

# **IR Presentation for Second quarter, year ended March 2018**



**Ichiyoshi Securities Co., Ltd.  
October, 2017**

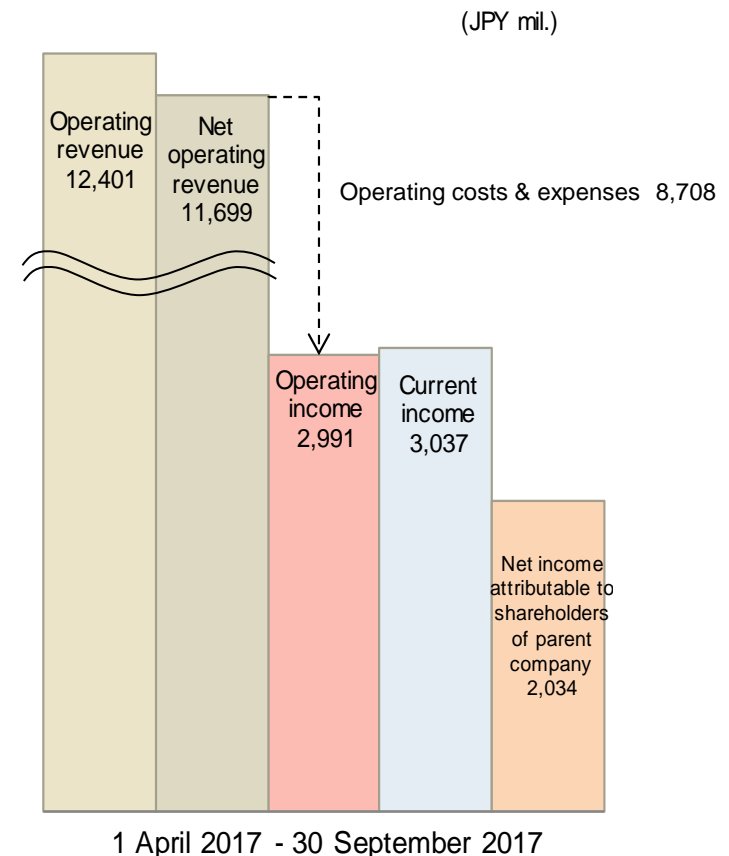
# **I : Business Results (Consolidated)**

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- ◆ Operating revenue amounted to 12.401 billion yen, an increase of 2.355 billion yen (up 23.4%) from the year-earlier period.
- ◆ Current income amounted to 3.037 billion yen, an increase of 1.725 billion yen (up 131.5%) from the year-earlier period.
- ◆ Net income attributable to shareholders of parent company amounted to 2.034 billion yen, an increase of 1.016 billion yen (up 99.9%) from the year-earlier period.

(JPY mil.)

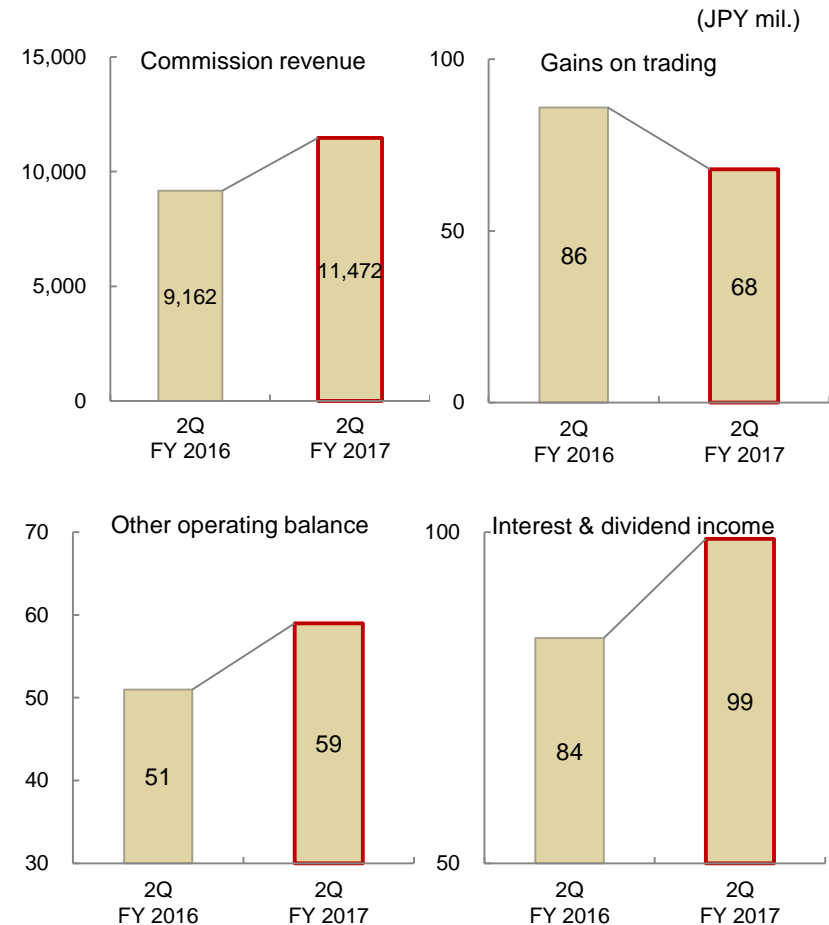
	FY 2016 2Q	FY 2017 2Q	Year-on-year (%)	Year-on-year
Operating revenue	10,046	12,401	23.4%	2,355
Net operating revenue	9,384	11,699	24.7%	2,314
Operating costs & expenses	8,103	8,708	7.5%	605
Operating income	1,281	2,991	133.4%	1,709
Current income	1,312	3,037	131.5%	1,725
Extraordinary income & loss	-33	-11	—	22
Income taxes	256	983	283.5%	726
Net income attributable to shareholders of parent company	1,018	2,034	99.9%	1,016



## 2. Breakdown of Net Operating Revenue

- ◆ Commission revenue amounted to 11.472 billion yen, an increase of 2.31 billion yen (up 25.2%) from the year-earlier period, as brokerage commissions on stocks swelled and etc.
- ◆ Gains on trading amounted to 68 million yen, a decrease of 18 million yen (down 20.9%) from the year-earlier period, as trading on bonds, etc. slid.

