

Ichiyoshi Securities Co., Ltd.
Notice of 75th Annual Meeting of Shareholders
(English translation for reference purposes only)

May 30, 2017

Notice is hereby given to the shareholders of Ichiyoshi Securities Co., Ltd. (“Ichiyoshi” or the “Company”) that the 75th annual meeting of shareholders of Ichiyoshi will be held at a place and date written below. Each of attending shareholders is requested to bring with him/her a voting card attached hereto (omitted in this English version).

In the event that you cannot attend the said meeting in person, you may exercise your voting rights either by completing and sending back the voting card to be received by the Company by 5:00 p.m. on June 23, 2017 (Friday), or electronically via the Company’s Designated Website (<http://www.evotep.jp/>) (the “Designated Website”) by the same date and time. **If you are a non-resident of Japan, however, you may exercise your voting rights by properly instructing your standing proxy in Japan.**

1. Date and time: June 24, 2017, Saturday, from 10:00 a.m.
(Doors open at 9:00(a.m.))
2. Place: At Royal Hall, 3rd Floor of Royal Park Hotel
2-1-1, Nihonbashi Kakigara-cho, Chuo-ku, Tokyo, Japan
3. Agenda at the Meeting:

Reports:

- (1) Reports on business result and contents of consolidated financial statements (for the fiscal year from April 1, 2016 to March 31, 2017), and Certified Public Accountants’ and Audit Committee’s reports on their respective audits of consolidated financial statements..
- (2) Reports on contents of non-consolidated financial statements of the Company (for the fiscal year from April 1, 2016 to March 31, 2017).

Resolutions proposed for approval and adoption:

1st resolution: Appointment of 7 directors.

2nd resolution: Authorization of the Board of Directors to decide terms and conditions for the issuance of share warrants as stock options to directors (excluding outside directors), executive officers, operating officers, executive advisers and employees of the

Company and its subsidiaries.

(After the shareholders' meeting, a social gathering is scheduled between the Company's directors/officers and attending shareholders.)

4. Matters concerning documents accompanying this notice and reference materials for shareholders' meeting:

(1) **Disclosure on Internet:**

Each of the following documents (items , , , and) is disclosed on Ichiyoshi's website (<http://www.ichiyoshi.jp/stockholder>) in accordance with laws and Article 15 of Articles of Incorporation of the Company. Hence, items , and are not included herein, but items and are also included herein.

System to ensure the appropriateness of business operations and the outline of operational status of the system;

Notes to consolidated financial statements;

Notes to non-consolidated financial statements;

Consolidated Statements of Shareholders' Equity; and

Non-consolidated Statements of Shareholders' Equity.

It is to be noted that the Company's certified public accountants have audited not only consolidated financial statements and non-consolidated financial statements attached hereto but also notes to consolidated financial statements and notes to non-consolidated financial statements disclosed on Ichiyoshi's website, and that the audit committee has audited not only reports on business result, consolidated financial statements and non-consolidated financial statements attached hereto but also the system to ensure the appropriateness of business operations and the outline of operational status of the system, notes to consolidated financial statements and notes to non-consolidated financial statements disclosed on Ichiyoshi's website.

(2) **Method to notify corrections as to reference materials for shareholders' meeting, reports on business result and financial statements:**

Any corrections occurring to reference materials for shareholders' meeting, reports on business result and financial statements will be notified on Ichiyoshi's website.

5. Guidance for exercising voting rights:

Exercising voting rights in person:

You are required to present your voting card at the reception desk of the shareholders' meeting, before the meeting starts at 10:00 am on June 24, 2017 (Saturday).

(No person other than a shareholder shall be admitted to the meeting. Neither his/her agent nor his/her accompanying person shall be admitted.)

Exercising your voting rights by agent:

In the event that you cannot attend the shareholders' meeting in person, you may exercise your voting rights by appointing another shareholder of Ichiyoshi attending the meeting as your agent; provided, however, that he must produce a document certifying his proxy status

**Shareholders meeting to be held : June 24, 2017 (Saturday) from 10:00 am
(Doors open at 9:00 am)**

Exercising voting rights by mail:

You are required to mail your completed voting card (postage prepaid) to be received by the Company **at or before 5:00 pm on June 23, 2017 (Friday)**.

Exercising voting rights electronically (such as via Internet):

You are required to exercise your voting rights through the Company's Designated Website (<http://www.evotep.jp/>) **by 5:00pm on June 23, 2017 (Friday)** (Please note that the Designated Website is not accessible between 2:00am and 5:00am every day, Japan time.)

(1) In the event that you attend the shareholders' meeting in person:

It is not necessary to follow instructions relating to voting by mail or through Internet.

(2) In the event that you exercise your voting rights by mail:

You should follow instructions in the voting card (the card being omitted in the English version of this notice).

(3) Procedures to exercise voting rights electronically Exercising voting rights through proxy:

Guidance for exercising voting rights electronically via the Designated Website:

- On the Designated Website, you should first apply your Log-in ID and Temporary Password provided in your voting card (omitted in this English version), and then fill in your approval or disapproval answers following instructions on the website.
- To prevent an unlawful access by a non-shareholder ("spoofing") or tampering with voting instructions, you will be requested to change your Temporary Password on the website.
- A new Log-in ID and Temporary Password will be provided each time

shareholders' meeting is held.

The Designated Website for exercising voting rights:

- You should connect to the Designated Website via your personal computer, smart phone or cell phone (EZweb, i-mode or Yahoo!KEITAI). The Designated Website is open except between 2:00 a.m. and 5:00 a.m.
- When a firewall against Internet connection or anti-virus software is installed on your personal computer or smart phone, or when a proxy server is employed, it may happen that you cannot exercise your voting rights electronically.
- You are recommended to use EZweb, i-mode or Yahoo!KEITAI when using a cell phone. Cell phones incapable of SSL transmission (codified transmission) and telecommunication may not function for security reasons.
- When using a cell phone equipped with QR code-readability, you can use the QR code attached hereto (omitted in this English version).
- You can exercise your voting rights electronically via the Designated Website any time before 5:00 p.m. on June 23, 2017 (Friday) (except between 2:00 a.m. and 5:00 a.m.), but we hope that you will do so at your earliest opportunity. If you have any enquiry, please contact Securities Transfer Dept.

(Help Desk), Mitsubishi UFJ Trust & Banking Corp.

(Free call: 0120-173-027, open between 9:00a.m. and 9:00p.m.)

Expenses for accessing the Designated Website to exercise voting rights:

Shareholders are requested to bear expenses for accessing the Designated Website to exercise voting rights (including expenses for internet connection, phone connection, packet communication, etc.).

(Notes) Guidance for exercising voting rights doubly:

Exercising voting rights doubly by sending back a voting card and

Electronically via the Designated Website:

Electronic exercise shall be adopted.

Exercising voting rights more than once electronically via the Designated Website:

The last-dispatched voting instruction shall be adopted.

[Electronically-Voting Platform for Institutional Investors]

Nominee shareholders, such as trustee banks and standing proxies (for non-resident shareholders), may exercise their votes via the electronic-voting platform operated by ICJ Inc., provided that they have applied for the use of the platform in advance.

Referential Materials for Shareholders' Meeting

1. 1st proposed resolution: Appointment of 7 directors

The terms of office of all currently-incumbent directors will expire at the close of the shareholders' meeting. The Nominating Committee of the Company has resolved to propose the below-mentioned 7 nominees for directors. The criteria for the selection of nominees for directors by the Nominating Committee are as follows:

Nominees for inside directors should have superb management sense, superb leadership, foresightedness and planning ability, law-abiding nature, personal magnetism in and out of the Company and should be healthy both physically and mentally.

Nominees for outside directors should have high personality and insight, plentiful experience and expertise in business operations, law-abiding nature and independency as outside director and should be healthy both physically and mentally. In addition, the nominees for outside directors are required to be qualified as independent under the provisions of the Ordinance of the Company Law and to have no conflict of interest with shareholders under the regulations of the Tokyo Stock Exchange.

