

IR Presentation for Third quarter, year ended March 2018



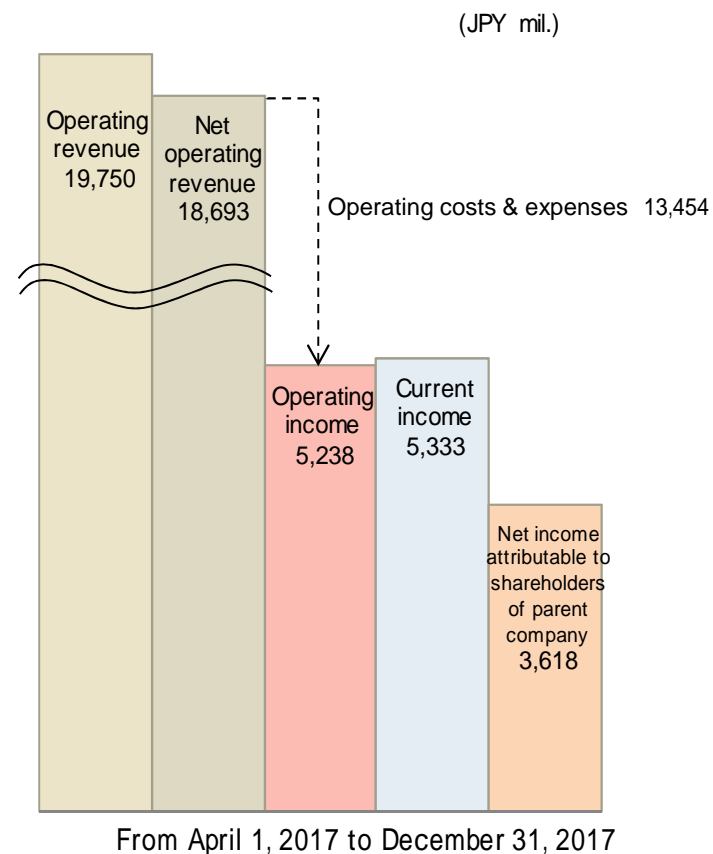
Ichiyoshi Securities Co., Ltd.
January, 2018

: Business Results (Consolidated)

Operating revenue amounted to 19.75 billion yen, an increase of 4.65 billion yen (up 30.8%) from the year-earlier period. Current income amounted to 5.333 billion yen, an increase of 3.34 billion yen (up 167.6%) from the year-earlier period. Net income attributable to shareholders of parent company amounted to 3.618 billion yen, an increase of 2.166 billion yen (up 149.2%) from the year-earlier period.

(JPY mil.)

	FY 2016 3Q	FY 2017 3Q	Year-on-year (%)	Year-on-year
Operating revenue	15,100	19,750	30.8%	4,650
Net operating revenue	14,099	18,693	32.6%	4,593
Operating costs & expenses	12,163	13,454	10.6%	1,291
Operating income	1,936	5,238	170.5%	3,302
Current income	1,993	5,333	167.6%	3,340
Extraordinary income & loss	-34	8	—	42
Income taxes	501	1,710	241.2%	1,208
Net income attributable to shareholders of parent company	1,451	3,618	149.2%	2,166

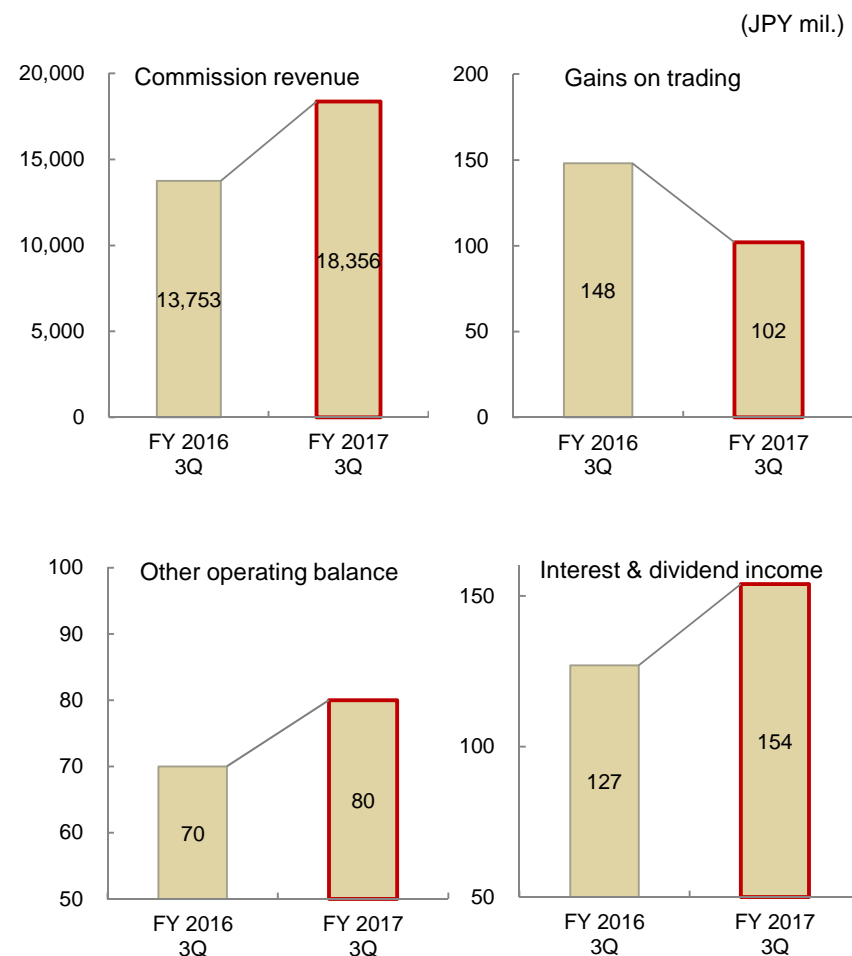


2. Breakdown of Net Operating Revenue

Commission revenue amounted to 18.356 billion yen, an increase of 4.602 billion yen (up 33.5%) from the year-earlier period, as brokerage commissions on stocks, Investment trusts sales charge and commissions from other sources (investment trusts trailer fees and others) swelled and etc.

Gains on trading amounted to 102 million yen, a decrease of 46 million yen (down 31.1%) from the year-earlier period, as trading on bonds, etc. slid.

