

IR Presentation for Third quarter, year ending March 2020



Ichiyoshi Securities Co., Ltd.

January, 2020

: Business Result (Consolidated)

1. Profit and Loss

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Operating revenue amounted to 13,951 million yen, a decrease of 2,966 million yen (down 17.5%) from the year-earlier period.

Current income: loss of 560 million yen.

Net income attributable to owners of parent: loss of 691 million yen.

(JPY mil.)

	FY 2018 3Q	FY 2019 3Q	Year-on- year (%)	Year-on- year
Operating revenue	16,917	13,951	-17.5%	-2,966
Net operating revenue	15,860	12,777	-19.4%	-3,083
Operating cost & expenses	13,554	13,365	-1.4%	-189
Operating income	2,305	-588	-	-2,894
Current income	2,471	-560	-	-3,031
Extraordinary income & loss	266	69	-74.0%	-197
Income taxes	869	189	-78.2%	-680
Net income attributable to owners of parent	1,849	-691	-	-2,540

(JPY mil.)

FY 2018				FY 2019		
1Q	2Q	3Q	4Q	1Q	2Q	3Q
5,932	5,650	5,334	4,309	4,618	4,820	4,511
5,551	5,335	4,974	3,908	4,220	4,396	4,160
4,568	4,481	4,504	4,158	4,459	4,541	4,364
982	853	469	-249	-239	-145	-204
1,067	919	484	-232	-218	-183	-158
20	19	226	-2	-0	2	66
439	255	174	-66	-29	99	119
641	676	531	-174	-194	-285	-211

2. Breakdown of Net Operating Revenue

Commissions amounted to 12,492 million yen, a decrease of 2,943 million yen (down 19.1%) from the year-earlier period, mainly as brokerage and distribution declined.

		(JPY mil.)		
	FY 2018 3Q	FY 2019 3Q	Year-on- year (%)	Year-on- year
Commissions	15,435	12,492	-19.1%	-2,943
Gains on trading	86	56	-35.4%	-30
Other operating balance	110	101	-7.4%	-8
Interest & dividend income	227	126	-44.4%	-101
Total	15,860	12,777	-19.4%	-3,083

	FY 2018				FY 2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Commissions	5,389	5,202	4,843	3,769	4,124	4,293	4,074
Gains on trading	32	25	29	39	9	16	30
Other operating balance	51	30	28	41	33	49	19
Interest & dividend income	77	77	72	58	53	36	36
Total	5,551	5,335	4,974	3,908	4,220	4,396	4,160

3. Breakdown of Commission Revenue

Brokerage commissions on stocks amounted to 3,562 million yen, a decrease of 2,211 million yen (down 38.3%) from the year-earlier period. Commissions from distribution of investment trusts amounted to 2,933 million yen, a decrease of 325 million yen (down 10.0%) from the year-earlier period. Commissions from other sources (mainly trailer fees on investment trusts) amounted to 5,121 million yen, a decrease of 154 million yen (down 2.9%) from the year-earlier period.

Commissions from underwriting amounted to 197 million yen, an decrease of 7 million yen (down 3.7%) from the year-earlier period, as the Company participated in the management and underwriting of 22 initial public offerings (of which 1 was lead-managed) and 5 public share offering in the secondary market.

	(JPY mil.)			
	FY 2018 3Q	FY 2019 3Q	Year-on-year (%)	Year-on-year
Commissions	15,435	12,492	-19.1%	-2,943
Brokerage (Major item)				
Stocks	5,773	3,562	-38.3%	-2,211
Distribution (Major item)				
Investment trusts	3,259	2,933	-10.0%	-325
Underwriting (Major items)				
IPO	188	145	-22.6%	-42
PO	16	51	212.1%	35
Total	205	197	-3.7%	-7
Commissions from other sources (Major items)				
Investment trusts (trailer fees, etc.)	5,276	5,121	-2.9%	-154
Other than investment trusts	619	496	-19.9%	-123
Total	5,896	5,618	-4.7%	-277
< Reference >				
	(JPY 100 mil.)			
Fund distribution	2,039	1,652	-19.0%	-386

(JPY mil.)				(JPY mil.)		
FY 2018				FY 2019		
1Q	2Q	3Q	4Q	1Q	2Q	3Q
5,389	5,202	4,843	3,769	4,124	4,293	4,074
2,167	1,901	1,704	1,247	1,281	1,116	1,163
1,136	1,194	928	621	921	1,137	874
11	11	165	21	7	116	22
5	10	-	39	3	7	40
16	22	165	61	11	123	62
1,759	1,791	1,724	1,608	1,679	1,692	1,749
224	205	189	182	168	170	157
1,984	1,996	1,914	1,790	1,847	1,862	1,907

* Including wrap-account fund sales

4. Breakdown of Gains or loss on Trading

Net gains on Trading amounted to 56 million yen, a decrease of 30 million yen (down 35.4%) from the year-earlier period, chiefly as trading in bonds registered a loss.

(JPY mil.)

	FY 2018 3Q	FY 2019 3Q	Year-on- year (%)	Year-on- year
Stocks, etc.	17	11	-34.2%	-5
Bonds • Forex, etc.	69	44	-35.7%	-24
(Bonds, etc.)	(40)	(21)	-45.9%	-18
(Forex, etc.)	(29)	(22)	-21.5%	-6
Total	86	56	-35.4%	-30

(JPY mil.)