Name	Birth date	Current position/occupation	No. of the Company's shares owned
<hr/>			
1.Masashi Takehi	April 13, 1943	Director, Executive Chairman, Chairman of Board of Directors Member of Nominating Committee (Chairman), Member of Remuneration Committee (Chairman) (Position/occupation prior to the current ones are omitted in this English version)	126,600 shares

Reason for his nomination as director:

He formerly served as managing director of Nomura Securities Co. Ltd. and then served as representative director and chief executive president of the Company successively. Since becoming a director and executive chairman of the Company in June 2012, he has taken on management responsibility for the Company and its group companies. Considering his qualification for inside directorship election standards and his management achievement, the Nominating Committee has judged that he can apply his deep insight on securities business and securities industry and his superb managerial capability to the management of the Company.

2. Minoru Kobayashi	August 30, 1958	Director, President, Representative Executive Officer (Position/occupation prior to the current ones are omitted in this English version)	31,600 shares
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Reason for his nomination as director:

He formerly served as managing director of Nomura Securities Co., Ltd. ("Nomura") and as president of Nomura's subsidiary successively. He became executive deputy president of the Company in 2015, supervising the Company's retail operations. Since becoming president and representative executive officer of the Company in April 2016, he has taken on representative executive duty over the business operations of the Company. Considering his superb sense of management, his qualification for inside directorship election standards and his record of achievement, the Nominating Committee has judged that he can apply his deep knowledge and profound experience on securities business and his business execution ability to the management of the Company.

3. Shiro Tateishi	August 12, 1963	Managing Executive officer, Director of Ichiyoshi Research Institute, Inc., Director of Ichiyoshi Asset Management Co., Ltd. (Position/occupation prior to the current ones are omitted in this English version)	24,000 shares
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Reason for his nomination as director:

Since joining the Company in 1986, he has taken on responsibility for various divisions of the Company. In 2012, he was appointed as managing executive officer supervising the Advisor Division. Since 2014, he has been in charge of the control and planning division. Considering his superb sense of management and his qualification for inside directorship election standards, the Nominating Committee has judged that he can apply his superb insight, visions and leadership acquired through his work experience at various divisions to the management of the Company.

4. Akira Gokita	September 20, 1947	Outside and Independent Director, Member of Nominating Committee, Member of Remuneration Committee, Member of Audit Committee, Attorney-at-law with Gokita Miura Law Office, Outside director of Sanwa Holdings Corporation (Position/occupation prior to the	0 share
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current ones are omitted in this

English version)

He is a nominee for outside director, as defined under Article 2-3-7 of the Company Law Enforcement Regulations.

He is a nominee for independent director having no conflict of interest with the Company's shareholders, as defined by the Tokyo Stock Exchange.

Reason for his nomination as outside director:

He has provided the Company with his fair and objective views as outside director of the Company.

Considering his qualification for outside directorship election standards, the Nominating Committee has judged that he can apply his deep and professional knowledge and profound experience as former public prosecutor and attorney-at-law to the management and governance of the Company. There is no conflict of interest between Mr. Gokita and the Company.

He will have served the Company as outside director for seven years by the close of the shareholders' meeting.

5. Kenro Kakeya	September 13, 1951	Outside and Independent Director, Member of Nominating Committee, Member of Remuneration Committee, President and Representative Director of Kakeya Komuten Co., Ltd., Part-time director of Kita-Osaka Shinkin Bank (Position/occupation prior to the current ones are omitted in this English version)	10,700 shares
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He is a nominee for outside director, as defined under Article 2-3-7 of the Company Law Enforcement Regulations.

He is a nominee for independent director having no conflict of interest with the Company's shareholders, as defined by the Tokyo Stock Exchange.

Reason for his nomination as outside director:

He has provided the Company with his fair and objective views as outside director of the Company.

Considering his superb personality and his qualification for the outside directorship election standards, the Nominating Committee has judged that he can apply his deep knowledge and profound experience as former Nippon Keizai Shimbun (the Japan Economic Journal) reporter and incumbent business executive to the management and governance of the Company. There is no conflict of interest between Mr. Kakeya and the Company.

He will have served the Company as outside director for 7 years by the close of the shareholders' meeting.

6. Takashi Ishikawa	December 8, 1959	Outside and Independent Director, Member of Audit Committee (full-time Chairman),	800 shares
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Statutory Auditor of Ichiyoshi Business
Service C., Ltd.,
Statutory Auditor of Ichiyoshi Asset
Management Co., Ltd.,
Statutory Auditor of Ichiyoshi Research
Institute, Inc.,
President & Representative
Director of SR Holdings Inc.
(Position/occupation prior to the current
ones are omitted in this English version)

He is a nominee for outside director, as defined under Article 2-3-7 of the Company Law Enforcement Regulations.

He is a nominee for independent director having no conflict of interest with the Company's shareholders, as defined by the Tokyo Stock Exchange.

Reason for his nomination as outside director:

He has provided the Company with his fair and objective views as outside director of the Company.

Considering his superb personality and insight and his qualification for outside directorship election standards, the Nominating Committee has judged that he can apply his deep knowledge and profound experience as former president of a securities firm to the management and governance of the Company. There is no conflict of interest between Mr. Ishikawa and the Company.

He will have served the Company as outside director for 5 years by the close of the shareholders' meeting .

7. Kota Sakurai	August 20, 1959	Outside and Independent Director, Member of Audit Committee; Certified public accountant with Sakurai Kota Accounting & Tax Accounting Firm LLP and Shin-Ei Tokyo Auditing Corp. LLP (Position/occupation prior to the current ones are omitted in this English version)	12,900 shares
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He is a nominee for outside director, as defined under Article 2-3-7 of the Company Law Enforcement Regulations.

He is a nominee for independent director having no conflict of interest with the Company's shareholders, as defined by the Tokyo Stock Exchange.

Reason for his nomination as outside director:

He has provided the Company with his fair and objective views as outside director of the Company.

Considering his superb personality and insight and his qualification for outside directorship election standards, the Nominating Committee has judged that he can apply his deep and professional knowledge and profound experience as certified public accountant and tax accountant to the management and governance of the Company. There is no conflict of interest between Mr. Sakurai and the Company.

He will have served the Company as outside director for 6 years by the close of the shareholders' meeting.

For reference, the following members are planned for each of the Nominating Committee, the Remuneration Committee and the Audit Committee after the shareholders' approval of this resolution:

Nominating Committee: Mr. Masashi Takehi (chairman), Mr. Akira Gokita and Mr. Kenro Takeya

Remuneration Committee: Mr. Masashi Takehi (chairman), Mr. Akira Gokita and Mr. Kenro Takeya

Audit Committee: Mr. Takashi Ishikawa (chairman), Mr. Akira Gokita and Mr. Kota Sakurai

2. 2nd proposed resolution: Authorization of the Board of Directors to decide terms and conditions for the issuance of share warrants as stock options to directors (excluding outside directors), executive officers, operating officers, executive advisers and employees of the Company and its subsidiaries.

Please refer to the Company's press release dated May 19, 2017, titled "**Entitlement of the Board of Directors to Decide Terms and Conditions for the Placement of Share Warrants as Stock Options for "the Group"**" on Ichiyoshi's website (<http://www.ichiyoshi.co.jp/english>).

Referential Information

1. Information on the Company and its Group

(1).Basic Management Policy and Triangular Pyramid Management

Basic Management Policy

The Company's motto is to "Be a Securities Company Like No Other in Japan." To realize this motto, the Company makes it a management objective to build a "Name-brand boutique house" in the finance and securities industry. In its efforts for realization, the Company intends to heighten the fairness and transparency of management along its credo (corporate philosophy) and to promote flexible and relevant decision-making, thereby maximizing earnings and corporate value while bolstering its corporate governance. Taking advantage of its company-with-committees system and its operating officer system, the Company aims to raise the promptitude and effectiveness of business executions and toughen its surveillance over business executions.

