

IR Presentation

for Second quarter, year ended March 2017

October 2016
Ichiyoshi Securities Co., Ltd.

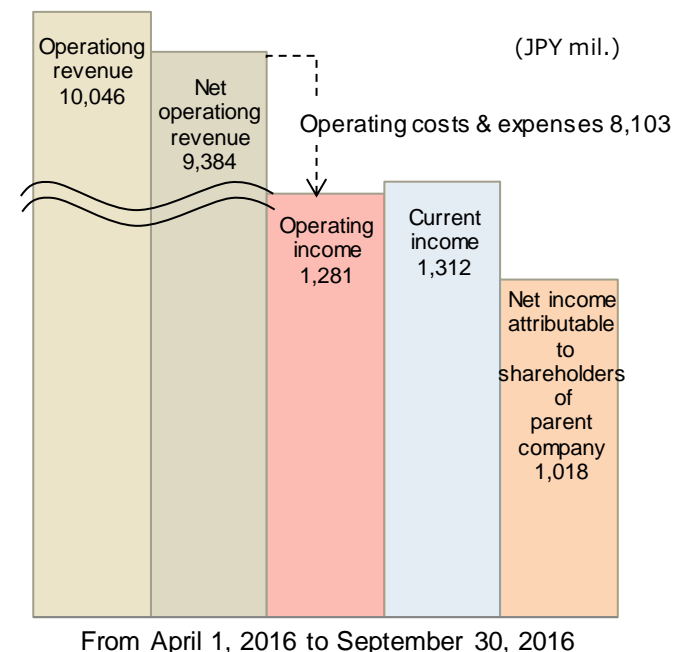
I . Business Results (Consolidated)

1. Profit & Loss

- ◆ Operating revenue amounted to 10,046 million yen, a decrease of 1,179 million yen (down 10.5%) from the year-earlier period.
- ◆ Current income amounted to 1,312 million yen, a decrease of 903 million yen (down 40.8%) from the year-earlier period.
- ◆ Net income attributable to shareholders of parent company amounted to 1,018 million yen, a decrease of 474 million yen (down 31.8%) from the year-earlier period.

	(JPY mil.)			
	2016/3 2Q	2017/3 2Q	Year-on- Year (%)	Year-on- Year
Operating revenue	11,225	10,046	-10.5%	-1,179
Net operating revenue	10,495	9,384	-10.6%	-1,110
Operating costs & expenses	8,378	8,103	-3.3%	-274
Operating income	2,116	1,281	-39.5%	-835
Current income	2,215	1,312	-40.8%	-903
Extraordinary income and loss	119	-33	—	-153
Income taxes	838	256	-69.4%	-581
Net income attributable to shareholders of parent company	1,492	1,018	-31.8%	-474

	EPS	ROE
2017/3 2Q	23.60 yen	3.1%
2016/3 2Q	33.89 yen	4.4%

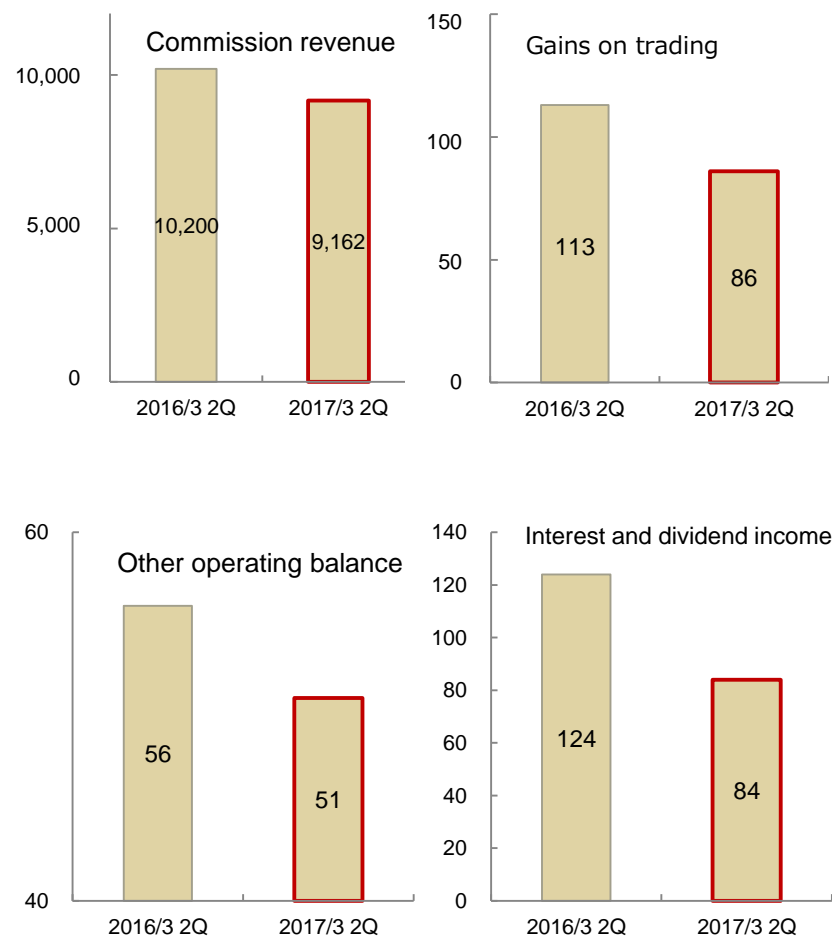


2. Breakdown of Net Operating Revenue

- ◆ Commission revenue amounted to 9,162 million yen, a decrease of 1,038 million yen (down 10.2%) from the year-earlier period, as brokerage commissions on stocks slid.
- ◆ Gains on trading amounted to 86 million yen, a decrease of 27 million yen (down 23.9%) from the year-earlier period, as trading on stocks slid.

(JPY mil.)

