

IR Presentation for Third quarter, year ending March 2020



Ichiyoshi Securities Co., Ltd.

January, 2020

: Business Result (Consolidated)

1. Profit and Loss

Operating revenue amounted to 13,951 million yen, a decrease of 2,966 million yen (down 17.5%) from the year-earlier period.

Current income: loss of 560 million yen.

Net income attributable to owners of parent: loss of 691 million yen.

| | (JPY mil.) | | | | (JPY mil.) | | | | | | |
|--|---------------|---------------|----------------------|------------------|------------|-------|-------|-------|---------|-------|-------|
| | FY 2018 3Q | FY 2019 3Q | Year-on- year (%) | Year-on- year | FY 2018 | | | | FY 2019 | | |
| | | | | | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| Operating revenue | 16,917 | 13,951 | -17.5% | -2,966 | 5,932 | 5,650 | 5,334 | 4,309 | 4,618 | 4,820 | 4,511 |
| Net operating revenue | 15,860 | 12,777 | -19.4% | -3,083 | 5,551 | 5,335 | 4,974 | 3,908 | 4,220 | 4,396 | 4,160 |
| Operating cost & expenses | 13,554 | 13,365 | -1.4% | -189 | 4,568 | 4,481 | 4,504 | 4,158 | 4,459 | 4,541 | 4,364 |
| Operating income | 2,305 | -588 | - | -2,894 | 982 | 853 | 469 | -249 | -239 | -145 | -204 |
| Current income | 2,471 | -560 | - | -3,031 | 1,067 | 919 | 484 | -232 | -218 | -183 | -158 |
| Extraordinary income & loss | 266 | 69 | -74.0% | -197 | 20 | 19 | 226 | -2 | -0 | 2 | 66 |
| Income taxes | 869 | 189 | -78.2% | -680 | 439 | 255 | 174 | -66 | -29 | 99 | 119 |
| Net income attributable to owners of parent | 1,849 | -691 | - | -2,540 | 641 | 676 | 531 | -174 | -194 | -285 | -211 |

2. Breakdown of Net Operating Revenue

Commissions amounted to 12,492 million yen, a decrease of 2,943 million yen (down 19.1%) from the year-earlier period, mainly as brokerage and distribution declined.

(JPY mil.)

| | FY 2018 3Q | FY 2019 3Q | Year-on- year (%) | Year-on- year |
|-------------------------------|---------------|---------------|----------------------|------------------|
| Commissions | 15,435 | 12,492 | -19.1% | -2,943 |
| Gains on trading | 86 | 56 | -35.4% | -30 |
| Other operating balance | 110 | 101 | -7.4% | -8 |
| Interest & dividend income | 227 | 126 | -44.4% | -101 |
| Total | 15,860 | 12,777 | -19.4% | -3,083 |

(JPY mil.)

| FY 2018 | | | | FY 2019 | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| 5,389 | 5,202 | 4,843 | 3,769 | 4,124 | 4,293 | 4,074 |
| 32 | 25 | 29 | 39 | 9 | 16 | 30 |
| 51 | 30 | 28 | 41 | 33 | 49 | 19 |
| 77 | 77 | 72 | 58 | 53 | 36 | 36 |
| 5,551 | 5,335 | 4,974 | 3,908 | 4,220 | 4,396 | 4,160 |

3. Breakdown of Commission Revenue

Brokerage commissions on stocks amounted to 3,562 million yen, a decrease of 2,211 million yen (down 38.3%) from the year-earlier period. Commissions from distribution of investment trusts amounted to 2,933 million yen, a decrease of 325 million yen (down 10.0%) from the year-earlier period. Commissions from other sources (mainly trailer fees on investment trusts) amounted to 5,121 million yen, a decrease of 154 million yen (down 2.9%) from the year-earlier period.

Commissions from underwriting amounted to 197 million yen, an decrease of 7 million yen (down 3.7%) from the year-earlier period, as the Company participated in the management and underwriting of 22 initial public offerings (of which 1 was lead-managed) and 5 public share offering in the secondary market.

| | (JPY mil.) | | | |
|--|----------------|------------|------------------|--------------|
| | FY 2018 3Q | FY 2019 3Q | Year-on-year (%) | Year-on-year |
| Commissions | 15,435 | 12,492 | -19.1% | -2,943 |
| Brokerage (Major item) | | | | |
| Stocks | 5,773 | 3,562 | -38.3% | -2,211 |
| Distribution (Major item) | | | | |
| Investment trusts | 3,259 | 2,933 | -10.0% | -325 |
| Underwriting (Major items) | | | | |
| IPO | 188 | 145 | -22.6% | -42 |
| PO | 16 | 51 | 212.1% | 35 |
| Total | 205 | 197 | -3.7% | -7 |
| Commissions from other sources (Major items) | | | | |
| Investment trusts (trailer fees, etc.) | 5,276 | 5,121 | -2.9% | -154 |
| Other than investment trusts | 619 | 496 | -19.9% | -123 |
| Total | 5,896 | 5,618 | -4.7% | -277 |
| < Reference > | | | | |
| | (JPY 100 mil.) | | | |
| Fund distribution | 2,039 | 1,652 | -19.0% | -386 |

* Including wrap-account fund sales

| | | | | (JPY mil.) | | |
|--|-------|-------|-------|------------|-------|-------|
| FY 2018 | | | | FY 2019 | | |
| 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| 5,389 | 5,202 | 4,843 | 3,769 | 4,124 | 4,293 | 4,074 |
| Brokerage (Major item) | | | | | | |
| 2,167 | 1,901 | 1,704 | 1,247 | 1,281 | 1,116 | 1,163 |
| Distribution (Major item) | | | | | | |
| 1,136 | 1,194 | 928 | 621 | 921 | 1,137 | 874 |
| Underwriting (Major items) | | | | | | |
| 11 | 11 | 165 | 21 | 7 | 116 | 22 |
| 5 | 10 | - | 39 | 3 | 7 | 40 |
| 16 | 22 | 165 | 61 | 11 | 123 | 62 |
| Commissions from other sources (Major items) | | | | | | |
| 1,759 | 1,791 | 1,724 | 1,608 | 1,679 | 1,692 | 1,749 |
| 224 | 205 | 189 | 182 | 168 | 170 | 157 |
| 1,984 | 1,996 | 1,914 | 1,790 | 1,847 | 1,862 | 1,907 |

4. Breakdown of Gains or loss on Trading

Net gains on Trading amounted to 56 million yen, a decrease of 30 million yen (down 35.4%) from the year-earlier period, chiefly as trading in bonds registered a loss.

