

IR Presentation

for Third quarter, year ended March 2017

January, 2017

Ichiyoshi Securities Co., Ltd.

I . Business Results (Consolidated)

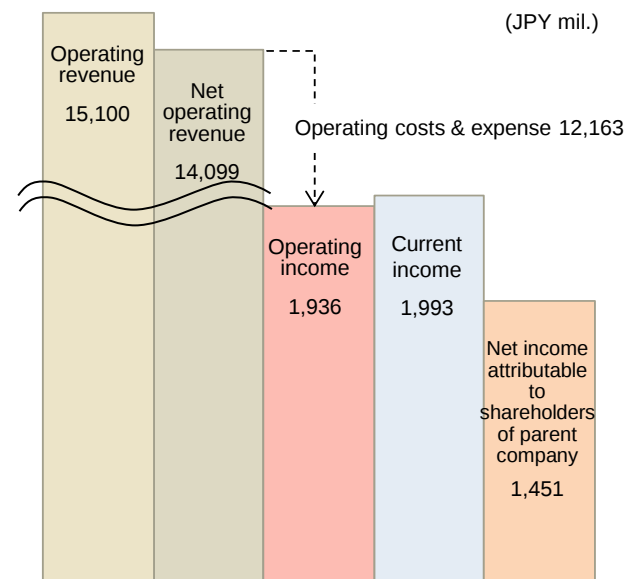
1. Profit & Loss

- ◆ Operating revenue amounted to 15,100 million yen, a decrease of 1,833 million yen (down 10.8%) from the year-earlier period.
- ◆ Current income amounted to 1,993 million yen, a decrease of 1,392 million yen (down 41.1%) from the year-earlier period.
- ◆ Net income attributable to shareholders of parent company amounted to 1,451 million yen, a decrease of 771 million yen (down 34.7%) from the year-earlier period.

(JPY mil.)

	2016/3 3Q	2017/3 3Q	Year-on- Year (%)	Year-on- Year
Operating revenue	16,933	15,100	-10.8%	-1,833
Net operating revenue	15,828	14,099	-10.9%	-1,729
Operating costs & expenses	12,557	12,163	-3.1%	-393
Operating income	3,271	1,936	-40.8%	-1,335
Current income	3,386	1,993	-41.1%	-1,392
Extraordinary income and loss	111	-34	—	-145
Income taxes	1,266	501	-60.4%	-765
Net income attributable to shareholders of parent company	2,223	1,451	-34.7%	-771

	EPS	ROE
2017/3 3Q	33.77 yen	4.4%
2016/3 3Q	50.66 yen	6.7%



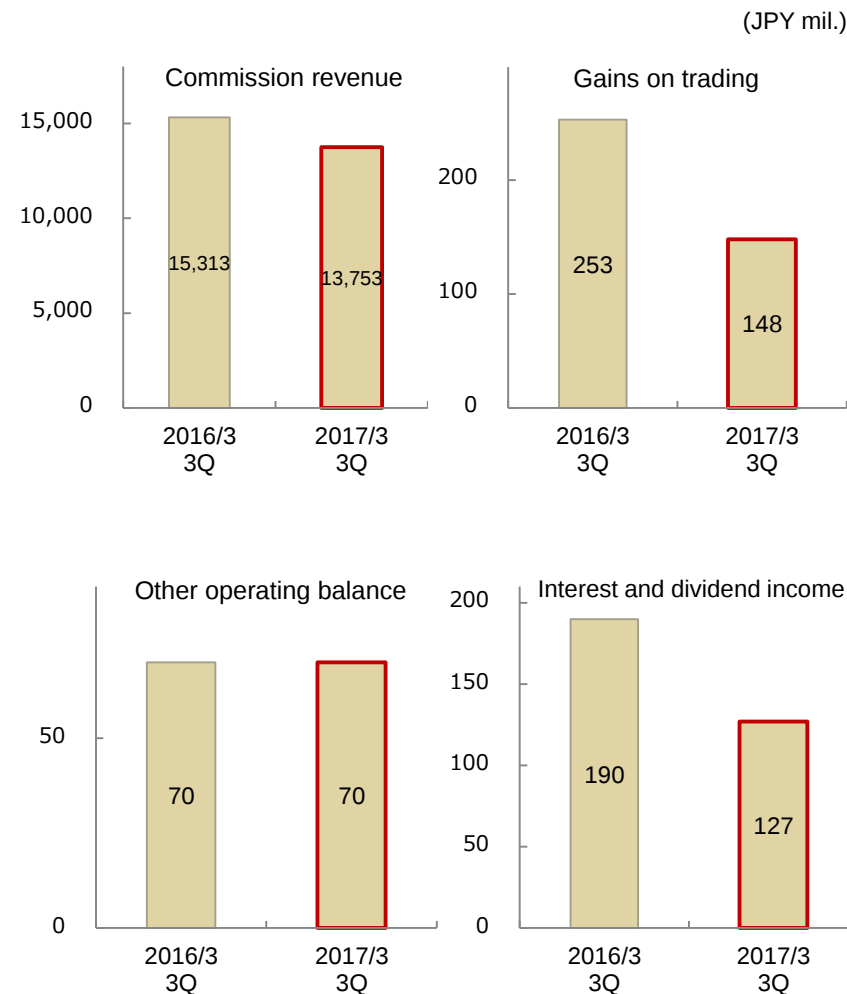
From April 1, 2016 to December 31, 2016

2. Breakdown of Net Operating Revenue

- ◆ Commission revenue amounted to 13,753 million yen, a decrease of 1,559 million yen (down 10.2%) from the year-earlier period, as brokerage commissions on stocks slid.
- ◆ Gains on trading amounted to 148 million yen, a decrease of 105 million yen (down 41.6%) from the year-earlier period, as trading on stocks slid.

(JPY mil.)