	(JPY mil.)			
	FY 2016 2Q	FY 2017 2Q	Year-on-year (%)	Year-on-year
Commission revenue	9,162	11,472	25.2%	2,310
Gains on trading	86	68	-20.9%	-18
Other operating balance	51	59	15.7%	8
Interest & dividend income	84	99	16.8%	14
Total	9,384	11,699	24.7%	2,314



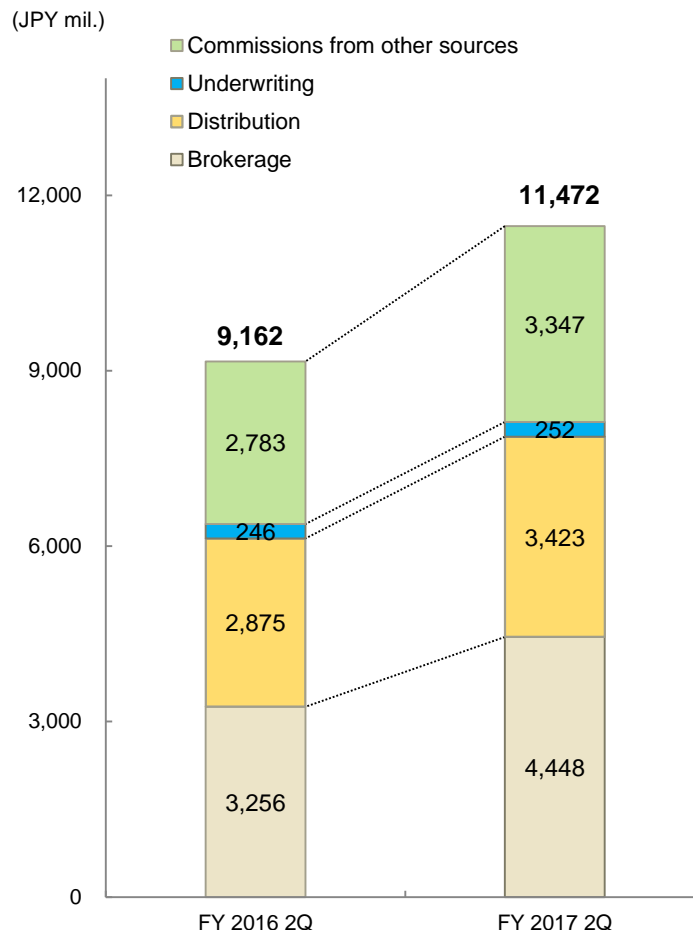
### 3. Breakdown of Commission Revenue

- ◆ Commissions from brokerage of stocks amounted to 4.368 billion yen, an increase of 1.25 billion yen (up 40.1%) from the year-earlier period. Commissions from other sources (Investment trusts trailer fees and others) amounted to 3.097 billion yen, an increase of 593 million yen (up 23.7%) from the year-earlier period, as trust fees for fund management by Ichiyoshi Asset Management Co., Ltd. grew.
- ◆ Fees from underwriting amounted to 252 million yen, an increase of 6 million yen (up 2.7%) from the year-earlier period, as the Company participated in the management and underwriting of 13 initial public offerings including 1 lead management, and managed and underwrote 4 public offering of share of other listed issuer.

	FY 2016 2Q	FY 2017 2Q	Year-on-year (%)	Year-on-year
Commission revenue	9,162	11,472	25.2%	2,310
Brokerage (Major item)				
Stocks	3,118	4,368	40.1%	1,250
Distribution (Major item)				
Investment trusts sales charge	2,846	3,384	18.9%	537
Underwriting (Major items)				
IPO	34	110	215.5%	75
PO	211	142	-32.5%	-68
Total	246	252	2.7%	6
Commissions from other sources (Major items)				
Investment trusts (trailer fees & others)	2,503	3,097	23.7%	593
Other than investment trusts	280	250	-10.6%	-29
Total	2,783	3,347	20.3%	564

<Reference>

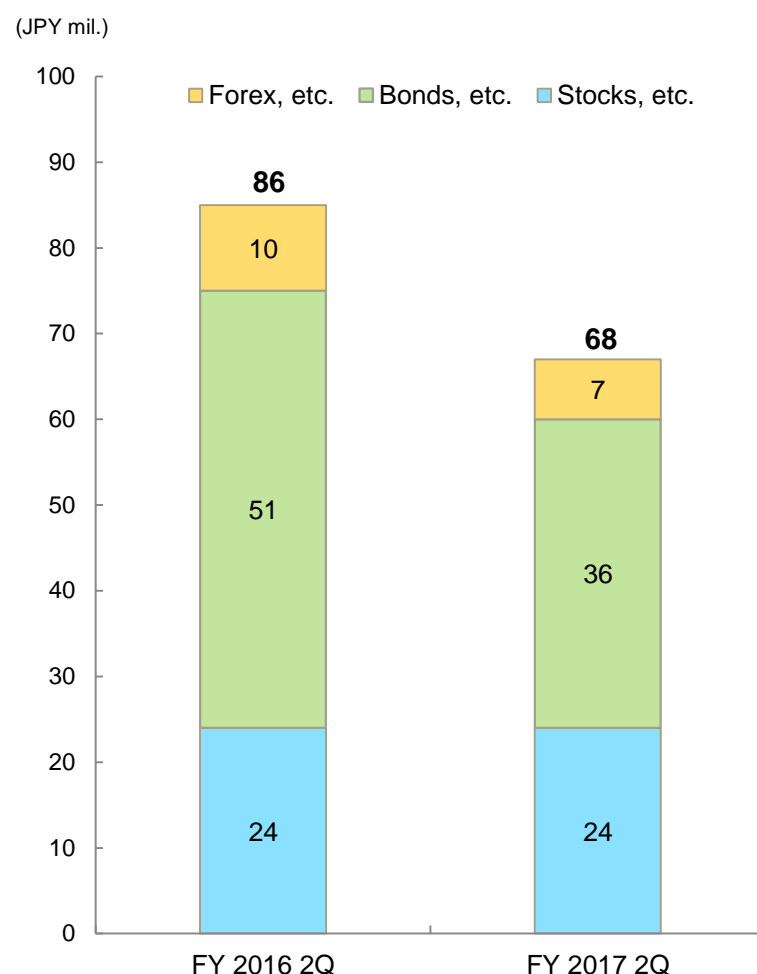
	FY 2016 2Q	FY 2017 2Q	Year-on-year (%)	Year-on-year
Fund distribution	1,279	1,473	15.2%	194



## 4. Breakdown of Gains on Trading

- ◆ Gains on trading amounted to 68 million yen, a decrease of 18 million yen (down 20.9%) from the year-earlier period, as trading on bonds slid and etc.

