

IR Presentation for Second quarter, year ending March 2019



Ichiyoshi Securities Co., Ltd.

October, 2018

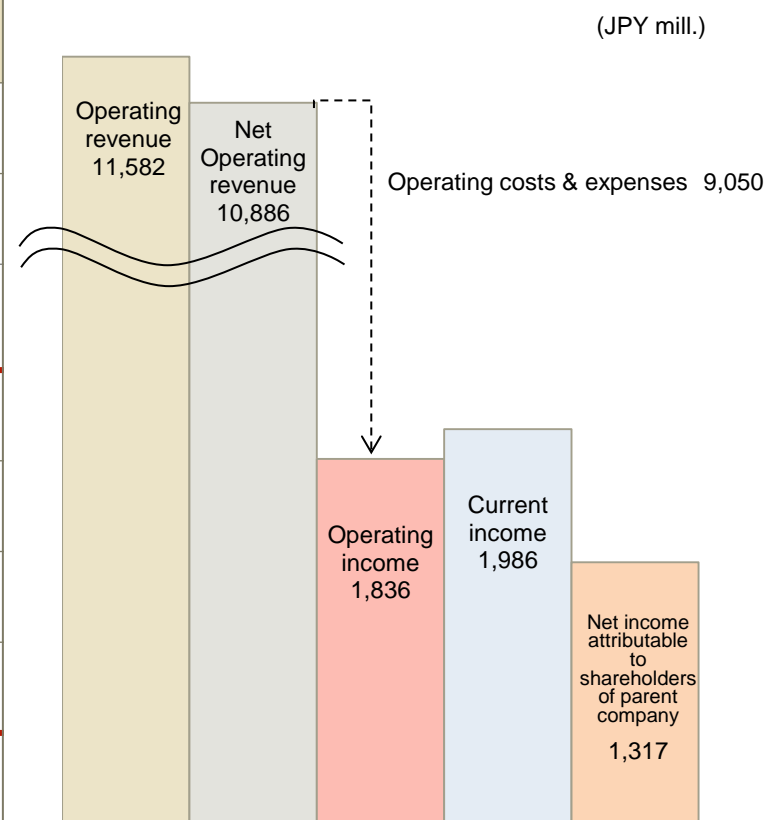
I : Business Results (Consolidated)

* Effective as from the first quarter of fiscal 2018, the “Partial Amendment to Accounting Standards Relating to Tax Effect Accounting” (Corporate Accounting Standards No. 28 dated February 16, 2018) and others have been applied. Assets and liabilities as of March 31, 2018 in this IR Presentation are presented retroactively based on such amendment.

- ◆ Operating revenue amounted to 11,582 million yen, a decrease of 818 million yen (down 6.6%) from the year-earlier period.
- ◆ Current income amounted to 1,986 million yen, a decrease of 1,051 million yen (down 34.6%) from the year-earlier period.
- ◆ Net income attributable to shareholders of parent company amounted to 1,317 million yen, a decrease of 716 million yen (down 35.2%) from the year-earlier period.

(JPY mil.)

	FY 2017 2Q	FY 2018 2Q	Year-on-year (%)	Year-on-year
Operating revenue	12,401	11,582	- 6.6%	- 818
Net operating revenue	11,699	10,886	- 6.9%	- 813
Operating costs & expenses	8,708	9,050	3.9%	341
Operating income	2,991	1,836	- 38.6%	- 1,154
Current income	3,037	1,986	- 34.6%	- 1,051
Extraordinary income & loss	- 11	40	—	51
Income taxes	983	695	- 29.3%	- 288
Net income attributable to shareholders of parent company	2,034	1,317	- 35.2%	- 716

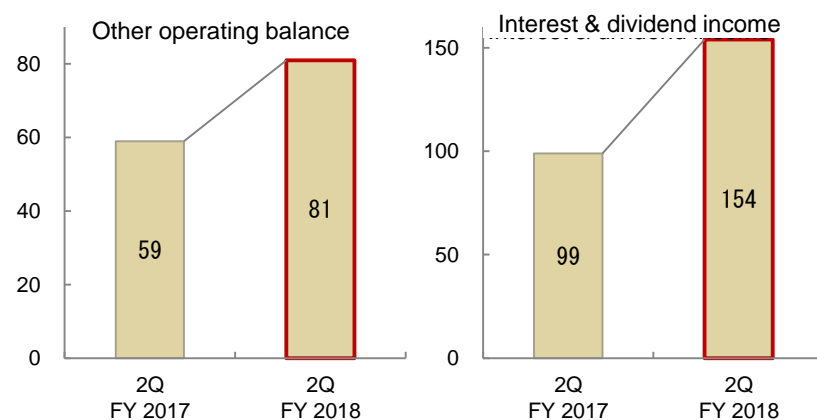
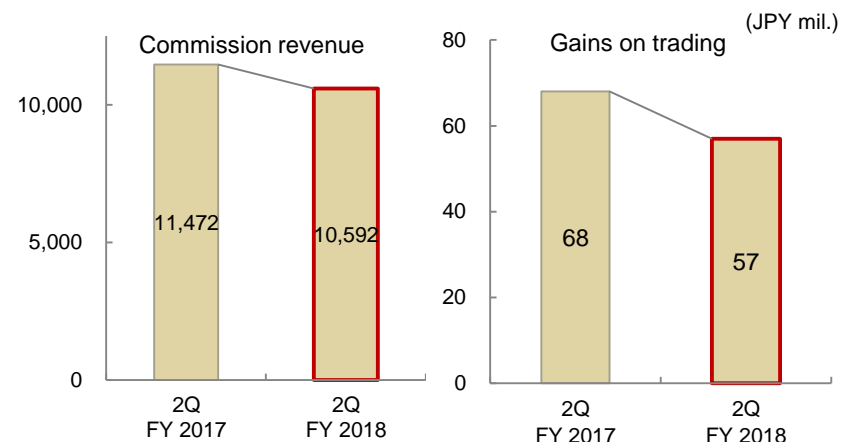


From April 1, 2018 to September 30, 2018

2. Breakdown of Net Operating Revenue

- ◆ Commission revenue amounted to 10,592 million yen, a decrease of 880 million yen (down 7.7%) from the year-earlier period, as commissions of subscription and distribution reduced and etc.

