

IR Presentation for Second quarter, year ended March 2018



**Ichiyoshi Securities Co., Ltd.
October, 2017**

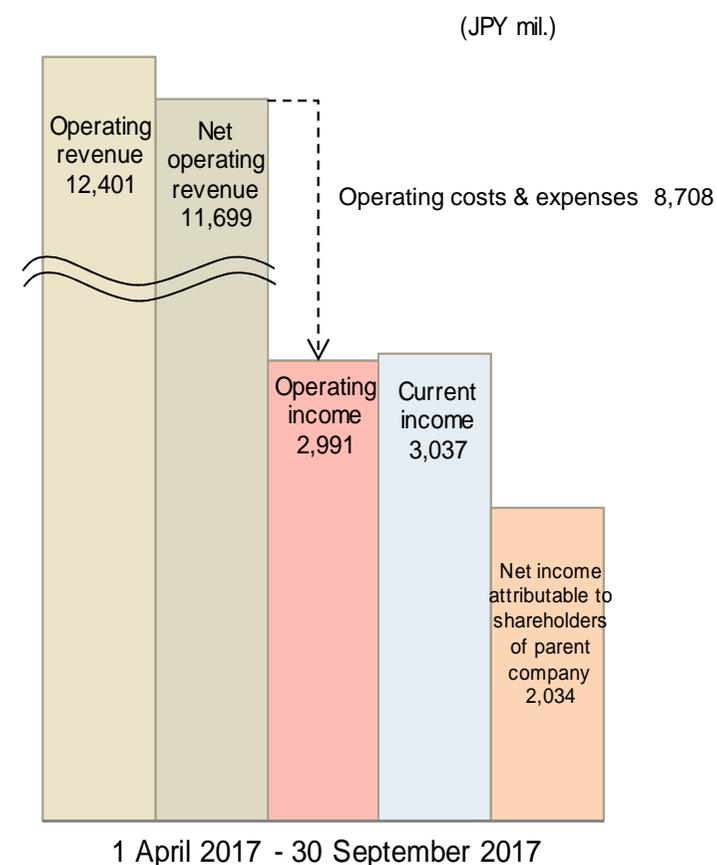
: Business Results (Consolidated)

1. Profit and Loss

Operating revenue amounted to 12.401 billion yen, an increase of 2.355 billion yen (up 23.4%) from the year-earlier period. Current income amounted to 3.037 billion yen, an increase of 1.725 billion yen (up 131.5%) from the year-earlier period. Net income attributable to shareholders of parent company amounted to 2.034 billion yen, an increase of 1.016 billion yen (up 99.9%) from the year-earlier period.

| | FY 2016 2Q | FY 2017 2Q | Year-on-year (%) | Year-on-year |
|---|---------------|---------------|---------------------|--------------|
| Operating revenue | 10,046 | 12,401 | 23.4% | 2,355 |
| Net operating revenue | 9,384 | 11,699 | 24.7% | 2,314 |
| Operating costs & expenses | 8,103 | 8,708 | 7.5% | 605 |
| Operating income | 1,281 | 2,991 | 133.4% | 1,709 |
| Current income | 1,312 | 3,037 | 131.5% | 1,725 |
| Extraordinary income & loss | -33 | -11 | — | 22 |
| Income taxes | 256 | 983 | 283.5% | 726 |
| Net income attributable to shareholders of parent company | 1,018 | 2,034 | 99.9% | 1,016 |

(JPY mil.)

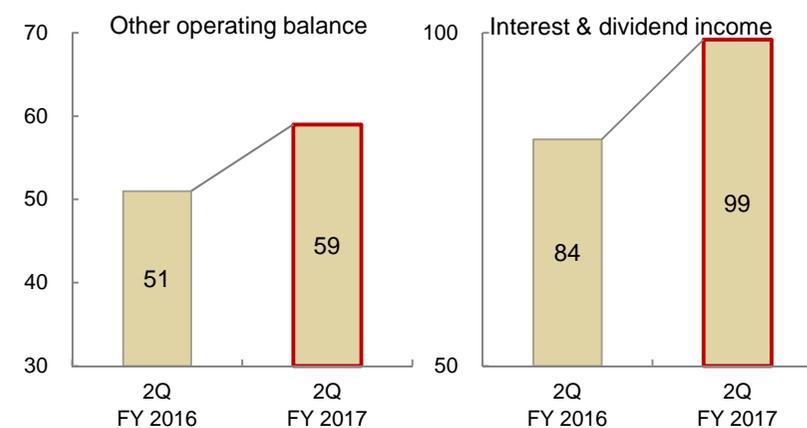
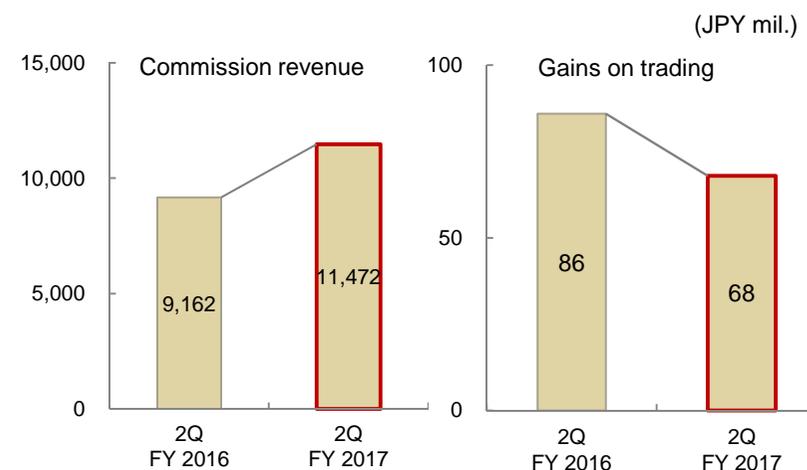


2. Breakdown of Net Operating Revenue

Commission revenue amounted to 11.472 billion yen, an increase of 2.31 billion yen (up 25.2%) from the year-earlier period, as brokerage commissions on stocks swelled and etc.

Gains on trading amounted to 68 million yen, a decrease of 18 million yen (down 20.9%) from the year-earlier period, as trading on bonds, etc. slid.

| | (JPY mil.) | | | |
|----------------------------|---------------|---------------|---------------------|--------------|
| | FY 2016 2Q | FY 2017 2Q | Year-on-year (%) | Year-on-year |
| Commission revenue | 9,162 | 11,472 | 25.2% | 2,310 |
| Gains on trading | 86 | 68 | -20.9% | -18 |
| Other operating balance | 51 | 59 | 15.7% | 8 |
| Interest & dividend income | 84 | 99 | 16.8% | 14 |
| Total | 9,384 | 11,699 | 24.7% | 2,314 |