	(JPY mil.)			
	FY 2016 3Q	FY 2017 3Q	Year-on- year (%)	Year-on- year
Commission revenue	13,753	18,356	33.5%	4,602
Gains on trading	148	102	-31.1%	-46
Other operating balance	70	80	14.1%	9
Interest & dividend income	127	154	21.1%	26
Total	14,099	18,693	32.6%	4,593



3. Breakdown of Commission Revenue

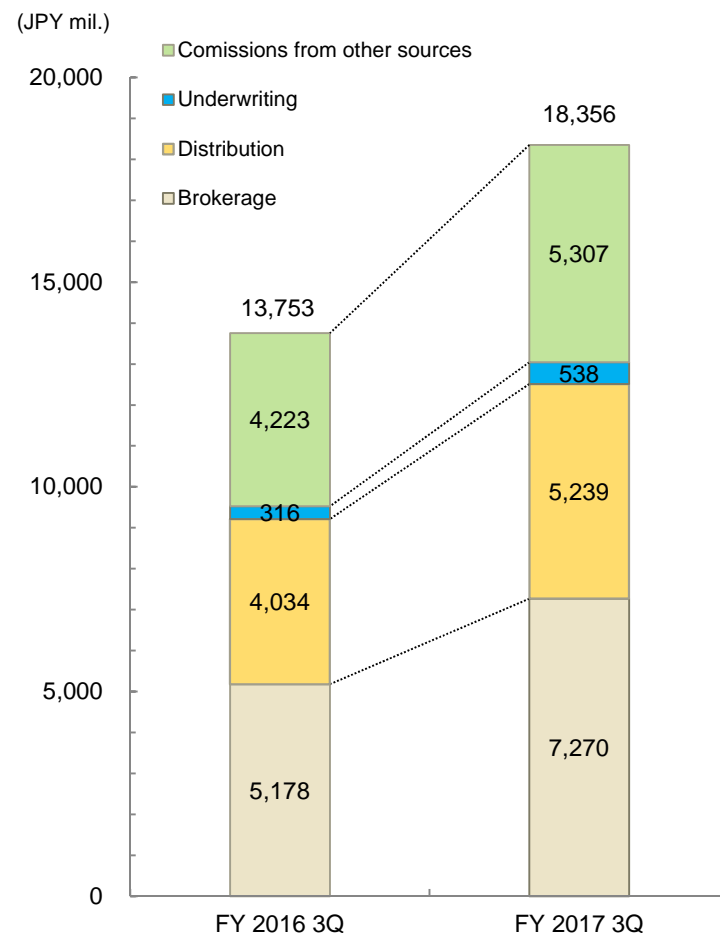
Commissions from brokerage of stocks amounted to 7.153 billion yen, an increase of 2.182 billion yen (up 43.9%) from the year-earlier period. Investment trusts sales charge amounted to 5.18 billion yen, an increase of 1.186 billion yen (up 29.7%) from the year-earlier period. Commissions from other sources (investment trusts trailer fees and others) amounted to 4.882 billion yen (up 28.4%), an increase of 1.079 billion yen from the year-earlier period.

Fees from underwriting amounted to 538 million yen, an increase of 221 million yen (up 70.0%) from the year-earlier period, as the Company participated in the management and underwriting of 26 initial public offerings (of which 4 were lead-managed), and managed and underwrote 6 public offerings of share of other listed issuer.

	(JPY mil.)			
	FY 2016 3Q	FY 2017 3Q	Year-on-year (%)	Year-on-year
Commission revenue	13,753	18,356	33.5%	4,602
Brokerage (Major item)				
Stocks	4,970	7,153	43.9%	2,182
Distribution (Major item)				
Investment trusts sales charge	3,994	5,180	29.7%	1,186
Underwriting (Major items)				
IPO	89	373	319.2%	284
PO	227	164	-27.6%	-62
Total	316	538	70.0%	221
Commissions from other sources (Major items)				
Investment trusts (trailer fees & others)	3,802	4,882	28.4%	1,079
Other than investment trusts	420	424	1.0%	4
Total	4,223	5,307	25.7%	1,084

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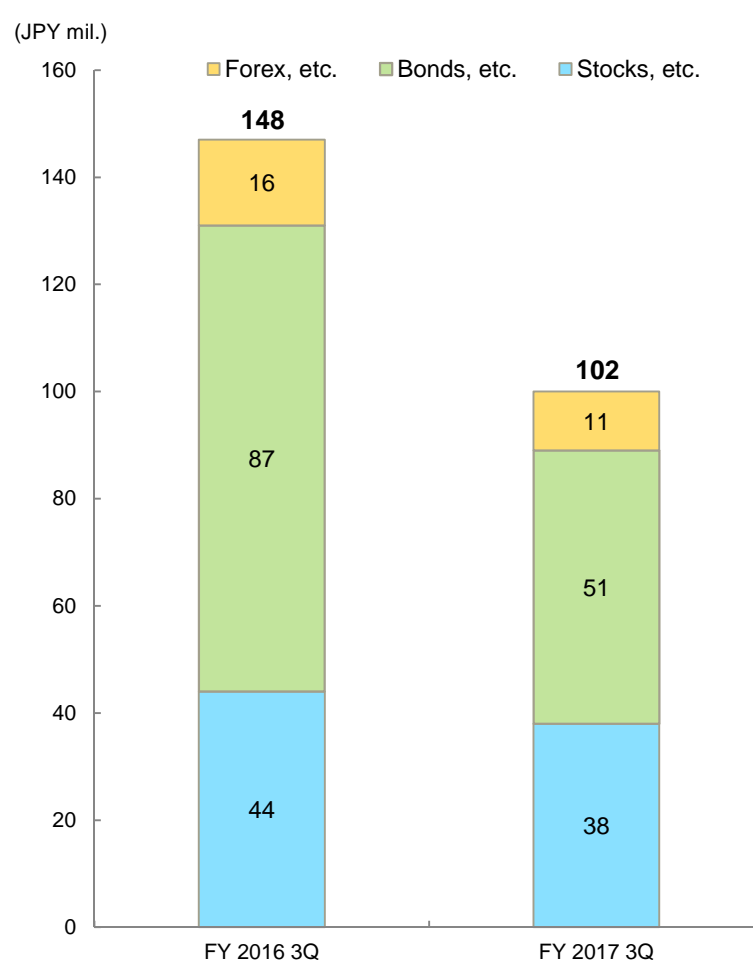
	(JPY 100 mil.)			
Fund distribution	1,791	2,322	29.6%	531



4. Breakdown of Gains on Trading

Gains on trading amounted to 102 million yen, a decrease of 46 million yen (down 31.1%) from the year-earlier period, as trading on bonds slid and etc.