	FY 2017 2Q	FY 2018 2Q	Year-on- year (%)	Year-on- year
Commission revenue	11,472	10,592	- 7.7%	- 880
Gains on trading	68	57	- 15.4%	- 10
Other operating balance	59	81	37.1%	22
Interest & dividend income	99	154	56.2%	55
Total	11,699	10,886	- 6.9%	813

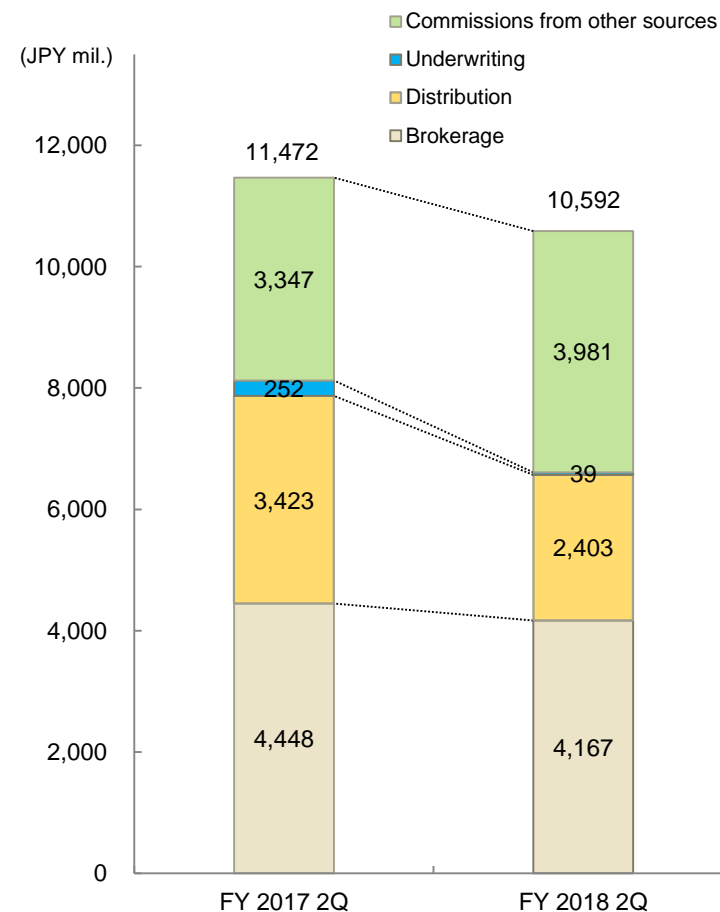


3. Breakdown of Commission Revenue

- ◆ Commissions from brokerage of stocks amounted to 4,069 million yen, a decrease of 299 million yen (down 6.8%) from the year-earlier period. Distribution of investment trusts sales charge amounted to 2,331 million yen, a decrease of 1,053 million yen (down 31.1%) from the year-earlier period. Commissions from other sources (Investment trusts trailer fees and others) amounted to 3,551 million yen, an increase of 454 million yen (up 14.7%) from the year-earlier period.
- ◆ Fees from underwriting amounted to 39 million yen, a decrease of 213 million yen (down 84.4%) from the year-earlier period, as the Company participated in the management and underwriting of 15 initial public offerings, and underwrote 3 public offerings of share of other listed issuer.

	(JPY mil.)			
	FY 2017 2Q	FY 2018 2Q	Year-on-year (%)	Year-on-year
Commission revenue	11,472	10,592	- 7.7%	- 880
Brokerage (Major item)				
Stocks	4,368	4,069	- 6.8%	- 299
Distribution (Major item)				
Investment trusts sales charge	3,384	2,331	- 31.1%	- 1,053
Underwriting (Major items)				
IPO	110	22	- 79.2%	- 87
PO	142	16	- 88.4%	- 126
Total	252	39	- 84.4%	- 213
Commissions from other sources (Major items)				
Investment trusts (trailer fees & others)	3,097	3,551	14.7%	454
Other than investment trusts	250	430	71.6%	179
Total	3,347	3,981	18.9%	633
<Reference> (JPY 100 mil.)				
Fund distribution	1,633	1,477	- 9.6%	- 156

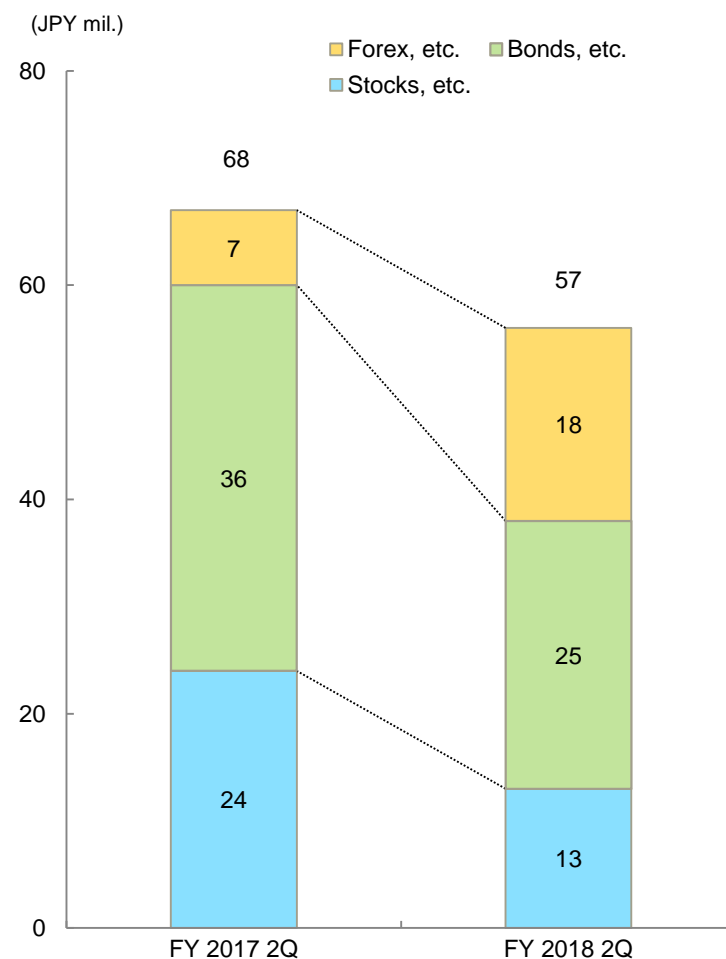
* Including Fund Wrap sales



4. Breakdown of Gains on Trading

- ◆ Gains on trading amounted to 57 million yen, a decrease of 10 million yen (down 15.4%) from the year-earlier period, as gains on trading of stocks reduced and etc.

	FY 2017 2Q	FY 2018 2Q	Year-on-year (%)	Year-on-year
Stocks, etc.	24	13	- 42.8%	- 10
Bonds ・ Forex, etc.	44	43	- 0.4%	- 0
(Bonds, etc.)	(36)	(25)	- 28.8%	- 10
(Forex, etc.)	(7)	(18)	129.4%	10
Total	68	57	- 15.4%	- 10