(JPY mil.)

| | FY 2018 3Q | FY 2019 3Q | Year-on- year (%) | Year-on- year |
|---------------------|---------------|---------------|----------------------|------------------|
| Stocks, etc. | 17 | 11 | -34.2% | -5 |
| Bonds · Forex, etc. | 69 | 44 | -35.7% | -24 |
| (Bonds, etc.) | (40) | (21) | -45.9% | -18 |
| (Forex, etc.) | (29) | (22) | -21.5% | -6 |
| Total | 86 | 56 | -35.4% | -30 |

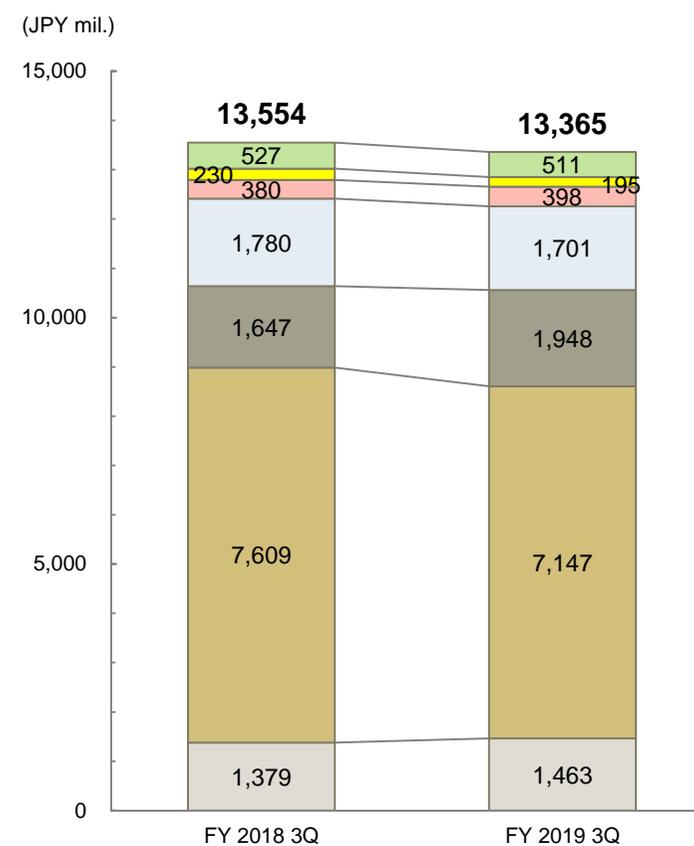
(JPY mil.)

| FY 2018 | | | | FY 2019 | | |
|-----------|-----------|-----------|-----------|----------|-----------|-----------|
| 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| 12 | 1 | 3 | 1 | -5 | 0 | 16 |
| 20 | 23 | 25 | 37 | 15 | 15 | 14 |
| (13) | (12) | (14) | (9) | (7) | (7) | (7) |
| (7) | (11) | (11) | (28) | (7) | (8) | (6) |
| 32 | 25 | 29 | 39 | 9 | 16 | 30 |

5. Operating Cost and Expenses

Operating cost and expenses amounted to 13,365 million yen, a decrease of 189 million yen (down 1.4%) from the year-earlier period, mainly as personnel expenses declined.

| | (JPY mil.) | | | |
|------------------------------|---------------|---------------|----------------------|------------------|
| | FY 2018 3Q | FY 2019 3Q | Year-on- year (%) | Year-on- year |
| Transaction related expenses | 1,379 | 1,463 | 6.1% | 84 |
| Personnel expenses | 7,609 | 7,147 | -6.1% | -462 |
| Property related expenses | 1,647 | 1,948 | 18.3% | 301 |
| Clerical expense | 1,780 | 1,701 | -4.4% | -79 |
| Depreciation | 380 | 398 | 4.5% | 17 |
| Public charges | 230 | 195 | -14.9% | -34 |
| Others | 527 | 511 | -3.2% | -16 |
| Total | 13,554 | 13,365 | -1.4% | -189 |



< Reference > FY 2019 3Q fixed cost and variable cost (non-consolidated basis)

| | |
|---------------|-------|
| Fixed cost | 9,827 |
| Variable cost | 2,954 |

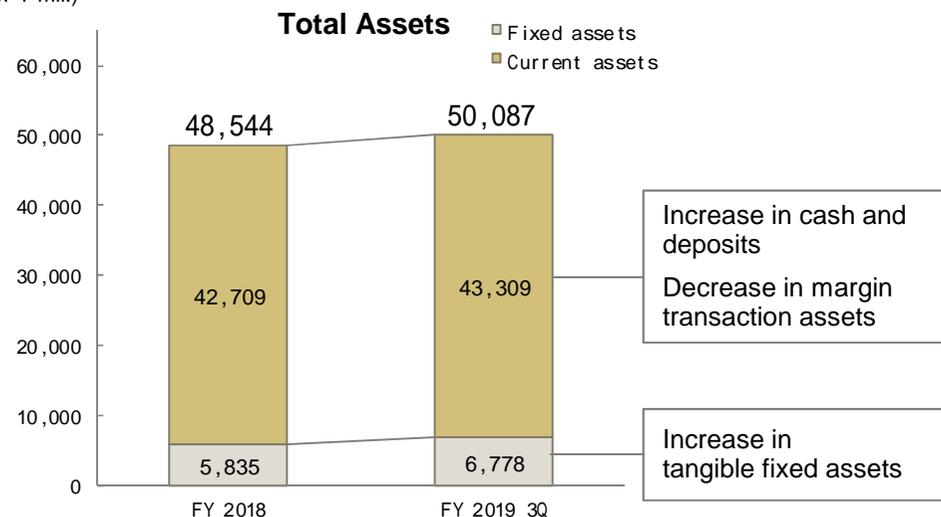
(JPY mil.)

6. Balance Sheets/Financial Result

Balance Sheets

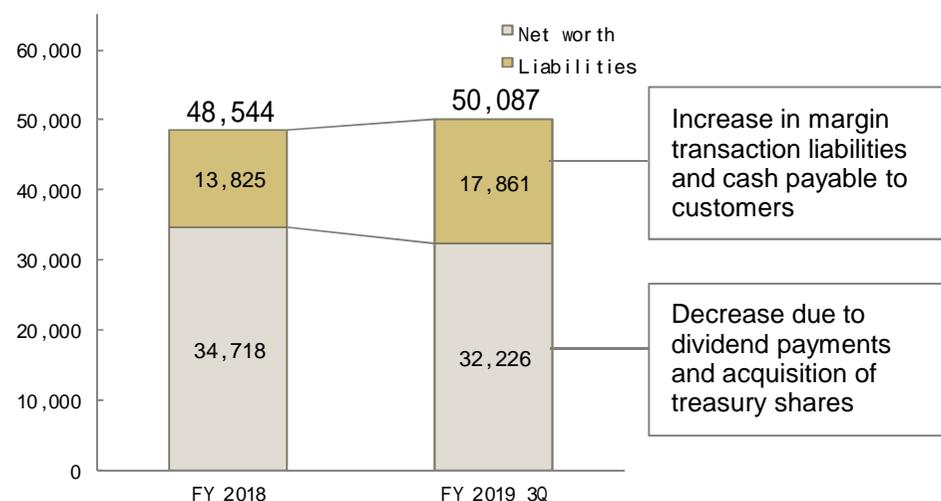
Financial Result

(JPY mil.)



