

IR Presentation for Second quarter, year ending March 2020



Ichiyoshi Securities Co., Ltd.

October, 2019

I : Business Result (Consolidated)

- ◆ Operating revenue amounted to 9,439 million yen, a decrease of 2,143 million yen (down 18.5%) from the year-earlier period.
- ◆ Current income: loss of 401 million yen.
- ◆ Net income attributable to owners of parent: loss of 479 million yen.

(JPY mil.)

	FY 2018 2Q	FY 2019 2Q	Year-on- year (%)	Year-on- year
Operating revenue	11,582	9,439	-18.5%	-2,143
Net operating revenue	10,886	8,616	-20.8%	-2,269
Operating cost & expenses	9,050	9,000	-0.5%	-49
Operating income	1,836	-384	-	-2,220
Current income	1,986	-401	-	-2,388
Extraordinary income & loss	40	2	-93.3%	-37
Income taxes	695	69	-90.1%	-626
Net income attributable to owners of parent	1,317	-479	-	-1,797

(JPY mil.)

FY 2018				FY 2019	
1Q	2Q	3Q	4Q	1Q	2Q
5,932	5,650	5,334	4,309	4,618	4,820
5,551	5,335	4,974	3,908	4,220	4,396
4,568	4,481	4,504	4,158	4,459	4,541
982	853	469	-249	-239	-145
1,067	919	484	-232	-218	-183
20	19	226	-2	-0	2
439	255	174	-66	-29	99
641	676	531	-174	-194	-285

2. Breakdown of Net Operating Revenue

- ◆ Commissions amounted to 8,418 million yen, a decrease of 2,174 million yen (down 20.5%) from the year-earlier period, mainly as brokerage and distribution declined.

	FY 2018 2Q	FY 2019 2Q	Year-on- year (%)	Year-on- year
Commissions	10,592	8,418	-20.5%	-2,174
Gains on trading	57	25	-55.5%	-32
Other operating balance	81	82	1.2%	0
Interest & dividend income	154	90	-41.7%	-64
Total	10,886	8,616	-20.8%	-2,269

FY 2018				FY 2019	
1Q	2Q	3Q	4Q	1Q	2Q
5,389	5,202	4,843	3,769	4,124	4,293
32	25	29	39	9	16
51	30	28	41	33	49
77	77	72	58	53	36
5,551	5,335	4,974	3,908	4,220	4,396

3. Breakdown of Commission Revenue

- ◆ Brokerage commissions on stocks amounted to 2,398 million yen, a decrease of 1,671 million yen (down 41.1%) from the year-earlier period. Commissions from distribution of investment trusts amounted to 2,059 million yen, a decrease of 271 million yen (down 11.7%) from the year-earlier period. Commissions from other sources (mainly trailer fees on investment trusts) amounted to 3,371 million yen, a decrease of 179 million yen (down 5.1%) from the year-earlier period.
- ◆ Commissions from underwriting amounted to 135 million yen, an increase of 95 million yen (up 242.4%) from the year-earlier period, as the Company participated in the management and underwriting of 11 initial public offerings (of which 1 was lead-managed) and 2 public share offering in the secondary market.

	FY 2018 2Q	FY 2019 2Q	Year-on-year (%)	Year-on-year (JPY mil.)
Commissions	10,592	8,418	-20.5%	-2,174
Brokerage (Major item)				
Stocks	4,069	2,398	-41.1%	-1,671
Distribution (Major item)				
Investment trusts	2,331	2,059	-11.7%	-271
Underwriting (Major items)				
IPO	22	123	439.6%	100
PO	16	11	-31.3%	-5
Total	39	135	242.4%	95
Commissions from other sources (Major items)				
Investment trusts (trailer fees, etc.)	3,551	3,371	-5.1%	-179
Other than investment trusts	430	338	-21.3%	-91
Total	3,981	3,710	-6.8%	-271
<Reference>				(JPY 100 mil.)
Fund distribution	1,477	1,108	-25.0%	-368

FY 2018				FY 2019	
1Q	2Q	3Q	4Q	1Q	2Q
5,389	5,202	4,843	3,769	4,124	4,293
2,167	1,901	1,704	1,247	1,281	1,116
1,136	1,194	928	621	921	1,137
11	11	165	21	7	116
5	10	-	39	3	7
16	22	165	61	11	123
1,759	1,791	1,724	1,608	1,679	1,692
224	205	189	182	168	170
1,984	1,996	1,914	1,790	1,847	1,862

* Including wrap-account fund sales

4. Breakdown of Gains or loss on Trading

- ◆ Net gains on Trading amounted to 25 million yen, a decrease of 32 million yen (down 55.5%) from the year-earlier period, chiefly trading in stocks registered a loss.

(JPY mil.)

	FY 2018 2Q	FY 2019 2Q	Year-on- year (%)	Year-on- year
Stocks, etc.	13	-4	-	-18
Bonds ・ Forex, etc.	43	30	-30.5%	-13
(Bonds, etc.)	(25)	(14)	-44.1%	-11
(Forex, etc.)	(18)	(16)	-11.1%	-2
Total	57	25	-55.5%	-32

(JPY mil.)

FY 2018				FY 2019	
1Q	2Q	3Q	4Q	1Q	2Q
12	1	3	1	-5	0
20	23	25	37	15	15
(13)	(12)	(14)	(9)	(7)	(7)
(7)	(11)	(11)	(28)	(7)	(8)
32	25	29	39	9	16

5. Operating Cost and Expenses

- ◆ Operating cost and expenses amounted to 9,000 million yen, a decrease of 49 million yen (down 0.5%) from the year-earlier period, mainly as personnel expenses declined.

