

IR Presentation

for Third quarter, year ended March 2016

January 2016
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.”

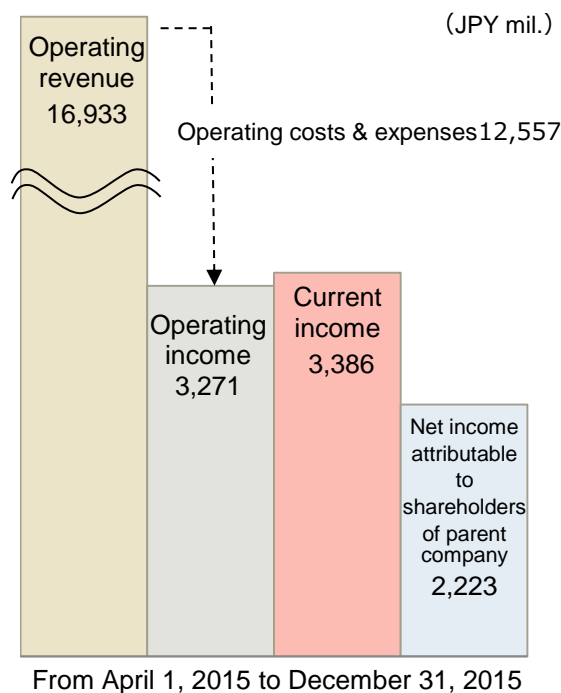
Hence, formerly disclosed figures of “net operating revenue”, “operating cost and expenses”, and “clerical expenses” and “others” under “operating cost and expenses” are replaced with figures under the new itemization. In addition, “other operating expenses” is newly indicated under “net operating revenue.”

1. Profit & Loss

- ◆ Operating revenue amounted to 16,933 million yen, an increase of 1,915 million yen (up 12.8%) from the year-earlier period.
- ◆ Current income amounted to 3,386 million yen, an increase of 791 million yen (up 30.5%) from the year-earlier period.
- ◆ Net income attributable to shareholders of parent company amounted to 2,223 million yen, a decrease of 361 million yen (down 14.0%) from the year-earlier period.

	(JPY mil.)			
	2015/3 3Q	2016/3 3Q	Year-on- Year	Year-on- Year
Operating revenue	15,017	16,933	12.8%	1,915
Operating costs & expenses	11,563	12,557	8.6%	993
Current income	2,594	3,386	30.5%	791
Extraordinary income	1,532	143	▲90.7%	▲1,389
Extraordinary loss	49	31	▲36.1%	▲17
Corporate tax	1,159	1,048	9.6%	111
Tax adjustment	327	218	▲33.3%	▲109
Net income attributable to shareholders of parent company	2,584	2,223	▲14.0%	▲361

	EPS	ROE
2016/3 3Q	50.66 yen	6.7%
2015/3 3Q	59.22 yen	8.0%

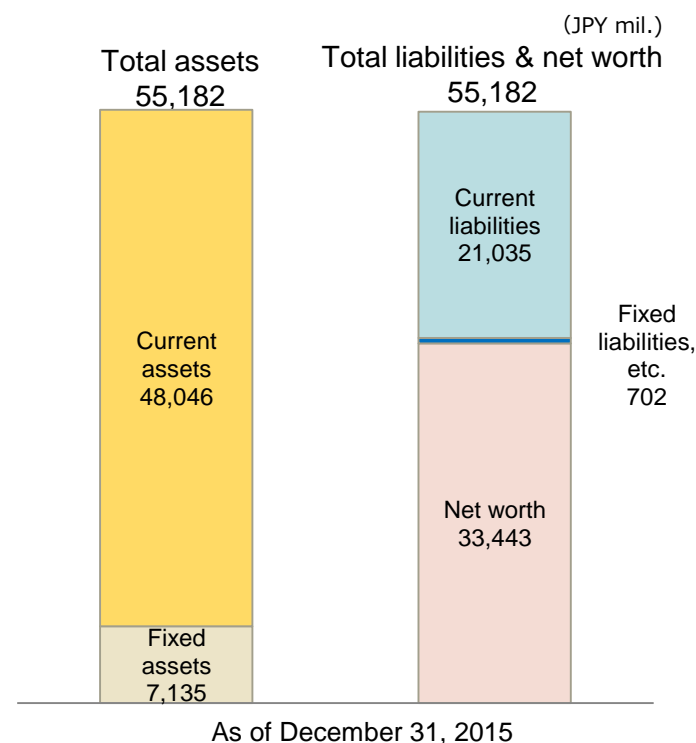


2. Balance Sheets / Financial Results

- ◆ Total assets amounted to 55,182 million yen, an increase of 6,940 million yen (up 14.4%) from the previous fiscal year end, as cash and deposits, advance payments for subscription, and margin transaction assets swelled.
- ◆ Total liabilities amounted to 21,739 million yen, an increase of 71,87 million yen (up 49.4%) from the previous fiscal year end, as deposits of customers expanded, and margin transaction liabilities and income taxes payable reduced.

	(JPY mil.)			
	2015/3	2016/3 3Q	Quarter-on- Quarter	Quarter-on- Quarter
Assets				
Current assets	40,613	48,046	18.3%	7,433
Fixed assets	7,628	7,135	▲6.5%	▲492
Total assets	48,242	55,182	14.4%	6,940
Liabilities				
Current liabilities	13,805	21,035	52.4%	7,230
Fixed liabilities	561	520	▲7.2%	▲40
Total liabilities	14,551	21,739	49.4%	7,187
Net worth				
Net worth	33,690	33,443	▲0.7%	▲247
Total liabilities & net worth	48,242	55,182	14.4%	6,940

