

IR Presentation for First quarter, year ended March 2018



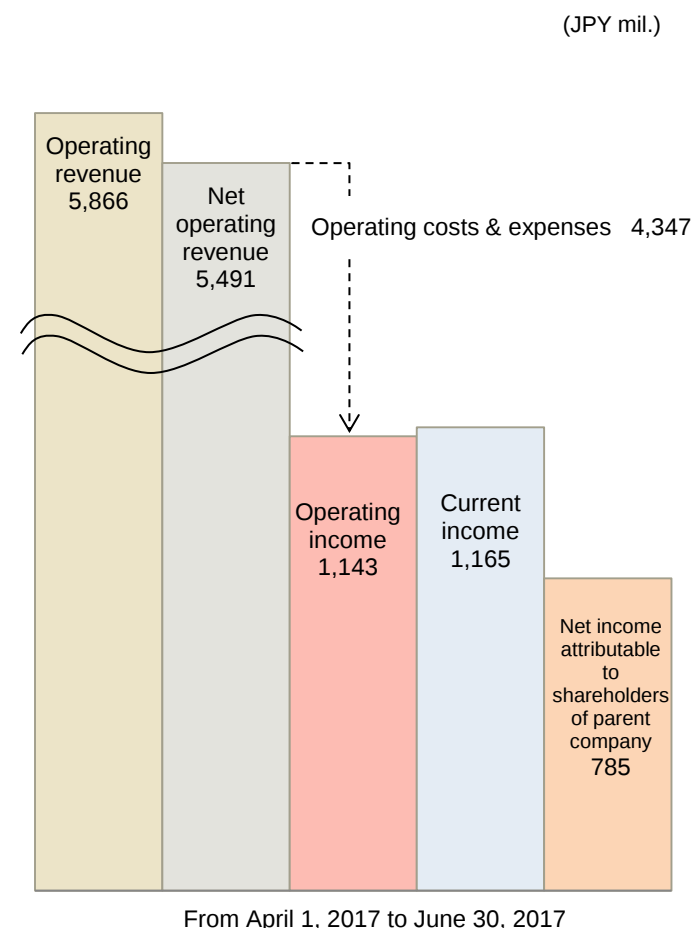
**Ichiyoshi Securities Co., Ltd.
July 2017**

I . Business Results (Consolidated)

1. Profit & Loss

- ◆ Operating revenue amounted to 5,866 million yen, an increase of 592 million yen (up 11.2%) from the year-earlier period.
- ◆ Current income amounted to 1,165 million yen, an increase of 343 million yen (up 41.8%) from the year-earlier period.
- ◆ Net income attributable to shareholders of parent company amounted to 785 million yen, an increase of 233 million yen (up 42.2%) from the year-earlier period.

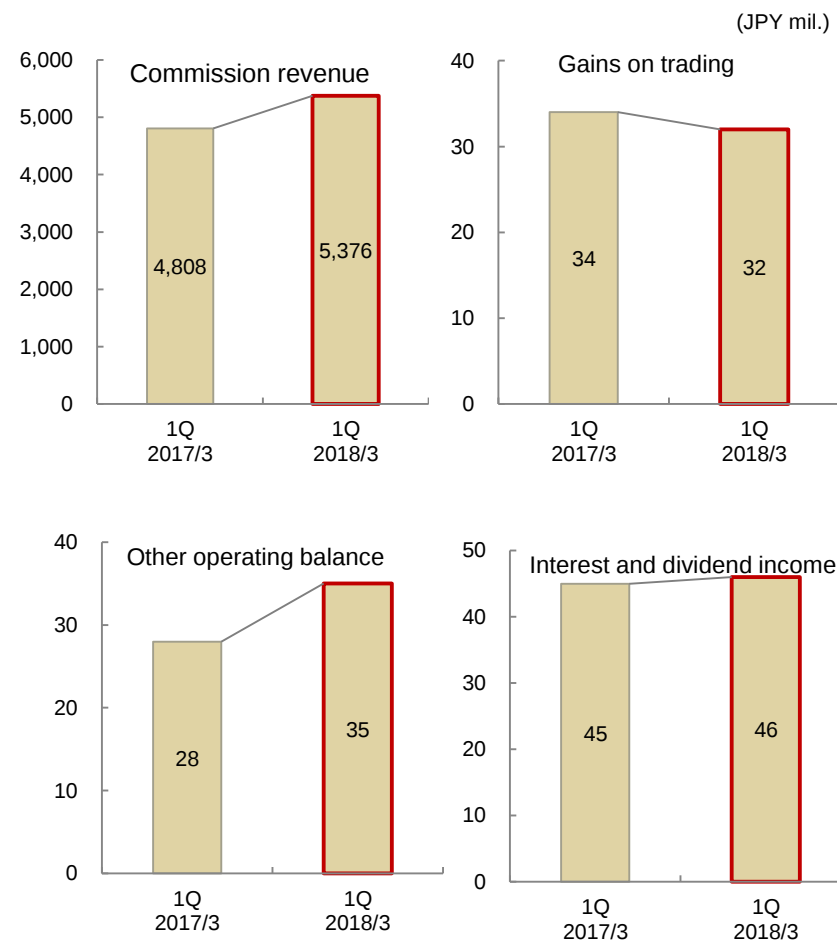
	2017/3 1Q	2018/3 1Q	Year-on-year (%)	Year-on-year
Operating revenue	5,273	5,866	11.2%	592
Net operating revenue	4,917	5,491	11.7%	573
Operating costs & expenses	4,118	4,347	5.6%	229
Operating income	798	1,143	43.2%	344
Current income	821	1,165	41.8%	343
Extraordinary income and loss	29	-4	—	-34
Income taxes	296	370	25.0%	74
Net income attributable to shareholders of parent company	552	785	42.2%	233



2. Breakdown of Net Operating Revenue

- ◆Commission revenue amounted to 5,376 million yen, an increase of 568 million yen (up 11.8%) from the year-earlier period, as brokerage commissions on stocks and others swelled.
- ◆Gains on trading amounted to 32 million yen, a decrease of 2 million yen (down 8.0%) from the year-earlier period, as trading on bonds etc. slid.

	2017/3 1Q	2018/3 1Q	Year-on-year (%)	Year-on-year
Commission revenue	4,808	5,376	11.8%	568
Gains on trading	34	32	-8.0%	-2
Other operating balance	28	35	25.8%	7
Interest and dividend income	45	46	2.7%	1
Total	4,917	5,491	11.7%	573



3. Breakdown of Commission Revenue

◆ Commissions from brokerage of stocks amounted to 2,137 million yen, an increase of 349 million yen (up 19.6%) from the year-earlier period. Commissions from other sources (Investment trusts trailer fees and others) amounted to 1,559 million yen, an increase of 174 million yen (up 12.6%) from the year-earlier period, as trust fees for fund management by Ichiyoshi Asset Management Co., Ltd. grew.

