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(English translation for reference purposes only)

## **EARNINGS REPORT FOR FIRST TWO QUARTERS OF FISCAL 2020**

**(April 1 to September 30, 2020)**

(consolidated under Japanese GAAP)

Name of Company: **Ichiyoshi Securities Co., Ltd.**

Listed on: Tokyo Stock Exchange (1<sup>st</sup> Section) (Stock code: 8624)

Corporate representative: Mr. Hirofumi Tamada, President & Representative Executive Officer

Inquiry to: Mr. Shoichi Yamazaki, Executive Officer & Chief Supervisor for Finance and Management

Tel: (03) 4346-4512 (URL <https://www.ichiyoshi.co.jp>)

Date of filing First Two Quarters Report: November 13, 2020 (scheduled)

Payment date for semiannual dividends: November 25, 2020 (scheduled)

Preparation of supplementary documents for quarterly earnings: Provided.

Quarterly earnings-reporting meeting: Planned for institutional investors and analysts.

(Figures less than one million yen are rounded down)

### **1. Outline of Consolidated Business Result for First Two Quarters of Fiscal 2020 (from April 1 to September 30, 2020)**

#### **(1) Highlights of consolidated business result** (in millions of yen, except per-share figures) (% indicates a change over the year-earlier period)

|   | Operating<br>Revenue (%) | Net operating<br>Revenue (%) | Operating<br>Income (%) | Current<br>Income (%) |
|---|--------------------------|------------------------------|-------------------------|-----------------------|
| First two quarters<br>ended Sep. 30, 2020 | 8,770 (-7.1)             | 8,016 (-7.0)                 | -380 ---                | -377 ---              |
| First two quarters<br>ended Sep. 30, 2019 | 9,439 (-18.5)            | 8,616 (-20.8)                | -384 ---                | -401 ---              |

|   | Net income attributable to<br>owners of parent (%) | Net income per share | Net income per share-<br>fully diluted |
|---|--|----------------------|--|
| First two quarters<br>ended Sep. 30, 2020 | -342 ---   | -9.52yen             | ---                                    |
| First two quarters<br>ended Sep. 30, 2019 | -479 ---   | -11.56 yen           | ---                                    |

Notes: Comprehensive income for the first two quarters of fiscal 2020: -261 million yen ( --- )

Comprehensive income for the first two quarters of fiscal 2019: -484 million yen ( --- )

#### **(2) Consolidated financial condition** (in millions of yen)

|                      | Total assets | Net assets | Equity ratio |
|----------------------|--------------|------------|--------------|
| As of Sep. 30, 2020  | 44,642       | 27,932     | 62.4%        |
| As of March 31, 2020 | 43,530       | 28,772     | 65.9%        |

Notes: Shareholders' equity as of Sep. 30, 2020: 27,856 million yen

Shareholders' equity as of Mar. 31, 2020: 28,694 million yen

## 2. Dividends

|                                     | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Annual total |
|-------------------------------------|-------------------|--------------------|-------------------|-----------------|--------------|
| Fiscal 2019 ended<br>Mar. 31, 2020  | ---               | 16.00yen           | ---               | 16.00yen        | 32.00yen     |
| Fiscal 2020 ending<br>Mar. 31, 2021 | ---               | 15.00yen           | ---               | ****            | ****         |

Notes: (i) **Ichiyoshi Securities Co., Ltd. (the “Company”)** declares dividends payable to shareholders of record as of September 30 (semiannual dividends) and March 31 (final dividends) of each fiscal year.  
(ii) It is not the Company’s practice to give an earnings or dividend forecast. Hence, \*\*\*\*.

## 3. Outlook for Business Result for Fiscal 2020 (from April 1, 2020 to March 31, 2021)

Since the forecast of earnings in financial-instruments trading, the main-line business of the Company and its group companies, is hard to make due to volatile factors in the market, the Company does not provide such forecast prior to the end of each quarter. Instead, the Company intends to release preliminary earnings figures after the end of each quarter as and when such figures become available.