(JPY mil.)

Sum of Liabilities and Net Worth



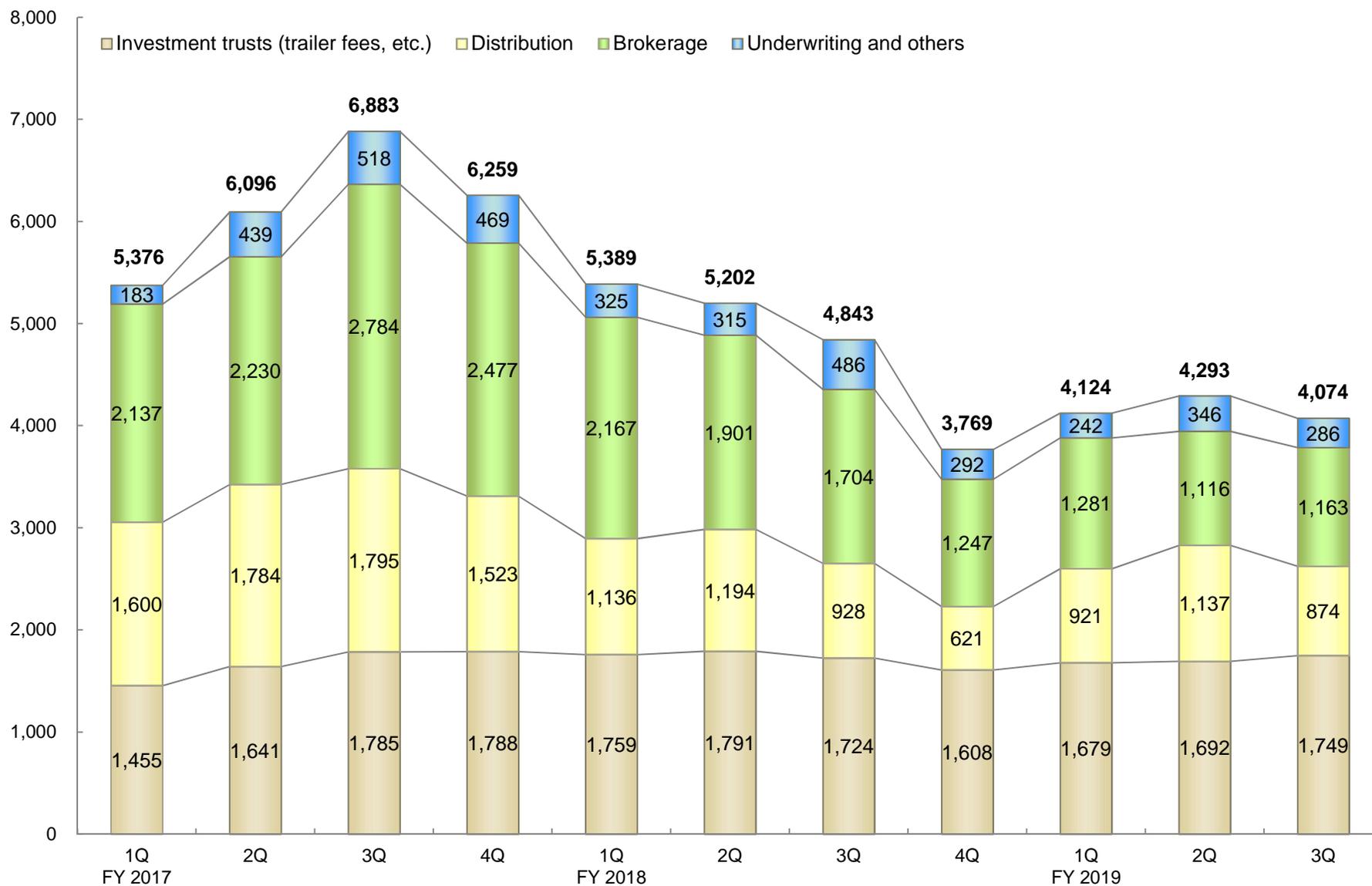
| | FY 2019 3Q | Change from Mar. 31, 2019 |
|---|------------|---------------------------|
| Equity ratio (%) | 64.2 | -7.0 |
| Net worth per share (JPY) | 778.49 | -49.04 |
| Capital adequacy ratio (non-consolidated basis) (%) | 508.7 | -44.2 |

| | FY 2019 3Q | Year-on-year |
|-----------|------------|--------------|
| EPS (JPY) | -16.69 | -59.92 |
| ROE (%) | - | - |