◆ Fees from underwriting amounted to 8 million yen, a decrease of 224 million yen (down 96.3%) from the year-earlier period, as the Company participated in the management and underwriting of 4 initial public offerings, and managed and underwrote 1 public offering of share of other listed issuer.

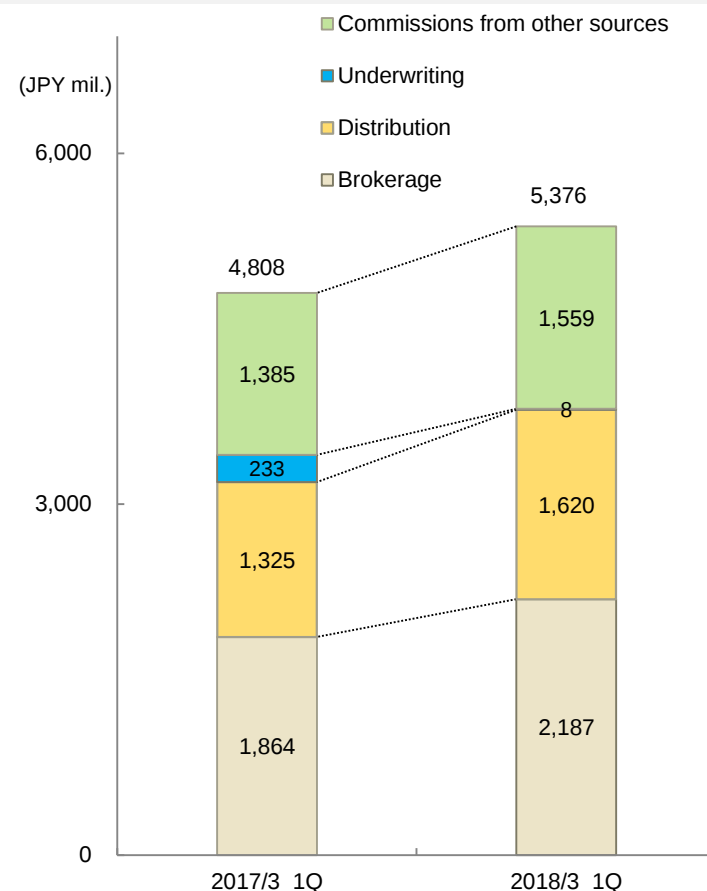
(JPY mil.)

	2017/3 1Q	2018/3 1Q	Year-on-year (%)	Year-on-year
Commission revenue	4,808	5,376	11.8%	568
Brokerage (Major item)				
Stocks	1,787	2,137	19.6%	349
Distribution (Major item)				
Investment trusts sales charge	1,313	1,600	21.8%	286
Underwriting (Major items)				
IPO	28	6	-76.6%	-21
PO	205	2	-99.0%	-203
Total	233	8	-96.3%	-224
Commissions from other sources (Major items)				
Investment trusts (trailer fees and others)	1,249	1,455	16.4%	205
Other than investment trusts	135	104	-23.1%	-31
Total	1,385	1,559	12.6%	174

<Reference>

(JPY 100 mil.)

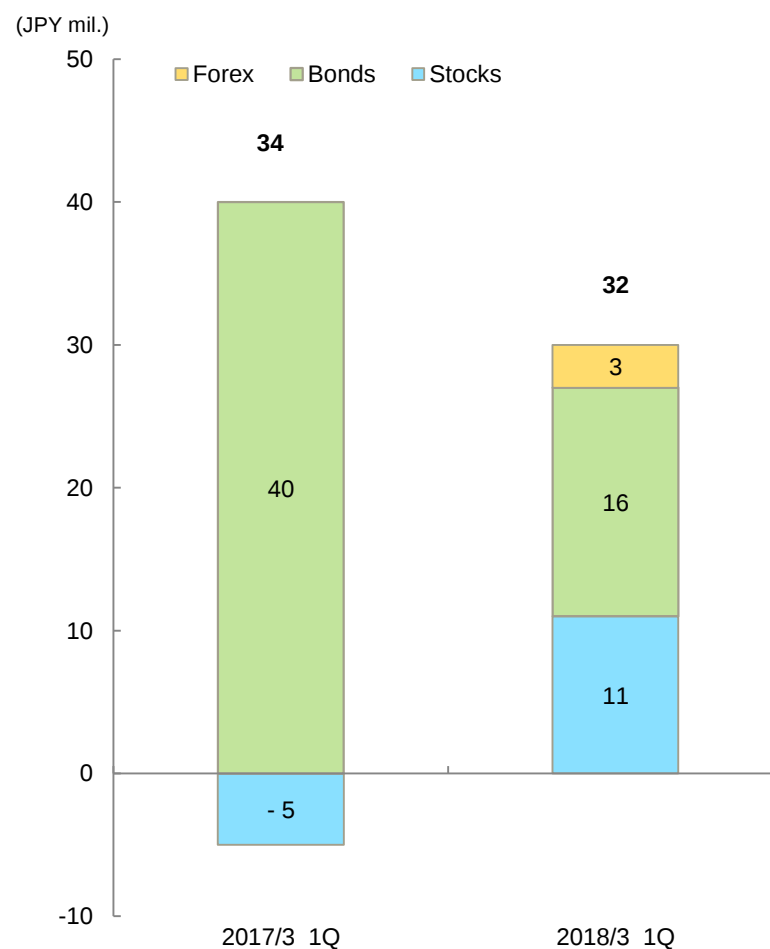
Fund Distribution	598	666	11.3%	67
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4. Breakdown of Gains on Trading

◆ Gains on trading amounted to 32 million yen, a decrease of 2 million yen (down 8.0%) from the year-earlier period, as trading on bonds, etc. slid.