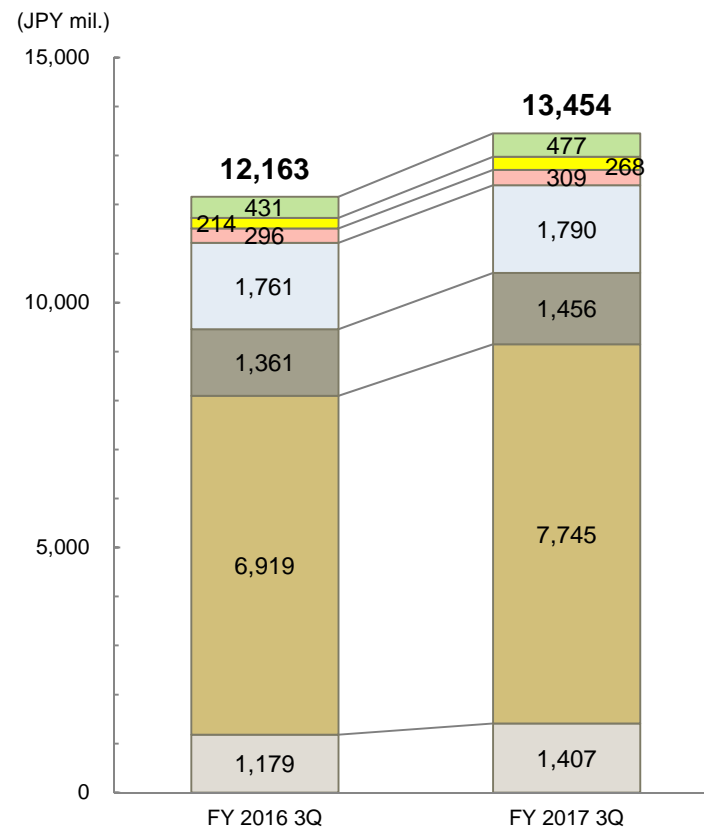
	FY 2016 3Q	FY 2017 3Q	Year-on-year (%)	Year-on-year
Stocks, etc.	44	38	-14.2%	-6
Bonds • Forex, etc.	103	63	-38.5%	-39
(Bonds, etc.)	(87)	(51)	-40.5%	-35
(Forex, etc.)	(16)	(11)	-27.6%	-4
Total	148	102	-31.1%	-46



5. Operating Cost and Expenses

Operating cost and expenses amounted to 13.454 billion yen, an increase of 1.291 billion yen (up 10.6%) from the year-earlier period, as personnel expenses and transaction related expenses increased.

	FY 2016 3Q	FY 2017 3Q	Year-on-year (%)	(JPY mil.) Year-on-year
Transaction related expenses	1,179	1,407	19.3%	227
Personnel expenses	6,919	7,745	11.9%	826
Property related expenses	1,361	1,456	7.0%	95
Clerical expenses	1,761	1,790	1.7%	29
Depreciation	296	309	4.4%	12
Public charges	214	268	25.2%	54
Others	431	477	10.6%	45
Total	12,163	13,454	10.6%	1,291

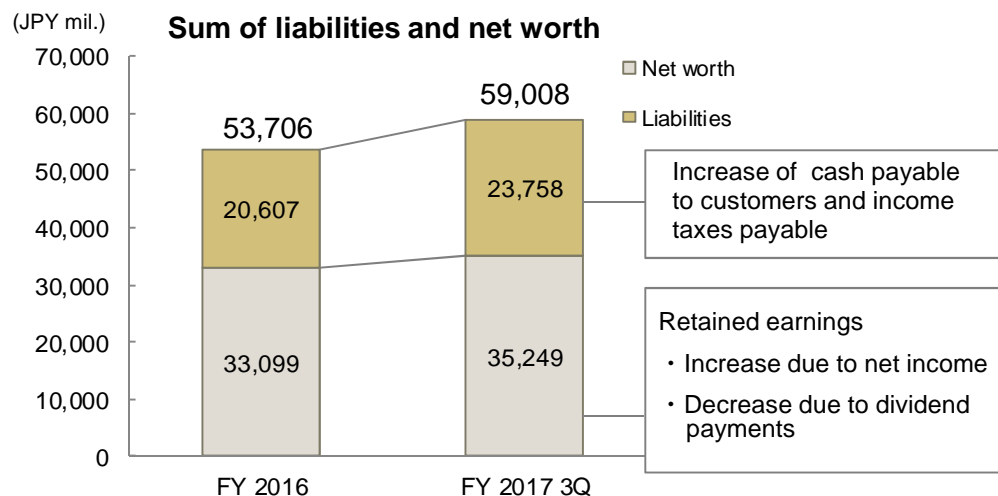
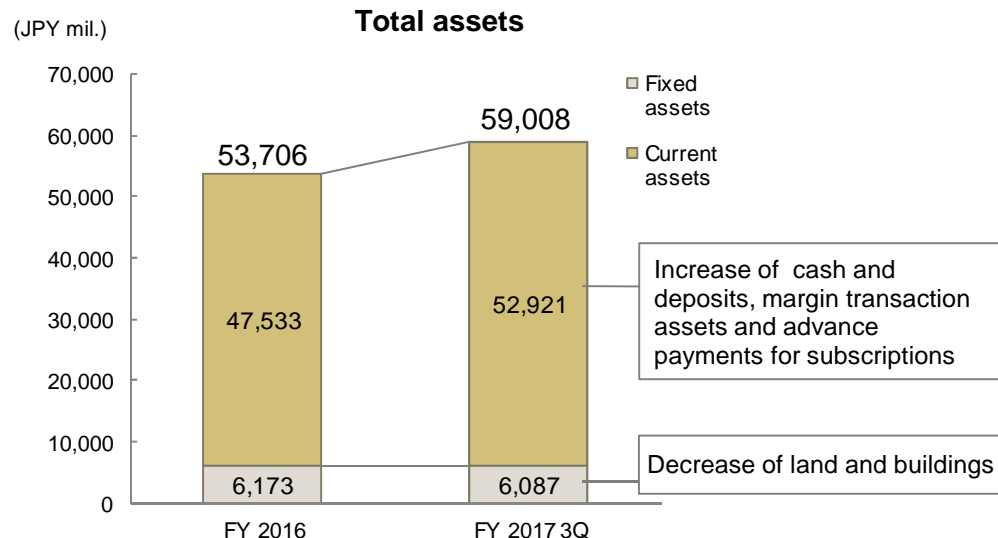


< Reference > Fixed cost and variable cost (FY 2017 3Q, non-consolidated basis)

Fixed cost	9,256
Variable cost	3,761

- Transaction related expenses
- Personnel expenses
- Property related expenses
- Clerical expenses
- Depreciation
- Public charges
- Others

Balance sheet



Financial results

	FY 2017 3Q	Change from FY 2016 end.
Equity ratio (%)	59.2	-1.9
Net worth per share (JPY)	817.93	48.75
Capital adequacy ratio (non-consolidated basis) (%)	609.0	17.1

