

Ichiyoshi Securities Co., Ltd.
Notice of 77th Annual Meeting of Shareholders

[English translation for reference purposes only]

May 30, 2019

Notice is hereby given to the shareholders of Ichiyoshi Securities Co., Ltd. (“Ichiyoshi” or the “Company”) that the 77th annual meeting of shareholders of Ichiyoshi will be held at a place and date written below. Each of attending shareholders is requested to bring with him/her a voting card attached hereto (omitted in this English version).

In the event that you cannot attend the said meeting in person, please read “Referential Materials for Shareholders’ Meeting” (described on page 5 herein) carefully and send the voting card to be received by the Company by 5:00 p.m. on June 21, 2019 (Friday), or exercise your voting rights electronically via the Company’s designated website for exercising voting rights (<https://evote.tr.mufg.jp/>) (the “Designated Voting Website”) by the same date and time. **(If you are a non-resident of Japan, however, you may exercise your voting rights by properly instructing your standing proxy in Japan.)**

- 1. Date and time:** June 22, 2019, Saturday, from 10:00 a.m.
(Doors open at 9:00 a.m.)
- 2. Place:** At Royal Hall, 3rd Floor of Royal Park Hotel
2-1-1, Nihonbashi Kakigara-cho, Chuo-ku, Tokyo, Japan

3. Agenda at the Meeting:

Reports:

- (1) Reports on business result and contents of consolidated financial statements (for the fiscal year from April 1, 2018 to March 31, 2019), and Certified Public Accountants’ and Audit Committee’s reports on their respective audits of consolidated financial statements..
- (2) Reports on contents of non-consolidated financial statements of the Company (for the fiscal year from April 1, 2018 to March 31, 2019).

Resolutions proposed for approval and adoption:

1st resolution: Appointment of 7 directors.

2nd resolution: Authorization of the Board of Directors to decide terms and conditions for the issuance of share warrants as stock options to directors (excluding outside directors), executive officers, operating

officers, executive advisers and employees
of the Company and its subsidiaries.

(After the shareholders' meeting, a social gathering is scheduled between the
Company's directors/officers and attending shareholders.)

**4. Matters concerning documents accompanying this notice and reference materials for
shareholders' meeting:**

(1) Disclosure on Internet:

The contents of the following documents (items (i), (ii), (iii), (iv) and (v)) are disclosed
on Ichiyoshi's website in accordance with laws and Article 15 of the Articles of
Incorporation of the Company. Hence, they are not contained herein. (Ichiyoshi
website: <https://www.ichiyoshi.co.jp/stockholder/presentation.>)

- (i) System to ensure the appropriateness of business operations and the
outline of operational status of the system;
- (ii) Consolidated statements of changes in equity;
- (iii) Notes to consolidated financial statements;
- (iv) Non-consolidated Statements of changes in equity; and
- (v) Notes to non-consolidated financial statements.

It is to be noted that the Company's certified public accountants have audited not only
consolidated financial statements and non-consolidated financial statements attached
hereto but also consolidated statement of changes in equity, notes to consolidated
financial statements, non-consolidated statement of changes in equity and notes to
non-consolidated financial statements disclosed on Ichiyoshi's website, and that the
audit committee has audited not only reports on business result, consolidated
financial statements and non-consolidated financial statements attached hereto but
also the system to ensure the appropriateness of business operations and the outline
of operational status of the system, consolidated statement of changes in equity, notes
to consolidated financial statements, non-consolidated statement of changes in equity,
and notes to non-consolidated financial statements disclosed on Ichiyoshi's website.

**(2) Method to notify corrections as to reference materials for shareholders' meeting,
reports on business result and financial statements:**

Any corrections occurring to reference materials for shareholders' meeting, reports on
business result and financial statements will be notified on Ichiyoshi's website.

5. Guidance for exercising voting rights:

(1) Exercising voting rights in person:

You are required to present your voting card at the reception desk of the shareholders' meeting before the meeting starts at 10:00 a.m. on June 22, 2019 (Saturday). (No person other than an entitled shareholder shall be admitted to the meeting. Neither his/her agent nor his/her accompanying person shall be admitted.)

(2) Exercising voting rights through proxy:

In the event that you cannot attend the shareholders' meeting in person, you may exercise your voting rights by appointing another shareholder of Ichiyoshi attending the meeting as your proxy; provided, however, that he/she must produce a document certifying his proxy status.

(3) Exercising voting rights by mail:

You are required to mail your completed voting card (postage prepaid) to be received by the Company at or before 5:00 p.m. on June 21, 2019 (Friday).

(4) Exercising voting rights electronically (such as via Internet):

You are required to exercise your voting rights through the Company's Designated Voting Website (<https://evote.tr.mufg.jp/>) by 5:00 p.m. on June 21, 2019 (Friday) (Please note that the Designated Voting Website is not accessible between 2:00 a.m. and 5:00 a.m. every day, Japan time.)

Reminder: (i) In the event that you attend the shareholders' meeting in person, you need not follow instructions relating to voting by mail or via Internet.

(ii) In the event that you exercise your voting rights by mail, you should follow instructions in the voting card (the card being omitted in this English version).

6. Guidance for exercising voting rights electronically via the Designated Voting Website:

You can exercise your voting rights by accessing the Designated Voting Website via your smart phone, personal computer or mobile phone.

