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(English translation for reference purposes only)

EARNINGS REPORT FOR FIRST QUARTER OF FISCAL 2019

(April 1 to June 30, 2019)

(Consolidated under Japanese GAAP)

Name of Company: **Ichiyoshi Securities Co., Ltd.**

Listed on: Tokyo Stock Exchange (1st Section) (Stock code: 8624)

Corporate representative: Mr. Minoru Kobayashi, President & Representative Executive Officer

Inquiry to: Mr. Shoichi Yamazaki, Operating Officer in charge of Finance and Planning

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Date of filing First Quarter Report: August 13, 2019 (scheduled)

Supplementary documents for quarterly earnings: Provided.

Quarterly earnings-reporting meeting: None.

(Figures less than one million yen are discarded)

1. Outline of Consolidated Business Result for First Quarter of Fiscal 2019 (from April 1 to June 30, 2019)

(1) Highlights of consolidated business result (in millions of yen except for per-share figures) (% shows year-on-year changes)

	Operating Revenue (%)	Net operating Revenue (%)	Operating Income (%)	Current Income (%)
First quarter of fiscal 2019	4,618 (-22.1)	4,220 (-24.0)	-239 ---	-218 ---
First quarter of fiscal 2018	5,932 (+1.1)	5,551 (+1.1)	982 (- 14.1)	1,067 (- 8.4)

	Net income attributable to owners of parent (%)	Earnings per share	Earnings per share – fully diluted
First quarter of fiscal 2019	-194 ---	-4.66yen	---
First quarter of fiscal 2018	641 (-18.4)	15.01yen	14.96yen

Notes: Comprehensive income: For the first quarter of fiscal 2019: -188 million yen (---)

For the first quarter of fiscal 2018: 617 million yen (-22.8%)

(2) Consolidated financial condition (in millions of yen)

	Total assets	Net assets	Equity ratio
As of June. 30, 2019	46,543	33,423	71.5%
As of Mar. 31, 2019	48,544	34,718	71.2%

Note: Shareholders' equity: As of June 30, 2019: 33,294 million yen

As of March 31, 2019: 34,586 million yen

2 Dividends

	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal 2018 ended March 31, 2019	---	17.00yen	---	17.00yen	34.00yen
Fiscal 2019 ending March 31, 2020	---	****	---	****	****

Notes: (i) Ichiyoshi Securities Co., Ltd. (the “**Company**”) declares dividends payable to shareholders of record as of September 30 (semiannual dividends) and March 31 (final dividends) of each fiscal year, but not to shareholders as of June 30 and December 31 of each fiscal year.

(ii) It is not the Company’s practice to give an earnings or dividend forecast. Hence, ****.

3. Information Deemed Useful for Investors to Grasp Outlook for Business Result for Fiscal 2019 (from April 1, 2019 to March 31, 2020)

Since the forecast of earnings in financial-instruments trading, the main-line business of the Company and its group companies, is hard to make due to volatile factors in the market, the Company does not provide such forecast prior to the end of each quarter. Instead, the Company intends to release preliminary earnings figures after the end of each quarter as and when such figures become available.

Points to note:

- (1) Changes in material subsidiaries (including changes in special subsidiaries leading to a change in scope of consolidation): None.
- (2) Application of an accounting treatment unique to the preparation of quarterly financial statements: None.
- (3) Changes in accounting policies and estimates and re-presentation of revisions:
 - (i) Changes in accounting policies resulting from revisions to accounting standards: None.
 - (ii) Changes other than those in (i): None.
 - (iii) Changes in accounting estimates: None.
 - (iv) Re-presentation of revisions: None.
- (4) Number of shares issued (common stock):
 - (i) Number of shares issued as of June 30, 2019: 42,431,386 shares (including treasury shares)
Number of shares issued as of March 31, 2019: 44,431,386 shares (including treasury shares)
 - (ii) Number of treasury shares as of June 30, 2019: 1,135,966 shares.
Number of treasury shares as of March 31, 2019: 2,635,963 shares.
 - (iii) Average number of shares outstanding during the first quarter of fiscal 2019:
41,635,421 shares.
Average number of shares outstanding during the first quarter of fiscal 2018:
42,737,418 shares.

Additional points to note:

1. Quarterly earnings figures included in this report are released without being reviewed by certified public accountants.
2. Explanation for proper use of earnings forecast and other special points to note:
For the same reason that the Company does not provide an earnings forecast prior to the end of each quarter as stated in **3. Information Deemed Useful for Investors to Grasp Outlook for Business Result for Fiscal 2019 (from April 1, 2019 to March 31, 2020)** on page 2, the Company does not provide a dividend forecast.