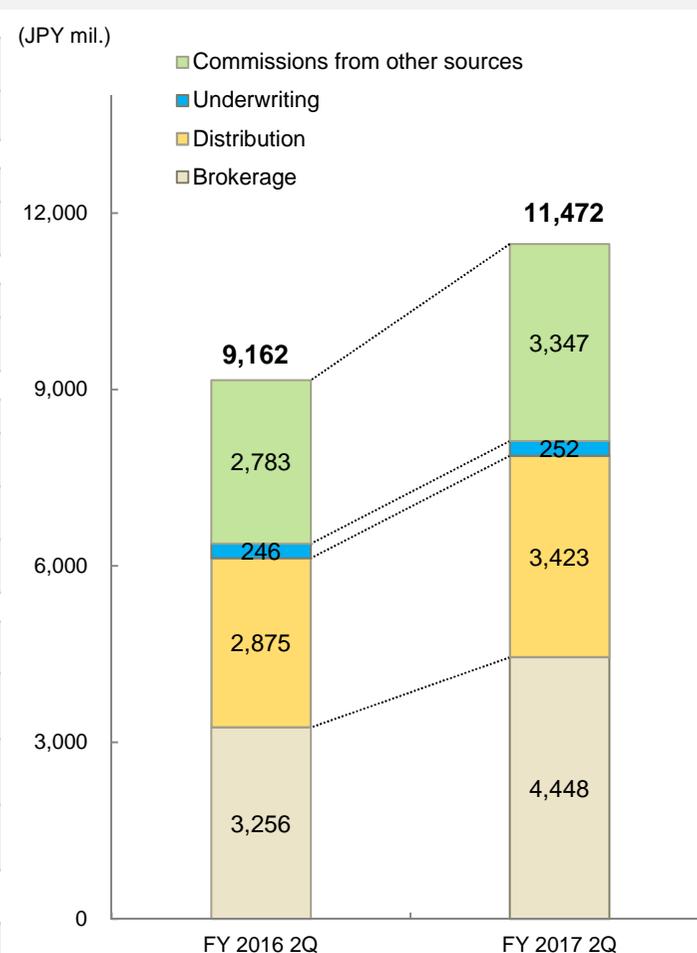


3. Breakdown of Commission Revenue

Commissions from brokerage of stocks amounted to 4.368 billion yen, an increase of 1.25 billion yen (up 40.1%) from the year-earlier period. Commissions from other sources (Investment trusts trailer fees and others) amounted to 3.097 billion yen, an increase of 593 million yen (up 23.7%) from the year-earlier period, as trust fees for fund management by Ichiyoshi Asset Management Co., Ltd. grew.

Fees from underwriting amounted to 252 million yen, an increase of 6 million yen (up 2.7%) from the year-earlier period, as the Company participated in the management and underwriting of 13 initial public offerings including 1 lead management, and managed and underwrote 4 public offering of share of other listed issuer.

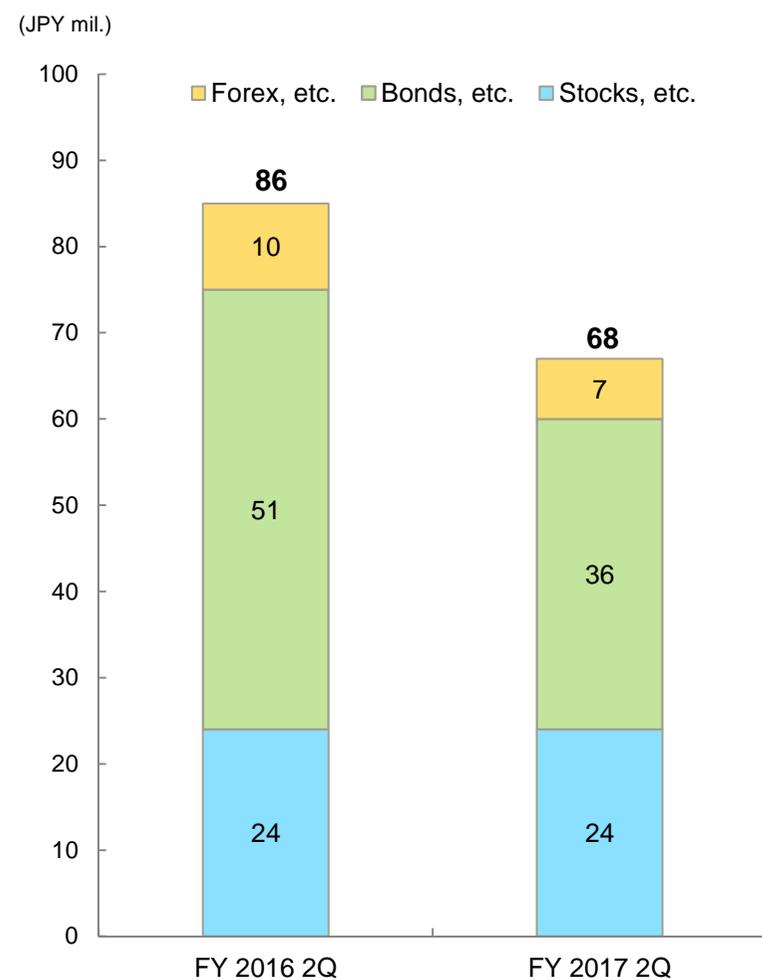
| | FY 2016 2Q | FY 2017 2Q | Year-on-year (%) | Year-on-year |
|--|---------------|---------------|---------------------|--------------|
| Commission revenue | 9,162 | 11,472 | 25.2% | 2,310 |
| Brokerage (Major item) | | | | |
| Stocks | 3,118 | 4,368 | 40.1% | 1,250 |
| Distribution (Major item) | | | | |
| Investment trusts sales charge | 2,846 | 3,384 | 18.9% | 537 |
| Underwriting (Major items) | | | | |
| IPO | 34 | 110 | 215.5% | 75 |
| PO | 211 | 142 | -32.5% | -68 |
| Total | 246 | 252 | 2.7% | 6 |
| Commissions from other sources (Major items) | | | | |
| Investment trusts (trailer fees & others) | 2,503 | 3,097 | 23.7% | 593 |
| Other than investment trusts | 280 | 250 | -10.6% | -29 |
| Total | 2,783 | 3,347 | 20.3% | 564 |
| < Reference > | | | | |
| Fund distribution | 1,279 | 1,473 | 15.2% | 194 |



4. Breakdown of Gains on Trading

Gains on trading amounted to 68 million yen, a decrease of 18 million yen (down 20.9%) from the year-earlier period, as trading on bonds slid and etc.

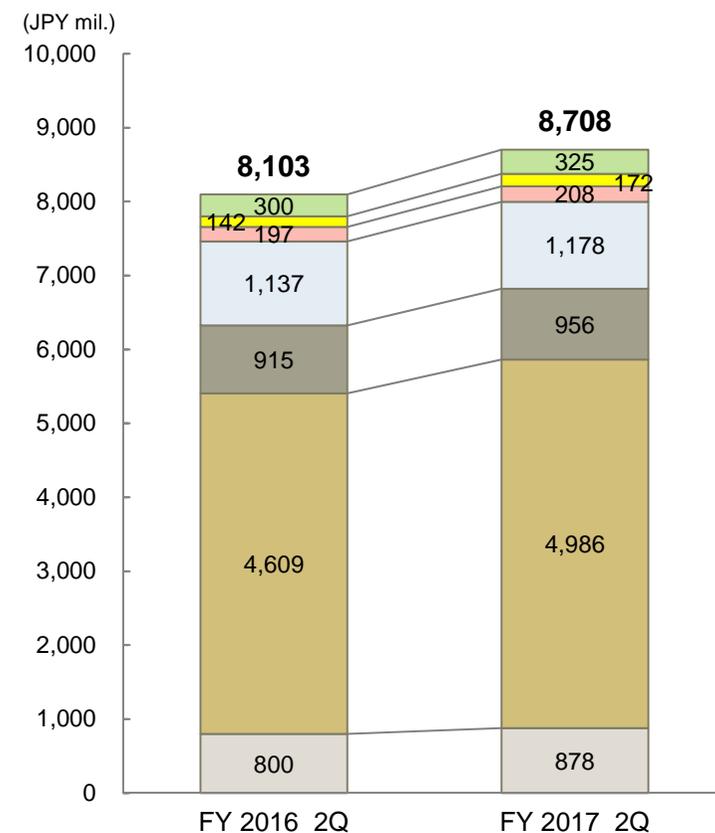
| | FY 2016 2Q | FY 2017 2Q | Year-on-year (%) | Year-on-year (JPY mil.) |
|---------------------|------------|------------|------------------|-------------------------|
| Stocks, etc. | 24 | 24 | -1.1% | -0 |
| Bonds · Forex, etc. | 61 | 44 | -28.7% | -17 |
| (Bonds, etc.) | (51) | (36) | -29.8% | -15 |
| (Forex, etc.) | (10) | (7) | -22.7% | -2 |
| Total | 86 | 68 | -20.9% | -18 |



