

IR Presentation for Third quarter, year ending March 2019



Ichiyoshi Securities Co., Ltd.

January, 2019

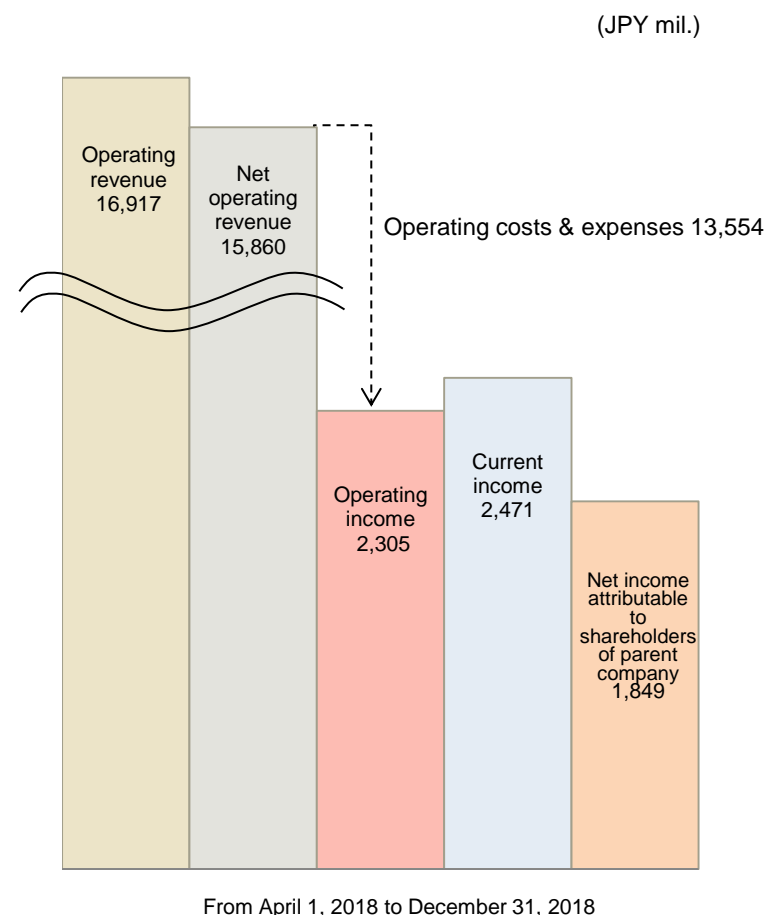
I : Business Results (Consolidated)

* 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.

1. Profit and Loss

- ◆ Operating revenue amounted to 16,917 million yen, a decrease of 2,832 million yen (down 14.3%) from the year-earlier period.
- ◆ Current income amounted to 2,471 million yen, a decrease of 2,862 million yen (down 53.7%) from the year-earlier period.
- ◆ Net income attributable to shareholders of parent company amounted to 1,849 million yen, a decrease of 1,769 million yen (down 48.9%) from the year-earlier period.

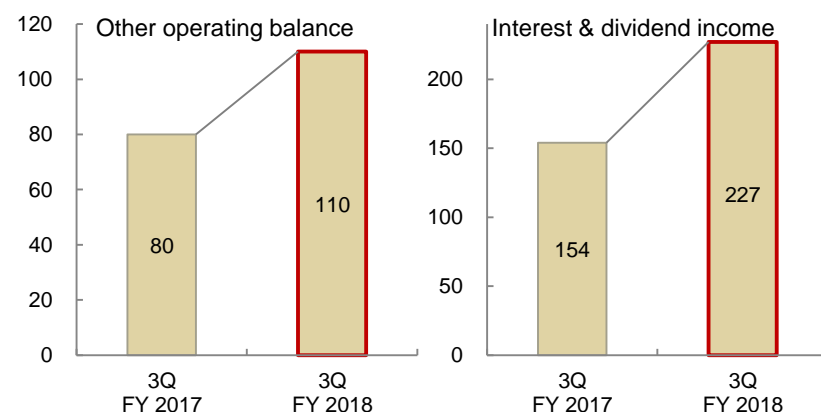
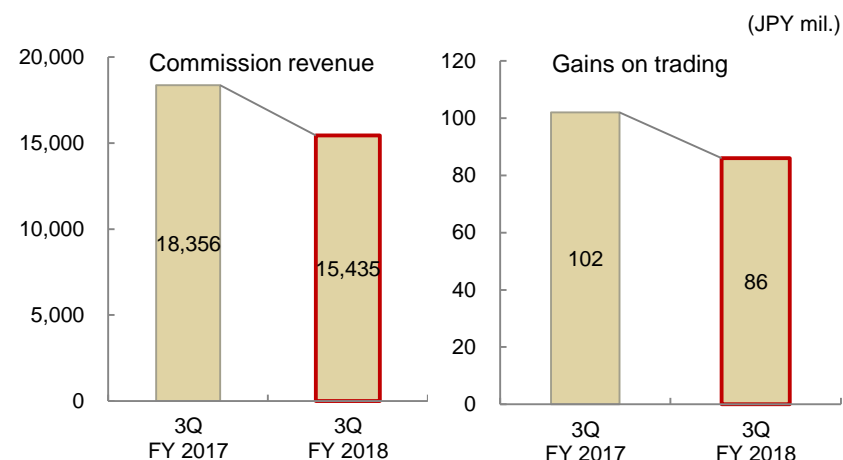
	(JPY mil.)			
	FY 2017 3Q	FY 2018 3Q	Year-on-year (%)	Year-on-year
Operating revenue	19,750	16,917	- 14.3%	- 2,832
Net operating revenue	18,693	15,860	- 15.2%	- 2,832
Operating costs & expenses	13,454	13,554	0.7%	100
Operating income	5,238	2,305	- 56.0%	- 2,932
Current income	5,333	2,471	- 53.7%	- 2,862
Extraordinary income & loss	8	266	-	258
Income taxes	1,710	869	- 49.2%	- 840
Net income attributable to shareholders of parent company	3,618	1,849	- 48.9%	- 1,769



2. Breakdown of Net Operating Revenue

- ◆ Commission revenue amounted to 15,435 million yen, a decrease of 2,920 million yen (down 15.9%) from the year-earlier period, as commissions of subscription and distribution reduced and etc.