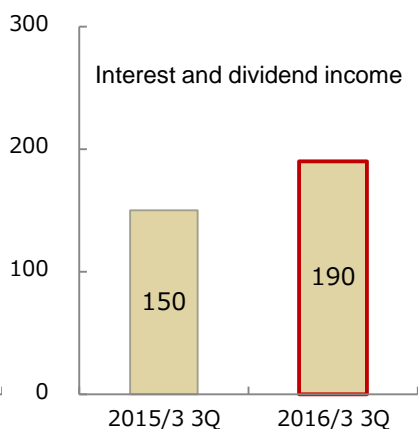
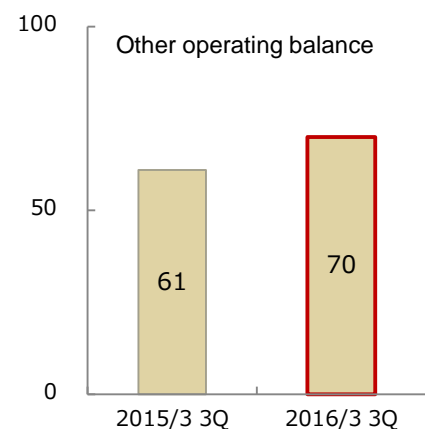
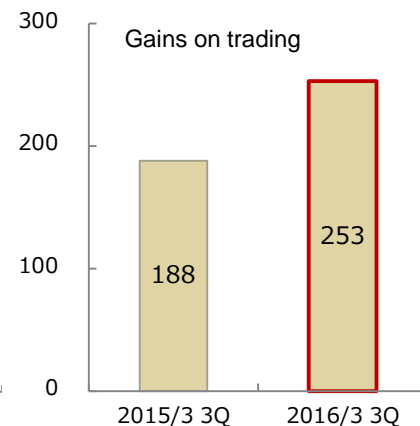
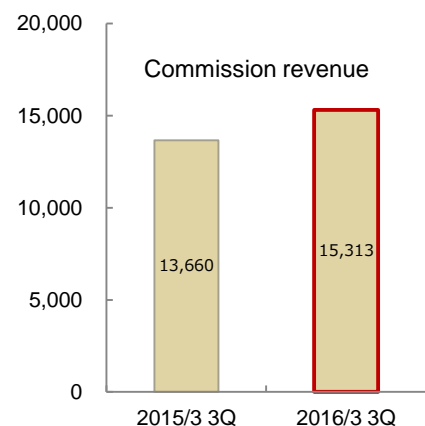
	Equity ratio	Net worth per share	Capital adequacy ratio (non-consolidated)
2016/3 3Q	60.2%	761.14 yen	570.3%
2015/3	69.4%	760.01 yen	602.4%



3. Breakdown of Net Operating Revenue

- ◆ Commission revenue amounted to 15,313 million yen, an increase of 1,652 million yen (up 12.1%) from the year-earlier period, as brokerage commissions on stocks rose.

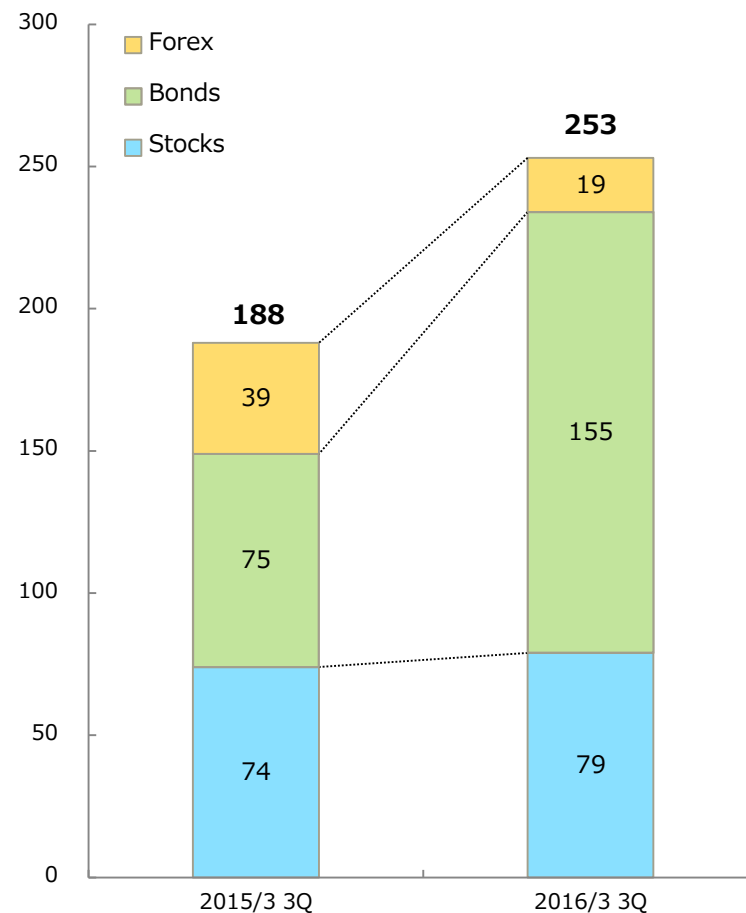
	(JPY mil.)			
	2015/3 3Q	2016/3 3Q	Year-on- Year	Year-on- Year
Commission revenue	13,660	15,313	12.1%	1,652
Gains on trading	188	253	34.4%	65
Other operating balance	61	70	15.8%	9
Interest and dividend income	150	190	26.5%	40
Total	14,061	15,828	12.6%	1,767



4. Breakdown of Gains on Trading

- ◆ Gains on trading amounted to 253 million yen, an increase of 65 million yen (up 34.4%) from the year-earlier period, as trading on bonds, etc. gained.

	(JPY mil.)			
	2015/3 3Q	2016/3 3Q	Year-on- Year	Year-on- Year
Stocks, etc.	74	79	7.0%	5
Bonds・Forex, etc.	114	174	52.1%	59
(Bonds, etc.)	(75)	(155)	105.2%	79
(Forex, etc.)	(39)	(19)	▲50.1%	▲19
Total	188	253	34.4%	65