Triangular Pyramid Management

The Company is promoting "Triangular Pyramid Management" --- with the research division forming the base of the pyramid, and the retail, wholesale and support/products divisions forming their respective facets of the pyramid, and the pyramid itself is firmly

supported by the back-office division This management style is intended to maximize the capability of each division/subsidiary and enhance the co-working synergy of all the divisions/subsidiaries. This synergistic process will also raise the quality of the Company's products, information and customer services, thereby further satisfying the Company's retail and corporate customers' needs for asset-building and fund-raising.

(2). Business Conditions and Performance

During the fiscal year ended March 31, 2017, there was initially a slight feeling of economic stagnation in the air due to negative factors such as the potential effects of the stronger yen and the slowdown of emerging economies on business earnings and sluggish consumption. As the scheduled hike in the consumption tax was delayed again in June and large-scale economic measures were formulated in August, however, the mood turned around. As the end of the fiscal year drew near, there was seen an increase in production activities boosted by recoveries in exports on the back of the weaker yen. Accompanying improvements on business earnings led to a steady trend of equipment investments. Further, sustained and improved conditions in employment and income translated into a pickup in consumption. Thus, the economy progressed on a moderate recovery pattern .towards the end of the fiscal year..

In the meantime, the Japanese stock market initially underwent unstable movements on concerns over the effects of the higher yen on business earnings and monetary policies both in Japan and the U.S. and on speculation over the U.S. presidential election. With the UK voting for the Brexit working as an additional blow, the Nikkei Stock Average on the Tokyo Stock Exchange (the "TSE") recorded a year low of 14,864yen on June 24, 2016. On July 29, the Bank of Japan (the "BoJ") decided to increase its annual holding balance of ETFs by 6 trillion yen, thereby helping the Nikkei Stock Average to move steadily higher. On September 21, the BoJ introduced a new framework of quantitative and qualitative easing measures coupled with short- and long- term interest rates adjustment device. In the U.S., Donald Trump won the presidential election in November, pushing the dollar value and stock prices higher in expectation of his expansive economic policies. With foreign investing sources increasingly reviewing Japanese stocks favorably in anticipation of higher earnings from export-related businesses in particular supported by the weaker yen, the Nikkei Stock Average ended the calendar year of 2016 at 19,114yen, the fifth consecutive year-end rise. As the year turned, in March, leading stock price indices in the U.S. recorded historical highs. In Japan, the Nikkei Stock Average also registered 19,668yen on March 2, the highest since the beginning of 2016, after undergoing correctional periods on the back of the weaker tendency of the yen. Afterwards, as questions arose over the feasibility of the Trumpnomics, concerns mounted over protectionism and the yen strengthened, however, the Nikkei Stock Average ended the fiscal year term at 18,909yen.

In the foreign exchange market, the yen remained on a stronger trend from the beginning of

the fiscal year, and it temporarily recorded 99yen per 1 U.S. dollar on June 24, 2016, with the UK voting for the Brexit working as an additional blow. As Donald Trump won the presidential election in November, however, the yen turned weaker in tandem with an expected rise in U.S. long-term interest rates, recording 118.66yen per 1 U.S. dollar on December 15, the weakest yen in about ten months and half. Afterwards, however, as expectations for a hike in the U.S. interest rates diminished, causing a contraction of interest rate differentials between Japan and the U.S. the yen strengthened slightly, ending the fiscal year term at 111yen per 1 U.S. dollar.

With respect to the Japanese emerging-stock market, the Nikkei JASDAQ Average continued its steady tone from the beginning of the fiscal year on the back of good demand-supply relationship. On June 24, 2016, however, it recorded a year low of 2,322yen, with the UK voting for the Brexit working as an additional blow. Since then, it traced an upward trend, recording 3,075yen, the highest in 25 years and 8 months, on March 10, 2017. It went on to stay on a high plateau, ending the fiscal year term at 3,045yen. TSE Mothers Index entered a correction phase after it hit the highest level since the starting of the year of 1,230 on April 21, 2016. Nonetheless, it resumed upward trend after posting a low of 798 on November 9, 2016, and finished at 1,070 as the closing price of the fiscal year end.

The average daily turnover on the TSE during the fiscal year was 2,733.9 billion yen, down 11.1% from the previous fiscal year. The average daily turnover on the NASDAQ market fell 32.7% to 47.2 billion yen.

In such circumstances, the Company placed in its core proposal to customers asset-backed stocks with stress on stability and dividends under negative-interest environments, taking advantage of the Company's strength in research on small-and medium-cap growth stocks. Striving to meet with customers' needs, the Company took various measures focused on the expansion of customers' assets in custody. The stock brokerage volume of the Company for the fiscal year ended March 31, 2107 fell to 2,170.4 billion yen, down 6.4% from the previous fiscal year.

With regard to investment trust funds, "Dream Collection," a fund wrap account vehicle, showed a favorable performance as a core asset in customers' medium- to long-term asset management. Its outstanding balance as of March 31, 2017 registered more than 55 billion yen.

"Ichiyoshi Small- and Medium-Cap Growth Stock Fund," launched in June 2016, fully taking advantage of synergy between Ichiyoshi Research Institute Inc. and Ichiyoshi Asset Management Co. Ltd. also showed a favorable growth with the outstanding balance as of March 31, 2017 recording more than 47 billion yen, which was Japan's largest outstanding balance among publicly-offered investment trust funds specialized in small-and mid-cap stocks.

Furthermore, the Company launched in February 2017 a new investment trust fund

“Ichiyoshi Japan High Dividend Stock & J REIT Fund,” which has been increasing its balance in a favorable pattern.

For additional reference, the Company redeemed in December 2016 the three funds with high performance results: namely, “East Japan Recovery-Assistance Stock Fund,” “Japan High Dividend Stock Fund 2016-09” and “Japan High Dividend Stock Fund 2016-10.”

Investment portfolio assets at Ichiyoshi Asset Management Co., Ltd. grew substantially to 179.1 billion yen as at March 31, 2017, up 66.4% from the end of the previous fiscal year.

Consequently, net operating revenue for the fiscal year ended March 31, 2017, amounted to 19,338 million yen, down 5.0% from the previous fiscal year. Operating cost and expenses recorded 16,344 million yen, down 1.8%. Hence, operating income registered 2,994 million yen, down 19.0%.

Set forth below are details of revenue sources, cost and expenses, cash flow and financial condition.

(3). Commissions and Cost & Expenses

Commissions

Total commissions for the fiscal year ended March 31, 2017 amounted to 18,857 million yen, down 4.2% from the previous fiscal year ended March 31, 2016.

Brokerage commissions

Total brokerage commissions on stocks slid 6.1% to 6,812 million yen. Those on small- and mid-cap stocks (consisting of stocks listed on the Second Section of the Tokyo Stock Exchange, TSE Mothers and JASDAQ Market) amounted to 1,750 million yen, accounting for 25.7% of total brokerage commissions, up from 18.5% for the previous fiscal year.

Commissions from underwriting and solicitation to specified investors

In the primary market, the Company participated in the management and underwriting of 31 initial public offerings (IPOs), as against 39 IPOs (of which the Company lead-managed 3) in the previous fiscal year. In the secondary market (for follow-on financing), the Company participated in 9 deals on a management and underwriting basis (of which the Company lead-managed 2), as against 10 deals (of which the Company lead-managed 5) in the previous fiscal year. As a result, total commissions from underwriting of stocks and bonds and solicitation to specified investors recorded 361 million yen, down 71.8% from the previous fiscal year.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,013 (of which 45 were lead-managed) as of March 31, 2017, thus exceeding the 1,000 mark for the first time.

