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(English translation for reference purposes only)

EARNINGS REPORT FOR FIRST QUARTER OF FISCAL 2023

(April 1 to June 30, 2023)

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

Date of filing First Quarter Report: August 10, 2023 (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 2023 (from April 1 to June 30, 2023)

(1) Highlights of consolidated business result (in millions of yen except for per-share figures) (% indicates year-on-year change)

	Operating revenue (%)	Net operating revenue (%)	Operating profit (%)	Ordinary profit (%)
First quarter of fiscal year ended June 30, 2023	4,580 (+5.4)	4,569 (+5.4)	622 (+62.5)	642 (+60.7)
First quarter of fiscal year ended June 30, 2022	4,344 (-15.9)	4,335 (-15.8)	383 (-56.6)	399 (-57.4)

	Profit attributable to owners of parent (%)	Earnings per share	Diluted earnings per share
First quarter of fiscal year ended June 30, 2023	478 (+82.1)	14.17 yen	14.15 yen
First quarter of fiscal year ended June 30, 2022	262 (-66.5)	7.39 yen	7.37 yen

Note: Comprehensive income: For the first quarter of fiscal 2023: 479 million yen (+94.4%)

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

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

	Total assets	Net assets	Equity ratio	Net assets per share
As of June 30, 2023	45,360	27,731	61.1 %	820.96 yen
As of March 31, 2023	42,670	27,826	65.2 %	823.78 yen

Note: Shareholders' equity: As of June 30, 2023: 27,719 million yen

As of March 31, 2023: 27,813 million yen

2. Dividends

	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2023	--	17.00 yen	--	17.00 yen	34.00 yen
Fiscal year ended March 31, 2024	--	**** yen	--	**** yen	**** yen

- 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 2023 (from April 1, 2023 to March 31, 2024)

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 resulting from change in scope of consolidation): None.
- (2) Application of accounting methods specific to preparation of quarterly financial statements: None.
- (3) Changes in accounting policies and estimates and restatement of financial statement:
 - (i) Changes in accounting policies occasioned by 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 financial statement: None.
- (4) Number of shares issued (common stock):
 - (i) Number of shares issued as of June 30, 2023: 40,431,386 shares
(including treasury shares)
Number of shares issued as of March 31, 2023: 40,431,386 shares
(including treasury shares)
 - (ii) Number of treasury shares as of June 30, 2023: 6,666,447 shares
Number of treasury shares as of March 31, 2023: 6,668,047 shares
 - (iii) Average number of shares outstanding during the first quarter of fiscal 2023: 33,764,049 shares
Average number of shares outstanding during the first quarter of fiscal 2022: 35,554,991 shares

Additional points to note:

- 1. The financial figures contained herein are released without being reviewed by certified public accountants or an auditing firm.
- 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 quarterly and annual business term as stated in **3. Outlook for Business Result for Fiscal 2023 (from April 1, 2023 to March 31, 2024)** on page 2, the Company does not provide a dividend forecast.

I. Outline of Business Result, Etc.

(1) Outline of Business Result for First Quarter of Fiscal 2023

During the first quarter of fiscal 2023, the Japanese economy continued to be on a mild recovery trend. While price increases weighed on household expenses and business activities, personal expenditures remained in a recovery mode and business corporations proceeded with their investments for DX (digital transformation) on the back of solid earnings. In the meantime, the global economy, while being affected by the world-wide financial tightening, maintained its resilience, except for certain weak spots geographically.