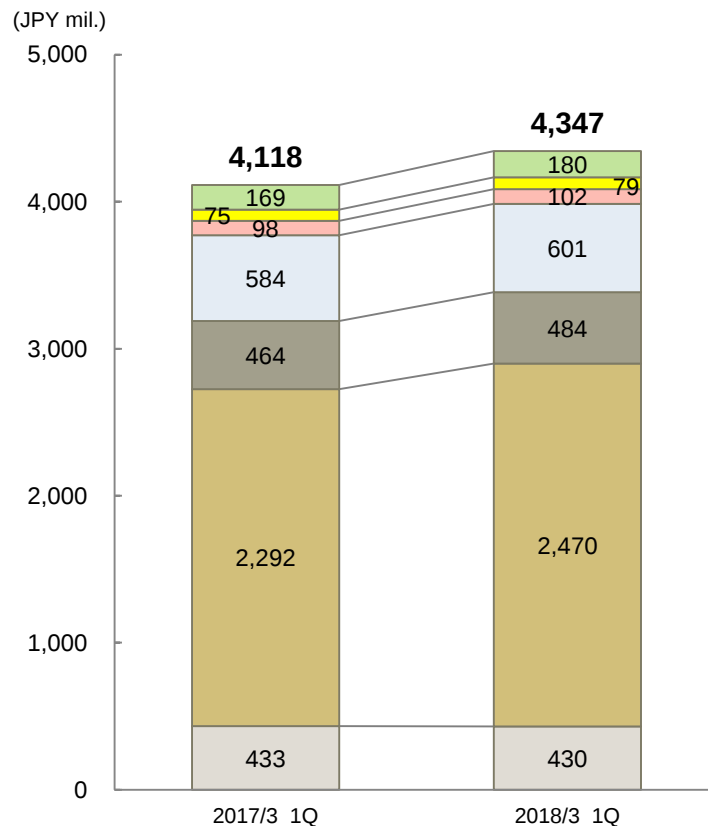
	2017/3 1Q	2018/3 1Q	Year-on-year (%)	Year-on-year
Stocks	-5	11	—	16
Bonds • Forex	40	20	-48.8%	-19
(Bonds)	(40)	(16)	-58.4%	-23
(Forex)	(-0)	(3)	—	4
Total	34	32	-8.0%	-2



5. Operating Cost and Expenses

◆Operating cost and expenses amounted to 4,347 million yen, an increase of 229 million yen (up 5.6%) from the year-earlier period, as personnel expenses and other items increased.

	2017/3 1Q	2018/3 1Q	Year-on-year (%)	Year-on-year (JPY mil.)
Transaction related expenses	433	430	-0.8%	-3
Personnel expenses	2,292	2,470	7.8%	178
Property related expenses	464	484	4.3%	19
Clerical expenses	584	601	2.8%	16
Depreciation	98	102	4.1%	4
Public charges	75	79	4.7%	3
Others	169	180	6.3%	10
Total	4,118	4,347	5.6%	229



<Reference> Fixed cost and Variable cost (2018/3 1Q, non-consolidated basis)

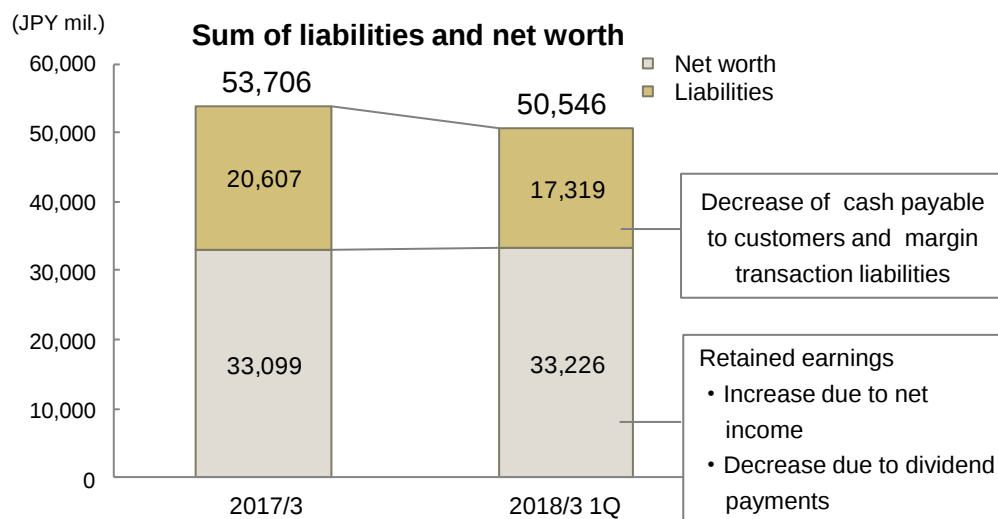
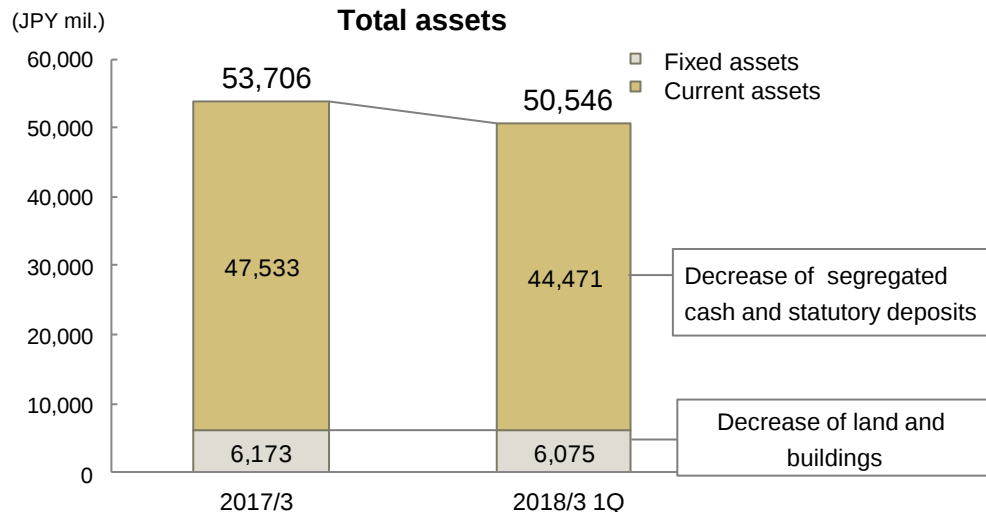
Fixed cost	3,103
Variable cost	1,121

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

6. Balance Sheets / Financial Results

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Balance sheet



Financial results

	2018/3 1Q	Year –on-year
Equity ratio (%)	65.1	4.0
Net worth per share (JPY)	771.83	2.65
Capital adequacy ratio (non-consolidated basis) (%)	593.2	1.3