I. Outline of Business Result

(1) Outline of Business Result for First Quarter of Fiscal 2019

During the first quarter of fiscal 2019, as regards the Japanese economy, corporate production and export activities lacked some strength on a weakening tone while consumer spending remained steady on the back of firm equipment investment and improving employment and income environments. In the meantime, the global economy decelerated under the strain of the U.S.-China trade friction while expectations for monetary easing in major developed countries underpinned it.

The Japanese stock market initially moved steadily riding on the wave of progress in the U.S.-China trade negotiation and the bottoming-out of the Chinese economy as indicated by its improving indexes with the Nikkei Stock Average on the Tokyo Stock Exchange (the “TSE”) recording 22,362yen, a year high, on April 24. Thereafter, fears over the U.S.-China confrontation re-deepened. On May 5, the U.S. announced the raising of tariff rates from 10% to 25% on 200 billion dollar worth of imports from China, and started considering the possibility of its fourth tariff sanction against China. On May 16, the U.S. Commerce Department announced that it would take measures to virtually prohibit component exports to Huawei Technologies Co. Ltd. of China. Against these steps by the U.S., China maintained its defying attitude, causing an alarm over the intensification of U.S.-China conflict in the market. Resultantly, there increased risk-off attitudes in the market, causing the Nikkei Stock Average to fall down to 20,289yen, nearly a four-month low, on June 4. Thereafter, however, over-reacting attitudes subsided as the U.S.-China summit was scheduled on the occasion of the G20 Summit in Osaka. As expectations for interest-rate cut by the Federal Reserve Board of the U.S. and hopes for monetary easing by the European Central Bank rose, the Nikkei Stock Average ended the period at 21,275yen.

On the foreign currency market, the yen registered the 112yen level per the U.S. dollar on April 24 in tandem with the strength of the stock market. As the U.S.-China conflict tended to drag on and expectations for interest rate cut by the U.S. rose, however, the yen strengthened to 106yen per the U.S. dollar temporarily, and ended the period at the lower 108yen level per the U.S. dollar.

In the Japanese emerging-stock markets, the Nikkei JASDAQ Stock Average and the TSE Mothers Index both went through correctional periods for a temporary period. The Nikkei JASDAQ Stock Average and the TSE Mothers Index ended the period at 3,405yen and 894, respectively.

The average daily turnover on the TSE for the first quarter of fiscal 2019 was 2,472.2 billion yen, down 14.6% from the comparable period of fiscal 2018, and that on the TSE Mothers market was 118.0 billion yen, up 26.0%, and that on the JASDAQ market was 43.0 billion yen, down 36.4%.

In such circumstances, with respect to stocks, the Company placed in its proposals to customers asset-backed stocks with stress on stability and dividends under low interest-rate environments, taking advantage of the Company’s strength in research on small-and medium-cap growth stocks. The Company thus continued to take various measures to meet with customers’ needs.

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 June 30, 2019 registered 121.2 billion yen, up 25.2% from June 30, 2018.

Placing in the center of promotion “Ichiyoshi Small- and Medium-Cap Growth Stock Fund,” launched fully taking advantage of synergy among the research ability of Ichiyoshi Research

Institute Inc., the management ability of Ichiyoshi Asset Management Co. Ltd. and the sales ability of Ichiyoshi Securities Co., Ltd., the Company made proposals matching customer needs which include, among others, “Nippon Recovery Growth Stock Fund,” whose portfolios are flexibly mixed between big-cap stocks and small- and medium-cap stocks as warranted by market conditions, and “U.S. Micro-Cap Stock Fund” which invests in U.S. micro-cap stocks with medium- to long-term growth prospects, and proposed privately-placed investment trust funds targeted for regional financial institutions.

With respect to Ichiyoshi Asset Management Co. Ltd. the amount of assets under its management recorded 355.7 billion yen as of June 30, 2019, down 7.2%, as net asset values of funds under management fell while the number of fund-wrap accounts increased.

As a result of these activities, net operating revenue for the first quarter of fiscal 2019 amounted to 4,220 million, down 24.0% from the first quarter of fiscal 2018. Operating cost and expenses amounted to 4,459 million yen, down 2.4%. Hence, operating income registered a negative figure of 239 million yen.

Set forth below are revenue sources, cost and expenses and financial condition.

i. Commissions

Total commissions for the first quarter of fiscal 2019 amounted to 4,124 million yen, down 23.5 % from the year-earlier period.

(a) Brokerage commissions

Total brokerage commissions on stocks fell 40.9% to 1,281 million yen. Brokerage commissions on small- and medium-sized stocks (stocks listed on Second Section of the TSE, JASDAQ and TSE Mothers) registered 280 million yen, down 36.0%, and accounted for 21.9% of total brokerage commissions on stocks.