FY 2018				FY 2019		
1Q	2Q	3Q	4Q	1Q	2Q	3Q
12	1	3	1	-5	0	16
20	23	25	37	15	15	14
(13)	(12)	(14)	(9)	(7)	(7)	(7)
(7)	(11)	(11)	(28)	(7)	(8)	(6)
32	25	29	39	9	16	30

5. Operating Cost and Expenses

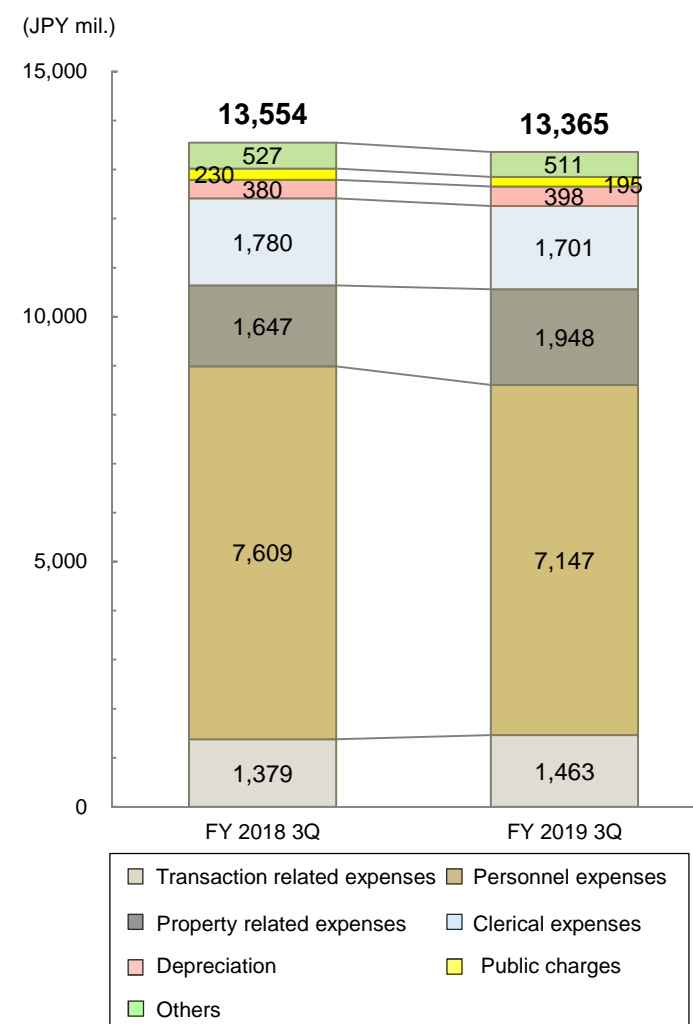
Operating cost and expenses amounted to 13,365 million yen, a decrease of 189 million yen (down 1.4%) from the year-earlier period, mainly as personnel expenses declined.

	FY 2018 3Q	FY 2019 3Q	Year-on- year (%)	Year-on- year
Transaction related expenses	1,379	1,463	6.1%	84
Personnel expenses	7,609	7,147	-6.1%	-462
Property related expenses	1,647	1,948	18.3%	301
Clerical expense	1,780	1,701	-4.4%	-79
Depreciation	380	398	4.5%	17
Public charges	230	195	-14.9%	-34
Others	527	511	-3.2%	-16
Total	13,554	13,365	-1.4%	-189

< Reference > FY 2019 3Q fixed cost and variable cost (non-consolidated basis)

Fixed cost	9,827
Variable cost	2,954

(JPY mil.)

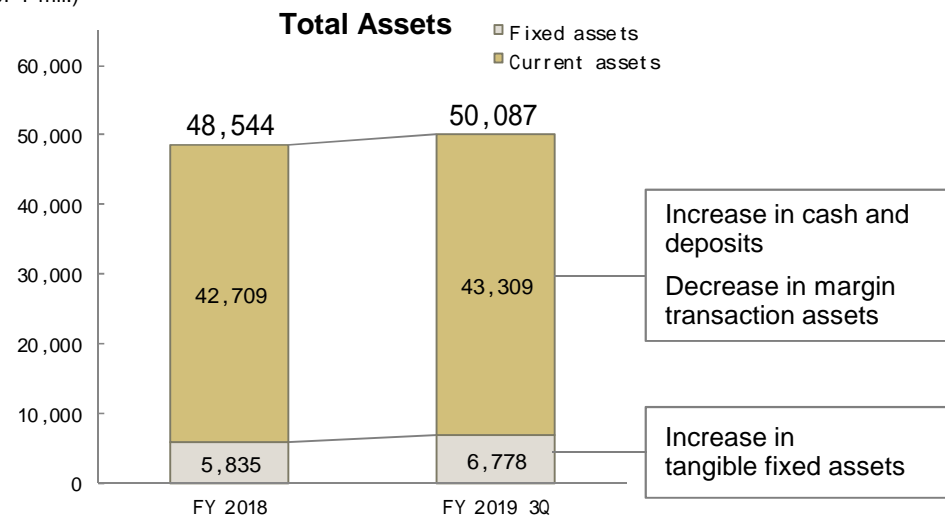


6. Balance Sheets/Financial Result

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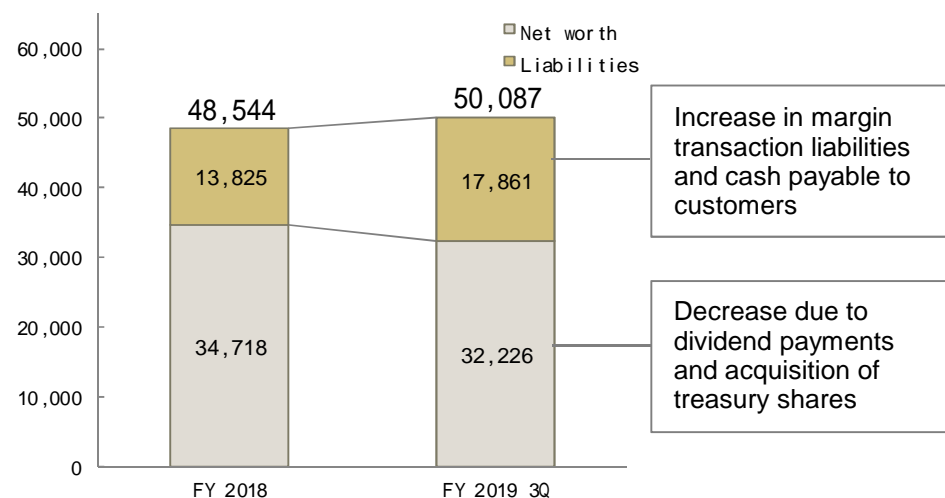
Balance Sheets

(JPY mil.)