5. Operating Cost and Expenses

Operating cost and expenses amounted to 8.78 billion yen, an increase of 605 million yen (up 7.5%) from the year-earlier period, as personnel expenses and other items increased.

| | FY 2016 2Q | FY 2017 2Q | Year-on-year (%) | Year-on-year (JPY mil.) |
|------------------------------|--------------|--------------|------------------|-------------------------|
| Transaction related expenses | 800 | 878 | 9.8% | 78 |
| Personnel expenses | 4,609 | 4,986 | 8.2% | 377 |
| Property related expenses | 915 | 956 | 4.4% | 40 |
| Clerical expenses | 1,137 | 1,178 | 3.7% | 41 |
| Depreciation | 197 | 208 | 5.7% | 11 |
| Public charges | 142 | 172 | 21.0% | 30 |
| Others | 300 | 325 | 8.5% | 25 |
| Total | 8,103 | 8,708 | 7.5% | 605 |



< Reference > Fixed cost and Variable cost (FY 2017 2Q, non-consolidated basis)

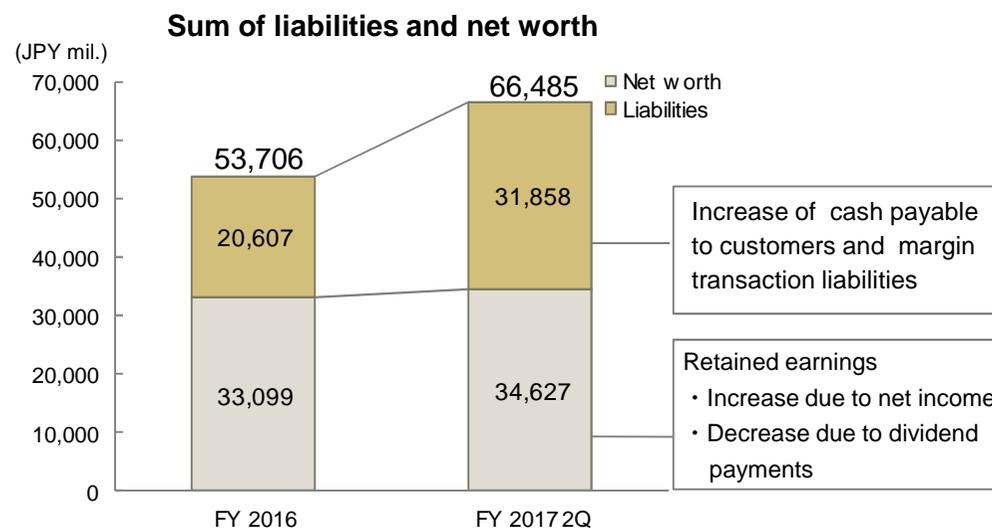
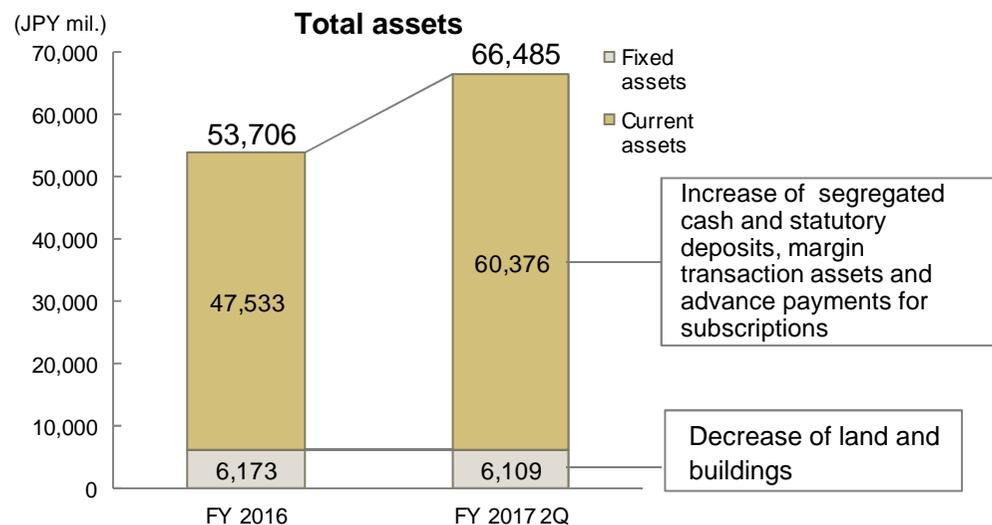
| | |
|---------------|-------|
| Fixed cost | 6,134 |
| Variable cost | 2,297 |



