

IR Presentation

for Second quarter, year ended March 2016

October 2015
Ichiyoshi Securities Co., Ltd.

I . Business Results (Consolidated)

(Changes in presentation method)

With respect to cost of sales of office supplies by a consolidated subsidiary, the Company previously itemized the cost as “clerical expenses” or “others” under “operating cost and expenses”, but effective from the first quarter of fiscal 2015 started to itemize it under “other operating expenses.”

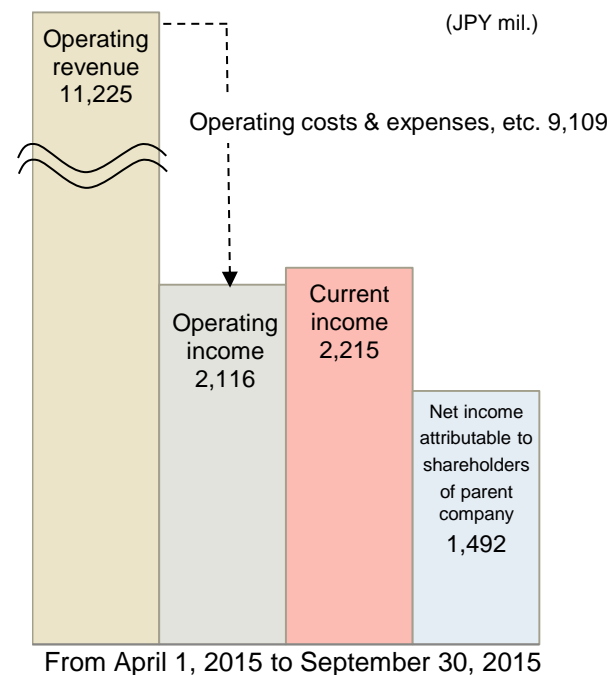
Hence, formerly disclosed figures of “net operating revenue”, “operating cost and expenses”, and “clerical expenses” and “others” under “operating cost and expenses” are replaced with figures under the new itemization. In addition, “other operating expenses” is newly indicated under “net operating revenue.”

1. Profit & Loss

- ◆ Operating income amounted to 11,225 million yen, an increase of 1,380 million yen (up 14.0%) from the year-earlier period.
- ◆ Current income amounted to 2,215 million yen, an increase of 526 million yen (up 31.2%) from the year-earlier period.
- ◆ Net income attributable to shareholders of parent company amounted to 1,492 million yen, a decrease of 334 million yen (down 18.3%) from the year-earlier period.

	(JPY mil.)			
	2015/3 2Q	2016/3 2Q	Year-on- Year	Year-on- Year
Operating revenue	9,845	11,225	14.0%	1,380
Operating costs & expense	7,594	8,378	10.3%	783
Current income	1,689	2,215	31.2%	526
Extraordinary income	1,159	138	▲88.1%	▲1,020
Extraordinary loss	37	18	▲50.4%	▲18
Corporate tax	819	854	4.3%	35
Tax adjustment	159	▲16	—	▲176
Net income attributable to shareholders of parent company	1,826	1,492	▲18.3%	▲334

	EPS	ROE
2016/3 2Q	33.89 yen	4.4%
2015/3 2Q	41.94 yen	5.6%

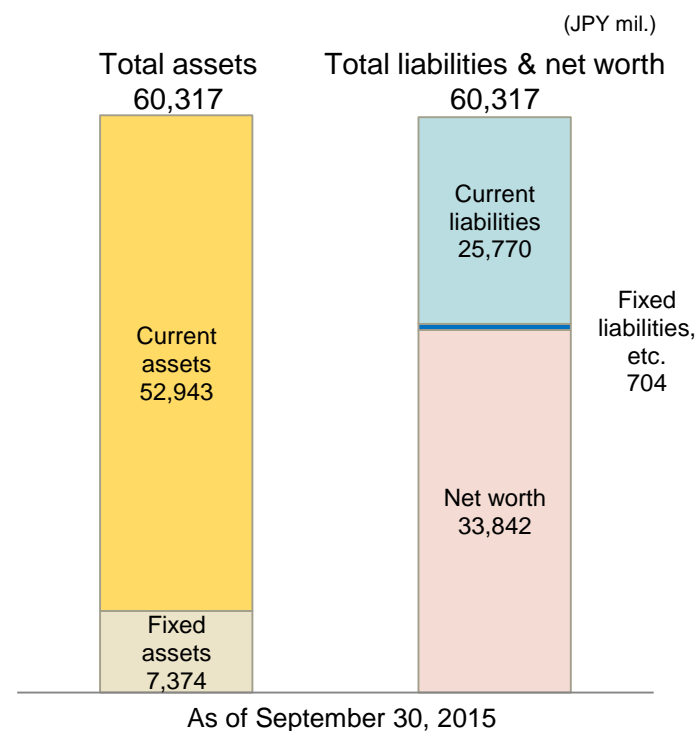


2. Balance Sheets / Financial Results

- ◆ Total assets amounted to 60,317 million yen, an increase of 12,075 million yen (up 25.0%) from the previous fiscal year end, as cash and deposits, advance payments for subscription, and margin transaction assets swelled.
- ◆ Total liabilities amounted to 26,475 million yen, an increase of 11,923 million yen (up 81.9%) from the previous fiscal year end, as deposits of customers, margin transaction liabilities, and income taxes payable expanded.

	(JPY mil.)			
	2015/3	2016/3 2Q	Quarter-on- Quarter	Quarter-on- Quarter
Assets				
Current assets	40,613	52,943	30.4%	12,329
Fixed assets	7,628	7,374	▲3.3%	▲254
Total assets	48,242	60,317	25.0%	12,075
Liabilities				
Current liabilities	13,805	25,770	86.7%	11,964
Fixed liabilities	561	520	▲7.3%	▲41
Total liabilities	14,551	26,475	81.9%	11,923
Net worth				
Net worth	33,690	33,842	0.5%	151
Total liabilities & net worth	48,242	60,317	25.0%	12,075