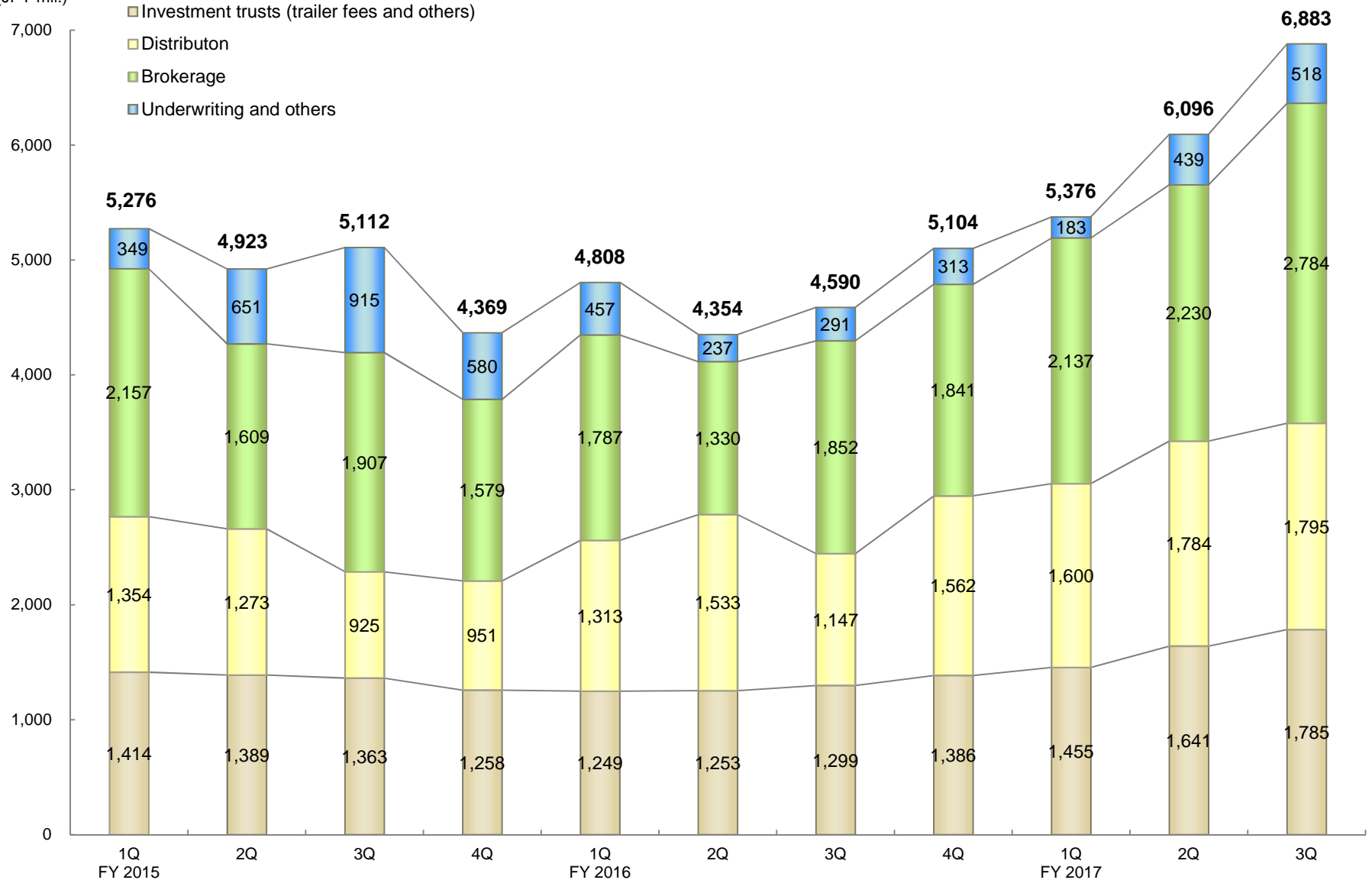
	FY 2017 3Q	Year-on-year
EPS (JPY)	84.79	51.02
ROE (%)	10.7	6.3

: Business Circumstances

1. Commission revenue

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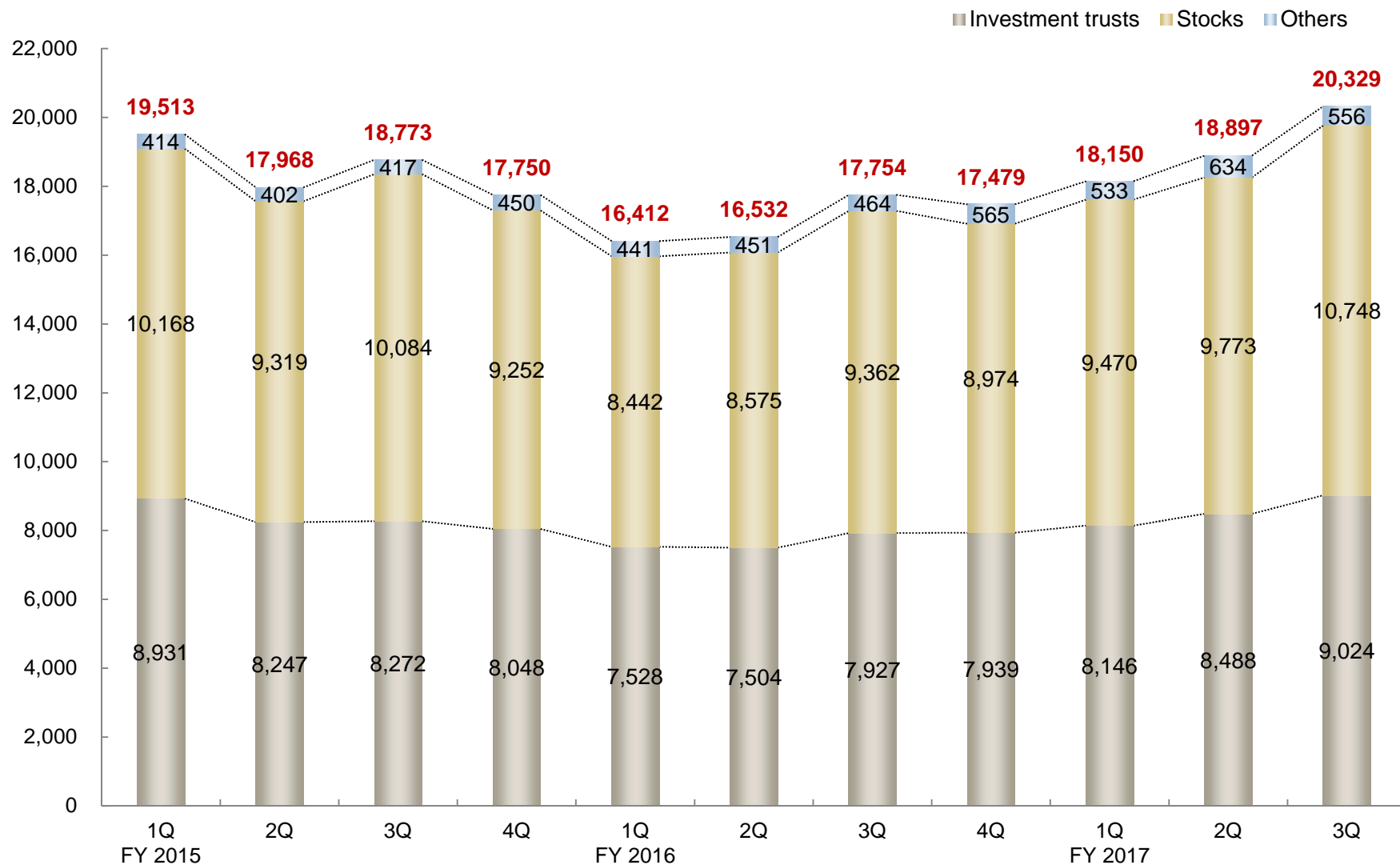
(JPY mil.)