	2016/3 3Q	2017/3 3Q	Year-on- Year (%)	Year-on- Year
Commission revenue	15,313	13,753	-10.2%	-1,559
Gains on trading	253	148	-41.6%	-105
Other operating balance	70	70	-0.5%	-0
Interest and dividend income	190	127	-33.0%	-63
Total	15,828	14,099	-10.9%	-1,729

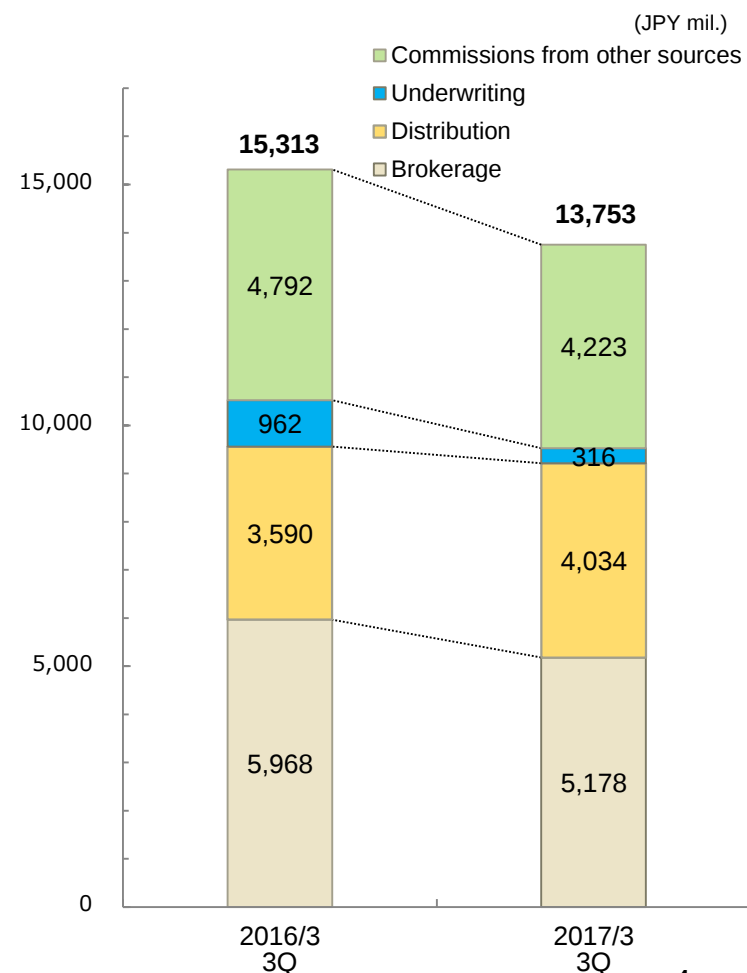


3. Breakdown of Commission Revenue

- ◆ Commissions from distribution of investment trusts amounted to 3,994 million yen, an increase of 440 million yen (up 12.4%) from the year-earlier period. Commissions from other sources (investment trusts trailer fees and others) amounted to 3,802 million yen, a decrease of 364 million yen (down 8.7%) from the year-earlier period, as balance of investment trusts slid due to the net asset value fall.
- ◆ Fees from underwriting amounted to 316 million yen, a decrease of 645 million yen (down 67.1%) from the year-earlier period, as the Company participated in the management and underwriting of 20 initial public offerings, and managed and underwrote 7 public offerings of shares of other listed issuer.

	(JPY mil.)			
	2016/3 3Q	2017/3 3Q	Year-on-Year (%)	Year-on-Year
Commission revenue	15,313	13,753	-10.2%	-1,559
Brokerage (Major item)				
Stocks	5,674	4,970	-12.4%	-703
Distribution (Major item)				
Investment trusts sales charge	3,554	3,994	12.4%	440
Underwriting (Major items)				
IPO	265	89	-66.5%	-176
PO	695	227	-67.2%	-467
Total	962	316	-67.1%	-645
Commissions from other sources (Major items)				
Investment trusts (trailer fees and others)	4,167	3,802	-8.7%	-364
Other than investment trusts	625	420	-32.8%	-205
Total	4,792	4,223	-11.9%	-569

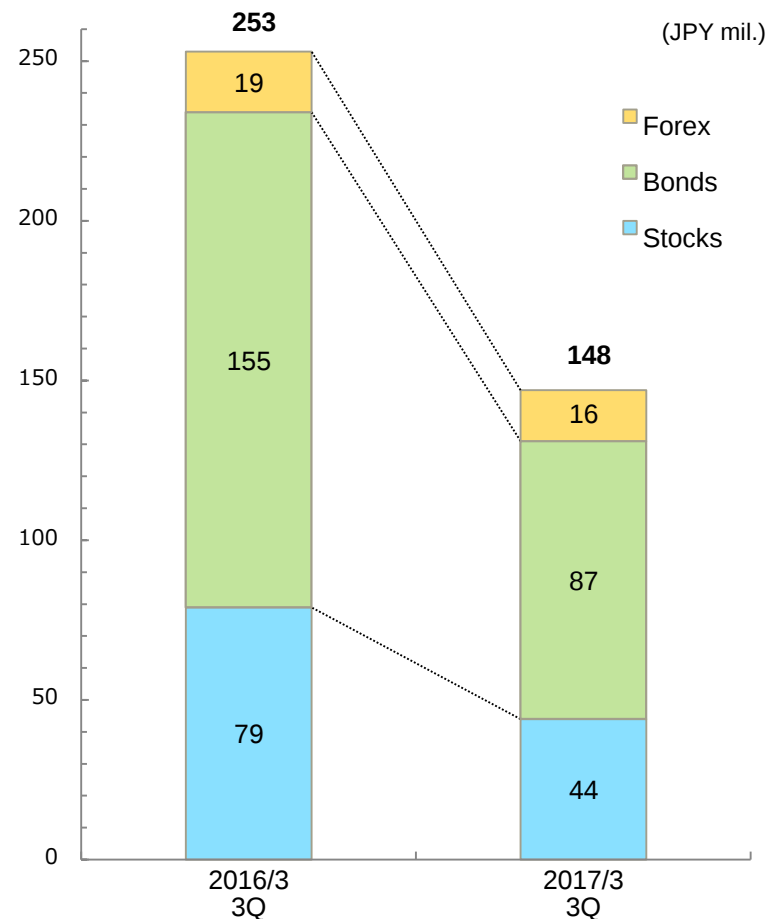
<Reference> (JPY 100 mil.)				
Fund Distribution	1,861	2,017	8.4%	156



4. Breakdown of Gains on Trading

- ◆ Gains on trading amounted to 148 million yen, a decrease of 105 million yen (down 41.6%) from the year-earlier period, as trading on stocks slid.