(1) Exercising your voting rights via your smart phone:

(i) By scanning the "QR Code for Log-in" provided in the voting card (omitted in this English version), you will be automatically connected to the Designated Voting Website and will be able to exercise your voting rights. (Thus, you do not need "Log-in ID" nor "Temporary Password")

(ii) For the sake of security, the exercise of voting rights by way of the "QR Code" is limited to one time. In the event of exercising voting rights twice or more, the application of "Log-in ID" and "Temporary Password" will be required even by way of "QR Code for Log-in."

- (ii) It should be noted that a certain type of smart phone may not be compatible with the “QR Code for Log-in” provided.
- (2) Exercising your voting rights via your personal computer or mobile phone:
By applying “Log-in ID” and “Temporary Password” provided in the voting card on the Designated Voting Website, you will be able to exercise your voting rights in accordance with instructions listed on the Website.
- (3) Further notes on the Designated Voting Website:
- (i) The exercise of voting rights is only possible by accessing the Designated Voting Website via personal computer, smart phone or mobile phone (the Website is accessible at any time except from 2:00 am to 5:00 am)
 - (ii) The exercise of voting rights via personal computer or smart phone may not be possible in the event that firewall or antivirus devices are installed or proxy servers are used or TLS cryptography is not designated, depending on your Internet usage environment.
 - (iii) The exercise of voting rights may not be possible via mobile phone not equipped with TLS cryptography nor capable of transmitting mobile information for the sake of security..
 - (iv) The exercise of voting rights electronically is possible by 5:00 pm on June 21, 2019 (except from 2:00 am to 5:00 am), but you are urged to exercise your voting rights earlier if possible.
 - (v) If you have any question, please contact Securities Transfer Dept.(Help Desk), Mitsubishi UFJ Trust & Banking Corp. (Free call: 0120-173-027, open between 9:00 am and 9:00 pm).
- (4) Expenses arising from access to the Designated Voting Website:
Shareholders are required to bear expenses arising from access to the Designated Voting Website (such as Internet-access and telephone charges).When using your mobile phone, you may be charged with packet communication fees and other related expenses.

Reminder:

- (i) In the event of exercising voting rights doubly by sending back a voting card and electronically via the Designated Voting Website:
Electronic exercise shall be adopted.
- (ii) In the event of exercising voting rights more than once electronically via the Designated Voting Website or in the event of exercising your voting rights doubly or redundantly through your personal computer, smartphone or mobile phone:
The last-dispatched voting instruction shall be adopted.

[Electronically-Voting Platform for Institutional Investors]

Nominee shareholders, such as trustee banks and standing proxies (for non-resident shareholders), may exercise their votes via the electronic-voting platform operated by ICJ Inc., provided that they have applied for the use of the platform in advance.

Referential Materials for Shareholders' Meeting

I. 1st proposed resolution: Appointment of 7 directors

The terms of office of all currently-incumbent directors will expire at the close of the shareholders' meeting. The Nominating Committee of the Company has resolved to propose the below-mentioned 7 nominees for directors. The criteria for the selection of nominees for directors by the Nominating Committee are as follows:

The following are selection criteria for nominees as defined by the Nominating Committee:

For inside directors:

- Superb management sense
- Superb leadership, foresightedness and planning ability
- High law-abiding nature
- Personal magnetism in and out of the Company
- Healthiness physically and mentally

For outside directors:

- High personality and insight
- Plentiful experience and expertise in business operations
- High law-abiding nature
- Unwavering independency as outside director
- Healthiness physically and mentally

In addition, the nominees for outside directors are required to be qualified as outside directors under enforcement regulations of the Company Law of Japan and to have no conflict of interest with shareholders as independent directors under the regulations of the Tokyo Stock Exchange.

The following persons are 7 nominees for directors:

Nominee number	Name of nominee	Current positions at the Company
1	Masashi Takehi	Chairman of the Board of Directors Member of Nominating Committee Member of Remuneration Committee
2	Minoru Kobayashi	Director, President and Representative Executive Officer
3	Shiro Tateishi	Director, Deputy President & Representative Executive Officer
4	Akira Gokita	Outside and Independent Director Member of Nominating Committee (Chairman) Member of Remuneration Committee Member of Audit Committee
5	Kenro Kakeya	Outsider and Independent Director Member of Remuneration Committee (Chairman) Member of Nominating Committee
6	Takashi Ishikawa	Outside and Independent Director Member of Audit Committee (Chairman, full-time) Head of Outside and Independent Directors
7	Kota Sakurai	Outside or and Independent Director Member of Audit Committee

For reference, the following members are planned for each of the Nominating Committee, the Remuneration Committee and the Audit Committee after the shareholders' approval of this resolution:

Nominating Committee: Mr. Akira Gokita (Chairman)
Mr. Masashi Takehi
Mr. Kenro Kakeya

Remuneration Committee: Mr. Kenro Kakeya (Chairman)
Mr. Masashi Takehi
Mr. Akira Gokita

Audit Committee: Mr. Takashi Ishikawa (Chairman)
Mr. Akira Gokita
Mr. Kota Sakurai

.Nominee Number	Birth date	Reappointment or new appointment and frequency of attendance at various meetings	No. of the Company's shares owned
1 Masashi Takehi	April 13, 1943	Nominee for reappointment Frequency of attendance at Board of Directors' meetings: 19 times (100%) Frequency of attendance at Nominating Committee: 3 times (100%) Frequency of attendance at Remuneration Committee: 8 times (100%) [Positions/occupations prior to the current ones are omitted in this English version]	133,400 shares

Reason for his nomination as director:

He formerly served as managing director of Nomura Securities Co. Ltd. and then served as representative director and chief executive president of the Company successively. Since becoming a director and executive chairman of the Company in April 2012 and chairman of the Board of Directors of the Company in April 2018, he has taken on management and supervising responsibility for the Company and its group companies. Considering his qualification for inside directorship selection criteria and his management achievement and experience so far, the Nominating Committee has judged that he can apply his deep insight on securities business and securities industry and his superb managerial capability to the management of the Company.