### Points to note:

- (1) Changes in material subsidiaries (including a change in special subsidiaries resulting in the scope of consolidation): None.
- (2) Application of an accounting treatment unique to the preparation of quarterly financial statements: None.
- (3) Changes in accounting policies and estimates and restatement of modifications:
  - (i) Changes in accounting policies resulting from revisions to accounting standards: None.
  - (ii) Changes other than those in (i): None.
  - (iii) Changes in accounting estimates: None.
  - (iv) Restatement of modifications: None.
- (4) Number of shares issued (common stock):
  - (i) Number of shares issued as of September 30, 2020: 42,431,386 shares (including treasury shares)  
Number of shares issued as of March 31, 2020: 42,431,386 shares (including treasury shares)
  - (ii) Number of treasury shares as of September 30, 2020: 6,434,029 shares.  
Number of treasury shares as of March 31, 2020: 6,434,008 shares.
  - (iii) Average number of shares outstanding during the first two quarters of fiscal 2020:  
35,997,350 shares.  
Average number of shares outstanding during the first two quarters of fiscal 2019:  
41,464,492shares.

**Additional points to note:**

1. Quarterly earnings figures included in this report are not subject to reviewing by certified public accountants.
2. For the same reason that the Company does not provide an earnings forecast prior to the end of each quarter as stated in **“3. Outlook for Business Result for Fiscal 2020 (from April 1, 2020 to March 31, 2021)”** on page 2, the Company does not provide a dividend forecast.
3. The Company plans to hold a quarterly earnings-reporting meeting for institutional investors and analysts on November 26, 2020, Thursday, (at 3:30 pm). Supplementary documents for quarterly earnings to be distributed at the meeting will be forthwith disclosed and posted on the Company’s website.

# **I. Outline on Business Operations**

## **(1) Outline on Business Operations for First Two Quarters of Fiscal 2020**

During the first two quarters of fiscal 2020, the Japanese economy continued to come out of the effect of the spreading novel coronavirus pandemic. Corporate production activities and personal consumption showed positive signs of life, sustaining a mild recovery toward the end of the period. The global economy, also buffeted by the spreading coronavirus pandemic, got on a recovery path boosted by governmental measures taken by relevant nations.

In the meantime, the Japanese stock market steered a relatively steady course from the beginning of the period as sell-offs on concerns over economic contraction resulting from the coronavirus spread subsided. As the emergency-state-declarations, expanded to all prefectures (Tokyo and Hokkaido included) on April 16, were lifted step by step toward the end of May, the Nikkei Stock Average on the Tokyo Stock Exchange (the TSE) recorded 23,185yen, a year high, on June 9. As restrictions against travels within Japan were all lifted on June 19, there rose further expectations for economic recovery. However, concerns over the second wave of the novel coronavirus in China momentarily pushed the Nikkei Stock Average down to 21,529yen on June 15. Thereafter, the Nikkei Stock Average came up close to the 23,000yen level in mid-July. As the U.S. and China declared each other's consulate and uncertainty over outlook for business earnings following the April-June quarter corporate result releases, the Nikkei Stock Average fell to 21,710yen on July 31. Thereafter, the Nikkei Stock Average bounced back on expectations for the development of anti-coronavirus vaccines by U.S and European companies. While the Nikkei Stock Average momentarily extended the its decline during the trading hours on August 28 on news of the resignation of Prime Minister Shinzo Abe, the Stock Average thereafter stayed firm on policy expectations under the new government of Mr. Yoshihide Suga (formed on September 16) and buy orders for cum-dividend stocks toward the end of September. The Stock Average ended the period at 23,185yen.

On the foreign currency market, the yen weakened to 109.84yen per 1 U.S dollar on June 5 in tandem with rising stock prices. Thereafter, the yen moved firmer, recording 104.17yen on July 31 in the wake of the July FOMC meeting and 104.00yen on September 21 in the wake of the September FOMC meeting. The yen closed the term in the middle of the 105yen per 1 U.S. dollar level.