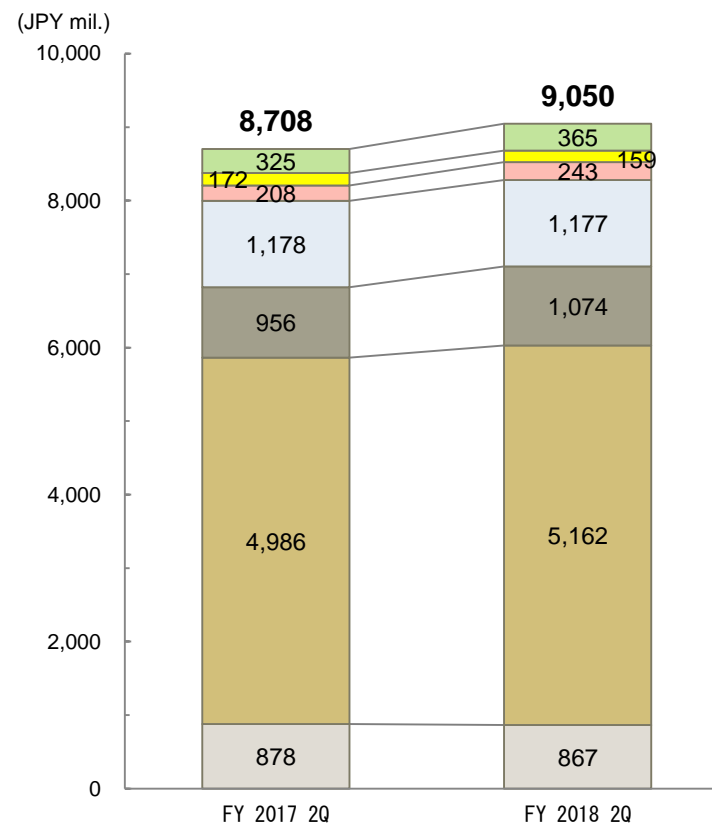


5. Operating Cost and Expenses

- ◆ Operating cost and expenses amounted to 9,050 million yen, an increase of 341 million yen (up 3.9%) from the year-earlier period, as personnel expenses and property related expenses, etc. swelled.

(JPY mil.)

	FY 2017 2Q	FY 2018 2Q	Year-on-year (%)	Year-on-year
Transaction related expenses	878	867	- 1.4%	- 11
Personnel expenses	4,986	5,162	3.5%	175
Property related expenses	956	1,074	12.4%	118
Clerical expenses	1,178	1,177	- 0.1%	- 1
Depreciation	208	243	16.7%	34
Public charges	172	159	- 7.7%	- 13
Others	325	365	12.2%	39
Total	8,708	9,050	3.9%	341



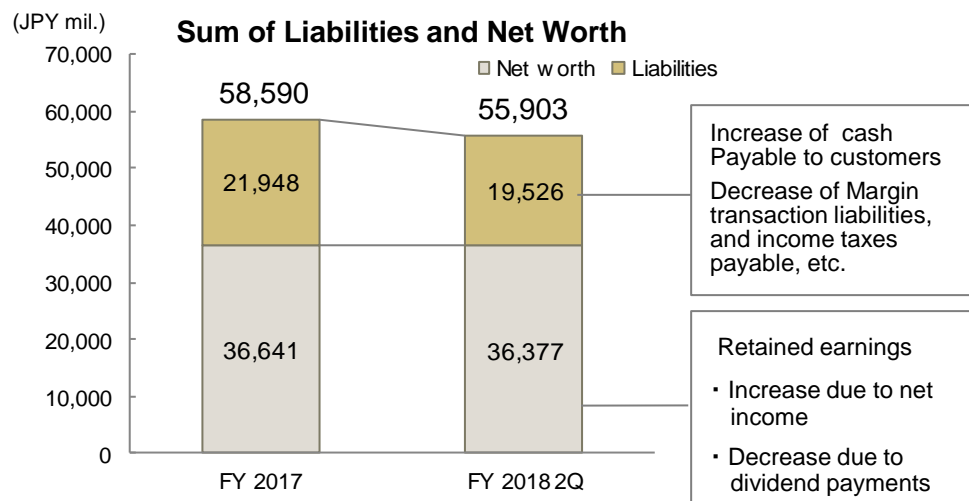
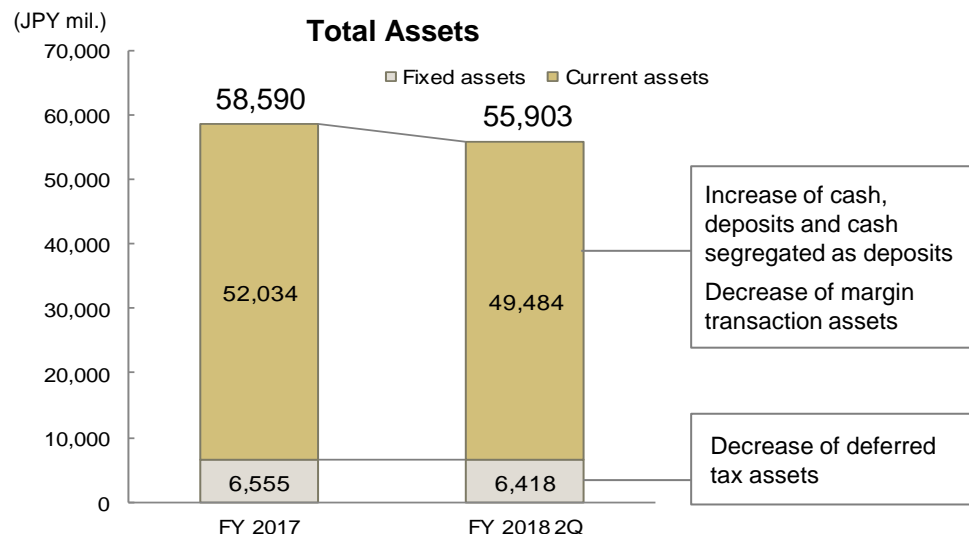
<Reference> Fixed cost and variable cost (FY 2018 2Q, non-consolidated basis)

Fixed cost	3,250
Variable cost	1,029

(JPY mil.)

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

Balance Sheet



Financial Results

	FY2018 2Q	Change from FY 2017 end.
Equity ratio (%)	64.5	2.5
Net worth per share (JPY)	842.58	- 7.51
Capital adequacy ratio (non-consolidated basis) (%)	561.0	- 39.4