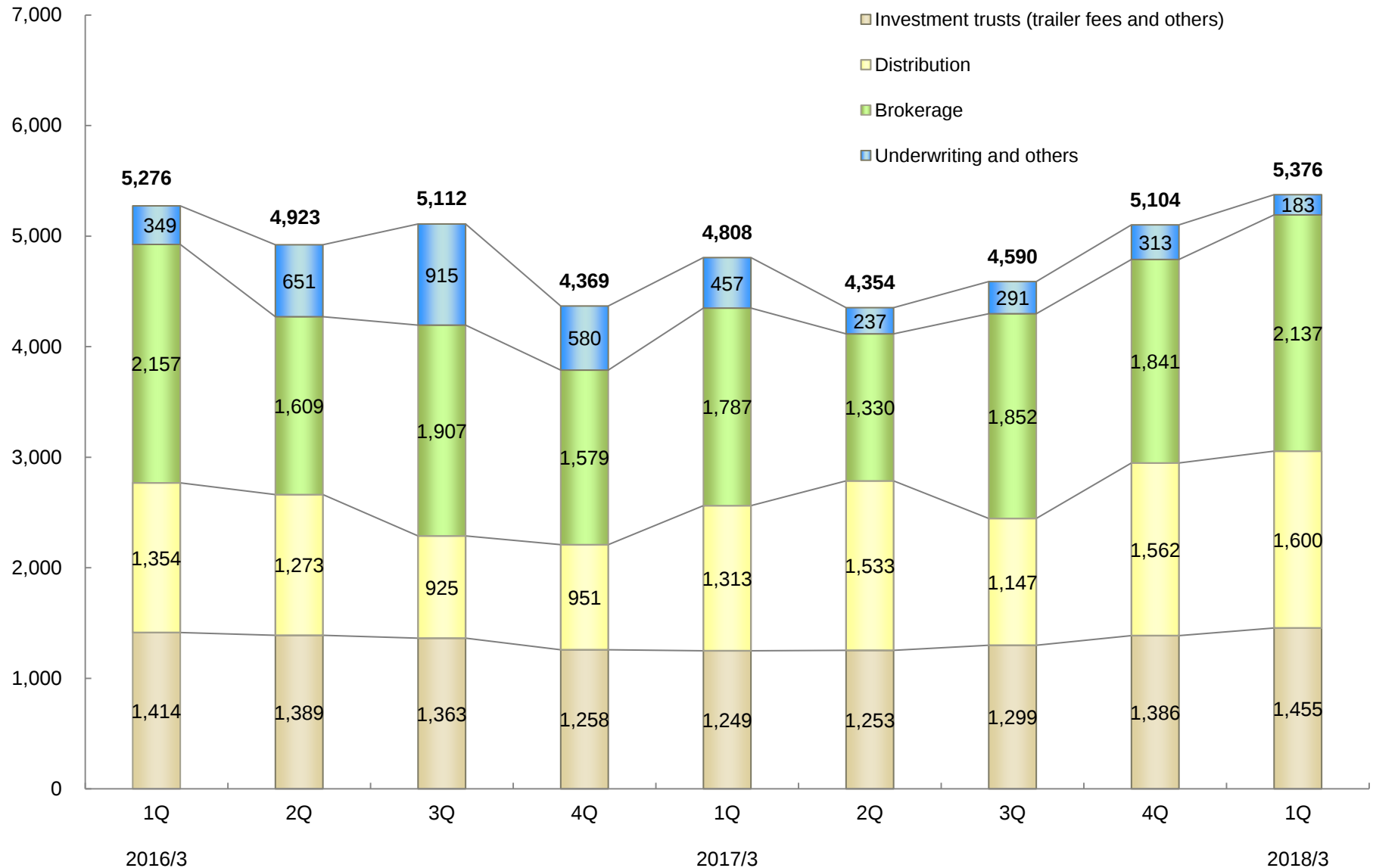
	2018/3 1Q	Year –on-year
EPS (JPY)	18.43	5.64
ROE (%)	2.4	0.7

II . Business Circumstances

1. Commission revenue

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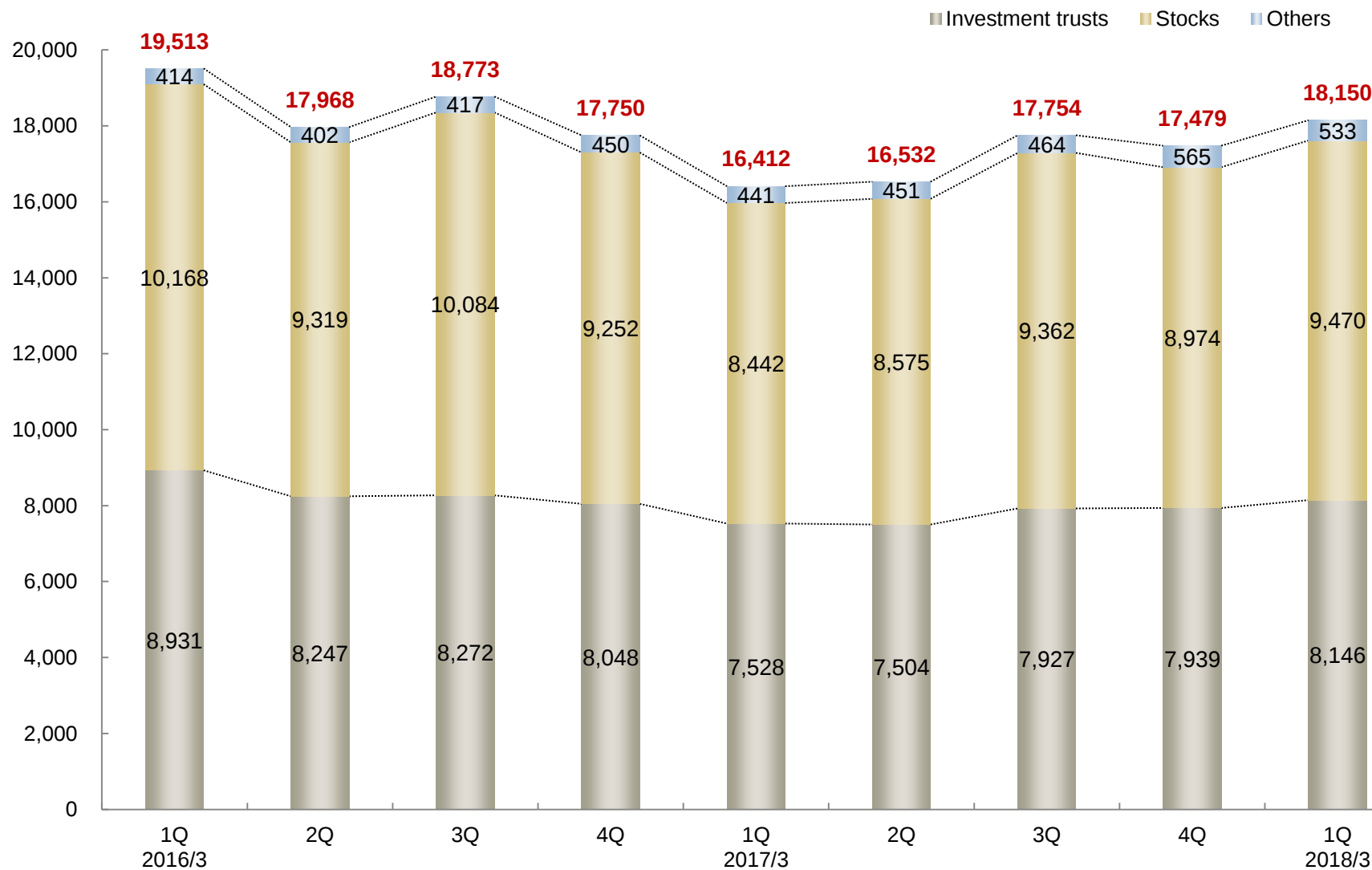
(JPY mil.)



