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(English translation for reference purposes only)

EARNINGS REPORT FOR FIRST QUARTER OF FISCAL 2021

(April 1 to June 30, 2021)

(Consolidated under Japanese GAAP)

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

Listed on: Tokyo Stock Exchange (1st Section) (Stock code: 8624)

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

Inquiry to: Mr. Shoichi Yamazaki, Managing Executive Officer & Chief Supervisor for Finance and Management
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Date of filing First Quarter Report: August 12, 2021 (scheduled)

Supplementary documents for quarterly earnings: Provided.

Quarterly earnings-reporting meeting: None.

(Figures less than one million yen are discarded)

1. Outline of Consolidated Business Result for First Quarter of Fiscal 2021 (from April 1 to June 30, 2021)

(1) Highlights of consolidated business result (in millions of yen except for per-share figures)

(% shows year-on-year change)

	Operating Revenue	(%)	Net operating Revenue	(%)	Operating Income	(%)	Current Income	(%)
First quarter of fiscal 2021	5,164	(+35.5)	5,151	(+35.8)	882	---	937	---
First quarter of fiscal 2020	3,811	---	3,792	(-10.1)	-381	---	-365	---

	Net income attributable to owners of parent	(%)	Earnings per share	Earnings per share fully diluted
First quarter of fiscal 2021	785	---	21.75yen	21.69yen
First quarter of fiscal 2020	-401	---	-11.15yen	---

Notes: (i) Comprehensive income: For the first quarter of fiscal 2021: 730 million yen (--)

For the first quarter of fiscal 2020: -296 million yen (--)

(ii) Effective as from the beginning of the first quarter of fiscal 2021, "Accounting Standards Concerning Revenue Recognition" (Corporate Accounting Standards No. 29, dated March 31, 2020) have been applied. Figures relating to operating revenue for the first quarter of fiscal 2020 in the table above are retroactively adjusted in accordance with the said accounting standards. Hence, year-on-year changes for the first quarter of fiscal 2020 are not inserted.

(2) Consolidated financial condition

(in millions of yen)

	Total assets	Net assets	Equity ratio
As of June. 30, 2021	49,919	29,090	58.2%
As of Mar. 31, 2021	49,211	29,108	59.0%

Note: Shareholders' equity: As of June 30, 2021: 29,074 million yen

As of March 31, 2021: 29,030 million yen

2 Dividends

	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal 2020 ended March 31, 2021	---	15.00yen	---	19.00yen	34.00yen
Fiscal 2021 ended March 31, 2022	---	****	---	****	****

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, but not to shareholders as of June 30 and December 31 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 2021 (from April 1, 2021 to March 31, 2022)

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 changes in special subsidiaries leading to a change in 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 revisions:
 - (i) Changes in accounting policies resulting from revisions to accounting standards: Yes.
 - (ii) Changes other than those in (i): None.
 - (iii) Changes in accounting estimates: None.
 - (iv) Restatement of revisions: None.
- (4) Number of shares issued (common stock):
 - (i) Number of shares issued as of June 30, 2021: 42,431,386 shares (including treasury shares)
 Number of shares issued as of March 31, 2021: 42,431,386 shares (including treasury shares)
 - (ii) Number of treasury shares as of June 30, 2021: 6,327,577 shares.
 Number of treasury shares as of March 31, 2021: 6,327,577 shares.
 - (iii) Average number of shares outstanding during the first quarter of fiscal 2021:
 36,103,809 shares.
 Average number of shares outstanding during the first quarter of fiscal 2020:
 35,997,344 shares.

Additional points to note:

1. Quarterly earnings figures included in this report are released without being reviewed by certified public accountants.
2. Explanation for proper use of earnings forecast and other special points to note:
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 2021 (from April 1, 2021 to March 31, 2022** on page 2, the Company does not provide a dividend forecast.

I. Outline of Business Result

(1) Outline of Business Result for First Quarter of Fiscal 2021

During the first quarter of fiscal 2021, the Japanese economy continued to show signs of pick-up against the rising infection of the novel coronavirus. While consumer expenditures lacked momentum, there was seen some brightness in manufacturers' production activities boosted by recovery of equipment investments and gradual increases in exports. As vaccination rates against the novel coronavirus progressed in the U.S. and European countries, economic activities in those countries continued to normalize, sustaining a further recovery of the global economy.