	2016/3 2Q	2017/3 2Q	Year-on- Year (%)	Year-on- Year
Commission revenue	10,200	9,162	-10.2%	-1,038
Gains on trading	113	86	-23.9%	-27
Other operating balance	56	51	-8.5%	-4
Interest and dividend income	124	84	-32.0%	-39
Total	10,495	9,384	-10.6%	-1,110



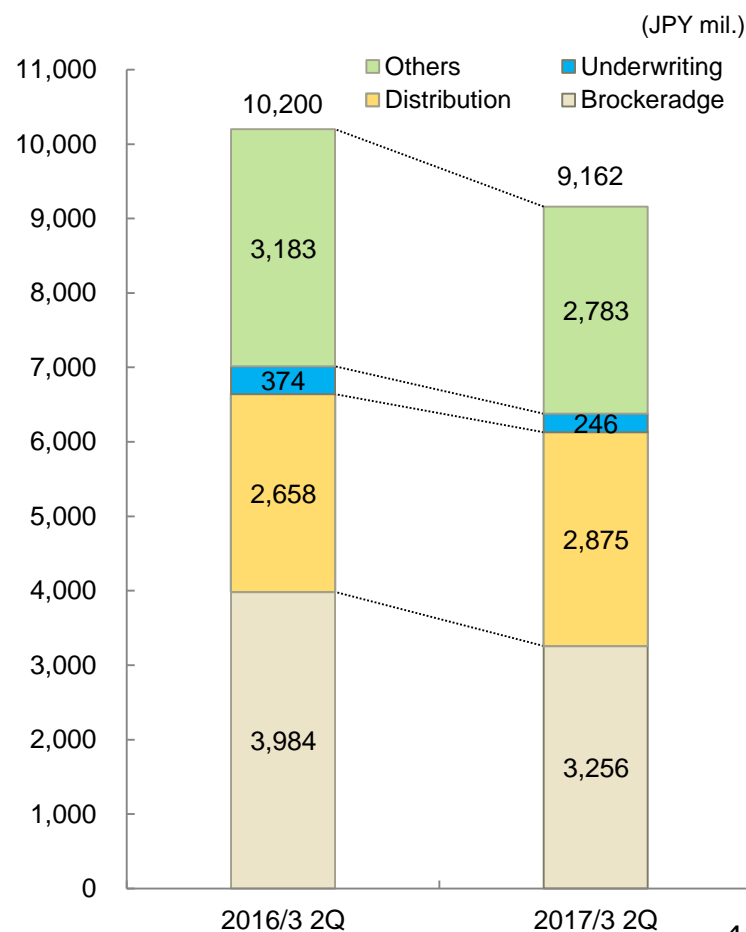
3. Breakdown of Commission Revenue

- ◆ Commissions from distribution of investment trusts amounted to 2,846 million yen, an increase of 218 million yen (up 8.3%) from the year-earlier period. Commissions from other sources (investment trusts trailer fees and others) amounted to 2,503 million yen, a decrease of 300 million yen (down 10.7%) from the year-earlier period, as balance of investment trusts slid due to the net asset value fall.
- ◆ Fees from underwriting amounted to 246 million yen, a decrease of 128 million yen (down 34.3%) from the year-earlier period, as the Company participated in the management and underwriting of 11 initial public offerings, and managed and underwrote 4 public offerings of shares of other listed issuer.

	2016/3 2Q	2017/3 2Q	Year-on- Year (%)	Year-on- Year
Commission revenue	10,200	9,162	-10.2%	-1,038
Brokerage				
Stocks	3,767	3,118	-17.2%	-649
Distribution				
Investment trusts sales charge	2,628	2,846	8.3%	218
Underwriting				
IPO	98	34	-64.6%	-63
PO	274	211	-23.1%	-63
Total	374	246	-34.3%	-128
Commissions from other sources				
Investment trusts (trailer fees and others)	2,803	2,503	-10.7%	-300
Other than investment trusts	380	280	-26.2%	-99
Total	3,183	2,783	-12.6%	-399

<Reference>

	2016/3 2Q	2017/3 2Q	Year-on- Year (%)	Year-on- Year
Fund Distribution	1,357	1,417	4.4%	60

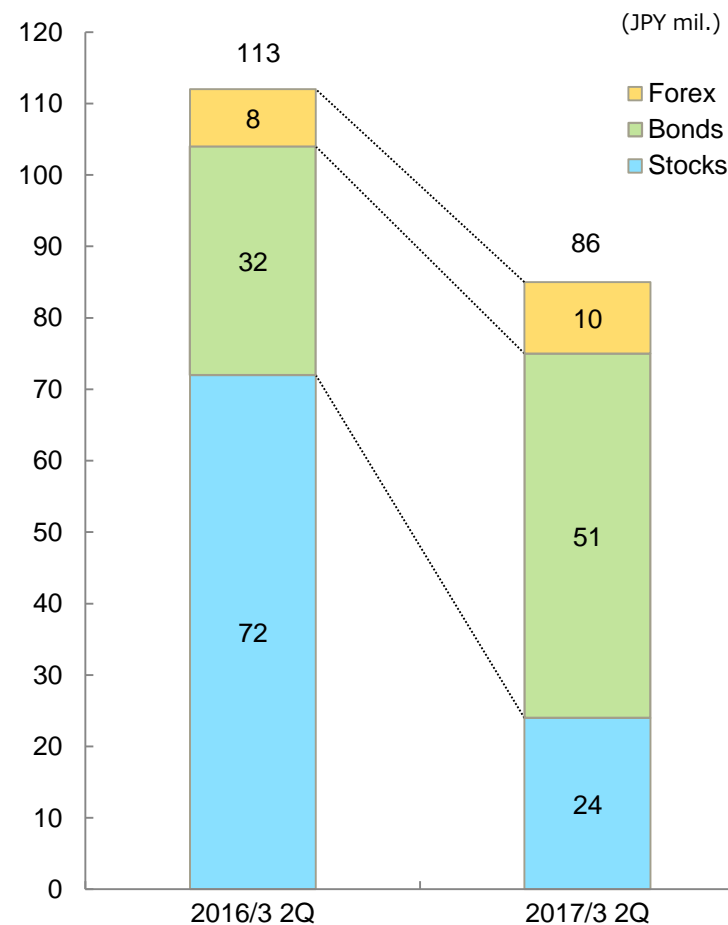


4. Breakdown of Gains on Trading

- ◆ Gains on trading amounted to 86 million yen, a decrease of 27 million yen (down 23.9%) from the year-earlier period, as trading on stocks slid.

(JPY mil.)