If he is reappointed as director at the shareholders' meeting, he is scheduled to become a member of the Nominating Committee and a member of the Remuneration Committee upon the conclusion of the shareholders' meeting.

2 Minoru Kobayashi	August 30, 1958	Nominee for reappointment Frequency of attendance at Board of Directors' meetings: 19 times (100%) [Positions/occupations prior to the current ones are omitted in this English version]	47,300 shares
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Reason for his nomination as director:

He formerly served as managing executive officer of Nomura Securities Co., Ltd. ("Nomura") and as

president of Nomura's subsidiary successively. He became executive deputy president of the Company in 2015, supervising the Company's retail operations. Since becoming director, president and representative executive officer of the Company in April 2016, he has taken on representative executive duty over the business operations of the Company. Considering his qualification for inside directorship selection criteria and his achievement, insight and experience on business, the Nominating Committee has judged that he can apply his deep knowledge and profound experience on securities business and his business execution ability to the management of the Company.

3 Shiro Tateishi	August 12, 1963	Nominee for reappointment Frequency of attendance at Board of Directors: 19 times (100%) [Positions/occupations prior to the current ones are omitted in this English version]	28,500 shares
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Reason for his nomination as director:

Since joining the Company in 1986, he has taken on responsibility for various divisions of the Company, including the Advisory Division and the Advisory Support Division, Control/Planning Division. In 2017, he was appointed director and managing executive officer. Since In 2018, he supervised the retail division. In April 2019, he became director and deputy president, assisting the president in executing business decisions. Considering his qualification for inside directorship selection criteria and his business achievement, the Nominating Committee has judged that he can apply his superb insight, visions and leadership acquired through his work experience at various divisions to the management of the Company.

4 Akira Gokita	September 20, 1947	Nominee for reappointment Frequency of attendance at Board of Directors' meetings: 19 times (100%) Frequency of attendance at Nominating Committee: 3 times (100%) Frequency of attendance at Remuneration Committee: 8 times (100%) Frequency of attendance at Audit Committee: 17 times (100%) [Positions/occupations prior to the current ones are omitted in this English version])	0 share
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(Significant concurrent position)

Currently he is an attorney at law with Gokita Miura Law Office,
and an outside director at Sanwa Holdings Ltd.

He is a nominee for outside director, as defined under Article 2-3-7 of the Company Law Enforcement Regulations.

He is a nominee as independent director, an outside director having no conflict of interest with the Company's shareholders, as defined by the Tokyo Stock Exchange.

Reason for his nomination as outside director:

He has provided the Company with his fair and objective views as outside director of the Company. Considering his qualification for outside directorship selection criteria, the Nominating Committee has judged that he can apply his deep and professional knowledge and profound experience as former public prosecutor and attorney-at-law to the management and governance of the Company. There is no conflict of interest between Mr. Gokita and the Company.

He will have served the Company as outside director for 9 years by the conclusion of the shareholders' meeting.

If he is reappointed as outside director at the shareholders' meeting, he is scheduled to be a member of the Nominating Committee (as chairman), a member of the Remuneration Committee and a member of the Audit Committee upon the conclusion of the shareholders' meeting.

5 Kenro Kakeya	September 13, 1951	Nominee for reappointment	13,000 shares
		Frequency of attendance at Board of Directors' meetings: 19 times (100%)	
		Frequency of attendance at Nominating Committee: 3 times (100%)	
		Frequency of attendance at Remuneration Committee: 8 times (100%)	
		[Positions/occupations prior to the current ones are omitted in this English version]	

(Significant concurrent position)

Currently, he is representative director and president of Kakeya Komuten Ltd.,
and non-full time director of Kita Osaka Shinkin Bank

He is a nominee for outside director, as defined under Article 2-3-7 of the Company Law Enforcement Regulations.

He is a nominee as independent director, an outside director having no conflict of interest with the Company's shareholders, as defined by the Tokyo Stock Exchange.

Reason for his nomination as outside director:

He has provided the Company with his fair and objective views as outside director of the Company.

Considering his qualification for outside directorship selection criteria, the Nominating Committee has judged that he can apply his deep knowledge and profound experience as former Nippon Keizai Shimbun (the Japan Economic Journal) reporter and incumbent business executive to the management and governance of the Company. There is no conflict of interest between Mr. Kakeya and the Company.

He will have served the Company as outside director for 9 years by the conclusion of the shareholders' meeting.

If he is reappointed as outside director at the shareholders' meeting, he is scheduled to be a member of the Nominating Committee and a member of the Remuneration Committee (as chairman) upon the conclusion of the shareholders' meeting.

6 Takashi Ishikawa	December 8, 1959	Nominee for reappointment	1,000 shares
		Frequency of attendance at Board of Directors' meetings: 19 times (100%)	
		Frequency of attendance at Audit Committee: 17 times (100%)	
		[Positions/occupations prior to the current ones are omitted in this English version]	

(Significant concurrent position)

Currently, he is statutory auditor of the following 3 subsidiaries of the Company: Ichiyoshi Business Service Co. Ltd., Ichiyoshi Asset Management Co., Ltd. and Ichiyoshi Research Institute Inc., and president and representative director of SR Holdings Inc.