6. Balance Sheets / Financial Results

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Balance sheet



Financial results

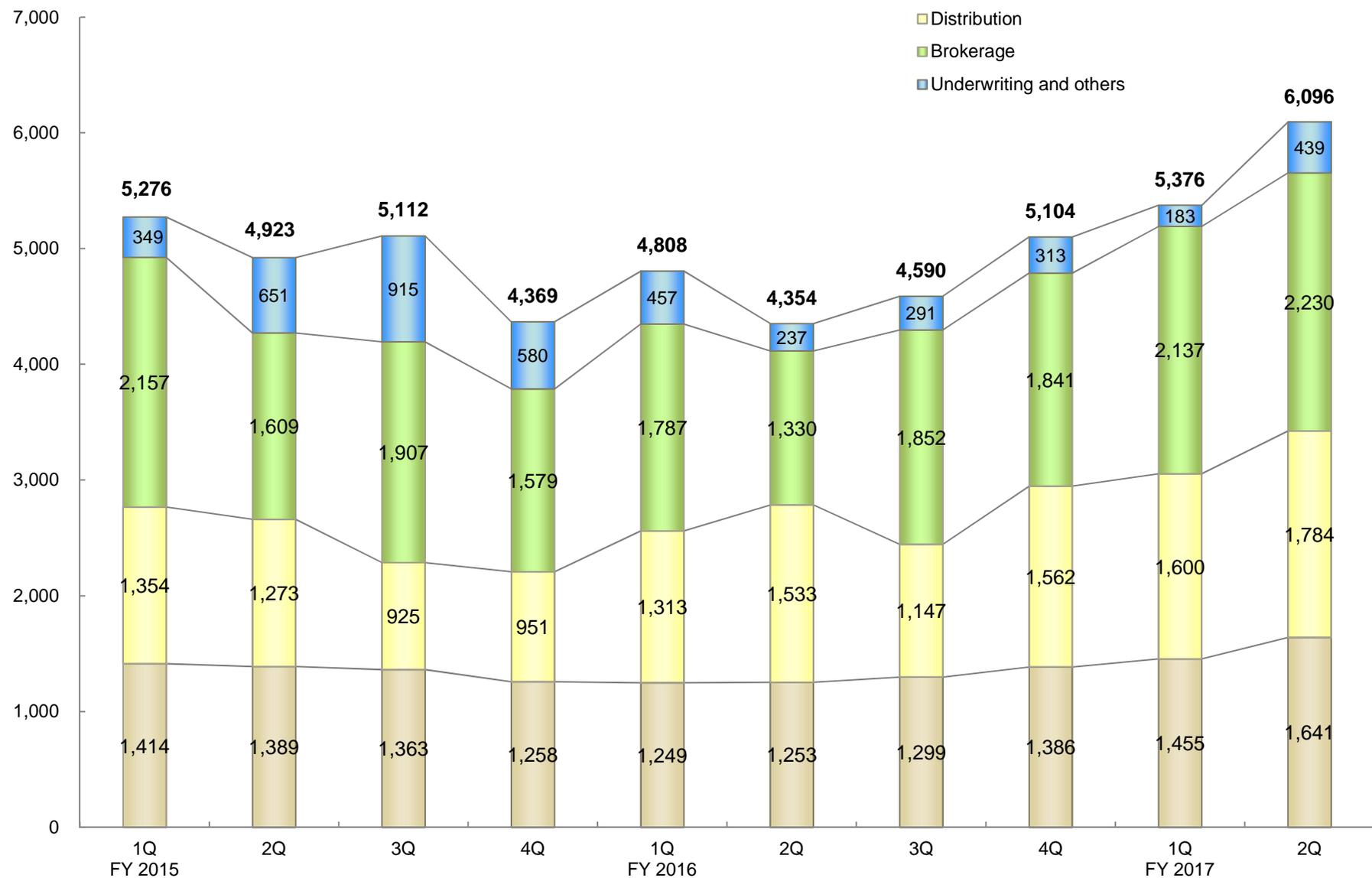
| | FY 2017 2Q | Year -on-year |
|---|------------|---------------|
| Equity ratio (%) | 51.6 | -9.5 |
| Net worth per share (JPY) | 804.62 | 35.44 |
| Capital adequacy ratio (non-consolidated basis) (%) | 606.8 | 14.9 |

| | FY 2017 2Q | Year-on-year |
|-----------|------------|--------------|
| EPS (JPY) | 47.71 | 24.11 |
| ROE (%) | 6.1 | 3.0 |

: Business Circumstances

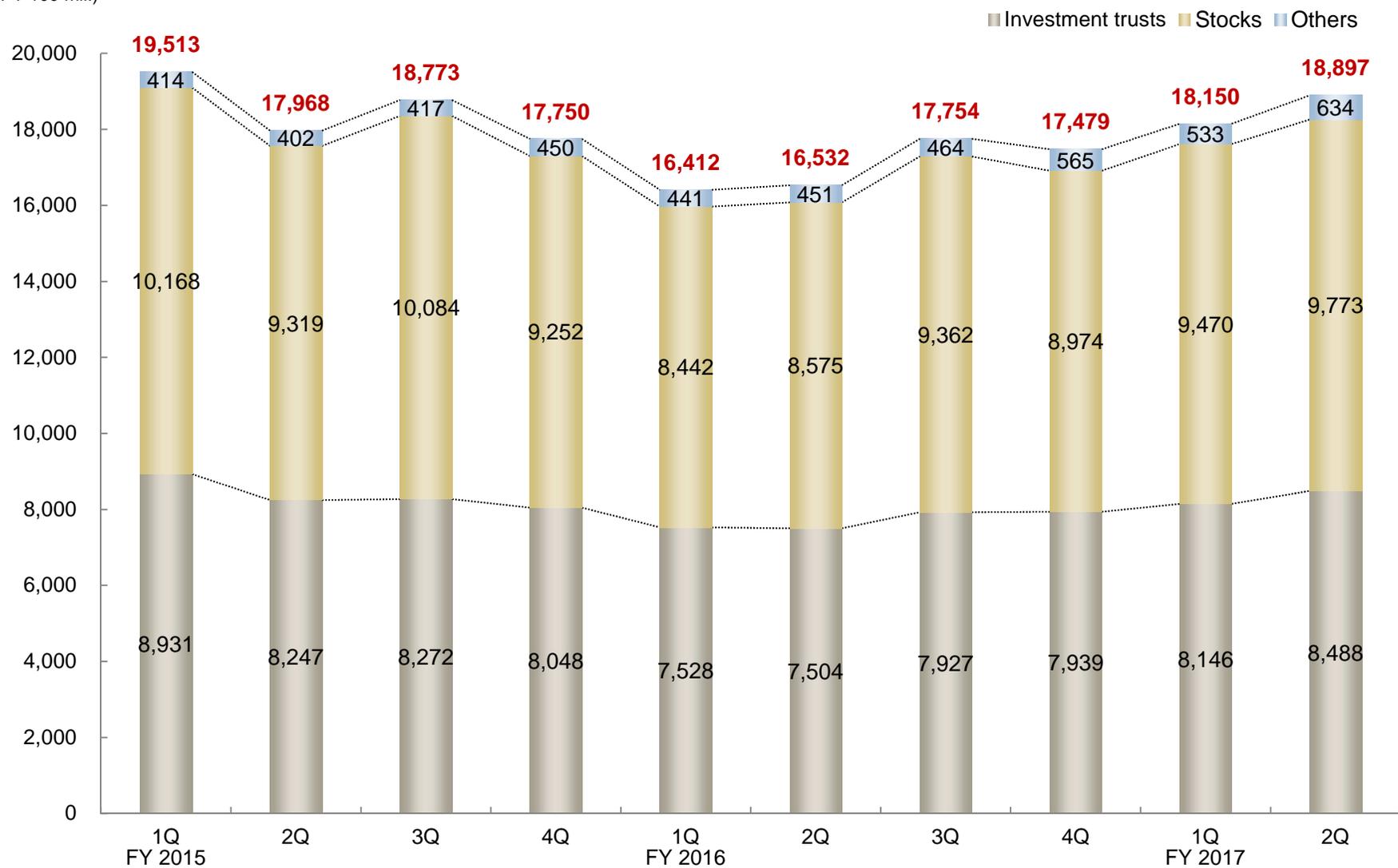
1. Commission revenue

(JPY mil.)