	2016/3 2Q	2017/3 2Q	Year-on- Year (%)	Year-on- Year
Stocks	72	24	-66.4%	-48
Bonds • Forex	40	61	51.1%	20
(Bonds)	(32)	(51)	57.8%	18
(Forex)	(8)	(10)	24.5%	2
Total	113	86	-23.9%	-27

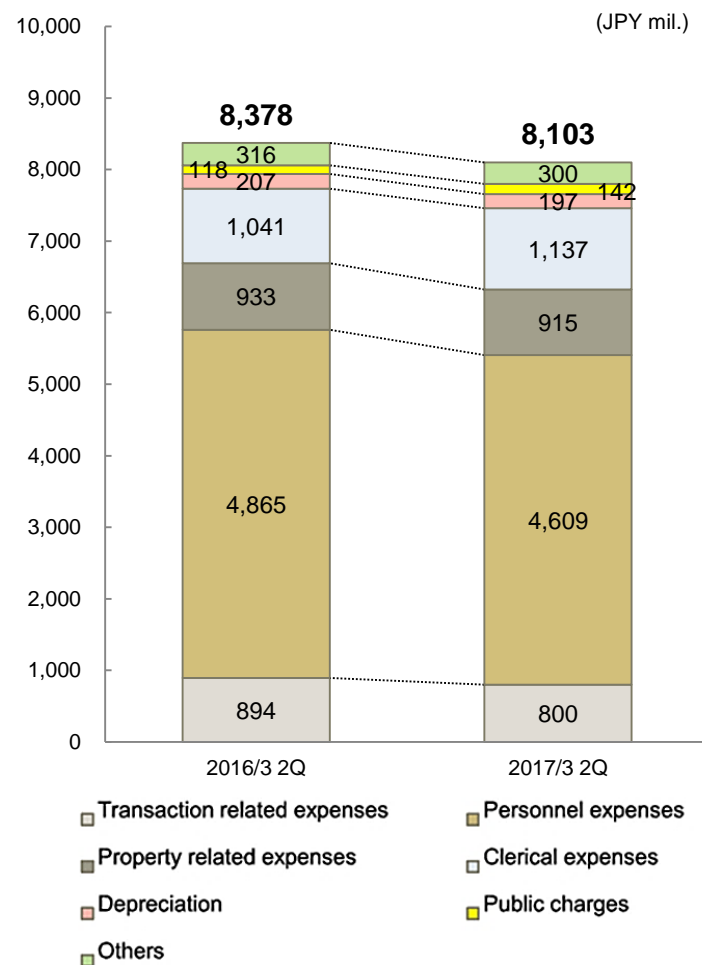


5. Operating Cost and Expenses

- ◆ Operating cost and expenses amounted to 8,103 million yen, a decrease of 274 million yen (down 3.3%) from the year-earlier period, as personnel expenses and other items slid.

	2016/3 2Q	2017/3 2Q	Year-on- Year (%)	Year-on- Year
Transaction related expenses	894	800	-10.5%	-94
Personnel expenses	4,865	4,609	-5.3%	-256
Property related expenses	933	915	-1.9%	-17
Clerical expenses	1,041	1,137	9.2%	95
Depreciation	207	197	-4.9%	-10
Public charges	118	142	20.9%	24
Others	316	300	-5.2%	-16
Total	8,378	8,103	-3.3%	-274

(JPY mil.)



<Reference> Fixed cost and Variable cost (2017/3 2Q, non-consolidated basis)

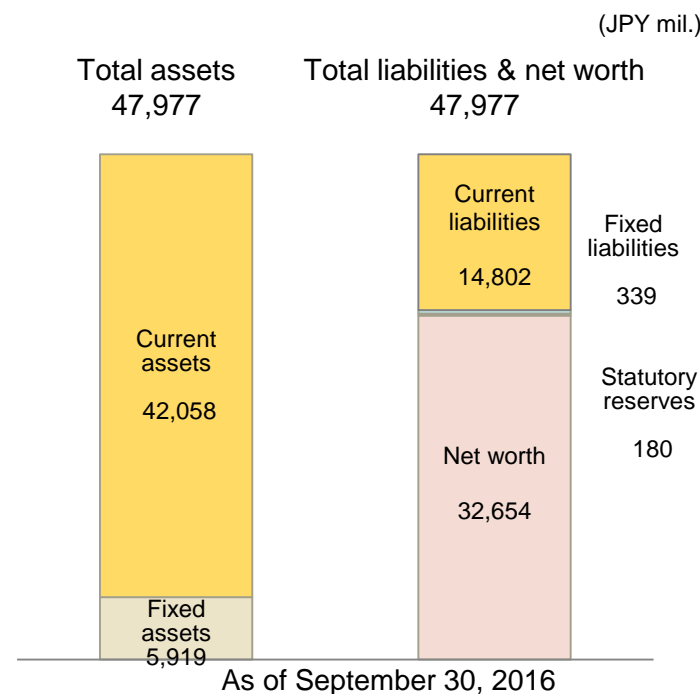
Variable cost	1,929
Fixed cost	6,006

6. Balance Sheets / Financial Results

- ◆ Total assets amounted to 47,977 million yen, an increase of 1,384 million yen (up 3.0%) from the previous fiscal year end, as advance payments for subscriptions and segregated cash and statutory deposits swelled.
- ◆ Total liabilities amounted to 15,323 million yen, an increase of 2,289 million yen (up 17.6%) from the previous fiscal year end, as cash payable to customers and margin transaction liabilities grew.

(JPY mil.)				
	End-March 2016	2017/3 2Q	Change from End-March 2016 (%)	Change from End-March 2016
Assets				
Current assets	39,892	42,058	5.4%	2,166
Fixed assets	6,701	5,919	-11.7%	-782
Total assets	46,593	47,977	3.0%	1,384
Liabilities				
Current liabilities	12,444	14,802	19.0%	2,358
Fixed liabilities	406	339	-16.4%	-66
Total liabilities	13,033	15,323	17.6%	2,289
Net worth				
Net worth	33,560	32,654	-2.7%	-905
Total liabilities & net worth	46,593	47,977	3.0%	1,384