He is a nominee for outside director, as defined under Article 2-3-7 of the Company Law Enforcement Regulations.

He is a nominee as independent director, an outside director having no conflict of interest with the Company's shareholders, as defined by the Tokyo Stock Exchange.

Reason for his nomination as outside director:

He has provided the Company with his fair and objective views as outside director of the Company. Considering his qualification for outside directorship selection criteria, the Nominating Committee has judged that he can apply his deep knowledge and profound experience as former president of a securities firm to the management and governance of the Company. There is no conflict of interest between Mr. Ishikawa and the Company.

He will have served the Company as outside director for 7 years by the conclusion of the shareholders' meeting .

If he is reappointed as outside director at the shareholders' meeting, he is scheduled to be a member of the Audit Committee (as chairman, full-time) upon the conclusion of the shareholders' meeting.

7 Kota Sakurai	August 20, 1959	Nominee for reappointment	17,400 shares
		Frequency of attendance at	
		Board of Directors' meetings: 19 times (100%)	
		Frequency of attendance at	
		Audit Committee: 17 times (100%)	
		[Positions/occupations prior to the	
		current ones are omitted in this	
		English version]	

(Significant concurrent position)

He is currently a certified public accountant with Sakurai Kota Accounting & Tax Accountant Firm LLP.

He is a nominee for outside director, as defined under Article 2-3-7 of the Company Law Enforcement Regulations.

He is a nominee as independent director, an outside director having no conflict of interest with the Company's shareholders, as defined by the Tokyo Stock Exchange.

Reason for his nomination as outside director:

He has provided the Company with his fair and objective views as outside director of the Company. Considering his superb personality and insight and his qualification for outside directorship election standards, the Nominating Committee has judged that he can apply his deep and professional knowledge and profound experience as certified public accountant and tax accountant to the management and governance of the Company. There is no conflict of interest between Mr. Sakurai and the Company.

He will have served the Company as outside director for 8 years by the close of the shareholders' meeting.

If he is reappointed as outside director at the shareholders' meeting, he is scheduled to be a member of the Audit Committee upon the conclusion of the shareholders' meeting

II. 2nd proposed resolution: Authorization of the Board of Directors to decide terms and conditions for the issuance of share warrants as stock options to directors (excluding outside directors), executive officers, operating officers, executive advisers and employees of the Company and its subsidiaries.

[Please refer to the Company's press release dated May 17, 2019, titled "**Authorization of the Board of Directors to Decide Terms and Conditions for the Placement of Share Warrants as Stock Options for "the Group"** on Ichiyoshi's website

<https://www.ichiyoshi.co.jp/stockholder/presentation>]

(For reference, above-mentioned **executive advisors** are an executive class of officers appointed from inside or outside of the Company and equipped with a high level of expertise in specified areas of the Company's business and perform their duties on a full-time basis.)

Referential Information

Addressing SDGs (Sustainable Development Goals)

Following the adoption of "Sustainable Development Goals" at the United Nations in September 2015, various nations (including Japan) in the world have started to move toward achieving 17 goals and 169 targets (*) for a 15-year period with the aim of building the world with less of poverty, inequality, disparity and climate change and leaving no one left out. In this regard, governments and corporations as members of society are urged to actively participate in the achieving these goals and targets.

Believing that the social role of securities firms lies in meeting needs of customers through the provision of customer-focused quality products and services as responsible participants in the capital market and assisting governments and corporations in raising their required funds, the Company is determined to contribute to the growth of regional communities and the advancement of financial and securities markets.

"Ichiyoshi Credo" established in 2006 expresses guidelines for the Company to make contributions "For Employees," "For Customers," "For Shareholders" and "For Communities." Ichiyoshi Credo represents the sense of values all of officers and employees of the Company share for the enhancement of the Company's raison-d'être.

Complying with the spirit of Ichiyoshi Credo, the Company has worked on various projects relating to "communities," "environments" and "governance." But there still remains much work to do. The Company will continue to work towards "Sustainable Development Targets" along Ichiyoshi Credo.

[* For the details of 17 goals and 169 targets, please refer to the website of UN Information Center (<https://www.unic.or.jp>).]

< Ichiyoshi's Actions >

Environmental

Climate Change: Ichiyoshi Mangrove Project

(The Company has planted approximately 350,000 mangroves since 2009.)

Community Assistance Project for communities affected by climate change

Goal 1: No Poverty, Goal 6: Clean Water and Sanitation,

Goal 13: Climate Action, Goal 14: Life below Water,

Goal 15: Life on Land

Environmental Protection:

Use of paper recognized by FSC (Forest Stewardship Council)

Use of vegetable oil ink

Use of recycled paper for visiting cards

Goal 14: Life below Water, Goal 15: Life on Land

Reduction of Greenhouse Gas Emission:

Proper adjustment of air-conditioners

Use of energy-saving goods and equipment

Switching of company-use cars to eco-friendly cars

Goal 13: Climate Action

Social

Contribution to Healthy and Sustainable Capital Market:

Offer of high-quality financial services

Offer of products and services matching environmental and social challenges

Customer protection and information security

Enhancement of financial literacy

Goal 1: No Poverty, Goal 5: Gender Equality,

Goal 8: Decent Work and Economic Growth,

Goal 10: Reduced Inequalities

Cultivation of diversity-oriented personnel:

Human resources cultivation

Diversity

Setting up of worker-friendly offices

Promotion of female activities

Goal 5: Gender Equality,

Goal 8: Decent Work and Economic Growth,

Goal 10: Reduced Inequalities

Raising of Seeing-Eye Dogs:

Ichiyoshi Seeing-Eye Dog Project

(6 seeing-eye dogs have come into service since 2005.)