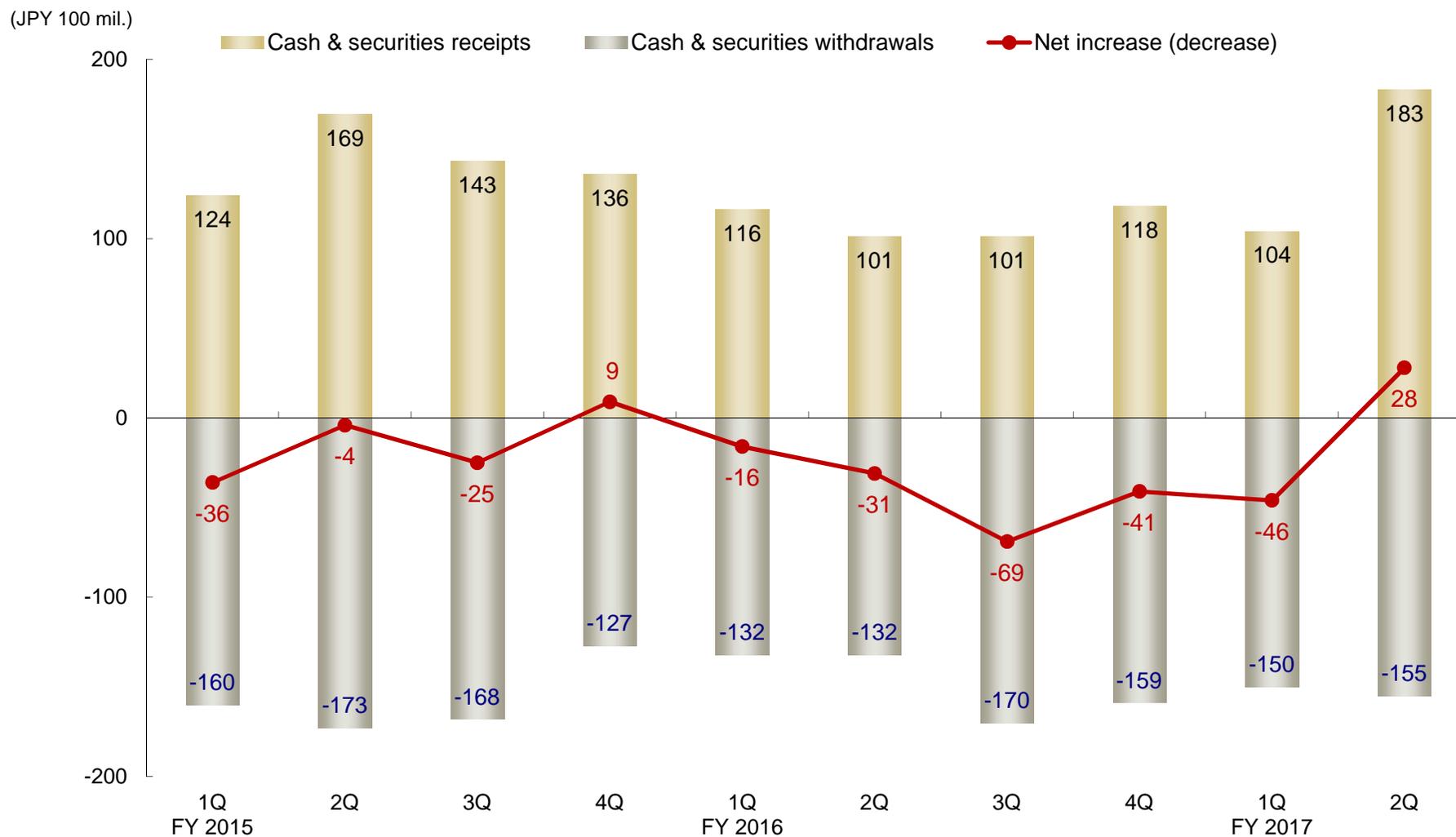


2. Customer Assets under Custody

(JPY 100 mil.)



3. Cash and Securities Receipts / Cash and Securities Withdrawals / Net Increase ICHIIYOSHI SECURITIES (Monthly Average) 【Retail】



4. Top 5 Best Selling Investment Trusts (Total Amounts of 3 Months)

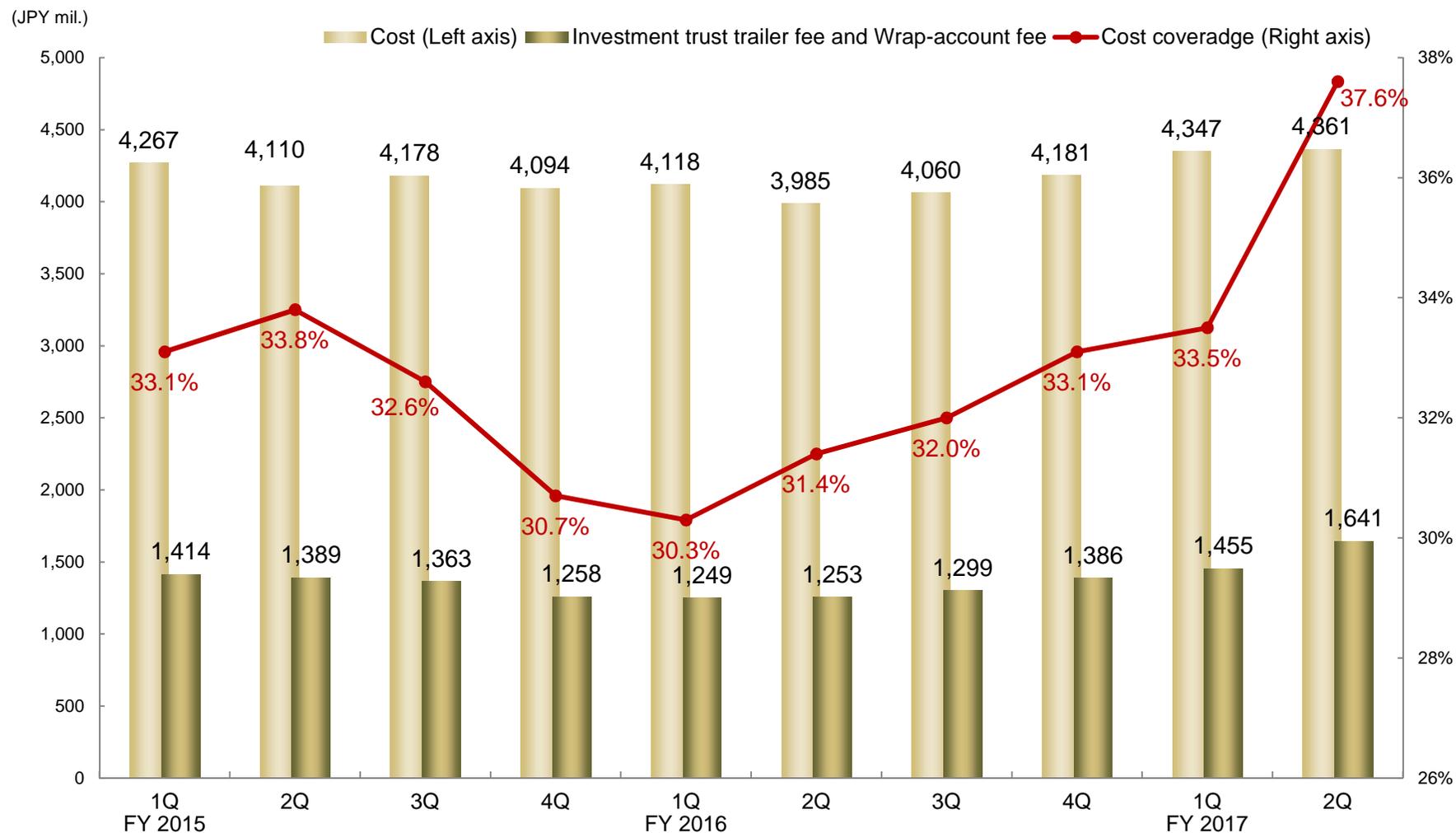
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(JPY 100 mil.)