As for the Japanese emerging-stock markets, the Nikkei JASDAQ Stock Average and the TSE Mothers Index both maintained their bounce-back trends and ended the term at 3,616yen and 1,226, respectively.

The average daily turnover on the First Section of the TSE for the first two quarters of fiscal 2020 was 2,599.2 billion yen, up 7.7% from the comparable period of fiscal 2019, that on TSE Mothers was 205.4 billion yen, up 108.1% and that on the JASDAQ Stock Market was 63.8 billion yen, up 60.7%.

In such circumstances, with respect to stocks, the Company placed in its proposals to customers asset-backed stocks with stress on stability and dividends under low interest-rate environments, taking advantage of the Company's strength in research on small-and medium-cap growth stocks. The Company thus continued to take various measures to meet with customers' needs.

With regard to "Dream Collection," a fund wrap account vehicle, it enjoyed an increase in need for conservative investment vehicles for customers' medium- to long-term asset management. Its outstanding balance as of September 30, 2020, registered 132.4 billion yen, up 10.5% from September 30, 2019.

With respect to investment trust funds, the Company placed in the center of its promotion customer-needs-matching funds, such as investment funds investing in global high-yielding stocks,

ones investing in domestic and foreign small- and medium-cap stocks and privately-placed ones targeted for regional financial institutions.

With respect to Ichiyoshi Asset Management Co. Ltd. the amount of assets under its management declined 6.9% to 321.1 billion yen as of September 30, 2020 chiefly as net asset values of funds under management fell.

As a result of these activities, net operating revenue for the first two quarters of fiscal 2020 amounted to 8,016 million, down 7.0% from the first two quarters of fiscal 2019. Operating cost and expenses amounted to 8,397 million yen, down 6.7%. Hence, operating income registered a loss of 380 million yen.

Set forth below are revenue sources, cost and expenses and financial condition.

#### **i. Commissions**

Total commissions for the first two quarters of fiscal 2020 amounted to 7,825 million yen, down 7.0 % from the year-earlier period.

##### **(a) Brokerage commissions**

Total brokerage commissions on stocks rose 9.0% to 2,613 million yen. Brokerage commissions on small- and medium-sized stocks (stocks listed on Second Section of the TSE, JASDAQ and TSE Mothers) increased 49.0% to 713 million yen and accounted for 27.3 % of total brokerage commissions on stocks.

##### **(b) Commissions from underwriting and solicitation to specified investors**

In the primary market, the Company participated in 13 initial public offerings on a management and underwriting basis (of which two were lead-managed by the Company) as against 11 participations (of which one was lead-managed by the Company) in the year-earlier period. In the secondary market (which deals with financing by already-listed companies), the Company participated in 3 deals on a management and underwriting basis as against 2 deals in the year-earlier period.

As a result, commissions from underwriting and solicitation to specified investors amounted to 237 million yen, up 75.7% from the comparable period of fiscal 2019.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,132 (of which 58 were lead-managed) as of September 30, 2020.

##### **(c) Commissions from distribution and solicitation to specified investors**

As commissions from distribution of investment trust funds recorded 1,425 million yen, down 30.8% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 1,521 million yen, down 27.4%.

##### **(d) Commissions from other sources**

Trailer fees fell 9.2% to 1,743 million yen. Management fees on investment trust funds managed by Ichiyoshi Asset Management recorded 605 million yen, down 16.5%. Fees from fund wrap accounts registered 711 million yen, down 2.0%. Adding these fees to fees from research unbundling, commissions from insurance policy sales and fees from IPO assistance, total commissions from other sources amounted to 3,352 million yen, down 9.7%.

## **ii. Gains or loss on trading**

Trading in stocks, etc. recorded net gains of 32 million yen. Trading in bonds and foreign exchange, etc. registered net gains of 20 million yen, down 33.2%. As a result, total net gains on trading amounted to 52 million yen, up 105.9%.