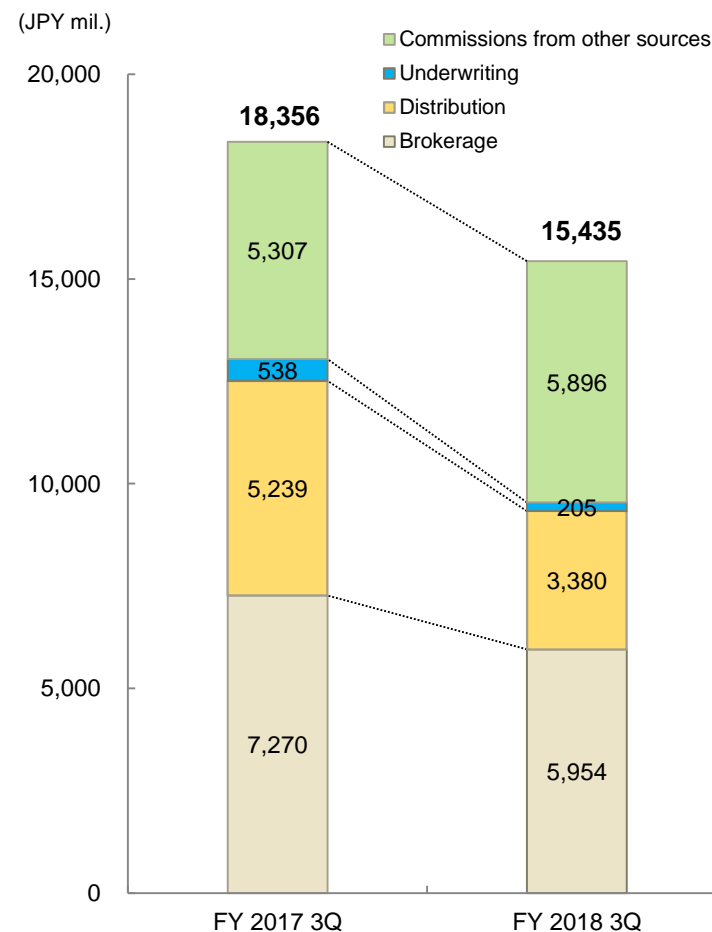
	(JPY mil.)			
	FY 2017 3Q	FY 2018 3Q	Year-on- year (%)	Year-on- year
Commission revenue	18,356	15,435	- 15.9%	- 2,920
Gains on trading	102	86	- 15.0%	- 15
Other operating balance	80	110	37.2%	29
Interest & dividend income	154	227	47.0%	72
Total	18,693	15,860	- 15.2%	- 2,832



3. Breakdown of Commission Revenue

- ◆ Commissions from brokerage of stocks amounted to 5,773 million yen, a decrease of 1,379 million yen (down 19.3%) from the year-earlier period. Distribution of investment trusts sales charge amounted to 3,259 million yen, a decrease of 1,921 million yen (down 37.1%) from the year-earlier period. Commissions from other sources (Investment trusts trailer fees and others) amounted to 5,896 million yen, an increase of 588 million yen (up 11.1%) from the year-earlier period.
- ◆ Fees from underwriting amounted to 205 million yen, a decrease of 333 million yen (down 61.9%) from the year-earlier period, as the Company participated in the management and underwriting of 26 initial public offerings, and underwrote 3 public offerings of share of other listed issuer.

	FY 2017 3Q	FY 2018 3Q	Year-on-year (%)	Year-on-year
(JPY mil.)				
Commission revenue	18,356	15,435	- 15.9%	- 2,920
Brokerage (Major item)				
Stocks	7,153	5,773	- 19.3%	- 1,379
Distribution (Major item)				
Investment trusts sales charge	5,180	3,259	-37.1%	- 1,921
Underwriting (Major items)				
IPO	373	188	- 49.5%	- 185
PO	164	16	- 90.0%	- 148
Total	538	205	- 61.9%	- 333
Commissions from other sources (Major items)				
Investment trusts (trailer fees & others)	4,882	5,276	8.1%	394
Other than investment trusts	424	619	45.9%	194
Total	5,307	5,896	11.1%	588



<Reference>

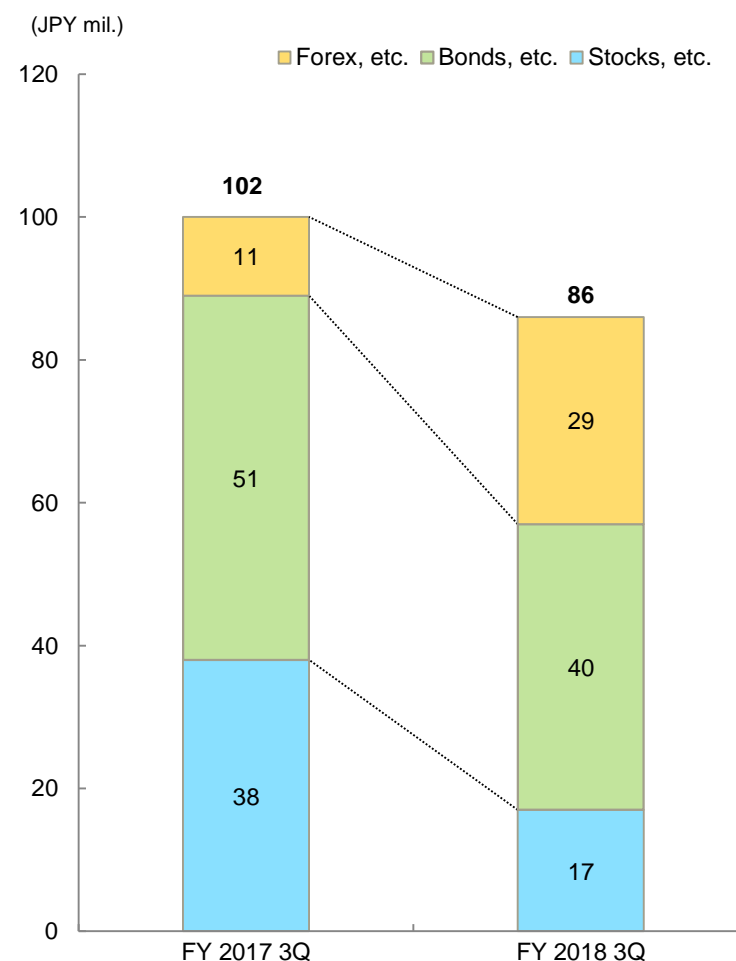
	FY 2017 3Q	FY 2018 3Q	Year-on-year (%)	Year-on-year
(JPY 100 mil.)				
Fund distribution	2,569	2,039	- 20.6%	- 529

* Including Fund Wrap sales

4. Breakdown of Gains on Trading

- ◆ Gains on trading amounted to 86 million yen, a decrease of 15 million yen (down 15.0%) from the year-earlier period, as gains on trading of stocks reduced and etc.