2. Customer Assets under Custody

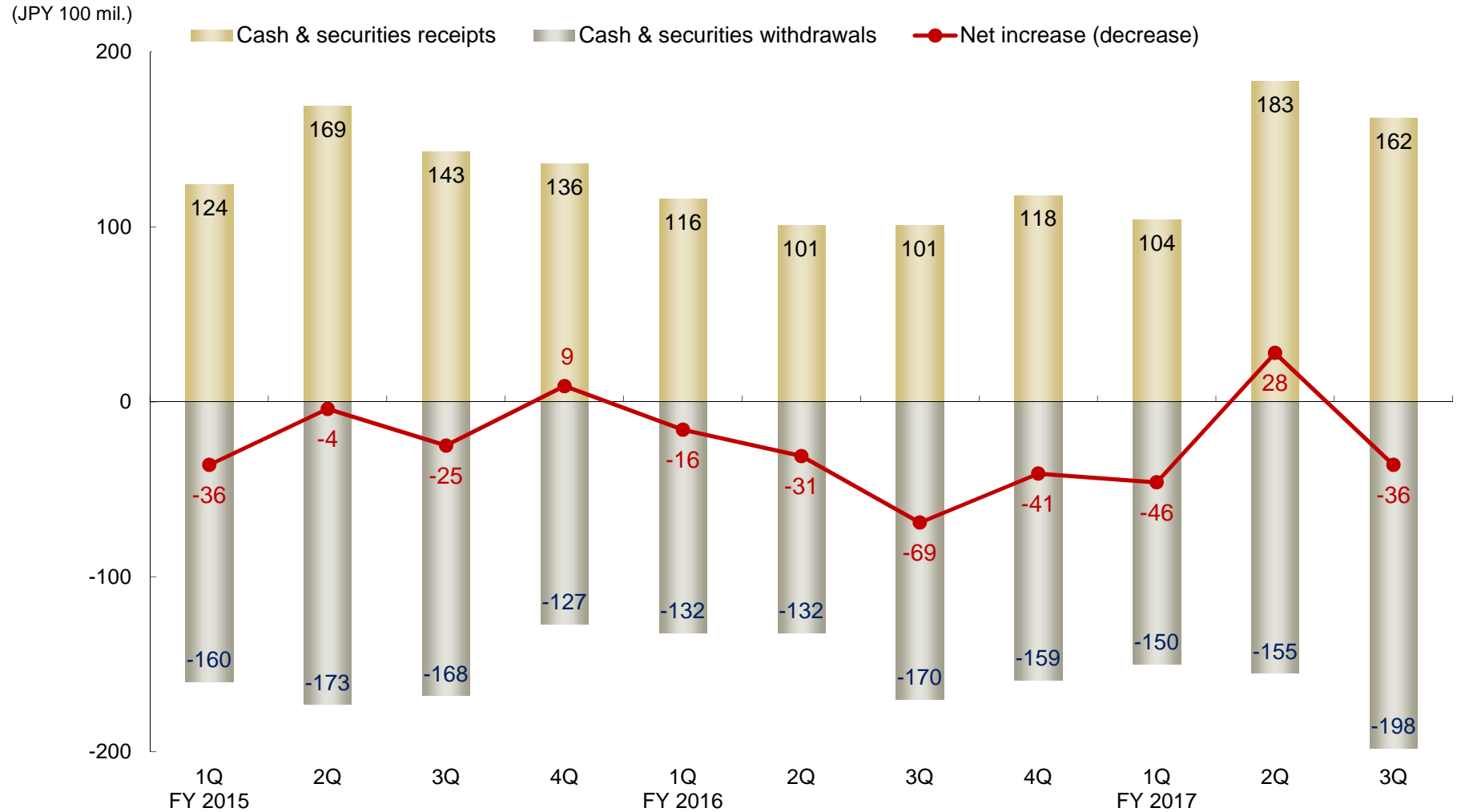
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(JPY 100 mil.)



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

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

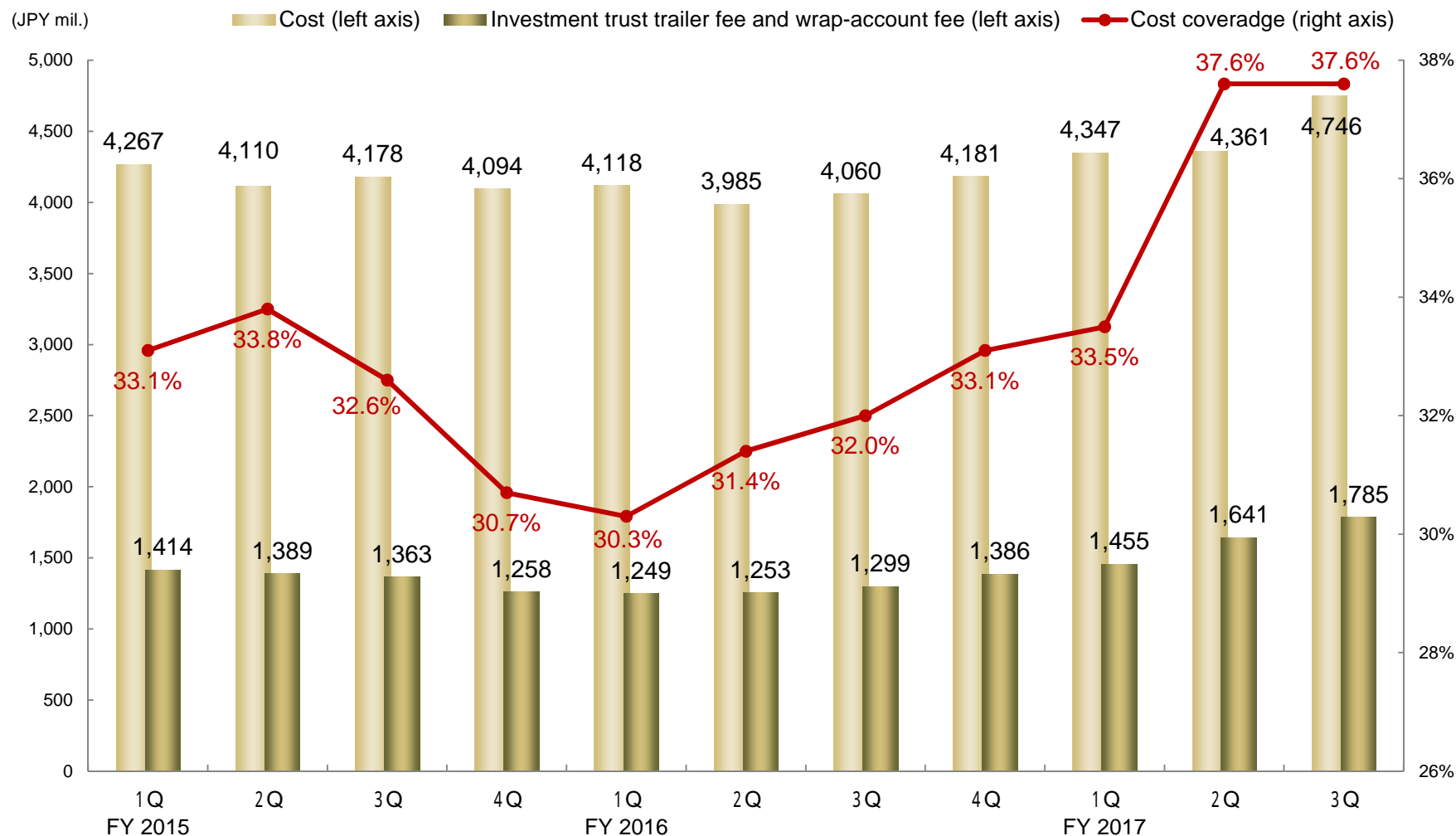
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(JPY 100 mil.)