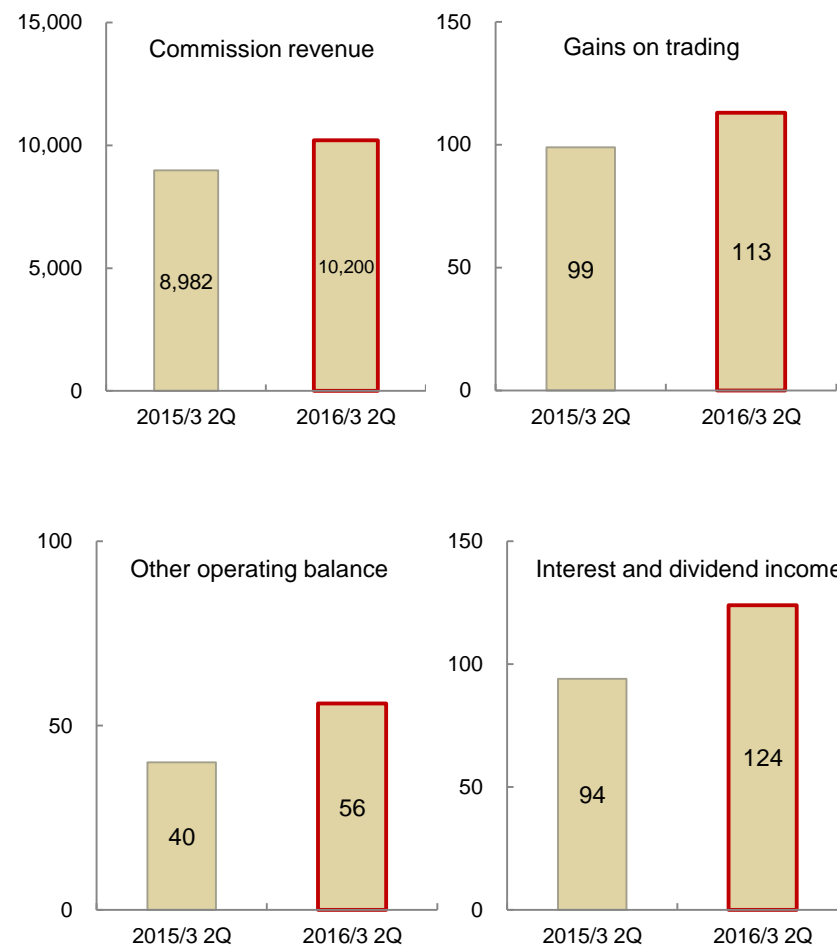
	Equity ratio	Net worth per share	Capital adequacy ratio (non-consolidated)
2016/3 2Q	55.7%	770.78 yen	585.3%
2015/3	69.4%	760.01 yen	602.4%



3. Breakdown of Net Operating Revenue

- ◆ Commission revenue amounted to 10,200 million yen, an increase of 1,218 million yen (up 13.6%) from the year-earlier period, as brokerage commissions on stocks rose.

	(JPY mil.)			
	2015/3 2Q	2016/3 2Q	Year-on- Year	Year-on- Year
Commission revenue	8,982	10,200	13.6%	1,218
Gains on trading	99	113	13.9%	13
Other operating balance	40	56	39.9%	16
Interest and dividend income	94	124	32.2%	30
Total	9,216	10,495	13.9%	1,278

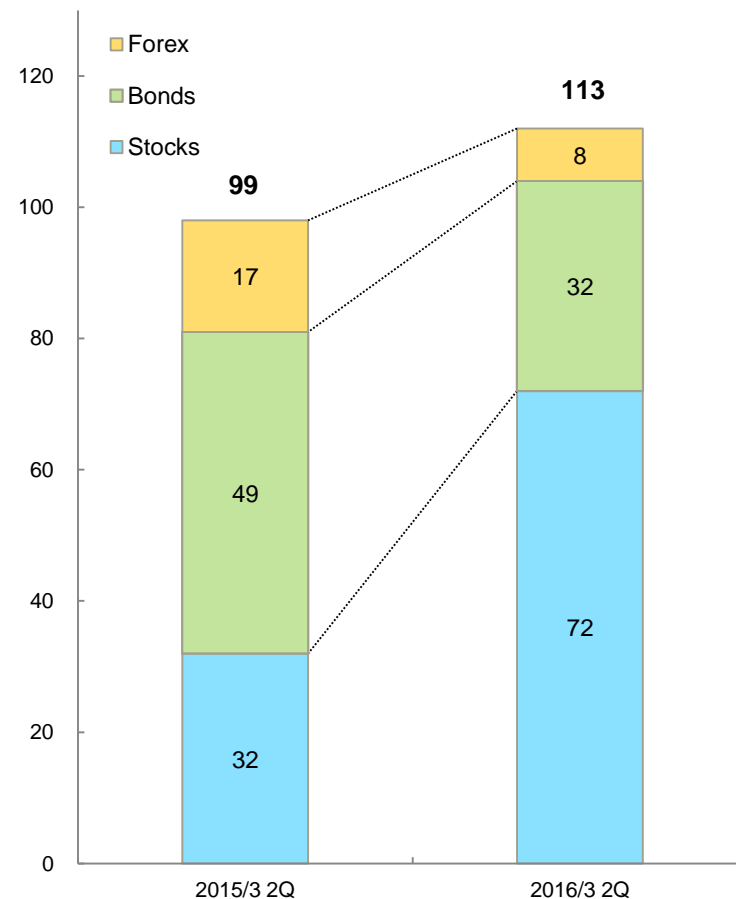


4. Breakdown of Gains on Trading

- ◆ Gains on trading amounted to 113 million yen, an increase of 13 million yen (up 13.9%) from the year-earlier period, as trading on stocks gained.

(JPY mil.)

	2015/3 2Q	2016/3 2Q	Year-on- Year	Year-on- Year
Stocks, etc.	32	72	122.0%	39
Bonds・Forex, etc.	66	40	▲38.7%	▲25
(Bonds, etc.)	(49)	(32)	▲33.3%	▲16
(Forex, etc.)	(17)	(8)	▲53.8%	▲9
Total	99	113	13.9%	13