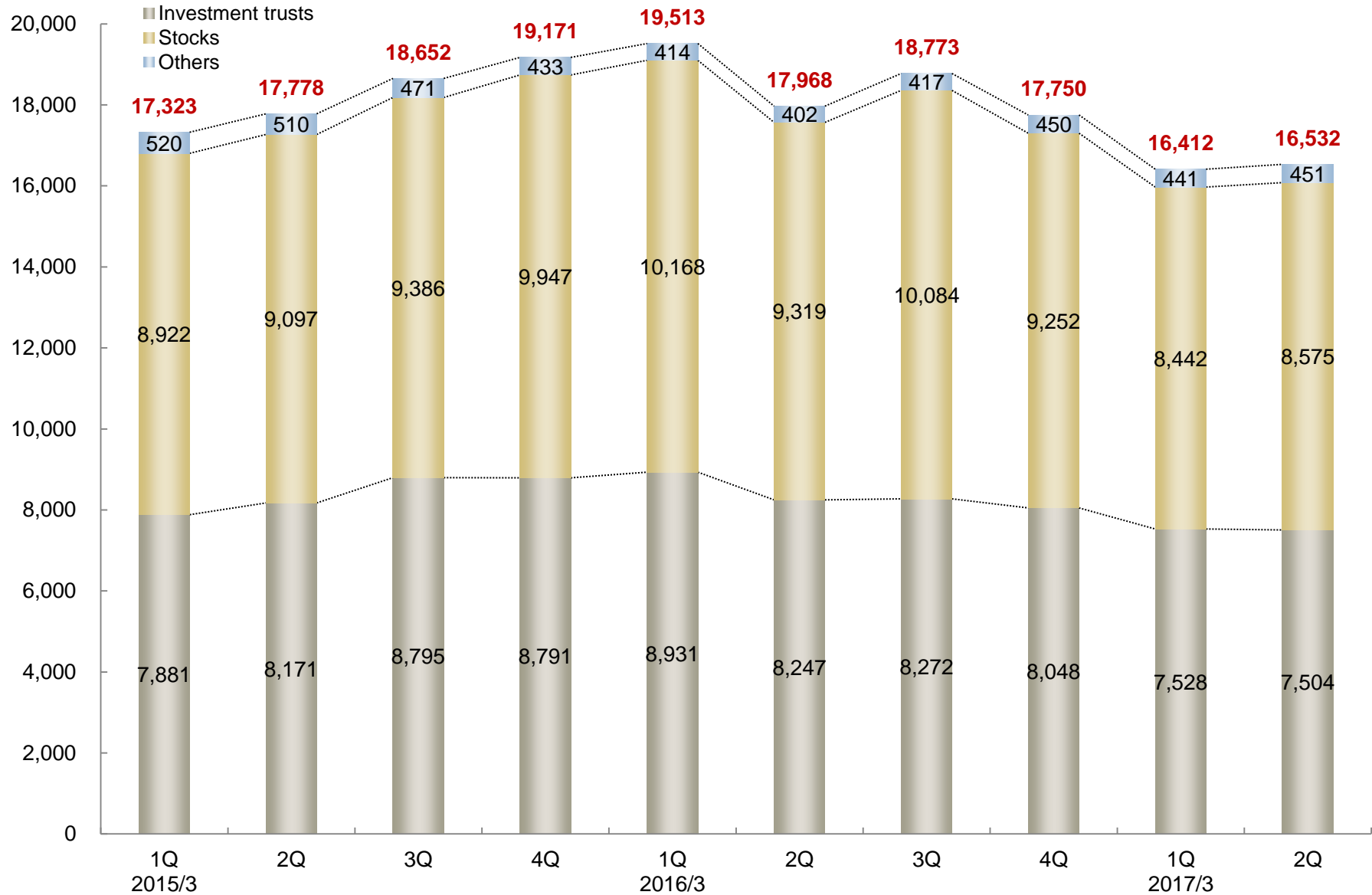
	Equity ratio	Net worth per share	Capital adequacy ratio (non-consolidated)
2017/3 2Q	67.5%	755.39 yen	592.6%
2016/3	71.5%	763.66 yen	593.5%



II. Business Circumstances

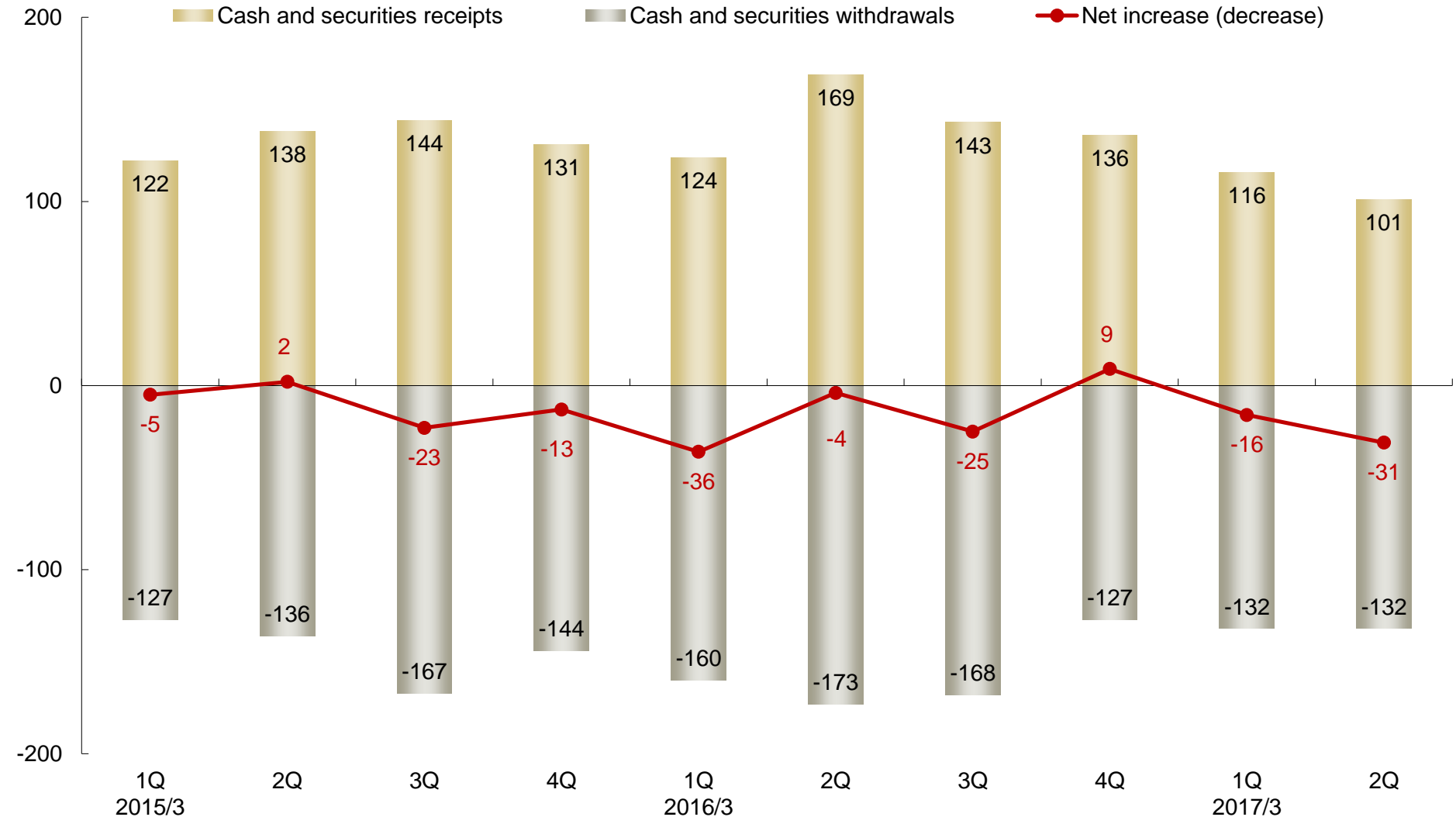
1. Customer Assets under Custody

(JPY 100 mil.)