2. Customer Assets under Custody

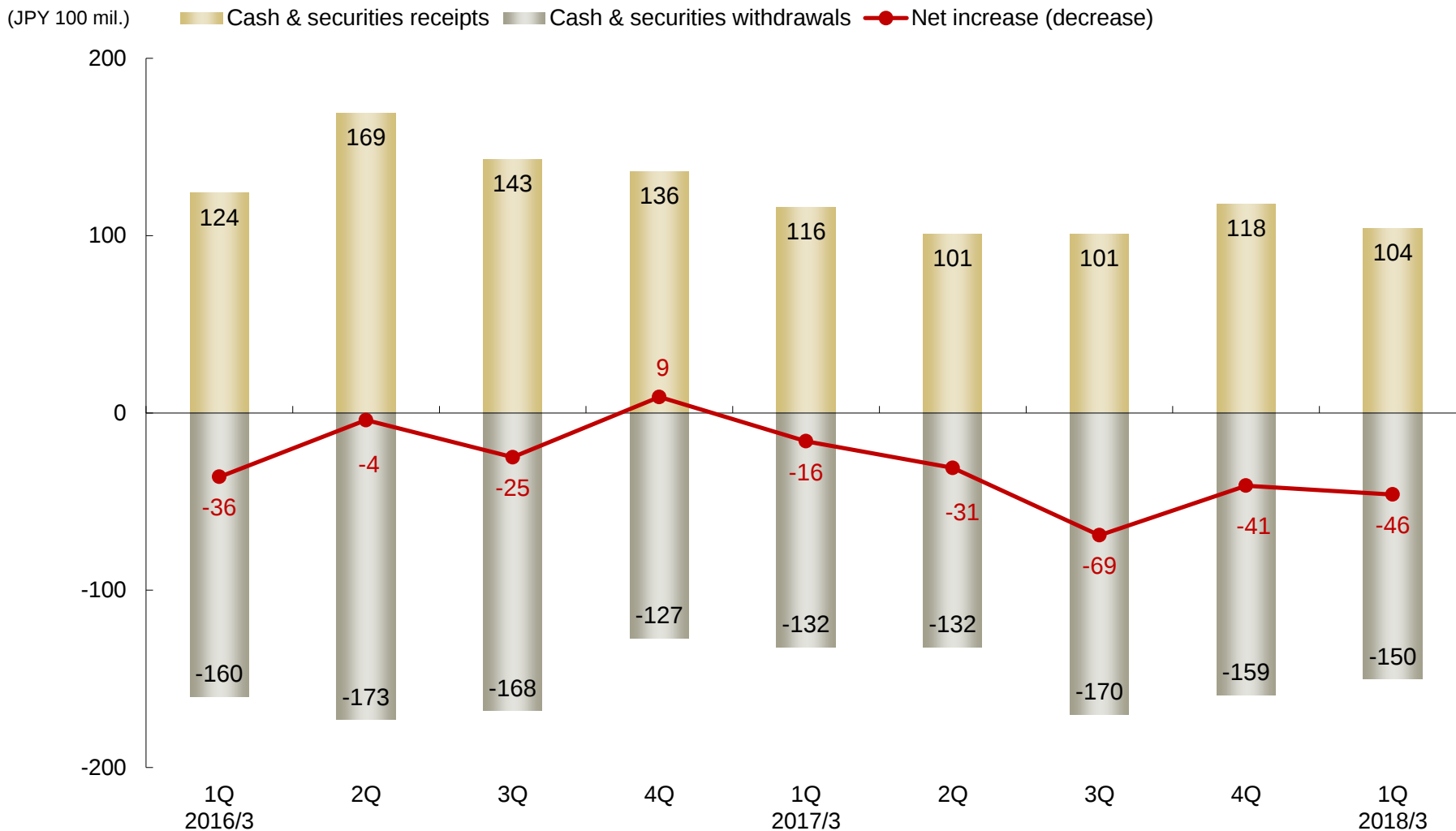
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(JPY 100 mil.)