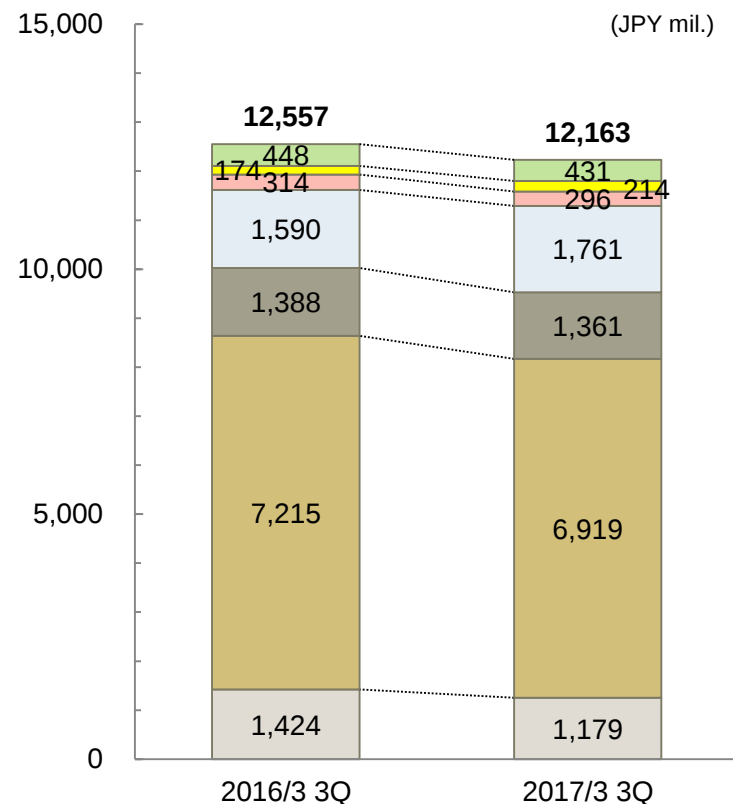
	2016/3 3Q	2017/3 3Q	Year-on- Year (%)	Year-on- Year
Stocks	79	44	-43.4%	-34
Bonds • Forex	174	103	-40.7%	-71
(Bonds)	(155)	(87)	-43.7%	-67
(Forex)	(19)	(16)	-16.6%	-3
Total	253	148	-41.6%	-105



5. Operating Cost and Expenses

- ◆ Operating cost and expenses amounted to 12,163 million yen, a decrease of 393 million yen (down 3.1%) from the year-earlier period, as personnel expenses and other items slid.

	2016/3 3Q	2017/3 3Q	Year-on- Year (%)	Year-on- Year
Transaction related expenses	1,424	1,179	-17.2%	-245
Personnel expenses	7,215	6,919	-4.1%	-296
Property related expenses	1,388	1,361	-1.9%	-26
Clerical expenses	1,590	1,761	10.7%	170
Depreciation	314	296	-5.9%	-18
Public charges	174	214	22.8%	39
Others	448	431	-3.7%	-16
Total	12,557	12,163	-3.1%	-393



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

Variable cost	2,890
Fixed cost	8,993

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

6. Balance Sheets / Financial Results

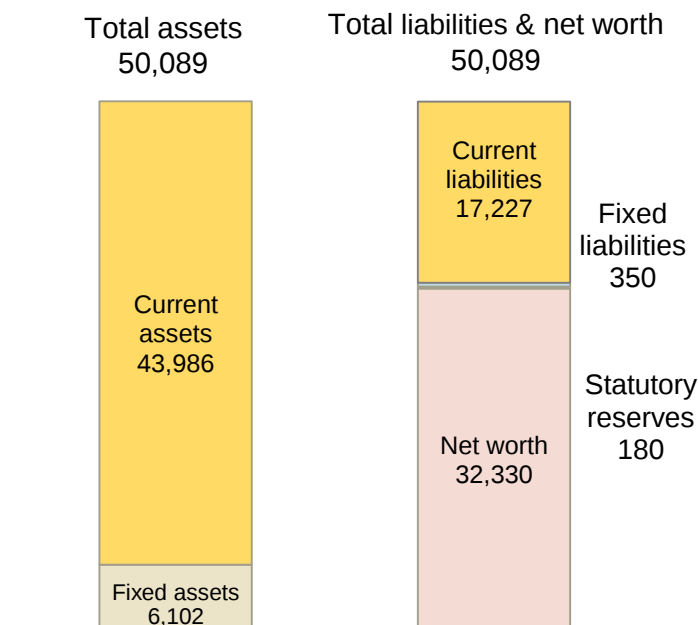
- ◆ Total assets amounted to 50,089 million yen, an increase of 3,495 million yen (up 7.5%) from the previous fiscal year end, as cash and deposits, and segregated cash and statutory deposits swelled.
- ◆ Total liabilities amounted to 17,758 million yen, an increase of 4,725million yen (up 36.3%) from the previous fiscal year end, as cash payable to customers and margin transaction liabilities grew.

(JPY mil.)

	End-March 2016	2017/3 3Q	Change from End-March 2016 (%)	Change from End-March 2016
Assets				
Current assets	39,892	43,986	10.3%	4,094
Fixed assets	6,701	6,102	-8.9%	-598
Total assets	46,593	50,089	7.5%	3,495
Liabilities				
Current liabilities	12,444	17,227	38.4%	4,783
Fixed liabilities	406	350	-13.9%	-56
Total liabilities	13,033	17,758	36.3%	4,725
Net worth				
Net worth	33,560	32,330	-3.7%	-1,229
Total liabilities & net worth	46,593	50,089	7.5%	3,495

	Equity ratio	Net worth per share	Capital adequacy ratio (non-consolidated)
2017/3 3Q	64.0%	751.88 yen	584.0%
End-March 2016	71.5%	763.66 yen	593.5%

(JPY mil.)