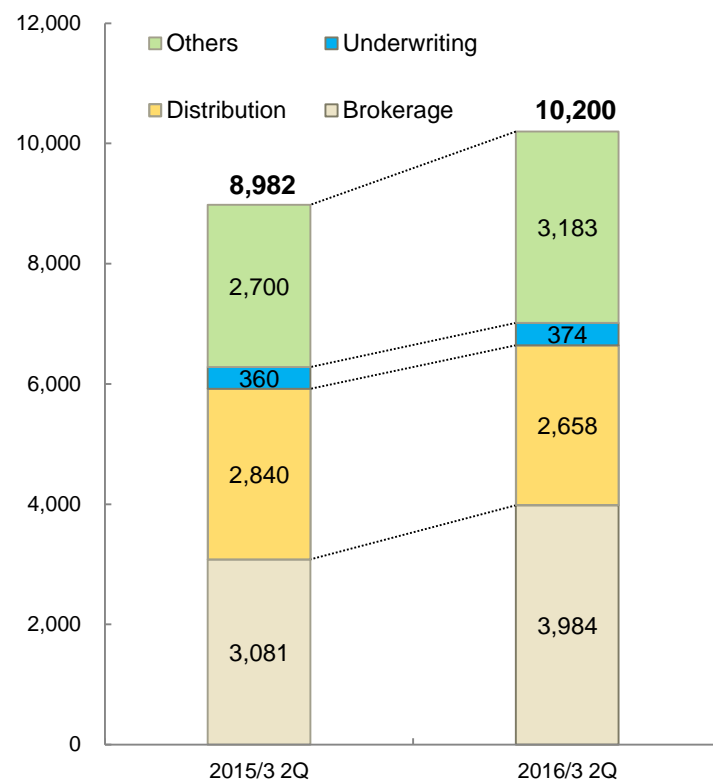


5. Breakdown of Commission Revenue

- ◆ Commissions from distribution of investment trusts amounted to 2,628 million yen, a decrease of 143 million yen (down 5.2%) from the year-earlier period, as subscription amount slid.
- ◆ Commissions from other sources amounted to 3,183 million yen, an increase of 483 million yen (up 17.9%) from the year-earlier period, as investment trusts trailer fees grew.
- ◆ Fees from underwriting amounted to 374 million yen, an increase of 14 million yen (up 3.9%) from the year-earlier period, as the Company participated in the management and underwriting of 15 initial public offerings (of which 2 were lead-managed), acted as the sole advisor for an already listed issuer to upgrade its listing exchange, and managed and underwrote 7 public offerings of shares of other listed issuer (of which 4 were lead-managed).

(JPY mil.)

	2015/3 2Q	2016/3 2Q	Year-on- Year	Year-on- Year
Commission revenue	8,982	10,200	13.6%	1,218
Brokerage				
Stocks	3,022	3,767	24.6%	744
Distribution				
Investment trusts sales charge	2,771	2,628	▲5.2%	▲143
Underwriting				
IPO	314	98	▲68.6%	▲215
PO	46	274	496.8%	228
Total	360	374	3.9%	14
Commissions from other sources				
Investment trusts trailer fees	2,337	2,803	19.9%	466
Others	362	380	4.7%	17
Total	2,700	3,183	17.9%	483



Top 3 Best Selling Investment Trusts (Total amount of 2016/3 2Q)	
① UBS Global CB Open (Monthly Settlement, Currency Non-Hedged)	15.2 billion yen
② Pictet Global Income Stock Fund (Monthly Dividend)	5.6 billion yen
③ LM Australia Monthly Dividend Fund	5.1 billion yen

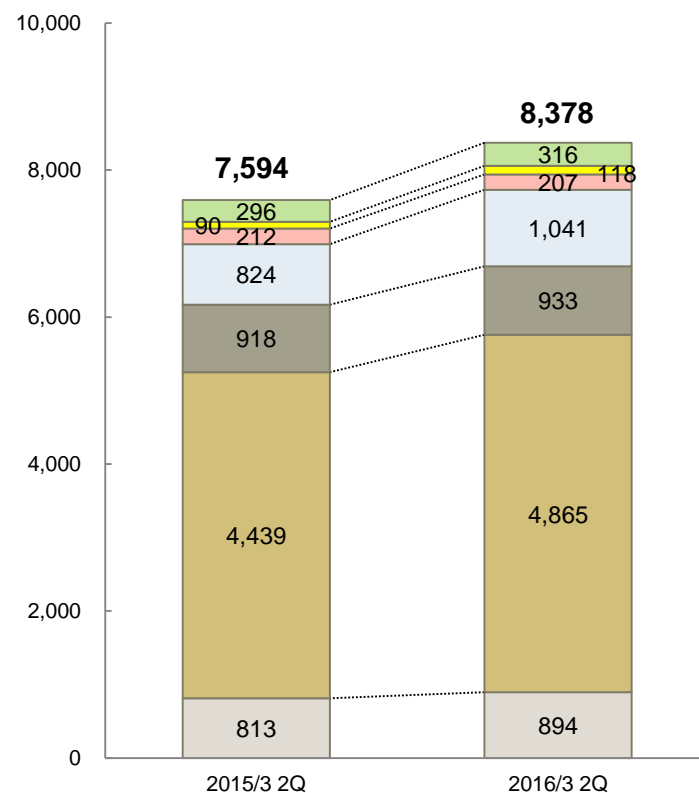
Subscription amount of investment trusts	Balances of investment trusts
74.5 billion yen	824.7 billion yen

6. Operating Cost and Expenses

- ◆ Operating cost and expenses amounted to 8,378 million yen, an increase of 783 million yen (up 10.3%) from the year-earlier period, as personnel expenses and clerical expenses rose.

	2015/3 2Q	2016/3 2Q	Year-on- Year	Year-on- Year
Transaction related expenses	813	894	10.0%	81
Personnel expenses	4,439	4,865	9.6%	426
Property related expenses	918	933	1.6%	14
Clerical expenses	824	1,041	26.4%	217
Depreciation	212	207	▲2.2%	▲4
Public charges	90	118	30.7%	27
Others	296	316	6.9%	20
Total	7,594	8,378	10.3%	783

(JPY mil.)



<Reference> Fixed cost and Variable cost (2016/3 2Q, non-consolidated basis)