: Business Circumstances

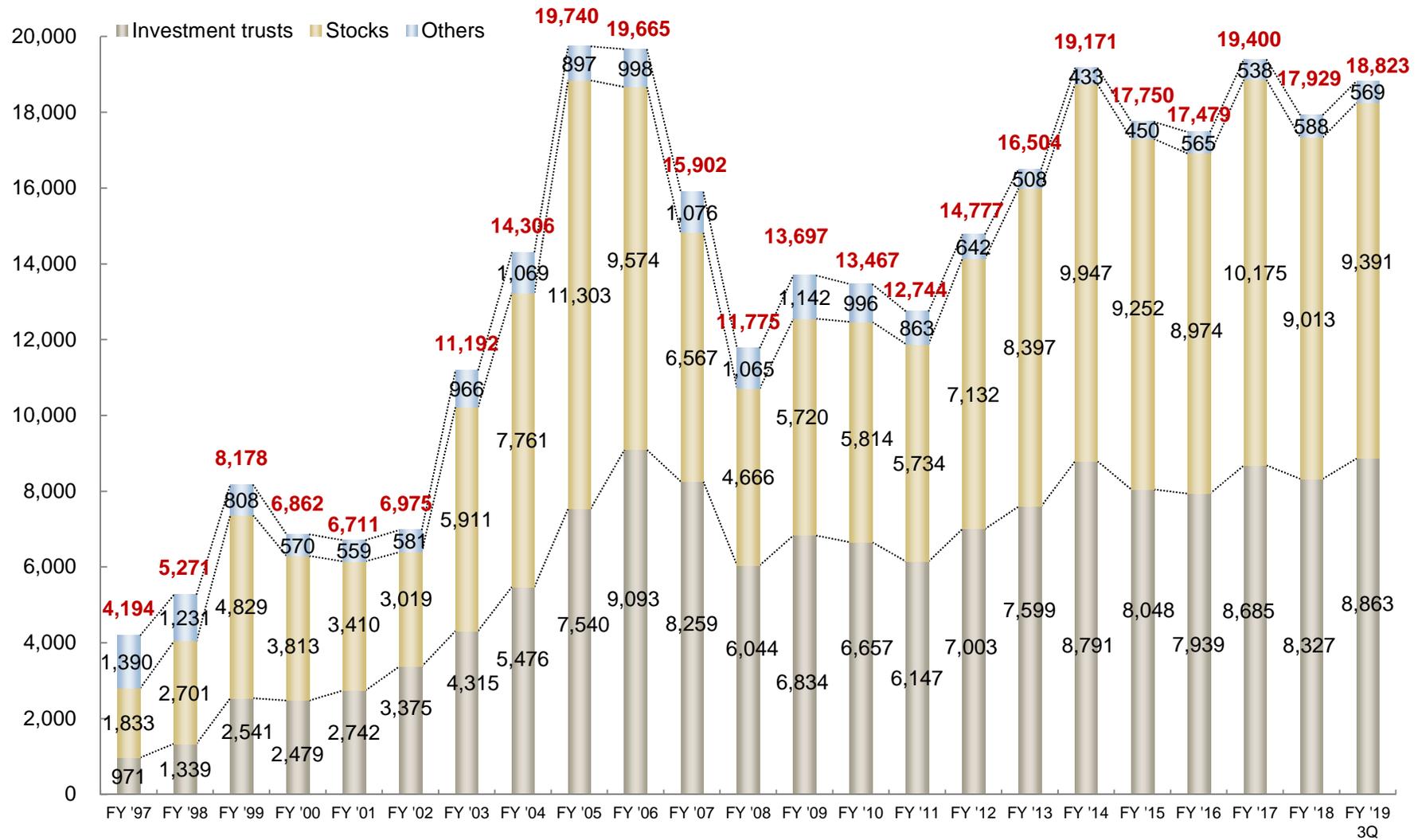
1. Commission Revenue

(JPY mil.)