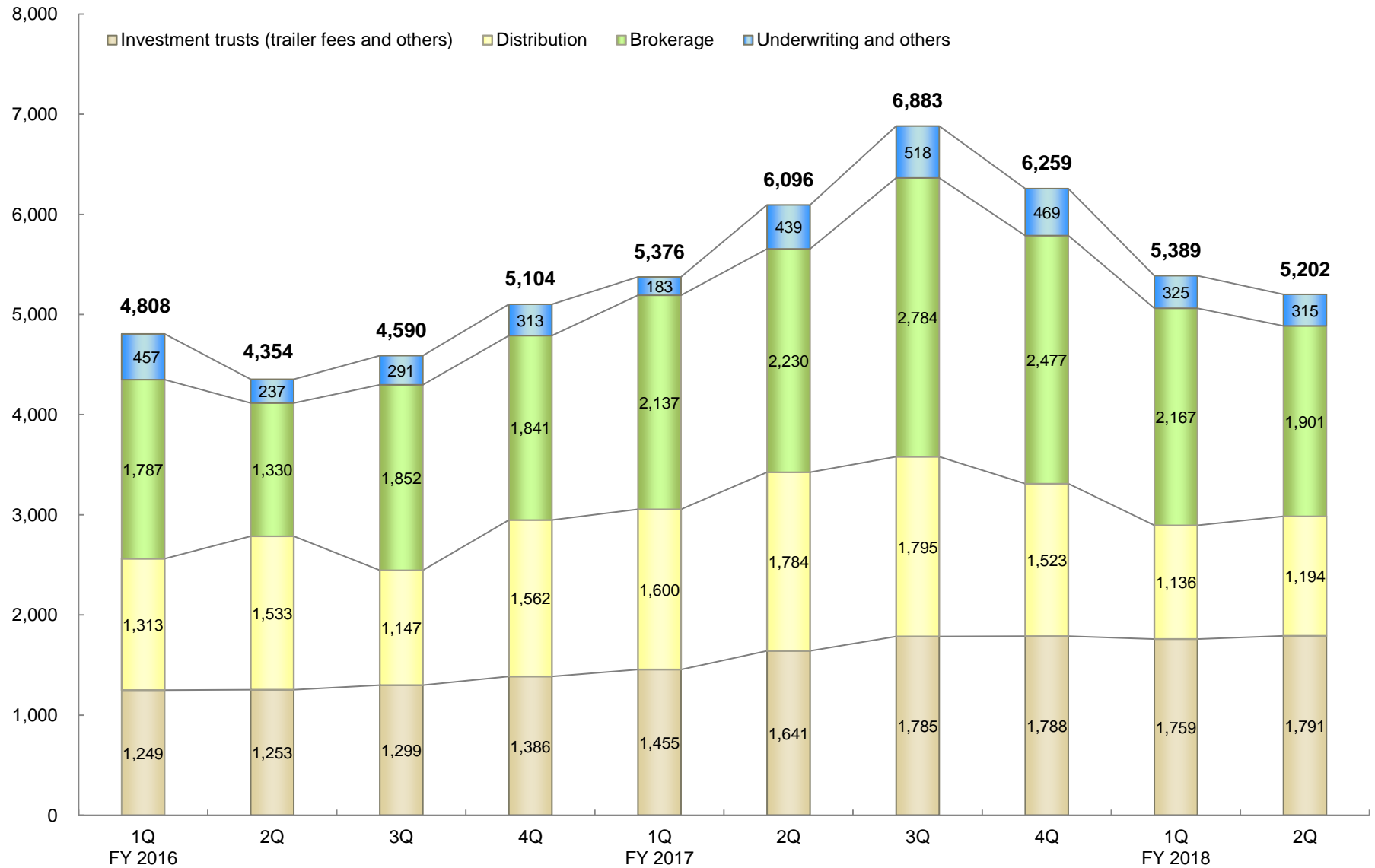
	FY 2018 2Q	Year-on-year
EPS (JPY)	30.82	- 16.89
ROE (%)	3.6	- 2.5

II : Business Circumstances

1. Commission Revenue

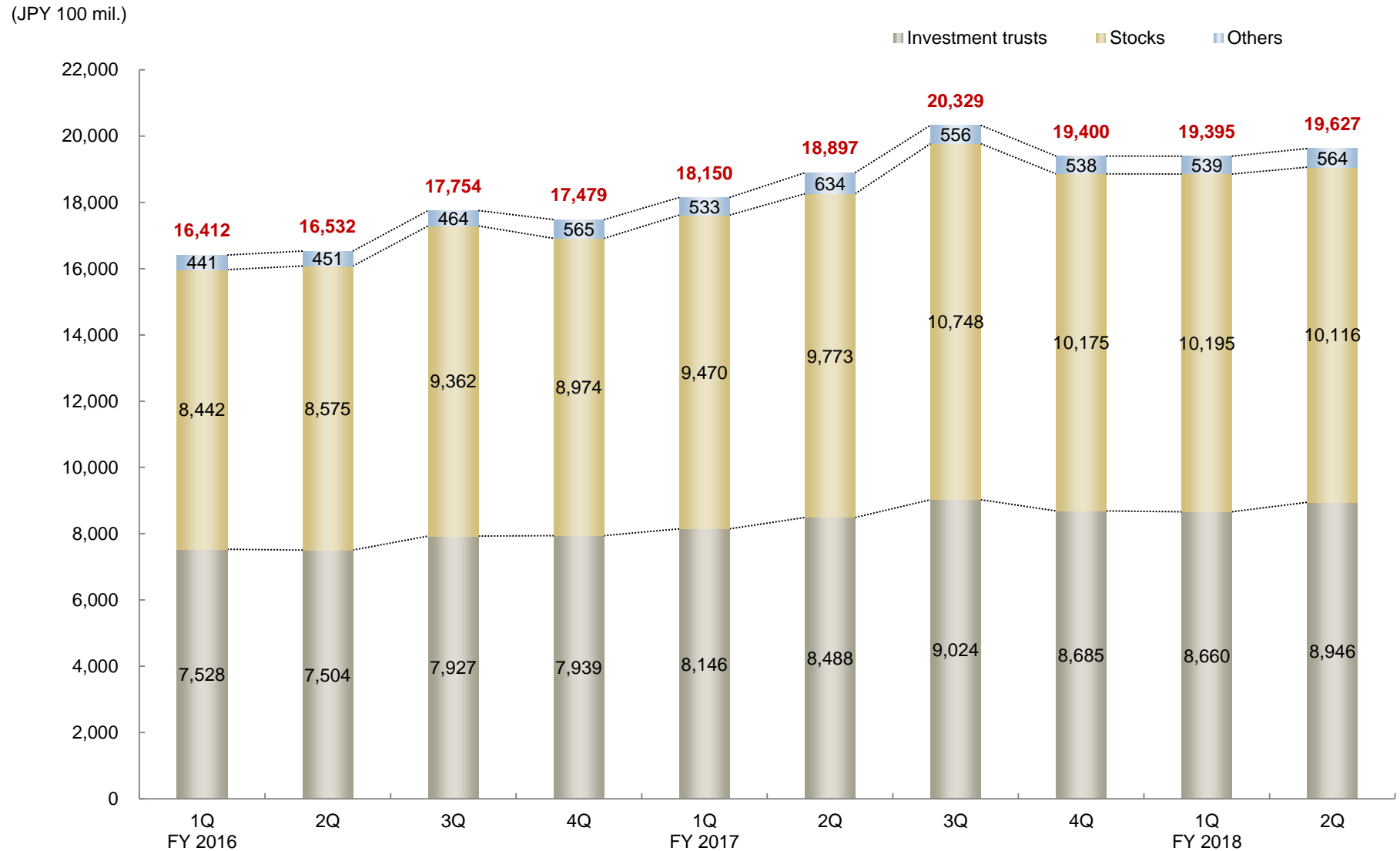
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(JPY mil.)