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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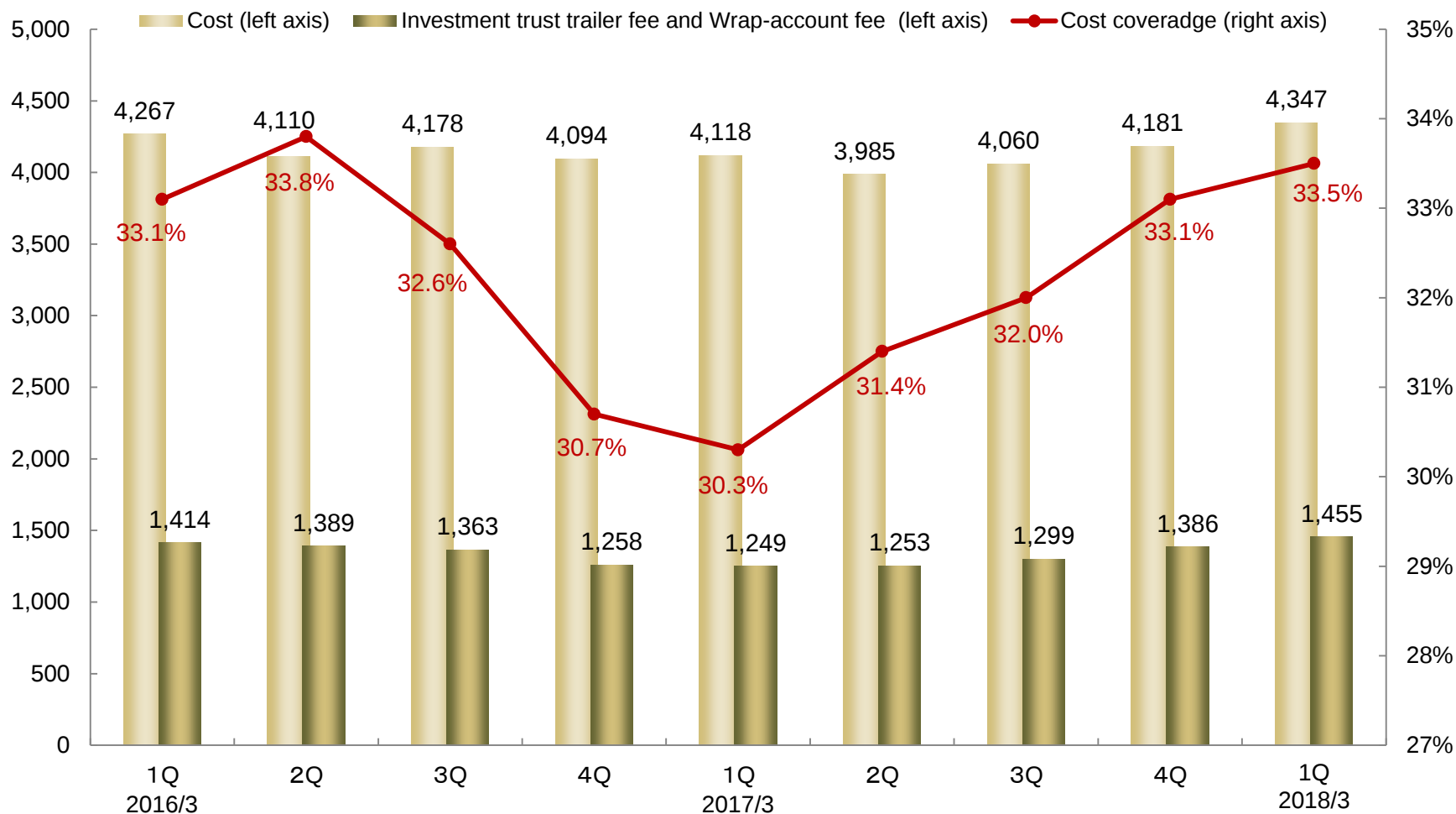
(JPY 100 mil.)

	2016/3				2017/3				2018/3
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Ichiyoshi Small-and mid -cap Growth Companies Fund					90	107	149	116	199
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
LM US Dividend Increases for Consecutive Years Stock Fund (Semi-annual settlement, every three months settlement)									50
Ichiyoshi Japan High Dividend Stock & J- REIT Fund (Quarterly settlement, Asset growth)								92	45
Shinko J-REIT Open					74	64		31	
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

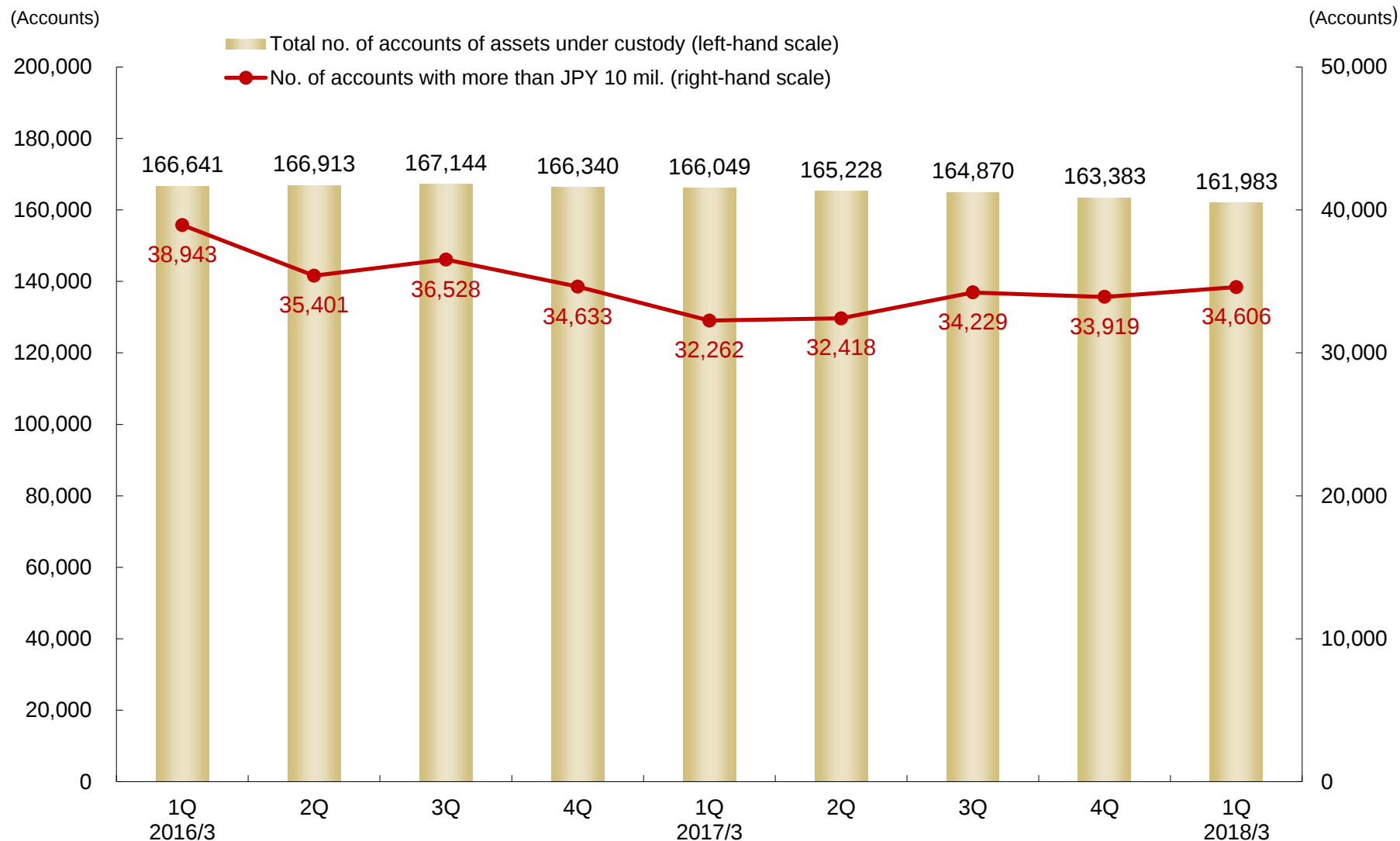
※ Cost coverage ratio = $\frac{\text{Investment trust trailer fee} + \text{Wrap-account fee}}{\text{Cost (Operating cost \& expenses)}} \times 100 (\%)$

(JPY mil.)