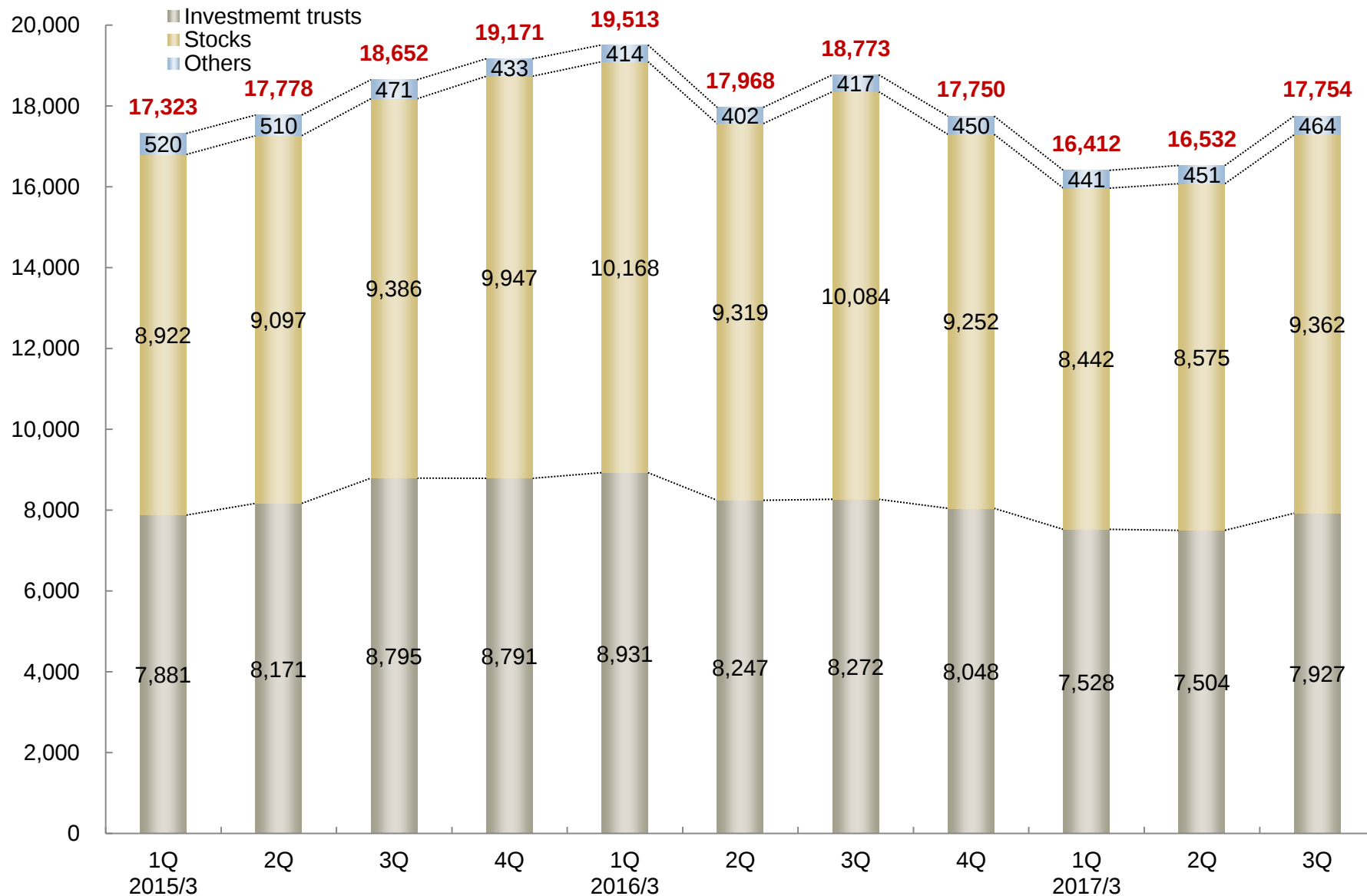


As of December 31st, 2016

II . Business Circumstances

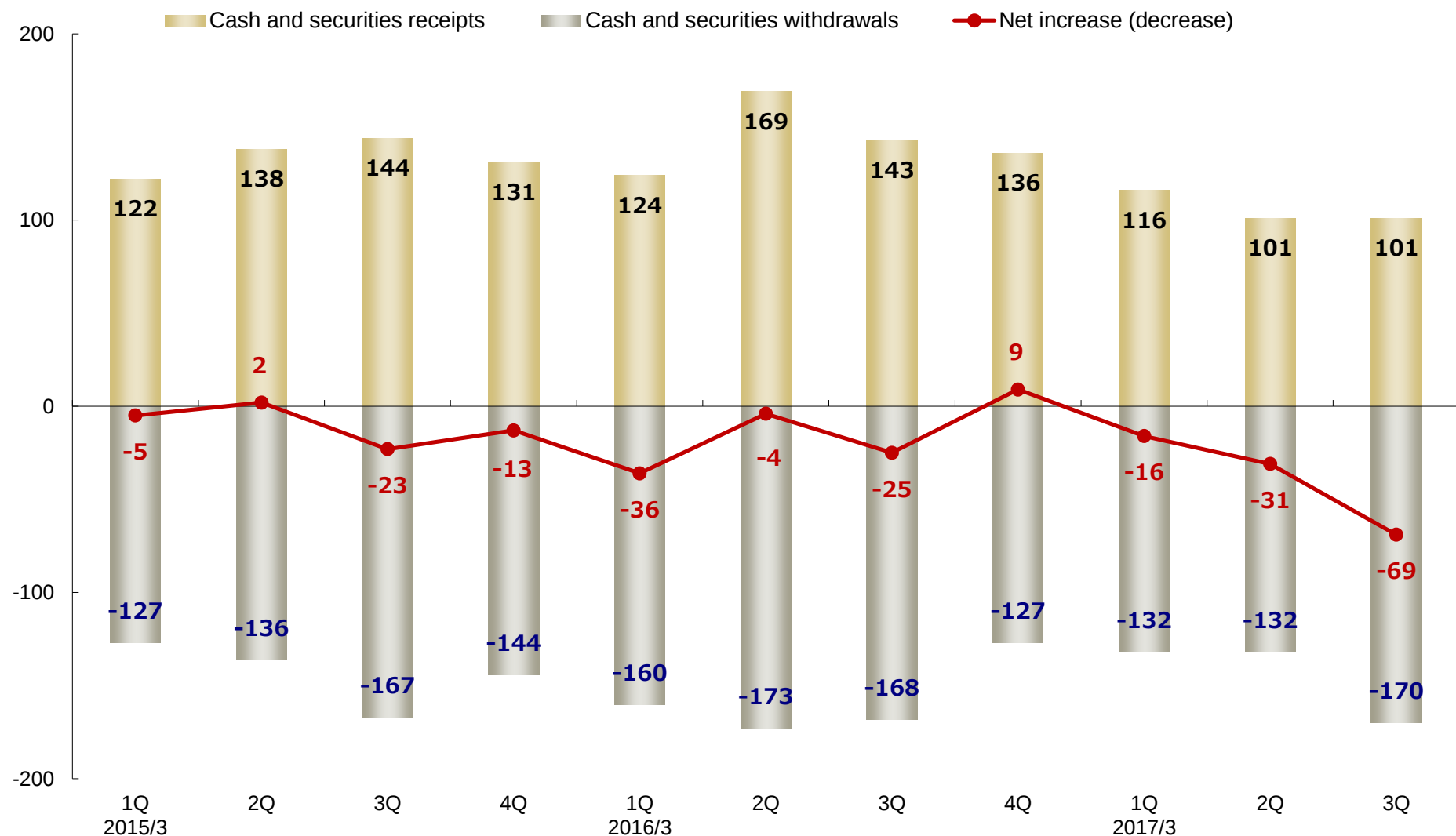
1. Customer Assets under Custody

(JPY 100 mil.)