	FY 2017 3Q	FY 2018 3Q	Year-on-year (%)	Year-on-year
Stocks, etc.	38	17	- 54.7%	- 21
Bonds ・ Forex, etc.	63	69	9.0%	5
(Bonds, etc.)	(51)	(40)	- 22.5%	- 11
(Forex, etc.)	(11)	(29)	147.3%	17
Total	102	86	- 15.0%	- 15



5. Operating Cost and Expenses

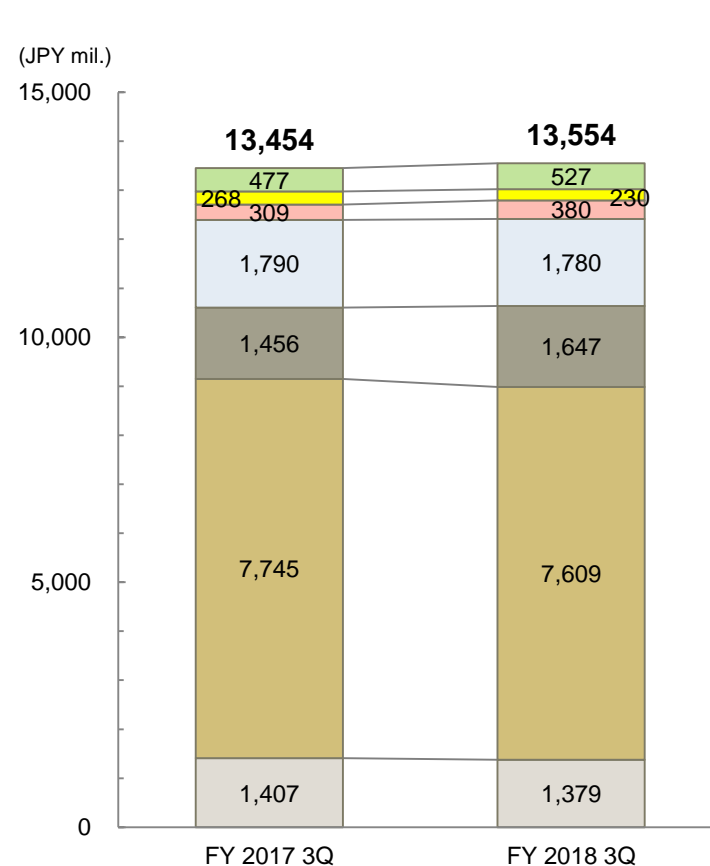
- ◆ Operating cost and expenses amounted to 13,554 million yen, an increase of 100 million yen (up 0.7%) from the year-earlier period, as property related expenses and depreciation, etc. swelled.

	FY 2017 3Q	FY 2018 3Q	Year-on-year (%)	Year-on-year
Transaction related expenses	1,407	1,379	- 2.0%	- 27
Personnel expenses	7,745	7,609	- 1.8%	- 136
Property related expenses	1,456	1,647	13.1%	190
Clerical expenses	1,790	1,780	- 0.6%	- 10
Depreciation	309	380	23.2%	71
Public charges	268	230	- 14.2%	- 38
Provision of allowance for doubtful accounts	0	-	-	-
Others	476	527	10.7%	51
Total	13,454	13,554	0.7%	100

<Reference> FY 2018 3Q (cumulative total; from April to December)
Fixed cost and variable cost (non-consolidated basis)

Fixed cost	9,732
Variable cost	3,271

(JPY mil.)

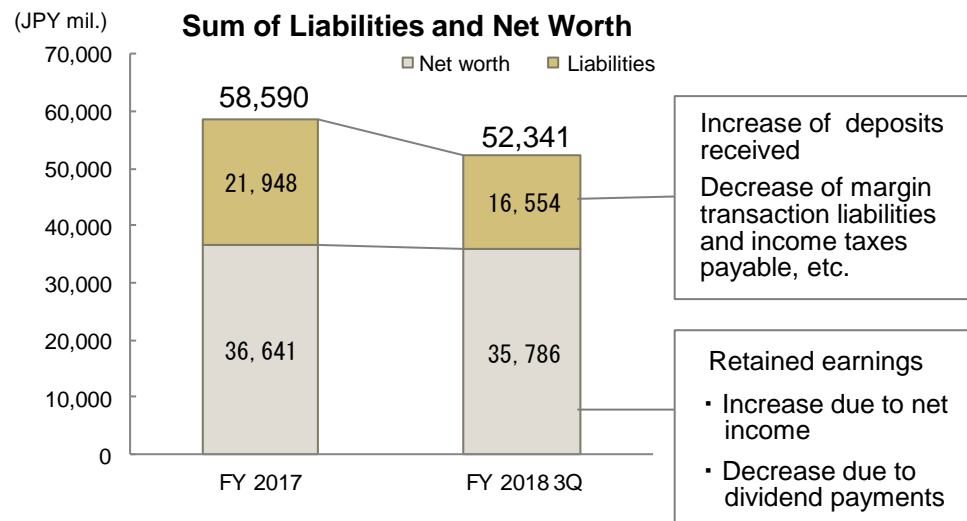
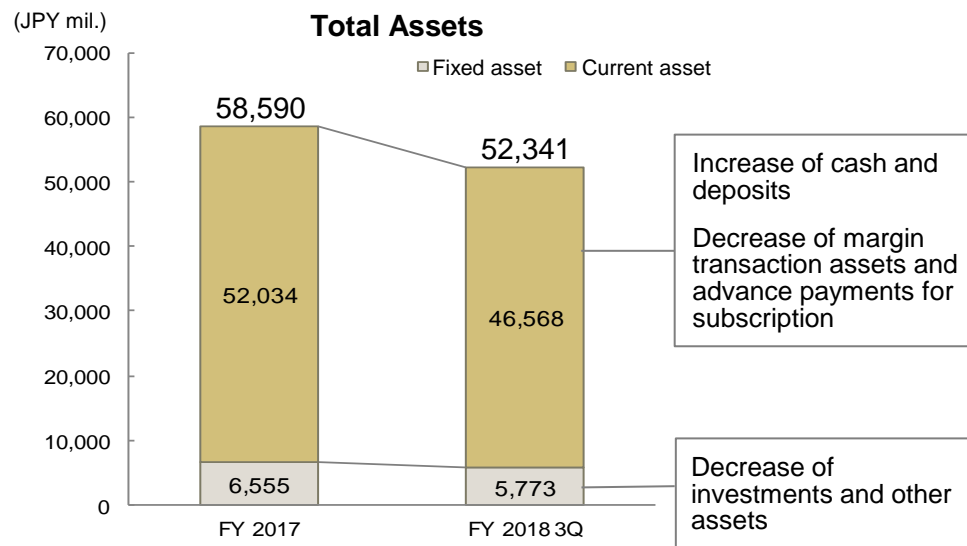


Transaction related expenses
 Personnel expenses
 Property related expenses
 Clerical expenses
 Depreciation
 Public charges
 Others

6. Balance Sheets/Financial Results

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Balance Sheet



Financial Results

	FY 2018 3Q	Change from FY 2017 end.
Equity ratio (%)	68.1	6.1
Net worth per share (JPY)	833.29	- 16.80
Capital adequacy ratio (non-consolidated basis) (%)	575.7	- 24.7