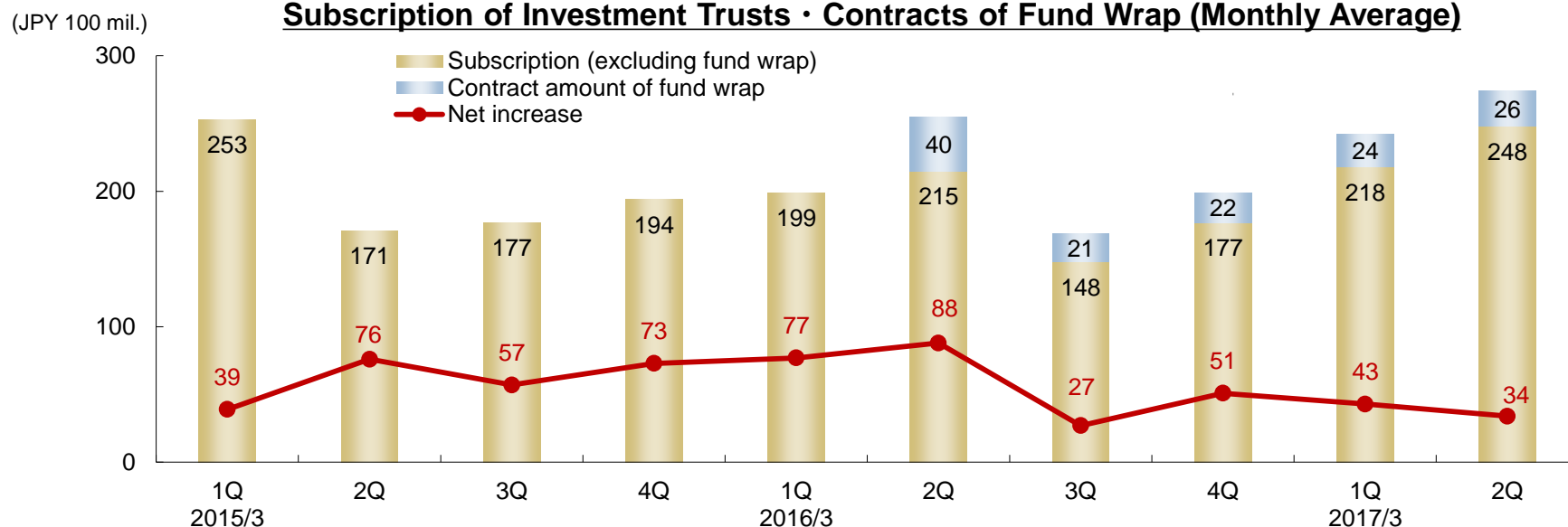
2. Cash and Securities Receipts / Cash and Securities Withdrawals / Net Increase (Monthly Average) 【Retail】

(JPY 100 mil.)



3. Subscription of Investment Trusts and Others

Subscription of Investment Trusts • Contracts of Fund Wrap (Monthly Average)



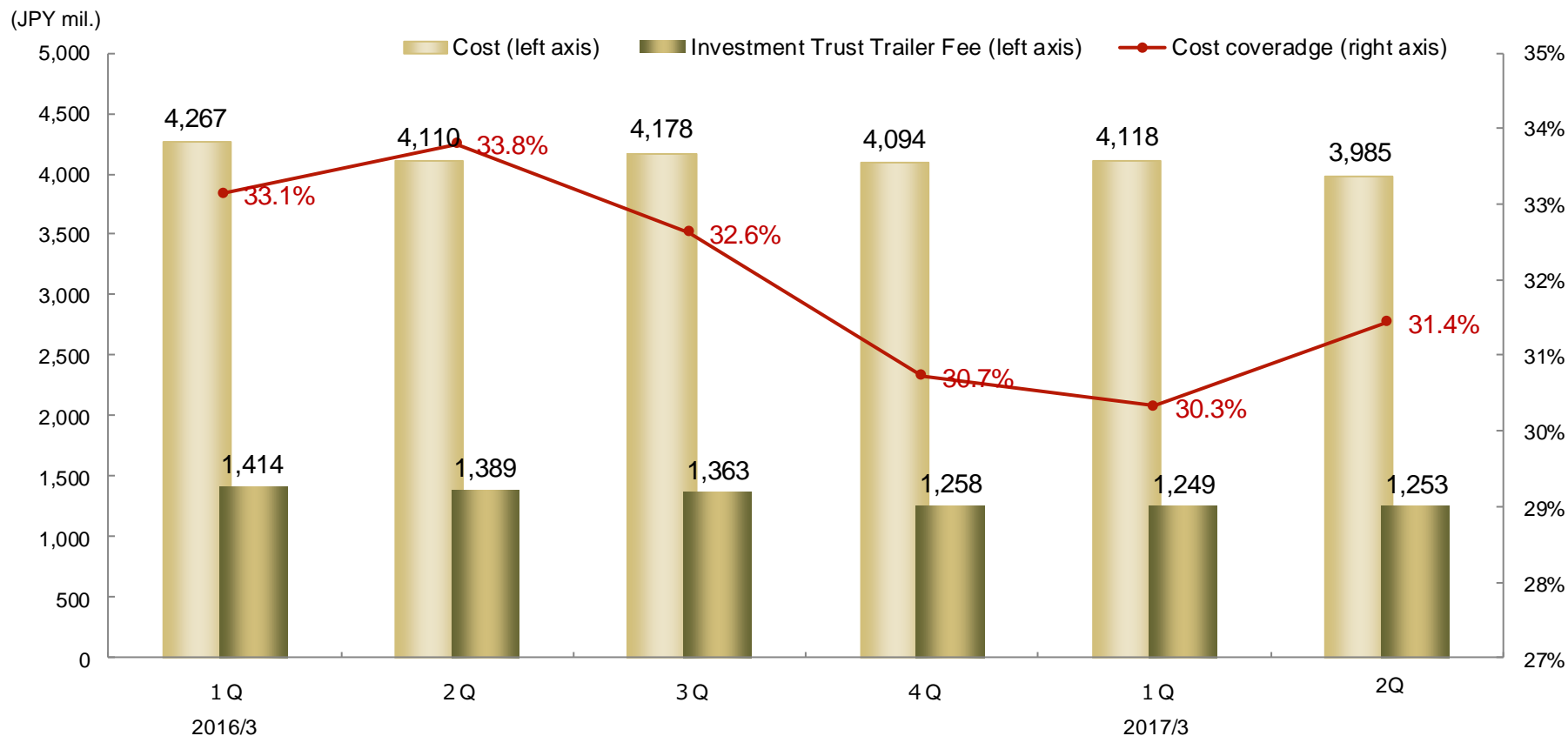
Top 5 Best Selling Investment Trusts (Total Amounts of 3 Months)

(JPY 100 mil.)

