(186,161)
Tools, furniture and fixtures, net	146,814	109,463
Total property, plant and equipment	387,746	354,269
Intangible assets		
Software	446,926	414,928
Other	21,480	11,345
Total intangible assets	468,406	426,273
Investments and other assets		
Investment securities	17,104	182,952
Leasehold and guarantee deposits	298,301	286,845
Long-term accounts receivable—trade	131,760	120,960
Deferred tax assets	141,538	146,174
Other	11,219	11,219
Allowance for doubtful accounts	(73,799)	(73,799)
Total investments and other assets	526,124	674,351
Total non-current assets	1,382,278	1,454,895
Deferred assets		
Deferred organization expenses	2,155	979
Total deferred assets	2,155	979
Total assets	4,589,908	5,051,214

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable—trade	37,907	23,732
Short-term loans payable	200,000	200,000
Accounts payable—other	71,949	77,626
Accrued expenses	56,194	53,799
Income taxes payable	201,674	194,541
Advances received	41,115	32,156
Deposits received	187,882	225,056
Provision for bonuses	89,730	85,777
Provision for directors' bonuses	9,600	7,500
Other	49,732	84,372
Total current liabilities	945,785	984,561
Non-current liabilities		
Long-term accounts payable—other	51,294	50,710
Net defined benefit liability	6,057	7,706
Total non-current liabilities	57,351	58,416
Total liabilities	1,003,137	1,042,978
Net assets		
Shareholders' equity		
Capital stock	805,797	818,292
Capital surplus	794,599	506,400
Retained earnings	2,286,071	2,683,909
Treasury shares	(300,975)	(691)
Total shareholders' equity	3,585,491	4,007,911
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,279	325
Total accumulated other comprehensive income	1,279	325
Total net assets	3,586,771	4,008,236
Total liabilities and net assets	4,589,908	5,051,214

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

	(Thousands of yen)	
	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Net sales	4,133,898	4,827,639
Cost of sales	1,045,550	1,092,083
Gross profit	3,088,348	3,735,555
Selling, general and administrative expenses	1,931,643	2,301,346
Operating profit	1,156,705	1,434,208
Non-operating income		
Dividend income	148	170
Commission fee	1,325	—
Late penalties received	—	17,927
Miscellaneous income	1,810	950
Other	294	466
Total non-operating income	3,579	19,514
Non-operating expenses		
Interest expenses	888	1,062
Foreign exchange losses	874	1,073
Amortization of deferred organization expenses	1,175	1,175
Loss on investments in partnerships	—	2,564
Other	186	22
Total non-operating expenses	3,125	5,899
Ordinary profit	1,157,159	1,447,823
Extraordinary income		
Gain on sales of investment securities	22,653	—
Total extraordinary income	22,653	—
Profit before income taxes	1,179,812	1,447,823
Income taxes—current	376,094	475,133
Income taxes—deferred	(17,892)	(4,214)
Total income taxes	358,201	470,919
Profit	821,610	976,904
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	821,610	976,904

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Y2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Profit	821,610	976,904
Other comprehensive income		
Valuation difference on available-for-sale securities	191	(954)
Total other comprehensive income	191	(954)
Comprehensive income	821,802	975,950
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	821,802	975,950
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity
FY2017 (from April 1, 2017 to March 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	795,803	784,605	1,909,386	(300,881)	3,188,914
Changes of items during period					
Issuance of new shares	9,993	9,993			19,987
Dividends of surplus			(444,926)		(444,926)
Profit attributable to owners of parent			821,610		821,610
Purchase of treasury shares				(94)	(94)
Retirement of treasury shares					—
Net changes of items other than shareholders' equity					—
Total changes of items during period	9,993	9,993	376,684	(94)	396,577
Balance at end of current period	805,797	794,599	2,286,071	(300,975)	3,585,491

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	1,087	1,087	3,190,001
Changes of items during period			
Issuance of new shares			19,987
Dividends of surplus			(444,926)
Profit attributable to owners of parent			821,610
Purchase of treasury shares			(94)
Retirement of treasury shares			—
Net changes of items other than shareholders' equity	191	191	191
Total changes of items during period	191	191	396,769
Balance at end of current period	1,279	1,279	3,586,771

FY2018 (from April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	805,797	794,599	2,286,071	(300,975)	3,585,491
Changes of items during period					
Issuance of new shares	12,495	12,495			24,991
Dividends of surplus			(579,066)		(579,066)
Profit attributable to owners of parent			976,904		976,904
Purchase of treasury shares				(409)	(409)
Retirement of treasury shares		(300,694)		300,694	—
Net changes of items other than shareholders' equity					—
Total changes of items during period	12,495	(288,198)	397,838	300,284	422,419
Balance at end of current period	818,292	506,400	2,683,909	(691)	4,007,911

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	1,279	1,279	3,586,771
Changes of items during period			
Issuance of new shares			24,991
Dividends of surplus			(579,066)
Profit attributable to owners of parent			976,904
Purchase of treasury shares			(409)
Retirement of treasury shares			—
Net changes of items other than shareholders' equity	(954)	(954)	(954)
Total changes of items during period	(954)	(954)	421,465
Balance at end of current period	325	325	4,008,236