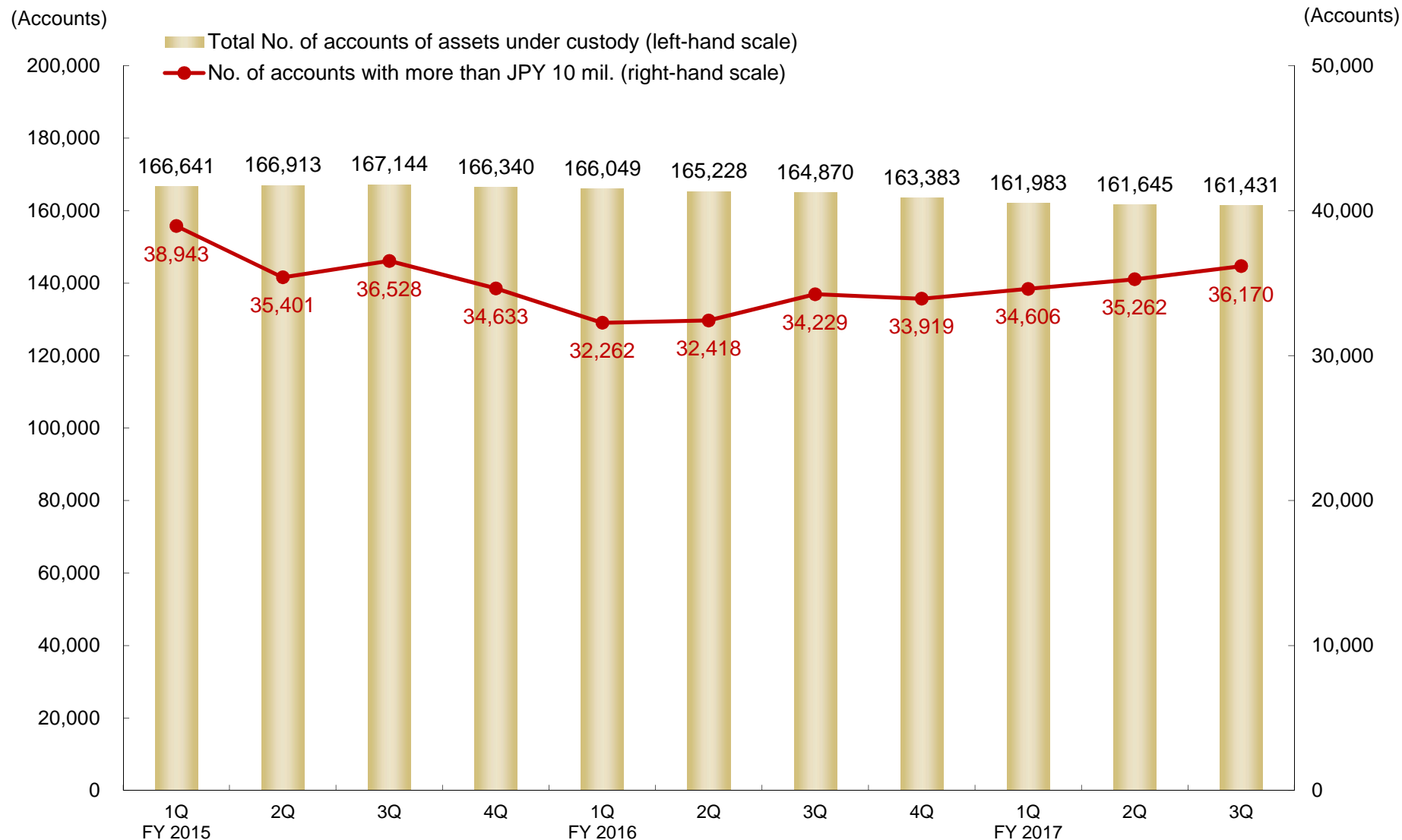
	FY 2015				FY 2016				FY 2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Ichiyoshi Japan Venture Fund											240
Ichiyoshi • Invesco World Small-and Mid -Cap Growth Stock Fund										98	150
Nomura PIMCO World Income Strategy Fund (A • B • C • D)								45	52	53	72
Pictet Global Income Stock Fund	37	56	43	35							52
Shinko J-REIT Open					74	64		31		45	38
Ichiyoshi Small-and mid -cap Growth Stock Fund					90	107	149	116	199	230	
LM Australia High Dividend Fund (monthly dividend)			35	59	61	102	84	198	147		
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		
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							
LM Australia Monthly Distribution Fund	87	51	28	25							
Pictet Emerging Countries Income Stock Fund	64	36	25								
Ichiyoshi Infrastructure Growth Stock Fund	92	32									