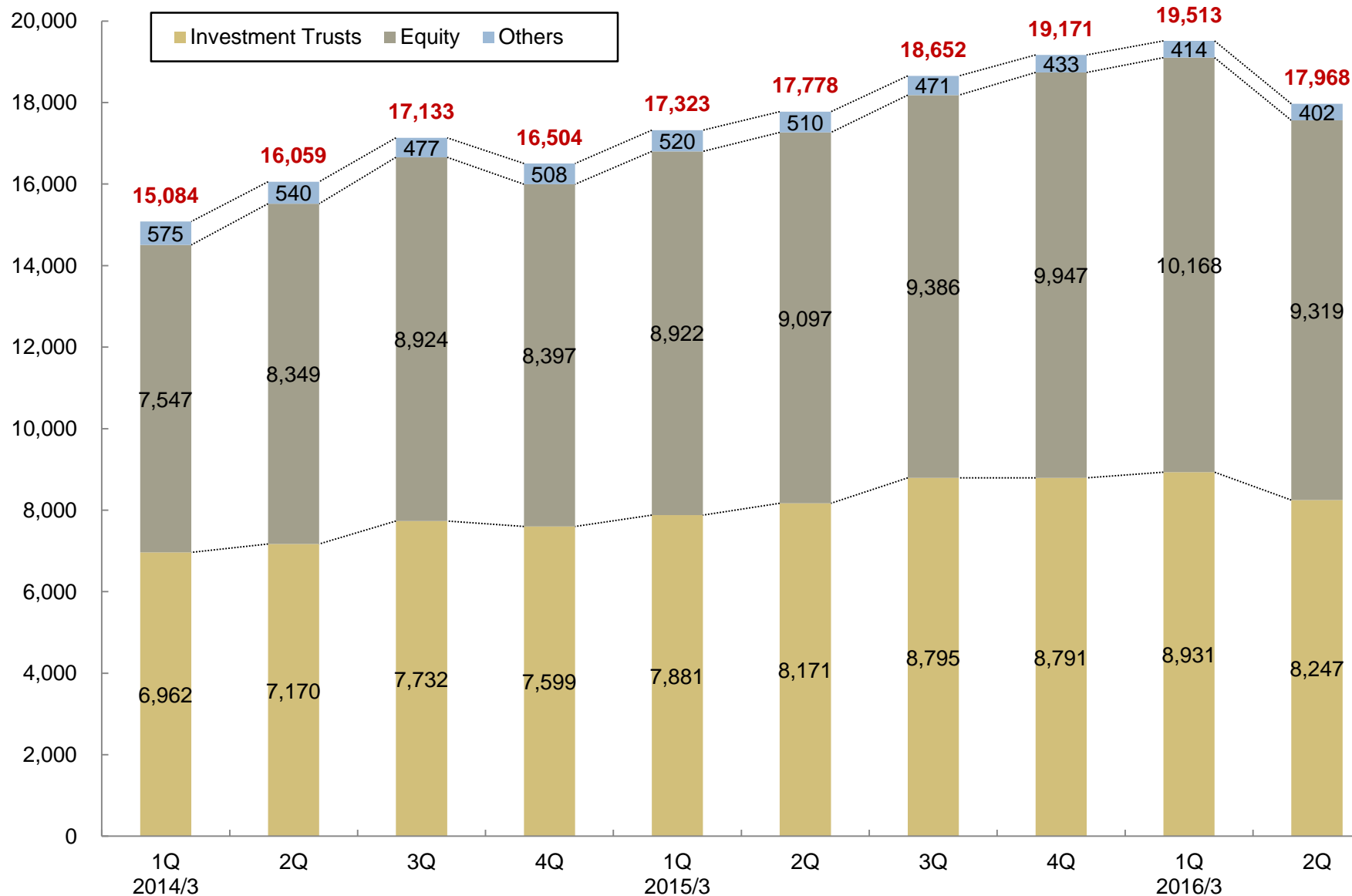
Variable cost	2,249
Fixed cost	5,963

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

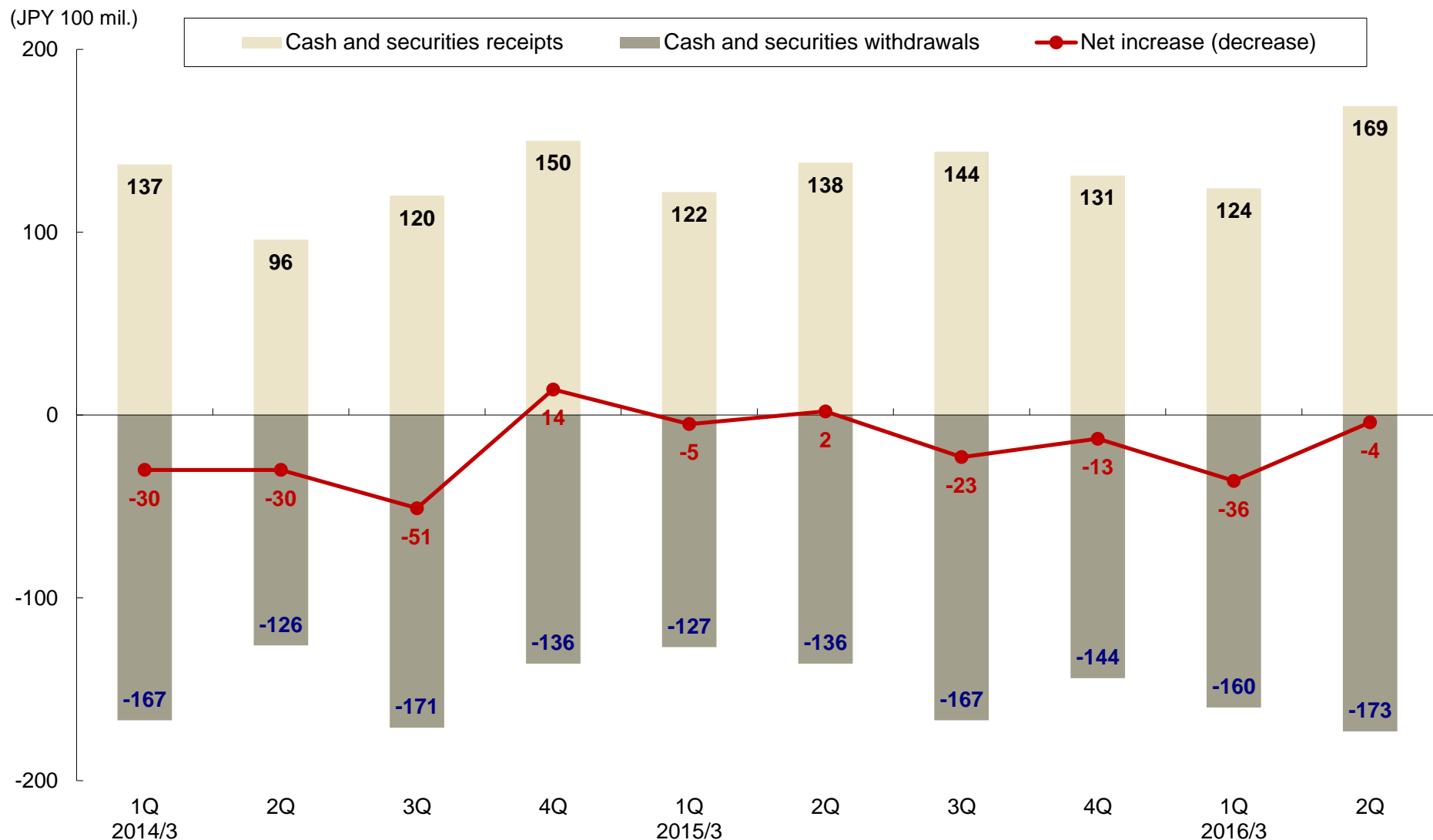
II . Business Circumstances

1. Customer Assets under Custody

(JPY 100 mil.)