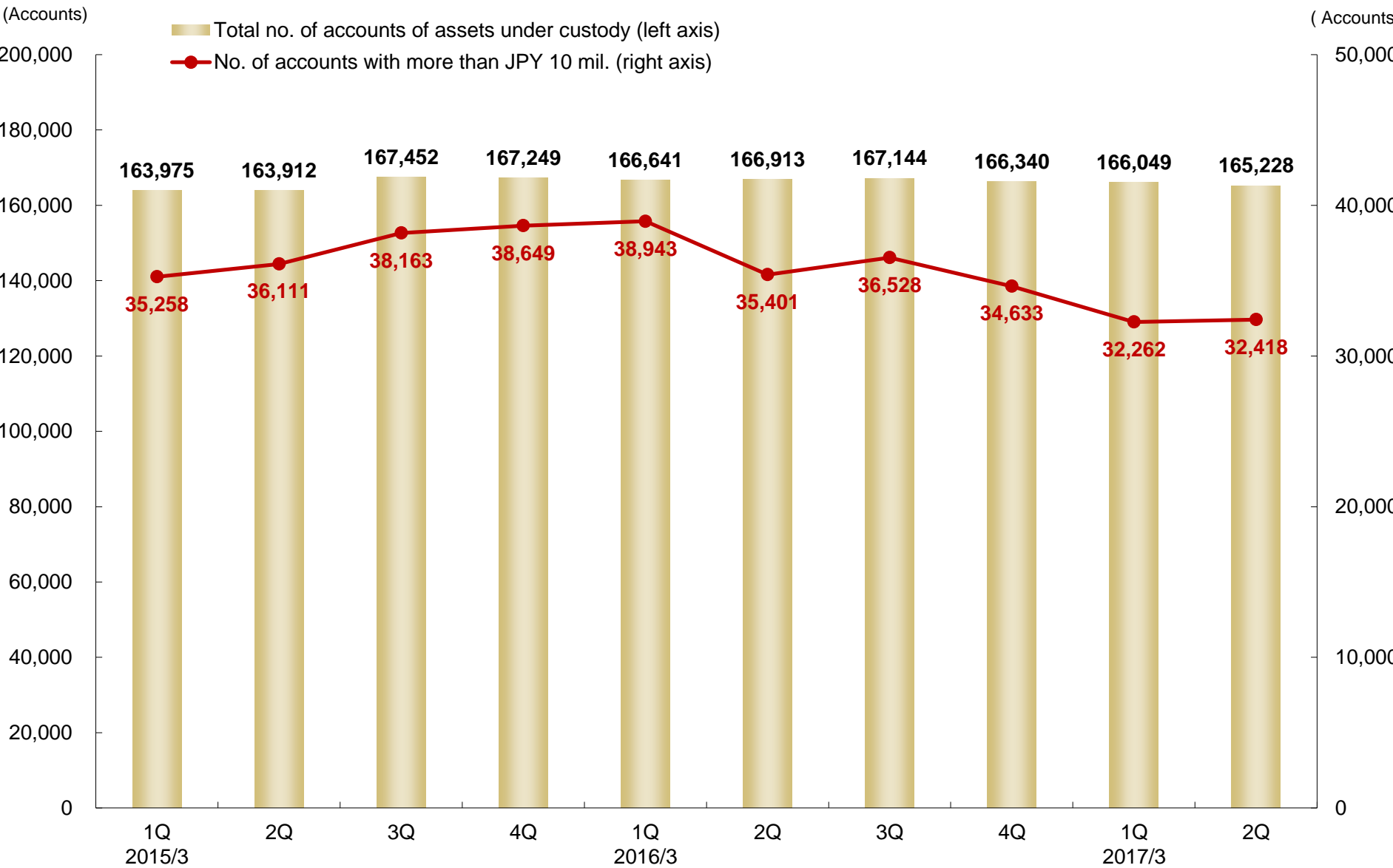
	2015/3				2016/3				2017/3	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Fidelity US REIT Fund B (Currency Non-Hedged)								44	146	148
Ichiyoshi Small-and mid cap Growth Companies Fund									90	107
LM Australia High Dividend Fund (Monthly Dividend)							35	59	61	102
Shinko J-REIT Open									74	64
BNY Mellon Global High Yield CB Fund 2016-04, 07									67	50
UBS Global CB Open					120	152	70	47		
Pictet Global Income Stock Fund	68	46	34	59	37	56	43	35		
LM Australia Monthly Distribution Fund	126	91	86	117	87	51	28	25		
Pictet Emerging Country Income Stock Fund	111	83	75	79	64	36	25			
Ichiyoshi Infrastructure Growth Stock Fund			164	121	92	32				
HSBC New Leaders Sovereign Open	103	52	36	46						
Global Floating Rate Note Fund (JPY Hedge Course)	62	30								