In the meantime, the Nikkei Stock Average on the Tokyo Stock Exchange (the TSE) exceeded the 30,000yen level in early April, thereafter moving under downward pressure. While the U.S. infrastructure investment plan helped to boost stock prices in the U.S. the Nikkei Stock Average registered 28,419yen on April 21, the lowest in about one month, due to the 3rd declaration of the emergency status amid the rising spread of the novel coronavirus and the awareness of delay in coronavirus vaccination rate. After a long run of holidays in early May in Japan, the Nikkei Stock Average rose to 29,685yen on May 10 on the outlook of long-sustaining possibility of the U.S. easy monetary policy. Soon thereafter, however, the Nikkei Stock Average dropped to 27,385yen on May 13, on the rise of interest rates in the U.S. Towards the end of May, the rising trend of U.S. interest rates ceased, helping the Nikkei Stock Average to recover to the 29,000yen level. In mid-June, the Nikkei Stock Average temporarily went below the 28,000yen level in anticipation of near-term reduction of monetary easing in the U.S. Thereafter, as investors readjusted their overreaction to the near-term increase in the U.S. interest rates and bought economically-sensitive stocks in expectation of economic recovery at home and abroad, the Nikkei Stock Average ended the first quarter at 28,791yen.

On the foreign currency market, the yen continued its strength against the U.S. dollar, recording 107.47yen per 1 U.S. dollar on April 23. Thereafter, however, the U.S. dollar strengthened in anticipation of recovery of the U.S. economy, causing the yen to end the first quarter at the lower side of the 111yen per 1 U.S. dollar level.

In the Japanese emerging-stock markets, the Nikkei JASDAQ Stock Average continued its rising trend after hitting the bottom on May 18, and the TSE Mothers Index continued its rising trend after recording its low on May 17. The Nikkei JASDAQ Stock Average ended the first quarter at 3,997yen, the highest in about 3 years since May 2018, and the TSE Mothers Index closed the first quarter at 1,207.

The average daily turnover on the TSE for the first quarter of fiscal 2021 was 2,896.9 billion yen, up 6.2% from the comparable period of fiscal 2020, and that on the TSE Mothers market was 150.0 billion yen, down 20.8%, and that on the JASDAQ market was 67.6 billion yen, up 1.6%.

In the light of these circumstances, as regards activities on stocks in the quarter, the Company

proposed to customers asset-backed stocks with stress on stability and dividends under low interest-rate environments and small- and medium-cap growth stocks selected based on the Company's strength in research. The Company thus continued to take various measures to meet with customers' needs.

With regard to "Dream Collection," a fund wrap account vehicle, it showed a favorable performance as a core asset in customers' medium- to long-term asset management. Its outstanding balance as of June 30, 2021 registered 166.3 billion yen, up 36.1% from June 30, 2020.

With respect to investment trust funds, the Company placed its priority on the promotion of "Ichiyoshi Small- and Medium-Cap Growth Stock Fund," which marked its 5th anniversary in June 2021, and also promoted investment trust funds investing in small- and medium-cap stocks with high medium- to long-term attractions, those investing in U.S. stocks with long-term high growth potential and those relating to high-visibility SDG stocks. Those funds are all created to match customer's needs, contributing to an increase in customers' assets under custody.

With respect to Ichiyoshi Asset Management Co., Ltd. the amount of assets under its management recorded 403.8 billion yen as of June 30, 2021, up 34.6%, as net asset values of funds under management got on a recovery trend.

As a result of these activities, net operating revenue for the first quarter of fiscal 2021 amounted to 5,151 million, up 35.8% from the first quarter of fiscal 2020. Operating cost and expenses amounted to 4,268 million yen, up 2.3%. Hence, operating income registered 882 million yen, an increase of 1,264 million over the year-earlier quarter.

Customers' assets in custody as of June 30, 2021 amounted to 2,010.1 billion yen, up 1.0% from March 31, 2021.

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

i. Commissions

Total commissions for the first quarter of fiscal 2021 amounted to 5,004 million yen, up 35.7 % from the year-earlier period.

(a) Brokerage commissions

Total brokerage commissions on stocks rose 11.9% to 1,410 million yen. Brokerage commissions on small- and medium-sized stocks (stocks listed on Second Section of the TSE, JASDAQ and TSE Mothers) registered 288 million yen, down 10.5%, and accounted for 20.5% of total brokerage commissions on stocks.