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	1,179,812	1,447,823
Depreciation	231,210	242,415
Share-based compensation expenses	16,353	23,626
Loss (gain) on sales of investment securities	(22,653)	—
Loss (gain) on investments in partnerships	—	2,564
Increase (decrease) in allowance for doubtful accounts	(1,795)	(323)
Increase (decrease) in provision for bonuses	10,105	(3,953)
Increase (decrease) in provision for directors' bonuses	1,500	(2,100)
Increase (decrease) in net defined benefit liability	2,313	1,648
Foreign exchange losses (gains)	1,159	827
Interest income	(9)	(11)
Interest expenses	888	1,062
Decrease (increase) in notes and accounts receivable— trade	(125,880)	47,367
Increase (decrease) in notes and accounts payable— trade	(3,087)	(14,175)
Increase (decrease) in accounts payable—other	672	5,637
Other, net	12,197	53,360
Subtotal	1,302,786	1,805,771
Interest and dividend income received	158	181
Interest expenses paid	(929)	(1,111)
Income taxes paid	(160,307)	(452,159)
Income taxes refund	83,974	—
Net cash provided by (used in) operating activities	1,225,682	1,352,682
Cash flows from investing activities		
Purchase of property, plant and equipment	(156,359)	(25,805)
Purchase of intangible assets	(200,171)	(140,959)
Payments for lease and guarantee deposits	(134,319)	(1,743)
Proceeds from collection of lease and guarantee deposits	1,000	—
Purchase of investment securities	(10,000)	(170,000)
Proceeds from sales of investment securities	40,823	—
Net cash provided by (used in) investing activities	(459,027)	(338,507)
Cash flows from financing activities		
Increase in short-term loans payable	100,000	—
Cash dividends paid	(444,710)	(579,657)
Purchase of treasury shares	(94)	(409)
Net cash provided by (used in) financing activities	(344,804)	(580,067)
Effect of exchange rate change on cash and cash equivalents	(1,016)	(827)
Net increase (decrease) in cash and cash equivalents	420,834	433,279
Cash and cash equivalents at beginning of period	1,872,420	2,293,254
Cash and cash equivalents at end of period	2,293,254	2,726,534

(5) Notes Relating to the Consolidated Financial Statements

Notes Relating to the Going Concern Assumption

None applicable

Significant Matters for the Basis of Preparation of the Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries and names of consolidated subsidiaries

Number of consolidated subsidiaries: 1

Name of consolidated subsidiary: IR Japan, Inc.

2. Fiscal year, etc., of consolidated subsidiaries

The closing date for the fiscal year of the consolidated subsidiary is the same as the consolidated closing date.

Changes in Presentation Methods

(Application of the “Partial Amendments to Accounting Standard for Tax Effect Accounting,” etc.)

Effective from the beginning of the fiscal year ended March 31, 2019, the Company has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018),” etc. Accordingly, deferred tax assets are stated separately under investments and other assets.

As a result, ¥68,936 thousand, which had been presented as “deferred tax assets” under “current assets” in the consolidated balance sheets of the previous fiscal year, has been included in ¥141,538 thousand in “deferred tax assets” under “investments and other assets.”

Consolidated Statement of Cash Flows

*1 Relationship between the balance of cash and cash equivalents at the end of the fiscal year and amount of items posted in the Consolidated Balance Sheet is as follows.

	(Thousands of yen)	
	Previous fiscal year (April 1, 2017 to March 31, 2018)	Current fiscal year (April 1, 2018 to March 31, 2019)
Cash and deposits	2,328,254	2,761,534
Time deposits with a maturity longer than three months	(35,000)	(35,000)
Cash and cash equivalents	2,293,254	2,726,534

Segment Information

This is not applicable as the Group engages in consulting business specializing in IR/SR activities, which constitutes a single business segment.

Per Share Information

	Previous fiscal year (April 1, 2017 to March 31, 2018)	Current fiscal year (April 1, 2018 to March 31, 2019)
Net assets per share	¥201.38	¥224.87
Profit per share—basic	¥46.15	¥54.82

Notes: 1. Profit per share—diluted is not stated as there were no residual shares.

2. The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2018. Net assets per share and profit per share have been calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

3. The basis for the calculation of profit per share—basic is as follows.

Item	Previous fiscal year (April 1, 2017 to March 31, 2018)	Current fiscal year (April 1, 2018 to March 31, 2019)
Profit attributable to owners of parent (Thousands of yen)	821,610	976,904
Profit not available to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent related to shares of common stock (Thousands of yen)	821,610	976,904
Weighted average number of shares of common stock during the fiscal year (Shares)	17,801,858	17,819,798

Significant Subsequent Events

At a meeting of its Board of Directors held on May 14, 2019, the Company resolved the following matters regarding the acquisition of treasury shares pursuant to the provisions of Paragraph 1, Article 156, of the Companies Act as applied by replacing certain terms under the provisions of Paragraph 3, Article 165, of the same Act.

(1) Reasons for the acquisition of treasury shares

Treasury shares shall be acquired in an aim to improve capital efficiency and to implement flexible capital policies in line with changes in the management environment as well as to enhance distribution of profits to shareholders.

(2) Class of shares to be acquired

Common stock of the Company

(3) Total number of shares to be acquired

160,000 shares (maximum)

(Percentage of total number of shares issued (excluding treasury shares): 0.90%)

(4) Total acquisition price

¥300 million (maximum)

(5) Acquisition period

From May 21, 2019 to July 31, 2019

5. Other

(1) Changes in Officers of a Consolidated Subsidiary

Changes in Directors (Excluding Directors who are Audit and Supervisory Committee Members) of a consolidated subsidiary, IR Japan, Inc.

New candidates

Director

Yuichiro Kitamura

Currently Senior General Manager of Investment Banking Department 1st Division of IR Japan, Inc.

Akinosuke Ishigaki

Currently Senior General Manager of Investment Banking Department 2nd Division of IR Japan Inc.

Atsuko Furuta

Currently Section Chief of Corporate Planning Section of the Company

Currently Senior General Manager of Investment Banking Department 3rd Division

and General Manager of Corporate Planning Office of IR Japan, Inc.

The new candidates are scheduled to be officially appointed at the 12th Annual General Meeting of Shareholders of IR Japan, Inc., a consolidated subsidiary of the Company.