(JPY mil.)

Sum of Liabilities and Net Worth



Financial Result

	FY 2019 3Q	Change from Mar. 31, 2019
Equity ratio (%)	64.2	-7.0
Net worth per share (JPY)	778.49	-49.04
Capital adequacy ratio (non-consolidated basis) (%)	508.7	-44.2

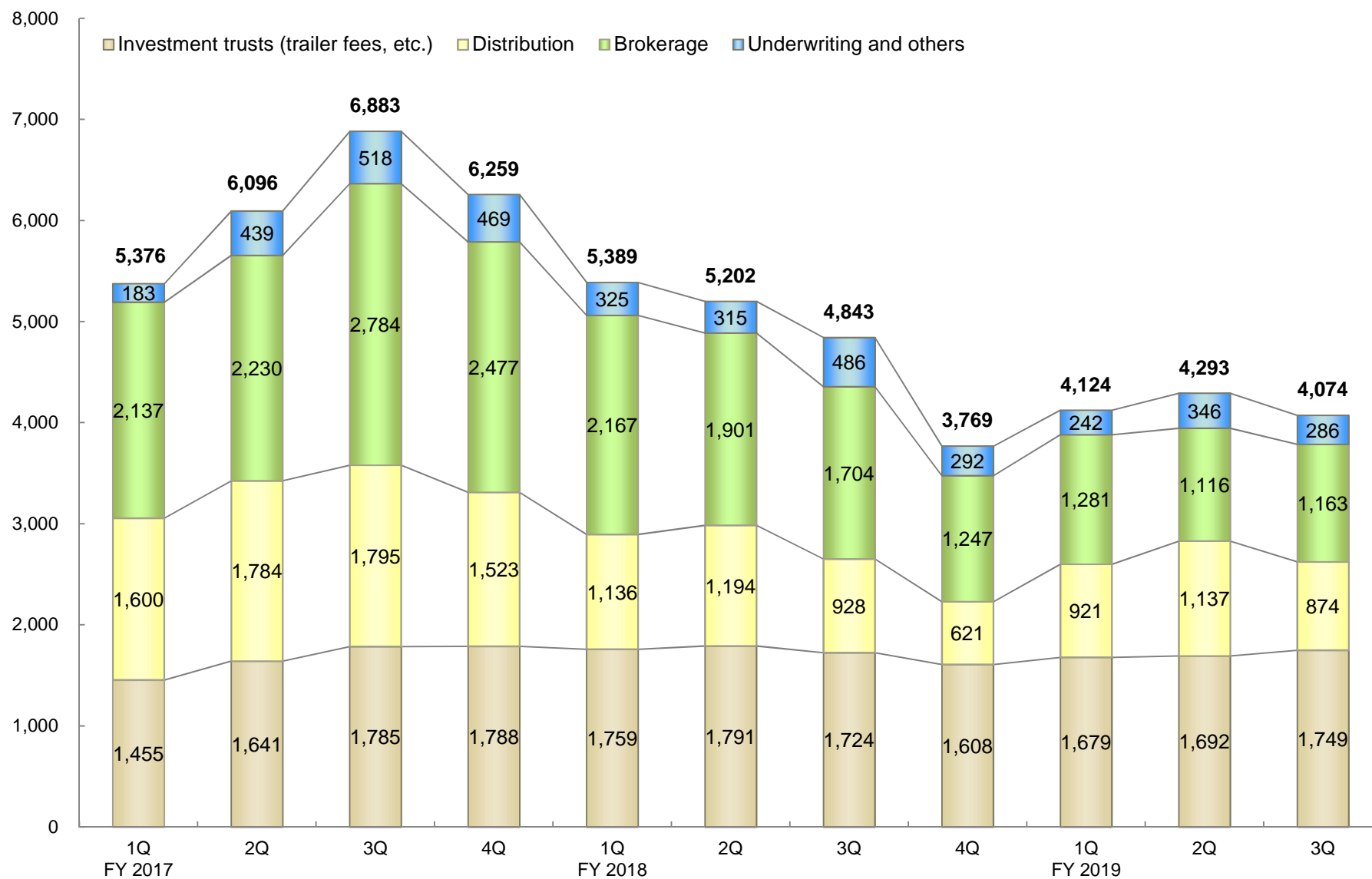
	FY 2019 3Q	Year-on-year
EPS (JPY)	-16.69	-59.92
ROE (%)	-	-

