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(English translation for reference purposes only)

EARNINGS REPORT FOR FIRST QUARTER OF FISCAL 2022

(April 1 to June 30, 2022)

(Consolidated under Japanese GAAP)

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

Listed on: Tokyo Stock Exchange (Prime Section) (Stock code: 8624)

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

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

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Date of filing First Quarter Report: August 12, 2022 (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 2022 (from April 1 to June 30, 2022)

(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 2022	4,344	(-15.9)	4,335	(-15.8)	383	(-56.6)	399	(-57.4)
First quarter of fiscal 2021	5,164	(+35.5)	5,151	(+35.8)	882	--	937	--

	Net income attributable to owners of parent	(%)	Earnings per share	Earnings per share fully diluted
First quarter of fiscal 2022	262	(-66.5)	7.39yen	7.37yen
First quarter of fiscal 2021	785	--	21.75yen	21.69yen

Notes: Comprehensive income: For the first quarter of fiscal 2022: 246 million yen (-66.2%)

For the first quarter of fiscal 2021: 730 million yen (--)

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

	Total assets	Net assets	Equity ratio	Net assets per share
As of June 30, 2022	46,675	28,409	60.8%	830.08yen
As of March 31, 2022	47,935	30,064	62.7%	832.12yen

Note: Shareholders' equity: As of June 30, 2022: 28,391 million yen

As of March 31, 2022: 30,042 million yen

2. Dividends

	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal 2021 ended March 31, 2022	---	19.00yen	---	19.00yen	38.00yen
Fiscal 2022 ended March 31, 2023	---	****	---	****	****

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 2022 (from April 1, 2022 to March 31, 2023)

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: None.
 - (ii) Changes in accounting policies 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, 2022: 40,431,386 shares (including treasury shares)
Number of shares issued as of March 31, 2022: 42,431,386 shares (including treasury shares)
 - (ii) Number of treasury shares as of June 30, 2022: 6,230,897 shares.
Number of treasury shares as of March 31, 2022: 6,327,697 shares.
 - (iii) Average number of shares outstanding during the first quarter of fiscal 2022:
35,554,991 shares.
Average number of shares outstanding during the first quarter of fiscal 2021:
36,103,809 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 2022 (from April 1, 2022 to March 31, 2023)** 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 2022

During the first quarter of fiscal 2022, while affected by the worsening of the Ukrainian situation and the stagnating Chinese economic activities, the Japanese economy showed signs of recovery in personal consumption along with a fall in the novel corona-virus infections. There was also seen an improvement in equipment investments by businesses, despite the weaker yen and higher prices of resources, signaling a recovery trend of economy as a whole. The global economy, on the other hand, continued to show signs of mild growth despite spiraling inflationary pressure.

In the meantime, the Nikkei Stock Average on the Tokyo Stock Exchange (the TSE) recorded a year-to-date-low of 25,688yen on May 12 out of concern that the aggressive financial tightening of the Federal Reserve Board (the FRB) might decelerate the global economy. Thereafter, the Nikkei Stock Average recovered and recorded a year-to-date-high of 28,389yen on June 9, close to a level marked about 5 months ago on January 18, in anticipation of the normalization of the Chinese economy along with the lifting of city lockdowns and the reopening of foreign tourist acceptances by the Japanese government. As caution mounted over the possible acceleration of interest rate hikes by the FRB due to the fact that the U.S. consumer prices logged, on June 10, the highest rises in 40 years and 5 months, the Nikkei Stock Average turned downward and recorded 25,520yen on June 20, falling below the year-to-date low logged on May 12. Thereafter, the Nikkei Stock Average recovered slightly, ending the period at 26,393yen.

On the foreign currency market, yen-selling and dollar-buying progressed in anticipation of increasing discrepancy between the Japanese interest rates and the U.S. ones. On June 29, the yen recorded 136.98yen per 1 U.S. dollar, the lowest yen value in 24 years. The yen ended the period at the upper side of the 135yen per 1 U.S. dollar level.