## **iii. Net financial revenue**

Financial revenue declined 37.1% to 104 million yen. Financial expenses fell 49.0% to 38 million yen. As a result, net financial revenue recorded 65 million yen, down 27.3%.

Resultantly, net operating revenue for the first two quarters of fiscal 2020 amounted to 8,016 million yen, down 7.0% from the year-earlier period.

## **iv. Operating cost and expenses**

Operating cost and expenses amounted to 8,397 million yen, down 6.7%, as personnel expenses and real estate-related expenses (including one-off expenses for head-office relocation) decreased.

## **v. Non-operating income and expenses**

The Company recorded non-operating income of 21 million yen, including 13 million yen in the form of dividends on investment securities, and non-operating expenses of 19 million yen, including a loss of 17 million yen on investment partnerships. As a result, net non-operating income registered 2 million yen.

Resultantly, current income for the first two quarters of fiscal 2020 registered a loss of 377 million yen.

## **vi Extraordinary income and loss**

The Company registered extraordinary income of 103 million yen mainly in the form of gains on sales of investment securities.

Resultantly, income before taxes and tax adjustments for the first two quarters of fiscal 2020 registered a loss of 274 million yen, and net income attributable to owners of parent (after deduction of corporate income taxes, resident's taxes and enterprise taxes in the aggregate amount of 47 million yen and corporate tax adjustments in the amount of 20 million yen) recorded a net loss of 342 million yen.

Customers' assets under custody as of September 30, 2020 amounted to 1,844.6 billion yen, up 20.1% from March 31, 2020.

## **(2) Outline of Financial Condition for First Two Quarters of Fiscal 2020**

### **(a) Assets**

Assets amounted to 44,642 million yen as of September 30, 2020, an increase of 1,111 million yen (up 2.6%) from March 31, 2020, mainly as cash and deposits swelled by 2,969 million yen while margin transaction assets and cash paid for offering fell by 709 million yen and 596 million yen, respectively.

### **(b) Liabilities**

Liabilities stood at 16,709 million yen as of September 30, 2020, a rise of 1,952 million yen (up 13.2%) from March 31, 2020 as cash payable to customers swelled by 2,644 million yen.

### **(c) Net worth**

Net worth amounted to 27,932 million yen as of September 30, 2020, a fall of 840 million yen (down 2.9%) from March 31, 2020. The increase resulted mainly from recording of a net loss (attributable to owners of parent) of 342 million yen for the first two quarters while the Company paid dividends in the amount of 575 million yen.