4. Trend of Investment Trust Trailer Fee and its Cost Coverage

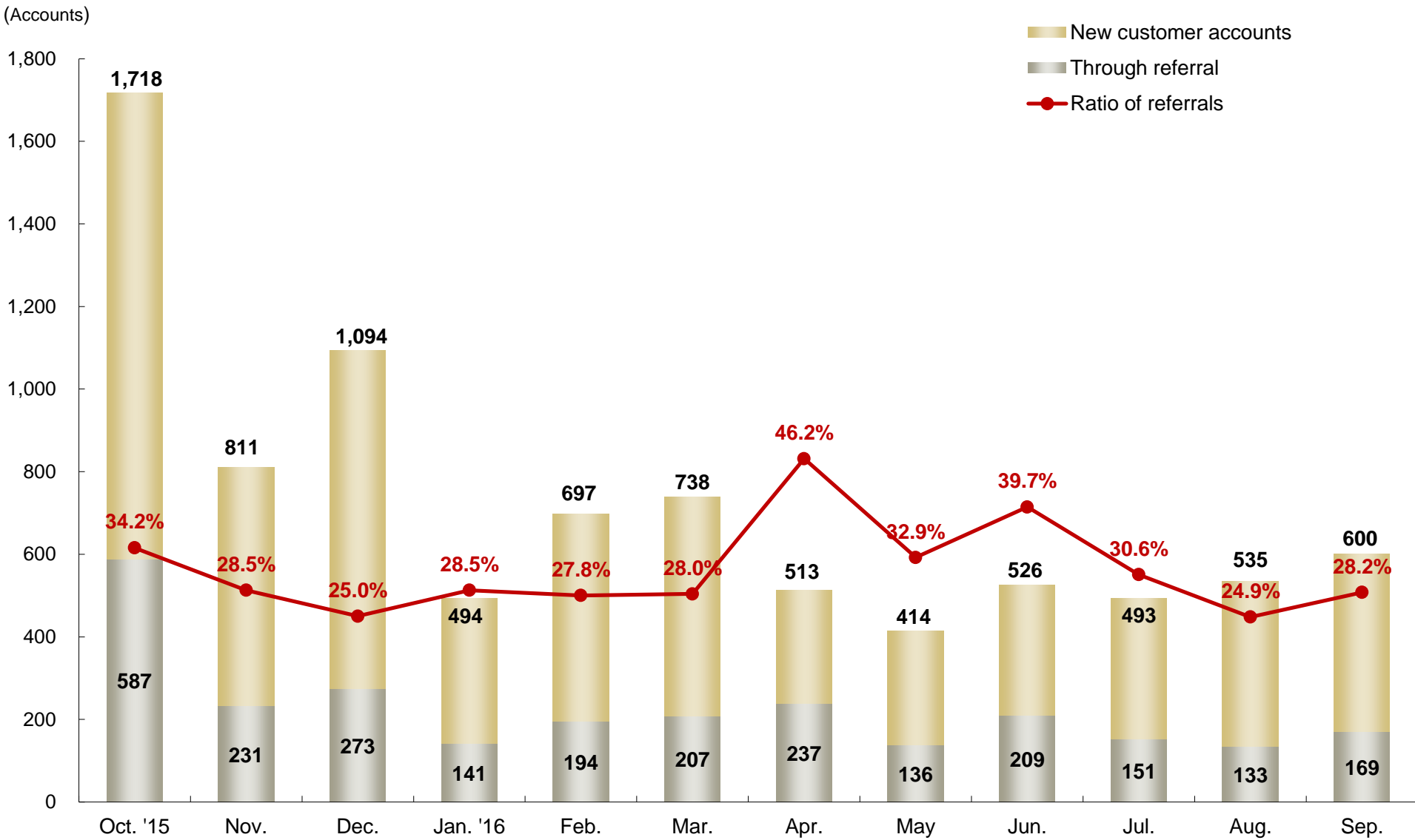
$$\text{※ Cost coverage ratio} = \frac{\text{Investment trust trailer fee} + \text{Wrap-account fee}}{\text{Operating expense}} \times 100$$