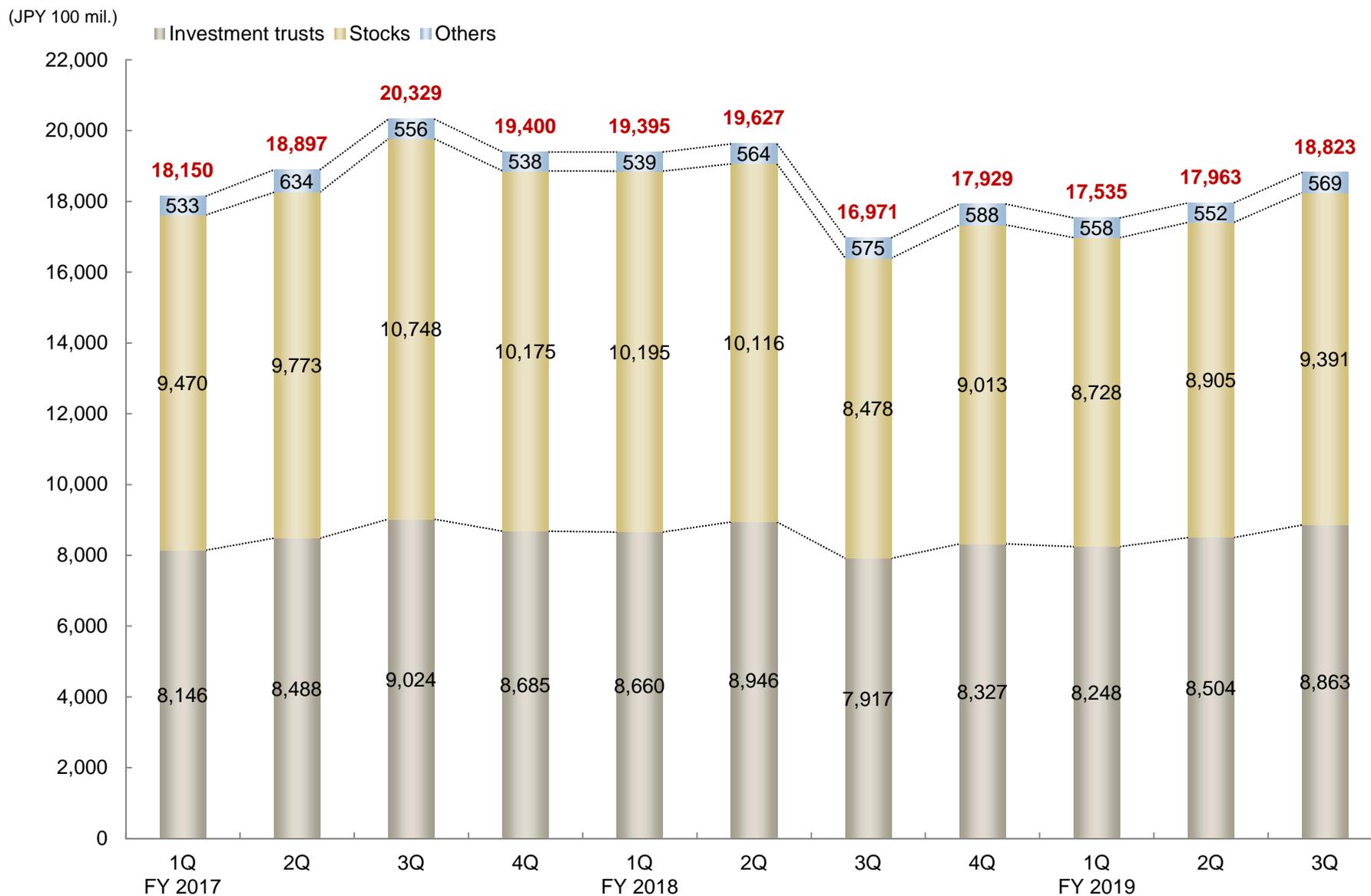


2. Customer Assets in Custody

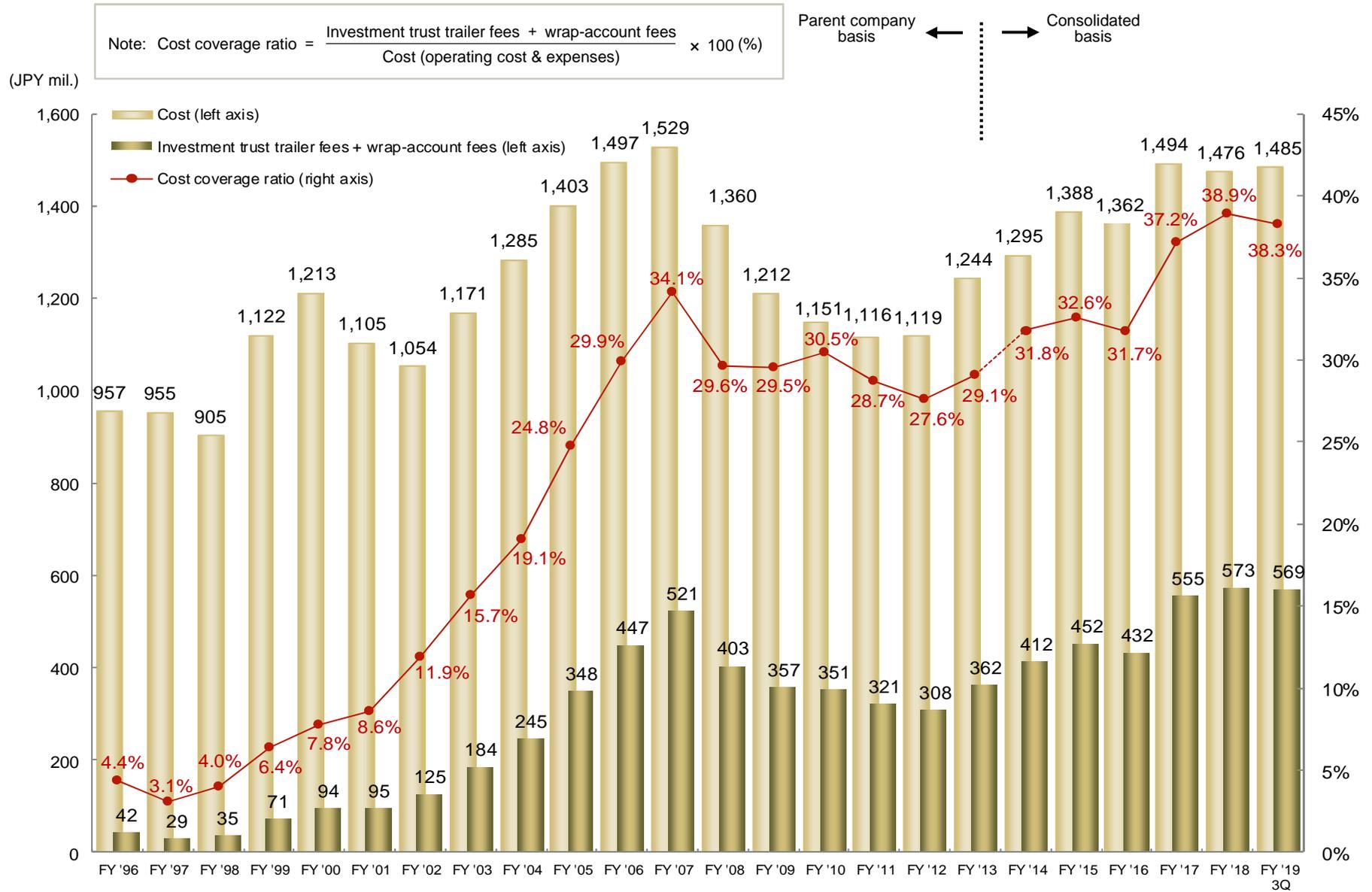
(JPY 100 mil.)