## II. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(in millions of yen)

|   | As of March 31<br>2020 | As of September 30<br>2020 |
|---|------------------------|----------------------------|
| <b>Assets</b>   |                        |                            |
| Current assets  |                        |                            |
| Cash and deposits   | 13,499                 | 16,469                     |
| Cash segregated as deposits   | 7,719                  | 7,419                      |
| Trading products  | 158                    | 175                        |
| Trading securities and other  | 158                    | 175                        |
| Trade date accrual  | 2                      | 0                          |
| Margin transaction assets   | 9,899                  | 9,189                      |
| Loans on margin transactions  | 9,604                  | 8,357                      |
| Cash collateral pledged for securities borrowing on margin transactions | 294                    | 831                        |
| Loans secured by securities   | -                      | 7                          |
| Cash collateral pledged for securities borrowed                         | -                      | 7                          |
| Advances paid   | 112                    | 83                         |
| Cash paid for offering  | 3,727                  | 3,131                      |
| Short-term loans receivable   | 2                      | 12                         |
| Accrued income  | 1,531                  | 1,530                      |
| Other current assets  | 213                    | 164                        |
| Allowance for doubtful accounts   | △2                     | △2                         |
| <b>Total current assets</b>   | <b>36,862</b>          | <b>38,181</b>              |
| Non-current assets  |                        |                            |
| Property, plant and equipment   | 3,239                  | 3,298                      |
| Buildings, net  | 1,006                  | 1,219                      |
| Equipment   | 750                    | 731                        |
| Land  | 1,339                  | 1,339                      |
| Leased assets, net  | 10                     | 8                          |
| Construction in progress  | 132                    | -                          |
| Intangible assets   | 834                    | 791                        |
| Software  | 831                    | 789                        |
| Other   | 2                      | 1                          |
| Investments and other assets  | 2,594                  | 2,371                      |
| Investment securities   | 1,163                  | 1,038                      |
| Long-term loans receivable  | 32                     | 22                         |
| Long-term guarantee deposits  | 1,008                  | 957                        |
| Deferred tax assets   | 383                    | 346                        |
| Other   | 86                     | 85                         |
| Allowance for doubtful accounts   | △79                    | △79                        |
| <b>Total non-current assets</b>   | <b>6,668</b>           | <b>6,460</b>               |
| <b>Total assets</b>   | <b>43,530</b>          | <b>44,642</b>              |
| <b>Liabilities</b>  |                        |                            |
| Current liabilities   |                        |                            |
| Trading products  | 0                      | 0                          |
| Derivatives   | 0                      | 0                          |
| Margin transaction liabilities  | 2,927                  | 2,749                      |
| Borrowings on margin transactions                                       | 2,532                  | 1,863                      |
| Cash received for securities lending on margin transactions             | 395                    | 885                        |
| Borrowings secured by securities  | 67                     | 263                        |
| Cash received on debt credit transaction of securities                  | 67                     | 263                        |
| Deposits received   | 7,993                  | 10,637                     |
| Guarantee deposits received   | 1,343                  | 958                        |
| Accounts for non-received securities and others                         | -                      | 32                         |
| Short-term borrowings   | 216                    | 210                        |
| Lease obligations   | 4                      | 4                          |
| Income taxes payable  | 38                     | 41                         |
| Provision for bonuses   | 654                    | 482                        |
| Other current liabilities   | 1,031                  | 892                        |
| <b>Total current liabilities</b>  | <b>14,279</b>          | <b>16,272</b>              |
| Non-current liabilities   |                        |                            |
| Long-term borrowings  | 150                    | 150                        |
| Lease obligations   | 5                      | 3                          |
| Deferred tax liabilities for land revaluation                           | 7                      | 7                          |
| Retirement benefit liability  | 62                     | 53                         |
| Other noncurrent liabilities  | 40                     | 40                         |
| <b>Total non-current liabilities</b>                                    | <b>266</b>             | <b>255</b>                 |
| Reserves under special laws   |                        |                            |
| Reserve for financial instruments transaction liabilities               | 211                    | 181                        |
| <b>Total reserves under special laws</b>                                | <b>211</b>             | <b>181</b>                 |
| <b>Total liabilities</b>  | <b>14,757</b>          | <b>16,709</b>              |
| <b>Net assets</b>   |                        |                            |
| Shareholders' equity  |                        |                            |
| Share capital   | 14,577                 | 14,577                     |
| Capital surplus   | 6,907                  | 6,907                      |
| Retained earnings   | 12,631                 | 11,712                     |
| Treasury shares   | △4,167                 | △4,167                     |
| <b>Total shareholders' equity</b>                                       | <b>29,948</b>          | <b>29,030</b>              |
| Accumulated other comprehensive income                                  |                        |                            |
| Valuation difference on available-for-sale securities                   | △43                    | 42                         |
| Revaluation reserve for land  | △1,125                 | △1,125                     |
| Remeasurements of defined benefit plans                                 | △85                    | △90                        |
| <b>Total accumulated other comprehensive income</b>                     | <b>△1,254</b>          | <b>△1,173</b>              |
| Share acquisition rights  | 78                     | 75                         |
| <b>Total net assets</b>   | <b>28,772</b>          | <b>27,932</b>              |
| <b>Total liabilities and net assets</b>                                 | <b>43,530</b>          | <b>44,642</b>              |