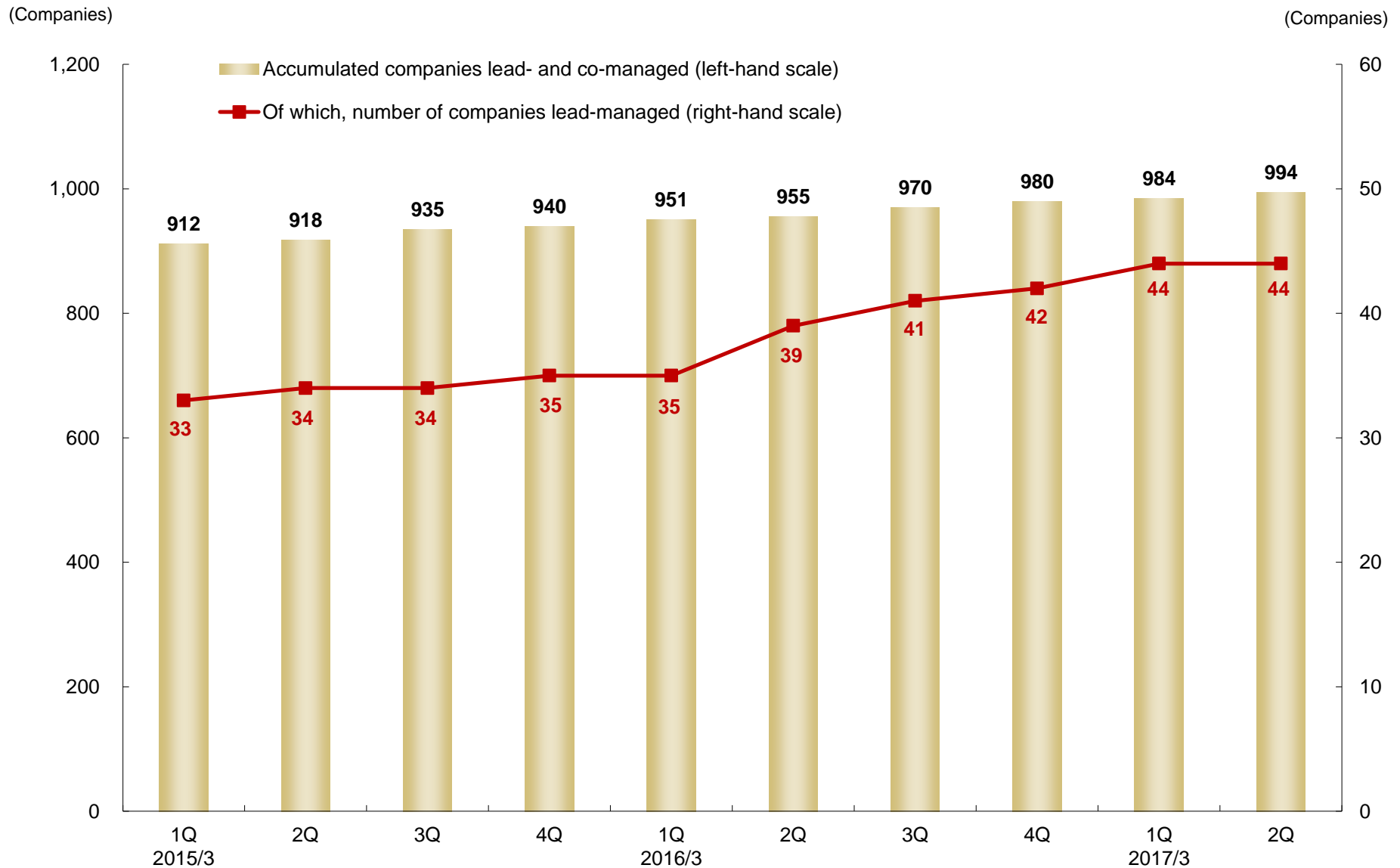
5. Number of Customer Accounts 【Retail】



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



7. Accumulated Companies Lead- and Co-managed



III. Quarterly Transition

1. Profit & Loss

	(JPY mil.)							
	2016/3				2017/3		Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q		
Operating revenue	5,811	5,414	5,707	4,913	5,273	4,772	-9.5%	-11.9%
Operating cost & expenses	4,267	4,110	4,178	4,094	4,118	3,985	-3.2%	-3.1%
Current income	1,208	1,007	1,170	427	821	490	-40.3%	-51.3%
Extraordinary income	49	88	4	18	40	2	-93.4%	-97.0%
Extraordinary loss	—	18	13	4	11	66	487.5%	254.4%
Corporate tax	309	545	193	219	137	99	-27.9%	-81.8%
Tax adjustment	128	-144	234	-136	158	-139	—	—
Net income attributable to shareholders of parent company	817	674	731	356	552	465	-15.8%	-31.0%

2. Breakdown of Net Operating Revenue

(JPY mil.)

	2016/3				2017/3		Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q		
Commission revenue	5,276	4,923	5,112	4,369	4,808	4,354	-9.4%	-11.6%
Gains on trading	58	54	140	71	34	51	47.7%	-5.6%
Interest and dividend income	79	84	84	67	56	52	-6.5%	-37.1%
Other operating revenue	396	352	370	405	374	313	-16.2%	-10.9%
Interest expenses	20	17	17	14	10	13	24.3%	-24.1%
Other operating expenses	362	329	355	381	345	290	-15.9%	-11.8%
Total	5,428	5,067	5,333	4,518	4,917	4,467	-9.1%	-11.8%

3. Breakdown of Commission Revenue

(JPY mil.)

2016/3				2017/3		Quarter-on-Quarter	Year-on-Year
1Q	2Q	3Q	4Q	1Q	2Q		

Brokerage								
Stocks	2,157	1,609	1,907	1,579	1,787	1,330	-25.6%	-17.3%

Distribution								
Investment trusts sales charge	1,354	1,273	925	951	1,313	1,533	16.7%	20.4%

Underwriting								
IPO	15	83	166	321	28	6	-75.8%	-91.9%
PO	28	246	420	0	205	6	-97.1%	-97.5%
Total	43	330	587	322	233	12	-94.5%	-96.1%

Others								
Investment trusts (trailer fees and others)	1,414	1,389	1,363	1,258	1,249	1,253	0.3%	-9.8%
Other than investment trusts	191	189	245	155	135	144	6.6%	-23.4%
Total	1,605	1,578	1,609	1,413	1,385	1,398	0.9%	-11.4%

4. Breakdown of Gains on Trading

(JPY mil.)

	2016/3				2017/3		Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q		
Stocks	33	39	6	-45	-5	29	—	-24.6%
Bonds • Forex	25	15	133	116	40	21	-45.7%	43.7%
(Bonds)	(17)	(15)	(122)	(112)	(40)	(10)	-73.1%	-27.9%
(Forex)	(8)	(0)	(11)	(4)	(-0)	(10)	—	—
Total	58	54	140	71	34	51	47.7%	-5.6%

5. Operating Cost and Expenses

(JPY mil.)

	2016/3				2017/3		Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q		
Transaction related expenses	416	478	530	497	433	366	-15.5%	-23.3%
Personnel expenses	2,506	2,359	2,349	2,278	2,292	2,317	1.1%	-1.8%
Property related expenses	469	463	454	475	464	451	-2.8%	-2.7%
Clerical expenses	542	499	549	559	584	552	-5.5%	10.6%
Depreciation	101	106	107	107	98	99	1.2%	-6.3%
Public charges	58	60	56	44	75	67	-10.9%	11.9%
Allowances for doubtful accounts	0	0	-0	0	—	—	—	—
Others	173	143	131	130	169	131	-22.6%	-8.6%
Total	4,267	4,110	4,178	4,094	4,118	3,985	-3.2%	-3.1%

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

Fixed cost	3,044	2,919	2,947	2,977	3,040	2,966	-2.4%	1.6%
Variable cost	1,140	1,109	1,156	1,031	1,001	928	-7.3%	-16.3%

6. Balance Sheets

(JPY mil.)

2016/3				2017/3		Quarter-on-Quarter	Year-on-Year
1Q	2Q	3Q	4Q	1Q	2Q		

Assets								
Current assets	46,091	52,943	48,046	39,892	39,071	42,058	7.6%	-20.6%
Fixed assets	7,586	7,374	7,135	6,701	6,352	5,919	-6.8%	-19.7%
Total assets	53,677	60,317	55,182	46,593	45,423	47,977	5.6%	-20.5%

Liabilities								
Current liabilities	19,228	25,770	21,035	12,444	12,483	14,802	18.6%	-42.6%
Fixed liabilities	551	520	520	406	347	339	-2.3%	-34.7%
Total liabilities	19,964	26,475	21,739	13,033	13,011	15,323	17.8%	-42.1%

Net worth								
Net worth	33,713	33,842	33,443	33,560	32,412	32,654	0.7%	-3.5%
Total liabilities & net worth	53,677	60,317	55,182	46,593	45,423	47,977	5.6%	-20.5%

7. Financial Results

(JPY mil.)

	2016/3				2017/3		Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q		
Total assets (JPY mil.)	53,677	60,317	55,182	46,593	45,423	47,977	5.6%	-20.5%
Net worth (JPY mil.)	33,713	33,842	33,443	33,560	32,412	32,654	0.7%	-3.5%
Equity ratio (%)	62.4	55.7	60.2	71.5	70.8	67.5	—	—
Net worth per share (JPY)	760.01	770.78	761.14	763.66	745.74	755.39	—	—
Capital adequacy ratio (%) (non-consolidated basis)	595.7	585.3	570.3	593.5	580.8	592.6	—	—
EPS (JPY)	18.54	33.89	50.66	58.88	12.79	23.60	—	—
ROE (%)	2.4	4.4	6.7	7.7	1.7	3.1	—	—

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