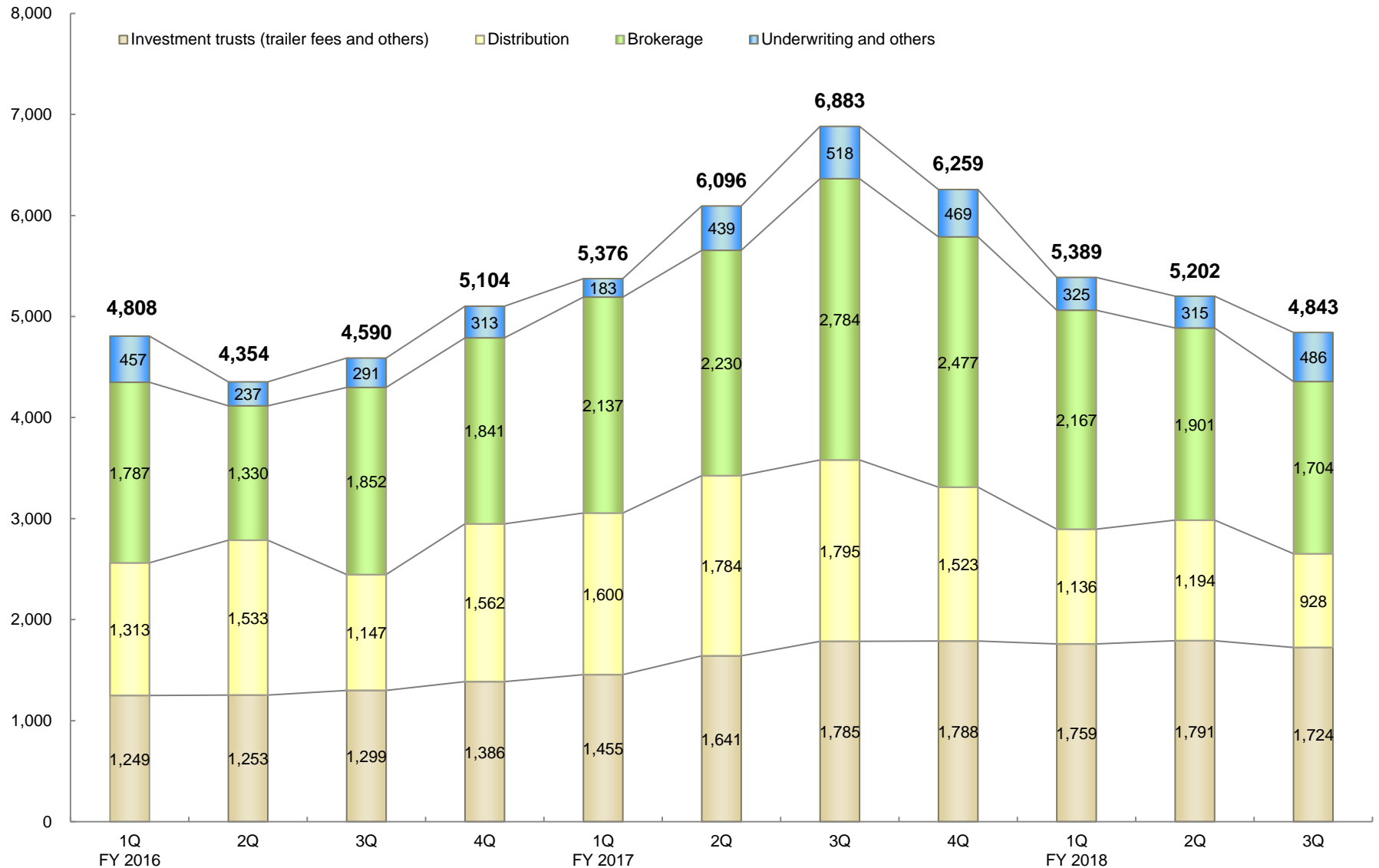
	FY 2018 3Q	Year-on-year
EPS (JPY)	43.23	- 41.56
ROE (%)	5.1	- 5.6

II : Business Circumstances

1. Commission Revenue

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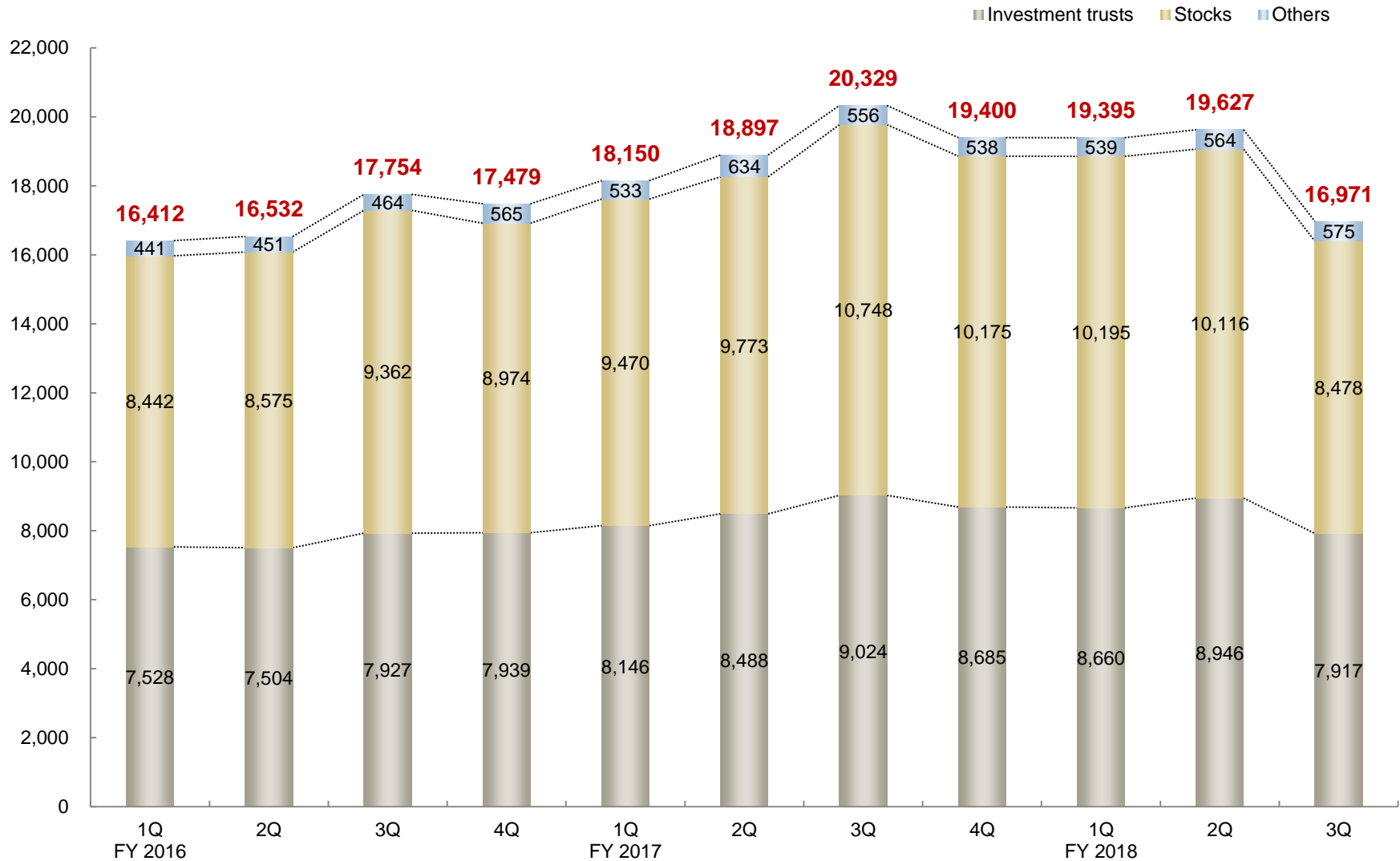
(JPY mil.)