Commissions from distribution and solicitation to specified investors

Commissions from distribution and solicitation to specified investors rose 23.8% to 5,642 million yen as commissions from distribution of investment trust funds swelled 23.3 % to 5,556 million yen.

Commissions from other sources

The trailer fees on investment trust funds fell 15.2% to 4,174 million yen while trustee fees for fund management by Ichiyoshi Asset Management Co., Ltd. grew 45.1% to 545 million yen. With the addition of fees from research unbundling, commissions from insurance policy sales and fees from IPO assistance, total commissions from other sources amounted to 5,782 million yen, down 6.8%.

Gains or Loss on Trading

Trading on stocks, etc. recorded gains of 83 million yen, up 146.8%, and trading on bonds, foreign exchange, etc. registered gains of 126 million yen, down 56.7%. Consequently, total gains on trading amounted to 209 million yen, down 35.5%.

Interest and Dividend Income

Interest and dividend income declined 24.6% to 237 million yen as advances for margin transactions decreased, and interest expenses fell 6.7% to 66 million yen. Resultantly, net interest dividend income amounted to 171 million yen, down 29.8%.

Hence, net operating revenue for the fiscal year ended March 31, 2017 recorded 19,338 million yen, down 5.0%.

Operating Cost and Expenses

Operating cost and expenses fell 1.8% to 16,344 million yen as transactions-related expenses declined.

Non-operating Income and Expenses

The Company registered non-operating income of 108 million yen, including a dividend income of 22 million yen from investment securities and an investment income of 43 million yen from investment partnerships. After offsetting a non-operating loss, net non-operating income for the fiscal year ended March 31, 2017 registered 83 million yen, down 29.2%.

Hence, current income for the fiscal year ended March 31, 2017 amounted to 3,077 million yen, down 19.3% from the previous fiscal year.

Extraordinary Income and Loss

The Company recorded a net extraordinary loss of 22 million yen as the Company

suffered a loss of 63 million yen on sales of fixed assets

Consequently, income before taxes and tax adjustments for the fiscal year ended March 31, 2017 recorded 3,054 million yen, down 22.5%, and net income attributable to owners of parent (after deduction of corporate income taxes, resident's taxes and enterprise taxes, totaling 836 million yen, and corporate tax adjustments of 17 million yen, and after deduction of non-controlling interests of 17 million yen) registered 2,183 million yen, down 15.4% from the previous fiscal year.

Customers' assets under custody as of March 31, 2017 stood at 1,747.9 billion yen, down 1.5% from the end of the previous fiscal year. Positive factors were fresh-fund purchases of stocks and investment trust funds, increases in fund wrap balances and rises in stock prices in domestic and foreign markets while negative factors were profit-taking sales of stocks and investment funds and contract-based redemptions of investment trust funds.

The following table shows the breakdown of commissions by products on a consolidated basis (in millions of yen):

	Stocks	Bonds	Beneficiary certificates	Others	Total

For the fiscal year ended March 31, 2016:					
Brokerage commissions	7,254	--	378	--	7,633
Commissions from underwriting					
And solicitation to specified investors	1,283	1	--	--	1,284
Commissions from distribution					
And solicitation to specified investors	--	52	4,505	--	4,558
Commissions from other sources	37	0	5,425	743	6,205
Total	8,575	54	10,309	743	19,682

For the fiscal year ended March 31, 2017:					
Brokerage commissions	6,812	0	258	--	7,070
Commissions from underwriting					
and solicitation to specified investors	361	--	--	--	361
Commissions from distribution					
and solicitation to specified investors	--	85	5,556	--	5,642
Commissions from other sources	28	0	5,189	564	5,782
Total	7,202	85	11,004	564	18,857

(4). Financial Conditions

Condition of Assets, Liabilities and Net Worth

Current assets

Current assets amounted to 47,533 million yen as of March 31, 2017, an increase of 7,641 million yen (up 19.2%) from March 31, 2016, as segregated cash and statutory deposits rose by 4,970 million yen, cash and deposits swelled by 1,938 million yen and margin transaction assets grew by 467 million yen.

Fixed assets

Fixed assets stood at 6,173 million yen as of March 31, 2017, a decline of 528 million yen (down 7.9%), chiefly as the value of land and that of buildings fell by 384 million yen and 219 million yen, respectively.

As a result, total assets registered 53,706 million yen as of March 31, 2017, an increase of 7,112 million yen (up 15.3%) from March 31, 2016.

Current liabilities

Current liabilities stood at 20,081 million yen as of March 31, 2017, an increase of 7,637 million yen (up 61.4%) from March 31, 2015. The increase resulted from a growth of 5,814 million yen in cash payable to customers and a rise of 1,918 million yen in margin transaction liabilities.

Long-term liabilities

Long-term liabilities recorded 344 million yen as of March 31, 2017, a reduction of 61 million yen (down 15.2%) from March 31, 2016, as long-term borrowings declined by 39 million yen and deferred tax liabilities for land revaluation fell by 22 million yen.

Statutory reserves

Statutory reserves registered 180 million yen as of March 31, 2017.

Net worth

Net worth amounted to 33,099 million yen as of March 31, 2017, a fall of 461 million yen (down 1.4%) from March 31, 2016. The fall resulted as the Company recorded net income (attributable to owners of parent) of 2,183 million yen for the fiscal year while the Company paid dividends in the amount of 1,777 million yen and acquired treasury shares at the cost of 880 million yen.

As a result, equity ratio as of March 31, 2017 registered 61.1%, and capital adequacy ratio, as defined by the securities regulator, recorded 591.9% as of the same date.

(5). Material funding activities

None.

(6). Material investments in facilities

In the fiscal year ended March 31, 2017 the Ichiyoshi group made the equipment investments worth 159 million yen. The major items of investments were:

- (i) Renewal of server infrastructure (March 2017).
- (ii) Leases of cars for company use (December 2016).

(7). Material Business Combinations, etc.

None.

(8). Changes in assets and financial condition (on a consolidated basis)

(in millions of yen except for per-share earnings)

---For fiscal year ended March 31---				
	2017	2016	2015	2014
Operating revenue	20,714	21,846	20,413	25,241
(of which commissions)	(18,857)	(19,682)	(18,555)	(23,349)
Net operating revenue	19,338	20,346	19,073	25,191
Current income	3,077	3,813	3,711	8,977
Net income attributable to				
owners of parent	2,183	2,580	3,389	8,268
Earnings per share	¥50.89	¥58.88	¥77.52	¥190.04
Total assets	53,706	46,593	48,242	48,723
Net worth	33,099	33,560	33,690	32,263

Note: Per-share earnings are calculated on the basis of average number of shares outstanding during each fiscal year. (treasury shares deducted in such calculation).

(9). Challenges to Be Tackled

As the governmental promotion of capital flow “From Savings to Investments” and then that of “From Savings to Asset-building” are being advocated against the backdrop of continuing virtually negative interest rates, securities companies in Japan will be urged more than ever to develop customer-based businesses. The Company has long provided customers with products and services prioritizing the relationship of trust with customers and based on our view of “Compliance is a Source of Competitiveness.” Thus, the Company believes that the current circumstances are ripe for its further advances and is prepared to ride on the trend

towards business evolution.

The Company has continued to propose its fund wrap “Dream Collection” as a “Core Fund Assets” for customers’ medium-to long-term investment, while recommending “Ichiyoshi Small- and Medium-Cap Growth Stock Fund” as an “Active Fund Assets,” thereby meeting each customer’s needs for portfolio diversification based on the nature of his funds and enhancing customer satisfaction. With respect to stocks, the Company has also recommended investment diversifications between “Core Stock Assets” for medium-to long-term stable holdings and “Active Stock Assets” for a medium-to long-term growth focused on growth-potential companies picked based on the Ichiyoshi group’s strength of research on small-and medium-cap stocks.