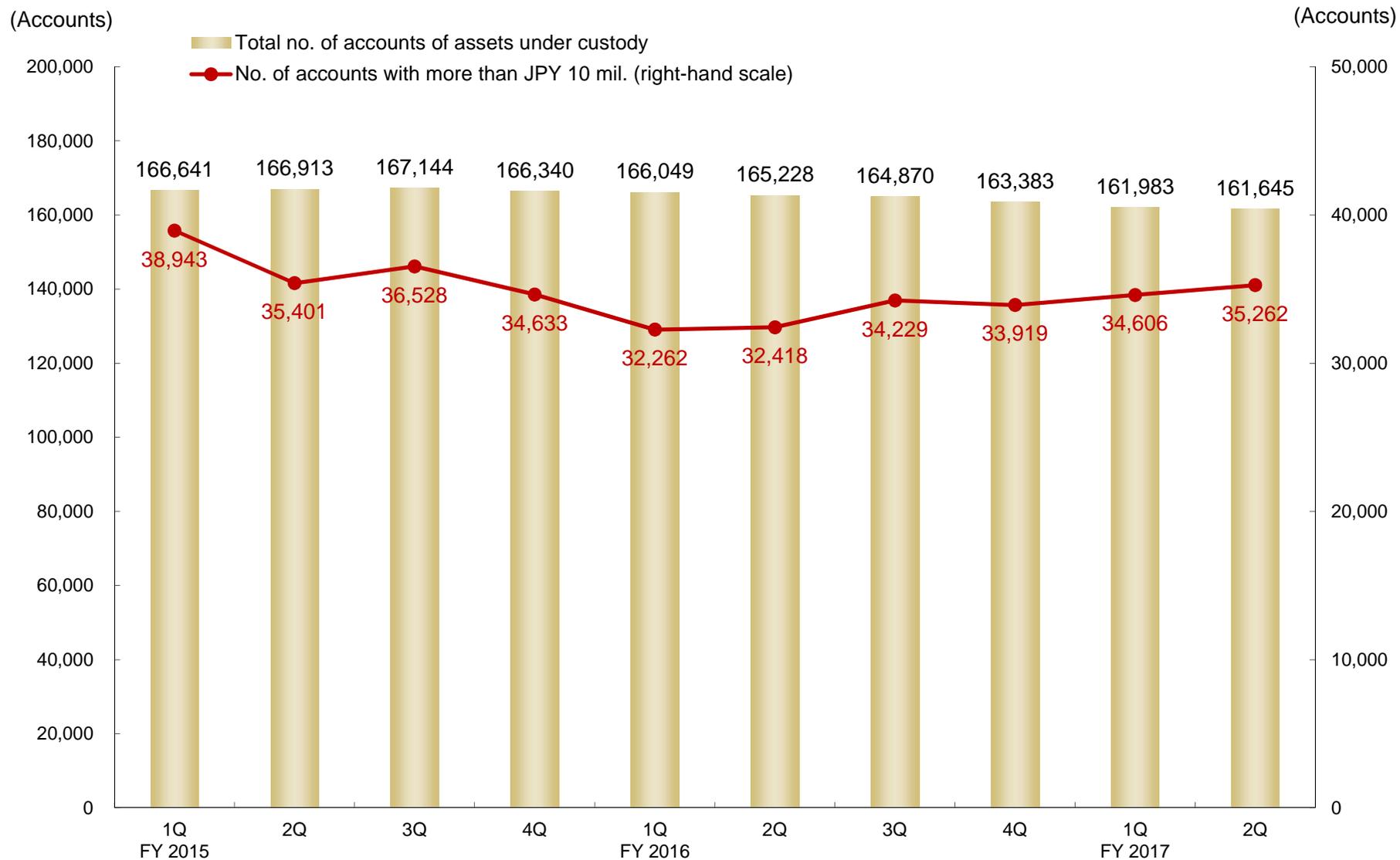
| | FY 2015 | | | | FY 2016 | | | | FY 2017 | |
|---|---------|-----|----|----|---------|-----|-----|-----|---------|-----|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Ichiyoshi Small-and mid -cap Growth Companies Fund | | | | | 90 | 107 | 149 | 116 | 199 | 230 |
| Ichiyoshi · Invesco World Small-and Mid -Cap Growth Companies Fund | | | | | | | | | | 98 |
| LM Australia High Dividend Fund (Monthly dividend) | | | 35 | 59 | 61 | 102 | 84 | 198 | 147 | |
| Nomura PIMCO World Income Strategy Fund (A · B · C · D) | | | | | | | | 45 | 52 | 53 |
| LM US Dividend Increases for Consecutive Years Stock Fund (Semi-annual settlement, every three months settlement) | | | | | | | | | 50 | 52 |
| Ichiyoshi Japan High Dividend Stock & J- REIT Fund (Quarterly settlement, asset growth) | | | | | | | | 92 | 45 | |
| Shinko J-REIT Open | | | | | 74 | 64 | | 31 | | 45 |
| Fidelity US REIT Fund B - Non-hedged | | | | 44 | 146 | 148 | 28 | | | |
| BNY Mellon Global High Yield CB Fund 2016-04, 07, 11 | | | | | 67 | 50 | 37 | | | |
| Japan High Dividend Stock Fund 2016-12 Limited Additional Subscription Type / with early redemption clause | | | | | | | 36 | | | |
| UBS Global CB Open | 120 | 152 | 70 | 47 | | | | | | |
| Pictet Global Income Stock Fund | 37 | 56 | 43 | 35 | | | | | | |
| LM Australia Monthly Distribution Fund | 87 | 51 | 28 | 25 | | | | | | |
| Pictet Emerging Country Income Stock Fund | 64 | 36 | 25 | | | | | | | |
| Ichiyoshi Infrastructure Growth Stock Fund | 92 | 32 | | | | | | | | |

5. Trend of Investment Trust Trailer Fee and its Cost Coverage

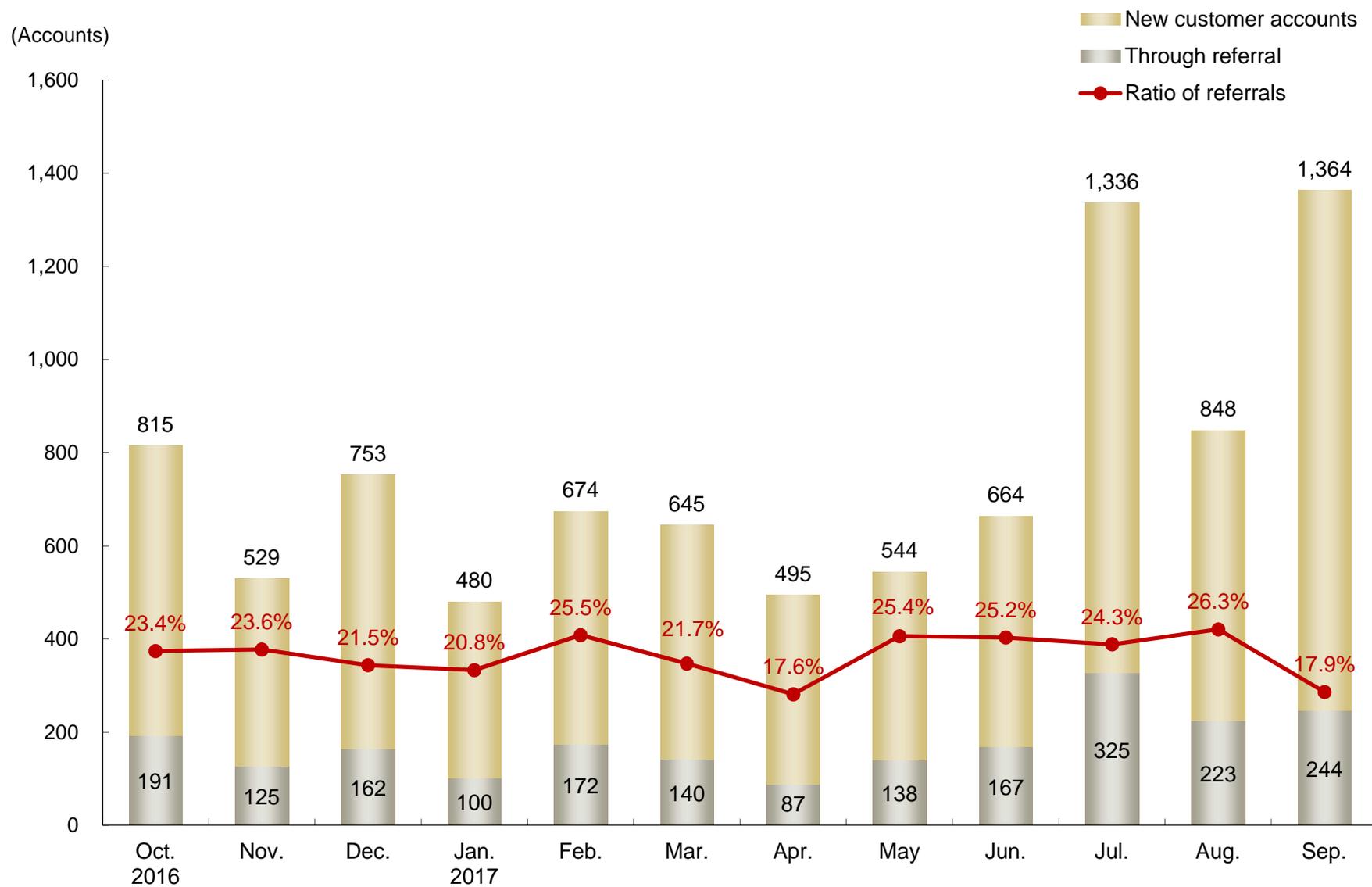
$$\text{Cost coverage ratio} = \frac{\text{Investment trust trailer fee} + \text{Wrap-account fee}}{\text{Cost (Operating cost \& expenses)}} \times 100 (\%)$$