Goal 3: Good Health and Well-being,

Goal 10: Reduced Inequalities

Humanitarian Medical Assistance:

Pediatric Care Project in Laos

(The Company has provided pediatric vaccine for approximately 740,000 children since 2009.)

Goal 3: Good Health and Well-being,

Goal 6: Clean Water and Sanitation,

Goal 16: Peace, Justice and Institutions

Educational Assistance:

Projects for building of school houses

(The Company has built 11 school houses in 8 Asian nations since 1996.)

Goal 4: Quality Education, Goal 5: Gender Equality,

Goal 6: Clean Water and Sanitation,

Goal 16: Peace, Justice and Institutions

Governance

Corporate Governance:

The Company held shareholders' meetings on Saturday since 2001.

The Company organized social gatherings between directors/officers and shareholders after shareholders' meetings.

The Company introduced the "company-with-three committees system" in June 2003.

Goal 16: Peace, Justice and Institutions

Risk Management:

Setting and strengthening of risk management system

Securing of financial strength and transparency

Preparedness for environmental and social risk

Goal 13: Climate Action

Compliance:

Strict compliance with laws and regulations and reporting of infringement

Ensuring fair financial business practices

Preventing bribery

Preventing money laundering

Goal 10: Reduced Inequalities,

Goal 16: Peace, Justice and Institutions

<Addressing Corporate Governance>

1. Governance System

The Company moved from the statutory auditor system to the company-with three-committees system effective from June 2003. Hence, the Company has been equipped with a corporate governance system in which management decision-making, supervisory control and business execution each functions independently and effectively. Namely, decision-making and supervisory control are performed by the Board of Directors and each of the three committees, and business execution is carried out by executive officers with the assistance of operating officers. [The diagram of Governance System is omitted in this English version]

(1) Decision-making and Supervisory control

(i) Board of Directors

The Board of Directors resolves on matters required legally and stipulated under the Articles of Incorporation, decides or approves basic management policies and material matters on business executions and supervise business executions by directors and executive officers.

(ii) Nominating Committee

The Nominating Committee deliberates and decides on the nominees for directors to be elected or dismissed at the shareholders' meeting.

(iii) Remuneration Committee

The Remuneration Committee reviews and decides on the individual remuneration of each director, executive officer and operating officer.

(iv) Audit Committee

The Audit Committee audits the performance of duties by the directors and

executive officers, prepares an audit report and a draft resolution to appoint or dismiss accountants to be submitted to the shareholders' meeting for approval. The Audit Committee audits the legality and appropriateness of decision-making by directors and executive officers and the status of development of the Internal Control System in accordance with the auditing policy and the role-division set by the Audit Committee. The Company has in place the Audit Committee Office as a body to assist the Audit Committee. The Audit Committee Office is staffed with full-time personnel.

(v) Management Committee

The Management Committee is an advisory body to the Board of Directors and, as such, reviews and reports on important and/or urgent matters for the smooth management of business.

(vi) Internal Control Committee

Aiming to build the unified internal control system for the Company and its subsidiaries, the Internal Control Committee formulates the internal control policy and reviews each individual important matter concerning internal control.

(vii) Meeting of Directors without Executive Power

The meeting consists of Chairman of Board of Directors and four outside directors to widely exchange information on the Ichiyoshi group, the securities industry and the economical environment.

(viii) Meeting of Independent and Outside Directors

Independent and outside directors actively contribute to discussions at meetings of the Board of Directors by exchanging and sharing their views and insights from independent standpoints, thereby enhancing the effectiveness of the of the Board of Directors.

(ix) Committee of Outside Experts

The Committee of Outside Experts consists of members who have outstanding personality and insight and are independent of the Company. The Committee of Outside Experts deliberates on important management matters, as requested by the Board of Directors, independently, fairly and from the neutral standpoint, and provides the Board of Directors with their advice and recommendation based on such deliberation.

(2) Business execution

(i) Executive Officers

Executive Officers can make decisions on the execution of matters entrusted by the Board of Directors, contributing to the smooth decision-making and business executions.

(ii) Committee of Executive Officers

The Committee of Executive Officers resolves on matters entrusted by the Board of Directors and coordinates activities among them for their smooth executions.

(iii) Operating officers

Following the decision made by the Committee of Executive Officers, each Operating Officer performs business execution under the instruction of his supervising Executive Officer.

(iv) Other meetings

The Company has in place the Risk Management Meeting (to consult on and cope with company-wide risk management) and the Compliance Meeting (to identify, review and share risks relating to various departments), both as sub-bodies to the Internal Control Committee..

In addition, the Company has in place the Information Disclosure Meeting (to make proper, comprehensive and timely disclosure of any material event as it ever happens) and the IT Meeting (to review matters on IT investment and management and information security), both as decision-making organs of the Committee of Executive Officers.