2. Customer Assets Under Custody

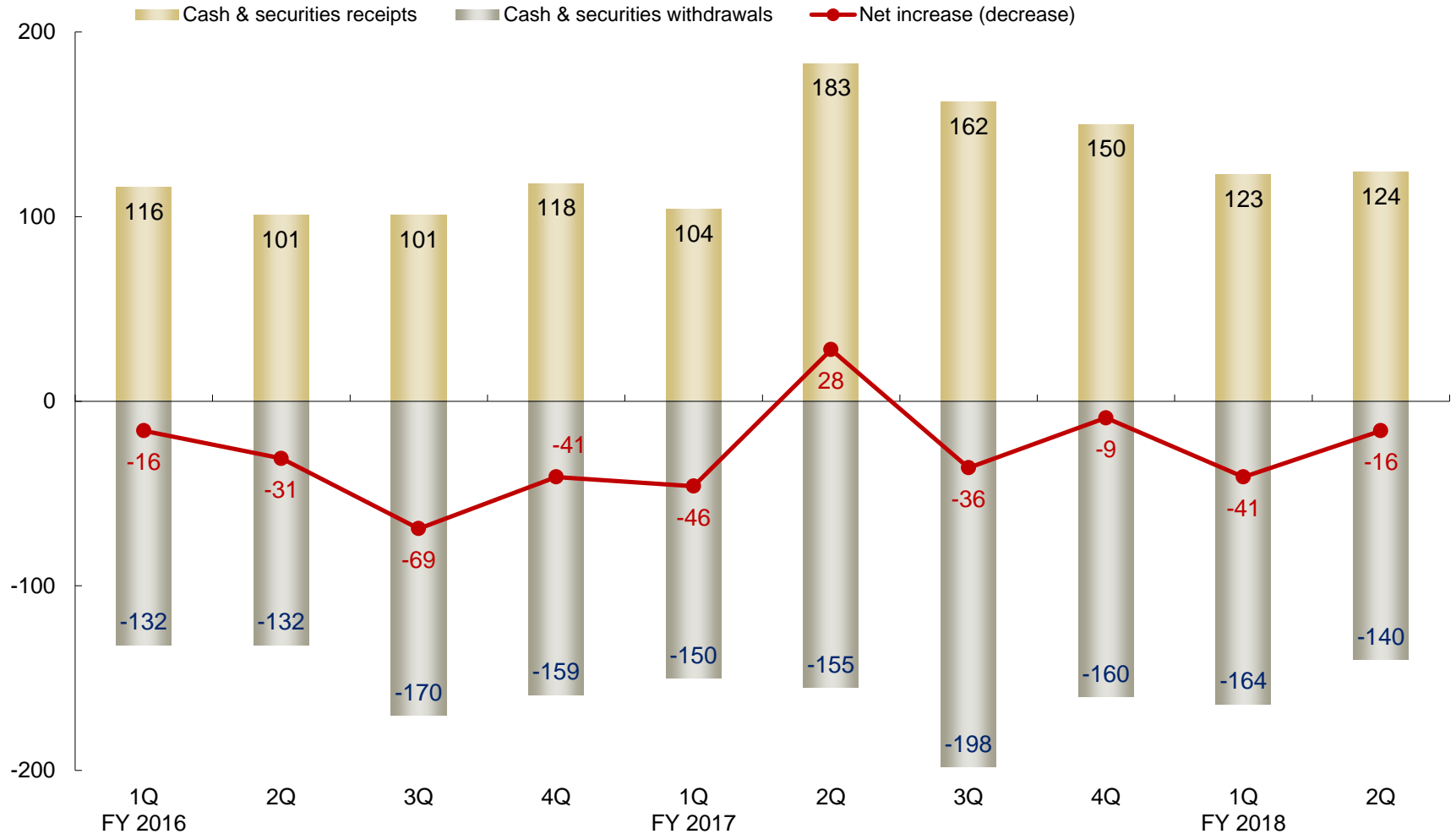
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3. Cash and Securities Receipts/Cash and Securities Withdrawals/Net Increase (Monthly Average) 【Retail】

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(JPY 100 mil.)



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

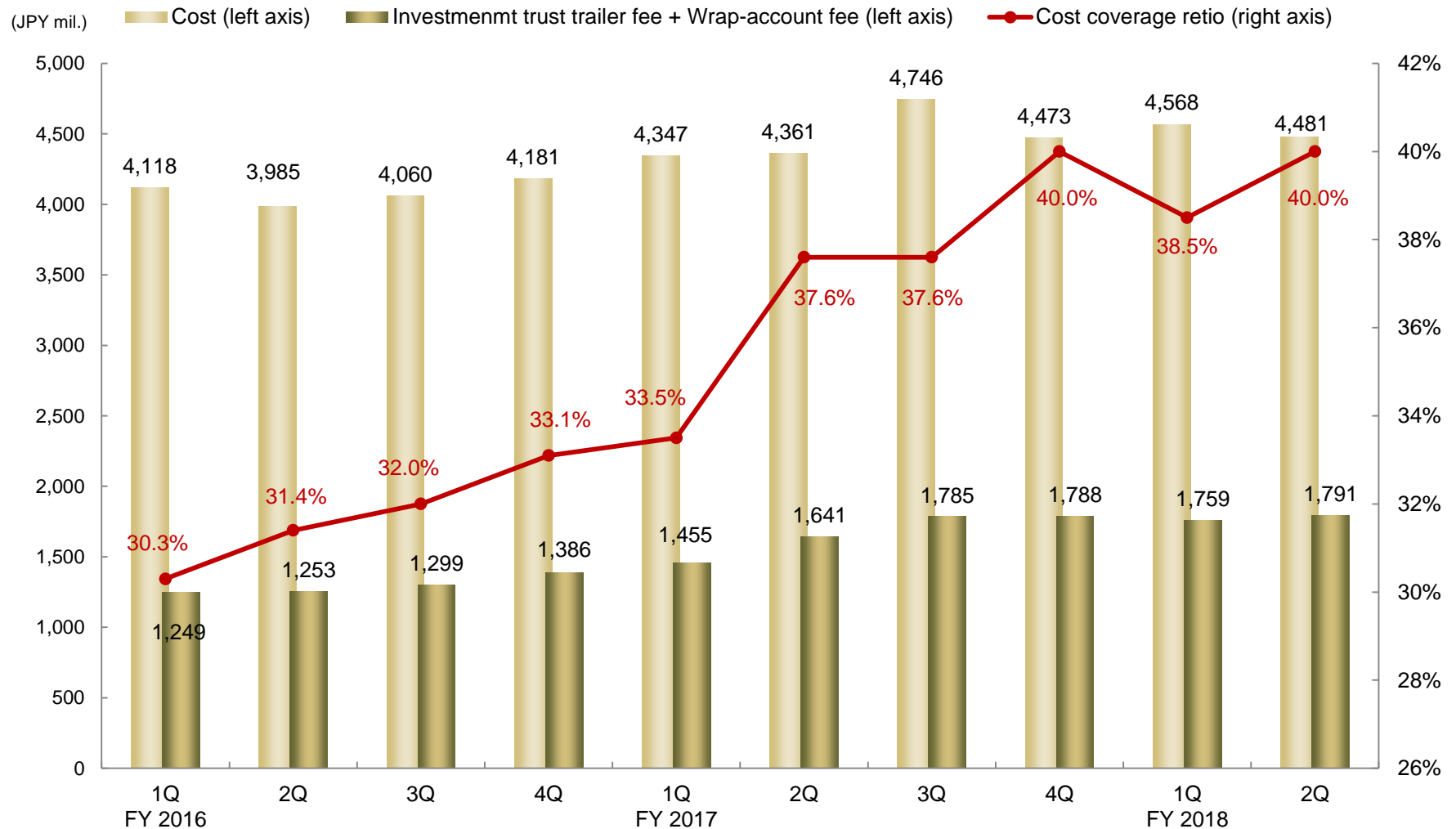
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(JPY 100 mil.)