3. Quarterly Customer Assets in Custody

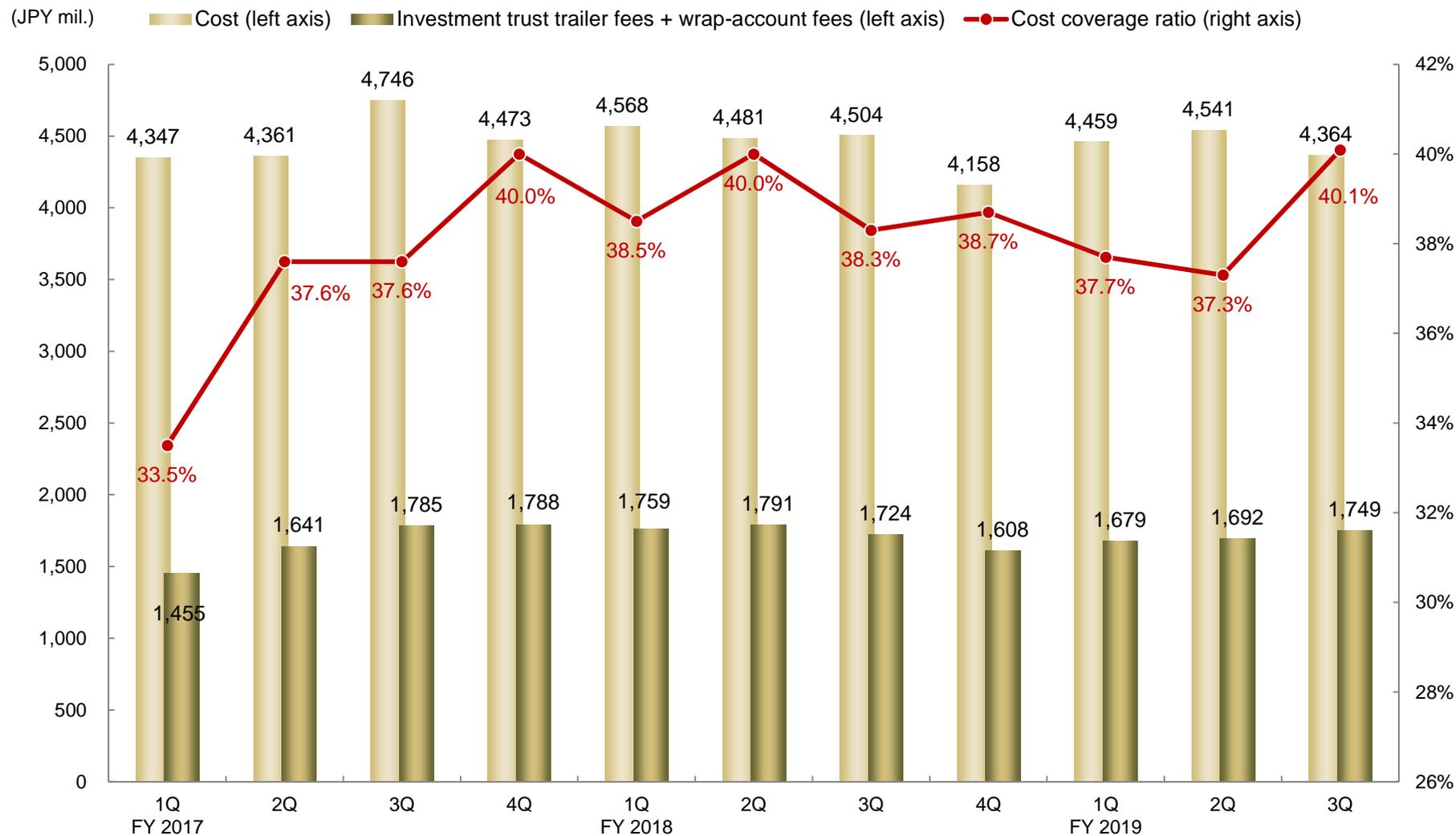


4. Trend of Investment Trust Trailer Fees and Its Cost Coverage (Month-end Average)



5. Quarterly Trend of Investment Trust Trailer Fees and Its Cost Coverage

Note: Cost coverage ratio = $\frac{\text{Investment trust trailer fees} + \text{wrap-account fees}}{\text{Cost (operating cost \& expenses)}} \times 100$ (%)



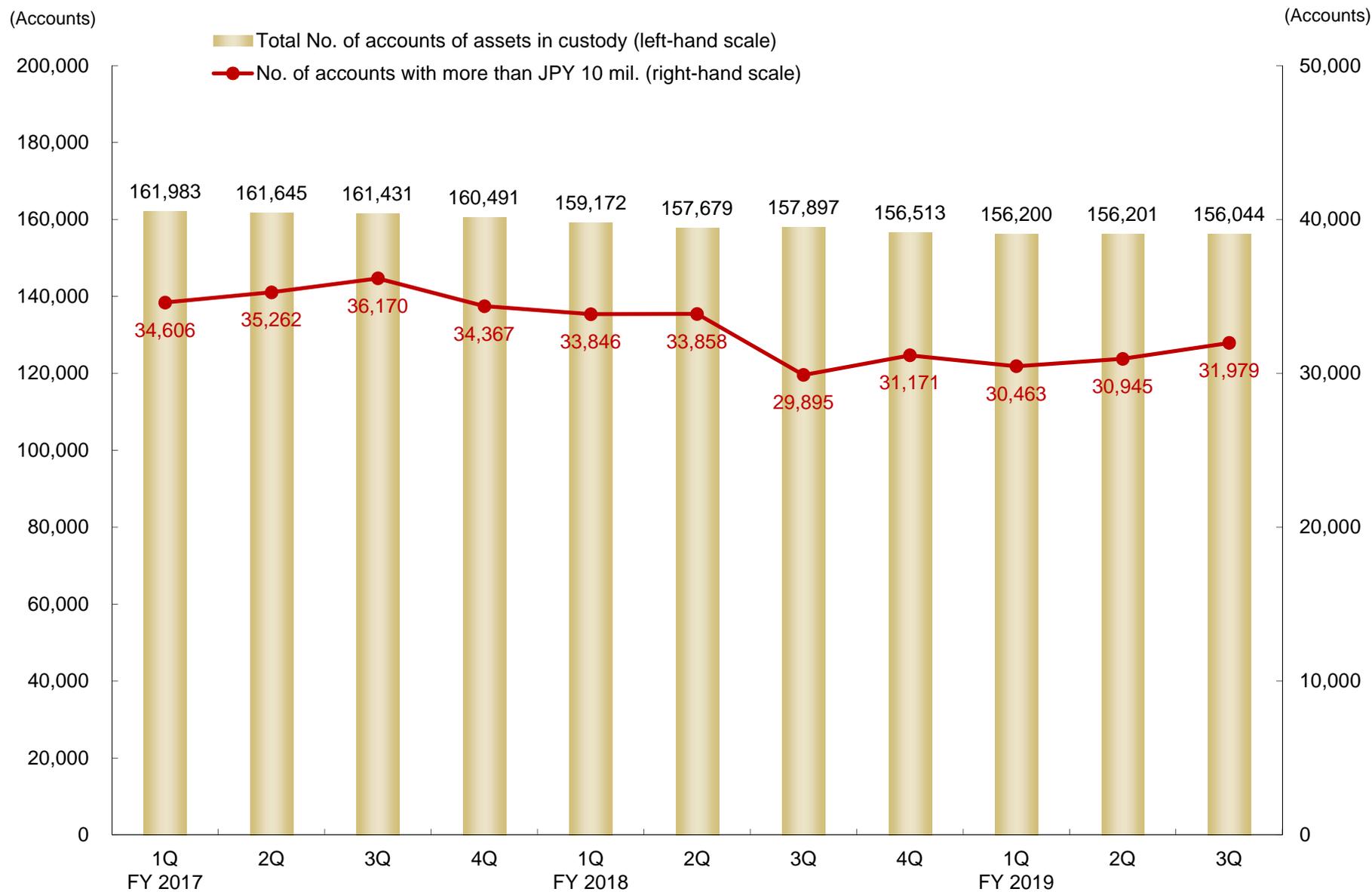
6. Top 5 Best Selling Investment Trust Funds (Total Amounts of 3 Months)