The Japanese stock market maintained its upward trend throughout the period mainly as foreign investors' buying acting as a driving force. As Mr. Warren Buffet, a well-known U.S. investor, who came to Japan in April, indicated his intension of additional investment in Japanese stocks, spotlights gathered on Japanese stocks. Furthermore, the affordability of Japanese stocks due to the weaker yen and the continuation of the Bank of Japan's easy monetary policy acted as additional tailwinds. In addition, the Tokyo Stock Exchange requested listed companies to manage their businesses while minding cost of capital and stock price. Such request prompted investors, both domestic and foreign, to expect for further improvement on corporate governance reform. Under such conditions, the Nikkei Stock Average on the Tokyo Stock Exchange (the "TSE") recovered the 30,000yen mark for the first time in 1 year and 8 months since September 28, 2021, and thereafter maintained its upward tone. At the FOMC meeting on June 13-14, the Federal Reserve Board decided to pause its rate-raising for the moment but to possibly raise the rate twice toward the end of the year. Sensing the finale of the rate-raising cycle in the U.S., foreign investors were encouraged to buy Japanese stocks. Thus, the Nikkei Stock Average recorded 33,706yen on June 16, the highest in about 33 years since March 1990, and thereafter weakened slightly, ending the period at 33,189yen.

In the foreign currency market, as Japan maintained its easy monetary policy while the U.S. maintained its tight money policy to contain a high inflation, the yen-selling and the dollar-buying progressed, taking advantage of difference in financial policy direction between the two countries. In the early part of the period, the yen traded at the lower of 130yen level per 1 U.S. dollar, but ended the period at the middle of 140yen level per 1 U.S. dollar.

In the Japanese emerging stock market, the TSE Mothers Index sharply rose in June, closing at 864 on June 24, the highest closing price in 1 year 5 months since January 2022. Thereafter, it weakened, ending the period at 815.

In the Growth Section of the TSE, the Growth Section Index rose to 1,092 on June 21, the highest since April 2022, when the index started to be calculated. Thereafter, undergoing the reactionary movement following the short-term uptick, the index ended the period at 1,036.

The average daily turnover on the Prime Section of the TSE was 3,836.4 billion yen, that on the Standard Section was 146.1 billion yen and that on the Growth Section was 191.0 billion yen.

Under these circumstances, the Company has continued to push through its customer-focused "Decisive Action for Reform" to establish "Stock Type Business Model" (asset-accumulation type business model).

Effective from April, 2023, the Company started its New Medium-Term Management Plan "3

D.” Under the plan, the Company aims to attain “Customers’ Assets of 3 Trillion Yen” and “Doubling of Stock-Type Assets” through fund-wrap accounts and investment funds.

With respect to activities on stocks, the Company has proposed to customers asset-backed stocks with stress on stability and stable dividends under long-running low-interest rate 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 continued to make 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 continued to enjoy an increase in continuous need for customers’ conservative investment vehicles for medium- to long-term asset management. Its outstanding balance as of June 30, 2023, registered 222.7 billion yen, up 16.6% from the end of the year-earlier quarter.

With respect to investment funds (other than Dream Collection), the Company has recommended stock funds matching customers’ needs, such as “BlackRock World High Dividend Equity Open,” “Ichiyoshi Japan Select Dividend Equity & J-REIT Fund,” “Ichiyoshi Global Equity Fund.” The outstanding balances of these funds as of June 30, 2023 amounted to 754.8 billion yen, up 2.1% from the end of the year-earlier quarter.

With respect to Ichiyoshi Asset Management Co., Ltd. the net asset values of funds under its management recorded a continuous increase and registered 466.2 billion yen as of June 30, 2023, up 12.1% from the end of the year-earlier quarter.

As a result of these activities, net operating revenue for the first quarter of fiscal 2023 amounted to 4,569 million yen, up 5.4% from the first quarter of fiscal 2022. Selling, general and administrative expenses amounted to 3,946 million yen, down 0.1%. Hence, operating profit registered 622 million yen, up 62.5%.

Customers’ assets in custody as of June 30, 2023, amounted to 2,060.5 billion yen, up 8.0%.

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 2023 was 56.3%, up from 51.8% in the year-earlier period.

(The cost coverage ratio is the ratio at which the sum of fund management fees, trailer fees and wrap-account fees cover selling, general and administrative expenses.)

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

i. Commission received

Total commission received for the first quarter of fiscal 2023 amounted to 4,471 million yen, up 5.4 % from the previous fiscal year.