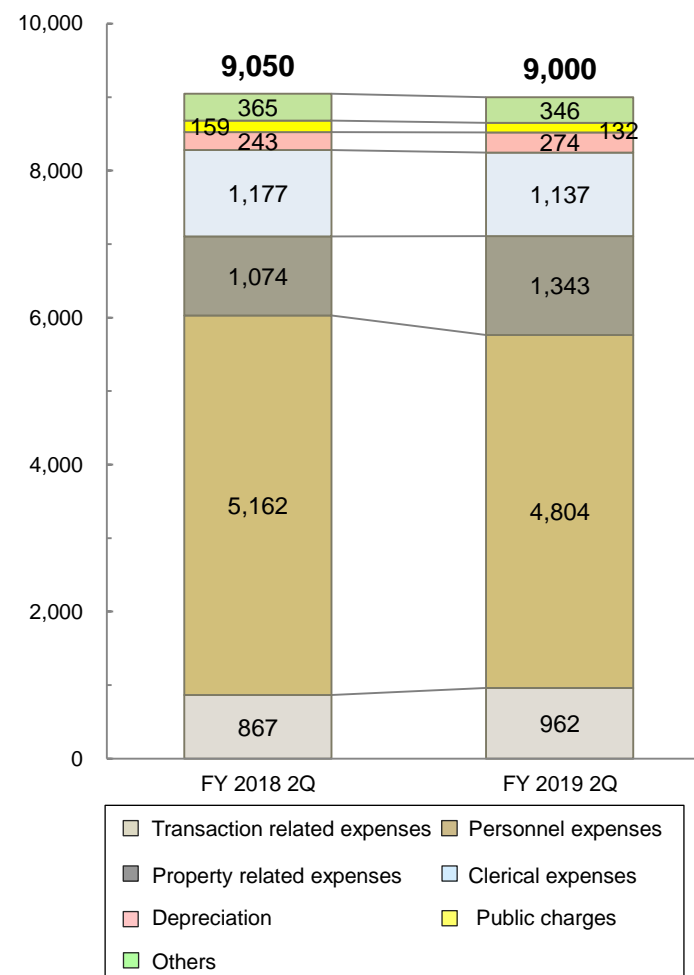
	FY 2018 2Q	FY 2019 2Q	Year-on- year (%)	Year-on- year
Transaction related expenses	867	962	11.0%	95
Personnel expenses	5,162	4,804	-6.9%	-358
Property related expenses	1,074	1,343	25.0%	268
Clerical expense	1,177	1,137	-3.4%	-40
Depreciation	243	274	12.7%	31
Public charges	159	132	-16.7%	-26
Others	365	346	-5.3%	-19
Total	9,050	9,000	-0.5%	-49

<Reference> FY 2019 2Q fixed cost and variable cost (non-consolidated basis)

Fixed cost	6,617
Variable cost	1,982

(JPY mil.)

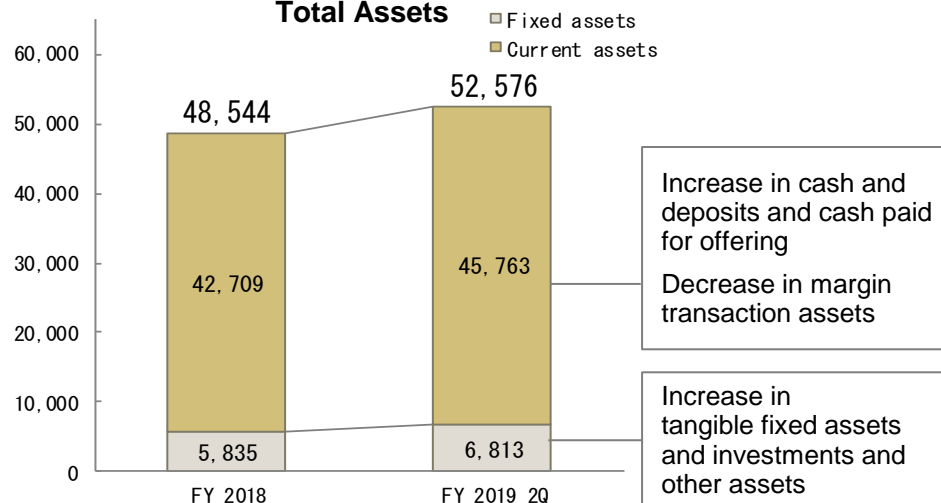
(JPY mil.)



Balance Sheets

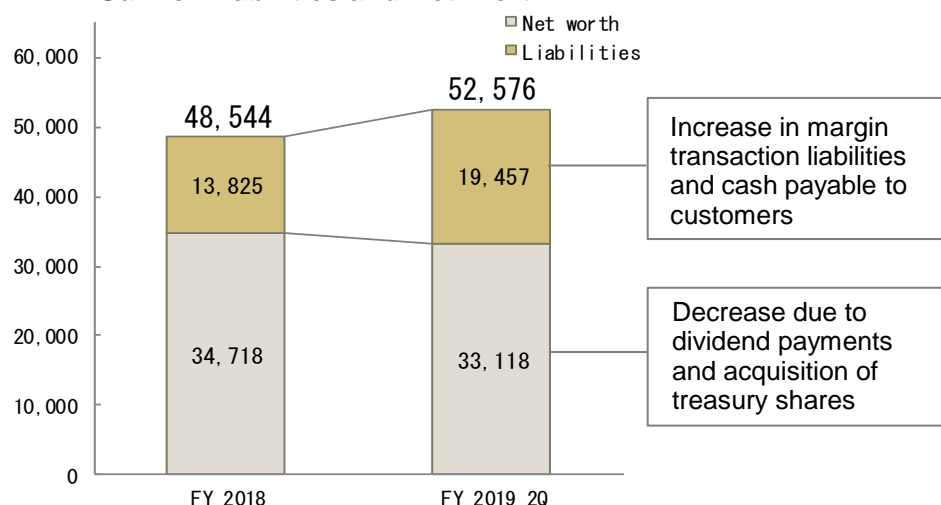
(JPY mil.)

Total Assets



(JPY mil.)