2. Customer Assets Under Custody

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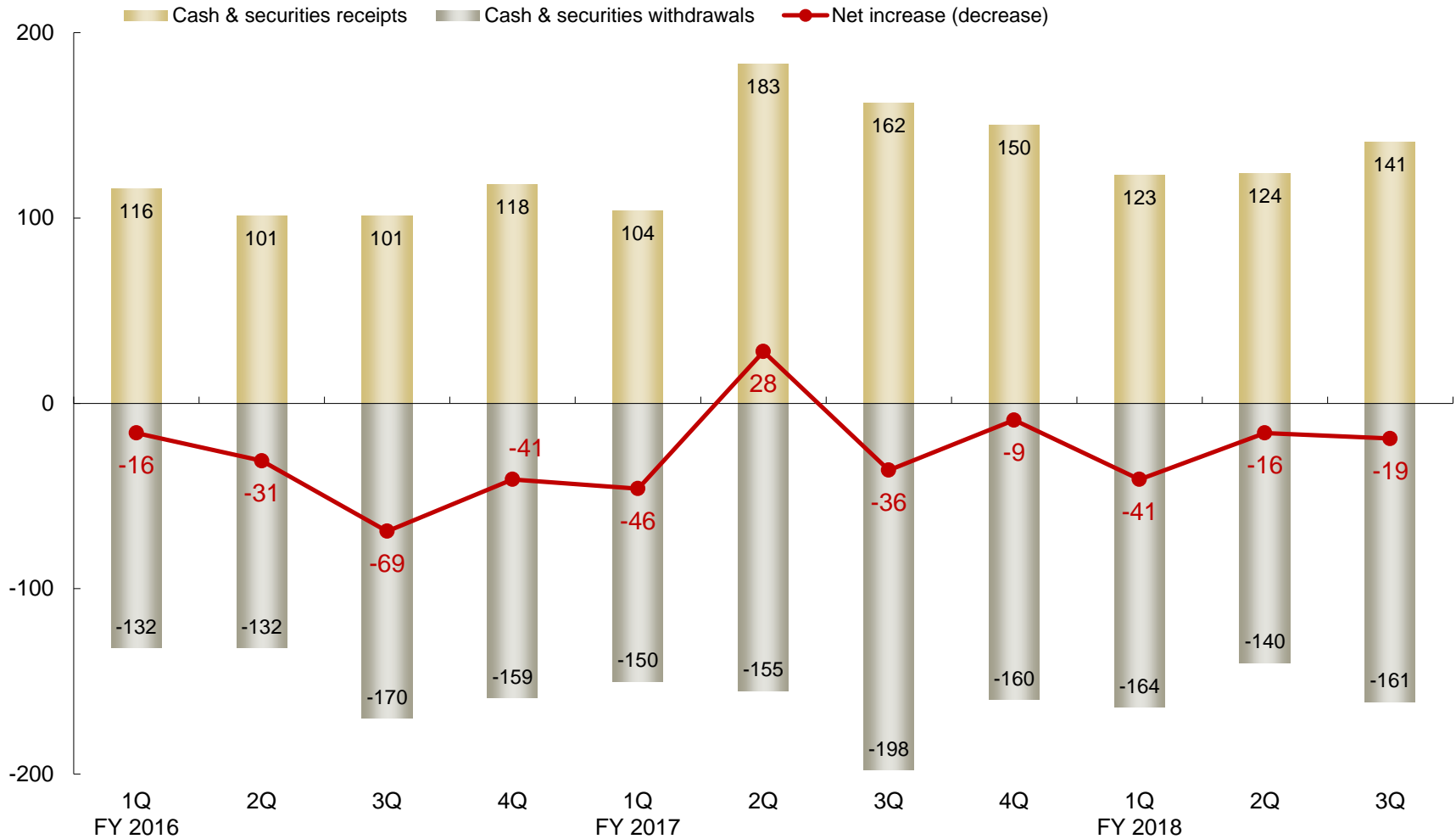
(JPY 100 mil.)



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

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(JPY 100 mil.)