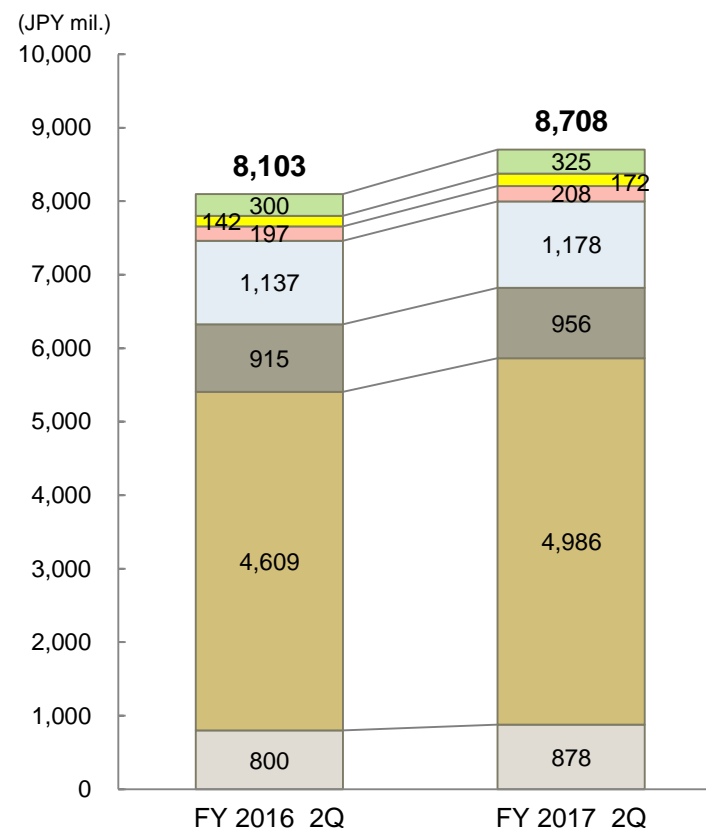
	FY 2016 2Q	FY 2017 2Q	Year-on-year (%)	Year-on-year
Stocks, etc.	24	24	-1.1%	-0
Bonds • Forex, etc.	61	44	-28.7%	-17
(Bonds, etc.)	(51)	(36)	-29.8%	-15
(Forex, etc.)	(10)	(7)	-22.7%	-2
<b>Total</b>	<b>86</b>	<b>68</b>	<b>-20.9%</b>	<b>-18</b>



## 5. Operating Cost and Expenses

- ◆ Operating cost and expenses amounted to 8.78 billion yen, an increase of 605 million yen (up 7.5%) from the year-earlier period, as personnel expenses and other items increased.

	FY 2016 2Q	FY 2017 2Q	Year-on-year (%)	Year-on-year (JPY mil.)
Transaction related expenses	800	878	9.8%	78
Personnel expenses	4,609	4,986	8.2%	377
Property related expenses	915	956	4.4%	40
Clerical expenses	1,137	1,178	3.7%	41
Depreciation	197	208	5.7%	11
Public charges	142	172	21.0%	30
Others	300	325	8.5%	25
<b>Total</b>	<b>8,103</b>	<b>8,708</b>	<b>7.5%</b>	<b>605</b>

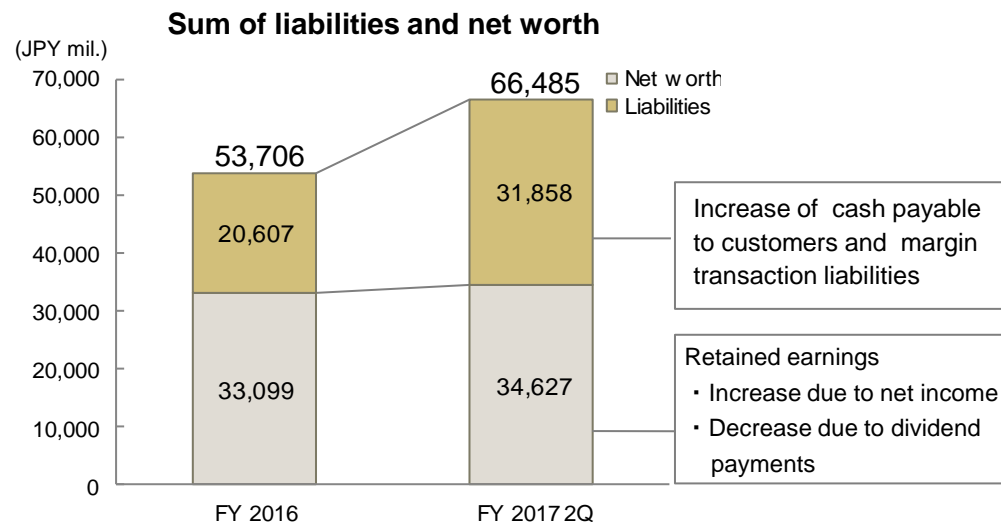
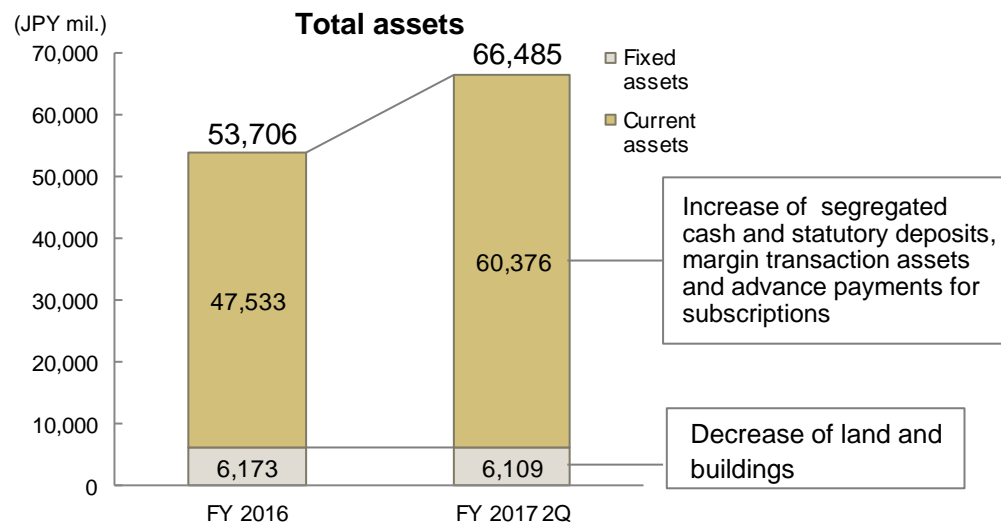


<Reference> Fixed cost and Variable cost (FY 2017 2Q, non-consolidated basis)

Fixed cost	6,134
Variable cost	2,297

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

## Balance sheet



## Financial results

	FY 2017 2Q	Year -on-year
Equity ratio (%)	51.6	-9.5
Net worth per share (JPY)	804.62	35.44
Capital adequacy ratio (non-consolidated basis) (%)	606.8	14.9