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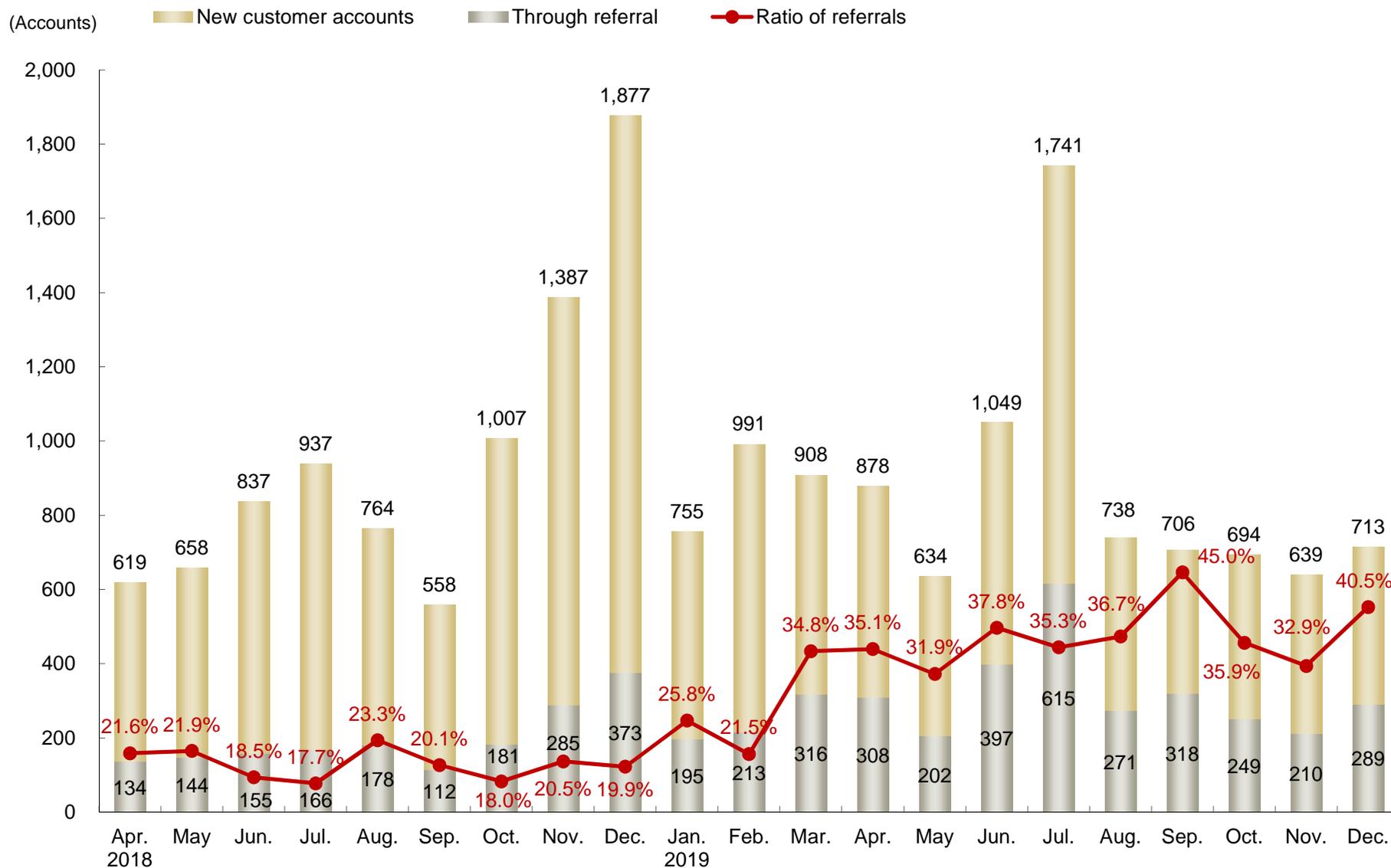
(JPY 100 mil.)

| | FY 2017 | | | | FY 2018 | | | | FY 2019 | | |
|---|---------|-----|-----|----|---------|-----|----|----|---------|-----|-----|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| Tokio Marine JPY Asset Balance Fund (Monthly Settlement/Yearly Settlement) | | | | | | | | | | 95 | 125 |
| Pictet Global Income Equity Fund (Monthly Dividend) | | | 52 | | 17 | 35 | 39 | 38 | 78 | 116 | 93 |
| Shinko J-REIT Open | | 45 | 38 | 56 | 79 | 133 | 84 | 61 | 77 | 71 | 37 |
| Fidelity US REIT Fund (A/B/C/D) | | | | | | | | | | 34 | 29 |
| LM Australia High Yield Equity Fund (Monthly Dividend) | 147 | | | | | | | | 25 | 42 | 28 |
| US Micro Cap Equity Fund | | | | | | | | | 40 | | |
| Ichiyoshi Mid-Small Cap Growth Equity Fund | 199 | 230 | | | 181 | 121 | 43 | 40 | 20 | | |
| JREIT Asia Mix Open (Monthly Settlement/Asset Growth Type) | | | | | | | | 16 | | | |
| Japan Recover Growth Equity Fund | | | | | 21 | 27 | 65 | 13 | | | |
| 100-Year-Life World Allocation Fund (3% Target Receivable Type/ 6% Target Receivable Type/Asset Growth Type) | | | | | | 45 | 37 | | | | |
| Nomura PIMCO World Income Strategy Fund (A/B/C/D) | 52 | 53 | 72 | 71 | 17 | | | | | | |
| Ichiyoshi Invesco World Mid & Small Cap Growth Equity Fund | | 98 | 150 | 95 | | | | | | | |
| Japan Mid&Small Cap Growth Equity Active Fund | | | | 80 | | | | | | | |
| Nissay JPX Nikkei 400 Active Fund (Incl. Asset Growth Type) | | | | 71 | | | | | | | |
| Ichiyoshi Japan Venture Fund | | | 240 | | | | | | | | |
| LM US Dividend Growers Equity Fund (Semi-Annual Settlement/ Quarterly Settlement) | 50 | 52 | | | | | | | | | |
| Ichiyoshi Japan Select Dividend Equity & J-REIT Fund (Quarterly Settlement Type/Asset Growth Type) | 45 | | | | | | | | | | |