2. Outline of Result of “Questionnaire on Assessment of Board of Directors”

The Company regularly conducts a “Questionnaire on the Assessment of Board of Directors” to examine whether the Board of Directors is functioning appropriately, to improve on any problem area and to heighten strong points, thereby further enhancing the function of the Board of Directors. The following is an outline of the result of fiscal 2018 questionnaire:

(1) Mechanism of assessment

(i) Subjects of assessment

Subjects of assessment were all 7 directors (3 inside directors and 4 outside directors) who self-analyzed their performances in accordance with “2018 Questionnaire on Assessment of Board of Directors” prepared by the Audit Committee.

(ii) Conducting method

Questionnaire-based
Name-registering method.

(iii) Assessment items

Composition of the Board of Directors –	6 questions
Running of the Board of Directors –	5 questions
Agenda on the Board of Directors’ meeting –	14 questions
System of the Board of Directors –	8 questions
	Total 33 questions

(iv) Assessment process

The Audit Committee (which consists of 3 independent and outside directors) reviews the assessment results and reports them to the Board of Directors.

(2) Outline of assessment results

It was confirmed that the Board of Directors of the Company functioned appropriately in terms of its composition, its running and agenda selection taking advantage of characteristics of the company-with-three-committees system.

Since the Company adopted the present form of the outside director system in 2012, the Audit Committee consisting of three outside directors have had three intensive deliberations on the running of the Board of Directors with the Company's executive branch, resultantly creating the present form of Board of Directors on the basis of sufficient agreement between the outside directors and the executive branch. Thus, the Company's Board of Directors is now appropriately run as a forum where free and active discussions take place with views of outside directors being taken into full consideration and agenda needing further input being carried to next sessions.

But there still remains challenging issues, such as a female director missing. This issue is a continuing subject for the Company. As regards female managers, the Company has in place "Action Plan for 'Act on Promotion of Women Participation and Advancement,'" according to which the Company places its stress on the training of female managers. Resultantly, the number of female managers at the Company has gradually increased. There is a hope that there will appear some female officers at the Company some day.

Addendum

Report on Business Result

(For the fiscal year from April 1, 2018 to March 31, 2019)

I. Information on Current Status of the Company and its Group

1. Basic Management Policy and Triangular Pyramid Management

(1) Basic Management Policy

The Company's motto is to "Be a Securities Company Like No Other in Japan." To realize this motto, the Company makes it a management objective to build a "Name-brand boutique house" in the finance and securities industry. In its efforts for realization, the Company

intends to heighten the fairness and transparency of management along its Credo (corporate philosophy) and to promote flexible and relevant decision-making, thereby maximizing earnings and corporate value while bolstering its corporate governance. Taking advantage of its company-with-committees system and its executive officer system, the Company aims to raise the promptitude and effectiveness of business executions and toughen its surveillance over business executions.

(2) Triangular Pyramid Management

The Company is promoting “Triangular Pyramid Management” --- with the research division forming the base of the pyramid, and the retail, wholesale and support/products divisions forming their respective facets of the pyramid, and the pyramid itself is firmly supported by the back-office division. This management style is intended to maximize the capability of each division/subsidiary and enhance the co-working synergy of all the divisions/subsidiaries. This synergistic process will also raise the quality of the Company’s products, information and customer services, thereby further satisfying the Company’s retail and corporate customers’ needs for asset-building and fund-raising. [The illustration of the Triangular Pyramid Management is omitted in this English version]

2. Business Conditions and Performance

During the fiscal year ended March 31, 2019, as regards the Japanese economy, exports and consumer spending were temporarily stunted by successive natural disasters in the summer, and corporate production and export activities showed some weakness as the year turned. As a whole, however, the underlying economy remained on a mild recovery track amid a continuing improvement on employment and income environments. Externally, while concerns rose over the U.S. - China trade friction and the downward trend of the European economy, the upward momentum of the U.S. economy helped the global economy to remain on a recovery course.

In the meantime, the Japanese stock market underwent a wide fluctuation in prices throughout the fiscal year. In the early part of the fiscal year, the Japanese stock market basked in the moderation of the geopolitical risk surrounding North Korea and the weakening of the Japanese yen with the Nikkei Stock Average on the Tokyo Stock Exchange (the TSE) registering 23,050yen, a three-and-half month high, on May 21, 2018. Thereafter, however, the stock market was hit by uncertainty over the outlook of the U.S.-China trade friction and the declining currency values of emerging nations with the Nikkei Stock Average stagnating around 23,000yen levels for some time. As Japanese stock-reevaluating momentum rose among investors, overseas investors in particular,

from September through the middle of October, however, the Nikkei Stock Average registered 24,448yen, nearly a 27 year high, on October 2. Thereafter, market-negative news came up: fears over rising interest rates in the U.S. worrying news about Saudi Arabia, and confusion over the Brexit. All of these pushed the stock market downward. Furthermore, J. H. Powel, Chairman of the Board of Governors of the U.S. Federal Reserve System, indicated his willingness of maintaining a money-tightening policy, accelerating the fall of the Nikkei Stock Average down to 18,948yen on December 26. While the Nikkei Stock Average started off the year 2019 at 452yen below its close at the end of 2018, the Average moved gradually upward as the Fed chairman, by a sudden turn, became wary over the raising of interest rates and hopes for the progress of the U.S. – China trade talk rose. Thus, the Nikkei Stock Average recorded 21,860yen on March 4. Toward the end of the fiscal year, concerns over the global economic slowdown surfaced and weak Chinese economic data was made public, with the Nikkei Stock closing the fiscal year at 21,205yen.