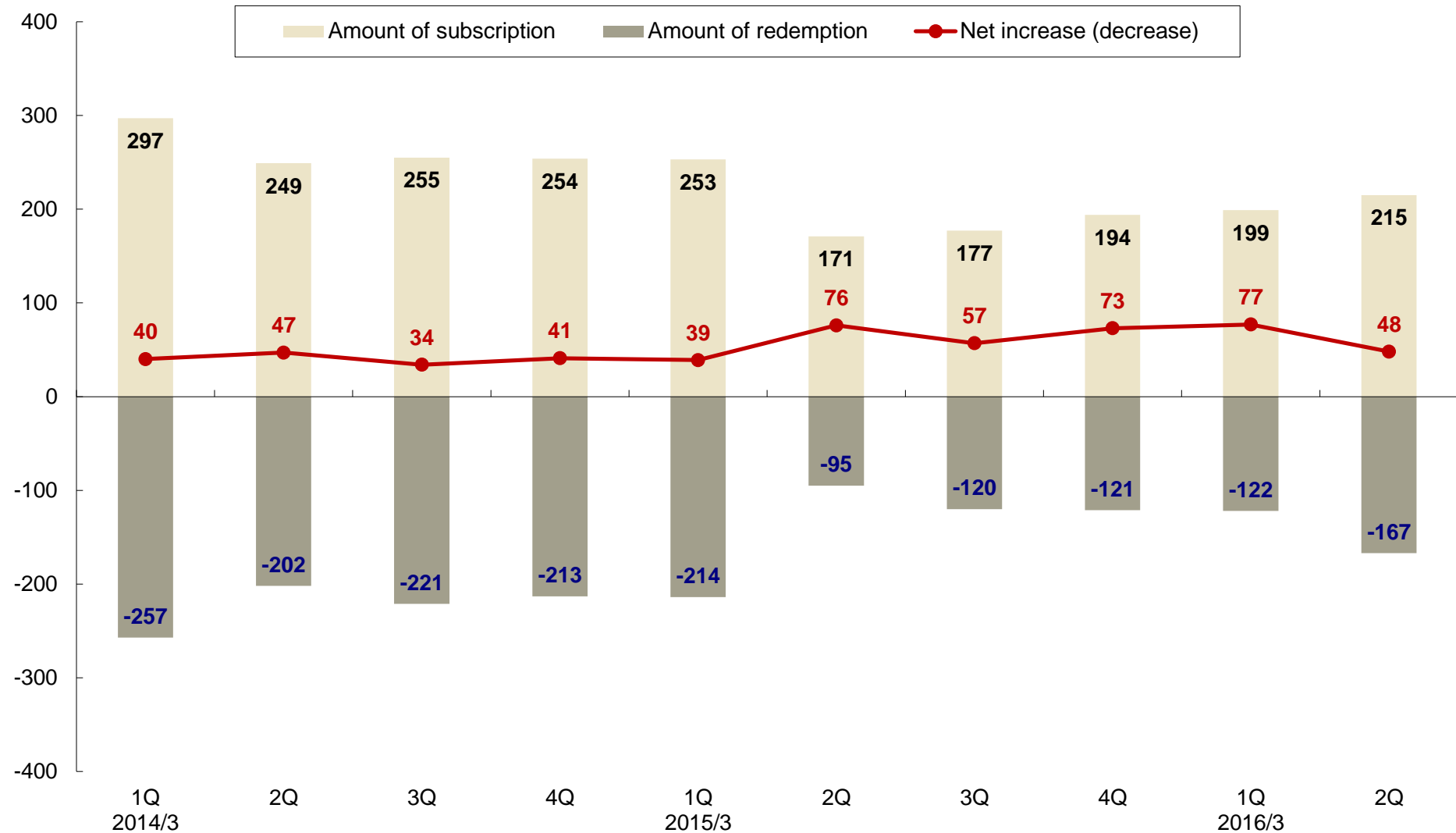


2. Cash and Securities Receipts / Cash and Securities Withdrawals/ Net Increase (Monthly Average) 【Retail】



3. Subscription/ Redemption/ Net Increase of Investment Trusts (Monthly Average) 【Retail】

(JPY 100 mil.)