Sum of Liabilities and Net Worth



Financial Result

	FY 2019 2Q	Change from Mar. 31, 2019
Equity ratio (%)	62.8	-8.4
Net worth per share (JPY)	798.92	-28.61
Capital adequacy ratio (non-consolidated basis) (%)	533.2	-19.7

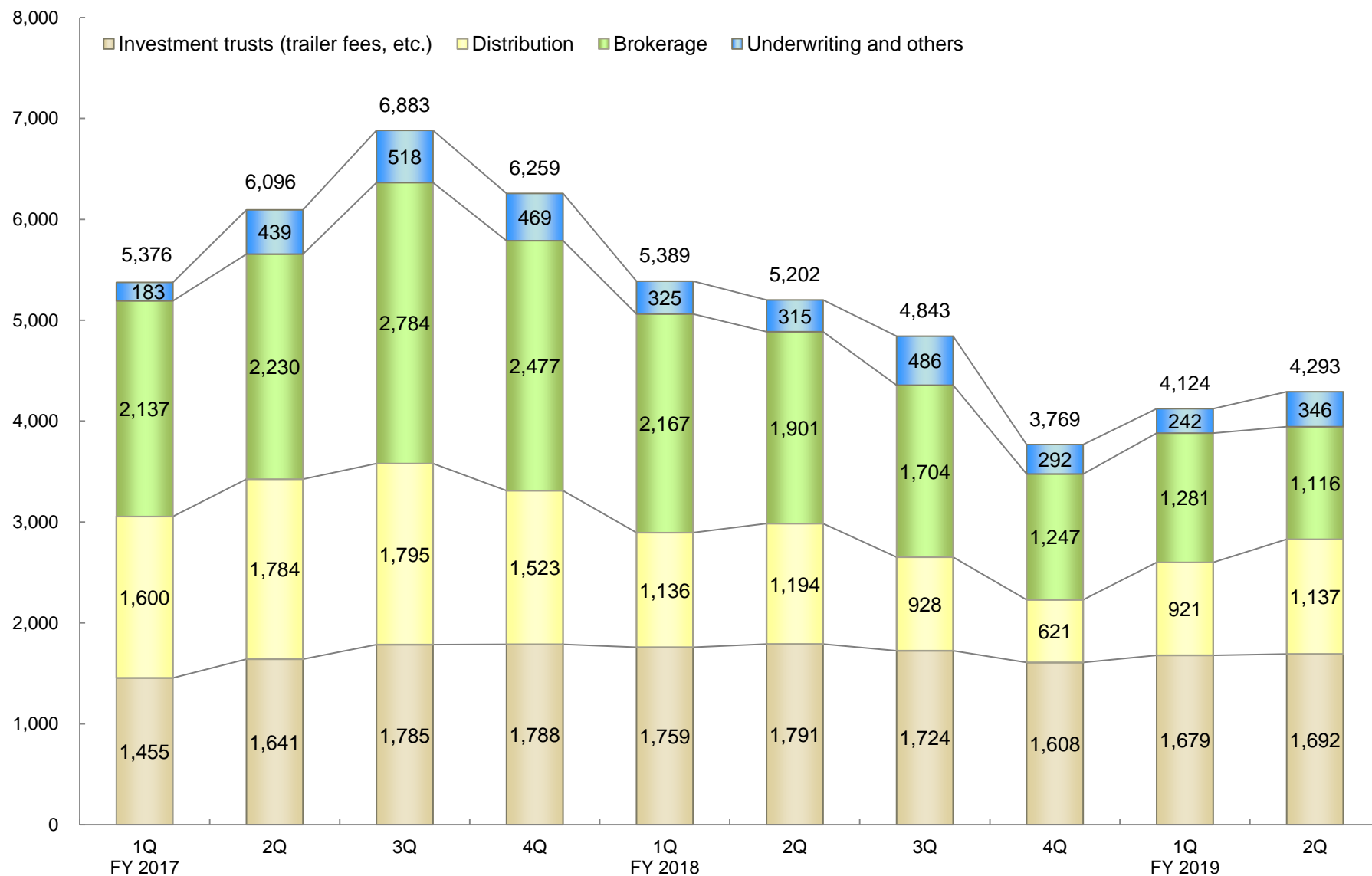
	FY 2019 2Q	Year-on-year
EPS (JPY)	-11.56	-42.38
ROE (%)	—	—

II : Business Circumstances

1. Commission Revenue

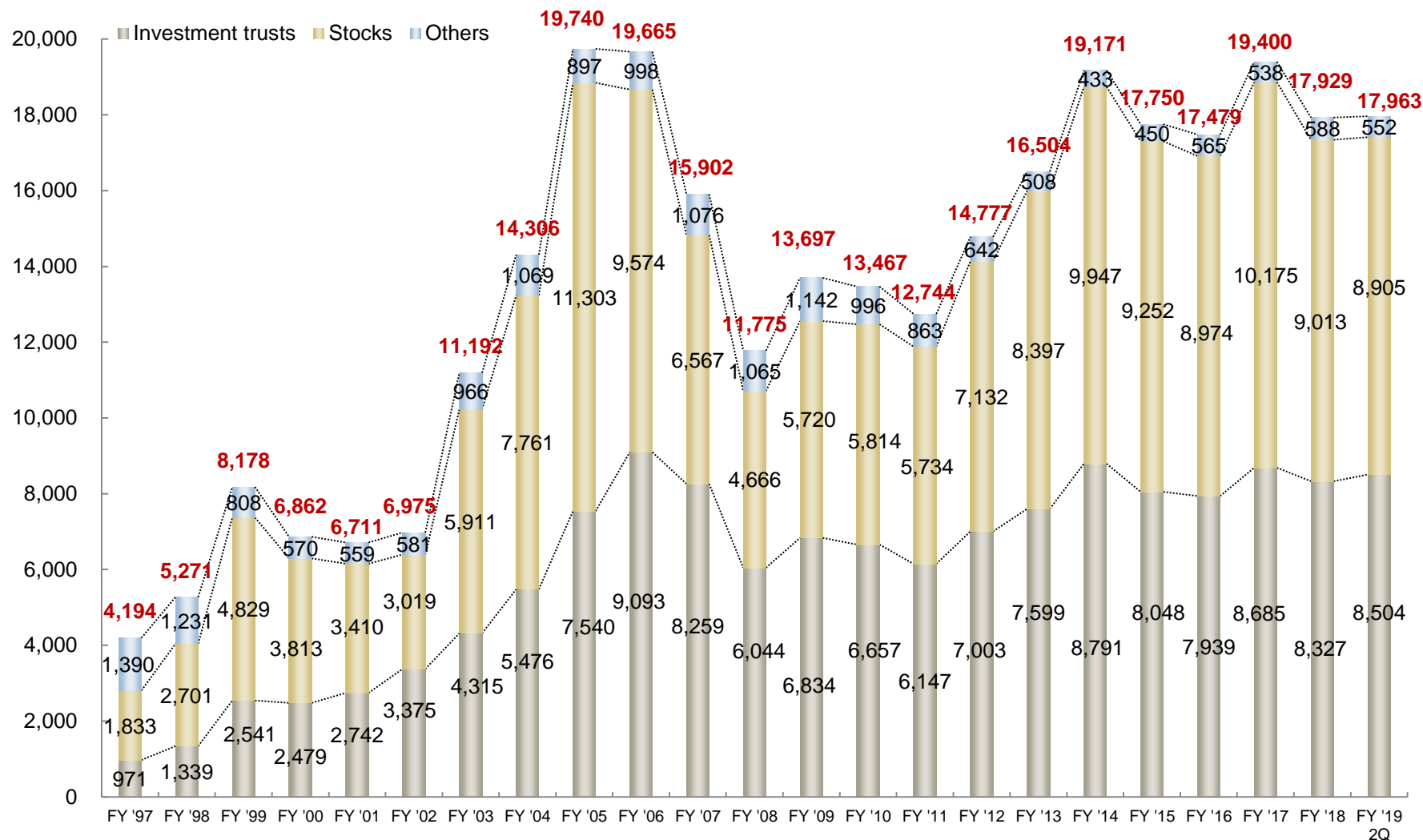
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(JPY mil.)