	FY 2016				FY 2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Shinko J-REIT Open	74	64		31		45	38	56	79	133
Ichiyoshi Mid-Small Cap Growth Equity Fund	90	107	149	116	199	230			181	121
100-Year-Life World Allocation Fund (incl. Asset Growth Type)										40
Pictet Global Income Equity Fund							52		17	35
BNYM Japan Recover Growth Equity Fund									21	27
Nomura PIMCO World Income Strategy Fund (A/B/C/D)				45	52	53	72	71	17	
Ichiyoshi Invesco World Mid & Small Cap Growth Equity Fund						98	150	95		
Japan Mid&Small Cap Growth Equity Active Fund								80		
Nissay JPX Nikkei 400 Active Fund (incl. Asset Growth Type)								71		
Ichiyoshi Japan Venture Fund							240			
LM US Dividend Growers Equity Fund (Semi-Annual Settlement/ Quarterly Settlement)					50	52				
LM Australia High Yield Equity Fund (Monthly Dividend)	61	102	84	198	147					
Ichiyoshi Japan Select Dividend Equity & J-REIT Fund (Quarterly Settlement Type/Asset Growth Type)				92	45					
Fidelity US REIT Fund B - Non-Hedged	146	148	28							
BNYMellon Global Good Interest Rate CB Fund JPY Hedge Ltd Open 2016-04/07/11	67	50	37							
Japan High Dividend Stock Fund 2016-12 Limited Additional Subscription Type/with Early Redemption Clause			36							

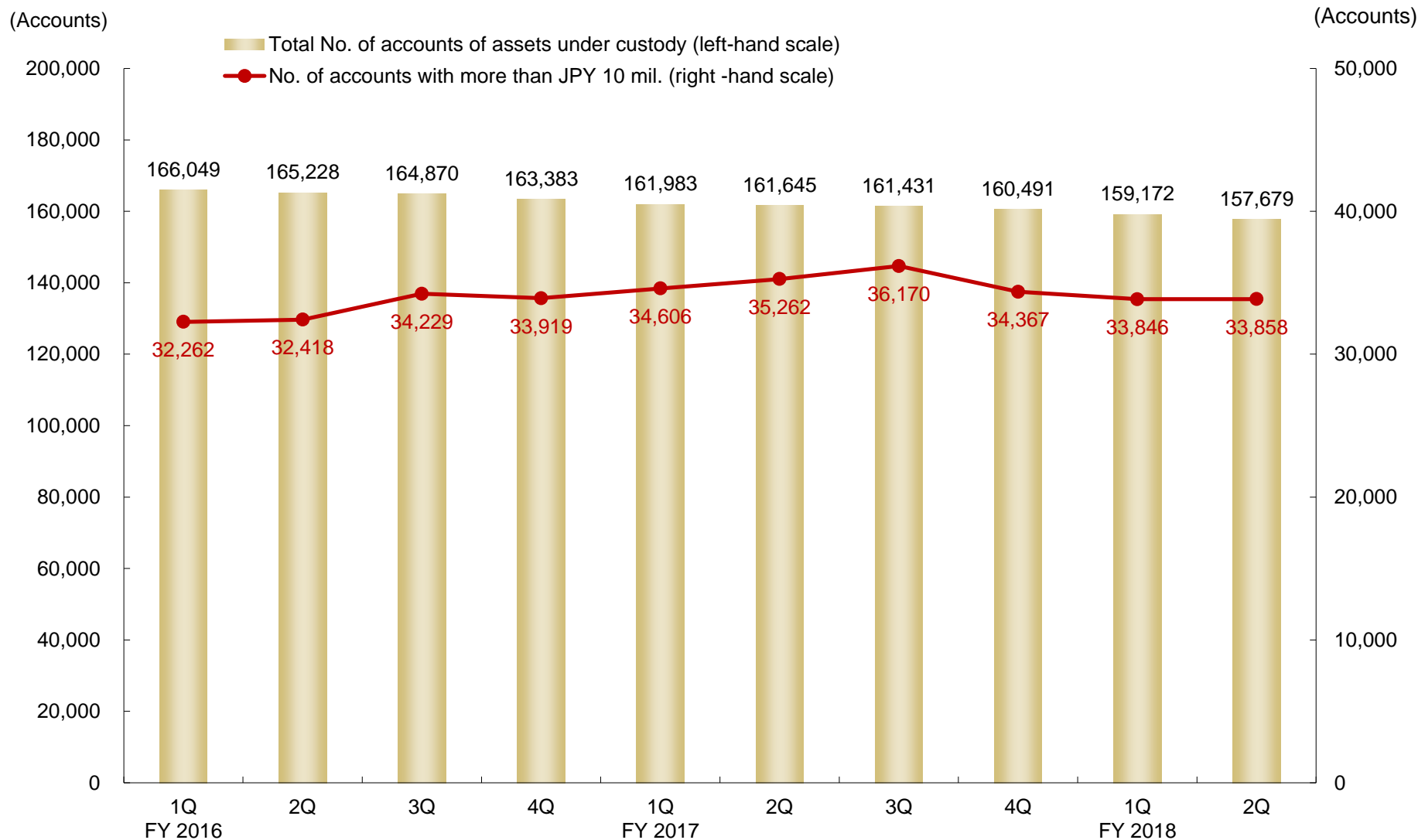
5. Trend of Investment Trust Trailer Fee and its Cost Coverage