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

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

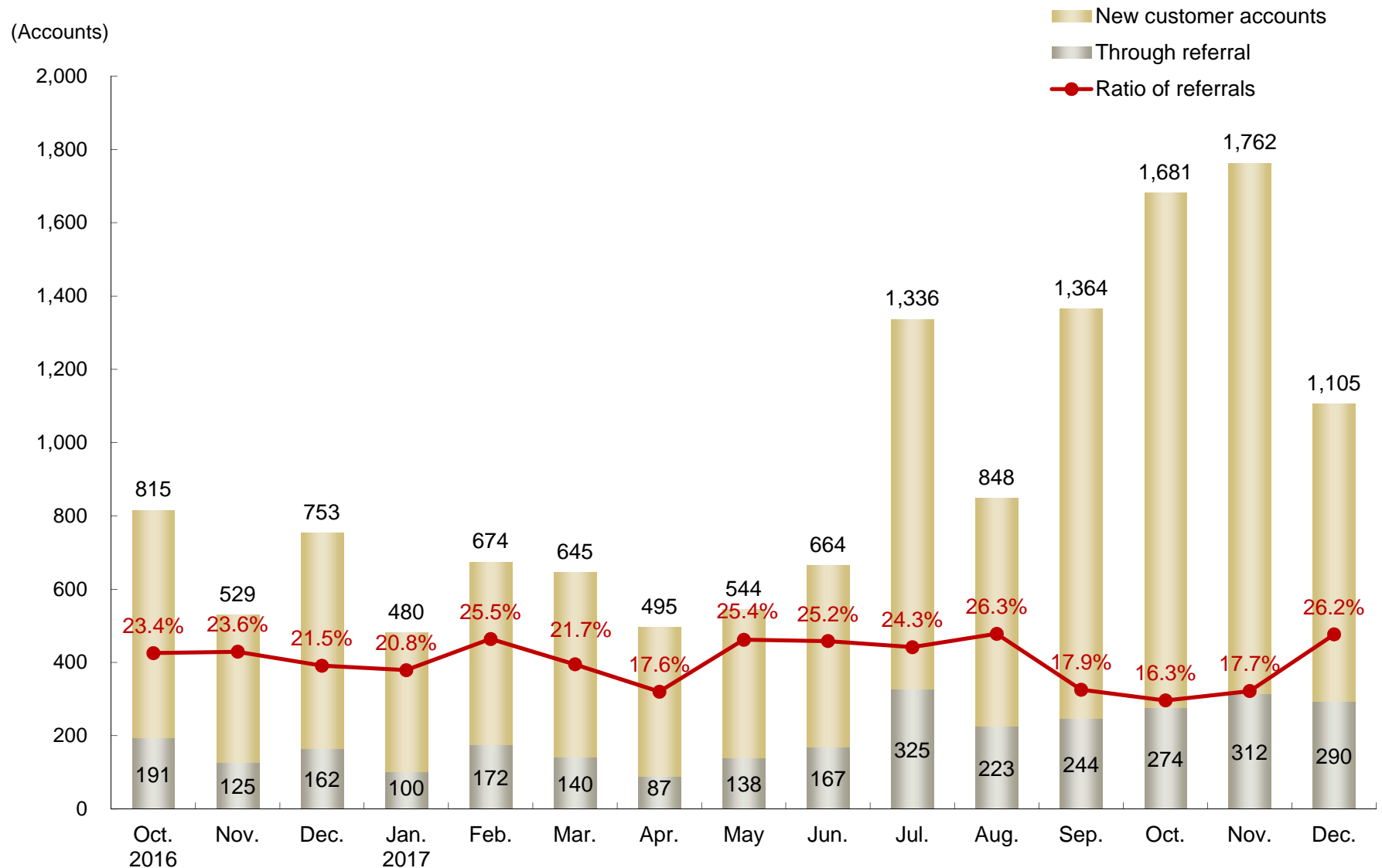


6. Number of Customer Accounts 【Retail】

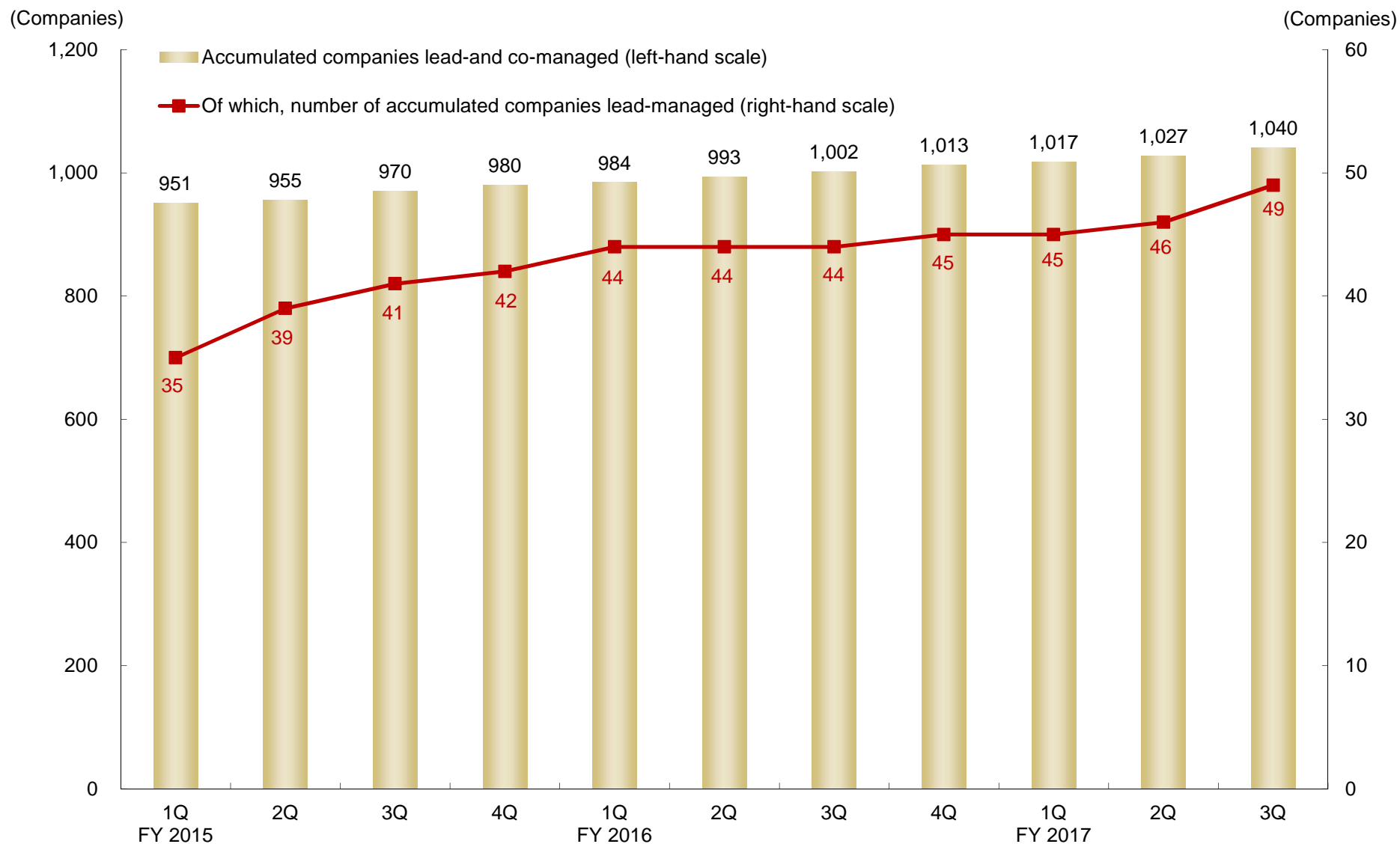


7. Number of New Customer Accounts and Ratio of Referrals 【Retail】

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8. Accumulated Companies Lead- and Co-managed



: Quarterly Transition

(JPY mil.)