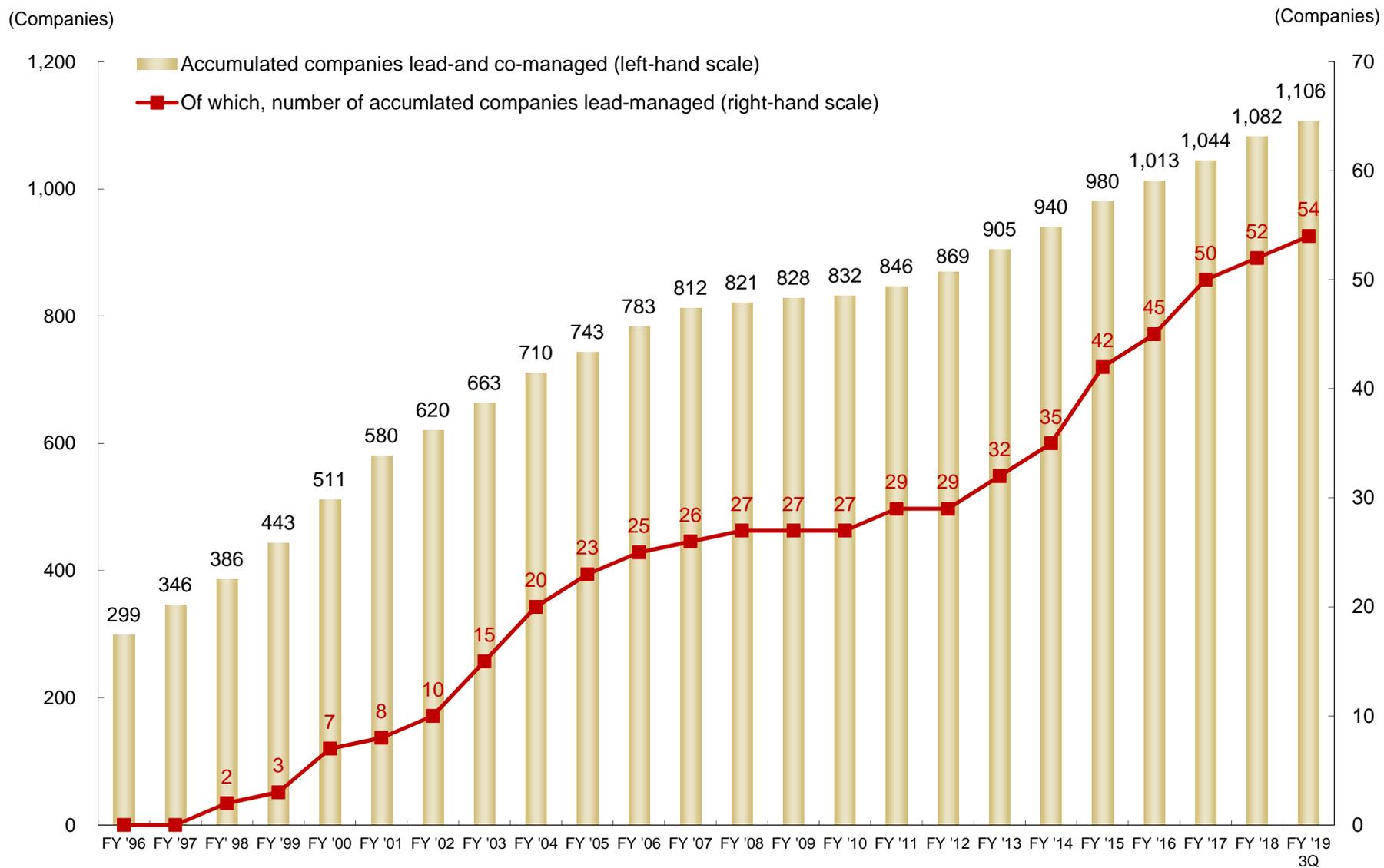
7. Number of Customer Accounts 【Retail】



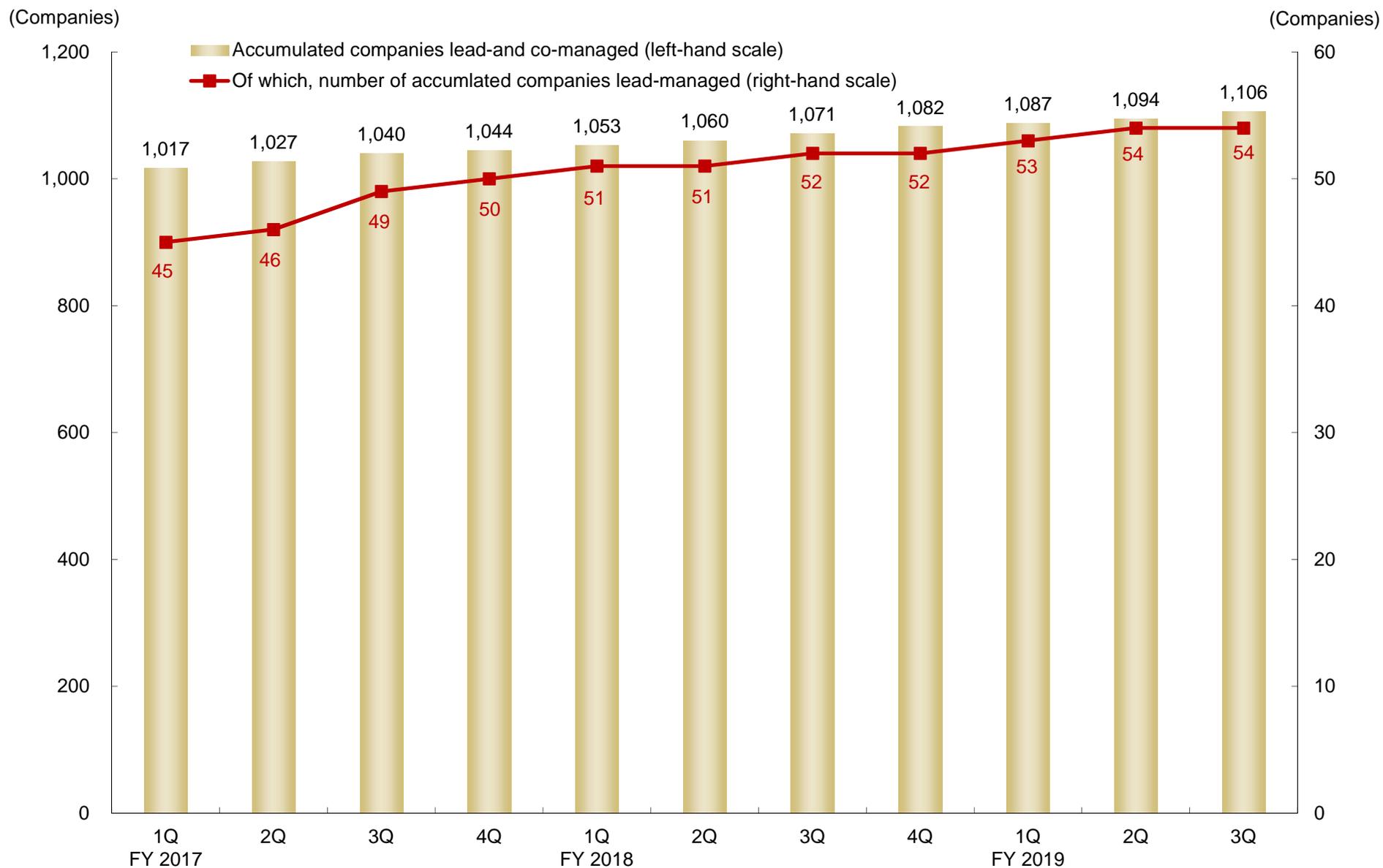
8. Number of New Customer Accounts and Ratio of Referrals 【Retail】



9. Accumulated Companies Lead- and Co-managed



10. Quarterly Accumulated Companies Lead- and Co-managed



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