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

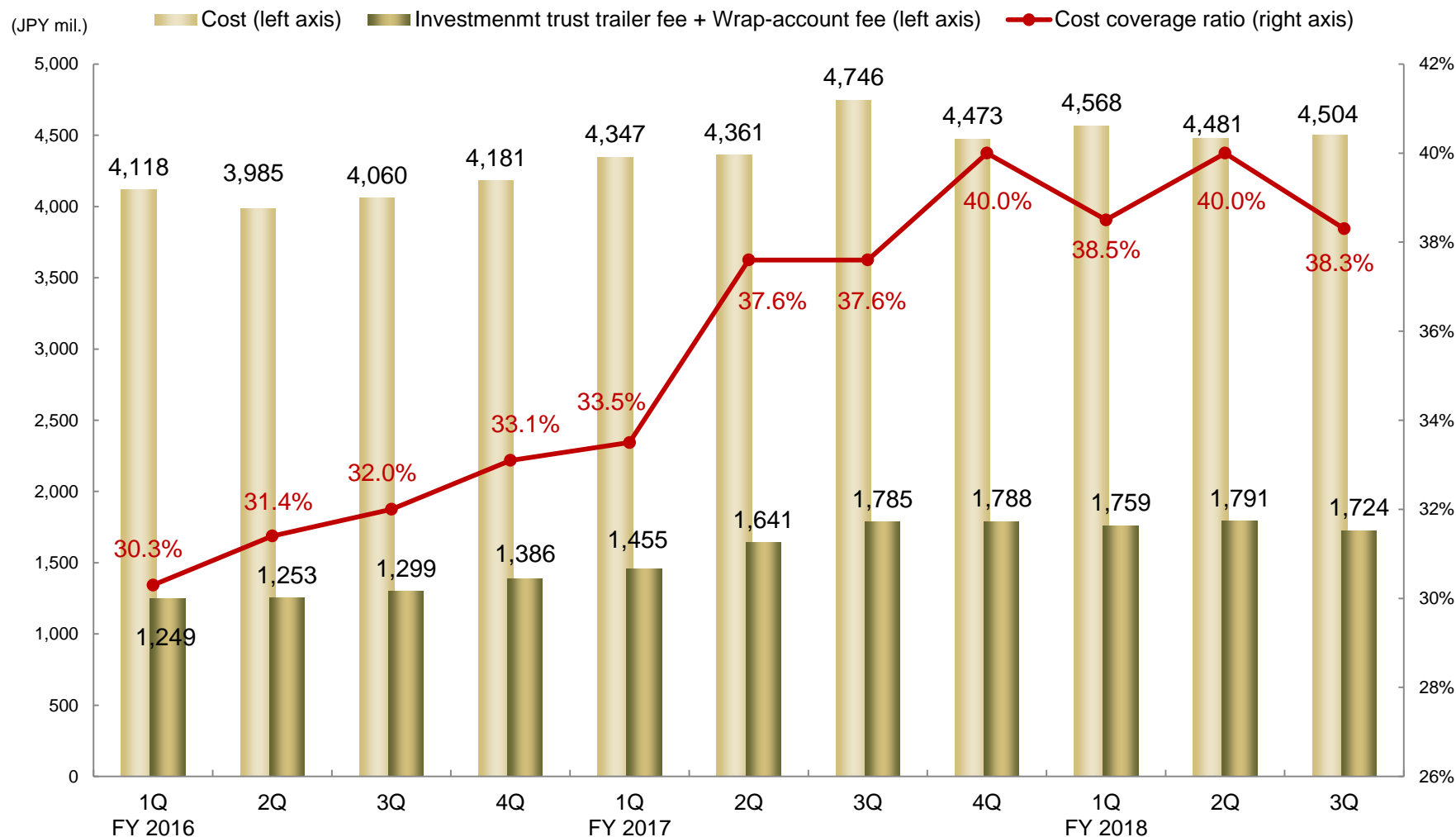
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(JPY 100 mil.)

	FY 2016				FY 2017				FY 2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Shinko J-REIT Open	74	64		31		45	38	56	79	133	84
BNYM Japan Recover Growth Equity Fund									21	27	65
Ichiyoshi Mid-Small Cap Growth Equity Fund	90	107	149	116	199	230			181	121	43
Pictet Global Income Equity Fund							52		17	35	39
100-Year-Life World Allocation Fund (3% Target Receivable Type/ 6% Target Receivable Type/Asset Growth)										45	37
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								

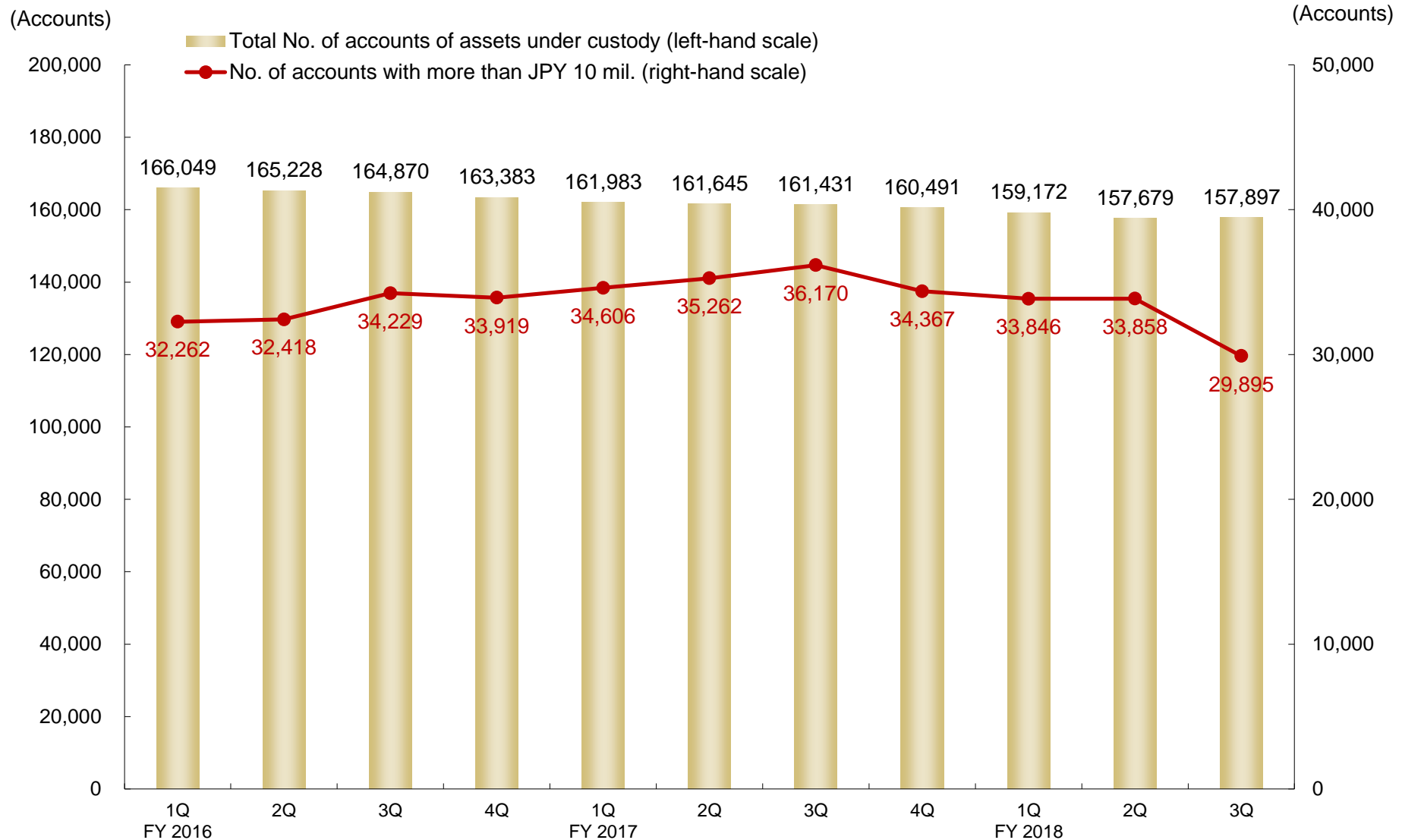
5. Trend of Investment Trust Trailer Fee and its Cost Coverage