(b) Commissions from underwriting and solicitation to specified investors

In the primary market, the Company participated in 4 initial public offerings on a management and underwriting basis as against 8 participations in the year-earlier period. In the secondary market (for follow-on financing), the Company participated in 1 deal on a management and underwriting basis as against 1 deal in the year-earlier period. As a result, commissions from underwriting and solicitation to specified investors amounted to 11 million yen, down 31.5% from the comparable period of fiscal 2018.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,087 (of which 53 were lead-managed by the Company) as of June 30, 2019.

(c) Commissions from distribution and solicitation to specified investors

As commissions from distribution of investment trust funds recorded 921 million yen, down 19.0% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 943 million yen, down 19.7%.

(d) Commissions from other sources

The trailer fees related to the outstanding balance of investment trust funds under custody registered 954 million yen, down 13.5% from the year-earlier period. Investment trust management fees at Ichiyoshi Asset Management Co., Ltd. recorded 368 million yen, down 1.2%. With the addition of fees of 356 million yen from fund wrap accounts (up 25.4%), fees from research unbundling, commissions from insurance policy sales and IPO assistance fees, total commissions from other sources amounted to 1,847 million yen, down 6.9%.

ii. Gains or loss on trading

Trading in stocks, etc. recorded net loss of 5 million yen. Trading in bonds and foreign exchange, etc. registered net gains of 15 million yen, down 24.9%. As a result, total net gains on trading amounted to 9 million yen, down 71.3%.

iii. Interest and dividend income

Interest and dividend income slid 15.8% to 77million yen, due to a fall in loans on margin transactions. Interest expenses rose 71.1% to 23 million yen. As a result, net interest and dividend income recorded 53 million yen, down 31.3%.

Resultantly, net operating revenue for the first quarter of fiscal 2019 amounted to 4,220 million yen, down 24.0% from the year-earlier period.

iv. Operating cost and expenses

Operating cost and expenses recorded 4,459 million yen, down 2.4%, as personnel-related expenses decreased while property-related expenses including one-off expenses related to office relocations among others rose.

v. Non-operating income and expenses

As the Company recorded non-operating income of 21 million yen, mainly consisting of 14 million yen of dividends on investment securities, net non-operating income amounted to 20 million yen, down 75.2%.

Resultantly, current income for the first quarter of fiscal 2019 amounted to a negative figure of 218 million yen.

vi Extraordinary income and loss

The Company registered an extraordinary loss of 0 million yen after sustaining a loss on retirement of property among others.

Resultantly, income before taxes and tax adjustments for the first quarter of fiscal 2019 registered a negative figure of 218 million yen, and net income attributable to owners of parent (after deduction of corporate income taxes, resident's taxes and enterprise taxes in the aggregate amount of 90 million yen and after corporate tax adjustments in the amount of 120 million yen) recorded a negative figure of 194 million yen.

Customers' assets in custody as of June 30, 2019 amounted to 1,753.5 billion yen, down 2.2% from March 31, 2019.

(2) Information on Financial Condition for the First Quarter of Fiscal 2019

(a) Assets

Assets amounted to 46,543 million yen as of June 30, 2019, a fall of 2,001 million yen (down 4.1%) from March 31, 2019, as cash paid for offering rose by 915 million yen while cash segregated as deposits and margin transaction assets decreased by 675 million yen and 2,126 million yen, respectively.

(b) Liabilities

Liabilities stood at 13,120 million yen as of June 30, 2019, a decline of 705 million yen (down

5.1%) from March 31, 2019. The decline resulted as deposits received rose by 885 million yen while margin transaction liabilities, borrowings secured by securities and income taxes payable fell by 851 million yen, 544 million yen and 141 million yen, respectively.

(c) Net worth

Net worth amounted to 33,423 million yen as of June 30, 2019, a decrease of 1,295 million yen (down 3.7%) from March 31, 2019. The decrease resulted as the Company recorded a negative net income (attributable to owners of parent) of 194 million yen for the first quarter, paid dividends in the amount of 710 million yen and acquired treasury shares in the amount of 387 million yen.

II. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of March 31 2019	As of June 30 2019
Assets		
Current assets		
Cash and deposits	15,071	14,906
Cash segregated as deposits	6,223	5,548
Trading products	166	164
Trading securities and other	166	164
Margin transaction assets	15,841	13,715
Loans on margin transactions	15,471	13,203
Cash collateral pledged for securities borrowing on margin transactions	370	512
Loans secured by securities	6	-
Cash collateral pledged for securities borrowed	6	-
Advances paid	34	29
Cash paid for offering	2,296	3,211
Accounts for non-delivered securities and others	6	-
Short-term loans receivable	8	6
Income taxes receivable	992	992
Accrued income	1,722	1,670
Other current assets	341	117
Allowance for doubtful accounts	△3	△3
Total current assets	42,709	40,359
Non-current assets		
Property, plant and equipment	2,691	2,688
Buildings, net	755	725
Equipment	581	608
Land	1,339	1,339
Leased assets, net	15	14
Intangible assets	487	457
Software	485	454
Other	2	2
Investments and other assets	2,655	3,038
Investment securities	1,200	1,212
Long-term loans receivable	36	34
Long-term guarantee deposits	1,016	1,263
Retirement benefit asset	108	114
Deferred tax assets	286	404
Other	17	17
Allowance for doubtful accounts	△9	△9
Total non-current assets	5,835	6,183
Total assets	48,544	46,543
Liabilities		
Current liabilities		
Trading products	0	0
Derivatives	0	0
Trade date accrual	0	0
Margin transaction liabilities	2,973	2,121
Borrowings on margin transactions	2,441	1,325
Cash received for securities lending on margin transactions	531	795
Borrowings secured by securities	599	54
Cash received on debt credit transaction of securities	599	54
Deposits received	6,592	7,477
Guarantee deposits received	1,024	1,124
Accounts for non-received securities and others	-	4
Short-term borrowings	210	210
Lease obligations	4	4
Income taxes payable	228	86
Provision for bonuses	632	330
Other current liabilities	1,117	1,277
Total current liabilities	13,383	12,693
Non-current liabilities		
Long-term borrowings	184	174
Lease obligations	10	9
Deferred tax liabilities for land revaluation	7	7
Other noncurrent liabilities	27	22
Total non-current liabilities	230	214
Reserves under special laws		
Reserve for financial instruments transaction liabilities	211	211
Total reserves under special laws	211	211
Total liabilities	13,825	13,120
Net assets		
Shareholders' equity		
Share capital	14,577	14,577
Capital surplus	8,669	6,928
Retained earnings	14,726	13,822
Treasury shares	△2,342	△988
Total shareholders' equity	35,631	34,339
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	7
Revaluation reserve for land	△1,125	△1,125
Remeasurements of defined benefit plans	79	72
Total accumulated other comprehensive income	△1,044	△1,044
Share acquisition rights	78	79
Non-controlling interests	52	49
Total net assets	34,718	33,423
Total liabilities and net assets	48,544	46,543

(2) Quarterly Consolidated Income Statements and Quarterly Comprehensive Income Statements
Quarterly Consolidated Income Statements

(in millions of yen)

	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
Operating revenue		
Commission received	5,389	4,124
Net trading income	32	9
Financial revenue	91	77
Other operating revenue	418	407
Total operating revenue	5,932	4,618
Financial expenses	13	23
Other operating expenses	367	374
Net operating revenue	5,551	4,220
Selling, general and administrative expenses		
Trading related expenses	460	466
Personnel expenses	2,615	2,427
Real estate expenses	530	615
Office cost	582	551
Depreciation	117	146
Taxes and dues	73	62
Other	188	190
Total selling, general and administrative expenses	4,568	4,459
Operating profit (loss)	982	Δ239
Non-operating income		
Dividends from investment securities	17	14
Insurance claim and dividend income	63	0
Other	6	6
Total non-operating income	86	21
Non-operating expenses		
Other	2	0
Total non-operating expenses	2	0
Ordinary profit (loss)	1,067	Δ218
Extraordinary income		
Gain on sales of investment securities	29	-
Gain on reversal of share acquisition rights	2	0
Total extraordinary income	31	0
Extraordinary losses		
Loss on retirement of non-current assets	6	0
Loss on valuation of investment securities	0	-
Loss on valuation of golf club membership	4	-
Total extraordinary losses	11	0
Profit (loss) before income taxes	1,087	Δ218
Income taxes - current	98	90
Income taxes - deferred	341	Δ120
Total income taxes	439	Δ29
Profit (loss)	647	Δ188
Profit attributable to non-controlling interests	6	5
Profit (loss) attributable to owners of parent	641	Δ194

Quarterly Comprehensive Income Statements

(in millions of yen)

	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
Profit (loss)	647	△188
Other comprehensive income		
Valuation difference on available-for-sale securities	△23	6
Remeasurements of defined benefit plans, net of tax	△6	△6
Total other comprehensive income	△29	△0
Comprehensive income	617	△188
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	611	△194
Comprehensive income attributable to non-controlling interests	6	5

(3)Notes to Quarterly Consolidated Financial Statements

(Notes concerning premises for continuing business enterprise)

None.