(b) Commissions from underwriting and solicitation to specified investors

In the primary market, the Company participated in 10 initial public offerings (of which the Company lead-managed 2) on a management and underwriting basis as against 3 participations in the year-earlier period. In the secondary market (for follow-on financing), the Company did not participate in any deal. As a result, commissions from underwriting and solicitation to specified investors amounted to 212 million yen, an increase of 206 million yen from the comparable period of fiscal 2020.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,161 (of which 62 were lead-managed by the Company) as of June 30, 2021.

(c) Commissions from distribution and solicitation to specified investors

As commissions from distribution of investment trust funds recorded 1,064 million yen, up

62.7% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 1,080 million yen, up 44.2%.

(d)Commissions from other sources

The trailer fees related to the outstanding balance of investment trust funds under custody registered 1,008 million yen, up 19.7% from the year-earlier period. Investment trust management fees at Ichiyoshi Asset Management Co., Ltd. recorded 417 million yen, up 42.7%. With the addition of fees of 711 million yen from fund wrap accounts (up 114.2%), total commissions from other sources amounted to 2,269 million yen, up 42.1%.

ii. Gains or loss on trading

Trading in stocks, etc. recorded net gains of 25 million yen, up 49.2%. Trading in bonds and foreign exchange, etc. registered net gains of 2 million yen, down 79.3%. As a result, total net gains on trading amounted to 28 million yen, down 1.1%.

iii. Net financial revenue

Financial revenue increased 16.2% to 57 million yen as loans on margin transactions rose. Financial expenses declined 30.0% to 12 million yen. As a result, net financial revenue registered 44 million yen, up 43.1%.

Resultantly, net operating revenue for the first quarter of fiscal 2021 amounted to 5,151 million yen, up 35.8%.

iv. Operating cost and expenses

Operating cost and expenses recorded 4,268 million yen, up 2.3%, as real estate-related expenses relating to relocations of existing branches and openings of new branches.

v. Non-operating income and expenses

The Company recorded non-operating income of 55 million yen, mainly consisting of 35 million yen in the form of investment income on investment partnerships. As a result, net non-operating income amounted to 54 million yen, up 241.4%.

Resultantly, current income for the first quarter of fiscal 2021 amounted to 937 million yen, an increase of 1,302 million yen from the year-earlier period.

vi Extraordinary income and loss

The Company registered an extraordinary income of 154 million yen, mainly consisting of gains on sales of investment securities, and an extraordinary loss of 18 million yen mainly in the form of valuation loss on investment securities. As a result, net extraordinary income amounted to 136 million yen, up 31.9% from the year-earlier period.

Resultantly, income before taxes and tax adjustments for the first quarter of fiscal 2021 registered 1,073 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 99 million yen and corporate tax adjustments in the amount of 189 million yen) amounted to 785 million yen, an increase of 1,186 million yen from the year-earlier period.

(2) Information on Financial Condition for the First Quarter of Fiscal 2021

(a) Assets

Assets amounted to 49,919 million yen as of June 30, 2021, a rise of 708 million yen (up 1.4%) from March 31, 2021, as margin transaction assets and cash paid for offering rose by 1,670 million yen and 1,209 million yen, respectively.

(b) Liabilities

Liabilities stood at 20,829 million yen as of June 30, 2021, a rise of 726 million yen (up 3.6%) from March 31, 2021 as cash received rose by 1,797 million yen while margin transaction liabilities slid by 798 million yen.

(c) Net worth

Net worth amounted to 29,090 million yen as of June 30, 2021, a decrease of 18 million yen (down 0.1%) from March 31, 2021. The decrease resulted as the Company recorded 785 million yen as net income attributable to owners of parent for the first quarter of fiscal 2021 while the Company paid dividends of 685 million yen and stock acquisition rights decreased by 62 million yen.

II. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of March 31 2021	As of June 30 2021
Assets		
Current assets		
Cash and deposits	16,196	16,332
Segregated deposits	7,799	6,799
Trading products	112	75
Trading securities and other	112	75
Trade date accrual	-	0
Margin transaction assets	13,309	14,980
Margin loans	13,099	14,730
Cash collateral provided for securities borrowed in margin transactions	209	249
Loans secured by securities	2	-
Cash collateral provided for securities borrowed	2	-
Advances paid	93	94
Deposits paid for underwritten offering, etc.	2,423	3,632
Short-term loans receivable	0	3
Securities	1,000	-
Accrued income	1,745	1,578
Other current assets	193	333
Allowance for doubtful accounts	△3	△3
Total current assets	42,873	43,827
Non-current assets		
Property, plant and equipment	3,068	3,220
Buildings, net	1,069	1,237
Equipment	662	646
Land	1,333	1,333
Leased assets, net	3	3
Intangible assets	691	630
Software	688	628
Other	2	1
Investments and other assets	2,578	2,241
Investment securities	1,011	835
Long-term loans receivable	19	19
Long-term guarantee deposits	978	990
Retirement benefit asset	363	372
Deferred tax assets	198	17
Other	86	85
Allowance for doubtful accounts	△79	△79
Total non-current assets	6,338	6,091
Total assets	49,211	49,919
Liabilities		
Current liabilities		
Trading products	0	0
Derivatives	0	0
Trade date accrual	25	-
Margin transaction liabilities	6,233	5,434
Margin borrowings	5,791	5,051
Cash received for securities sold in margin transactions	442	383
Borrowings secured by securities	130	323
Cash collateral received for securities lent	130	323
Deposits received	10,169	11,967
Guarantee deposits received	1,022	1,004
Short-term borrowings	213	218
Lease obligations	1	1
Income taxes payable	157	86
Provision for bonuses	518	270
Other current liabilities	1,250	1,163
Total current liabilities	19,724	20,471
Non-current liabilities		
Long-term borrowings	146	141
Lease obligations	1	1
Deferred tax liabilities for land revaluation	7	7
Other noncurrent liabilities	40	36
Total non-current liabilities	197	187
Reserves under special laws		
Reserve for financial instruments transaction liabilities	181	170
Total reserves under special laws	181	170
Total liabilities	20,103	20,829
Net assets		
Shareholders' equity		
Share capital	14,577	14,577
Capital surplus	6,885	6,885
Retained earnings	12,516	12,616
Treasury shares	△4,098	△4,098
Total shareholders' equity	29,881	29,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85	45
Revaluation reserve for land	△1,125	△1,125
Remeasurements of defined benefit plans	189	174
Total accumulated other comprehensive income	△851	△905
Share acquisition rights	78	15
Total net assets	29,108	29,090
Total liabilities and net assets	49,211	49,919

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

(in millions of yen)

	Fiscal year ended June 30,2020	Fiscal year ended June 30,2021
Operating revenue		
Commission received	3,689	5,004
Net trading income	28	28
Financial revenue	49	57
Other operating revenue	43	73
Total operating revenue	3,811	5,164
Financial expenses	18	12
Net operating revenue	3,792	5,151
Selling, general and administrative expenses		
Trading related expenses	431	372
Personnel expenses	2,231	2,259
Real estate expenses	586	637
Office expenses	547	586
Depreciation	130	161
Taxes and dues	62	73
Other	184	177
Total selling, general and administrative expenses	4,174	4,268
Operating profit (loss)	△381	882
Non-operating income		
Dividends from investment securities	12	13
Gain on investments in investment partnerships	-	35
Other	4	6
Total non-operating income	17	55
Non-operating expenses		
Other	1	0
Total non-operating expenses	1	0
Ordinary profit (loss)	△365	937
Extraordinary income		
Gain on sale of investment securities	68	78
Gain on reversal of share acquisition rights	7	64
Reversal of reserve for financial instruments transaction liabilities	29	11
Total extraordinary income	105	154
Extraordinary losses		
Loss on retirement of non-current assets	2	0
Loss on sale of investment securities	-	5
Loss on valuation of investment securities	-	13
Total extraordinary losses	2	18
Profit (loss) before income taxes	△261	1,073
Income taxes - current	21	99
Income taxes - deferred	117	189
Total income taxes	139	288
Profit (loss)	△401	785
Profit (loss) attributable to owners of parent	△401	785

Quarterly Comprehensive Income Statements

(in millions of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Profit (loss)	△401	785
Other comprehensive income		
Valuation difference on available-for-sale securities	106	△39
Remeasurements of defined benefit plans, net of tax	△2	△15
Total other comprehensive income	104	△54
Comprehensive income	△296	730
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△296	730
Comprehensive income attributable to non-controlling interests	-	-

(3)Notes to Quarterly Consolidated Financial Statements

(Notes concerning premises for continuing business enterprise)

None.

(Notes concerning material changes in shareholders' capital)

None.

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

None.

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

(Application of Accounting Standards Concerning Revenue Recognition)

“Accounting Standards Concerning Revenue Recognition” (Corporate Accounting Standards No. 29, dated March 31, 2020) have been applied effective from the beginning of the first quarter of fiscal 2021. Accordingly, at the time when the control of promised goods or services has been transferred to a customer, an amount receivable as compensation for such transfer of goods or services is recognized as revenue.