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



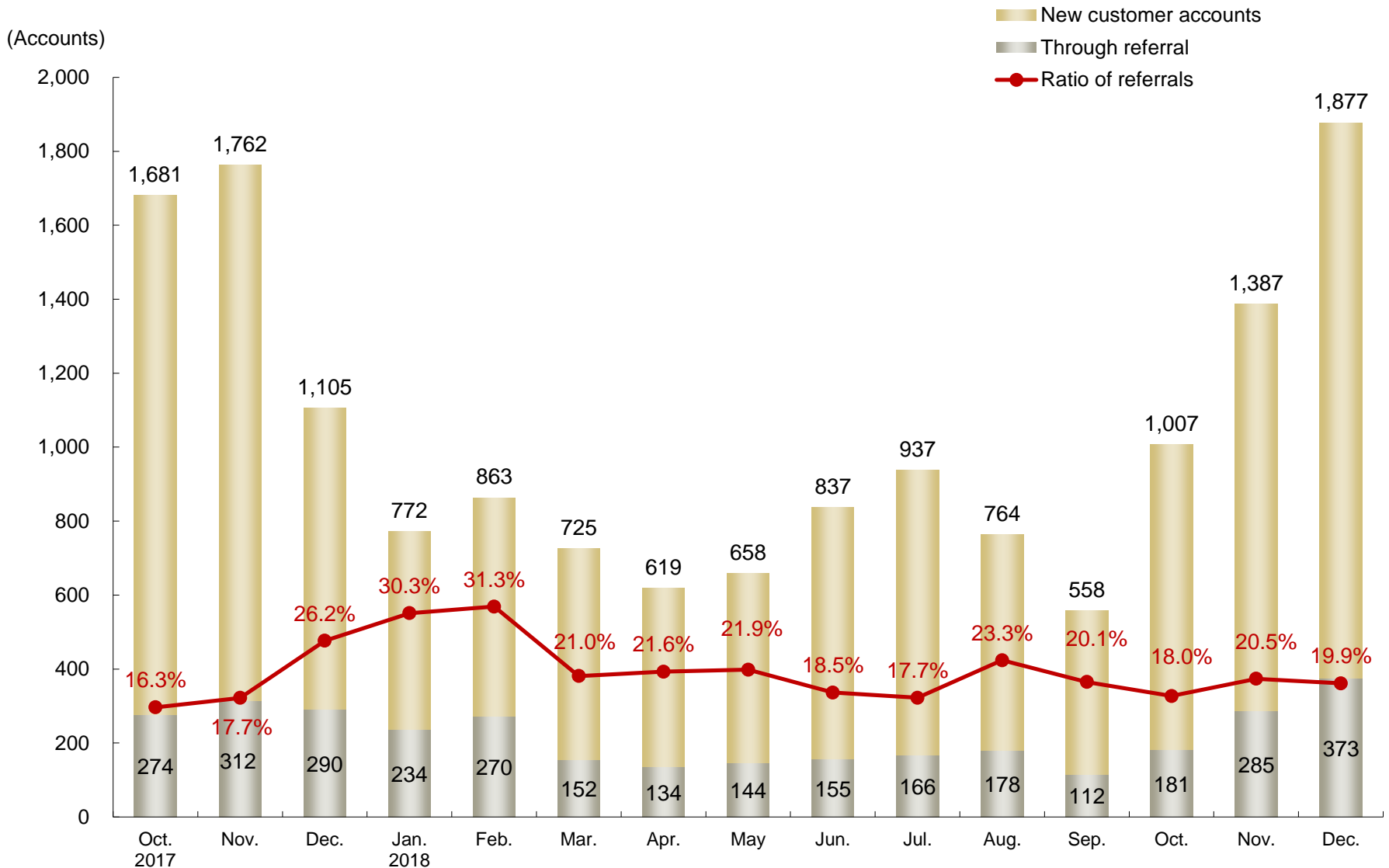
6. Number of Customer Accounts 【Retail】

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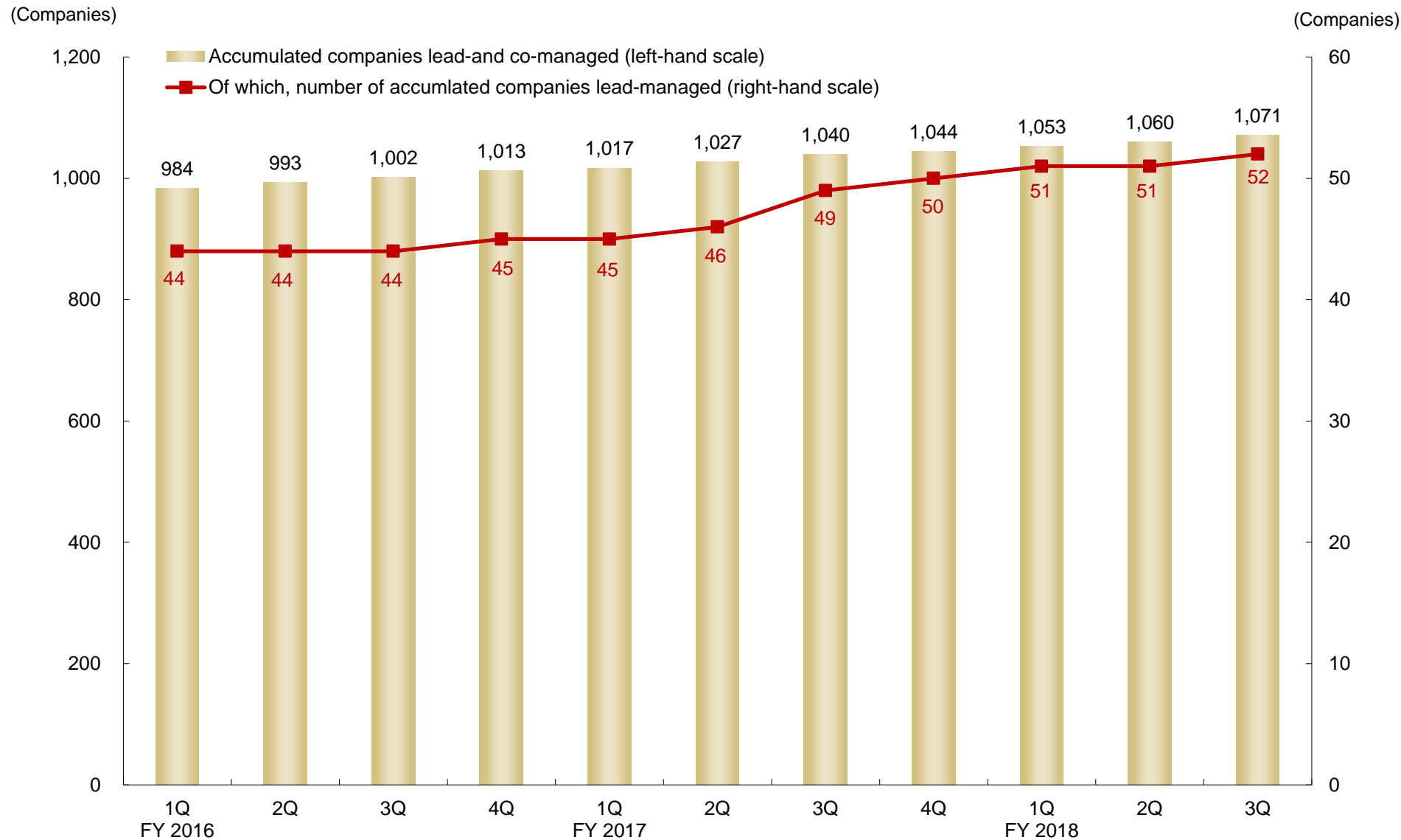