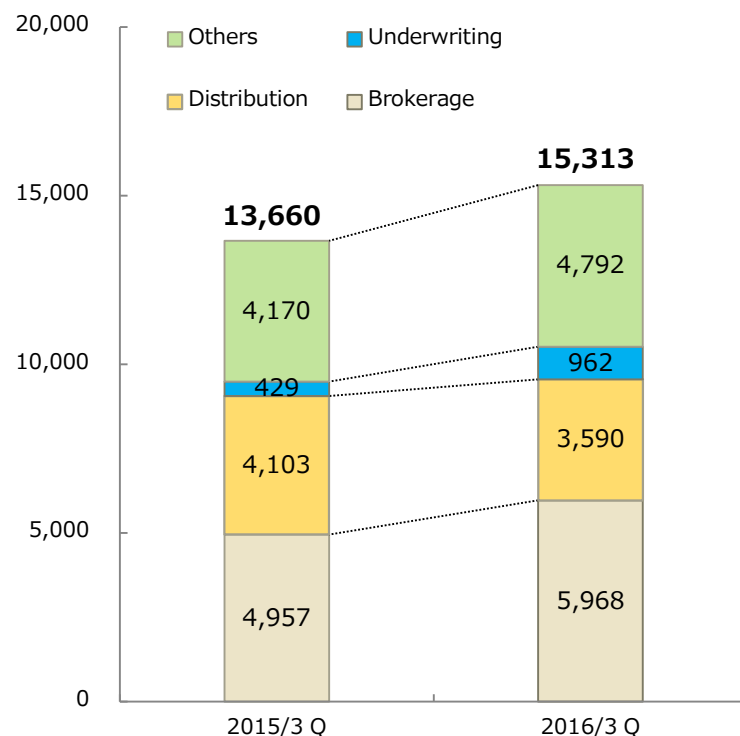


5. Breakdown of Commission Revenue

- ◆ Commissions from distribution of investment trusts amounted to 3,554 million yen, a decrease of 454 million yen (down 11.3%) from the year-earlier period, as subscription amount slid.
- ◆ Commissions from other sources amounted to 4,792 million yen, an increase of 621 million yen (up 14.9%) from the year-earlier period, as investment trusts trailer fees grew.
- ◆ Fees from underwriting amounted to 962 million yen, an increase of 532 million yen (up 123.9%) from the year-earlier period, as the Company participated in the management and underwriting of 29 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 10 public offerings of shares of other listed issuer (of which 5 were lead-managed).

(JPY mil.)

	2015/3 3Q	2016/3 3Q	Year-on- Year	Year-on- Year
Commission revenue	13,660	15,313	12.1%	1,652
Brokerage				
Stocks	4,831	5,674	17.4%	843
Distribution				
Investment trusts sales charge	4,008	3,554	▲11.3%	▲454
Underwriting				
IPO	340	265	▲21.9%	▲74
PO	89	695	680.7%	605
Total	429	962	123.9%	532
Commissions from other sources				
Investment trusts trailer fees	3,608	4,167	15.5%	558
Others	561	625	11.3%	63
Total	4,170	4,792	14.9%	621



Top 3 Best Selling Investment Trusts (Total amount of 2016/3 3Q)	
① UBS Global CB Open (Monthly Settlement, Currency Non-Hedged)	7 billion yen
② Pictet Global Income Stock Fund (Monthly Dividend)	4.3 billion yen
③ LM Australia High Dividend Fund (Monthly Dividend)	3.5 billion yen

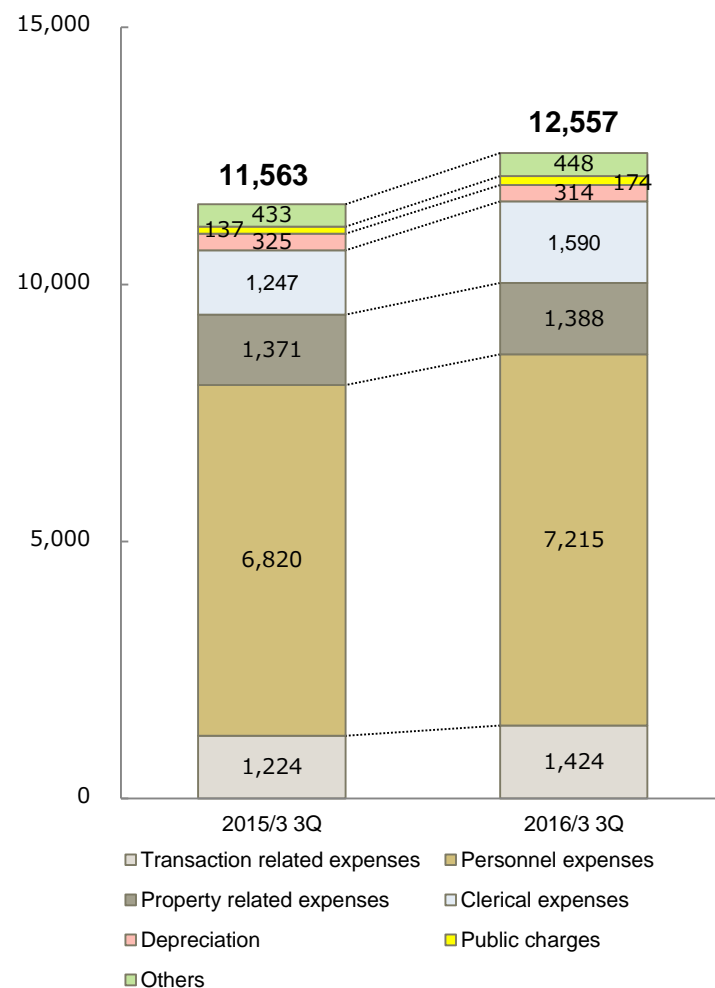
Subscription amount of investment trusts	Balances of investment trusts
50.4 billion yen	827.2 billion yen

6. Operating Cost and Expenses

- ◆ Operating cost and expenses amounted to 12,557 million yen, an increase of 993 million yen (up 8.6%) from the year-earlier period, as personnel expenses and clerical expenses rose.

(JPY mil.)

	2015/3 3Q	2016/3 3Q	Year-on- Year	Year-on- Year
Transaction related expenses	1,224	1,424	16.3%	199
Personnel expenses	6,820	7,215	5.8%	394
Property related expenses	1,371	1,388	1.2%	16
Clerical expenses	1,247	1,590	27.5%	342
Depreciation	325	314	▲3.4%	▲10
Public charges	137	174	26.9%	37
Others	433	448	3.4%	14
Total	11,563	12,557	8.6%	993