## (2) Quarterly Consolidated Income Statements and Quarterly Comprehensive Income Statements

### Quarterly Consolidated Income Statements

(in millions of yen)

|   | Fiscal year ended<br>September 30, 2019 | Fiscal year ended<br>September 30, 2020 |
|---|---|---|
| Operating revenue   |   |   |
| Commission received   | 8,418                                   | 7,825                                   |
| Net trading income  | 25                                      | 52                                      |
| Financial revenue   | 165                                     | 104                                     |
| Other operating revenue   | 830                                     | 787                                     |
| Total operating revenue   | 9,439                                   | 8,770                                   |
| Financial expenses  | 75                                      | 38                                      |
| Other operating expenses  | 747                                     | 715                                     |
| Net operating revenue   | 8,616                                   | 8,016                                   |
| Selling, general and administrative expenses                          |   |   |
| Trading related expenses  | 962                                     | 820                                     |
| Personnel expenses  | 4,804                                   | 4,554                                   |
| Real estate expenses  | 1,343                                   | 1,186                                   |
| Office expenses   | 1,137                                   | 1,101                                   |
| Depreciation  | 274                                     | 262                                     |
| Taxes and dues  | 132                                     | 129                                     |
| Other   | 346                                     | 342                                     |
| Total selling, general and administrative expenses                    | 9,000                                   | 8,397                                   |
| Operating loss  | △384                                    | △380                                    |
| Non-operating income  |   |   |
| Dividends from investment securities                                  | 14                                      | 13                                      |
| Gain on investments in investment partnerships                        | 5                                       | 0                                       |
| Insurance claim and dividend income                                   | 25                                      | -                                       |
| Other   | 21                                      | 8                                       |
| Total non-operating income  | 67                                      | 21                                      |
| Non-operating expenses  |   |   |
| Loss on investments in investment partnerships                        | 4                                       | 17                                      |
| Loss on cancellation of leases  | 0                                       | -                                       |
| Provision of allowance for doubtful accounts                          | 80                                      | -                                       |
| Other   | 0                                       | 1                                       |
| Total non-operating expenses  | 85                                      | 19                                      |
| Ordinary loss   | △401                                    | △377                                    |
| Extraordinary income  |   |   |
| Gain on sales of investment securities                                | 1                                       | 69                                      |
| Gain on reversal of share acquisition rights                          | 1                                       | 7                                       |
| Reversal of reserve for financial instruments transaction liabilities | -                                       | 29                                      |
| Total extraordinary income  | 3                                       | 107                                     |
| Extraordinary losses  |   |   |
| Loss on retirement of non-current assets                              | 0                                       | 4                                       |
| Total extraordinary losses  | 0                                       | 4                                       |
| Loss before income taxes  | △399                                    | △274                                    |
| Income taxes - current  | 191                                     | 47                                      |
| Income taxes - deferred   | △122                                    | 20                                      |
| Total income taxes  | 69                                      | 67                                      |
| Loss  | △468                                    | △342                                    |
| Profit attributable to non-controlling interests                      | 10                                      | -                                       |
| Loss attributable to owners of parent                                 | △479                                    | △342                                    |

# Quarterly Consolidated Comprehensive Income Statements

(in millions of yen)

|  | Fiscal year ended<br>September 30, 2019 | Fiscal year ended<br>September 30, 2020 |
|--|---|---|
| Loss   | △468                                    | △342                                    |
| Other comprehensive income                                     |   |   |
| Valuation difference on available-for-sale securities          | △1                                      | 85                                      |
| Remeasurements of defined benefit plans, net of tax            | △13                                     | △4                                      |
| Total other comprehensive income                               | △15                                     | 81                                      |
| Comprehensive income   | △484                                    | △261                                    |
| Comprehensive income attributable to                           |   |   |
| Comprehensive income attributable to owners of parent          | △495                                    | △261                                    |
| Comprehensive income attributable to non-controlling interests | 10                                      | -                                       |

**(3)Notes to Quarterly Consolidated Financial Statements**

(Notes concerning premises for continuing business enterprise)

None.