(a) Brokerage commission

Total brokerage commissions on stocks rose 27.4% to 1,383 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 203 million yen, up 26.1%, and accounted for 14.8% of total brokerage commissions on stocks.

(b) Fees for offering, secondary distribution and solicitation for selling and others for professional investors

As commissions on beneficiary certificates recorded 686 million yen, down 13.2% from the previous fiscal year, total fees for offering, secondary distribution and solicitation for selling and others for professional investors registered 698 million yen, down 13.2%.

(c) Other commission received

Trailer fees relating to balances of funds registered 1,021 million yen, up 1.6% from the previous fiscal year. Fund management fees at Ichiyoshi Asset Management Co., Ltd. recorded 511 million yen, up 7.7%. With the addition of fees from wrap-accounts of 688 million yen, up 21.4%, total other commission received amounted to 2,365 million yen, up 8.2%.

ii. Net trading income

Net trading income from stocks, etc. recorded net gains of 15 million yen, up 752.8%. Net trading income from bonds and foreign exchange, etc. recorded net gains of 4 million yen, down 10.6%. As a result, total net trading income recorded net gains of 20 million yen, up 181.7%.

iii. Net financial revenue

Financial revenue increased 0.6% to 44 million yen. Financial expenses rose 23.5% to 11 million yen. As a result, net financial revenue registered 33 million yen, down 5.5%.

Resultantly, net operating revenue for the first quarter of fiscal 2023 amounted to 4,569 million yen, up 5.4%.

iv. Selling, general and administrative expenses

Selling, general and administrative expenses recorded 3,946 million yen, down 0.1%, as trading related expenses fell.

v. Non-operating income and expenses

The Company recorded non-operating income of 19 million yen, mainly consisting of 10 million yen of dividends from investment securities. As a result, net non-operating income amounted to 19 million yen, up 20.4%.

Resultantly, ordinary profit for the first quarter of fiscal 2023 amounted to 642 million yen, up 60.7%.

vi Extraordinary income and losses

Extraordinary income registered 47 million yen mainly in the form of gains on sale of investment securities, and extraordinary losses amounted to 0 million yen mainly in the form of settlement payments. As a result, net extraordinary income recorded 47 million yen, an increase of 47 million yen from the year-earlier period.

Resultantly, profit before income taxes for the first quarter of fiscal 2023 amounted to 689 million yen, up 72.6%. Profit attributable to owners of parent (after deduction of income taxes - current in the amount of 190 million yen and income taxes - deferred in the amount of 20 million yen) amounted to 478 million yen, up 82.1%.

(2) Information on Financial Condition

(a) Assets

Assets amounted to 45,360 million yen as of June 30, 2023, a rise of 2,690 million yen (up 6.3%)

from March 31, 2023, mainly as cash and deposits increased by 2,641 million yen.

(b) Liabilities

Liabilities amounted to 17,629 million yen as of June 30, 2023, a rise of 2,785 million yen (up18.8%) from March 31, 2023, mainly as deposits received increased by 3,802 million yen.

(c) Net assets

Net assets amounted to 27,731 million yen as of June 30, 2023, a fall of 95 million yen (down 0.3%) from March 31, 2023. The decrease resulted mainly as the Company recorded 478 million yen as profit attributable to owners of parent while the Company paid dividends of 573 million yen.

As a result, equity ratio amounted to 61.1%, down from 65.2% in the previous fiscal year. Capital adequacy ratio amounted to 529.3%, up from 505.8% in the previous fiscal year.

II. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of March 31 2023	As of June 30 2023
Assets		
Current assets		
Cash and deposits	15,173	17,815
Segregated deposits	6,450	7,300
Trading products	13	0
Trading securities and other	13	0
Trade date accrual	0	-
Margin transaction assets	10,119	9,428
Margin loans	9,539	8,577
Cash collateral provided for securities borrowed in margin transactions	579	851
Loans secured by securities	20	6
Cash collateral provided for securities borrowed	20	6
Advances paid	106	117
Deposits paid for underwritten offering, etc.	2,062	3,399
Short-term loans receivable	0	7
Securities	1,000	-
Accrued revenue	1,720	1,402
Other current assets	439	471
Allowance for doubtful accounts	△2	△2
Total current assets	37,105	39,946
Non-current assets		
Property, plant and equipment	3,048	2,969
Buildings, net	1,079	1,023
Equipment	600	591
Land	1,344	1,325
Leased assets, net	24	28
Intangible assets	448	405
Software	434	386
Other	14	18
Investments and other assets	2,067	2,039
Investment securities	876	768
Long-term loans receivable	24	21
Long-term guarantee deposits	926	1,021
Retirement benefit asset	124	133
Deferred tax assets	118	98
Other	76	76
Allowance for doubtful accounts	△79	△79
Total non-current assets	5,564	5,414
Total assets	42,670	45,360
Liabilities		
Current liabilities		
Trading products	0	0
Derivatives	0	0
Trade date accrual	-	0
Margin transaction liabilities	3,982	2,830
Margin borrowings	3,170	1,734
Cash received for securities sold in margin transactions	812	1,096
Borrowings secured by securities	268	332
Cash collateral received for securities lent	268	332
Deposits received	7,415	11,218
Guarantee deposits received	1,270	1,178
Payables for securities to receive over due for delivery	-	6
Short-term borrowings	230	230
Lease liabilities	6	7
Income taxes payable	209	181
Provision for bonuses	333	247
Other current liabilities	785	1,059
Total current liabilities	14,501	17,292
Non-current liabilities		
Long-term borrowings	106	101
Lease liabilities	18	21
Deferred tax liabilities for land revaluation	7	7
Other noncurrent liabilities	38	39
Total non-current liabilities	172	170
Reserves under special laws		
Reserve for financial instruments transaction liabilities	170	166
Total reserves under special laws	170	166
Total liabilities	14,844	17,629
Net assets		
Shareholders' equity		
Share capital	14,577	14,577
Capital surplus	5,562	5,562
Retained earnings	13,160	13,064
Treasury shares	△4,293	△4,292
Deposits for subscriptions of treasury shares	-	0
Total shareholders' equity	29,006	28,912
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45	38
Revaluation reserve for land	△1,125	△1,125
Remeasurements of defined benefit plans	△113	△105
Total accumulated other comprehensive income	△1,193	△1,192
Share acquisition rights	12	11
Total net assets	27,826	27,731
Total liabilities and net assets	42,670	45,360

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

(in millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Operating revenue		
Commission received	4,243	4,471
Net trading income	7	20
Financial revenue	44	44
Other operating revenue	49	44
Total operating revenue	4,344	4,580
Financial expenses	9	11
Net operating revenue	4,335	4,569
Selling, general and administrative expenses		
Trading related expenses	381	317
Personnel expenses	2,102	2,139
Real estate expenses	564	574
Office expenses	537	531
Depreciation	119	125
Taxes and dues	61	74
Other	185	183
Total selling, general and administrative expenses	3,952	3,946
Operating profit	383	622
Non-operating income		
Dividends from investment securities	11	10
Other	4	8
Total non-operating income	16	19
Non-operating expenses		
Other	0	0
Total non-operating expenses	0	0
Ordinary profit	399	642
Extraordinary income		
Gain on sale of investment securities	-	22
Gain on sale of non-current assets	-	18
Gain on reversal of share acquisition rights	0	3
Reversal of reserve for financial instruments transaction liabilities	-	3
Total extraordinary income	0	47
Extraordinary losses		
Settlement payments	0	0
Total extraordinary losses	0	0
Profit before income taxes	399	689
Income taxes - current	45	190
Income taxes - deferred	91	20
Total income taxes	136	211
Profit	262	478
Profit attributable to owners of parent	262	478

Quarterly Comprehensive Income Statements

(in millions of yen)

	Fiscal year ended June 30,2022	Fiscal year ended June 30,2023
Profit	262	478
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ8	Δ6
Remeasurements of defined benefit plans, net of tax	Δ7	7
Total other comprehensive income	Δ16	1
Comprehensive income	246	479
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	246	479

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

None.