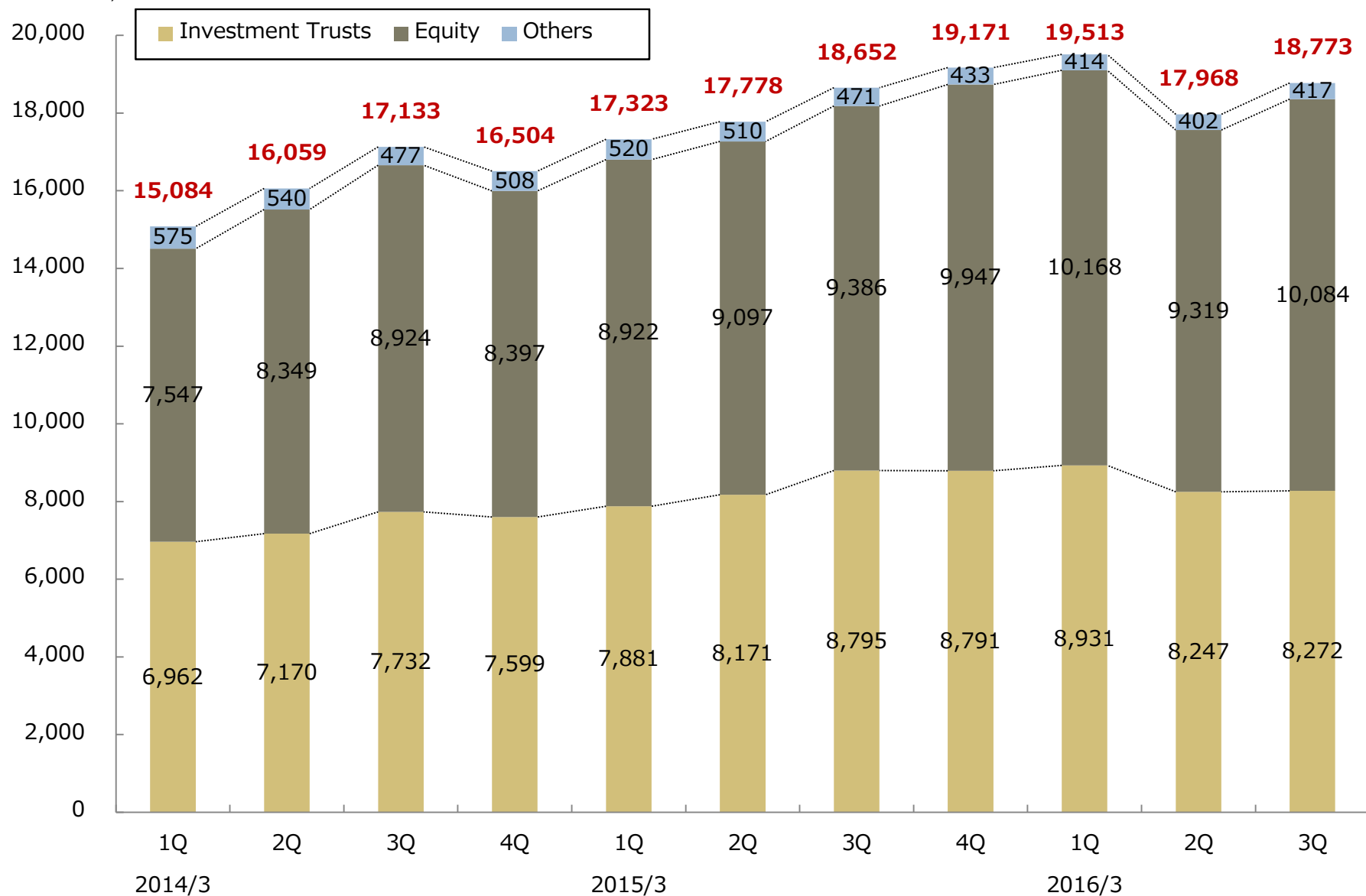
<Reference> Fixed cost and Variable cost (2016/3 3Q, non-consolidated basis)