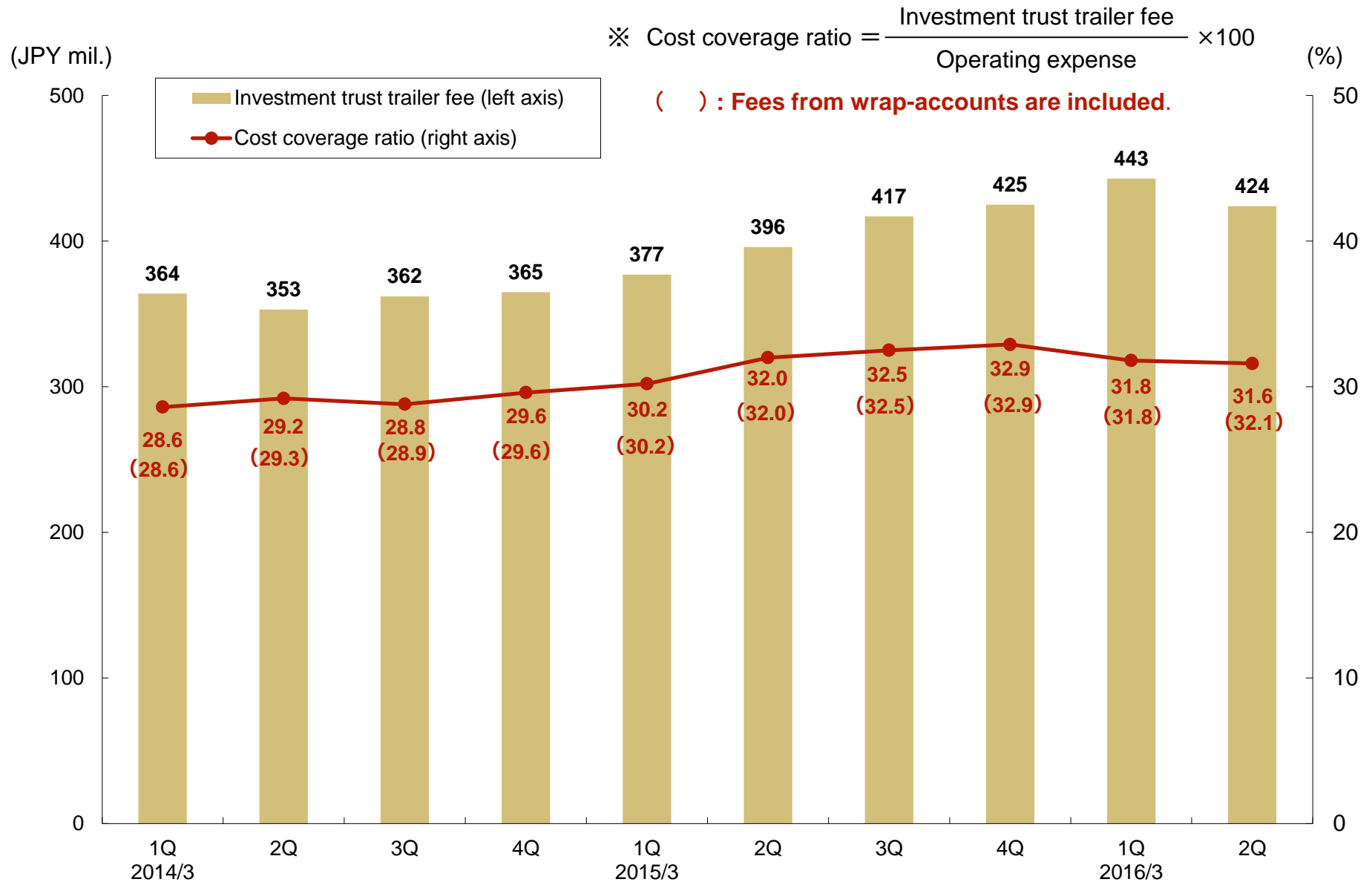


4. Top 5 Best Selling Investment Trusts (Total Amounts of 3 Months) 【Retail】

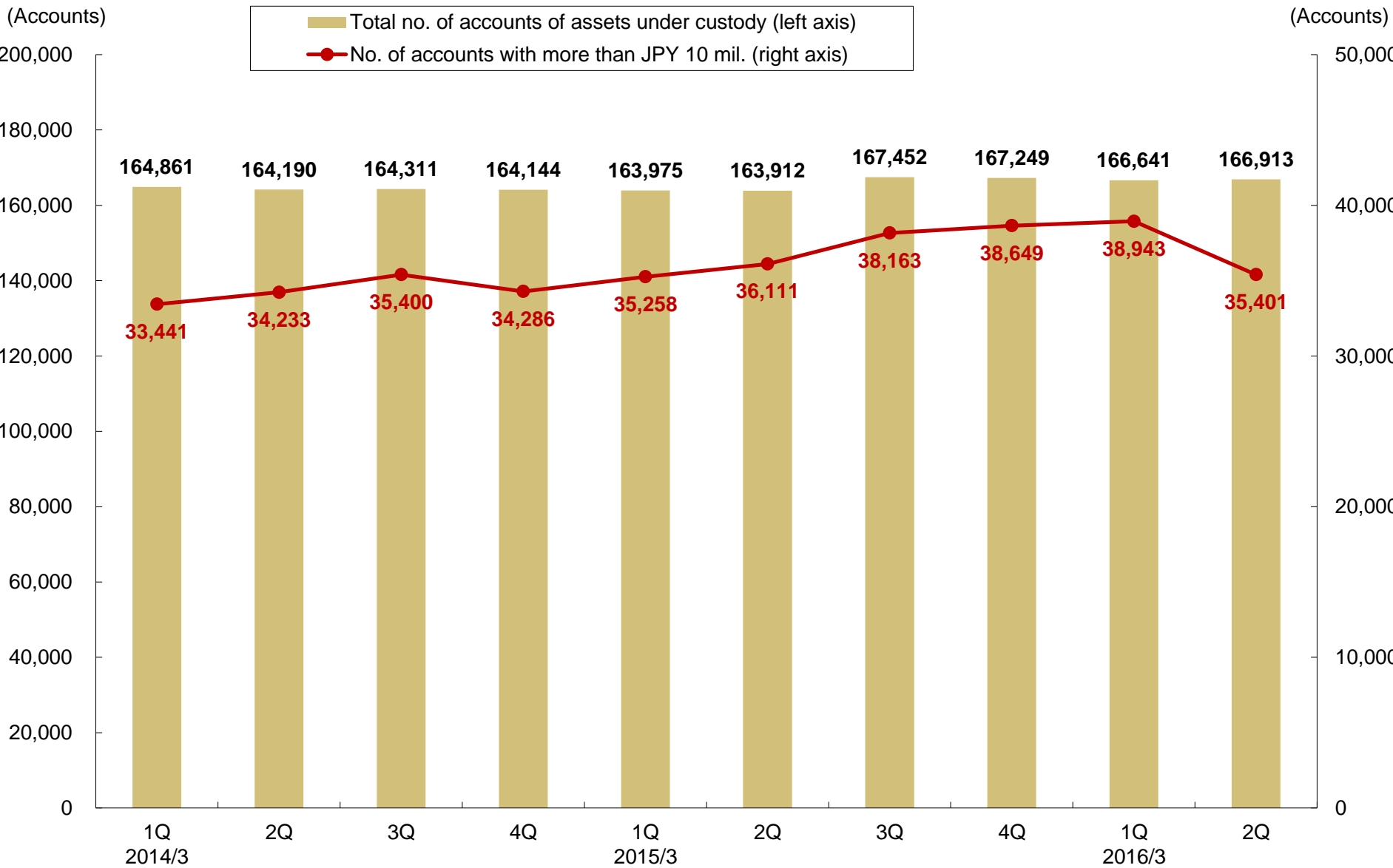
(JPY 100 mil.)

	2014/3				2015/3				2016/3	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
UBS Global CB Open		36							120	152
Pictet Global Income Stock Fund	227	84	69	85	68	46	34	59	37	56
LM Australia Monthly Distribution Fund				78	126	91	86	117	87	51
Pictet Emerging Country Income Stock Fund	82	159	167	83	111	83	75	79	64	36
Ichiyoshi Infrastructure Growth Stock Fund							164	121	92	32
HSBC New Leaders Sovereign Open	108	144	130	97	103	52	36	46		
Global Floating Rate Note Fund (JPY Hedge Course)					62	30				
Japan Mid/Small Growth Stock Active Fund			72	143						
Japan Recover Growth Stock Fund	116	98	71							
Global REIT Open	53									