(Notes in the event of material changes in shareholders' capital)

None.

(Application of accounting treatment unique to the preparation of quarterly financial statements)

None.

(Changes to accounting policy and accounting estimates and restatement of revisions)

None.

### III. Supplementary Information For First Two Quarter of Fiscal 2020

#### 1. Commissions

| (1) Commissions by sources   | -- First Two quarters of -- |                | Change (%)<br>(b) over (a) | (in millions of yen)<br>Fiscal year ended |
|--|-----------------------------|----------------|----------------------------|---|
|  | Fiscal 2019(a)              | Fiscal 2020(b) |                            | March 31, 2020                            |
| Brokerage commissions  | 2,475                       | 2,714          | 9.7                        | 4,913                                     |
| (Stocks)   | (2,398)                     | (2,613)        | (9.0)                      | (4,745)                                   |
| (Beneficiary certificates)   | (77)                        | (100)          | (29.9)                     | (168)                                     |
| Commissions from<br>underwriting and<br>solicitation to specified<br>investors | 135                         | 237            | 75.7                       | 557                                       |
| (Stocks)   | (135)                       | (237)          | (75.7)                     | (557)                                     |
| Commissions from<br>distribution and<br>solicitation to specified<br>investors | 2,097                       | 1,521          | -27.4                      | 3,980                                     |
| (Beneficiary certificates)   | (2,059)                     | (1,425)        | (-30.8)                    | (3,876)                                   |
| Commissions from other<br>Sources  | 3,710                       | 3,352          | -9.7                       | 7,394                                     |
| (Beneficiary certificates*)  | (3,371)                     | (3,060)        | (-9.2)                     | (6,733)                                   |
| Total  | 8,418                       | 7,825          | -7.0                       | 16,845                                    |

| *Breakdown of (Beneficiary certificates)      | -- First Two quarters of -- |                | Change (%)<br>(b) over (a) | (in millions of yen)<br>Fiscal year ended |
|---|-----------------------------|----------------|----------------------------|---|
|   | Fiscal 2019(a)              | Fiscal 2020(b) |                            | March 31, 2020                            |
| Trailer fees relating<br>to balances of funds | 1,920                       | 1,743          | -9.2                       | 3,862                                     |
| Trustee fees for fund<br>Management           | 725                         | 605            | -16.5                      | 1,395                                     |
| Fees from wrap-accounts                       | 726                         | 711            | -2.0                       | 1,475                                     |
| Total   | 3,371                       | 3,060          | -9.2                       | 6,733                                     |

| (2) Commissions by instruments | -- First Two quarters of -- |                | Change (%)<br>(b) over (a) | (in millions of yen)<br>Fiscal year ended |
|--------------------------------|-----------------------------|----------------|----------------------------|---|
|                                | Fiscal 2019(a)              | Fiscal 2020(b) |                            | March 31, 2020                            |
| Stocks                         | 2,547                       | 2,864          | 12.5                       | 5,327                                     |
| Bonds                          | 37                          | 96             | 153.8                      | 103                                       |
| Beneficiary certificates       | 5,507                       | 4,586          | -16.7                      | 10,777                                    |
| Others                         | 325                         | 278            | -14.5                      | 636                                       |
| Total                          | 8,418                       | 7,825          | -7.0                       | 16,845                                    |