On the foreign currency market, the yen weakened to 114.54yen per 1 U.S. dollar on October 4. Thereafter, the yen was sought after amid the rising risk-averse mood and the declining U.S. long-term interest rates, and ended the fiscal year at 110 yen per 1 U.S. dollar.

The Japanese emerging-stock markets continued through correctional periods both in terms of Nikkei JASDAQ Stock Average and TSE Mothers Index. Turning upward from the December lows, Nikkei JASDAQ Average and TSE Mothers Index ended the fiscal year at 3,444yen and 955, respectively.

The average daily turnover on the First Section of TSE during the fiscal year was 2,855.0 billion yen, down 3.4% from the previous fiscal year. The average daily turnover on the Second Section of TSE was 35.6 billion yen, down 36.8%, that on the TSE Mothers was 102.0 billion yen, down 8.1%, and that on the JASDAQ market was 58.4billion yen, down 32.9%.

In such circumstances, the Company carried out various measures to meet customers' needs, such as proposals of asset-backed stocks with stress on stability and dividends under low-interest rate environments and proposals of medium- to long-term investments in small-and medium-cap growth stocks unearthed by the Ichiyoshi group's strength in research.

With regard to investment trust funds, "Dream Collection," a fund wrap account vehicle, showed a favorable performance as a conservative investment vehicle for customers' medium- to long-term asset management. Its outstanding balance as of March 31, 2019, registered 118.1 billion yen, up 35.8% from March 31, 2018.

Placing in the center of promotion "Ichiyoshi Small- and Medium-Cap Growth Stock Fund," launched fully taking advantage of synergy among the research ability of Ichiyoshi Research Institute Inc., the management ability of Ichiyoshi Asset Management Co. Ltd. and the sales ability of Ichiyoshi Securities Co., Ltd., the Company made proposals matching

customer needs which include, among others, “Nippon Recovery Growth Stock Fund,” whose portfolios are flexibly mixed between big-cap stocks and small-and medium-cap stocks as warranted by market conditions, and “100-Year Life/Global Diversification Fund” designed for the further-aging society launched August 2018, and proposed privately-placed investment trust funds targeted for regional financial institutions.

The outstanding amount of assets under the management of Ichiyoshi Asset Management Co., Ltd. recorded 369.1 billion yen as contracts for wrap accounts increased while net asset values of investment trust funds under management generally declined.

Consequently, net operating revenue for the fiscal year ended March 31, 2019, amounted to 19,769 million yen, down 21.1% from the previous fiscal year. Operating cost and expenses recorded 17,713 million yen, down 1.2%. Hence, operating income registered 2,056 million yen, down 71.2%.

The cost coverage ratio (the ratio at which investment trust fund-related retailer fees and management fees and fees from wrap-accounts cover cost and operating expenses) for the fiscal year ended March 31, 2019 stood at 38.9%, up by 1.7% from the previous fiscal year.

3. Commissions and Cost & Expenses

(1) Commissions

Total commissions for the fiscal year ended March 31, 2019 amounted to 19,205 million yen, down 22.0% from the previous fiscal year ended March 31, 2018.

(i) Brokerage commissions

Total brokerage commissions on stocks fell 27.1% to 7,020 million yen. Those on small- and mid-cap stocks (consisting of stocks listed on the Second Section of the Tokyo Stock Exchange, JASDAQ Market and TSE Mothers) amounted to 1,499 million yen, down 39.4%, accounting for 21.4% of total brokerage commissions.

(ii) Commissions from underwriting and solicitation to specified investors

In the primary market, the Company participated in the management and underwriting of 37 initial public offerings (IPOs) (of which the Company lead-managed 1), as against 30 IPOs (of which the Company lead-managed 4) in the previous fiscal year. In the secondary market, the Company participated in 6 deals on a management and underwriting basis, as against 7 deals in the previous fiscal year. As a result, total commissions from underwriting and solicitation to specified investors recorded 266 million yen, down 53.2% from the previous fiscal year.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,082 (of which 52 were lead-managed) as of March 31, 2019.

(iii) Commissions from distribution and solicitation to specified investors

Commissions from distribution and solicitation to specified investors declined 40.6% to 4,026 million yen as commissions from distribution of investment trust funds slid 42.1 % to 3,881 million yen.

(iv) Commissions from other sources

The trailer fees on investment trust funds decreased 5.5% to 4,138 million yen while trustee fees for fund management by Ichiyoshi Asset Management Co., Ltd. rose 20.8% to 1,527 million yen. With the addition of fund-wrap accounts fees of 1,218 million yen (up 18.7%), fees from research unbundling, commissions from insurance policy sales and fees from IPO assistance, total commissions from other sources amounted to 7,686 million yen, up 3.3%.

(2) Gains or Loss on Trading

Trading on stocks, etc. recorded gains of 19 million yen, down 59.6%, and trading on bonds, foreign exchange, etc. registered gains of 106 million yen, up 39.7% amid an increase in foreign bond offerings. Consequently, total gains on trading amounted to 125 million yen, up 1.6%.

(3) Financial revenue

Interest and dividend income rose 8.2% to 336 million yen, and interest expenses dropped 45.7% to 50 million yen. Resultantly, net interest and dividend income amounted to 286 million yen, up 31.0%.

Hence, net operating revenue for the fiscal year ended March 31, 2019 recorded 19,769 million yen, down 21.1%.

(4) Operating Cost and Expenses

Operating cost and expenses recorded 17,713 million yen, down 1.2%, as real estate-related expenses chiefly for office relocations at the head office and branches increased while personnel-related expenses declined.