(Notes if there are significant changes in the amount of shareholders' equity)

None.

(Application of accounting methods specific to preparation of quarterly financial statements)

None.

(Changes in accounting policies and accounting estimates and restatement of financial statement)

None.

III. Supplementary Information for First Quarter of Fiscal 2023

(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, 2023
	June 30, 2022	June 30, 2023		
Brokerage commission	1,131	1,406	24.4 %	4,615
(Stocks)	(1,086)	(1,383)	(27.4)	(4,468)
(Beneficiary certificates)	(44)	(23)	(Δ47.9)	(147)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	121	0	Δ99.9	131
(Stocks)	(121)	(0)	(Δ99.9)	(131)
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	804	698	Δ13.2	2,680
(Beneficiary certificates)	(791)	(686)	(Δ13.2)	(2,642)
Other commission received	2,186	2,365	8.2	8,791
(Beneficiary certificates*)	(2,048)	(2,222)	(8.5)	(8,275)
Total	4,243	4,471	5.4	16,219

*Breakdown of Beneficiary certificates

	First quarter of fiscal year ended		year-on-year change	Fiscal year ended March 31, 2023
	June 30, 2022	June 30, 2023		
Trailer fees relating to balances of funds	1,006	1,021	1.6 %	3,972
Fund management fees	475	511	7.7	1,968
Fees from wrap-accounts	567	688	21.4	2,334
Total	2,048	2,222	8.5	8,275

(2) Commissions by products

	First quarter of fiscal year ended		year-on-year change	Fiscal year ended March 31, 2023
	June 30, 2022	June 30, 2023		
Stocks	1,214	1,389	14.4 %	4,624
Bonds	13	12	Δ10.1	37
Beneficiary certificates	2,884	2,932	1.7	11,066
Others	131	136	4.1	490
Total	4,243	4,471	5.4	16,219

2. Net trading income

	First quarter of fiscal year ended		year-on-year change	Fiscal year ended March 31, 2023
	June 30, 2022	June 30, 2023		
Stocks, etc.	1	15	752.8 %	52
Bonds, foreign exchange, etc.	5	4	Δ10.6	19
(Bonds, etc.)	(1)	(0)	(Δ88.5)	(5)
(Foreign exchange, etc.)	(3)	(4)	(31.3)	(13)
Total	7	20	181.7	71

3. Quarterly Consolidated Income Statements for Recent Five Quarters

(in millions of yen)

	1st Q (4-6/'22)	2nd Q (7-9/'22)	3rd Q (10-12/'22)	4th Q (1-3/'23)	1st Q (4-6/'23)
Operating revenue	4,344	4,184	4,102	4,034	4,580
Commission received	4,243	4,074	3,989	3,911	4,471
Net trading income	7	22	18	22	20
Financial revenue	44	38	41	44	44
Other operating revenue	49	49	52	56	44
Financial expenses	9	9	6	16	11
Net operating revenue	4,335	4,175	4,096	4,018	4,569
Selling, general and administrative expenses	3,952	3,821	3,838	3,847	3,946
Trading related expenses	381	316	368	327	317
Personnel expenses	2,102	2,029	2,016	2,032	2,139
Real estate expenses	564	596	569	585	574
Office expenses	537	516	520	526	531
Depreciation	119	119	118	122	125
Taxes and dues	61	69	62	66	74
Provision of allowance for doubtful accounts	0	0	0	△0	0
Other	185	173	181	187	183
Operating profit	383	354	257	170	622
Non-operating income	16	17	28	4	19
Non-operating expenses	0	7	1	7	0
Ordinary profit	399	363	284	167	642
Extraordinary income	0	2	0	0	47
Extraordinary losses	0	0	2	0	0
Profit before income taxes	399	366	282	167	689
Income taxes - current	45	181	24	143	190
Income taxes - deferred	91	△53	86	△61	20
Profit	262	237	172	85	478
Profit attributable to owners of parent	262	237	172	85	478

(END)