	FY 2017 2Q	Year-on-year
EPS (JPY)	47.71	24.11
ROE (%)	6.1	3.0



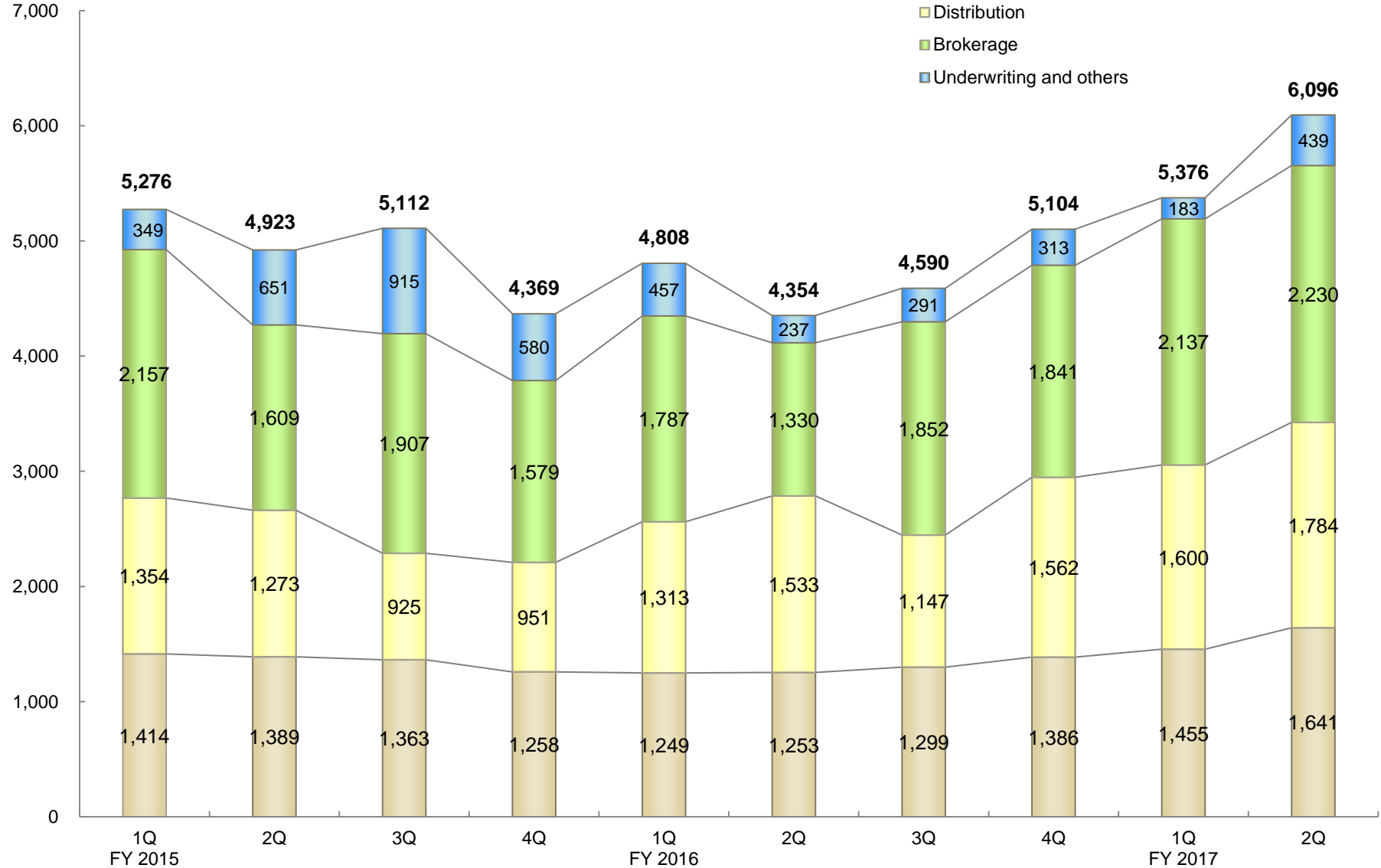
## **II : Business Circumstances**

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# 1. Commission revenue

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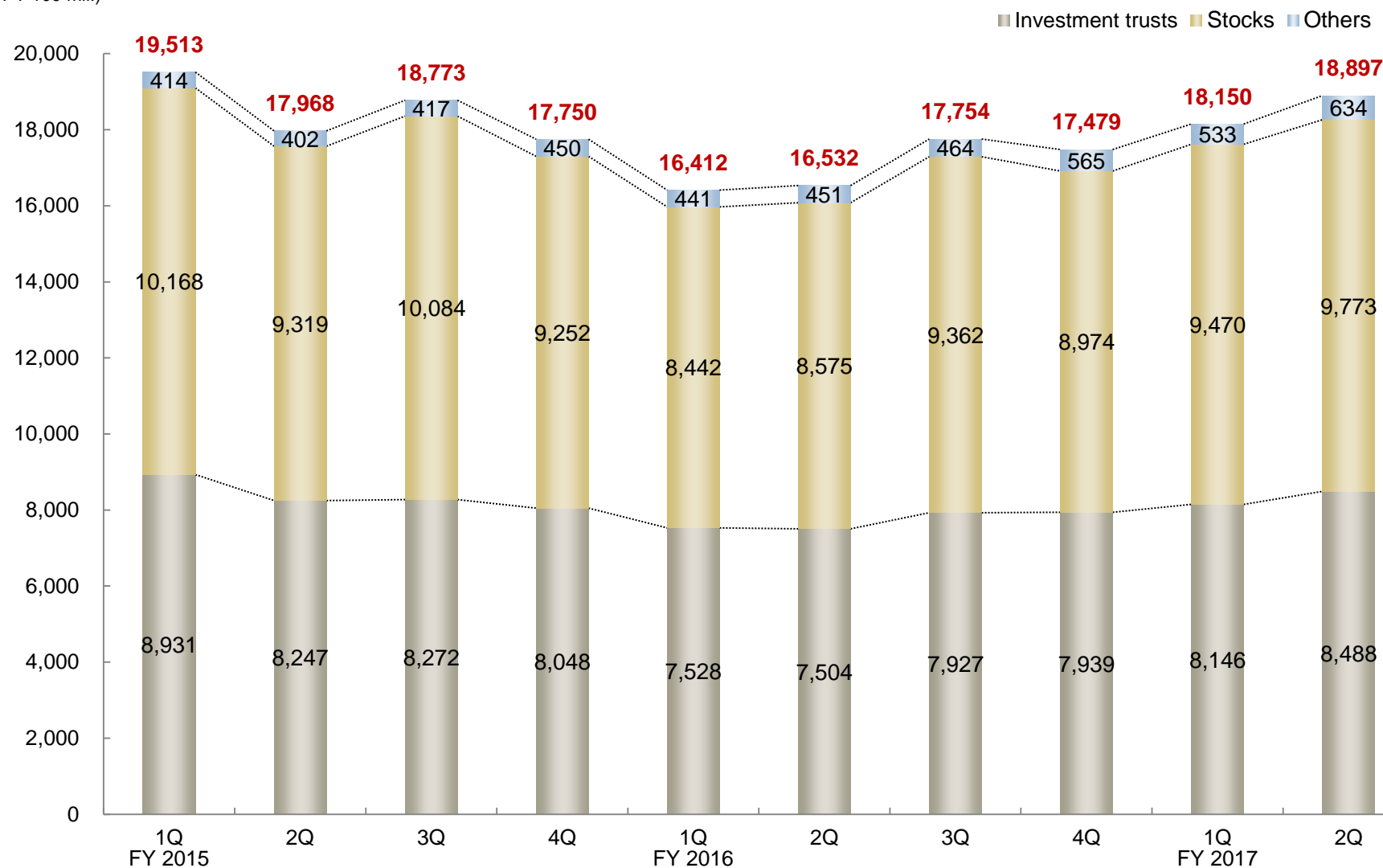
(JPY mil.)