: Business Circumstances

1. Commission Revenue

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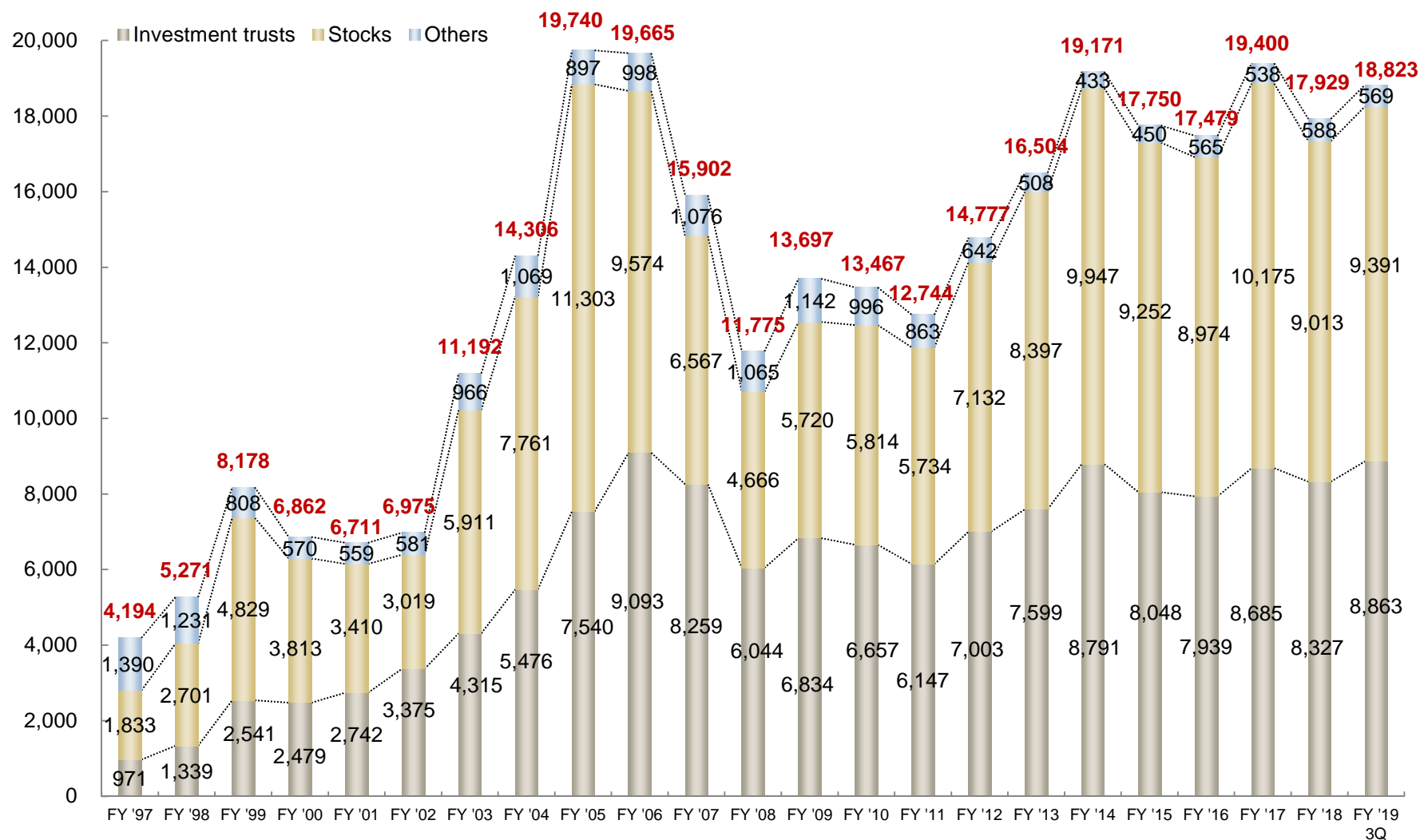
(JPY mil.)



2. Customer Assets in Custody

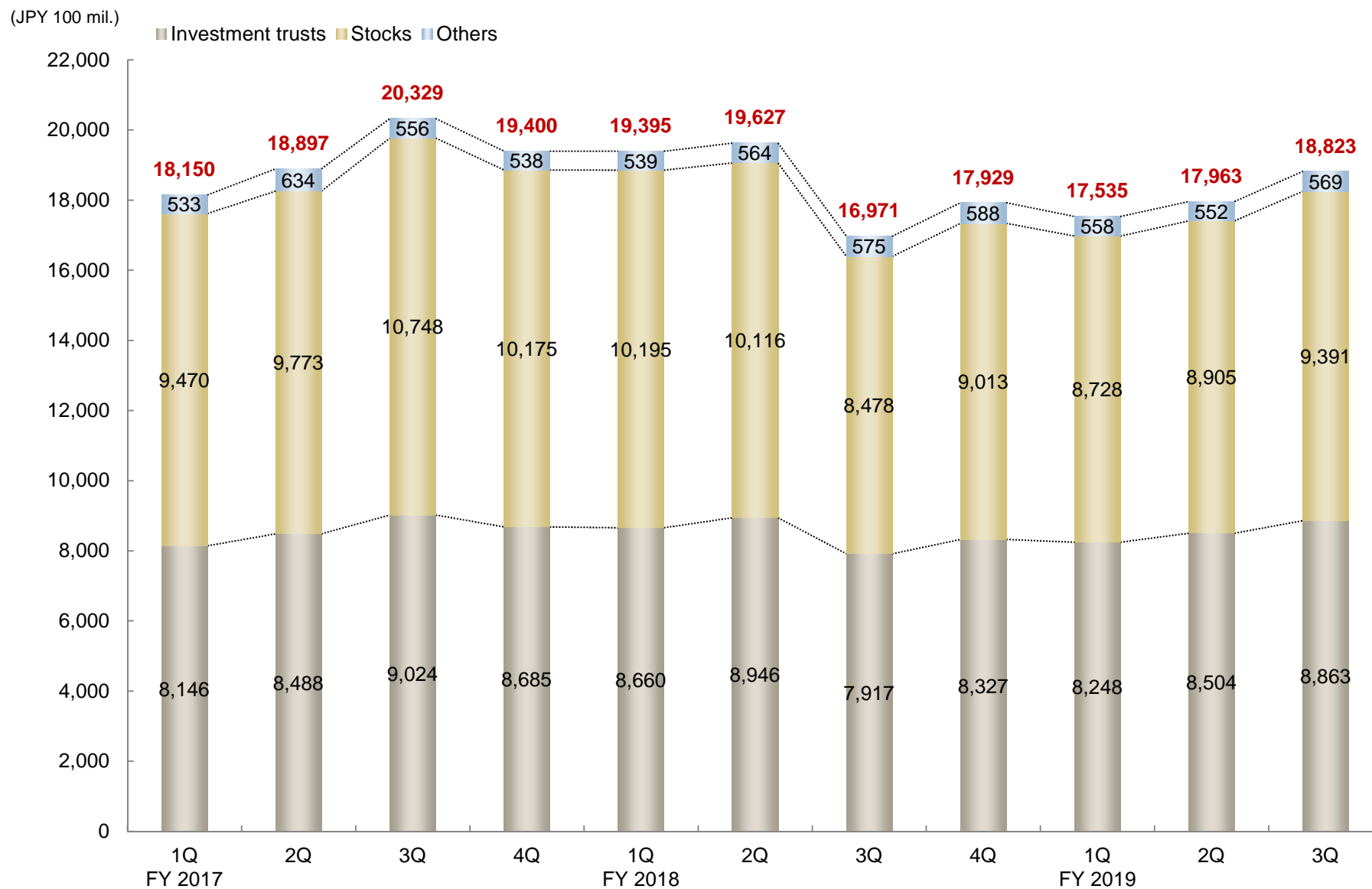
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(JPY 100 mil.)