2. Customer Assets in Custody

(JPY 100 mil.)

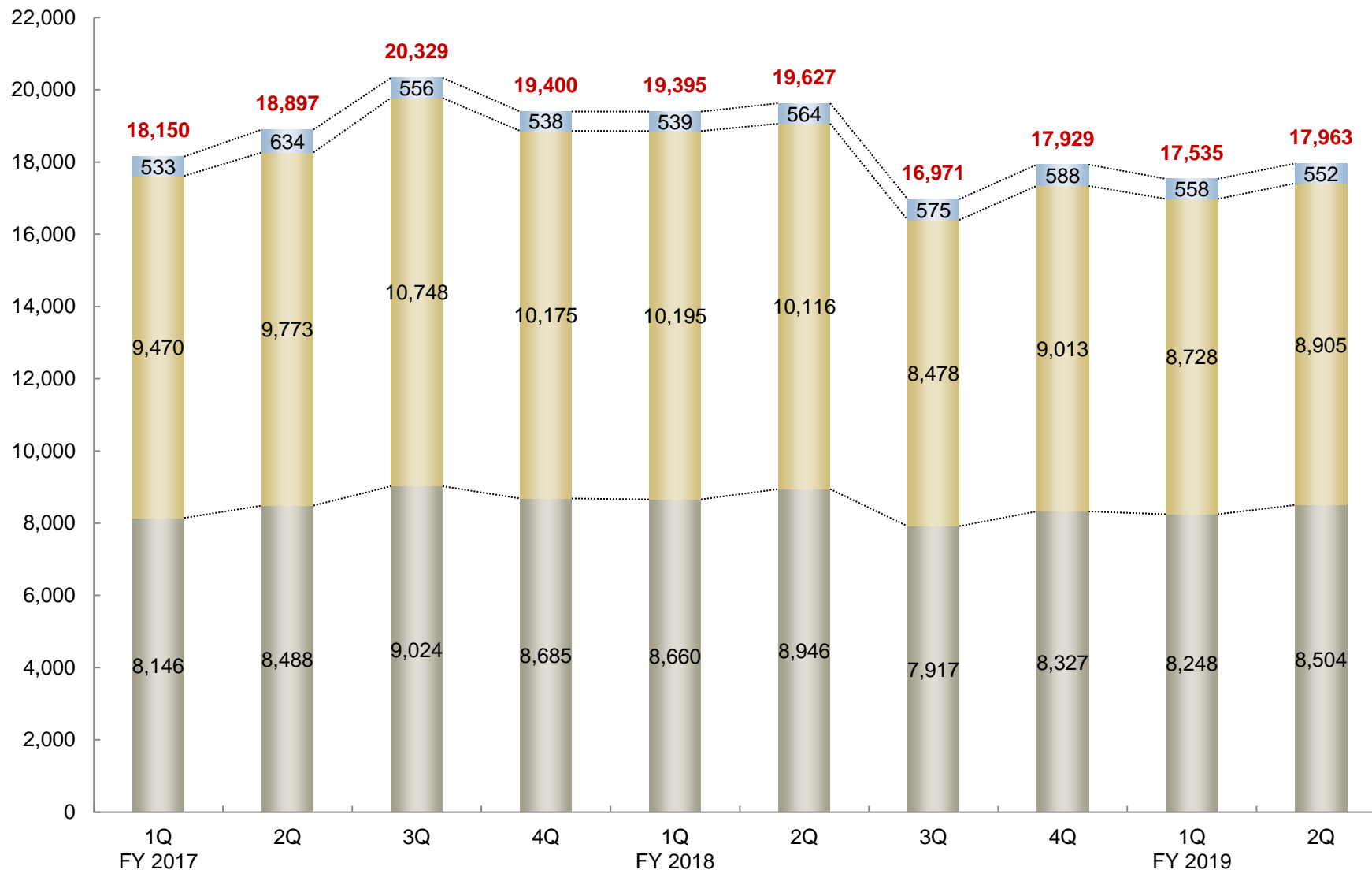


3. Quarterly Customer Assets in Custody

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(JPY 100 mil.)