Fixed cost	8,911
Variable cost	3,405

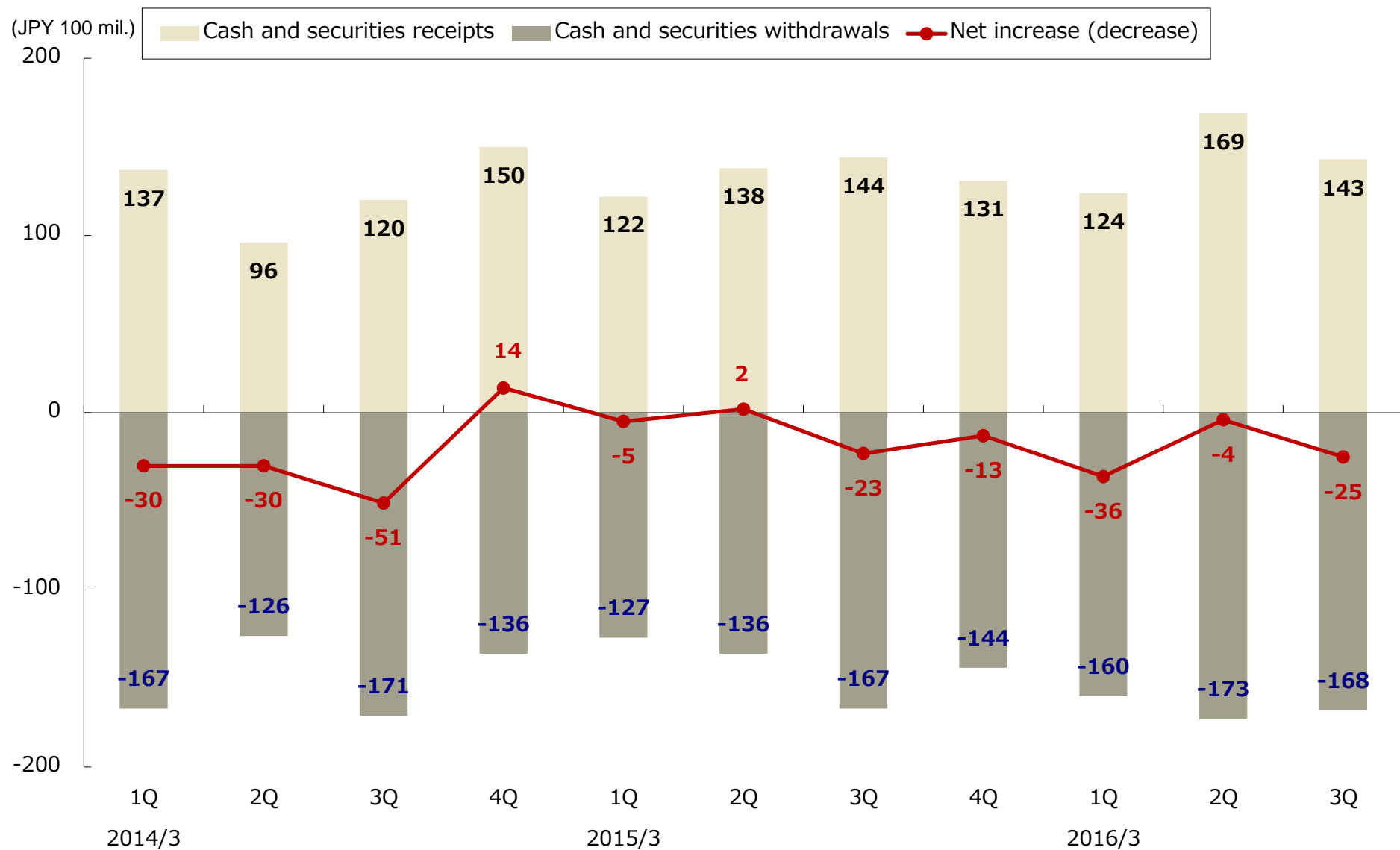
II . Business Circumstances

1. Customer Assets under Custody

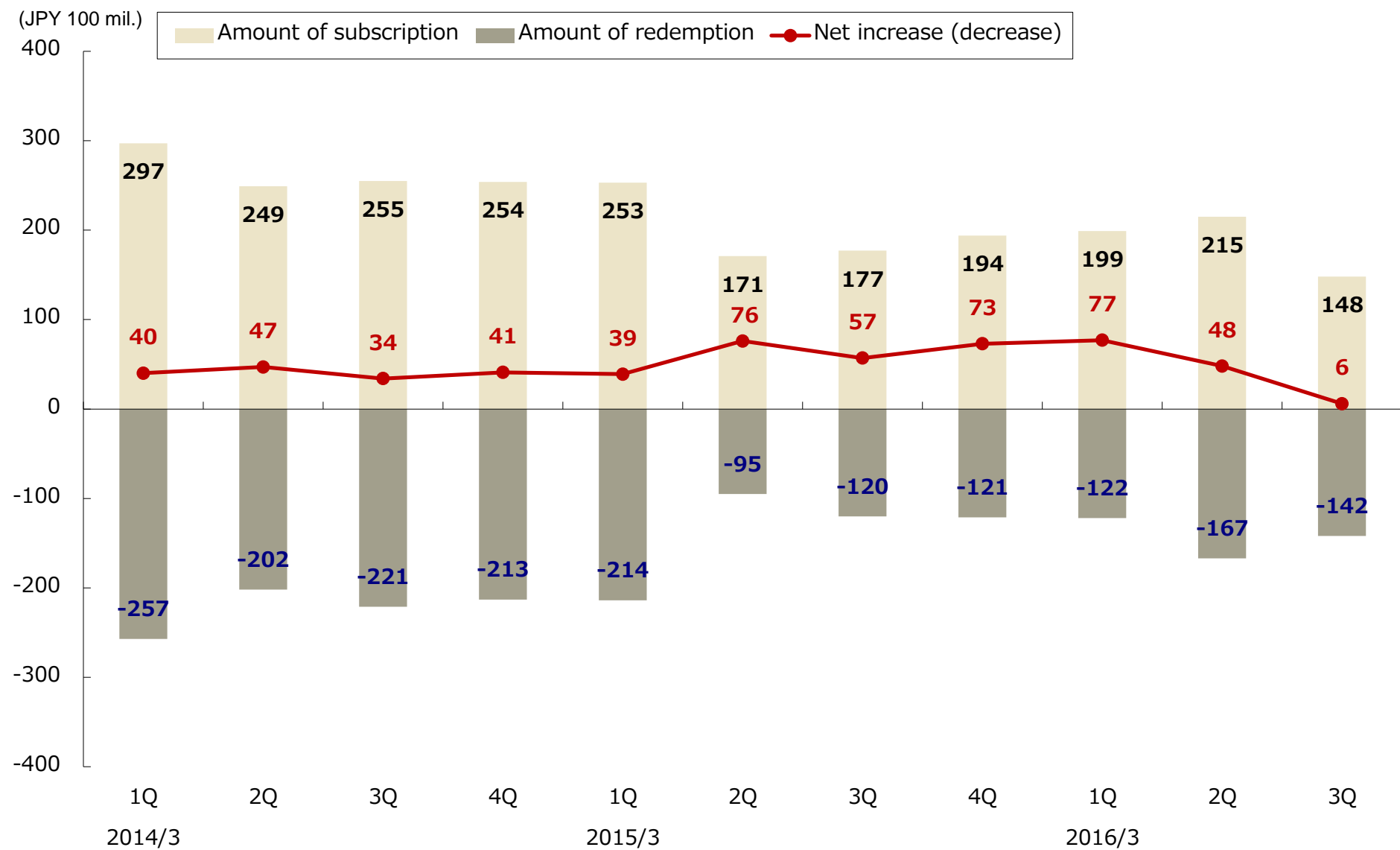
(JPY 100 mil.)



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】



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

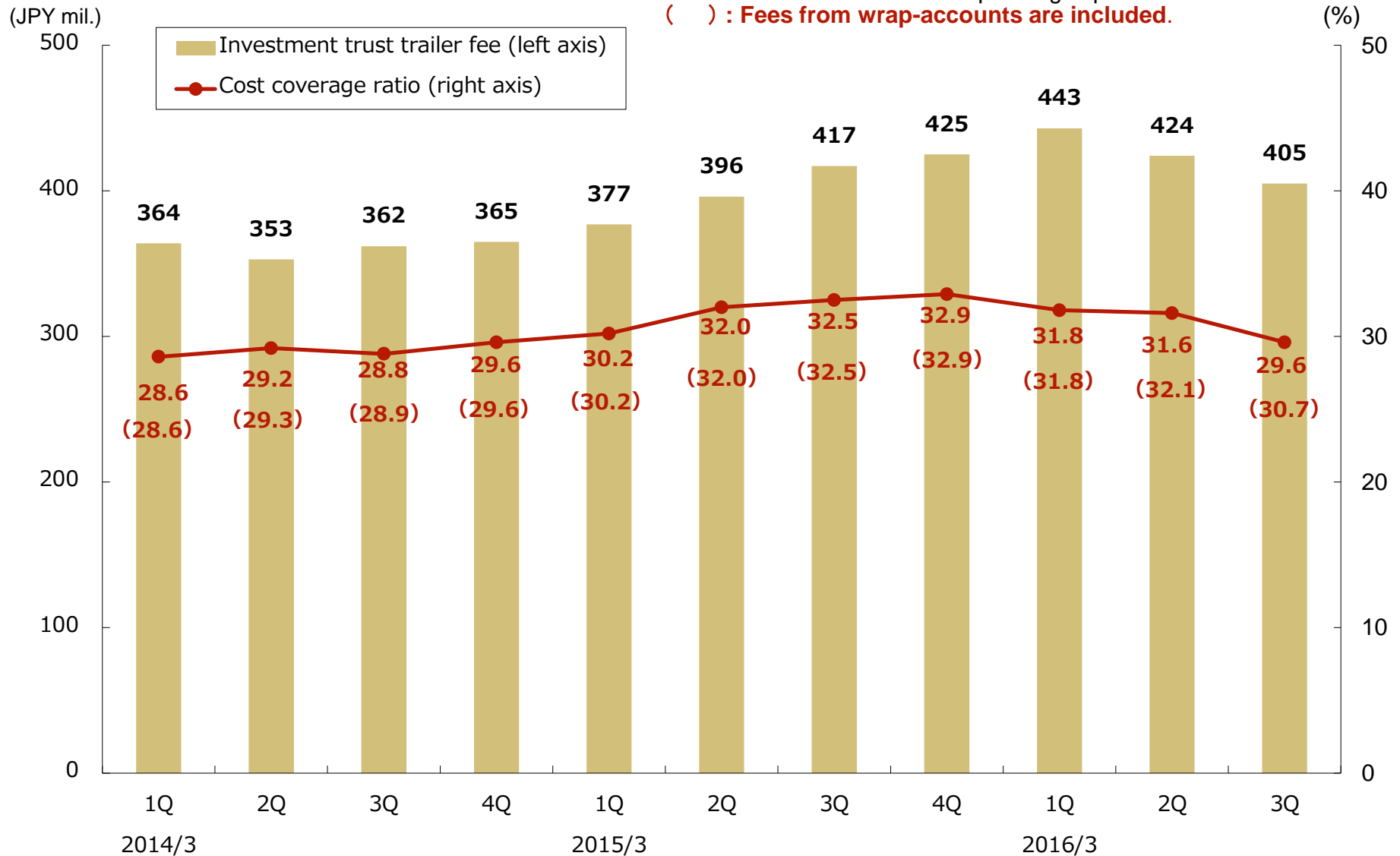
(JPY 100 mil.)