6. Number of Customer Accounts 【Retail】

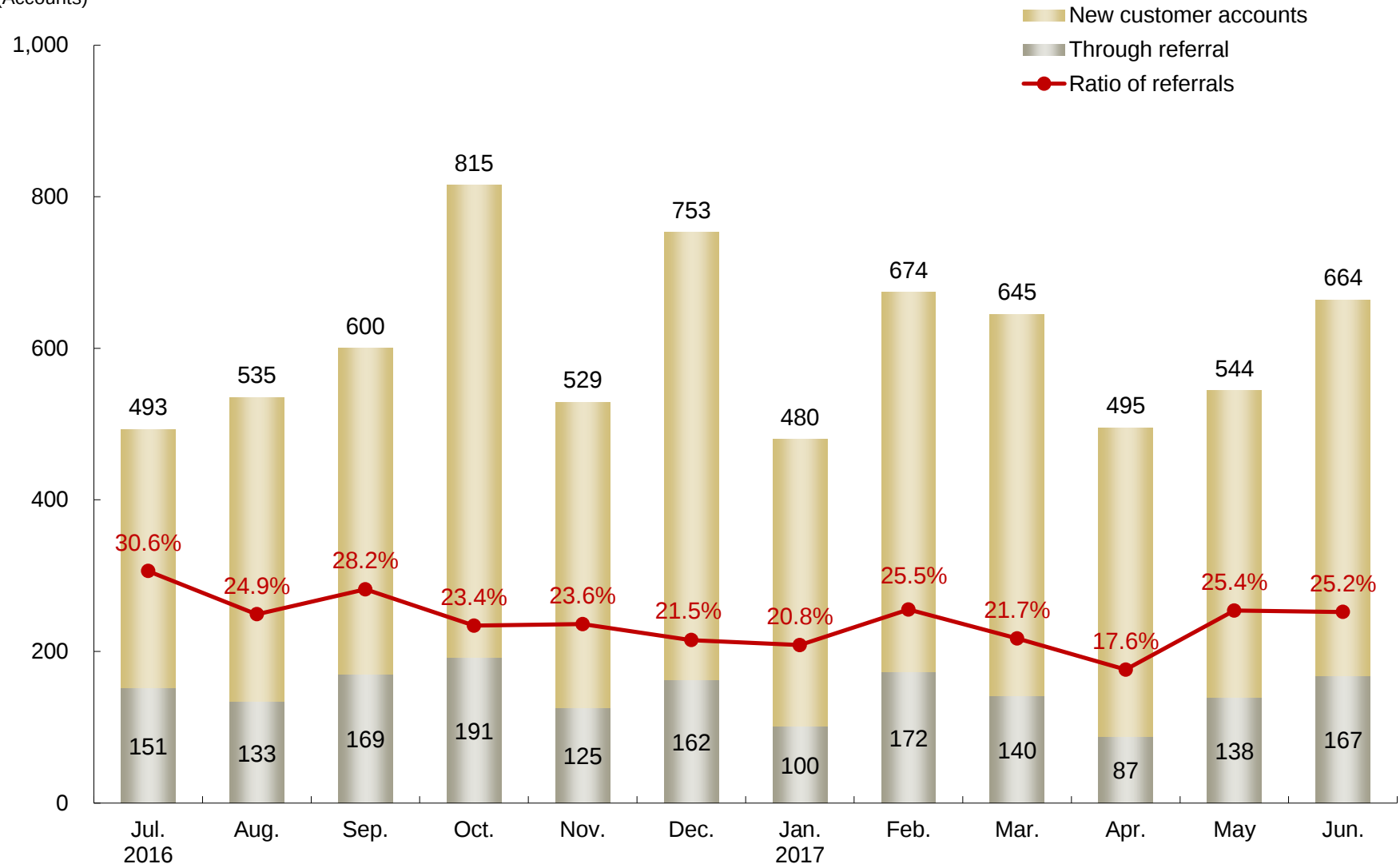
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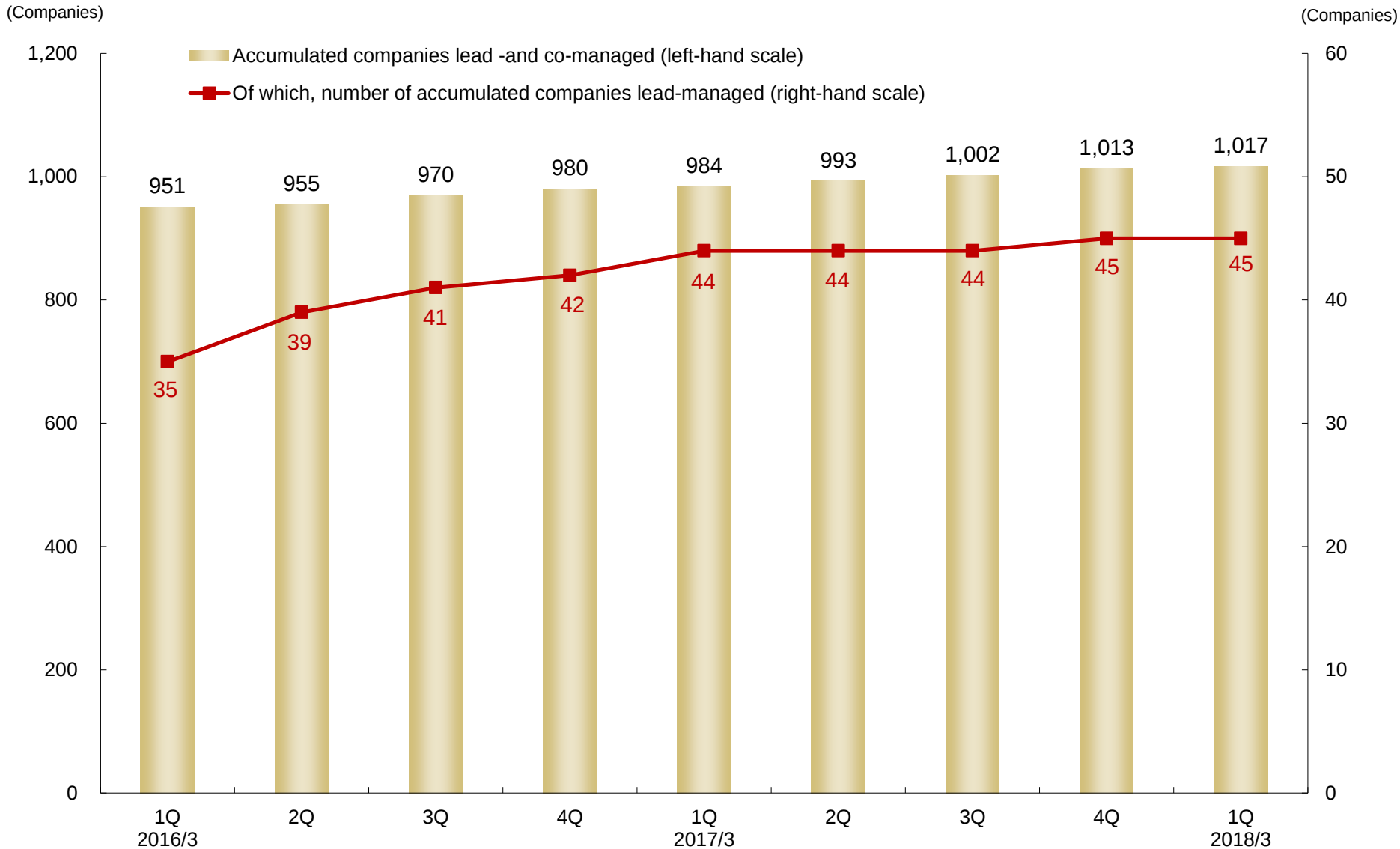
7. Number of New Customer Accounts and Ratio of Referrals 【Retail】