7. Number of New Customer Accounts and Ratio of Referrals 【Retail】

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8. Accumulated Companies Lead- and Co-managed



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	3Q		
Operating revenue	5,866	6,535	7,348	6,752	5,932	5,650	5,334	- 5.6%	- 27.4%
Operating cost & expenses	4,347	4,361	4,746	4,473	4,568	4,481	4,504	0.5%	- 5.1%
Current income	1,165	1,872	2,296	1,895	1,067	919	484	- 47.3%	- 78.9%
Extraordinary income	60	4	23	2	31	20	231	-	878.7%
Extraordinary loss	65	11	3	66	11	1	4	306.2%	34.4%
Corporate tax	281	796	592	692	98	444	- 51	-	-
Tax adjustment	89	- 184	133	- 245	341	- 189	226	-	68.8%
Net income attributable to shareholders of parent company	785	1,249	1,583	1,376	641	676	531	- 21.5%	- 66.5%

2. Breakdown of Net Operating Revenue

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(JPY mil.)

	FY 2017				FY 2018			Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Commission revenue	5,376	6,096	6,883	6,259	5,389	5,202	4,843	- 6.9%	- 29.6%
Gains on trading	32	36	34	21	32	25	29	15.1%	- 14.2%
Interest and dividend income	67	71	88	83	91	88	84	- 4.4%	- 4.0%
Other operating revenue	390	331	342	387	418	334	377	12.8%	10.1%
Interest expenses	20	19	32	19	13	11	11	2.9%	- 63.6%
Other operating expenses	354	307	322	357	367	303	348	14.9%	8.4%
Total	5,491	6,208	6,993	6,375	5,551	5,335	4,974	- 6.8%	- 28.9%

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	3Q		

Brokerage (Major item)

Stocks	2,137	2,230	2,784	2,477	2,167	1,901	1,704	- 10.4%	- 38.8%
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Distribution (Major item)

Investment trusts sales charge	1,600	1,784	1,795	1,523	1,136	1,194	928	- 22.3%	- 48.3%
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Underwriting (Major items)

IPO	6	103	263	15	11	11	165	-	- 37.1%
PO	2	140	22	15	5	10	-	-	-
Total	8	244	285	31	16	22	165	633.5%	- 42.0%

Others (Major items)

Investment trusts (trailer fees and others)	1,455	1,641	1,785	1,788	1,759	1,791	1,724	- 3.7%	- 3.4%
Other than investment trusts	104	146	174	348	224	205	189	- 7.8%	8.8%
Total	1,559	1,788	1,959	2,137	1,984	1,996	1,914	- 4.1%	- 2.3%

4. Breakdown of Gains on Trading

(JPY mil.)

	FY 2017				FY 2018			Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Stocks, etc.	11	12	14	9	12	1	3	132.7%	- 74.5%
Bonds • Forex, etc.	20	23	19	12	20	23	25	7.3%	30.1%
(Bonds, etc.)	(16)	(19)	(15)	(10)	(13)	(12)	(14)	13.4%	- 8.0%
(Forex, etc.)	(3)	(4)	(3)	(1)	(7)	(11)	(11)	0.3%	183.8%
Total	32	36	34	21	32	25	29	15.1%	- 14.2%

(JPY mil.)

	FY 2017				FY 2018			Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Transaction related expenses	430	448	528	446	460	406	512	26.2%	- 3.0%
Personnel expenses	2,470	2,516	2,758	2,551	2,615	2,546	2,447	- 3.9%	- 11.3%
Property related expenses	484	472	500	496	530	544	572	5.1%	14.4%
Clerical expenses	601	577	612	600	582	595	602	1.3%	- 1.6%
Depreciation	102	106	100	121	117	126	137	8.8%	36.6%
Public charges	79	93	95	89	73	85	70	- 17.5%	-26.1%
Allowances for doubtful accounts	0	0	0	1	-	-	-	-	-
Others	180	145	150	165	188	177	162	- 8.4%	7.5%
Total	4,347	4,361	4,746	4,473	4,568	4,481	4,504	0.5%	- 5.1%

<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	3,207	- 1.3%	2.8%
Variable cost	1,121	1,175	1,464	1,212	1,135	1,029	1,106	7.4%	- 24.5%

(JPY mil.)

FY 2017				FY 2018			Change from FY 2017 end. (%)
1Q	2Q	3Q	4Q *	1Q	2Q	3Q	

Assets

Current assets	44,471	60,376	52,921	52,034 (52,582)	48,108	49,484	46,568	- 10.5%
Fixed assets	6,075	6,109	6,087	6,555 (6,089)	6,256	6,418	5,773	- 11.9%
Total assets	50,546	66,485	59,008	58,590 (58,671)	54,365	55,903	52,341	- 10.7%

Liabilities

Current liabilities	16,797	31,333	23,233	21,462	18,176	19,061	16,101	- 25.0%
Fixed liabilities	341	344	344	274 (355)	263	252	241	- 12.0%
Total liabilities	17,319	31,858	23,758	21,948 (22,029)	18,651	19,526	16,554	- 24.6%

Net worth

Net worth	33,226	34,627	35,249	36,641	35,713	36,377	35,786	- 2.3%
Total liabilities & net worth	50,546	66,485	59,008	58,590 (8,671)	54,365	55,903	52,341	- 10.7%

* 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	3Q	
Total assets (JPY mil.)	50,546	66,485	59,008	58,590 (58,671)	54,365	55,903	52,341	- 10.7%
Net worth (JPY mil.)	33,226	34,627	35,249	36,641	35,713	36,377	35,786	- 2.3%
Equity ratio (%)	65.1	51.6	59.2	62.0 (61.9)	65.1	64.5	68.1	—
Net worth per share (JPY)	771.83	804.62	817.93	850.09	827.61	842.58	833.29	—
Capital adequacy ratio (%) (non-consolidated basis)	593.2	606.8	609.0	600.4	550.9	561.0	575.7	—
EPS (JPY)	18.43	47.71	84.79	117.00	15.01	30.82	43.23	—
ROE (%)	2.4	6.1	10.7	14.5	1.8	3.6	5.1	—

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

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