## 2. Customer Assets under Custody

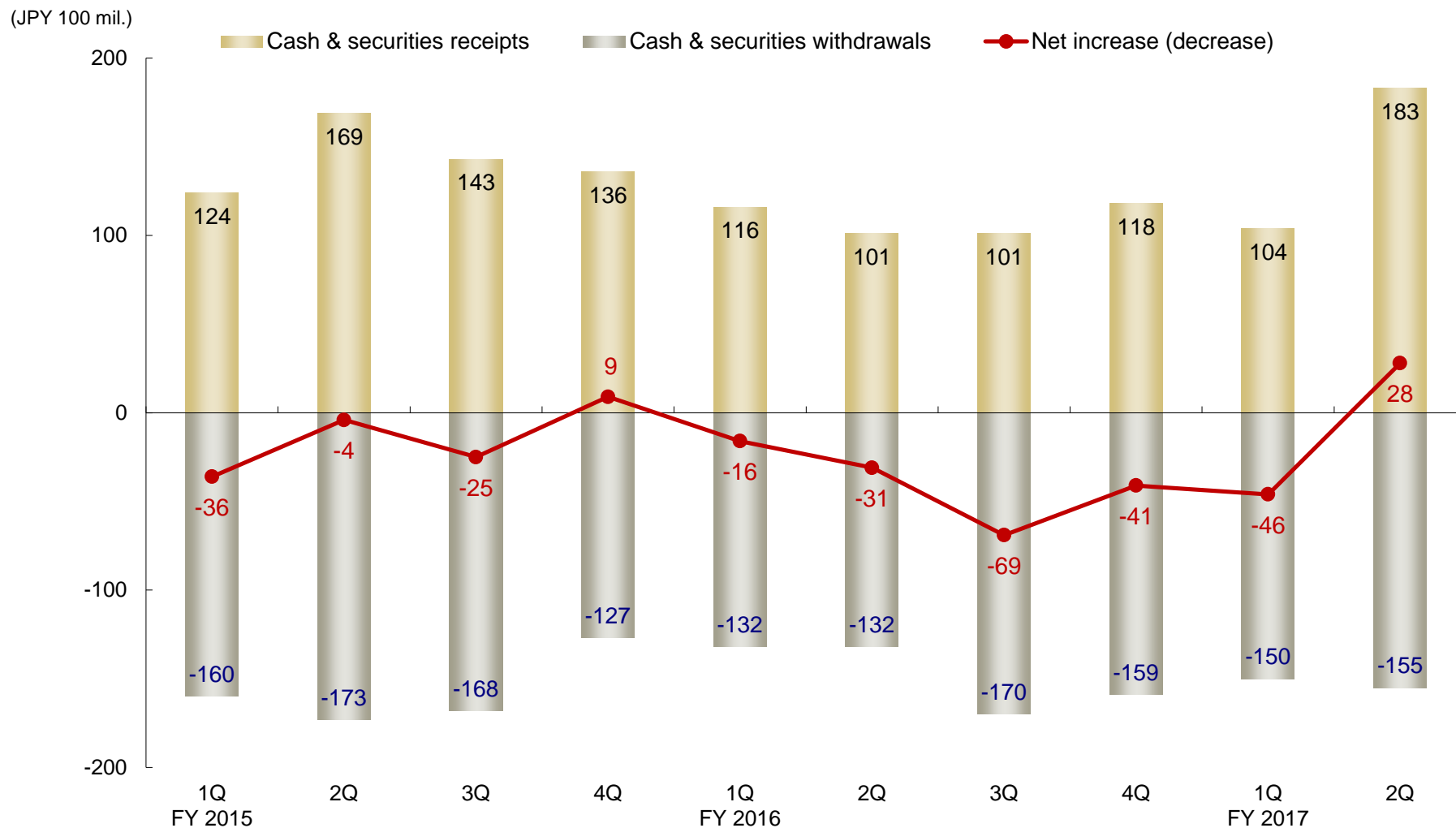
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SECURITIES

(JPY 100 mil.)



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

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

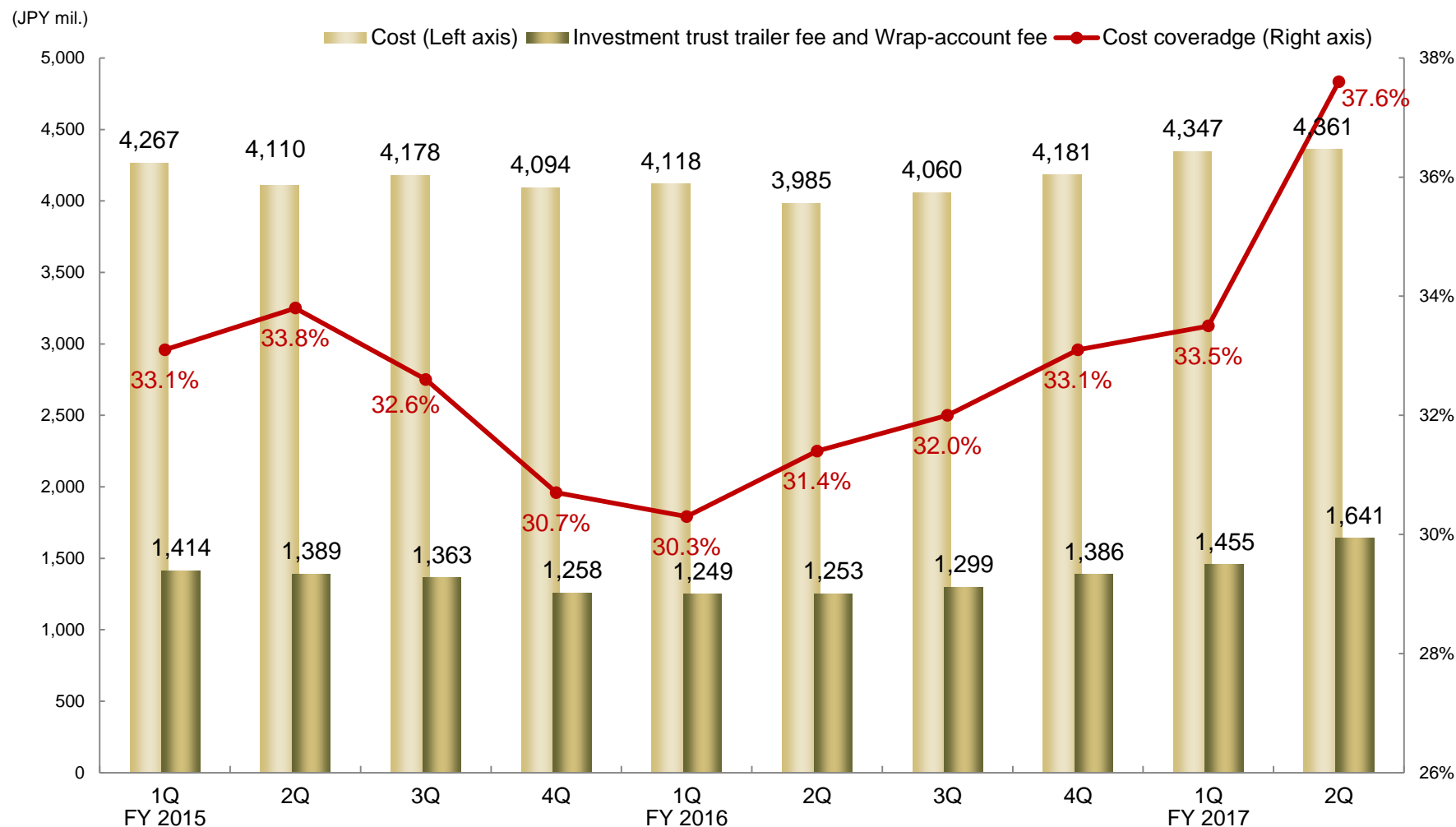
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(JPY 100 mil.)