■ Investment trusts ■ Stocks ■ Others

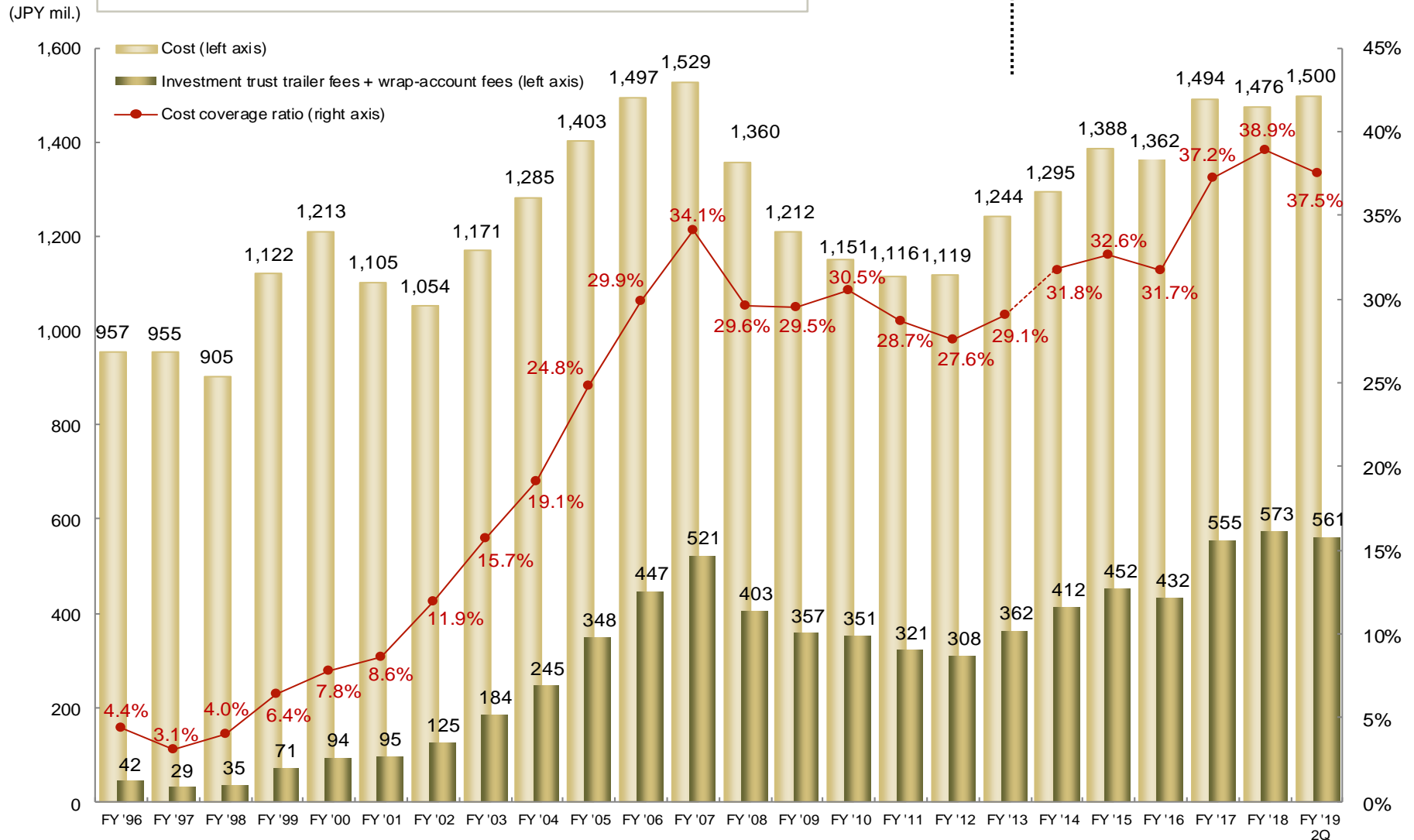


4. Trend of Investment Trust Trailer Fees and Its Cost Coverage (Month-end Average)

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

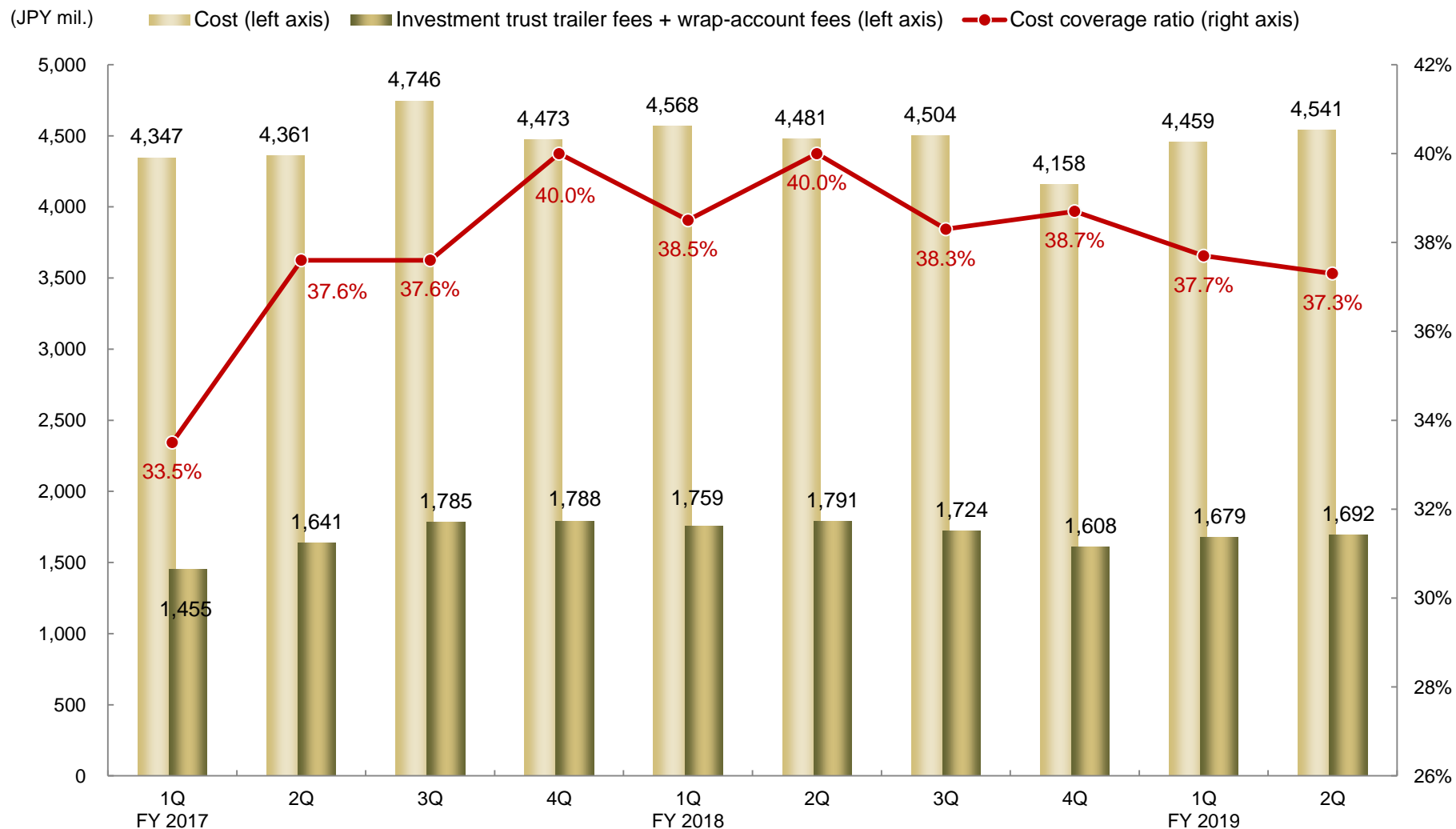
Parent company
basis

Consolidated