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



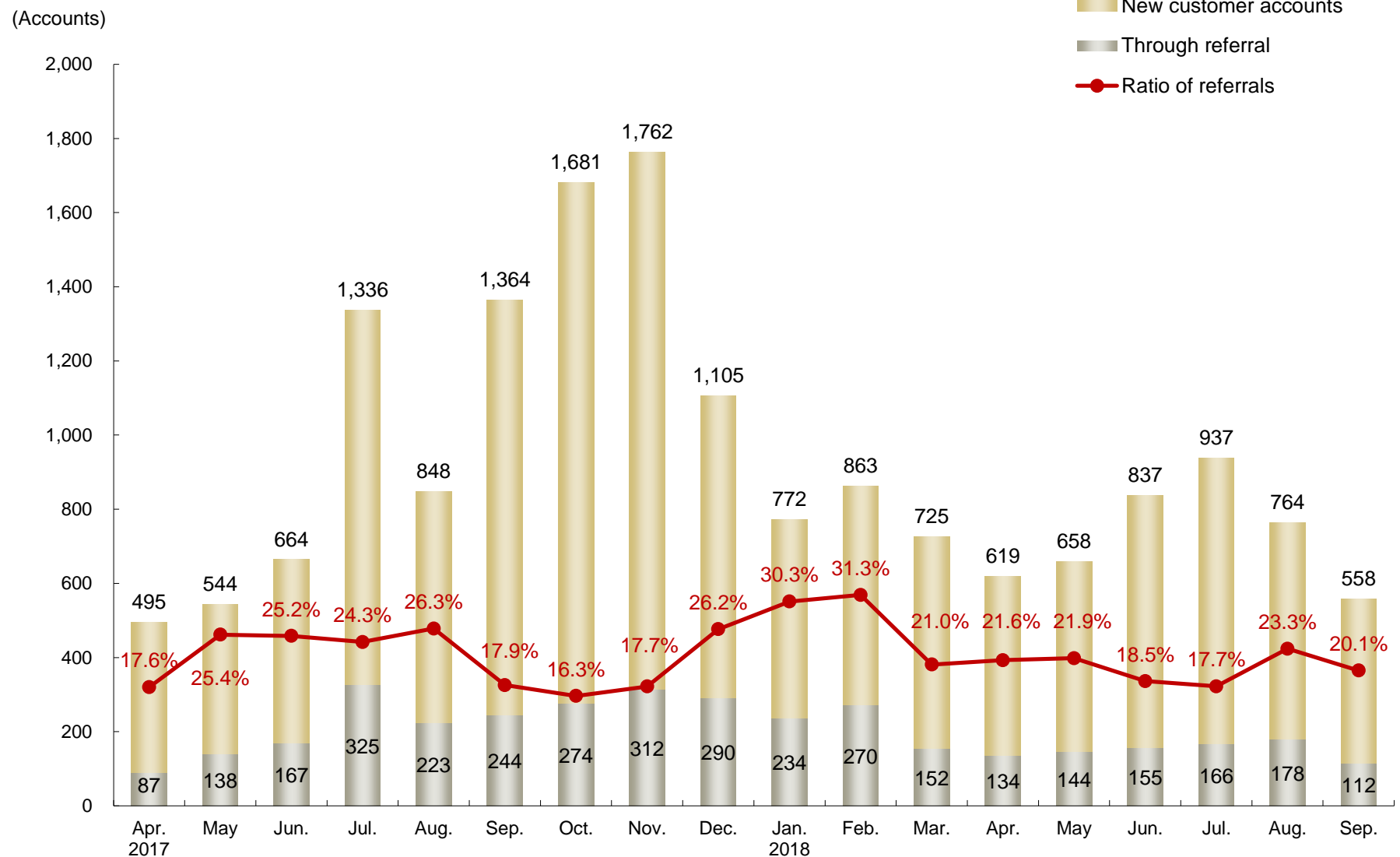
6. Number of Customer Accounts 【Retail】

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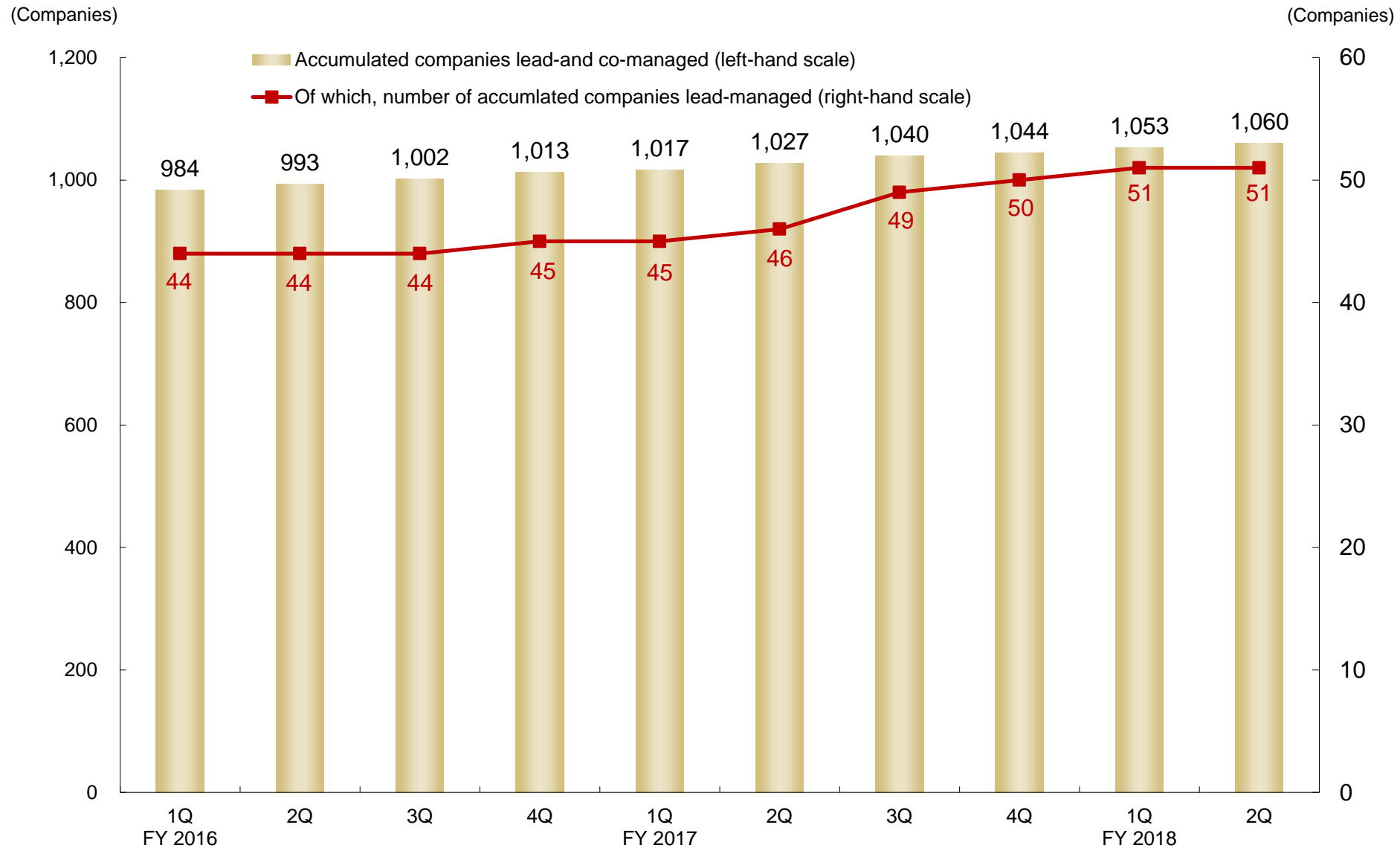
7. Number of New Customer Accounts and Ratio of Referrals 【Retail】

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8. Accumulated Companies Lead- and Co-managed

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III: Quarterly Transition

* Effective as from the first quarter of fiscal 2018, the “Partial Amendment to Accounting Standards Relating to Tax Effect Accounting” (Corporate Accounting Standards No. 28 dated February 16, 2018) and others have been applied. Assets and liabilities as of March 31, 2018 in this IR Presentation are presented retroactively based on such amendment.