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

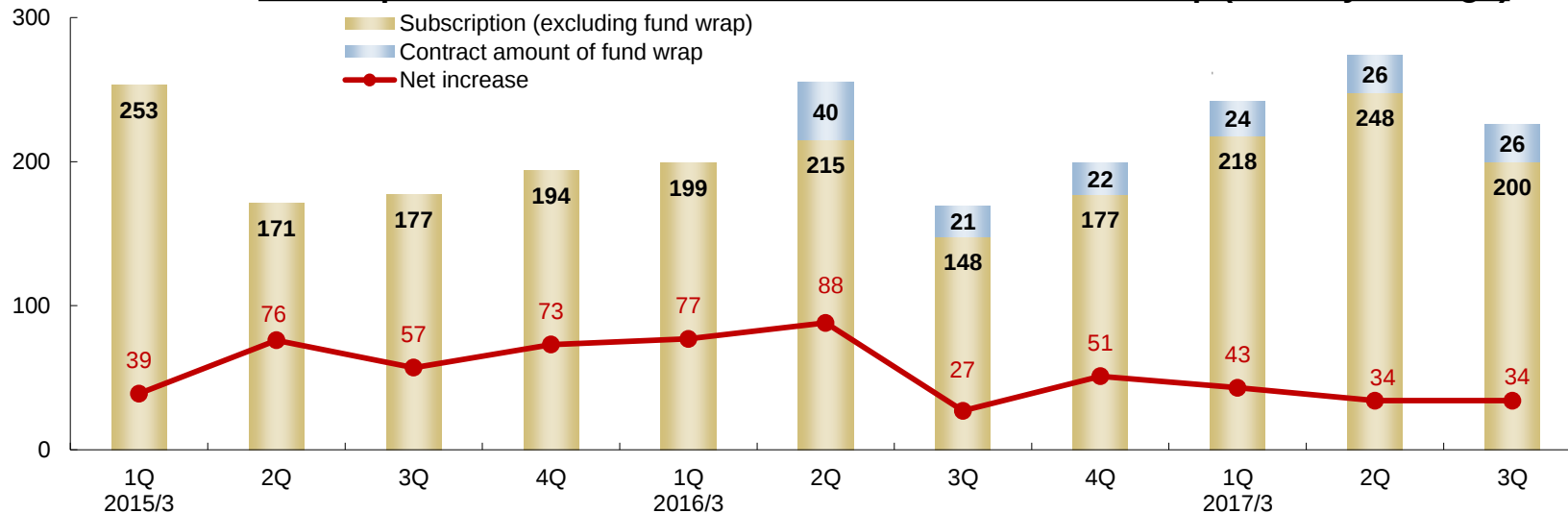
(JPY 100 mil.)



3. Subscription of Investment Trusts and Others

(JPY 100 mil.)

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



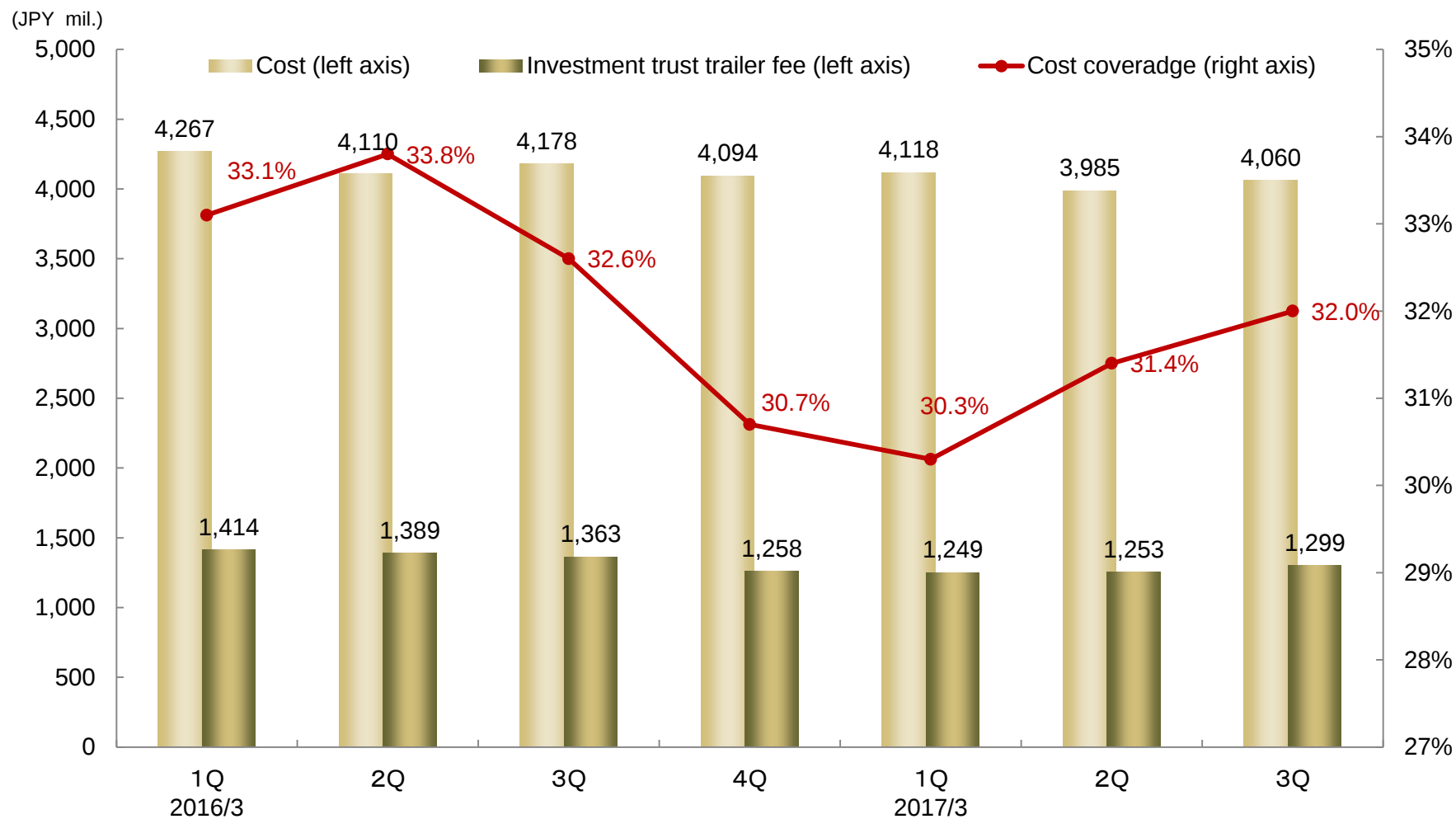
Top 5 Best Selling Investment Trusts (Total Amounts of 3 Months)

(JPY 100 mil.)