In the Japanese emerging-stock market, the TSE Mothers Index underwent increasing corrections and recorded 615 on June 20, the lowest in 2 years and 2 months since April 2020. The Index ended the period at 661.

In the TSE Growth Section, high-PER stocks, regarded as relatively highly valued, were sold off. The TSE Growth Section Index closed the period at 843.

In the TSE Prime Section, the daily average turnover was 3,389.9 billion yen. In the TSE Standard Section, the daily average turnover was 85.7 billion yen. In the TSE Growth Section, the daily average turnover was 128.1 billion yen.

Under these circumstances, the Company has been pushing through its “Decisive Action for Reform” to establish “Stock Type Business Model” (asset-accumulation type business model), initiated 2 years ago. Being in the last year of its Medium-Term Management Plan “Attack 3,” the Company is determined to more powerfully push through its “Decisive Action for Reform” to attain its numerical target of 3 trillion yen in customers’ assets in custody and cost-coverage ratio of 60%.

With respect to activities on stocks, the Company has proposed to customers asset-backed stocks with stress on stability and stable dividends under low-interest rate and high inflationary circumstances. In addition, the Company has recommended to customers investment in small- and medium-cap growth stocks selected based on the Company’s strength in research. The

Company has thus made various proposals and recommendations to promote stocks as means of medium-to long-term asset-formation.

With regard to “Dream Collection,” a fund wrap account vehicle, it has shown a favorable performance as a core asset in customers’ medium- to long-term asset management. Its outstanding balance as of June 30, 2022 registered 191.0 billion yen, up 14.8% from June 30, 2021.

With respect to investment trust funds (other than Dream Collection), the Company has placed its priority on the promotion of funds investing in global public utilities, funds investing in stocks or domestic REIT funds with high potentials of prospective dividends or profit distributions and funds investing in global value stocks and global small- and medium-cap growth stocks. The outstanding balance of these funds as of June 30, 2022 was 739.5 billion yen, down 6.1% from June 30, 2021.

With respect to Ichiyoshi Asset Management Co., Ltd. the amount of assets under its management recorded 415.9 billion yen as of June 30, 2022, up 3.0%, as wrap-account contracts increased while net asset values of funds under management recorded a decline.

As a result of these activities, net operating revenue for the first quarter of fiscal 2022 amounted to 4,335 million, down 15.8% from the first quarter of fiscal 2021. Operating cost and expenses amounted to 3,952 million yen, down 7.4%. Hence, operating income registered 383 million yen, down 56.6%.

Customers’ assets in custody as of June 30, 2022, amounted to 1,884.7 billion yen, down 3.4%.

The Company regards the cost coverage ratio as an important management index which indicates the degree of the Company’s advance towards the stability of its earnings structure and “Stock Type Business Model” (asset-accumulation type business model). The cost coverage ratio for the first quarter of fiscal 2022 was 51.8%, up from 50.1% for the year-earlier quarter. (The cost coverage ratio is the ratio at which the sum of fund management fees, trailer fees and wrap-account fees cover operation cost and expenses.)

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

i. Commissions

Total commissions for the first quarter of fiscal 2022 amounted to 4,243 million yen, down 15.2 % from the year-earlier quarter.

(a) Brokerage commissions

Total brokerage commissions on stocks fell 23.0% to 1,086 million yen. Brokerage commissions on small- and medium-sized stocks (stocks listed on Standard Section and Growth Section of the TSE, Main Section and Next Section of Nagoya Stock Exchange) registered 161 million yen, down 44.1%, and accounted for 14.9% of total brokerage commissions on stocks.

(b) Commissions from underwriting and solicitation to specified investors

In the primary market, the Company participated in 4 initial public offerings (of which the Company lead-managed 2) on a management and underwriting basis as against 10 participations (of which the Company lead-managed 2) 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 121 million yen, down 43.0% from the comparable period of fiscal 2021.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,194 (of which 66 were lead-managed by the Company) as of June 30,

2022.