3. Quarterly Customer Assets in Custody

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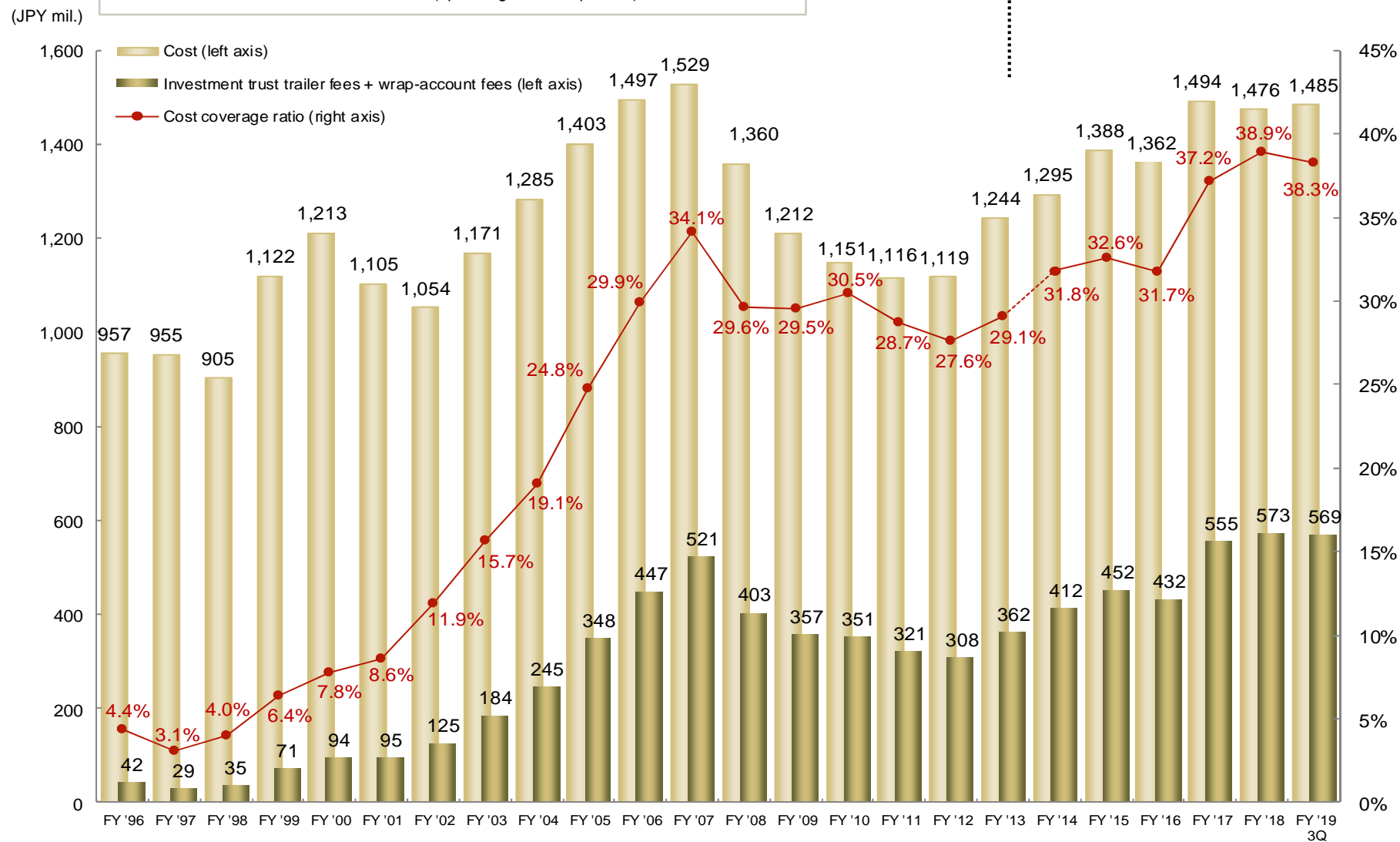
4. Trend of Investment Trust Trailer Fees and Its Cost Coverage (Month-end Average)