(Notes concerning material changes in shareholders' capital)

None.

(Application of accounting treatment unique to preparation of quarterly financial statements)

None.

(Changes to accounting policy and accounting estimates and re-presentation of revisions)

None.

. Supplementary Information For First Quarter of Fiscal 2019

1. Commissions

(1) Commissions by sources

(in millions of yen)

	-- First quarters of --		Change (%)	Fiscal year ended
	Fiscal 2018(a)	Fiscal 2019(b)	(b) over (a)	March 31, 2019
Brokerage commissions	2,213	1,322	-40.3	7,226
(Stocks)	(2,167)	(1,281)	(-40.9)	(7,020)
(Beneficiary certificates)	(45)	(40)	(-10.4)	(205)
Commissions from underwriting and solicitation to specified investors	16	11	-31.5	266
(Stocks)	(16)	(11)	(-31.5)	(266)
Commissions from distribution and solicitation to specified investors	1,175	943	-19.7	4,026
(Beneficiary certificates)	(1,136)	(921)	(-19.0)	(3,881)
Commissions from other Sources	1,984	1,847	-6.9	7,686
(Beneficiary certificates*)	(1,759)	(1,679)	(-4.6)	(6,884)
Total	5,389	4,124	-23.5	19,205

*Breakdown of (Beneficiary certificates)

(in millions of yen)

	-- First quarters of --		Change (%)	Fiscal year ended
	Fiscal 2018(a)	Fiscal 2019(b)	(b) over (a)	March 31, 2019
Trailer fees relating to balances of funds	1,103	954	-13.5	4,138
Trustee fees for fund Management	372	368	-1.2	1,527
Fees from wrap-accounts	284	356	25.4	1,218
Total	1,759	1,679	-4.6	6,884

(2) Commissions by instruments

(in millions of yen)

	-- First quarters of --		Change (%)	Fiscal year ended
	Fiscal 2018(a)	Fiscal 2019(b)	(b) over (a)	March 31, 2019
Stocks	2,192	1,299	-40.7	7,318
Bonds	38	21	-43.1	145
Beneficiary certificates	2,942	2,641	-10.2	10,970
Others	216	162	-25.0	771
Total	5,389	4,124	-23.5	19,205

2. Gains or loss on trading

(in millions of yen)

	-- First quarters of --		Change (%)	Fiscal year ended
	Fiscal 2018(a)	Fiscal 2019(b)	(b) over (a)	March 31, 2019

Stocks, etc.	12	-5		19
Bonds, foreign exchange, etc.	20	15	-24.9	106
(Bonds, etc.)	(13)	(7)	(-44.1)	(49)
(Foreign exchange, etc.)	(7)	(7)	(10.3)	(57)

Total	32	9	-71.3	125

3 . Quarterly Consolidated Income Statements for Recent Five Quarters

(in millions of yen)

	1st Q (4-6/'18)	2nd Q (7-9/'18)	3rd Q 10-12/'18)	4th Q (1-3/'19)	1st Q (4-6/'19)
Operating revenue	5,932	5,650	5,334	4,309	4,618
Commission received	5,389	5,202	4,843	3,769	4,124
Net trading income	32	25	29	39	9
Financial revenue	91	88	84	71	77
Other operating revenue	418	334	377	429	407
Financial expenses	13	11	11	12	23
Other operating expenses	367	303	348	388	374
Net operating revenue	5,551	5,335	4,974	3,908	4,220
Selling, general and administrative expenses	4,568	4,481	4,504	4,158	4,459
Trading related expenses	460	406	512	449	466
Personnel expenses	2,615	2,546	2,447	2,206	2,427
Real estate expenses	530	544	572	555	615
Office cost	582	595	602	579	551
Depreciation	117	126	137	142	146
Taxes and dues	73	85	70	61	62
Provision of allowance for doubtful accounts	—	—	—	—	—
Other	188	177	162	164	190
Operating profit	982	853	469	249	239
Non-operating income	86	69	16	22	21
Non-operating expenses	2	3	1	5	0
Ordinary profit	1,067	919	484	232	218
Extraordinary income	31	20	231	0	0
Extraordinary losses	11	1	4	3	0
Profit before income taxes	1,087	939	711	235	218
Income taxes - current	98	444	51	45	90
Income taxes - deferred	341	189	226	112	120
Profit	647	683	537	168	188
Profit attributable to non-controlling interests	6	7	6	5	5
Profit attributable to owners of parent	641	676	531	174	194

(END)