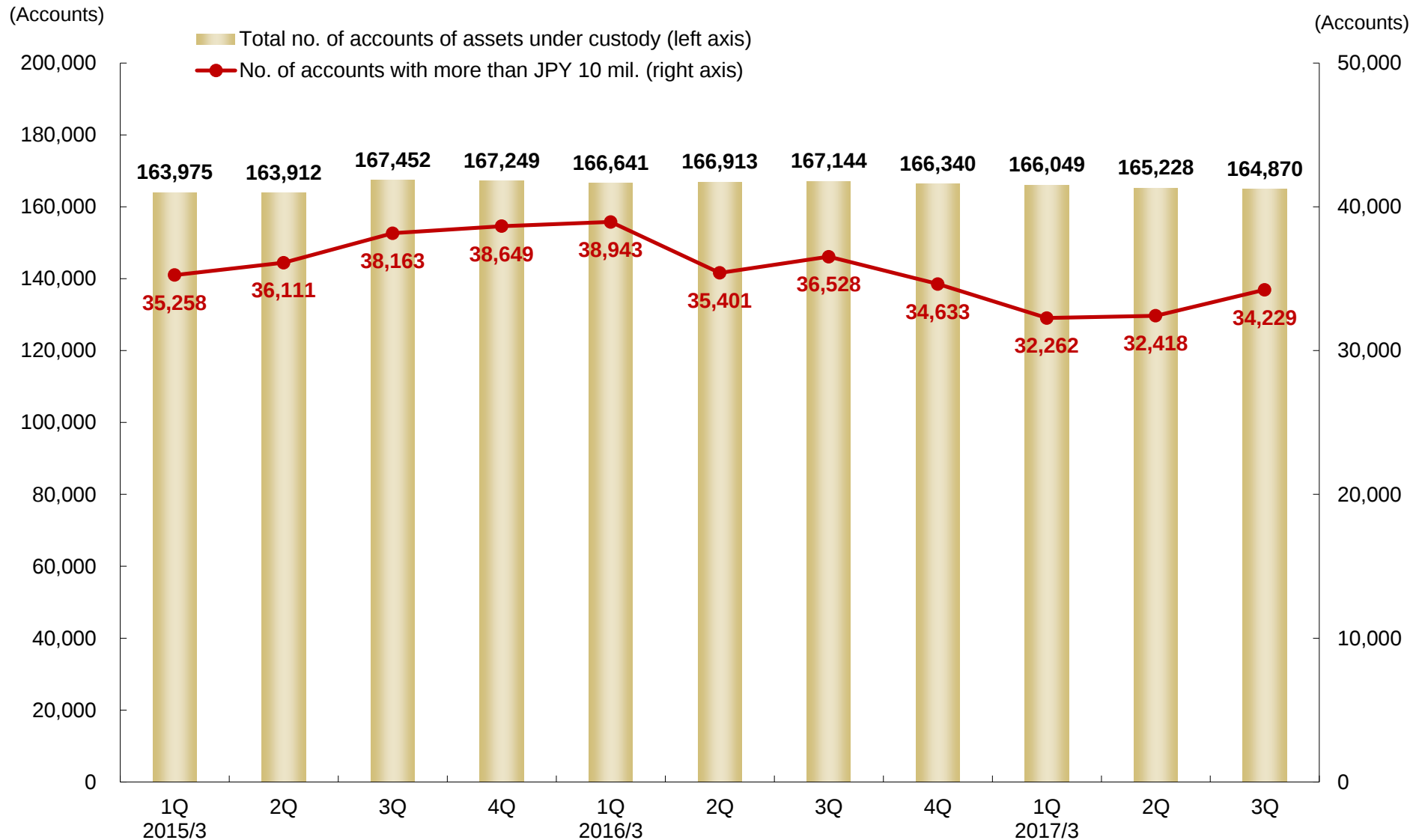
	2015/3				2016/3				2017/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Ichiyoshi Small-and mid -cap Growth Companies Fund									90	107	149
LM Australia High Dividend Fund (Monthly Dividend)							35	59	61	102	84
BNY Mellon Global High Yield CB Fund 2016-04, 07, 11									67	50	37
Japan High Dividend Stock Fund 2016-12 Limited additional subscription type / with early redemption clause											36
Fidelity US REIT Fund B (Currency Non-Hedged)								44	146	148	28
Shinko J-REIT Open									74	64	
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