basis



5. Quarterly Trend of Investment Trust Trailer Fees and Its Cost Coverage

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



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

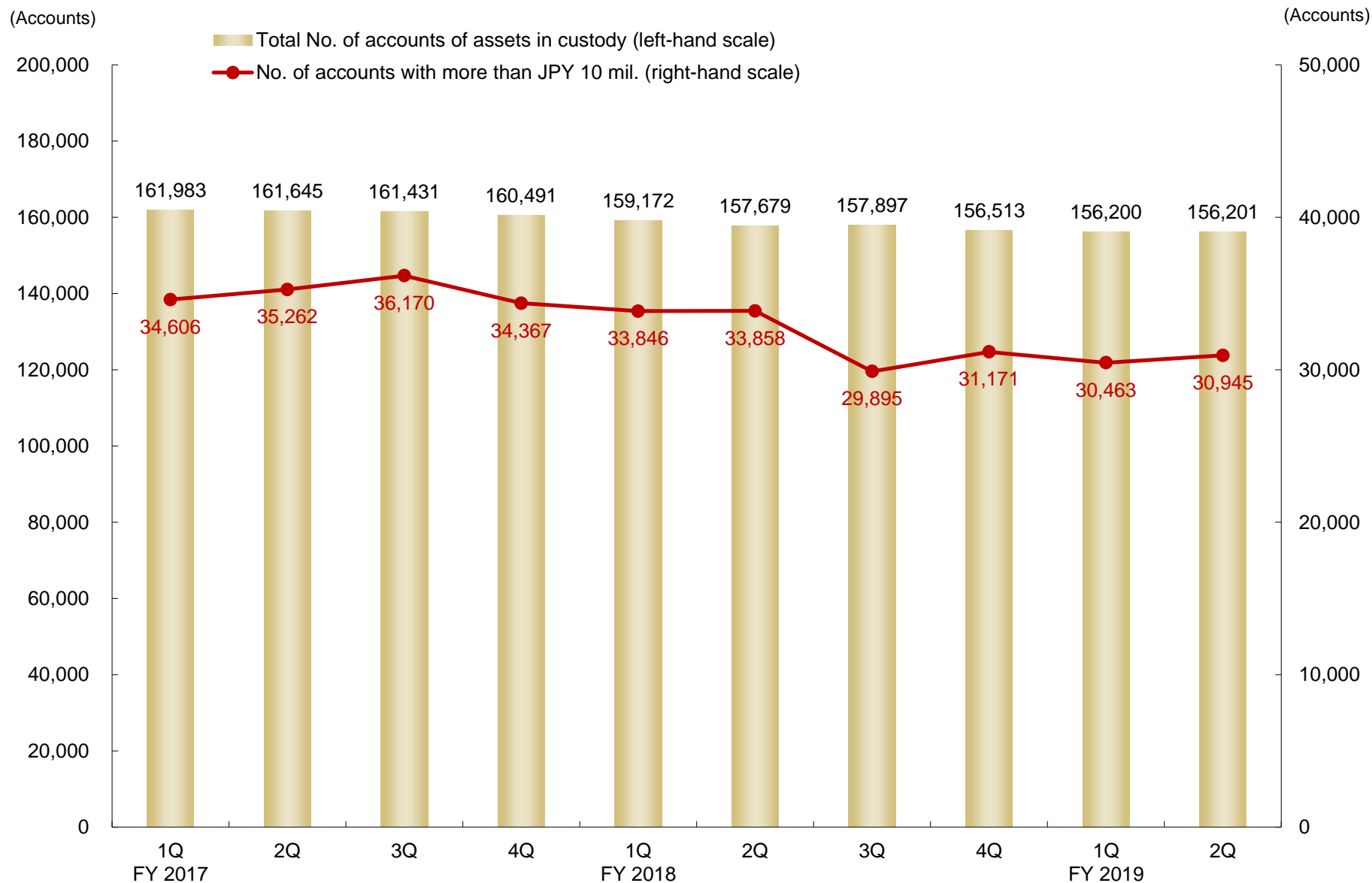
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(JPY 100 mil.)