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(Accounts)



8. Accumulated Companies Lead- and Co-managed



III. Quarterly Transition

(JPY mil.)

	2017/3				2018/3	Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q		
Operating revenue	5,273	4,772	5,053	5,614	5,866	4.5%	11.2%
Operating cost & expenses	4,118	3,985	4,060	4,181	4,347	4.0%	5.6%
Current income	821	490	681	1,083	1,165	7.5%	41.8%
Extraordinary income	40	2	0	27	60	121.4%	49.1%
Extraordinary loss	11	66	0	16	65	310.6%	484.2%
Corporate tax	137	99	66	532	281	-47.1%	104.4%
Tax adjustment	158	-139	177	-179	89	—	-43.8%
Net income attributable to shareholders of parent company	552	465	433	731	785	7.4%	42.2%

2. Breakdown of Net Operating Revenue

(JPY mil.)

	2017/3				2018/3	Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q		
Commission revenue	4,808	4,354	4,590	5,104	5,376	5.3%	11.8%
Gains on trading	34	51	62	61	32	-47.9%	-8.0%
Interest and dividend income	56	52	65	62	67	8.7%	19.7%
Other operating revenue	374	313	335	386	390	0.8%	4.2%
Interest expenses	10	13	22	18	20	11.1%	90.1%
Other operating expenses	345	290	316	356	354	-0.8%	2.4%
Total	4,917	4,467	4,714	5,238	5,491	4.8%	11.7%

3. Breakdown of Commission Revenue

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(JPY mil.)

2017/3				2018/3	Quarter-on-quarter	Year-on-year
1Q	2Q	3Q	4Q	1Q		

Brokerage (Major item)							
Stocks	1,787	1,330	1,852	1,841	2,137	16.1%	19.6%

Distribution (Major item)							
Investment trusts sales charge	1,313	1,533	1,147	1,562	1,600	2.4%	21.8%

Underwriting (Major items)							
IPO	28	6	54	19	6	-66.5%	-76.6%
PO	205	6	16	25	2	-91.6%	-99.0%
Total	233	12	70	44	8	-80.6%	-96.3%

Others (Major items)							
Investment trusts (trailer fees and others)	1,249	1,253	1,299	1,386	1,455	4.9%	16.4%
Other than investment trusts	135	144	140	172	104	-39.7%	-23.1%
Total	1,385	1,398	1,439	1,559	1,559	-0.0%	12.6%

4. Breakdown of Gains on Trading

(JPY mil.)

	2017/3				2018/3	Quarter-on-quarter	Year-on-year
	1Q	2Q	3Q	4Q	1Q		
Stocks	-5	29	20	38	11	-70.5%	—
Bonds • Forex	40	21	41	22	20	-9.1%	-48.8%
(Bonds)	(40)	(10)	(35)	(19)	(16)	-12.2%	-58.4%
(Forex)	(-0)	(10)	(6)	(3)	(3)	8.5%	—
Total	34	51	62	61	32	-47.9%	-8.0%

	2017/3				(JPY mil.)		
	1Q	2Q	3Q	4Q	2018/3 1Q	Quarter-on- quarter	Year-on-year
Transaction related expenses	433	366	379	421	430	2.1%	-0.8%
Personnel expenses	2,292	2,317	2,309	2,335	2,470	5.8%	7.8%
Property related expenses	464	451	445	454	484	6.5%	4.3%
Clerical expenses	584	552	624	633	601	-5.1%	2.8%
Depreciation	98	99	98	110	102	-7.3%	4.1%
Public charges	75	67	71	86	79	-8.1%	4.7%
Allowances for doubtful accounts	—	—	—	—	0	—	—
Others	169	131	131	140	180	28.5%	6.3%
Total	4,118	3,985	4,060	4,181	4,347	4.0%	5.6%

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

Fixed cost	3,040	2,966	2,986	3,018	3,103	2.8%	2.1%
Variable cost	1,001	928	961	1,038	1,121	8.0%	12.0%

(JPY mil.)

2017/3				2018/3	Quarter-on- quarter	Year-on- year
1Q	2Q	3Q	4Q	1Q		

Assets							
Current assets	39,071	42,058	43,986	47,533	44,471	-6.4%	13.8%
Fixed assets	6,352	5,919	6,102	6,173	6,075	-1.6%	-4.4%
Total assets	45,423	47,977	50,089	53,706	50,546	-5.9%	11.3%

Liabilities							
Current liabilities	12,483	14,802	17,227	20,081	16,797	-16.4%	34.6%
Fixed liabilities	347	339	350	344	341	-0.8%	-1.7%
Total liabilities	13,011	15,323	17,758	20,607	17,319	-16.0%	33.1%

Net worth							
Net worth	32,412	32,654	32,330	33,099	33,226	0.4%	2.5%
Total liabilities & net worth	45,423	47,977	50,089	53,706	50,546	-5.9%	11.3%

	2017/3				2018/3	Quarter-on- quarter	Year-on- year
	1Q	2Q	3Q	4Q	1Q		
Total assets (JPY mil.)	45,423	47,977	50,089	53,706	50,546	-5.9%	11.3%
Net worth (JPY mil.)	32,412	32,654	32,330	33,099	33,226	0.4%	2.5%
Equity ratio (%)	70.8	67.5	64.0	61.1	65.1	—	—
Net worth per share (JPY)	745.74	755.39	751.88	769.18	771.83	—	—
Capital adequacy ratio (%) (non-consolidated basis)	580.8	592.6	584.0	591.9	593.2	—	—
EPS (JPY)	12.79	23.60	33.77	50.89	18.43	—	—
ROE (%)	1.7	3.1	4.4	6.6	2.4	—	—

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