	2014/3				2015/3				2016/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
UBS Global CB Open		36							120	152	70
Pictet Global Income Stock Fund	227	84	69	85	68	46	34	59	37	56	43
LM Australia High Dividend Fund (Monthly Distribution)											35
LM Australia Monthly Distribution Fund				78	126	91	86	117	87	51	28
Pictet Emerging Country Income Stock Fund	82	159	167	83	111	83	75	79	64	36	25
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										

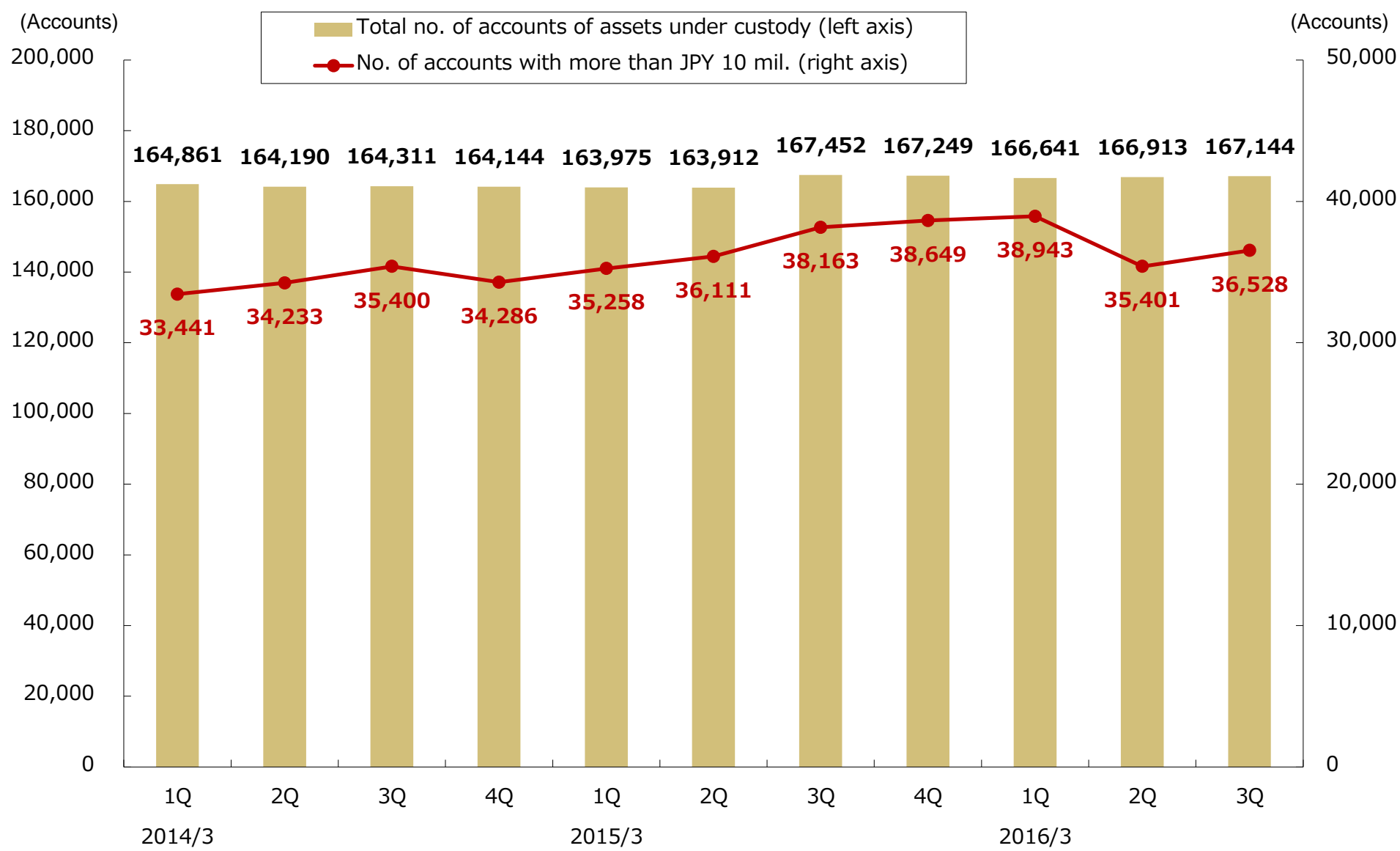
5. Trend of Investment Trust Trailer Fee and its Cost Coverage (Monthly Average / Non-Consolidated Basis)

$$\text{※ Cost coverage ratio} = \frac{\text{Investment trust trailer fee}}{\text{Operating expense}} \times 100$$