(c) Commissions from distribution and solicitation to specified investors

As commissions from distribution of investment trust funds recorded 791 million yen, down 25.7% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 804 million yen, down 25.5%.

(d) Commissions from other sources

The trailer fees related to the outstanding balance of investment trust funds under custody registered 1,006 million yen, down 0.3% from the year-earlier period. Investment trust management fees at Ichiyoshi Asset Management Co., Ltd. recorded 475 million yen, up 13.9%. With the addition of fund wrap-account fees of 567 million yen, down 20.2%, total commissions from other sources amounted to 2,186 million yen, down 3.6%.

ii. Gains or loss on trading

Trading in stocks, etc. recorded net gains of 1 million yen, down 92.8%. Trading in bonds and foreign exchange, etc. registered net gains of 5 million yen, up 139.4%. As a result, total net gains on trading amounted to 7 million yen, down 73.8%.

iii. Net financial revenue

Financial revenue decreased 23.2% to 44 million yen as the average outstanding amount of loans on margin transactions during the period declined. Financial expenses declined 27.2% to 9 million yen. As a result, net financial revenue registered 35 million yen, down 22.0%.

Resultantly, net operating revenue for the first quarter of fiscal 2022 amounted to 4,335 million yen, down 15.8%.

iv. Operating cost and expenses

Operating cost and expenses recorded 3,952 million yen, down 7.4%, as personnel-related expenses and real estate-related expenses fell.

v. Non-operating income and expenses

The Company recorded non-operating income of 16 million yen, mainly consisting of 11 million yen of dividends on investment securities. As a result, net non-operating income amounted to 16 million yen, down 70.4%.

Resultantly, current income for the first quarter of fiscal 2022 amounted to 399 million yen, down 57.4%.

vi. Extraordinary income and loss

Mainly as a result of payment of a settlement money, the Company registered net extraordinary loss of 0 million yen, a decline of 136 million yen from the year-earlier period.

Resultantly, net income before taxes and tax adjustment for the first quarter of fiscal 2022 amounted to 399 million yen, down 62.8%. Net income attributable to owners of parent after deduction of corporate taxes, resident taxes and enterprise taxes, in the aggregate amount of 45 million yen and tax adjustment in the amount of 91 million yen amounted to 262 million yen, down 66.5%.

(2) Information on Financial Condition for the First Quarter of Fiscal 2022

(a) Assets

Assets amounted to 46,675 million yen as of June 30, 2022, a fall of 1,259 million yen (down 2.6%) from March 31, 2022, mainly as cash segregated as deposits decreased by 1,149 million yen.

(b) Liabilities

Liabilities stood at 18,265 million yen as of June 30, 2022, a rise of 395 million yen (up 2.2%) from March 31, 2022 mainly as deposits received rose by 1,341 million yen while guarantee deposits received slid by 750 million yen.

(c) Net worth

Net worth amounted to 28,409 million yen as of June 30, 2022, a decrease of 1,655 million yen (down 5.5%) from March 31, 2022. The decrease resulted mainly as the Company recorded 262 million yen as net income attributable to owners of parent for the first quarter of fiscal 2022 while the Company paid dividends of 685 million yen and purchased treasury shares in the amount of 1,262 million yen.

II. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of March 31 2022	As of June 30 2022
Assets		
Current assets		
Cash and deposits	16,714	17,801
Segregated deposits	8,890	7,740
Trading products	23	15
Trading securities and other	23	15
Derivatives	0	-
Trade date accrual	-	0
Margin transaction assets	10,114	10,305
Margin loans	9,919	9,800
Cash collateral provided for securities borrowed in margin transactions	195	504
Loans secured by securities	-	59
Cash collateral provided for securities borrowed	-	59
Advances paid	68	111
Deposits paid for underwritten offering, etc.	3,305	3,161
Accounts for non-delivered securities and others	-	56
Short-term loans receivable	3	7
Securities	1,000	-
Accrued revenue	1,766	1,334
Other current assets	121	322
Allowance for doubtful accounts	△3	△3
Total current assets	42,003	40,914
Non-current assets		
Property, plant and equipment	3,162	3,107
Buildings, net	1,192	1,148
Equipment	619	603
Land	1,333	1,333
Leased assets, net	16	22
Intangible assets	528	484
Software	527	482
Other	1	1
Investments and other assets	2,239	2,168
Investment securities	871	852
Long-term loans receivable	25	22
Long-term guarantee deposits	914	939
Retirement benefit asset	339	348
Deferred tax assets	91	6
Other	78	77
Allowance for doubtful accounts	△79	△79
Total non-current assets	5,931	5,760
Total assets	47,935	46,675
Liabilities		
Current liabilities		
Trading products	-	0
Derivatives	-	0
Trade date accrual	7	-
Margin transaction liabilities	3,144	3,899
Margin borrowings	2,869	2,975
Cash received for securities sold in margin transactions	275	924
Borrowings secured by securities	221	105
Cash collateral received for securities lent	221	105
Deposits received	9,296	10,637
Guarantee deposits received	2,408	1,658
Short-term borrowings	230	230
Lease liabilities	4	5
Income taxes payable	706	156
Provision for bonuses	390	207
Other current liabilities	1,106	1,011
Total current liabilities	17,516	17,912
Non-current liabilities		
Long-term borrowings	126	121
Lease liabilities	11	16
Deferred tax liabilities for land revaluation	7	7
Other noncurrent liabilities	37	37
Total non-current liabilities	183	183
Reserves under special laws		
Reserve for financial instruments transaction liabilities	170	170
Total reserves under special laws	170	170
Total liabilities	17,870	18,265
Net assets		
Shareholders' equity		
Share capital	14,577	14,577
Capital surplus	6,885	5,580
Retained earnings	13,670	13,247
Treasury shares	△4,098	△4,008
Deposits for subscriptions of treasury shares	-	2
Total shareholders' equity	31,035	29,399
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43	34
Revaluation reserve for land	△1,125	△1,125
Remeasurements of defined benefit plans	89	81
Total accumulated other comprehensive income	△92	△1,008
Share acquisition rights	22	18
Total net assets	30,064	28,409
Total liabilities and net assets	47,935	46,675

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

(in millions of yen)

	Fiscal year ended June 30,2021	Fiscal year ended June 30,2022
Operating revenue		
Commission received	5,004	4,243
Net trading income	28	7
Financial revenue	57	44
Other operating revenue	73	49
Total operating revenue	5,164	4,344
Financial expenses	12	9
Net operating revenue	5,151	4,335
Selling, general and administrative expenses		
Trading related expenses	372	381
Personnel expenses	2,259	2,102
Real estate expenses	637	564
Office expenses	586	537
Depreciation	161	119
Taxes and dues	73	61
Other	177	185
Total selling, general and administrative expenses	4,268	3,952
Operating profit	882	383
Non-operating income		
Dividends from investment securities	13	11
Gain on investments in investment partnerships	35	-
Other	6	4
Total non-operating income	55	16
Non-operating expenses		
Other	0	0
Total non-operating expenses	0	0
Ordinary profit	937	399
Extraordinary income		
Gain on sale of investment securities	78	-
Gain on reversal of share acquisition rights	64	0
Reversal of reserve for financial instruments transaction liabilities	11	-
Total extraordinary income	154	0
Extraordinary losses		
Loss on retirement of non-current assets	0	-
Loss on sale of investment securities	5	-
Loss on valuation of investment securities	13	-
Settlement payments	-	0
Total extraordinary losses	18	0
Profit before income taxes	1,073	399
Income taxes - current	99	45
Income taxes - deferred	189	91
Total income taxes	288	136
Profit	785	262
Profit attributable to owners of parent	785	262

Quarterly Comprehensive Income Statements

(in millions of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Profit	785	262
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ39	Δ8
Remeasurements of defined benefit plans, net of tax	Δ15	Δ7
Total other comprehensive income	Δ54	Δ16
Comprehensive income	730	246
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	730	246

(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)
None.