	FY 2016				FY 2017			Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Operating revenue	5,273	4,772	5,053	5,614	5,866	6,535	7,348	12.4%	45.4%
Operating cost & expenses	4,118	3,985	4,060	4,181	4,347	4,361	4,746	8.8%	16.9%
Current income	821	490	681	1,083	1,165	1,872	2,296	22.6%	236.9%
Extraordinary income	40	2	0	27	60	4	23	386.7%	—
Extraordinary loss	11	66	0	16	65	11	3	-69.6%	335.6%
Corporate tax	137	99	66	532	281	796	592	-25.6%	785.7%
Tax adjustment	158	-139	177	-179	89	-184	133	—	-24.7%
Net income attributable to shareholders of parent company	552	465	433	731	785	1,249	1,583	26.8%	265.1%

2. Breakdown of Net Operating Revenue

(JPY mil.)

	FY 2016				FY 2017			Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Commission revenue	4,808	4,354	4,590	5,104	5,376	6,096	6,883	12.9%	49.9%
Gains on trading	34	51	62	61	32	36	34	-5.9%	-45.3%
Interest and dividend income	56	52	65	62	67	71	88	23.3%	34.2%
Other operating revenue	374	313	335	386	390	331	342	3.4%	2.3%
Interest expenses	10	13	22	18	20	19	32	68.5%	43.2%
Other operating expenses	345	290	316	356	354	307	322	4.6%	1.8%
Total	4,917	4,467	4,714	5,238	5,491	6,208	6,993	12.7%	48.3%

3. Breakdown of Commission Revenue

(JPY mil.)

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

Brokerage (Major item)

Stocks	1,787	1,330	1,852	1,841	2,137	2,230	2,784	24.8%	50.3%
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Distribution (Major item)

Investment trusts sales charge	1,313	1,533	1,147	1,562	1,600	1,784	1,795	0.6%	56.5%
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Underwriting (Major items)

IPO	28	6	54	19	6	103	263	154.1%	386.2%
PO	205	6	16	25	2	140	22	-84.1%	36.1%
Total	233	12	70	44	8	244	285	17.1%	304.9%

Others (Major items)

Investment trusts (trailer fees and others)	1,249	1,253	1,299	1,386	1,455	1,641	1,785	8.7%	37.4%
Other than investment trusts	135	144	140	172	104	146	174	19.0%	24.4%
Total	1,385	1,398	1,439	1,559	1,559	1,788	1,959	9.6%	36.1%

4. Breakdown of Gains on Trading

(JPY mil.)

	FY 2016				FY 2017			Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Stocks, etc.	-5	29	20	38	11	12	14	14.8%	-29.7%
Bonds • Forex, etc.	40	21	41	22	20	23	19	-17.0%	-53.0%
(Bonds, etc.)	(40)	(10)	(35)	(19)	(16)	(19)	(15)	-18.7%	-55.9%
(Forex, etc.)	(-0)	(10)	(6)	(3)	(3)	(4)	(3)	-9.2%	-35.8%
Total	34	51	62	61	32	36	34	-5.9%	-45.3%

(JPY mil.)

	FY 2016				FY 2017			Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Transaction related expenses	433	366	379	421	430	448	528	17.7%	39.3%
Personnel expenses	2,292	2,317	2,309	2,335	2,470	2,516	2,758	9.6%	19.5%
Property related expenses	464	451	445	454	484	472	500	6.0%	12.2%
Clerical expenses	584	552	624	633	601	577	612	6.0%	-1.9%
Depreciation	98	99	98	110	102	106	100	-5.6%	1.7%
Public charges	75	67	71	86	79	93	95	2.0%	33.5%
Allowances for doubtful accounts	-	-	-	-	0	0	0	-65.7	-
Others	169	131	131	140	180	145	150	3.6%	15.0%
Total	4,118	3,985	4,060	4,181	4,347	4,361	4,746	8.8%	16.9%

< 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	3,121	3.0%	4.5%
Variable cost	1,001	928	961	1,038	1,121	1,175	1,464	24.6%	52.4%

(JPY mil.)

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

Assets									
Current assets	39,071	42,058	43,986	47,533	44,471	60,376	52,921	-12.3%	20.3%
Fixed assets	6,352	5,919	6,102	6,173	6,075	6,109	6,087	-0.4%	-0.2%
Total assets	45,423	47,977	50,089	53,706	50,546	66,485	59,008	-11.2%	17.8%

Liabilities									
Current liabilities	12,483	14,802	17,227	20,081	16,797	31,333	23,233	-25.9%	34.9%
Fixed liabilities	347	339	350	344	341	344	344	0.1%	-1.6%
Total liabilities	13,011	15,323	17,758	20,607	17,319	31,858	23,758	-25.4%	33.8%

Net worth									
Net worth	32,412	32,654	32,330	33,099	33,226	34,627	35,249	1.8%	9.0%
Total liabilities & net worth	45,423	47,977	50,089	53,706	50,546	66,485	59,008	-11.2%	17.8%

	FY 2016				FY 2017			Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Total assets (JPY mil.)	45,423	47,977	50,089	53,706	50,546	66,485	59,008	-11.2%	17.8%
Net worth (JPY mil.)	32,412	32,654	32,330	33,099	33,226	34,627	35,249	1.8%	9.0%
Equity ratio (%)	70.8	67.5	64.0	61.1	65.1	51.6	59.2	-	-
Net worth per share (JPY)	745.74	755.39	751.88	769.18	771.83	804.62	817.93	-	-
Capital adequacy ratio (%) (non-consolidated basis)	580.8	592.6	584.0	591.9	593.2	606.8	609.0	-	-
EPS (JPY)	12.79	23.60	33.77	50.89	18.43	47.71	84.79	-	-
ROE (%)	1.7	3.1	4.4	6.6	2.4	6.1	10.7	-	-

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