Thus, with respect to transactions on goods or services which the company carries out as agent, a net amount of compensation, after deduction of a payment to a third party, is recognized as revenue while previously a whole amount of compensation was recognized as revenue.

Figures relating to the first quarter of fiscal 2020 are also retroactively adjusted in principle in accordance with the new accounting standards.

As a result, other operating revenue and other operating expenses in the first quarter of fiscal 2020 decreased by the same amount of 371 million yen as compared with when the new accounting standards were not applied.

Supplementary Information for First Quarter of Fiscal 2021

(in millions of yen with fractions less than a million yen rounded down)

1. Commission received

(1) Commissions by sources

	First quarter of fiscal year ended June 30, 2020	June 30, 2021	year-on-year change	Fiscal year ended March 31, 2021
Brokerage commission	1,337	1,442	7.9 %	6,182
(Stocks)	(1,260)	(1,410)	(11.9)	(6,026)
(Beneficiary certificates)	(76)	(31)	(Δ59.0)	(155)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5	212	3,564.2	496
(Stocks)	(5)	(212)	(3,564.2)	(496)
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	749	1,080	44.2	3,554
(Beneficiary certificates)	(654)	(1,064)	(62.7)	(3,442)
Other commission received	1,596	2,269	42.1	7,374
(Beneficiary certificates*)	(1,467)	(2,137)	(45.6)	(6,680)
Total	3,689	5,004	35.7	17,608

*Breakdown of Beneficiary certificates

	First quarter of fiscal year ended June 30, 2020	June 30, 2021	year-on-year change	Fiscal year ended March 31, 2021
Trailer fees relating to balances of funds	843	1,008	19.7 %	3,625
Trust fees for fund management	292	417	42.7	1,316
Fees from wrap-accounts	332	711	114.2	1,738
Total	1,467	2,137	45.6	6,680

(2) Commissions by products

	First quarter of fiscal year ended June 30, 2020	June 30, 2021	year-on-year change	Fiscal year ended March 31, 2021
Stocks	1,271	1,631	28.3 %	6,551
Bonds	95	16	Δ83.2	112
Beneficiary certificates	2,198	3,233	47.1	10,278
Others	123	123	0.2	665
Total	3,689	5,004	35.7	17,608

(2. Net trading income

	First quarter of fiscal year ended June 30, 2020	June 30, 2021	year-on-year change	Fiscal year ended March 31, 2021
Stocks, etc.	17	25	49.2 %	171
Bonds, foreign exchange, etc.	11	2	Δ79.3	138
(Bonds, etc.)	(7)	(1)	(Δ76.8)	(24)
(Foreign exchange, etc.)	(3)	(0)	(Δ84.3)	(114)
Total	28	28	Δ1.1	310

3. Quarterly Consolidated Income Statements for Recent Five Quarters

(in millions of yen)

	1st Q (4-6/'20)	2nd Q (7-9/'20)	3rd Q (10-12/'20)	4th Q (1-3/'21)	1st Q (4-6/'21)
Operating revenue	3,811	4,244	4,823	5,391	5,164
Commission received	3,689	4,136	4,639	5,142	5,004
Net trading income	28	24	98	159	28
Financial revenue	49	54	51	51	57
Other operating revenue	43	28	34	37	73
Financial expenses	18	20	15	16	12
Net operating revenue	3,792	4,223	4,808	5,375	5,151
Selling, general and administrative expenses	4,174	4,223	4,272	4,266	4,268
Trading related expenses	431	388	368	343	372
Personnel expenses	2,231	2,322	2,348	2,321	2,259
Real estate expenses	586	599	591	638	637
Office expenses	547	554	600	588	586
Depreciation	130	131	132	132	161
Taxes and dues	62	67	69	75	73
Provision of allowance for doubtful accounts	—	—	0	0	0
Other	184	158	159	165	177
Operating profit	△381	0	535	1,108	882
Non-operating income	17	4	32	7	55
Non-operating expenses	1	17	1	5	0
Ordinary profit	△365	△12	566	1,111	937
Extraordinary income	105	1	23	3	154
Extraordinary losses	2	2	35	80	18
Profit before income taxes	△261	△12	554	1,034	1,073
Income taxes - current	21	25	23	209	99
Income taxes - deferred	117	△96	76	△64	189
Profit	△401	58	454	889	785
Profit attributable to non-controlling interests	—	—	—	—	—
Profit attributable to owners of parent	△401	58	454	889	785

(END)