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

Parent company
basis

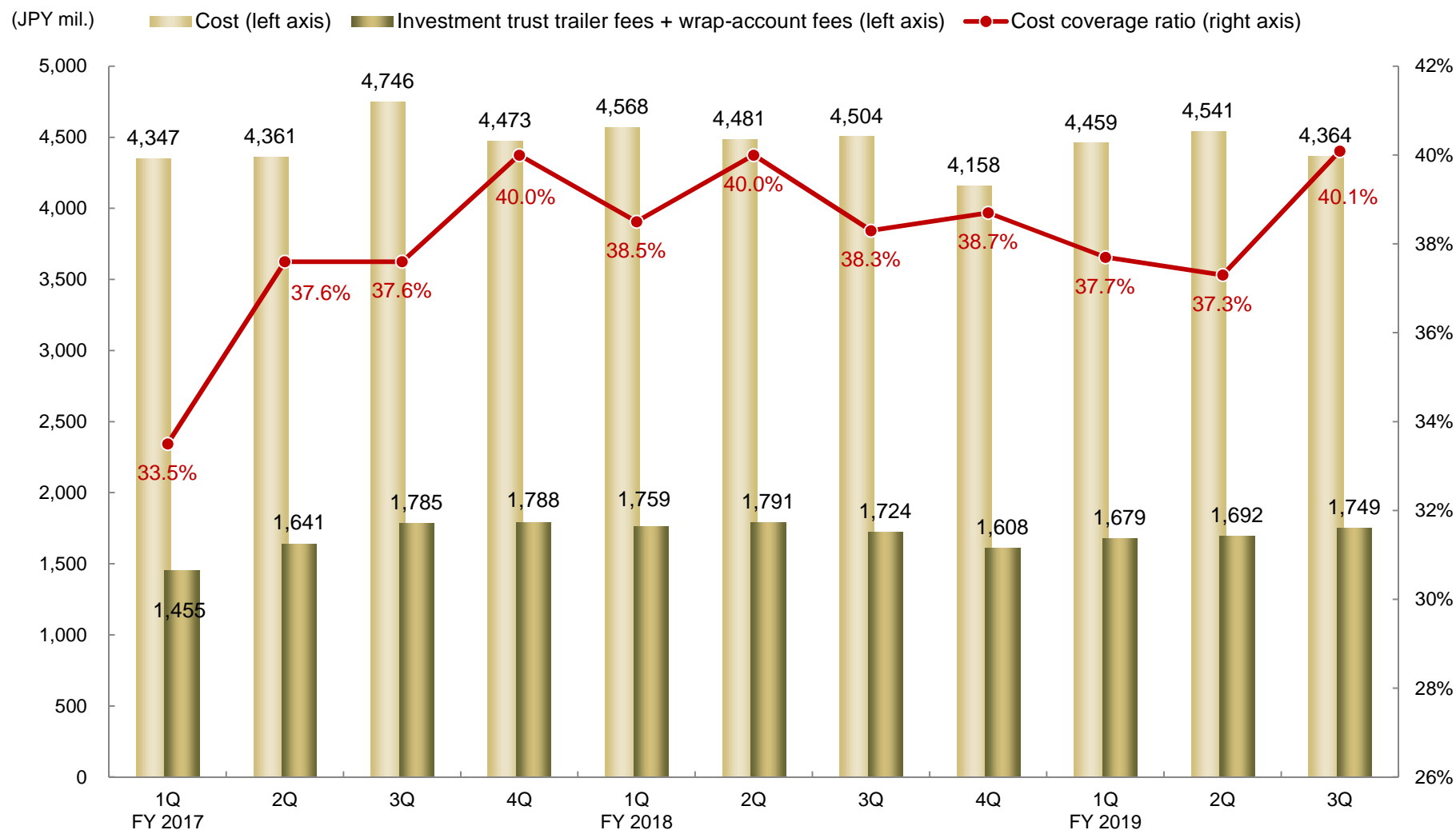
Consolidated
basis



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

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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)

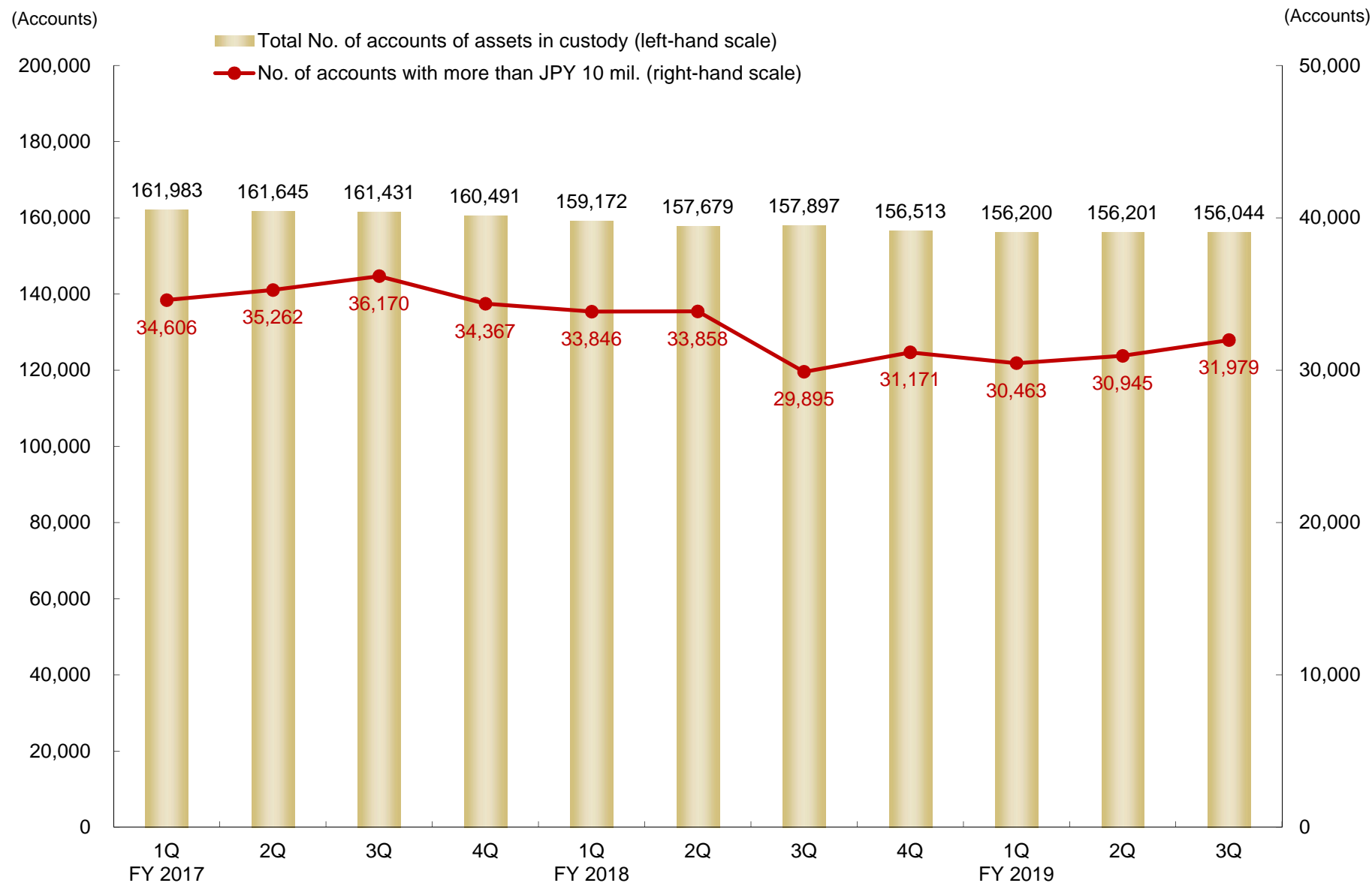
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(JPY 100 mil.)