	FY 2015				FY 2016				FY 2017	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Ichiyoshi Small-and mid -cap Growth Companies Fund					90	107	149	116	199	230
Ichiyoshi • Invesco World Small-and Mid -Cap Growth Companies Fund										98
LM Australia High Dividend Fund (Monthly dividend)			35	59	61	102	84	198	147	
Nomura PIMCO World Income Strategy Fund (A • B • C • D)								45	52	53
LM US Dividend Increases for Consecutive Years Stock Fund (Semi-annual settlement, every three months settlement)									50	52
Ichiyoshi Japan High Dividend Stock & J- REIT Fund (Quarterly settlement, asset growth)								92	45	
Shinko J-REIT Open					74	64		31		45
Fidelity US REIT Fund B - Non-hedged				44	146	148	28			
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			
UBS Global CB Open	120	152	70	47						
Pictet Global Income Stock Fund	37	56	43	35						
LM Australia Monthly Distribution Fund	87	51	28	25						
Pictet Emerging Country Income Stock Fund	64	36	25							
Ichiyoshi Infrastructure Growth Stock Fund	92	32								

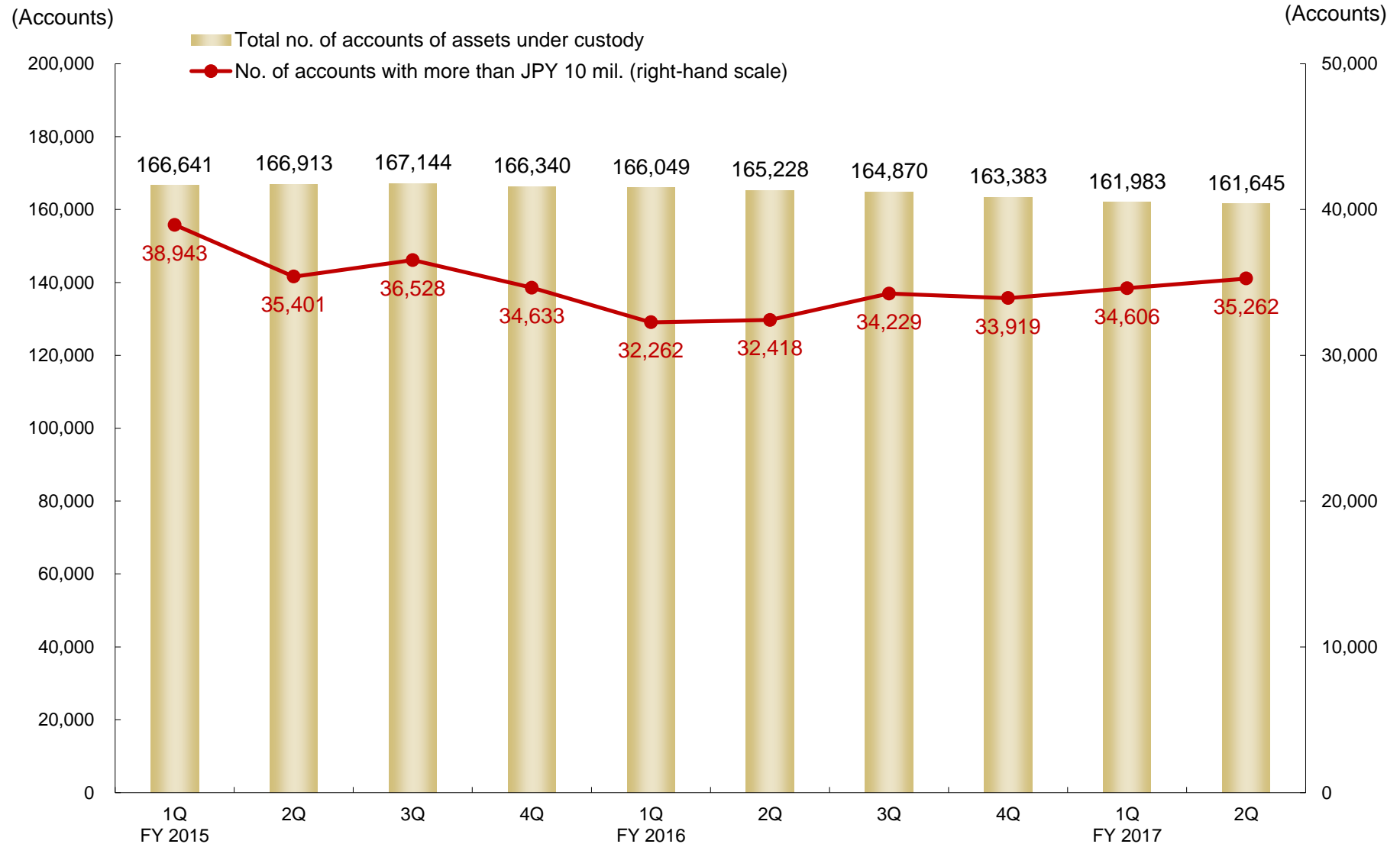
## 5. Trend of Investment Trust Trailer Fee and its Cost Coverage

※ Cost coverage ratio =  $\frac{\text{Investment trust trailer fee} + \text{Wrap-account fee}}{\text{Cost (Operating cost \& expenses)}} \times 100 (\%)$