(JPY mil.)

	FY 2017				FY 2018		Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q		
Operating revenue	5,866	6,535	7,348	6,752	5,932	5,650	- 4.7%	- 13.5%
Operating cost & expenses	4,347	4,361	4,746	4,473	4,568	4,481	- 1.9%	2.8%
Current income	1,165	1,872	2,296	1,895	1,067	919	- 13.8%	- 50.9%
Extraordinary income	60	4	23	2	31	20	- 34.8%	327.1%
Extraordinary loss	65	11	3	66	11	1	- 89.6%	- 89.9%
Corporate tax	281	796	592	692	98	444	349.6%	- 44.2%
Tax adjustment	89	- 184	133	- 245	341	- 189	—	—
Net income attributable to shareholders of parent company	785	1,249	1,583	1,376	641	676	5.5%	- 45.8%

2. Breakdown of Net Operating Revenue

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(JPY mil.)

	2018/3				2019/3		Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q		
Commission revenue	5,376	6,096	6,883	6,259	5,389	5,202	- 3.5%	- 14.7%
Gains on trading	32	36	34	21	32	25	- 21.7%	- 29.9%
Interest and dividend income	67	71	88	83	91	88	- 3.3%	23.8%
Other operating revenue	390	331	342	387	418	334	- 20.0%	0.9%
Interest expenses	20	19	32	19	13	11	- 16.9%	- 40.4%
Other operating expenses	354	307	322	357	367	303	- 17.3%	- 1.3%
Total	5,491	6,208	6,993	6,375	5,551	5,335	- 3.9%	- 14.1%

3. Breakdown of Commission Revenue

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(JPY mil.)

FY 2017				FY 2018		Quarter-on- quarter	Year-on- year
1Q	2Q	3Q	4Q	1Q	2Q		

Brokerage (Major item)

Stocks	2,137	2,230	2,784	2,477	2,167	1,901	- 12.3%	- 14.7%
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Distribution (Major item)

Investment trusts sales charge	1,600	1,784	1,795	1,523	1,136	1,194	5.0%	- 33.1%
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Underwriting (Major items)

IPO	6	103	263	15	11	11	6.6%	- 88.6%
PO	2	140	22	15	5	10	85.2%	- 92.4%
Total	8	244	285	31	16	22	33.5%	- 90.8%

Others (Major items)

Investment trusts (trailer fees and others)	1,455	1,641	1,785	1,788	1,759	1,791	1.8%	9.1%
Other than investment trusts	104	146	174	348	224	205	- 8.6%	40.4%
Total	1,559	1,788	1,959	2,137	1,984	1,996	0.6%	11.7%

4. Breakdown of Gains on Trading

(JPY mil.)

	FY 2017				FY 2018		Quarter-on- quarter	Year-on- year
	1Q	2Q	3Q	4Q	1Q	2Q		
Stocks, etc.	11	12	14	9	12	1	- 87.0%	- 87.4%
Bonds ・ Forex, etc.	20	23	19	12	20	23	17.7%	0.6%
(Bonds, etc.)	(16)	(19)	(15)	(10)	(13)	(12)	- 2.4%	- 34.0%
(Forex, etc.)	(3)	(4)	(3)	(1)	(7)	(11)	54.5%	156.8%
Total	32	36	34	21	32	25	- 21.7%	- 29.9%

(JPY mil.)

	FY 2017				FY 2018		Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q		
Transaction related expenses	430	448	528	446	460	406	- 11.9%	- 9.5%
Personnel expenses	2,470	2,516	2,758	2,551	2,615	2,546	- 2.6%	1.2%
Property related expenses	484	472	500	496	530	544	2.8%	15.4%
Clerical expenses	601	577	612	600	582	595	2.2%	3.0%
Depreciation	102	106	100	121	117	126	7.5%	18.5%
Public charges	79	93	95	89	73	85	16.3%	- 8.5%
Allowances for doubtful accounts	0	0	0	1	—	—	—	—
Others	180	145	150	165	188	177	- 5.8%	21.6%
Total	4,347	4,361	4,746	4,473	4,568	4,481	- 1.9%	2.8%

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

Fixed cost	3,103	3,031	3,121	3,081	3,273	3,250	- 0.7%	7.2%
Variable cost	1,121	1,175	1,464	1,212	1,135	1,029	- 9.3%	- 12.4%

(JPY mil.)

FY 2017				FY 2018		Year-on-year
1Q	2Q	3Q	4Q ※	1Q	2Q	

Assets							
Current assets	44,471	60,376	52,921	52,034 (52,582)	48,108	49,484	- 4.9%
Fixed assets	6,075	6,109	6,087	6,555 (6,089)	6,256	6,418	- 2.1%
Total assets	50,546	66,485	59,008	58,590 (58,671)	54,365	55,903	- 4.6%

Liabilities							
Current liabilities	16,797	31,333	23,233	21,462	18,176	19,061	- 11.2%
Fixed liabilities	341	344	344	274 (355)	263	252	- 8.0%
Total liabilities	17,319	31,858	23,758	21,948 (22,029)	18,651	19,526	- 11.0%

Net worth							
Net worth	33,226	34,627	35,249	36,641	35,713	36,377	- 0.7%
Total liabilities & net worth	50,546	66,485	59,008	58,590 (58,671)	54,365	55,903	- 4.6%

* Figures in parentheses are the ones without retroactive amendments as noted on P.17.

(JPY mil.)

	FY 2017				FY 2018		Change from FY 2017 end. (%)
	1Q	2Q	3Q	4Q ※	1Q	2Q	
Total assets (JPY mil.)	50,546	66,485	59,008	58,590 (58,671)	54,365	55,903	- 4.6%
Net worth (JPY mil.)	33,226	34,627	35,249	36,641	35,713	36,377	- 0.7%
Equity ratio (%)	65.1	51.6	59.2	62.0 (61.9)	65.1	64.5	—
Net worth per share (JPY)	771.83	804.62	817.93	850.09	827.61	842.58	—
Capital adequacy ratio (%) (non-consolidated basis)	593.2	606.8	609.0	600.4	550.9	561.0	—
EPS (JPY)	18.43	47.71	84.79	117.00	15.01	30.82	—
ROE (%)	2.4	6.1	10.7	14.5	1.8	3.6	—

* Figures in parentheses are the ones without retroactive amendments as noted on P.17.

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- This document is based on the data as of September 30, 2018. (Figures less than one million yen are rounded down)

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