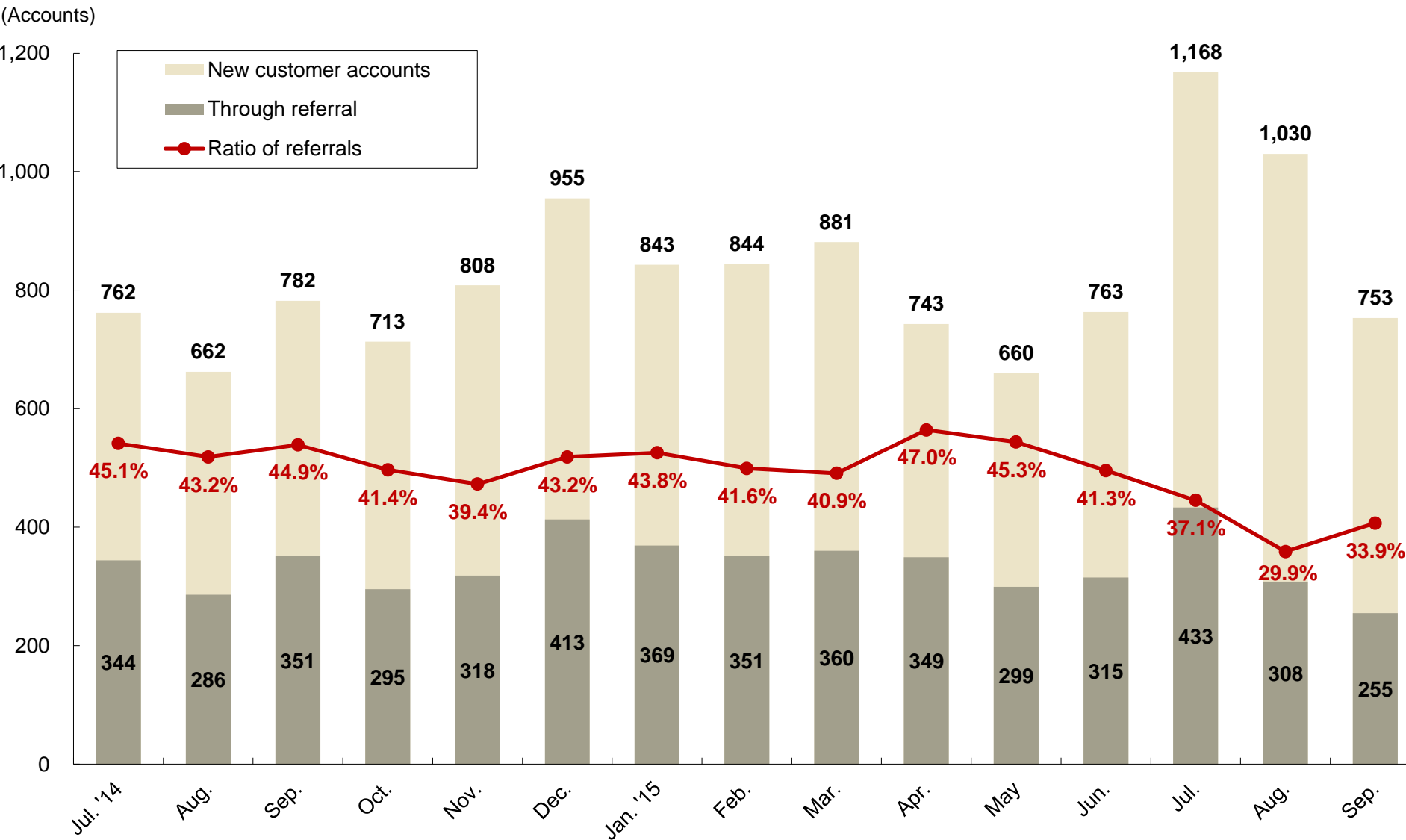
5. Trend of Investment Trust Trailer Fee and its Cost Coverage (Monthly Average / Non-Consolidated Basis)



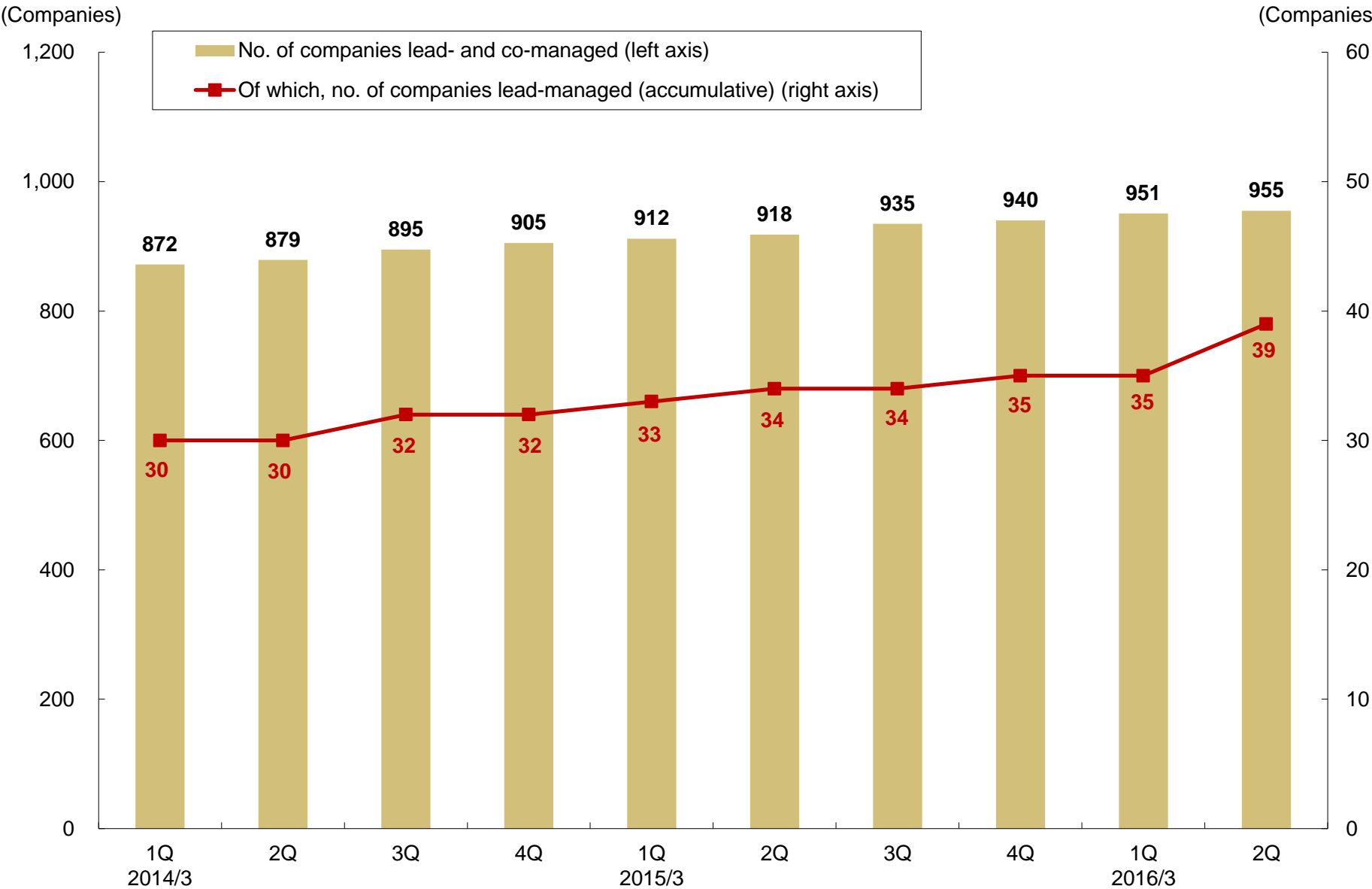
6. Number of Customer Accounts 【Retail】



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



8. Accumulated Number of Companies Lead- and Co-managed



III. Quarterly Transition

(Changes in presentation method)

With respect to cost of sales of office supplies by a consolidated subsidiary, the Company previously itemized the cost as “clerical expenses” or “others” under “operating cost and expenses”, but effective from the first quarter of fiscal 2015 started to itemize it under “other operating expenses.”

Hence, formerly disclosed figures of “net operating revenue”, “operating cost and expenses”, and “clerical expenses” and “others” under “operating cost and expenses” are replaced with figures under the new itemization. Formerly disclosed figures are indicated in parentheses. In addition, “other operating expenses” is newly indicated under “net operating revenue.”