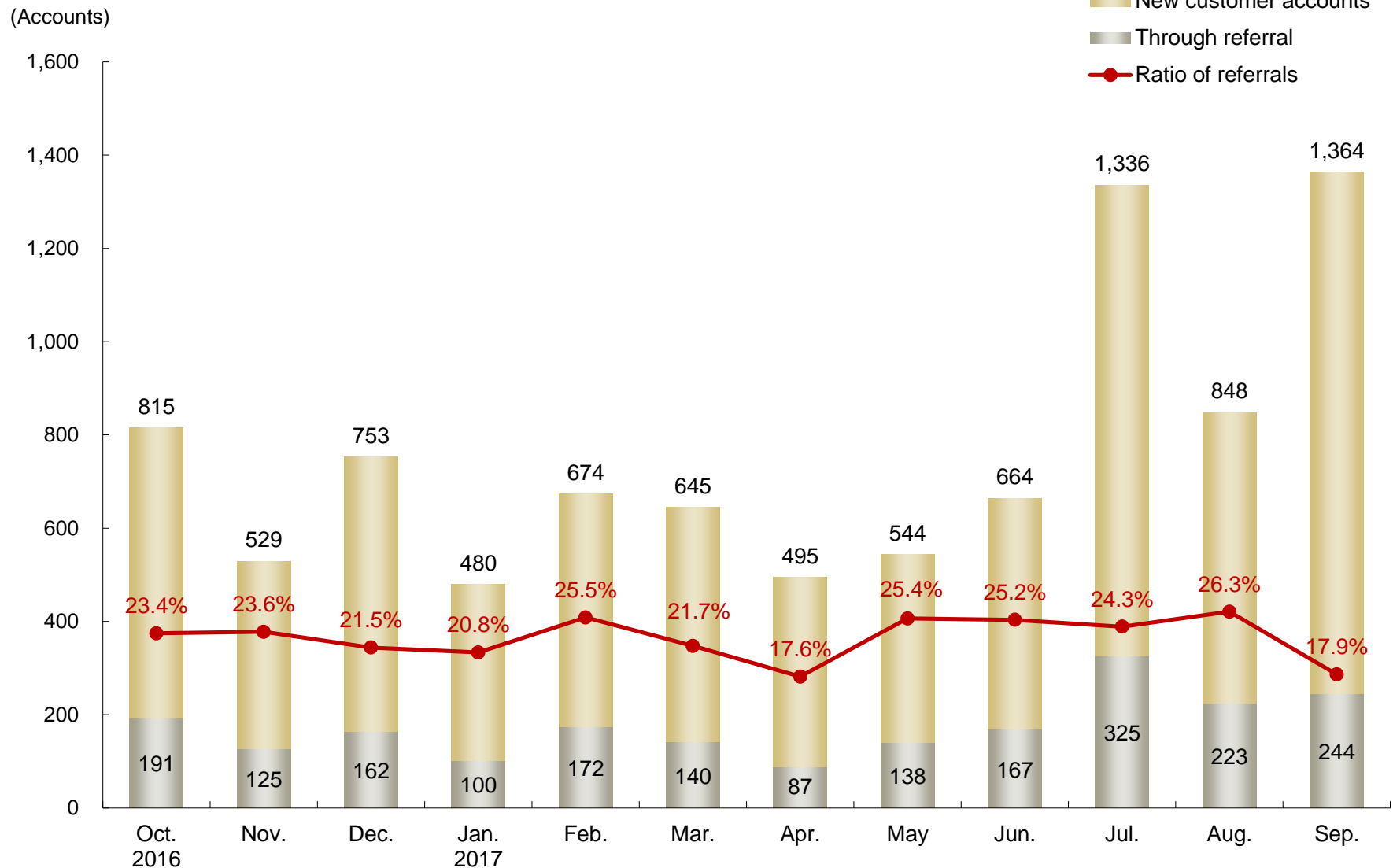
## 6. Number of Customer Accounts 【Retail】

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

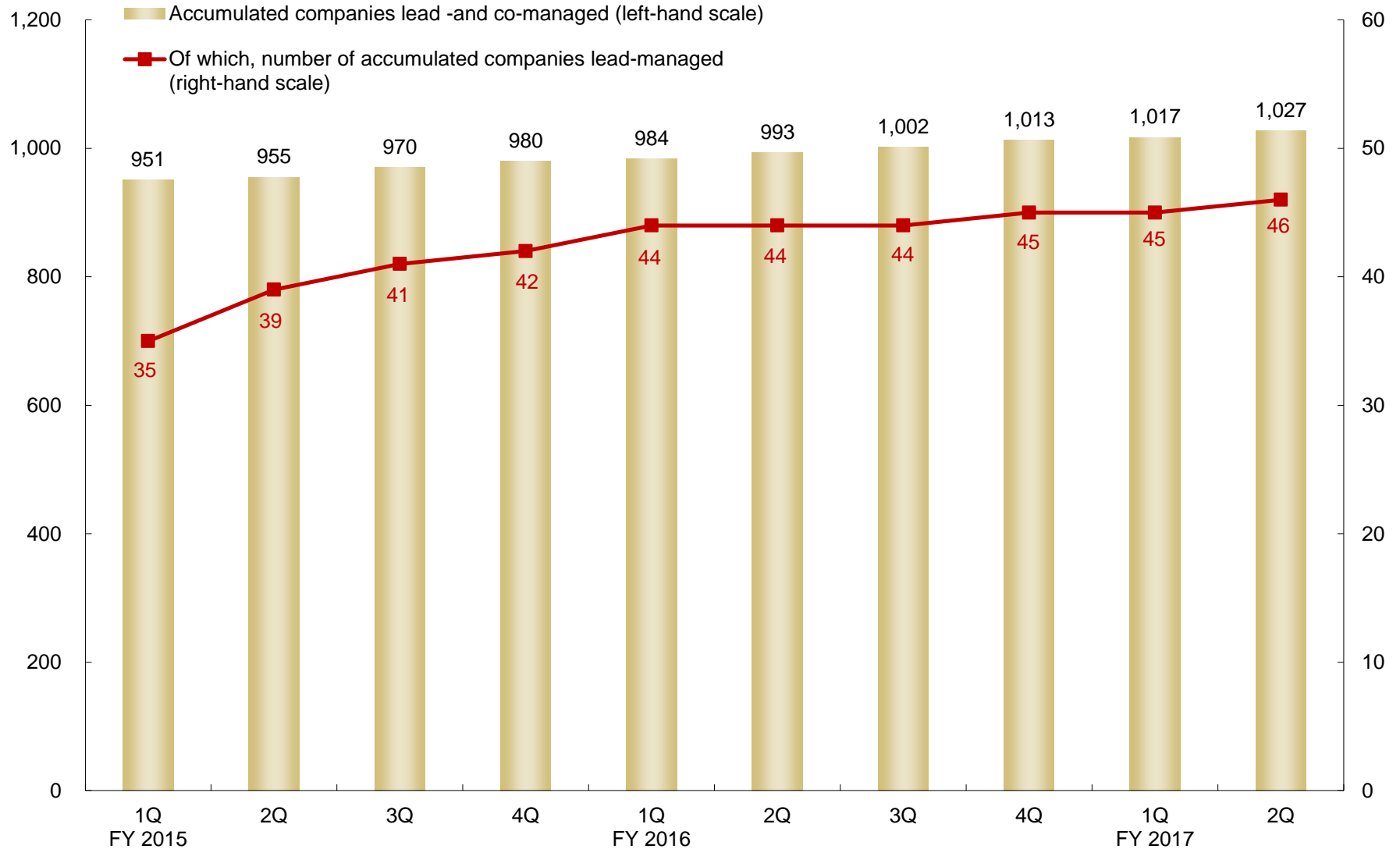
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(Companies)

(Companies)



## **III: Quarterly Transition**

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(JPY mil.)