**2. Gains or loss on trading**

(in millions of yen)

|                               | -- First Two quarters of -- |                | Change (%)   | Fiscal year ended |
|-------------------------------|-----------------------------|----------------|--------------|-------------------|
|                               | Fiscal 2019(a)              | Fiscal 2020(b) | (b) over (a) | March 31, 2020    |
| -----                         |                             |                |              |                   |
| Stocks, etc.                  | -4                          | 32             | --           | 37                |
| Bonds, foreign exchange, etc. | 30                          | 20             | -33.2        | 52                |
| (Bonds, etc.)                 | (14)                        | (12)           | (-15.2)      | (27)              |
| (Foreign exchange, etc.)      | (16)                        | (8)            | (-49.4)      | (25)              |
| -----                         |                             |                |              |                   |
| Total                         | 25                          | 52             | 105.9        | 89                |
| -----                         |                             |                |              |                   |

### 3. Quarterly Consolidated Income Statements for Recent Six Quarters

(in millions of yen)

|  | 1st Q<br>(4-6/'19) | 2nd Q<br>(7-9/'19) | 3rd Q<br>10-12/'19) | 4th Q<br>(1-3/'20) | 1st Q<br>(4-6/'20) | 2nd Q<br>(7-9/'20) |
|--|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| Operating revenue                                | 4,618              | 4,820              | 4,511               | 4,894              | 4,182              | 4,588              |
| Commission received                              | 4,124              | 4,293              | 4,074               | 4,352              | 3,689              | 4,136              |
| Net trading income                               | 9                  | 16                 | 30                  | 33                 | 28                 | 24                 |
| Financial revenue                                | 77                 | 88                 | 60                  | 53                 | 49                 | 54                 |
| Other operating revenue                          | 407                | 422                | 346                 | 454                | 414                | 372                |
| Financial expenses                               | 23                 | 51                 | 23                  | 16                 | 18                 | 20                 |
| Other operating expenses                         | 374                | 373                | 327                 | 414                | 371                | 344                |
| Net operating revenue                            | 4,220              | 4,396              | 4,160               | 4,463              | 3,792              | 4,223              |
| Selling, general and administrative expenses     | 4,459              | 4,541              | 4,364               | 4,420              | 4,174              | 4,223              |
| Trading related expenses                         | 466                | 496                | 500                 | 540                | 431                | 388                |
| Personnel expenses                               | 2,427              | 2,376              | 2,343               | 2,341              | 2,231              | 2,322              |
| Real estate expenses                             | 615                | 727                | 605                 | 593                | 586                | 599                |
| Office expenses                                  | 551                | 586                | 563                 | 607                | 547                | 554                |
| Depreciation                                     | 146                | 128                | 123                 | 138                | 130                | 131                |
| Taxes and dues                                   | 62                 | 70                 | 63                  | 59                 | 62                 | 67                 |
| Provision of allowance for doubtful accounts     | —                  | —                  | —                   | —                  | —                  | —                  |
| Other  | 190                | 155                | 165                 | 139                | 184                | 158                |
| Operating profit                                 | △239               | △145               | △204                | 42                 | △381               | 0                  |
| Non-operating income                             | 21                 | 46                 | 40                  | 55                 | 17                 | 4                  |
| Non-operating expenses                           | 0                  | 85                 | △4                  | 7                  | 1                  | 17                 |
| Ordinary profit                                  | △218               | △183               | △158                | 90                 | △365               | △12                |
| Extraordinary income                             | 0                  | 3                  | 81                  | 0                  | 105                | 1                  |
| Extraordinary losses                             | 0                  | 0                  | 14                  | 48                 | 2                  | 2                  |
| Profit before income taxes                       | △218               | △180               | △91                 | 42                 | △261               | △12                |
| Income taxes - current                           | 90                 | 100                | 63                  | 24                 | 21                 | 25                 |
| Income taxes - deferred                          | △120               | △1                 | 56                  | 50                 | 117                | △96                |
| Profit   | △188               | △279               | △211                | △32                | △401               | 58                 |
| Profit attributable to non-controlling interests | 5                  | 5                  | —                   | —                  | —                  | —                  |
| Profit attributable to owners of parent          | △194               | △285               | △211                | △32                | △401               | 58                 |

( END )