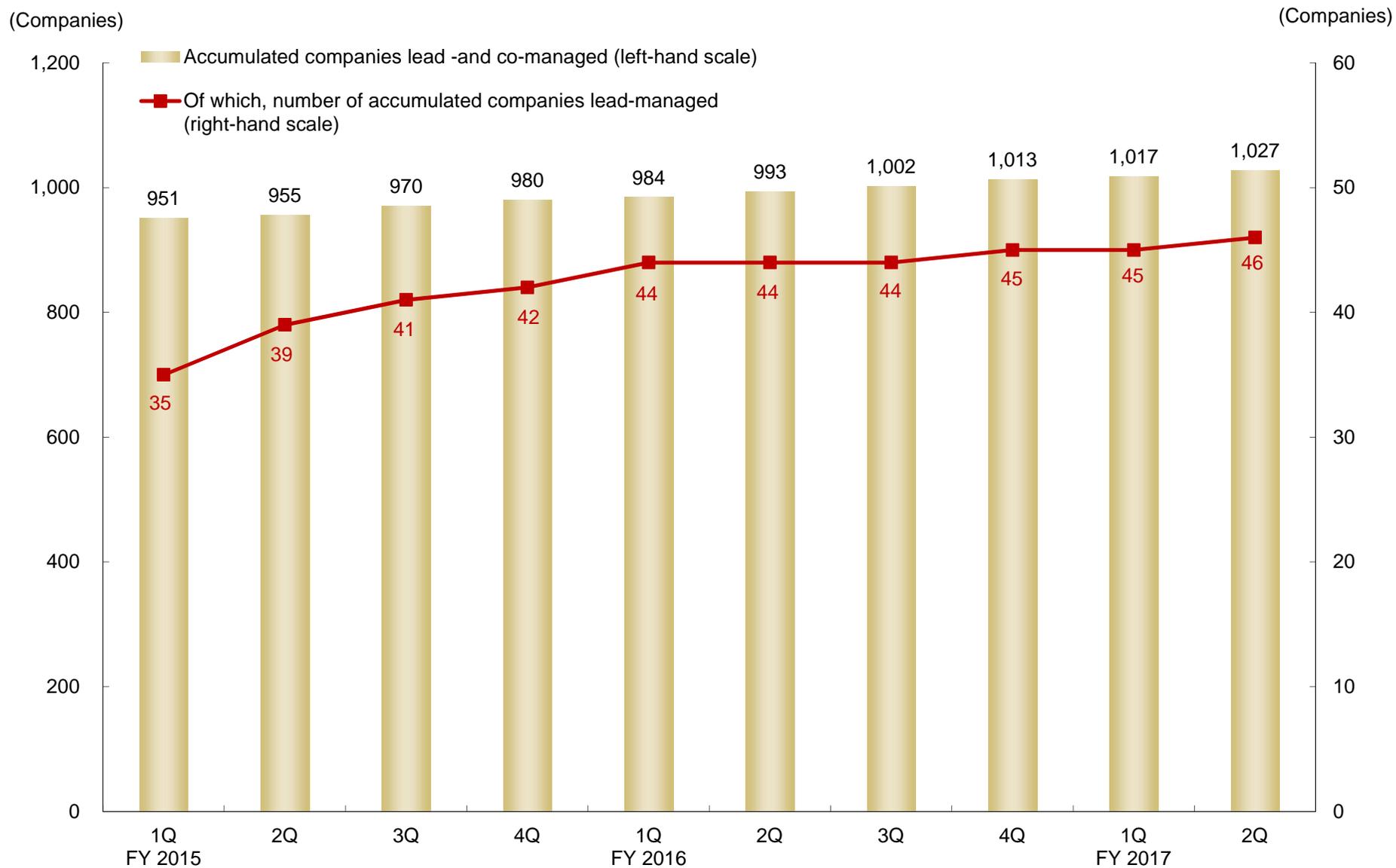
6. Number of Customer Accounts 【Retail】



7. Number of New Customer Accounts and Ratio of Referrals 【Retail】



8. Accumulated Companies Lead- and Co-managed



: Quarterly Transition

1. Profit and Loss

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(JPY mil.)

| | FY 2016 | | | | FY 2017 | | Quarter-on-quarter | Year-on-year |
|---|---------|-------|-------|-------|---------|-------|--------------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | | |
| Operating revenue | 5,273 | 4,772 | 5,053 | 5,614 | 5,866 | 6,535 | 11.4% | 36.9% |
| Operating cost & expenses | 4,118 | 3,985 | 4,060 | 4,181 | 4,347 | 4,361 | 0.3% | 9.4% |
| Current income | 821 | 490 | 681 | 1,083 | 1,165 | 1,872 | 60.7% | 281.7% |
| Extraordinary income | 40 | 2 | 0 | 27 | 60 | 4 | -92.0% | 81.6% |
| Extraordinary loss | 11 | 66 | 0 | 16 | 65 | 11 | -82.3% | -82.4% |
| Corporate tax | 137 | 99 | 66 | 532 | 281 | 796 | 183.0% | 702.6% |
| Tax adjustment | 158 | -139 | 177 | -179 | 89 | -184 | — | — |
| Net income attributable to shareholders of parent company | 552 | 465 | 433 | 731 | 785 | 1,249 | 58.9% | 168.3% |

2. Breakdown of Net Operating Revenue

(JPY mil.)