	FY 2016				FY 2017		Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q		
Operating revenue	5,273	4,772	5,053	5,614	5,866	6,535	11.4%	36.9%
Operating cost & expenses	4,118	3,985	4,060	4,181	4,347	4,361	0.3%	9.4%
Current income	821	490	681	1,083	1,165	1,872	60.7%	281.7%
Extraordinary income	40	2	0	27	60	4	-92.0%	81.6%
Extraordinary loss	11	66	0	16	65	11	-82.3%	-82.4%
Corporate tax	137	99	66	532	281	796	183.0%	702.6%
Tax adjustment	158	-139	177	-179	89	-184	—	—
Net income attributable to shareholders of parent company	552	465	433	731	785	1,249	58.9%	168.3%

## 2. Breakdown of Net Operating Revenue

(JPY mil.)

	FY 2016				FY 2017		Quarter-on- quarter	Year-on- year
	1Q	2Q	3Q	4Q	1Q	2Q		
Commission revenue	4,808	4,354	4,590	5,104	5,376	6,096	13.4%	40.0%
Gains on trading	34	51	62	61	32	36	13.0%	-29.6%
Interest and dividend income	56	52	65	62	67	71	5.7%	35.3%
Other operating revenue	374	313	335	386	390	331	-15.0%	5.7%
Interest expenses	10	13	22	18	20	19	-7.7%	41.2%
Other operating expenses	345	290	316	356	354	307	-13.1%	5.9%
Total	4,917	4,467	4,714	5,238	5,491	6,208	13.1%	39.0%

### 3. Breakdown of Commission Revenue

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(JPY mil.)

FY 2016				FY 2017		Quarter-on- quarter	Year-on- year
1Q	2Q	3Q	4Q	1Q	2Q		

#### Brokerage (Major item)

Stocks	1,787	1,330	1,852	1,841	2,137	2,230	4.4%	67.7%
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#### Distribution (Major item)

Investment trusts sales charge	1,313	1,533	1,147	1,562	1,600	1,784	11.5%	16.4%
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#### Underwriting (Major items)

IPO	28	6	54	19	6	103	-	-
PO	205	6	16	25	2	140	-	-
Total	233	12	70	44	8	244	-	-

#### Others (Major items)

Investment trusts (trailer fees and others)	1,249	1,253	1,299	1,386	1,455	1,641	12.9%	31.0%
Other than investment trusts	135	144	140	172	104	146	40.3%	1.1%
Total	1,385	1,398	1,439	1,559	1,559	1,788	14.7%	27.9%

## 4. Breakdown of Gains on Trading

(JPY mil.)

	FY 2016				FY 2017		Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q	2Q		
Stocks, etc.	-5	29	20	38	11	12	9.3%	-57.6%
Bonds ・ Forex, etc.	40	21	41	22	20	23	15.0%	8.4%
(Bonds, etc.)	(40)	(10)	(35)	(19)	(16)	(19)	14.2%	76.8%
(Forex, etc.)	(-0)	(10)	(6)	(3)	(3)	(4)	18.4%	-60.5%
Total	34	51	62	61	32	36	13.0%	-29.6%

(JPY mil.)

	FY 2016				FY 2017		Quarter-on- quarter	Year-on- year
	1Q	2Q	3Q	4Q	1Q	2Q		
Transaction related expenses	433	366	379	421	430	448	4.4%	22.5%
Personnel expenses	2,292	2,317	2,309	2,335	2,470	2,516	1.8%	8.6%
Property related expenses	464	451	445	454	484	472	-2.5%	4.6%
Clerical expenses	584	552	624	633	601	577	-3.9%	4.6%
Depreciation	98	99	98	110	102	106	4.2%	7.2%
Public charges	75	67	71	86	79	93	18.5%	39.3%
Allowances for doubtful accounts	—	—	—	—	0	0	—	—
Others	169	131	131	140	180	145	-19.1%	11.2%
Total	4,118	3,985	4,060	4,181	4,347	4,361	0.3%	9.4%

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

Fixed cost	3,040	2,966	2,986	3,018	3,103	3,031	-2.3%	2.2%
Variable cost	1,001	928	961	1,038	1,121	1,175	4.8%	26.7%

(JPY mil.)

FY 2016				FY 2017		Quarter-on-quarter	Year-on-year
1Q	2Q	3Q	4Q	1Q	2Q		

Assets								
Current assets	39,071	42,058	43,986	47,533	44,471	60,376	35.8%	43.6%
Fixed assets	6,352	5,919	6,102	6,173	6,075	6,109	0.6%	3.2%
Total assets	45,423	47,977	50,089	53,706	50,546	66,485	31.5%	38.6%

Liabilities								
Current liabilities	12,483	14,802	17,227	20,081	16,797	31,333	86.5%	111.7%
Fixed liabilities	347	339	350	344	341	344	0.7%	1.3%
Total liabilities	13,011	15,323	17,758	20,607	17,319	31,858	83.9%	107.9%

Net worth								
Net worth	32,412	32,654	32,330	33,099	33,226	34,627	4.2%	6.0%
Total liabilities & net worth	45,423	47,977	50,089	53,706	50,546	66,485	31.5%	38.6%



	FY 2016				FY 2017		Quarter-on- quarter	Year-on- year
	1Q	2Q	3Q	4Q	1Q	2Q		
Total assets (JPY mil.)	45,423	47,977	50,089	53,706	50,546	66,485	31.5%	38.6%
Net worth (JPY mil.)	32,412	32,654	32,330	33,099	33,226	34,627	4.2%	6.0%
Equity ratio (%)	70.8	67.5	64.0	61.1	65.1	51.6	—	—
Net worth per share (JPY)	745.74	755.39	751.88	769.18	771.83	804.62	—	—
Capital adequacy ratio (%) (non-consolidated basis)	580.8	592.6	584.0	591.9	593.2	606.8	—	—
EPS (JPY)	12.79	23.60	33.77	50.89	18.43	47.71	—	—
ROE (%)	1.7	3.1	4.4	6.6	2.4	6.1	—	—

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