	FY 2017				FY 2018				FY 2019	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Pictet Global Income Equity Fund (Monthly Dividend)			52		17	35	39	38	78	116
Tokio Marine JPY Asset Balance Fund (Monthly Settlement/Yearly Settlement)										95
Shinko J-REIT Open		45	38	56	79	133	84	61	77	71
LM Australia High Yield Equity Fund (Monthly Dividend)	147								25	42
Fidelity US REIT Fund (A/B/C/D)										34
US Micro Cap Equity Fund									40	
Ichiyoshi Mid-Small Cap Growth Equity Fund	199	230			181	121	43	40	20	
JREIT Asia Mix Open (Monthly Settlement/Asset Growth Type)								16		
Japan Recover Growth Equity Fund					21	27	65	13		
100-Year-Life World Allocation Fund (3% Target Receivable Type/ 6% Target Receivable Type/Asset Growth Type)						45	37			
Nomura PIMCO World Income Strategy Fund (A/B/C/D)	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								
Ichiyoshi Japan Select Dividend Equity & J-REIT Fund (Quarterly Settlement Type/Asset Growth Type)	45									

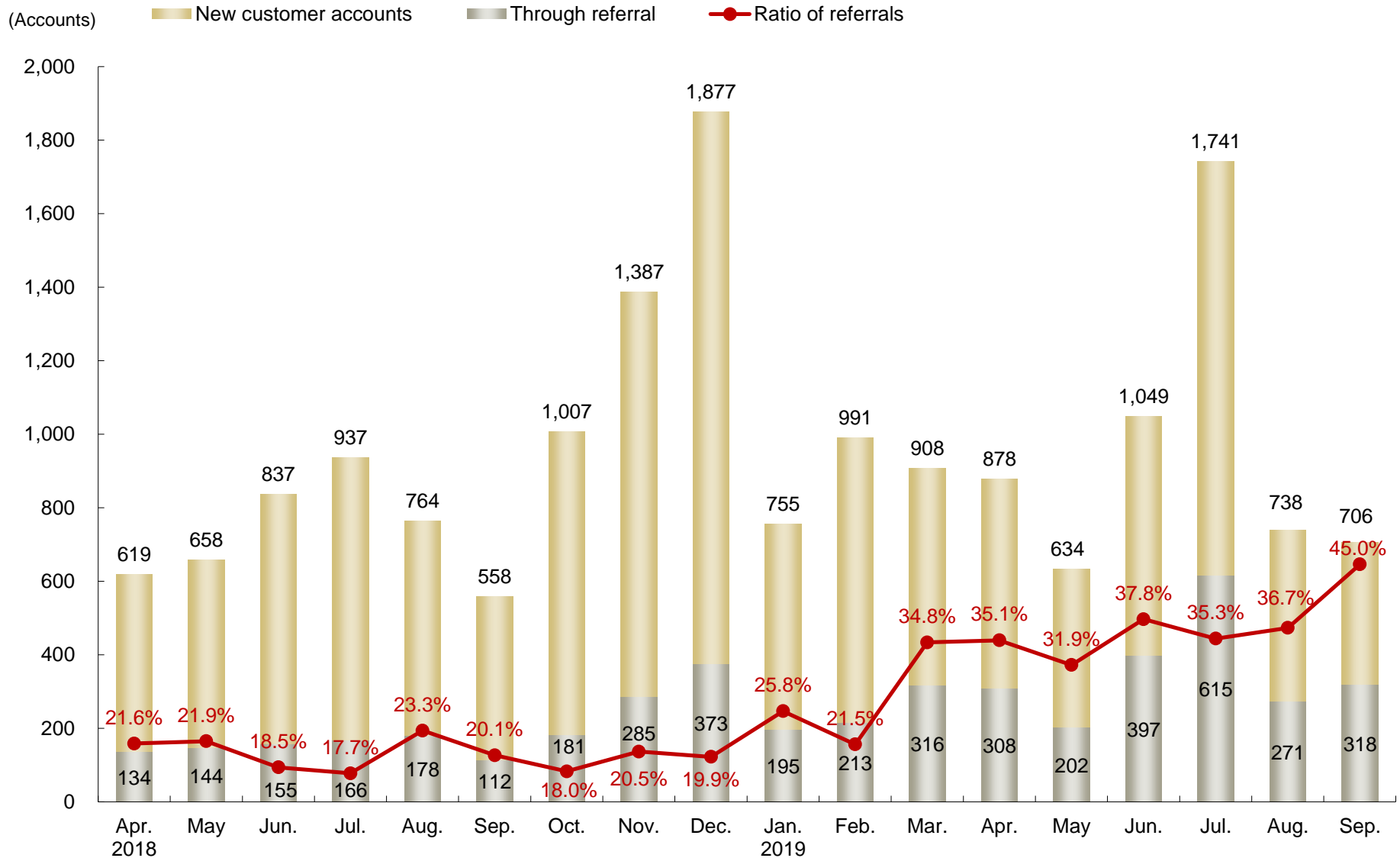
7. Number of Customer Accounts 【Retail】

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

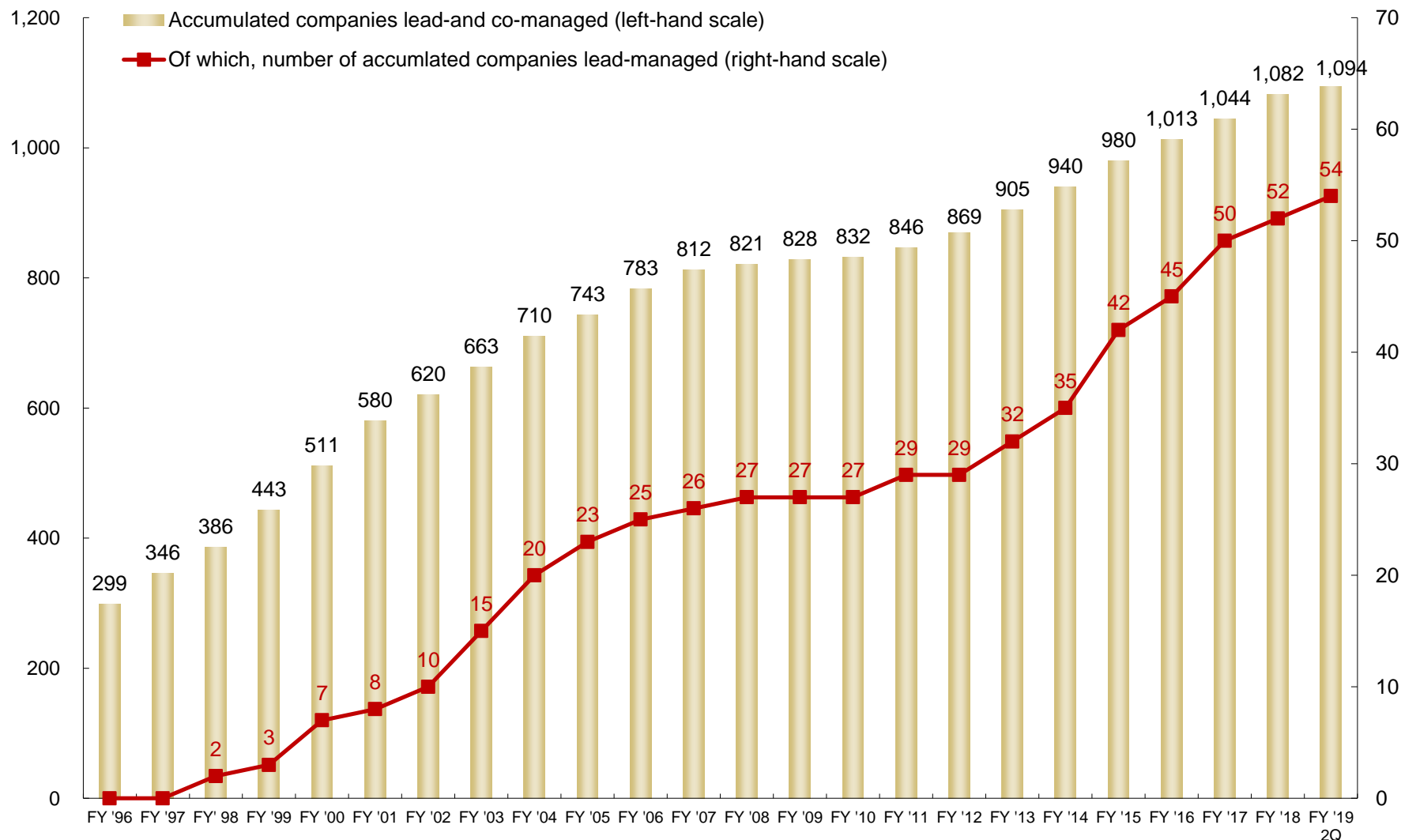
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9. Accumulated Companies Lead- and Co-managed

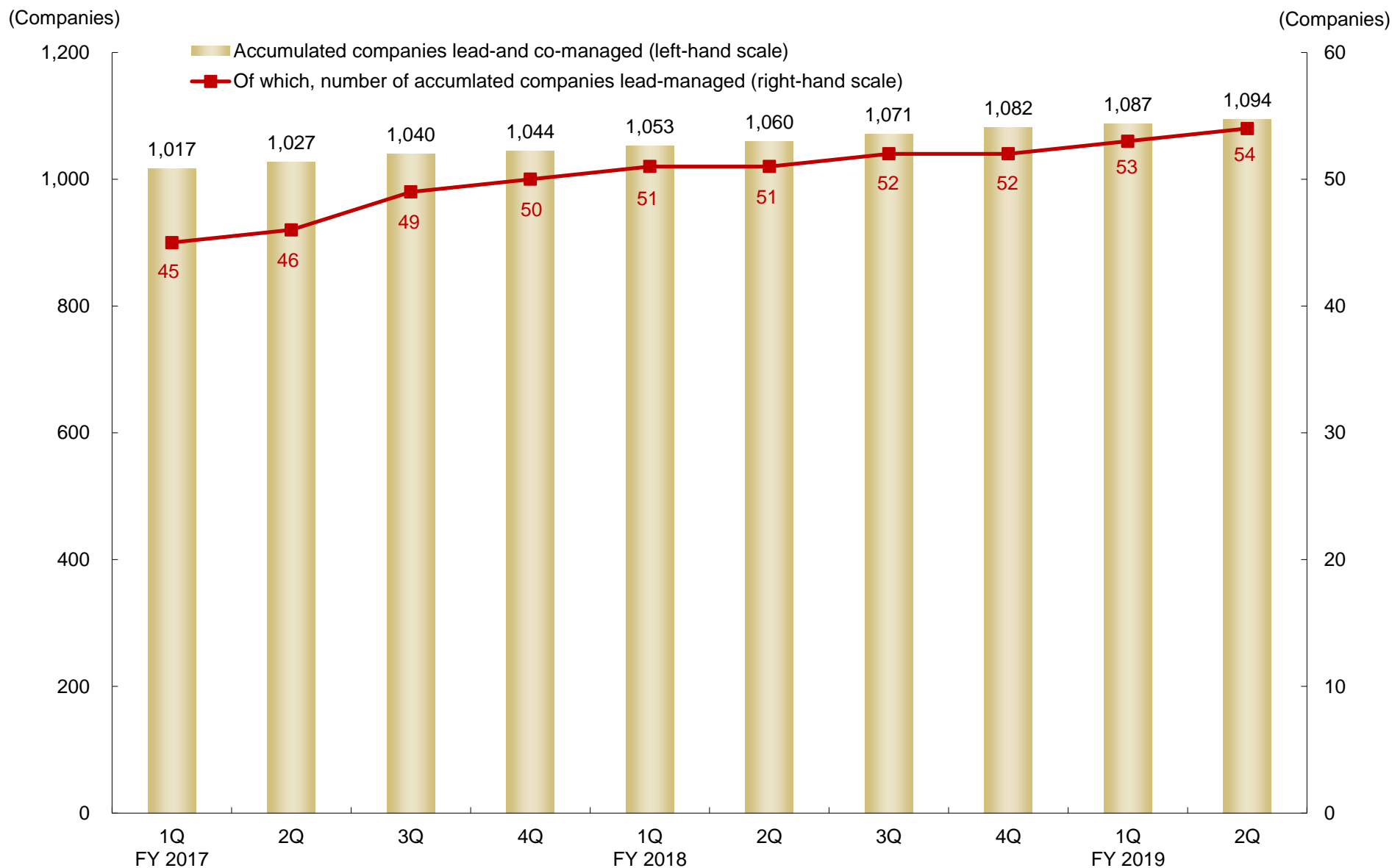
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10. Quarterly Accumulated Companies Lead- and Co-managed

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