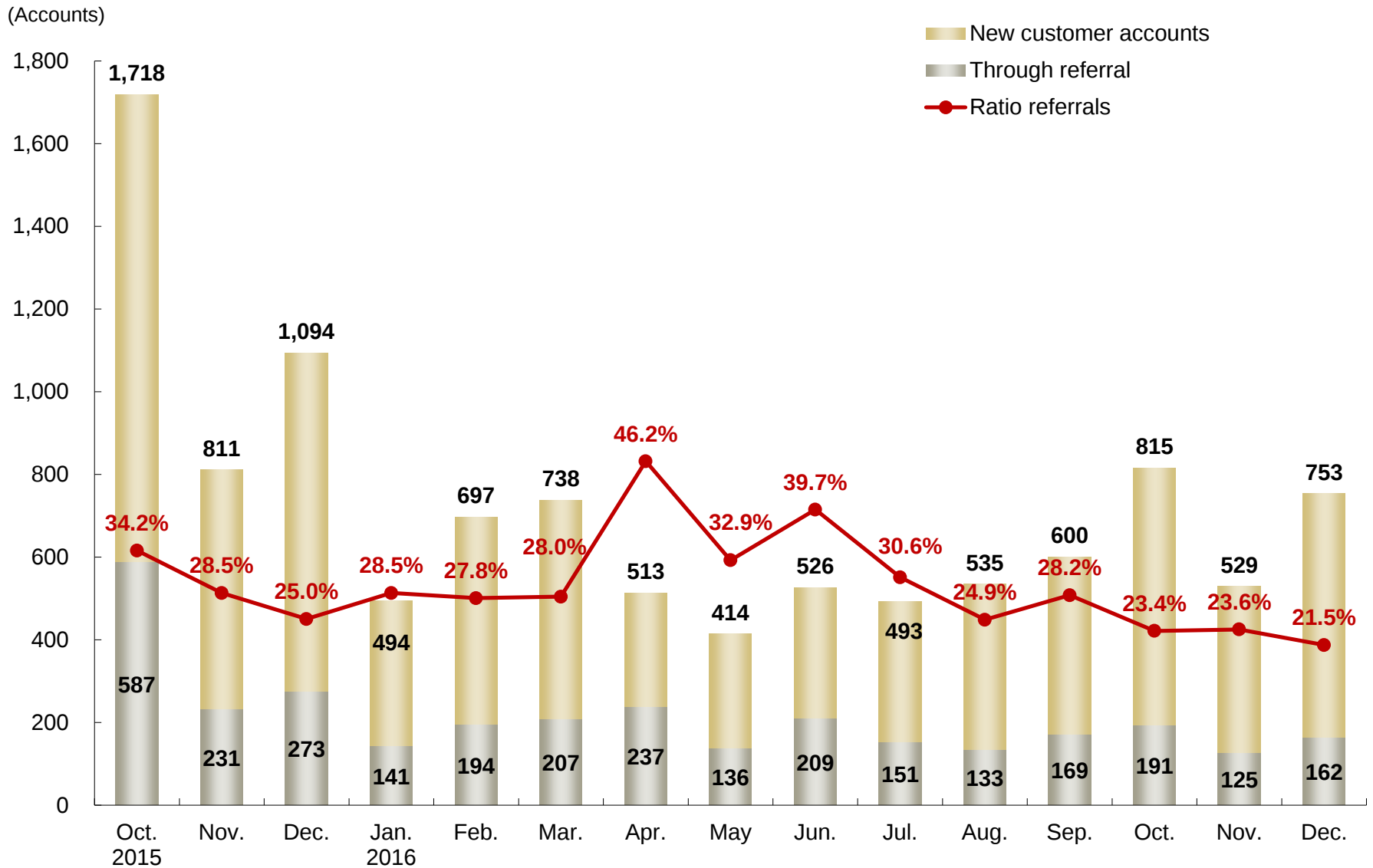
※ Cost coverage ratio = $\frac{\text{Investment trust trailer fee} + \text{Wrap-account fee}}{\text{Operating expense}} \times 100$



5. Number of Customer Accounts 【Retail】

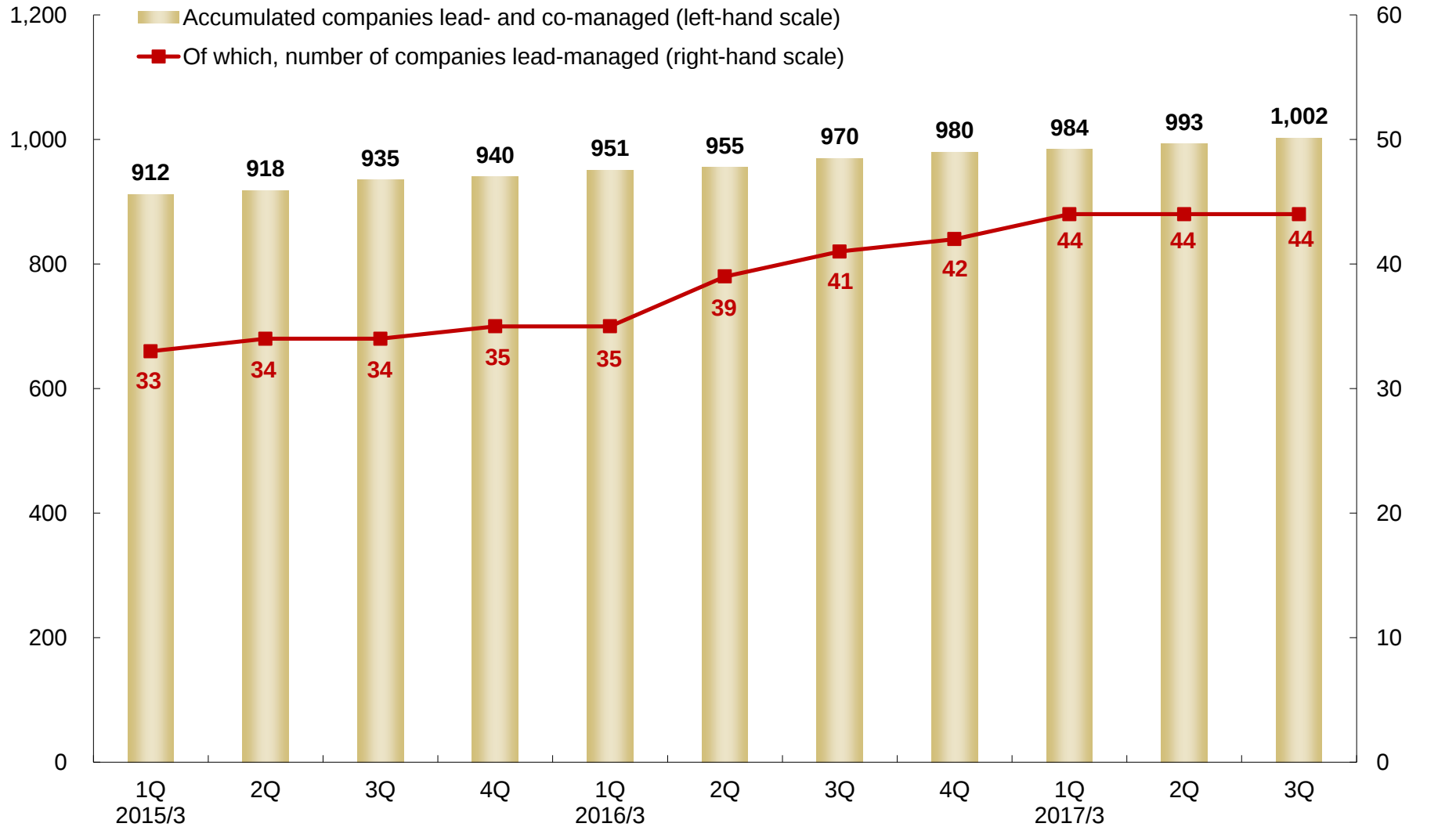


6. Number of New Customer Accounts and Ratio of Referrals 【Retail】



7. Accumulated Companies Lead- and Co-managed

(Companies)



III. Quarterly Transition

1. Profit & Loss

(JPY mil.)