Driving forward with these proposals, the Company is determined to expand customers’ assets in custody.

The Company has for some time considered as one of important management tasks the improvement on labor condition and working environment, personnel system and cultivation of human resources. Thus, the Company has adopted “Setting-up of worker-friendly and worthwhile office” as one of the “8 Basic Strategies.” The Company will take specific measures to materialize it. Taking advantage of the Company’s three distinctive features, namely, (1) research capability of Ichiyoshi Research Institute, Inc., (2) corporate governance capability and (3) compliance capability (leading to customer satisfaction), the Company is placing the expansion of customers’ assets in the center of its efforts, and is determined to realize the New Medium-Term Management Plan starting from October 2016 through March 31, 2020 (Its numerical targets have been set as; Customers’ assets in custody to grow to 3.5 trillion yen, ROE to improve to 15% or over, Accumulated number of lead-managed companies to increase to 70.).

Thinking that the enhancement of branch network is essential for the expansion of customers’ assets in custody, the Company opened in April 2016 a planet plaza office in Narimasu, Tokyo, further strengthening the branch network in the Tokyo Metropolitan area. The Company also opened in April 2017 a pre-opening office in Hiroshima in western Chugoku district. The Company will continue to enhance its branch network taking into account potential flows of funds in Japan.

Investment funds, focused on small- and medium-cap stocks, managed by Ichiyoshi Asset Management Co., Ltd. on the back of the Ichiyoshi group’s research capability are being accepted by a widening network of regional financial institutions because of their favorable performance record. Thus, the Company will proceed further with tie-ups with regional financial institutions for wider distribution of funds to ever-expanding layers of customers. Furthermore, Ichiyoshi Business Service Co., Ltd. is reactivating its agency activities for financial-instrument transactions through its newly-opened “Sakura Life-Pension Support Office” in Narimasu (opened on April 3, 2017). The office is specialized in consulting on retired

life of customers in occupationally-categorized markets.

The corporate division at the Company will endeavor to increase the number of lead-managements for IPOs and POs, and the administrative and planning division will make efforts for the building and streamlining of a strong back-up system to support the front office division.

Officers and employees at the Company and its subsidiaries, all united, will exert themselves to further enhance the synergistic effects within the Ichiyoshi group.

(10). Status of Parent Company and Subsidiaries

Relationship with parent company:

None (Ichiyoshi has no parent company).

Status of material subsidiaries:

Name of Subsidiary	Paid-up capital (mill. yen)	Voting ratio by parent (%)	Contents of business
Ichiyoshi Research Institute Inc.	20	90.00% (12.50% owned indirectly)	Information services; investment advisory & agency
Ichiyoshi Asset Management Co. Ltd.	490	97.00% (2.00% owned indirectly)	Investment advisory & agency; investment trust management
Ichiyoshi Business Service Co., Ltd.	240	100.00%	Property renting/ brokerage/management; sales of office supplies; investment agency

(11). Principal business (as of March 31, 2017)

Stock-related businesses

Stock-related businesses consist of buying and selling of stocks on a brokerage and principal basis in the secondary market and underwriting and distribution in the primary market. The following are particulars of stock-related businesses:

(i) Buying and selling on a brokerage basis

Buying and selling of stocks on securities exchanges in accordance with customers' instructions.

(ii) Buying and selling on a principal basis

(iii) Underwriting and solicitation to specified investors

(iv) Distribution and solicitation to specified investors

Bond-related businesses

Investment trust-related businesses

Securities futures-related businesses

Other businesses

(12). Status of offices and branches (as of March 31, 2017)

(i) Head Office: 14-1, Hatchobori-2chome, Chuo-ku, Tokyo

The geographical breakdown of branches and offices:

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		Koshigaya, Planet Plaza Nakano, Planet Plaza Odawara, Planet Plaza Mukogaoka, Planet Plaza Narimasu
		(In addition, the Company has Call Center-Ichiyoshi Direct and Heartful Salon for inheritance planning)
Chubu District	7	Nagoya, Okazaki, Iida, Komagane, Ina Ise, Shima
Kinki District	19	Osaka, Nanba, Umeda, Imazato, Harinakano, Ishibashi, Kishiwada, Hirakata, Yao, Kobe, Kakogawa, Fushimi, Takada, Gakuenmae Nishiwaki, Kasai, Gobo, Tanabe, Tamaki
Chugoku-Shikoku District	4	Okayama, Kurashiki, Planet Plaza Kojima, Shodoshima
Kyushu District	4	Omuta, Sasebo, Isahaya, Karatsu
Tohoku District	3	Daihoki Morioka, Daihoku Mizusawa, Planet Plaza Daihoku Ichinoseki

Business offices of subsidiaries:

- (i) Ichiyoshi Research Institute Inc.: Chuo-ku, Tokyo
 - (ii) Ichiyoshi Asset Management Co., Ltd.: Chuo-ku, Tokyo
 - (iii) Ichiyoshi Business Services Co., Ltd.: Chuo-ku, Tokyo
- Osaka Office: Chuo-ku, Osaka

(13). Employees (as of March 31, 2017)

Employees on a consolidated basis

	Number	Change from March 31, 2016
Regular employees:		
Male	711	+ 9
Female	296	+ 3
Total	1,007	+ 6
Commission-based workers:		
	2	0

Note: (i) In addition to employees and workers mentioned above, there are 2 executive advisers, 6 advisers and 2 contract-based staff.

(ii) The above-mentioned employees include operating officers.

Employees of Ichiyoshi Securities Co., Ltd. (parent)

	Number	Change from March 31, 2015	Average age	Average years of service
Regular employees:				
Male	657	+ 10	45 years and 7 months	14 years and 7 months
Female	277	0	39 years and 11 months	9 years and 10 months
Total / average	934	+ 10	43 years and 10 months	13 years and 2 months
Commission-based workers:				
	2	0	71 years	26 years and 3 months

Note: (i) In addition to employees and workers mentioned above, there are 2 executive advisers, 6 advisers and 2 contract-based staff.

(ii) The above-mentioned employees include operating officers.

(14). Major Borrowing Sources

Name of lender	Term	Outstanding amount (in millions of yen)
Kansai Urban Bank Ltd.	Long	227
Mitsui Sumitomo Bank Ltd.	Long	36
Mitsubishi Tokyo UFJ Bank Ltd.	Short	120
Resona Bank Ltd.	Short	20
Mizuho Bank Ltd.	Short	20
Mitsui Sumitomo Bank Ltd.	Short	20
Mitsubishi UFJ Trust & Banking Co., Ltd	Short	30
Nihon Securities Finance Co., Ltd.		
	For margin transactions	3,802

2. Matters Concerning the Company's Stock (as of March 31, 2017)

(1). Number of authorized shares: 168,159,000 shares

(2). Number of issued shares: 44,431,386 shares
(which include 1,786,050 treasury shares)

(3). Number of shareholders: 15,123

(4). Major shareholders (top 10): (in thousands of shares)

Name of shareholder	No. of shares held	% of total
Nomura Land & Building Co., Ltd.	5,298	12.42%
State Street Bank and Trust Company	1,639	3.84%
Northern Trust Company (AVFC) Re IEDU UCITS		
Clients Non Lending 15pct Treaty Account	1,252	2.93%
Nippon Master Trust and Banking Company (Trust Account)	1,245	2.92%
Japan Trustee Service Trust and Banking Company (Trust Account)	1,165	2.73%
State Street Bank and Trust Company 505103	1,150	2.69%
Nomura Research Institute, Inc.	879	2.06%
Japan Trustee Service Trust and Banking (Trust Account)	810	1.90%
RBC ISB S/A DUB Non Resident Treaty Rate UCIT-Clients Account	700	1.64%
The Bank of New York 133522	619	1.45%

Note: As of March 31, 2017, the Company held 1,786,050 treasury shares, which are not included in the calculation of the above-mentioned % of total.