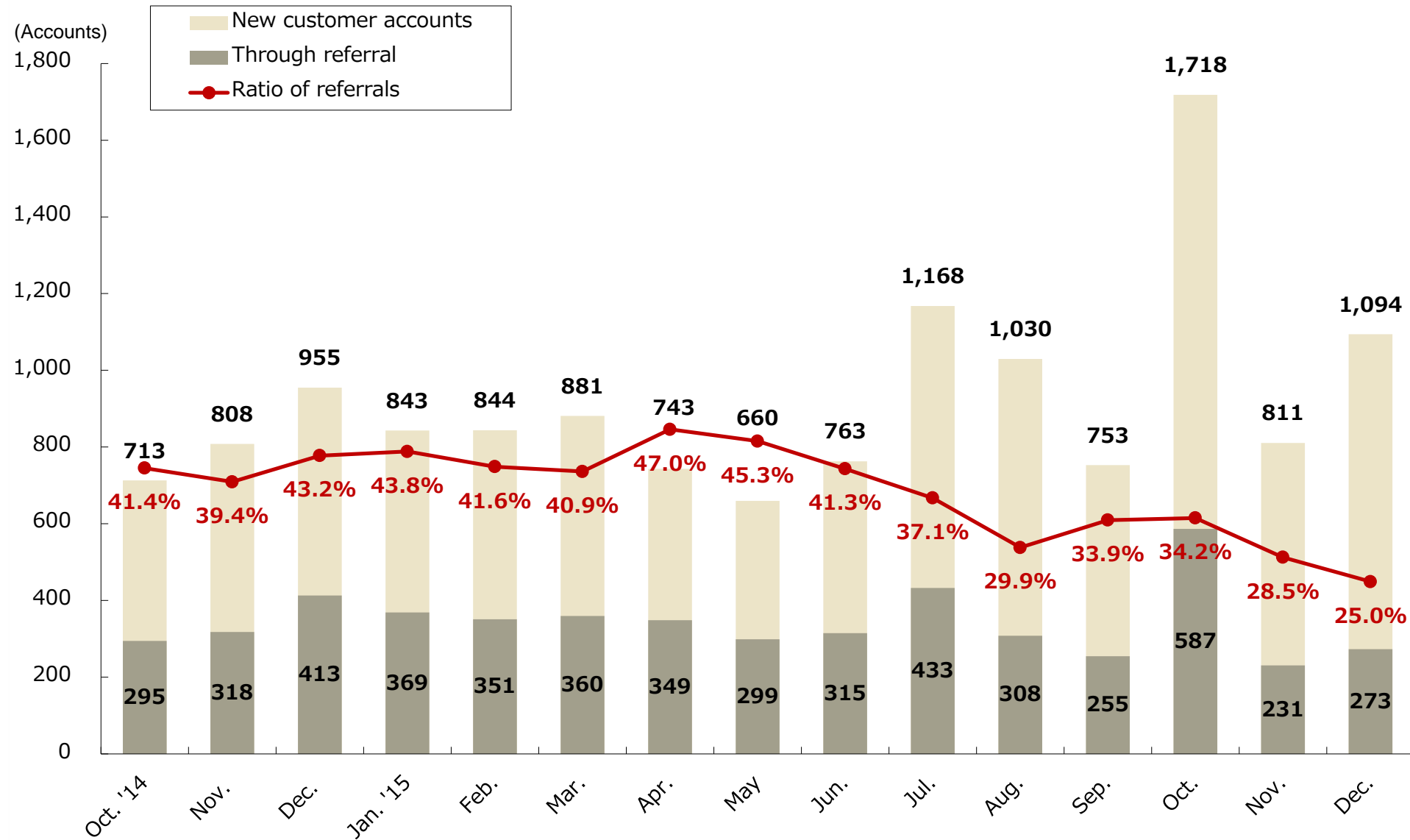
() : Fees from wrap-accounts are included.