	2016/3				2017/3			Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Operating revenue	5,811	5,414	5,707	4,913	5,273	4,772	5,053	5.9%	-11.4%
Operating cost & expenses	4,267	4,110	4,178	4,094	4,118	3,985	4,060	1.9%	-2.8%
Current income	1,208	1,007	1,170	427	821	490	681	38.9%	-41.8%
Extraordinary income	49	88	4	18	40	2	0	-86.0%	-92.0%
Extraordinary loss	—	18	13	4	11	66	0	-98.8%	-93.8%
Corporate tax	309	545	193	219	137	99	66	-32.6%	-65.4%
Tax adjustment	128	-144	234	-136	158	-139	177	—	-24.3%
Net income attributable to shareholders of parent company	817	674	731	356	552	465	433	-6.8%	-40.7%

2. Breakdown of Net Operating Revenue

(JPY mil.)

	2016/3				2017/3			Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Commission revenue	5,276	4,923	5,112	4,369	4,808	4,354	4,590	5.4%	-10.2%
Gains on trading	58	54	140	71	34	51	62	21.0%	-55.8%
Interest and dividend income	79	84	84	67	56	52	65	24.3%	-21.8%
Other operating revenue	396	352	370	405	374	313	335	6.9%	-9.4%
Interest expenses	20	17	17	14	10	13	22	66.2%	26.8%
Other operating expenses	362	329	355	381	345	290	316	8.8%	-11.0%
Total	5,428	5,067	5,333	4,518	4,917	4,467	4,714	5.5%	-11.6%

3. Breakdown of Commission Revenue

(JPY mil.)

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

Brokerage (Major item)									
Stocks	2,157	1,609	1,907	1,579	1,787	1,330	1,852	39.3%	-2.9%

Distribution (Major item)									
Investment trusts sales charge	1,354	1,273	925	951	1,313	1,533	1,147	-25.2%	24.0%

Underwriting (Major items)									
IPO	15	83	166	321	28	6	54	696.5%	-67.5%
PO	28	246	420	0	205	6	16	171.1%	-96.1%
Total	43	330	587	322	233	12	70	449.2%	-88.0%

Others (Major items)									
Investment trusts (trailer fees and others)	1,414	1,389	1,363	1,258	1,249	1,253	1,299	3.7%	-4.7%
Other than investment trusts	191	189	245	155	135	144	140	-3.3%	-43.0%
Total	1,605	1,578	1,609	1,413	1,385	1,398	1,439	2.9%	-10.6%

4. Breakdown of Gains on Trading

(JPY mil.)									
	2016/3				2017/3			Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Stocks	33	39	6	-45	-5	29	20	-30.8%	198.4%
Bonds • Forex	25	15	133	116	40	21	41	91.4%	-68.8%
(Bonds)	(17)	(15)	(122)	(112)	(40)	(10)	(35)	226.0%	-70.9%
(Forex)	(8)	(0)	(11)	(4)	(-0)	(10)	(6)	-44.1%	-46.5%
Total	58	54	140	71	34	51	62	21.0%	-55.8%

5. Operating Cost and Expenses

	(JPY mil.)								
	2016/3				2017/3			Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Transaction related expenses	416	478	530	497	433	366	379	3.4%	-28.5%
Personnel expenses	2,506	2,359	2,349	2,278	2,292	2,317	2,309	-0.3%	-1.7%
Property related expenses	469	463	454	475	464	451	445	-1.2%	-2.0%
Clerical expenses	542	499	549	559	584	552	624	13.0%	13.7%
Depreciation	101	106	107	107	98	99	98	-0.5%	-8.0%
Public charges	58	60	56	44	75	67	71	6.4%	26.8%
Allowances for doubtful accounts	0	0	-0	0	—	—	—	—	—
Others	173	143	131	130	169	131	131	0.1%	-0.2%
Total	4,267	4,110	4,178	4,094	4,118	3,985	4,060	1.9%	-2.8%

<Reference>

Fixed cost	3,044	2,919	2,947	2,977	3,040	2,966	2,986	0.7%	1.3%
Variable cost	1,140	1,109	1,156	1,031	1,001	928	961	3.5%	-16.9%

* Fixed cost and Variable cost are inscribed on non-consolidated basis.

6. Balance Sheets

(JPY mil.)

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

Assets									
Current assets	46,091	52,943	48,046	39,892	39,071	42,058	43,986	4.6%	-8.5%
Fixed assets	7,586	7,374	7,135	6,701	6,352	5,919	6,102	3.1%	-14.5%
Total assets	53,677	60,317	55,182	46,593	45,423	47,977	50,089	4.4%	-9.2%

Liabilities									
Current liabilities	19,228	25,770	21,035	12,444	12,483	14,802	17,227	16.4%	-18.1%
Fixed liabilities	551	520	520	406	347	339	350	3.0%	-32.8%
Total liabilities	19,964	26,475	21,739	13,033	13,011	15,323	17,758	15.9%	-18.3%

Net worth									
Net worth	33,713	33,842	33,443	33,560	32,412	32,654	32,330	-1.0%	-3.3%
Total liabilities & net worth	53,677	60,317	55,182	46,593	45,423	47,977	50,089	4.4%	-9.2%

7. Financial Results

(JPY mil.)

	2016/3				2017/3			Quarter-on-Quarter	Year-on-Year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Total assets (JPY mil.)	53,677	60,317	55,182	46,593	45,423	47,977	50,089	4.4%	-9.2%
Net worth (JPY mil.)	33,713	33,842	33,443	33,560	32,412	32,654	32,330	-1.0%	-3.3%
Equity ratio (%)	62.4	55.7	60.2	71.5	70.8	67.5	64.0	—	—
Net worth per share (JPY)	760.01	770.78	761.14	763.66	745.74	755.39	751.88	—	—
Capital adequacy ratio (%) (non-consolidated basis)	595.7	585.3	570.3	593.5	580.8	592.6	584.0	—	—
EPS (JPY)	18.54	33.89	50.66	58.88	12.79	23.60	33.77	—	—
ROE (%)	2.4	4.4	6.7	7.7	1.7	3.1	4.4	—	—

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