III. Supplementary Information for First Quarter of Fiscal 2022

(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		year-on-year change	Fiscal year ended March 31, 2022
	June 30, 2021	June 30, 2022		
Brokerage commission	1,442	1,131	Δ21.6 %	5,486
(Stocks)	(1,410)	(1,086)	(Δ23.0)	(5,318)
(Beneficiary certificates)	(31)	(44)	(43.2)	(168)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	212	121	Δ43.0	591
(Stocks)	(212)	(121)	(Δ43.0)	(591)
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	1,080	804	Δ25.5	3,832
(Beneficiary certificates)	(1,064)	(791)	(Δ25.7)	(3,784)
Other commission received	2,269	2,186	Δ3.6	9,076
(Beneficiary certificates*)	(2,137)	(2,048)	(Δ4.1)	(8,564)
Total	5,004	4,243	Δ15.2	18,986

*Breakdown of Beneficiary certificates

	First quarter of fiscal year ended		year-on-year change	Fiscal year ended March 31, 2022
	June 30, 2021	June 30, 2022		
Trailer fees relating to balances of funds	1,008	1,006	Δ0.3 %	4,133
Trust fees for fund management	417	475	13.9	1,830
Fees from wrap-accounts	711	567	Δ20.2	2,599
Total	2,137	2,048	Δ4.1	8,564

(2) Commissions by products

	First quarter of fiscal year ended		year-on-year change	Fiscal year ended March 31, 2022
	June 30, 2021	June 30, 2022		
Stocks	1,631	1,214	Δ25.6 %	5,936
Bonds	16	13	Δ16.4	47
Beneficiary certificates	3,233	2,884	Δ10.8	12,517
Others	123	131	6.0	485
Total	5,004	4,243	Δ15.2	18,986

2. Net trading income

	First quarter of fiscal year ended		year-on-year change	Fiscal year ended March 31, 2022
	June 30, 2021	June 30, 2022		
Stocks, etc.	25	1	Δ92.8 %	140
Bonds, foreign exchange, etc.	2	5	139.4	21
(Bonds, etc.)	(1)	(1)	(11.8)	(7)
(Foreign exchange, etc.)	(0)	(3)	(521.1)	(13)
Total	28	7	Δ73.8	161

3. Quarterly Consolidated Income Statements for Recent Five Quarters

(in millions of yen)

	1st Q (4-6/'21)	2nd Q (7-9/'21)	3rd Q (10-12/'21)	4th Q (1-3/'22)	1st Q (4-6/'22)
Operating revenue	5,164	4,956	5,223	4,247	4,344
Commission received	5,004	4,799	5,045	4,137	4,243
Net trading income	28	48	77	7	7
Financial revenue	57	58	50	49	44
Other operating revenue	73	50	50	53	49
Financial expenses	12	11	4	9	9
Net operating revenue	5,151	4,945	5,218	4,238	4,335
Selling, general and administrative expenses	4,268	3,991	4,085	3,886	3,952
Trading related expenses	372	293	377	347	381
Personnel expenses	2,259	2,208	2,211	2,030	2,102
Real estate expenses	637	585	572	575	564
Office expenses	586	535	555	556	537
Depreciation	161	125	126	130	119
Taxes and dues	73	76	75	67	61
Provision of allowance for doubtful accounts	0	Δ0	0	0	0
Other	177	167	165	178	185
Operating profit	882	953	1,133	351	383
Non-operating income	55	35	17	23	16
Non-operating expenses	0	3	0	4	0
Ordinary profit	937	985	1,150	369	399
Extraordinary income	154	0	7	0	0
Extraordinary losses	18	5	0	0	0
Profit before income taxes	1,073	979	1,158	370	399
Income taxes - current	99	351	264	186	45
Income taxes - deferred	189	Δ87	111	Δ59	91
Profit	785	715	782	242	262
Profit attributable to owners of parent	785	715	782	242	262

(END)