	FY 2017				FY 2018				FY 2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Tokio Marine JPY Asset Balance Fund (Monthly Settlement/Yearly Settlement)										95	125
Pictet Global Income Equity Fund (Monthly Dividend)			52		17	35	39	38	78	116	93
Shinko J-REIT Open		45	38	56	79	133	84	61	77	71	37
Fidelity US REIT Fund (A/B/C/D)										34	29
LM Australia High Yield Equity Fund (Monthly Dividend)	147								25	42	28
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										

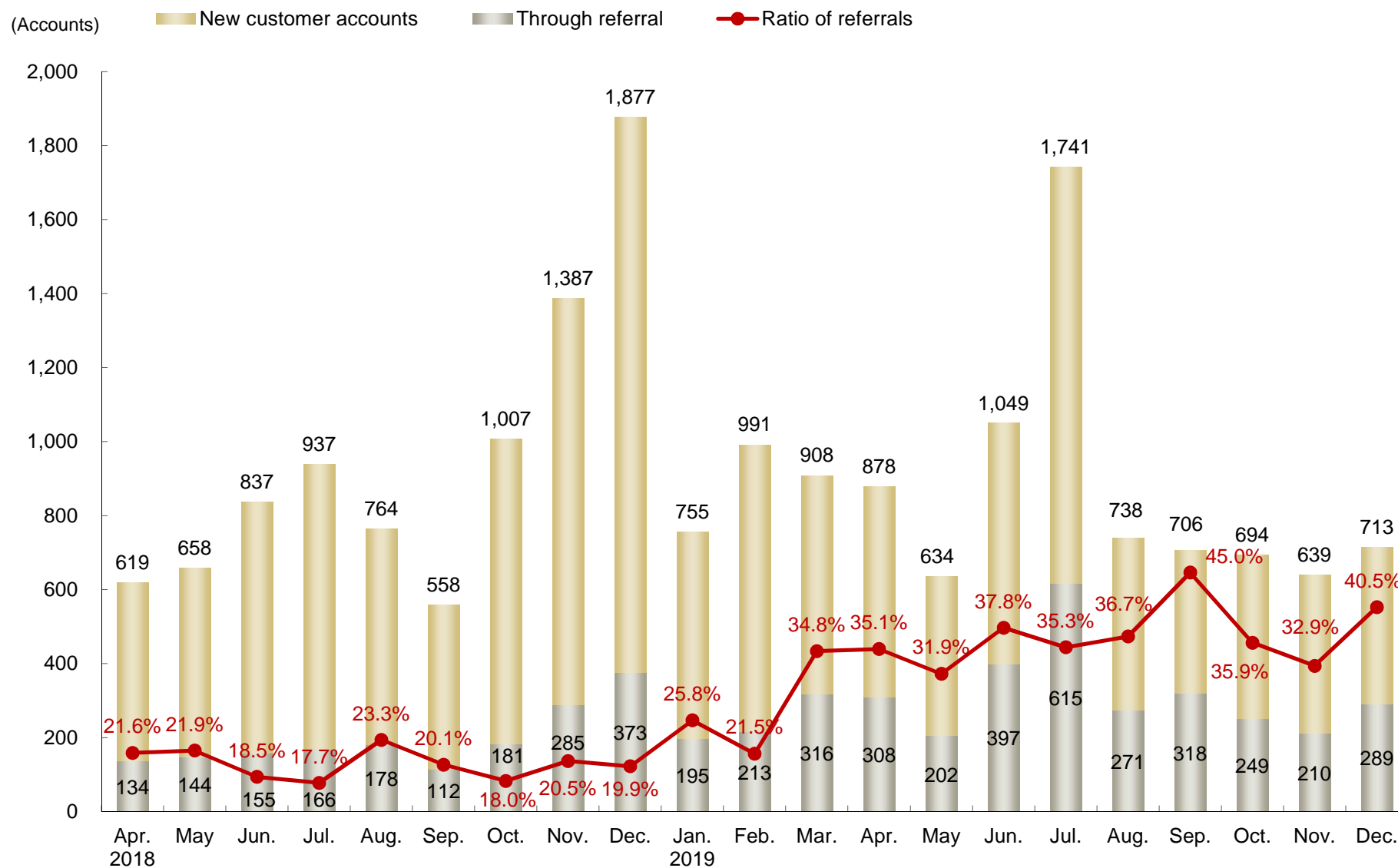
7. Number of Customer Accounts 【Retail】

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

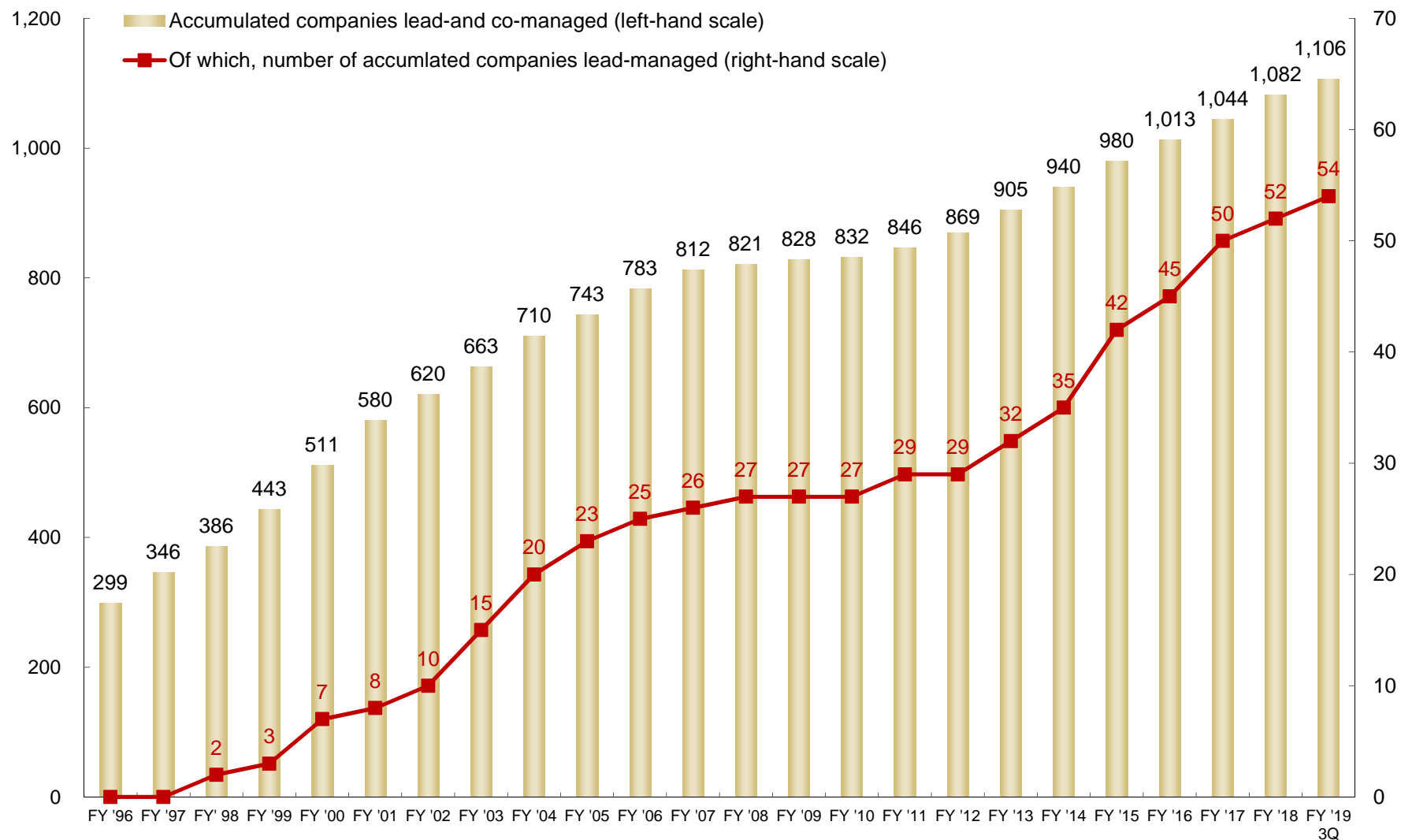
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9. Accumulated Companies Lead- and Co-managed

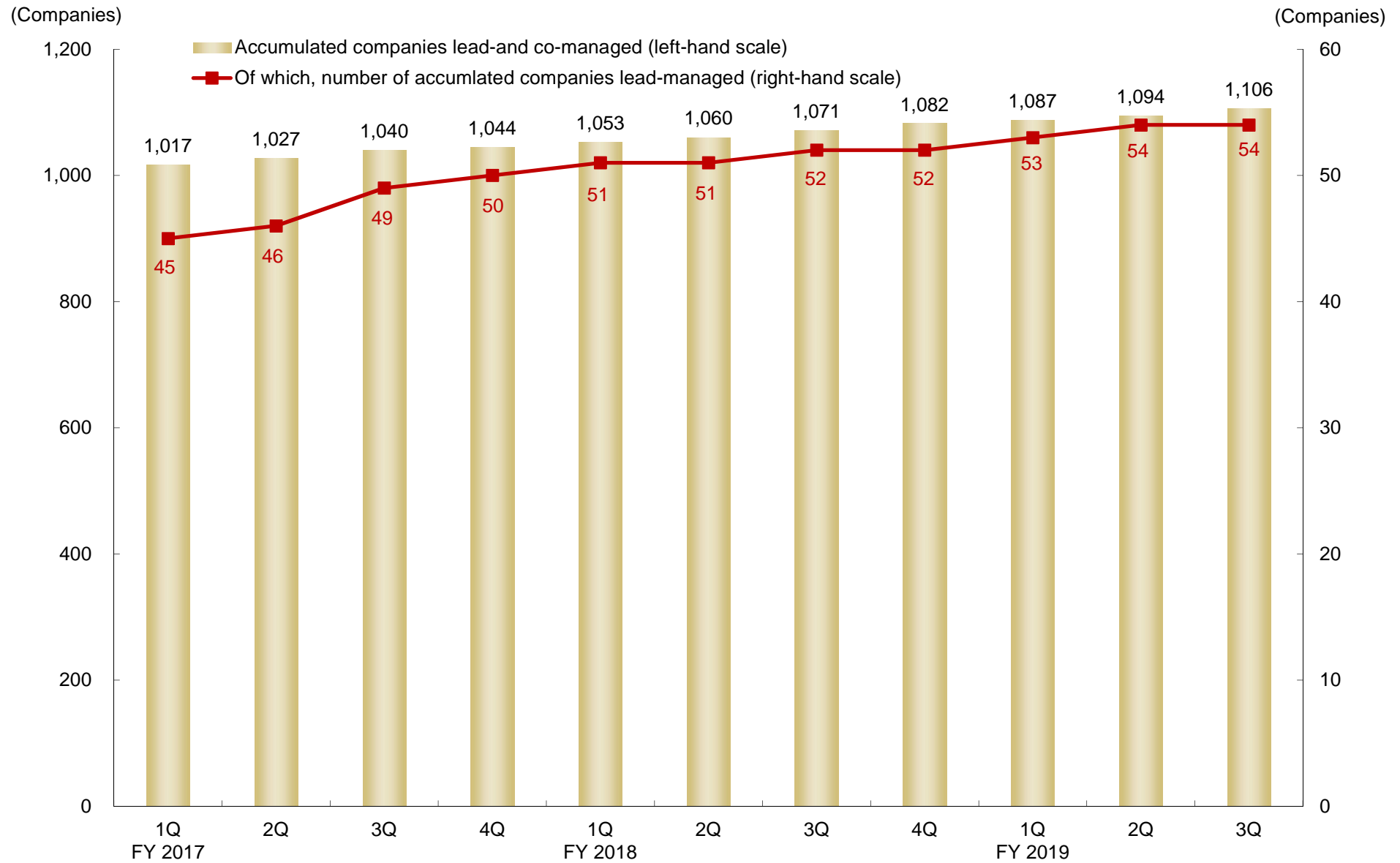
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(Companies)



10. Quarterly Accumulated Companies Lead- and Co-managed

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