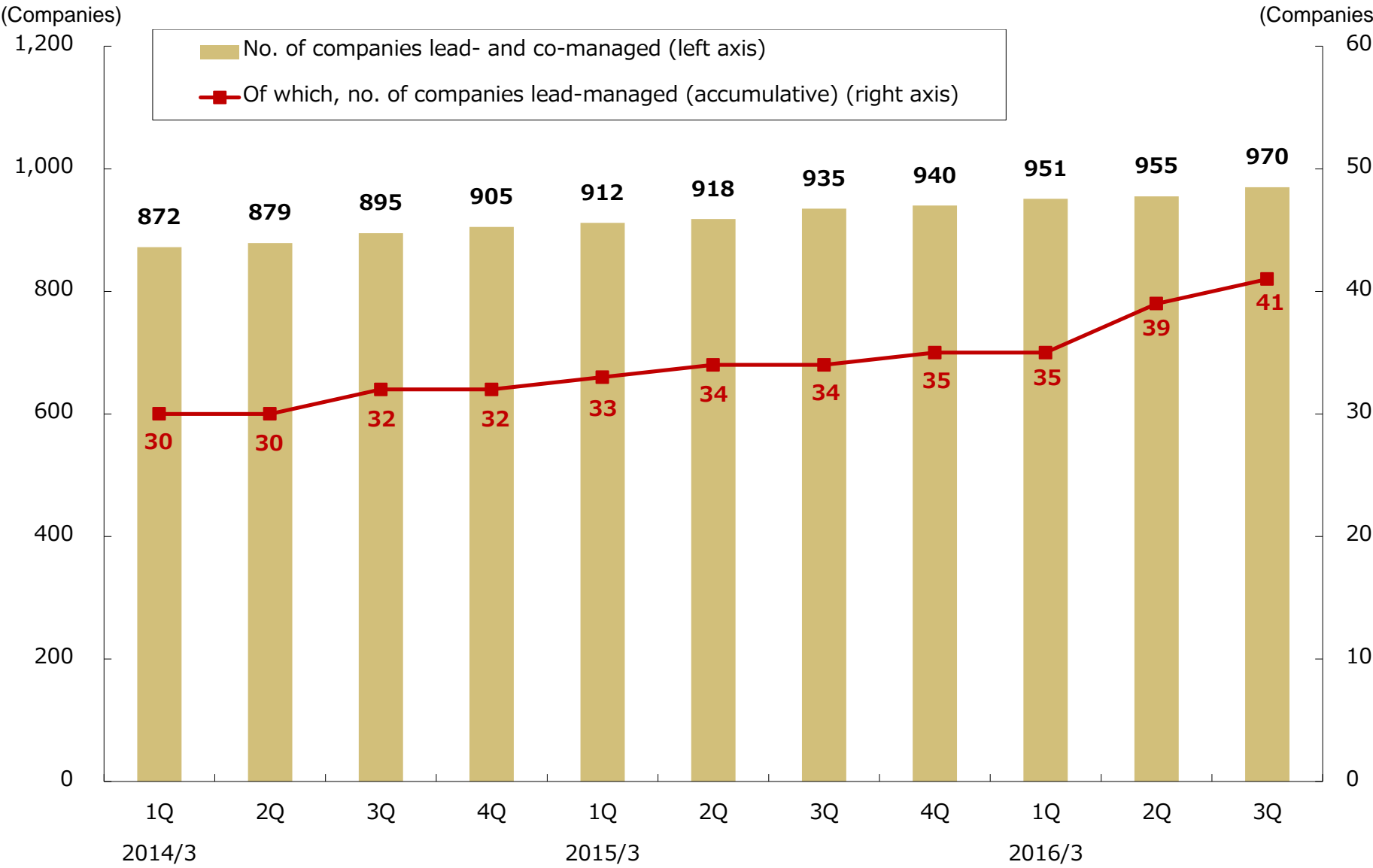
6. Number of Customer Accounts 【Retail】



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	3Q		
Operating revenue	5,082	4,763	5,171	5,395	5,811	5,414	5,707	5.4%	10.3%
Operating cost & expenses	3,806 (4,115)	3,788 (4,075)	3,968 (4,283)	3,971 (4,319)	4,267	4,110	4,178	1.7%	5.3%
Current income	992	696	905	1,116	1,208	1,007	1,170	16.2%	29.2%
Extraordinary income	468	690	373	—	49	88	4	▲94.7%	▲98.7%
Extraordinary loss	9	27	12	28	—	18	13	▲30.0%	8.8%
Corporate tax	206	613	339	485	309	545	193	▲64.5%	▲43.1%
Tax adjustment	336	▲176	167	▲207	128	▲144	234	—	40.1%
Net income attributable to shareholders of parent company	907	919	757	804	817	674	731	8.4%	▲3.5

* 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	3Q		
Total assets (JPY mil.)	48,361	51,352	52,050	48,242	53,677	60,317	55,182	▲8.5%	6.0%
Net worth (JPY mil.)	31,764	32,686	32,432	33,690	33,713	33,842	33,443	▲1.2%	3.1%
Equity ratio (%)	65.4	63.3	62.0	69.4	62.4	55.7	60.2	—	—
Net worth per share (JPY)	726.66	743.19	734.61	760.01	760.01	770.78	761.14	—	—
Capital adequacy ratio (%) (non-consolidated basis)	574.7	585.3	592.0	602.4	595.7	585.3	570.3	—	—
EPS (JPY)	20.84	41.94	59.22	77.52	18.54	33.89	50.66	—	—
ROE (%)	2.8	5.6	8.0	10.3	2.4	4.4	6.7	—	—

3. Balance Sheets

(JPY mil.)

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

Assets									
Current assets	40,299	43,668	44,983	40,613	46,091	52,943	48,046	▲9.2%	6.8%
Fixed assets	8,061	7,684	7,067	7,628	7,586	7,374	7,135	▲3.2%	1.0%
Total assets	48,361	51,352	52,050	48,242	53,677	60,317	55,182	▲8.5%	6.0%

Liabilities									
Current liabilities	15,396	17,484	18,697	13,805	19,228	25,770	21,035	▲18.4%	12.5%
Fixed liabilities	1,048	1,018	745	561	551	520	520	0.1%	▲30.1%
Total liabilities	16,596	18,666	19,617	14,551	19,964	26,475	21,739	▲17.9%	10.8%

Net worth									
Net worth	31,764	32,686	32,432	33,690	33,713	33,842	33,443	▲1.2%	3.1%
Total liabilities & net worth	48,361	51,352	52,050	48,242	53,677	60,317	55,182	▲8.5%	6.0%

4. Breakdown of Net Operating Revenue

	(JPY mil.)								
	2015/3				2016/3			Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Commission revenue	4,657	4,324	4,678	4,894	5,276	4,923	5,112	3.8%	9.3%
Gains on trading	37	61	89	35	58	54	140	158.3%	57.3%
Interest and dividend income	57	69	68	89	79	84	84	0.1%	23.0%
Other operating revenue	329	307	335	375	396	352	370	5.1%	10.3%
Interest expenses	8	23	11	34	20	17	17	▲0.5%	51.3%
Other operating expenses	309	287	314	348	362	329	355	7.9%	13.0%
Total	4,764 (5,073)	4,451 (4,739)	4,845 (5,160)	5,012 (5,360)	5,428	5,067	5,333	5.3%	10.1%

* 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	3Q		
Stocks, etc.	11	20	41	8	33	39	6	▲82.5%	▲83.4%
Bonds・Forex, etc.	26	40	48	26	25	15	133	782.5%	178.7%
(Bonds, etc.)	(24)	(24)	(26)	(19)	(17)	(15)	(122)	707.7%	360.7%
(Forex, etc.)	(1)	(16)	(21)	(7)	(8)	(0)	(11)	—	▲47.1%
Total	37	61	89	35	58	54	140	158.3%	57.3%

6. Breakdown of Commission Revenue

(JPY mil.)									

* Effective for the first quarter of 2016/3, 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.” The figures in parentheses are formerly disclosed figures.

7. Operating Cost and Expenses

(JPY mil.)

	2015/3				2016/3			Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Transaction related expenses	432	381	411	386	416	478	530	10.9%	28.8%
Personnel expenses	2,209	2,229	2,381	2,356	2,506	2,359	2,349	▲0.4%	▲1.4%
Property related expenses	441	476	453	461	469	463	454	▲2.0%	0.3%
Clerical expenses	418 (714)	405 (683)	423 (725)	468 (800)	542	499	549	10.0%	29.6%
Depreciation	102	110	113	111	101	106	107	1.3%	▲5.6%
Public charges	42	48	47	45	58	60	56	▲6.0%	19.7%
Allowances for doubtful accounts	0	0	▲0	0	0	0	▲0	—	—
Others	158 (172)	137 (147)	137 (150)	140 (157)	173	143	131	▲8.3%	▲4.0%
Total	3,806 (4,115)	3,788 (4,075)	3,968 (4,283)	3,971 (4,319)	4,267	4,110	4,178	1.7%	5.3%

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

Fixed cost	2,782	2,799	2,819	2,884	3,044	2,919	2,947	1.0%	4.5%
Variable cost	973	924	1,042	997	1,140	1,109	1,156	4.2%	10.9%

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

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