(5). Other material matters concerning the Company's stock:

To enhance the Company's mobility on capital management in line with changes in business environments, the Company bought back a total of 1,000,000 shares of its common stock (equal to 2.25% of the total issued shares) at the cost of 880 million yen during the period from April 11 to 15, 2016 and during the period from September 5 to October 21, 2016. The share buybacks were effected based on the resolutions by the Board of Directors of the Company adopted on April 5, 2016 and on September 5, 2016.

3. Matters Relating to the Company's Share Warrants (as of March 31, 2017)

(1). Status of share warrants issued in the form of remuneration for directors and officers and held by them:

Share Warrants No. 8:

Date of resolution by the Board of Directors: November 22, 2013

Payment for each share warrant: 0

Exercise price: 157,600yen per warrant

Conditions on exercise:

- (i) Persons exercising their stock options are required to be directors, executive officers, operating officers, statutory auditors or employees of the Company or its subsidiaries at the time of the exercise; provided, however, that this condition shall not apply when they have retired upon the expiration of their term of office or at the Company-designated retirement age or upon other justifiable grounds.
- (ii) Stock options shall not be pledged or disposed of in any way.
- (iii) When a stock option holder passes away, his/her legal inheritor will have the right to exercise his/her stock options.

Exercise period: From December 11, 2015 to December 10, 2018

Share Warrants No. 10:

Date of resolution by the Board of Directors: May 12, 2015
 Payment for each share warrant: 0
 Exercise price: 138,400yen per warrant
 Conditions on exercise:

- (i) Persons exercising their stock options are required to be directors, executive officers, operating officers, statutory auditors or employees of the Company or its subsidiaries at the time of the exercise; provided, however, that this condition shall not apply when they have retired upon the expiration of their term of office or at the Company-designated retirement age or upon other justifiable grounds.
- (ii) Stock options shall not be pledged or disposed of in any way.
- (iii) When a stock option holder passes away, his/her legal inheritor will have the right to exercise his/her stock options.

Exercise period: From May 29, 2017 to May 28, 2020

Share Warrants No. 11:

Date of resolution by the Board of Directors: May 17, 2016
 Payment for each share warrant: 0
 Exercise price: 92,900yen per warrant
 Conditions on exercise:

- (i) Persons exercising their stock options are required to be directors, executive officers, operating officers, statutory auditors or employees of the Company or its subsidiaries at the time of the exercise; provided, however, that this condition shall not apply when they have retired upon the expiration of their term of office or at the Company-designated retirement age or upon other justifiable grounds.
- (ii) Stock options shall not be pledged or disposed of in any way.
- (iii) When a stock option holder passes away, his/her legal inheritor will have the right to exercise his/her stock options.

Exercise period:

From June 2, 2018 to June 1, 2021

Status of share warrants held by Directors and Officers (excluding outside directors):

Name of warrants	No of warrants Held	No of common shares issuable upon exercise	No of holders
Share Warrants No. 8	200	20,000 shares	2
Share Warrants No. 10	100	10,000 shares	1
Share Warrants No. 11	410	41,000 shares	5

(2). Status of share warrants granted to employees in the form of their remuneration during the fiscal year ended March 31, 2017:

Type of employees	Name of warrants	No of warrants granted	No of common shares issuable upon exercise	No of grantees
Employees of parent	Share warrants No. 11	3,942	394,200 shares	998
Employees of subsidiaries	Share warrants No. 11	583	38,300 shares	32

4. Matters Relating to Directors and Officers of the Company

(1). Directors and executive officers (as of March 31, 2017)

Title	Name	Charge/role/profession
Director, Executive Chairman	Masashi Takehi	Chairman of the Board of Directors; Chairman of Nominating Committee; Chairman of Remuneration Committee
Director, Representative Executive Officer and President	Minoru Kobayashi	
Outside Director	Akira Gokita	Member of Nominating Committee; Member of Remuneration Committee; Member of Audit Committee; Attorney-at-law with Gokita-Miura Law Office Outside director of Sanwa Holdings Corporation
Outside Director	Kenro Kakeya	Member of Nominating Committee;

Outside Director	Takashi Ishikawa	Member of Remuneration Committee; Representative Director & President of Takeya Komuten; Part-time Director of Kita Osaka Shinkin Bank Chairman of Audit Committee (full-time); Statutory Auditor of Ichiyoshi Business Service Co., Ltd.; Statutory Auditor of Ichiyoshi Asset Management Co., Ltd.; Statutory Auditor of Ichiyoshi Research Institute, Inc.; President & Representative Director of SR Holdings Inc.
Outside Director	Kota Sakurai	Member of Audit Committee; Certified public accountant & tax accountant and partner with Sakurai Kota Accounting & Tax Accounting Firm LLP
Managing Executive Officer	Shiro Tateishi	Executive Supervisor for Control & Planning Division; Director of Ichiyoshi Asset Management Co., Ltd.; Director of Ichiyoshi Research Institute, Inc.
Executive Officer	Toru Koyama	Executive Supervisor for Retail Division; Executive Chief for Advisors Support Division; Supervisor for Etiquette Manner Promotion; Director of Ichiyoshi Research Institute, Inc.
Executive Officer	Ichiro Sakajiri	Executive supervisor for Corporate Division

Notes:

Messrs. Akira Gokita, Kenro Takeya, Takashi Ishikawa and Kota Sakurai are outside directors as defined by Article 2-15 of the Company Law.

Messrs. Akira Gokita, Kenro Takeya, Takashi Ishikawa and Kota Sakurai are independent director having no conflict of interest with the Company's shareholders as defined under the regulations of the Tokyo Stock

Exchange.

Mr. Kota Sakurai is a certified public accountant and tax accountant, equipped with expert knowledge and experience on finance and accounting matters.

The Company has in place full-time audit staff to continuously and effectively carry out hearing survey on executive officers, receive input from internal audit sections, grasp information from research on subsidiaries and attend various meetings as needed.

The following is a list of operating officers as of March 31, 2017:

Title	Name	Charge/role
Head Operating Officer	Shigeru Akiba	Executive Chief for Institutional Investors; General Manager of Trading Dept.
Senior Operating Officer	Masaki Yano	Executive Chief for Operations Control Division
Senior Operating Officer	Toshiyuki Mizunoue	Supervisor for Wrap-account & Investment Analysis; Supervisor for Investment Strategy
Senior Operating Officer	Mikio Nio	Executive Chief for Chubu/Kinki/Chushikoku Advisors Division
Senior Operating Officer	Hiroshi Ryugen	Executive Chief for Shutoken/Tohoku/Kyushu Advisors Division
Senior Operating Officer	Hirofumi Tamada	Executive Chief for Kinki Advisors Division; Head of Osaka Branch
Operating Officer	Kiyotaka Mochida	Dept. Deputy Executive Chief for Operations Control Division
Operating Officer	Masao Sugiura	Supervisor for System Division and General Manager of System Dept.
Operating Officer	Kazuaki Sato	Supervisor for Personnel and Training; General Manager of Personnel Training Dept.
Operating Officer	Masayuki Takahashi	Executive Chief for Investment Banking Division
Operating Officer	Makoto Ishidoko	Executive Chief for Corporate Clients Division
Operating Officer	Mitsuyoshi Morimura	Assistant to Executive Chief for Investment Banking Division
Operating Officer	Kenichi Asada	Head of Nagoya Branch
Operating Officer	Shoichi Yamazaki	Supervisor for Finance; Planning; Legal; PR; Secretariat; Underwriting Credit Evaluation

Note: Effective as of April 1, 2017, the following changes and appointments were made:

Name	New title	New charge/role
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Toru Koyama	Executive Officer	Executive Supervisor for Retail Division Supervisor for Etiquette Promotion; Director of Ichiyoshi Research Institute, Inc.
Toshiyuki Mizunoue	Head Operating Officer	Supervisor for investment strategy and for wrap/investment analysis
Masaki Yano	Senior Operating Officer	Executive Chief for Corporate Clients
Mikio Nio	Senior Operating Officer	Executive Chief for Financial & Public Corporation; General Manager of Financial & Public Corporations
Hirofumi Tamada	Senior Operating Officer	Executive Chief for Kinki/ChuShikoku Advisors Division; Head of Osaka Branch
Kiyotaka Mochida	Operating Officer	Executive Chief for Control Division
Masao Sugiura	Operating Officer	Executive Chief for Operations/Systems; General Manager of Systems Dept.
Jiro Tsuboi	Operating Officer	Executive Chief for Chubu/Kinki Advisors Division
Masami Takeda	Operating Officer	Executive Chief for Institutional Investor Division; General Manager of Trading Dept.