1. Profit & Loss

(JPY mil.)								
	2015/3				2016/3		Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q		
Operating revenue	5,082	4,763	5,171	5,395	5,811	5,414	▲6.8%	13.7%
Operating cost & expenses	3,806 (4,115)	3,788 (4,075)	3,968 (4,283)	3,971 (4,319)	4,267	4,110	▲3.7%	8.5%
Current income	992	696	905	1,116	1,208	1,007	▲16.6%	44.6%
Extraordinary income	468	690	373	—	49	88	79.7%	▲87.1%
Extraordinary loss	9	27	12	28	—	18	—	▲32.8%
Corporate tax	206	613	339	485	309	545	76.1%	▲11.1%
Tax adjustment	336	▲176	167	▲207	128	▲144	—	—
Net income attributable to shareholders of parent company	907	919	757	804	817	674	▲17.4%	▲26.6%

* As explained in the notes on page 17, the figures in parentheses are formerly disclosed figures.

2. Financial Results

	2015/3				2016/3		Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q		
Total assets (JPY mil.)	48,361	51,352	52,050	48,242	53,677	60,317	12.4%	17.5%
Net worth (JPY mil.)	31,764	32,686	32,432	33,690	33,713	33,842	0.4%	3.5%
Equity ratio (%)	65.4	63.3	62.0	69.4	62.4	55.7	—	—
Net worth per share (JPY)	726.66	743.19	734.61	760.01	760.01	770.78	—	—
Capital adequacy ratio (%) (non-consolidated basis)	574.7	585.3	592.0	602.4	595.7	585.3	—	—
EPS (JPY)	20.84	41.94	59.22	77.52	18.54	33.89	—	—
ROE (%)	2.8	5.6	8.0	10.3	2.4	4.4	—	—

3. Balance Sheets

(JPY mil.)

2015/3				2016/3		Quarter-on-Quarter	Year-on-Year
1Q	2Q	3Q	4Q	1Q	2Q		

Assets								
Current assets	40,299	43,668	44,983	40,613	46,091	52,943	14.9%	21.2%
Fixed assets	8,061	7,684	7,067	7,628	7,586	7,374	▲2.8%	▲4.0%
Total assets	48,361	51,352	52,050	48,242	53,677	60,317	12.4%	17.5%

Liabilities								
Current liabilities	15,396	17,484	18,697	13,805	19,228	25,770	34.0%	47.4%
Fixed liabilities	1,048	1,018	745	561	551	520	▲5.6%	▲48.9%
Total liabilities	16,596	18,666	19,617	14,551	19,964	26,475	32.6%	41.8%

Net worth								
Net worth	31,764	32,686	32,432	33,690	33,713	33,842	0.4%	3.5%
Total liabilities & net worth	48,361	51,352	52,050	48,242	53,677	60,317	12.4%	17.5%

4. Breakdown of Net Operating Revenue

(JPY mil.)

	2015/3				2016/3		Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q		
Commission revenue	4,657	4,324	4,678	4,894	5,276	4,923	▲6.7%	13.9%
Gains on trading	37	61	89	35	58	54	▲7.5%	▲11.7%
Interest and dividend income	57	69	68	89	79	84	6.3%	20.9%
Other operating revenue	329	307	335	375	396	352	▲11.2%	14.5%
Interest expenses	8	23	11	34	20	17	▲11.7%	▲24.3%
Other operating expenses	309	287	314	348	362	329	▲9.2%	14.6%
Total	4,764 (5,073)	4,451 (4,739)	4,845 (5,160)	5,012 (5,360)	5,428	5,067	▲6.6%	13.8%

* As explained in the notes on page 17, the figures in parentheses are formerly disclosed figures.

5. Breakdown of Gains on Trading

(JPY mil.)

	2015/3				2016/3		Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q		
Stocks, etc.	11	20	41	8	33	39	18.9%	88.6%
Bonds•Forex, etc.	26	40	48	26	25	15	▲41.3%	▲62.9%
(Bonds, etc.)	(24)	(24)	(26)	(19)	(17)	(15)	▲13.8%	▲37.8%
(Forex, etc.)	(1)	(16)	(21)	(7)	(8)	(0)	—	—
Total	37	61	89	35	58	54	▲7.5%	11.7%

6. Breakdown of Commission Revenue

(JPY mil.)

2015/3				2016/3		Quarter-on-Quarter	Year-on-Year
1Q	2Q	3Q	4Q	1Q	2Q		

Brokerage								
Stocks	1,335	1,686	1,809	1,934	2,157	1,609	▲25.4%	▲4.6%

Distribution								
Investment trusts sales charge	1,668	1,103	1,236	1,247	1,354	1,273	▲6.0%	15.4%

Underwriting								
IPO	276	38	25	6	15	83	449.5%	118.4%
PO	0	45	42	6	28	246	756.7%	436.7%
Total	276	84	68	12	43	330	652.4%	293.1%

Others								
Investment trusts trailer fees	1,138 (1,133)	1,198 (1,186)	1,271 (1,243)	1,332 (1,227)	1,414	1,389	▲1.8%	15.9%
Others	175 (179)	187 (200)	198 (226)	222 (326)	191	189	▲1.0%	0.7%
Total	1,313	1,386	1,470	1,554	1,605	1,578	▲1.7%	13.8%

* Effective for this first quarter, under “Others” above, the management fee earned by the consolidated subsidiary with respect to the investment trust established and managed by it, and the fees from wrap-accounts, shall be itemized as “Investment trusts trailer fees” rather than “Others.”

7. Operating Cost and Expenses

(JPY mil.)

	2015/3				2016/3		Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q		
Transaction related expenses	432	381	411	386	416	478	14.8%	25.4%
Personnel expenses	2,209	2,229	2,381	2,356	2,506	2,359	▲5.9%	5.8%
Property related expenses	441	476	453	461	469	463	▲1.2%	▲2.7%
Clerical expenses	418 (714)	405 (683)	423 (725)	468 (800)	542	499	▲7.9%	23.3%
Depreciation	102	110	113	111	101	106	4.4%	▲3.8%
Public charges	42	48	47	45	58	60	3.6%	24.7%
Allowances for doubtful accounts	0	0	▲0	0	0	0	130.3%	24.2%
Others	158 (172)	137 (147)	137 (150)	140 (157)	173	143	▲17.3%	4.2%
Total	3,806 (4,115)	3,788 (4,075)	3,968 (4,283)	3,971 (4,319)	4,267	4,110	▲3.7%	8.5%

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

Fixed cost	(2,823)	(2,816)	(2,867)	(2,932)	3,044	2,919	▲4.1%	—
Variable cost	(932)	(907)	(995)	(948)	1,140	1,109	▲2.7%	—

* As explained in the notes on page 17, the figures in parentheses are formerly disclosed figures.

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