| | FY 2016 | | | | FY 2017 | | Quarter-on-quarter | Year-on-year |
|------------------------------|---------|-------|-------|-------|---------|-------|--------------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | | |
| Commission revenue | 4,808 | 4,354 | 4,590 | 5,104 | 5,376 | 6,096 | 13.4% | 40.0% |
| Gains on trading | 34 | 51 | 62 | 61 | 32 | 36 | 13.0% | -29.6% |
| Interest and dividend income | 56 | 52 | 65 | 62 | 67 | 71 | 5.7% | 35.3% |
| Other operating revenue | 374 | 313 | 335 | 386 | 390 | 331 | -15.0% | 5.7% |
| Interest expenses | 10 | 13 | 22 | 18 | 20 | 19 | -7.7% | 41.2% |
| Other operating expenses | 345 | 290 | 316 | 356 | 354 | 307 | -13.1% | 5.9% |
| Total | 4,917 | 4,467 | 4,714 | 5,238 | 5,491 | 6,208 | 13.1% | 39.0% |

3. Breakdown of Commission Revenue

(JPY mil.)

| FY 2016 | | | | FY 2017 | | Quarter-on-quarter | Year-on-year |
|---------|----|----|----|---------|----|--------------------|--------------|
| 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | | |

| Brokerage (Major item) | | | | | | | | |
|------------------------|-------|-------|-------|-------|-------|-------|------|-------|
| Stocks | 1,787 | 1,330 | 1,852 | 1,841 | 2,137 | 2,230 | 4.4% | 67.7% |

| Distribution (Major item) | | | | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Investment trusts sales charge | 1,313 | 1,533 | 1,147 | 1,562 | 1,600 | 1,784 | 11.5% | 16.4% |

| Underwriting (Major items) | | | | | | | | |
|----------------------------|-----|----|----|----|---|-----|---|---|
| IPO | 28 | 6 | 54 | 19 | 6 | 103 | - | - |
| PO | 205 | 6 | 16 | 25 | 2 | 140 | - | - |
| Total | 233 | 12 | 70 | 44 | 8 | 244 | - | - |

| Others (Major items) | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Investment trusts (trailer fees and others) | 1,249 | 1,253 | 1,299 | 1,386 | 1,455 | 1,641 | 12.9% | 31.0% |
| Other than investment trusts | 135 | 144 | 140 | 172 | 104 | 146 | 40.3% | 1.1% |
| Total | 1,385 | 1,398 | 1,439 | 1,559 | 1,559 | 1,788 | 14.7% | 27.9% |

4. Breakdown of Gains on Trading

(JPY mil.)

| | FY 2016 | | | | FY 2017 | | Quarter-on-quarter | Year-on-year |
|---------------------|---------|-------|------|------|---------|------|--------------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | | |
| Stocks, etc. | -5 | 29 | 20 | 38 | 11 | 12 | 9.3% | -57.6% |
| Bonds · Forex, etc. | 40 | 21 | 41 | 22 | 20 | 23 | 15.0% | 8.4% |
| (Bonds, etc.) | (40) | (10) | (35) | (19) | (16) | (19) | 14.2% | 76.8% |
| (Forex, etc.) | (-0) | (10) | (6) | (3) | (3) | (4) | 18.4% | -60.5% |
| Total | 34 | 51 | 62 | 61 | 32 | 36 | 13.0% | -29.6% |

5. Operating Cost and Expenses

(JPY mil.)

| | FY 2016 | | | | FY 2017 | | Quarter-on-quarter | Year-on-year |
|----------------------------------|---------|-------|-------|-------|---------|-------|--------------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | | |
| Transaction related expenses | 433 | 366 | 379 | 421 | 430 | 448 | 4.4% | 22.5% |
| Personnel expenses | 2,292 | 2,317 | 2,309 | 2,335 | 2,470 | 2,516 | 1.8% | 8.6% |
| Property related expenses | 464 | 451 | 445 | 454 | 484 | 472 | -2.5% | 4.6% |
| Clerical expenses | 584 | 552 | 624 | 633 | 601 | 577 | -3.9% | 4.6% |
| Depreciation | 98 | 99 | 98 | 110 | 102 | 106 | 4.2% | 7.2% |
| Public charges | 75 | 67 | 71 | 86 | 79 | 93 | 18.5% | 39.3% |
| Allowances for doubtful accounts | - | - | - | - | 0 | 0 | - | - |
| Others | 169 | 131 | 131 | 140 | 180 | 145 | -19.1% | 11.2% |
| Total | 4,118 | 3,985 | 4,060 | 4,181 | 4,347 | 4,361 | 0.3% | 9.4% |

< Reference > Fixed cost and variable cost are inscribed on non-consolidated basis.

| | | | | | | | | |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fixed cost | 3,040 | 2,966 | 2,986 | 3,018 | 3,103 | 3,031 | -2.3% | 2.2% |
| Variable cost | 1,001 | 928 | 961 | 1,038 | 1,121 | 1,175 | 4.8% | 26.7% |

6. Balance Sheets

(JPY mil.)

| | FY 2016 | | | | FY 2017 | | Quarter-on-quarter | Year-on-year |
|-------------------------------|---------|--------|--------|--------|---------|--------|--------------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | | |
| Assets | | | | | | | | |
| Current assets | 39,071 | 42,058 | 43,986 | 47,533 | 44,471 | 60,376 | 35.8% | 43.6% |
| Fixed assets | 6,352 | 5,919 | 6,102 | 6,173 | 6,075 | 6,109 | 0.6% | 3.2% |
| Total assets | 45,423 | 47,977 | 50,089 | 53,706 | 50,546 | 66,485 | 31.5% | 38.6% |
| Liabilities | | | | | | | | |
| Current liabilities | 12,483 | 14,802 | 17,227 | 20,081 | 16,797 | 31,333 | 86.5% | 111.7% |
| Fixed liabilities | 347 | 339 | 350 | 344 | 341 | 344 | 0.7% | 1.3% |
| Total liabilities | 13,011 | 15,323 | 17,758 | 20,607 | 17,319 | 31,858 | 83.9% | 107.9% |
| Net worth | | | | | | | | |
| Net worth | 32,412 | 32,654 | 32,330 | 33,099 | 33,226 | 34,627 | 4.2% | 6.0% |
| Total liabilities & net worth | 45,423 | 47,977 | 50,089 | 53,706 | 50,546 | 66,485 | 31.5% | 38.6% |

7. Financial Results

| | FY 2016 | | | | FY 2017 | | Quarter-on-quarter | Year-on-year |
|--|---------|--------|--------|--------|---------|--------|--------------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | | |
| Total assets (JPY mil.) | 45,423 | 47,977 | 50,089 | 53,706 | 50,546 | 66,485 | 31.5% | 38.6% |
| Net worth (JPY mil.) | 32,412 | 32,654 | 32,330 | 33,099 | 33,226 | 34,627 | 4.2% | 6.0% |
| Equity ratio (%) | 70.8 | 67.5 | 64.0 | 61.1 | 65.1 | 51.6 | - | - |
| Net worth per share (JPY) | 745.74 | 755.39 | 751.88 | 769.18 | 771.83 | 804.62 | - | - |
| Capital adequacy ratio (%) (non-consolidated basis) | 580.8 | 592.6 | 584.0 | 591.9 | 593.2 | 606.8 | - | - |
| EPS (JPY) | 12.79 | 23.60 | 33.77 | 50.89 | 18.43 | 47.71 | - | - |
| ROE (%) | 1.7 | 3.1 | 4.4 | 6.6 | 2.4 | 6.1 | - | - |

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