Note: Effective as of May 1, 2017, the following changes and appointments were made:

Name	New title	New charge/role
Toru Koyama	Executive Officer	Executive Supervisor for Retail Division Supervisor for Customer's Trust Enhancement and Etiquette Promotion; Director of Ichiyoshi Research Institute, Inc.

(2). Remunerations for directors and executive officers (remunerations in millions of yen)

Type	Number of directors	Annual total of remunerations	Number of exe. officers	Annual total of remunerations	Number of directors/officers	Grand total of of remunerations
Inside	2	132	3	87	5	220
Outside	4	81	---	---	4	81
Total	6	213	3	87	9	301

(3). Policy on determination of individual remunerations of directors and executive officers for the fiscal year ended March 31, 2017

The following is an outline of the policy of the Remuneration Committee for determining individual remunerations of directors and executive officers:

Basic policy:

To lift the desire and will of directors and executive officers for company management and derive their utmost management capability, so that they will contribute to the achievement of desired business result.

Contents of remunerations:

Remunerations of directors and executive officers of the Company shall consist of “Monthly Basic Remuneration,” “Monthly Remuneration Linked to Business Result,” “Stock-related Remuneration” and “Non-monetary Remuneration” (such as housing allowance for persons living independently of their families for business reasons).

Policy for determining each of the above-mentioned remunerations:

- (i) Monthly Basic Remuneration shall be individually determined by the Remuneration Committee through interview and hearing with each of directors and executive officers on his degree of execution of management strategies, degree of management contribution and performance result while the basic standard remuneration of each director and executive officer is fixed based on the contents of role/charge of his position as director or executive officer.
- (ii) Monthly Remuneration Linked to Business Result shall be individually determined by the Remuneration Committee through interview and hearing with each of directors and executive on his contribution to business result and degree of performance of role/duty while the aggregate amount of remunerations for directors and executive officers are fixed based on current income and net income.
- (iii) Stock-related Remuneration shall be determined individually by taking account of potential effect of payment of this remuneration.
- (iv) Non-monetary Remuneration, such as for rent allowance for persons living apart from his family, shall be provided appropriately as required by business activities of each director and executive officer in the light of social norms.

(4). Matters relating to outside directors

Matters relating to whether or not the Company’s outside directors are outside directors of another company or companies, and relationship between the Company and another company or companies when outside directors are as such:

- (i) Outside Director Mr. Akira Gokita is an attorney-at-law with Gokita-Miura Law Office and an outside director of Sanwa Holdings Corporation. There is no matter to

be noted between the Company and Gokita-Miura Law Office and Sanwa Holdings Corporation.

(ii) Outside Director Mr. Kenro Kakeya is representative director and president of Kakeya Komuten Co., Ltd. and part-time director of Kita Osaka Shinkin Bank. There is no matter to be noted between the Company and Kakeya Komuten Co., Ltd. and Kita Osaka Shinkin Bank.

(iii) Outside Director Mr. Takashi Ishikawa is representative director and president of SR Holdings Inc. There is no matter to be noted between the Company and SR Holdings Inc.

(iv) Outside Director Mr. Kota Sakurai is a certified public accountant and tax accountant at Sakurai Kota Accounting and Tax Accounting Office. There is no matter to be noted between the Company and Sakurai Kota Accounting and Tax Accounting Office.

Attendances of the outside directors at the Company's various meetings:

Title	Name	Frequency of attendance and expression of views
Director Member of the Nominating, Remuneration and Audit Committee	Akira Gokita	Attended 18 meetings of the Board of Directors (frequency ratio of 100%), 5 meetings of the Nominating Committee (frequency ratio of 100%), 7 meetings of the Remuneration Committee (frequency ratio of 100%) and 16 meetings of the Audit Committee (frequency ratio 100%). At meetings, he provided expert advices and views as a former public prosecutor and attorney-at-law.
Director Member of the Nominating and Remuneration Committees	Kenro Kakeya	Attended 18 meetings of the Board of Directors (frequency ratio of 100%), 5 meetings of the Nominating Committee (frequency ratio of 100%) and 7 meetings of the Remuneration Committee (frequency ratio of 100%). At meetings, he provided expert advices and views as a former press reporter with Nippon Keizai Shinbun (Japan Economic Journal) and incumbent business executive.
Director Member of the Audit Committee	Takashi Ishikawa	Attended 18 meetings of the Board of Directors (frequency ratio of 100%) and 16 meetings of the Audit Committee (frequency ratio of 100%). At meetings, he provided expert advices and views as a former executive of a securities firm.
Director Member of the Audit	Kota Sakurai	Attended 18 meetings of the Board of Directors (frequency ratio of 100%) and 16 meetings of the Audit Committee (frequency

Committee

ratio of 100%). At meetings, he provided expert advises and views as a certified public accountant and tax accountant.

5. Matters Relating to Accountants

(1). Name: Ernst & Young ShinNihon LLC

(2). Amount of fees:

Fees payable for accountants' services pursuant to Article 2-1 of the Certified Public Accountant Law: 35 million yen.

Fees payable for accountants' services other than those pursuant to Article 2-1 of the Certified Public Accountant Law: 1 million yen.

The total amount of payments made by the Company and its subsidiaries: 44 million yen.

Note: (i) The above-mentioned payments cover fees relating to auditing both under the Company Law and the Financial Instruments and Securities Exchange Law.

(ii) Following the "Practical Guidelines Concerning Relations with Accountants" published by Japan Auditors Association, the Audit Committee of the Company has certified the audit system of accountants, auditing procedures, status of auditing, quality control system of accounting firm and preliminary estimate of audit fees in accordance with Article 399-1 of the Company Law.

(3). Non-auditing services:

Non-auditing services are related to the legal-compliance inspection for the segregated custody of customers' assets.

(4). Auditing for subsidiaries:

Subsidiaries of the Company are audited by the same accounting firm as the parent.

(5). Policy on dismissal or non-reappointment of accountants:

The Company's Audit Committee shall dismiss accountants when it determines that the Company's accountants come under any sub-item of Paragraph 1 of Article 340 of the Company Law. Such determination shall be made by a unanimous voting by the members of the Audit Committee, and any member of the Audit Committee so authorized by the Audit Committee shall report such dismissal and a reason therefor at the next coming

shareholders' meeting.

The Audit Committee may also determine whether to re-appoint or not the Company's accountants in the light of their audit quality, the effectiveness and efficiency of their auditing performance.

(6). Business suspension order handed down to accounting firm for the past two years:

Outline of business suspension order handed down by Financial Services Agency:

Suspended firm: Ernst & Young ShinNihon LLC

Contents of suspension: Suspension of opening new clients for 3 months from January 1, 2016 to March 31, 2016.

Reason for suspension: False certification by accountant's mistake.

Highly improper management of the firm

(Note: Following the suspension, the Audit Committee of the Company had hearing on Ernst & Young ShinNihon's explanation on its detailed business improvement plan and current status of the plan, and also reviewed the quality control system and its effectiveness of accountants themselves in charge of the Company. As a result, the Company has judged that the accountants in charge of the Company are qualified to carry out audit in a proper and strict manner and decided to re-appoint Ernst & Young ShinNihon LLC.

6. The Company's System and Policy

(1). System

The Company moved from the statutory auditor system to the three-committees-based company system effective from June 2003. Hence, the Company has been equipped with a corporate governance system in which management decision-making, supervisory control and business execution each functions independently and effectively. Namely, decision-making and supervisory control are performed by the Board of Directors and each of the three committees, and business execution is carried out by executive officers with the assistance of operating officers (A diagram of the system is omitted in this English version).

Decision-making and Supervisory control

(i) Board of Directors

The Board of Directors resolves on matters required legally and stipulated under the Articles of Incorporation, decides or approves basic management policies and material matters on business executions and supervise business executions by directors and executive officers.

(ii) Nominating Committee

The Nominating Committee deliberates and decides on the nominees for directors to be elected or dismissed at the shareholders' meeting.

(iii) Remuneration Committee

The Remuneration Committee reviews and decides on the individual remuneration of each director and executive officer.

(iv) Audit Committee

The Audit Committee audits the performance of duties by the directors and executive officers, prepares an audit report and a draft resolution to appoint or dismiss accountants to be submitted to the shareholders' meeting for approval. The Audit Committee audits the legality and appropriateness of decision-making by directors and executive officers and the status of development of the Internal Control System in accordance with the auditing policy and the role-division set by the Audit Committee. The Company has in place the Audit Committee Office as a body to assist the Audit Committee. The Audit Committee Office is staffed with full-time personnel.

(v) Management Committee

The Management Committee is an advisory body to the Board of Directors and, as such, reviews and reports on important and/or urgent matters for the smooth management of business.

(vi) Internal Control Committee

Aiming to build the unified internal control system for the Company and its subsidiaries, the Internal Control Committee formulates the internal control policy and reviews each individual important matter concerning internal control.

(vii) Committee of Outside Experts

The Committee of Outside Experts consists of members who have outstanding personality and insight and are independent of the Company. The Committee of Outside Experts deliberates on important management matters, as requested by the Board of Directors, independently, fairly and from the neutral standpoint, and provides the Board of Directors with their advice and recommendation based on such deliberation.

Business execution

(i) Executive Officers

Executive Officers can make decisions on the execution of matters entrusted by the Board of Directors, contributing to the smooth decision-making and business executions.

(ii) Committee of Executive Officers

The Committee of Executive Officers resolves on matters entrusted by the Board of Directors and coordinates activities among them for their smooth executions.

(iii) Operating officers

Following the decision made by the Committee of Executive Officers, each Operating Officer performs business execution under the instruction of his supervising Executive Officer.

(iv) Other meetings

The Company has in place the Risk Management Meeting (to consult on and cope with company-wide risk management) and the Compliance Meeting (to identify, review and share risks relating to various departments), both as sub-bodies to the Internal Control Committee.

In addition, the Company has in place the Information Disclosure Meeting (to make proper, comprehensive and timely disclosure of any material event as it ever happens) and the IT Meeting (to review matters on IT investment and management and information security), both as decision-making organs of the Committee of Executive Officers.

(2) Basic Policy on Control of the Company

Contents of basic policy

The Company's management policy focuses on "Remaining a Firm of Customers' Trust and Choice." Under this policy, the Company aims to become a "Name-brand Boutique House" in the finance and securities industry with the motto of "Becoming a Securities Company Like No Other in Japan." The basic business policy of the Company is to provide products and services based on a "Good Long Term Relation" with each of the Company's customers, and by strengthening this policy, the Company believes that it is able to enhance its corporate value and, in turn, the common interests of its shareholders on a medium- to long-term basis.

Therefore, the Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who understand the Company's management philosophy and who will make it possible to ensure and enhance the Company's corporate value and the common interests of its shareholders.

Thus, the Company believes that the persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against such large-scale acquisitions.

Measures to realize basic policies

(i) Effective utilization of company assets, appropriate form of corporate group and

other special measures to realize the basic policies

- Enhancement of corporate value through the Medium-Term Management Plan

In order to further strengthen the foundation of the boutique house in the finance and securities industry so far built through the preceding management plans, the Company formulated the New Medium-Term Management Plan with its target date set for the end of March 2020.

Specifically, the Plan aims to attain the customers' assets in custody of 3.5 trillion yen, the ROE of 15% or better and the number of lead-managed companies reaching 70 by the end of March 2020. To realize the target of customers' assets in custody, the Company will firstly expand (a) the assets of investment trusts with "Dream Collection" placed in the center and (b) the customers' core assets based on medium-to long-term investment in asset-backed stocks against the backdrop of the household financial assets of 900 trillion yen. As a next step, the Company will try to accumulate active assets on the above core assets by helping each customer build his/her portfolios with products suited for his/her needs.

- Measures regarding corporate governance and shareholder returns

The Company consistently aims for mobility and transparency in management decision-making, prompt business execution and tightened control on execution of duty, and considers corporate governance as one of its priority issues in management.

The Company has in place the three-committees-based company system. The Company's Board of Directors, which comprises four independent outside directors, supervises the execution of duties by executive officers, and the Audit Committee, which comprises three independent members, supervises the execution of business by the Directors and Executive Officers. In addition, the Internal Control Committee aims to improve and solidify unified internal governance system.

The Company is actively working for shareholder returns which it regards as a major task for management.

With respect to dividend payment, the Company has adopted the following dividend policy effective from the interim dividend for the fiscal year ended Mar 3, 2015: An amount of dividend per share will be equal to the higher of approximately 50% of consolidated earnings per share (namely, the payout ratio of approximately 50%) or approximately 2% of consolidated shareholders' equity per share (namely, the DOE of approximately 2%), both calculated semi-annually.

(ii) Measures to prevent decisions on the company's financial and business policies

from being controlled by persons deemed inappropriate under the basic policy

When a party attempts a large-scale acquisition of shares in the Company, the management of the Company will strive for the collection and disclosure of information necessary for shareholders to judge such attempt properly and take appropriate measures authorized under the Company Law, the Articles of Incorporation or any other applicable laws and regulations.

With respect to the takeover defense measures the renewal of which had been approved at the 73rd annual shareholders' meeting held on June 20, 2015, it was discontinued at the 74th annual shareholders' meeting held on June 25, 2016.

Views and reason for the above-mentioned (i) and (ii) of

The decision of the Company's management relating to (i) and(ii) of above is in line with the basic policy regarding the control of the Company, corresponds with the corporate value and the common interests of its shareholders and is not intended to maintain the status of the Company's directors and officers.

(3)Policy on Dividends out of Retained Earnings

One of the Company's core management policies is to make an appropriate earnings distribution to its shareholders. The Company places its stress on a continuous stream of dividend payment linked to business result. In deciding on an amount of dividend payment, payout ratio is a basic measure, Additionally, DOE (namely, ratio of dividends to shareholders' equity) measure is taken into account for continuous stream of dividend payment.

Specifically, the Company has currently adopted the payout ratio of approximately 50% and the DOE of approximately 2%, the both measures being calculated semi-annually on a consolidated basis and the larger result of calculation between the two measures being chosen.

Under this dividend policy, an interim dividend per share paid out of retained earnings to shareholders of record September 30, 2016 was 15yen, based on the DOE measure, and a final dividend per share payable out of retained earnings to shareholders of record March 31, 2017 is to be 16yen, based on the DOE measure. Thus, the annual total of dividend per share is to be 31yen.

For information on the Consolidated Financial Statements, please refer to the Company's press release dated April 28, 2018, titled "Business Result for Fiscal Year to March 31, 2017" on the Company's website (URL <http://ichiyoshi.co.jp/english>). (Those financial statements have already been audited by certified public accountants as of this date.)

(End)