(5) Non-operating Income and Expenses

The Company registered non-operating income of 195 million yen, including receipts of 119 million yen in the form of insurance proceeds and dividends and gains of 29 million yen on investment partnerships. After offsetting a non-operating loss, net non-operating income for the fiscal year ended March 31, 2019 registered 182 million yen, up 107.2%.

Hence, current income for the fiscal year ended March 31, 2019 amounted to 2,238 million yen, down 69.0% from the previous fiscal year.

(6) Extraordinary Income and Loss

The Company registered extraordinary income of 284 million yen, mainly consisting of 176 million yen in the form of gain on reversal of subscription rights to shares, 61 million yen in the form of gain on sale of fixed assets and 47 million yen in the form of gain on sale of investment securities, while the Company recorded extraordinary loss of 20 million yen, mainly in the form of impairment loss on fixed assets. As a result, net extraordinary income amounted to 264 million yen.

Consequently, income before taxes and tax adjustments for the fiscal year ended March 31, 2019 recorded 2,503 million yen, down 65.1%, and net income attributable to owners of parent (after deduction of corporate income taxes, resident's taxes and enterprise taxes, totaling 537 million yen, and corporate tax adjustments of 265 million yen, and after deduction of non-controlling interests of 25 million yen) registered 1,674 million yen, down 66.5% from the previous fiscal year.

Customers' assets under custody as of March 31, 2019 recorded 1,792.9 billion yen, down 7.6% from the end of the previous fiscal year chiefly due to market deterioration.

The following table shows the breakdown of commissions by products on a consolidated basis (in millions of yen):

	Stocks	Bonds	Beneficiary certificates	Others	Total
For the fiscal year ended March 31, 2018:					
Brokerage commissions	9,630	0	192	--	9,823
Commissions from underwriting and solicitation to specified investors	570	--	--	--	570
Commissions from distribution and solicitation to specified investors	--	73	8,704	--	6,777
Commissions from other sources	34	0	6,670	739	7,444
Total	10,235	74	13,567	739	24,616
For the fiscal year ended March 31, 2019					
Brokerage commissions	7,020	0	205	--	7,226
Commissions from underwriting and solicitation to specified investors	266	--	--	--	266
Commissions from distribution and solicitation to specified investors	0	144	3,881	--	4,026
Commissions from other sources	30	0	6,884	771	7,686
Total	7,318	145	10,970	771	19,205

4. Financial Conditions

Condition of Assets, Liabilities and Net Worth

(i) Current assets

Current assets amounted to 42,709 million yen as of March 31, 2019, a decrease of 9,325 million yen (down 17.9%) from March 31, 2018, mainly as cash and deposits and income taxes receivable increased by 1,276 million yen and 992 million yen, respectively while margin transaction assets and cash paid for offering decreased 8,177 million yen and 3,897 million yen, respectively

(ii) Fixed assets

Fixed assets stood at 5,835 million yen as of March 31, 2019, a decline of 720 million yen (down 11.0%) from March 31, 2018, chiefly as deferred tax assets fell by 193 million yen and investment securities decreased by 188 million yen.

(iii) Current liabilities

Current liabilities stood at 13,383 million yen as of March 31, 2019, a decrease of 8,079 million yen (down 37.6%) from March 31, 2018, chiefly as margin transaction liabilities, income taxes payable and guarantee deposits received fell by 4,493 million yen, 1,892 million yen and 878 million yen, respectively

(iv) Long-term liabilities

Long-term liabilities recorded 230 million yen as of March 31, 2019, a decrease of 43 million yen (down 15.9%) from March 31, 2018, chiefly as long-term borrowings declined by 39 million yen.

(v) Statutory reserves

Statutory reserves stood at 211 million yen as of March 31, 2019.

(vi) Net worth

Net worth amounted to 34,718 million yen as of March 31, 2019, a decrease of 1,923million yen (down 5.2%) from March 31, 2018. The rise resulted as the Company recorded net income (attributable to owners of parent) of 1,674 million yen for the fiscal year while the Company paid dividends in the amount of 2,308 million yen and acquired treasury stock in the amount of 869 million yen.

As a result, equity ratio as of March 31, 2019 registered 71.2%, and capital adequacy ratio, as defined by the securities regulator, recorded 552.9% as of the same date.

5. Material funding activities

None.

6. Material investments in facilities

In the fiscal year ended March 31, 2019, the Ichiyoshi group made the equipment investments worth 446 million yen. The major items of investments were:

- Construction work for relocation of branches
- Facilities for telephone exchanges

7. Material Business Combinations, etc.

None.

8. Changes in assets and financial condition (on a consolidated basis)

(in millions of yen except for per-share earnings)

	---For fiscal year ended March 31---			
	2016	2017	2018	2019
Operating revenue	21,846	20,714	26,502	21,227
(of which commissions)	(19,682)	(18,857)	(24,616)	(19,205)
Net operating revenue	20,346	19,338	25,069	19,769
Current income	3,813	3,077	7,229	2,238
Net income attributable to				
owners of parent	2,580	2,183	4,994	1,674
Earnings per share	58.88yen	50.89yen	117.00yen	39.25yen
Total assets	46,593	53,706	58,590	48,544
Net worth	33,560	33,099	36,641	34,718

Note: Effective as from the fiscal year ended March 31, 2019, “Partial Amendment to ‘Accounting Standard Concerning Tax Effect Accounting’ (Accounting Standards No. 28, dated February 16, 2018) has been applied. As to figures for the fiscal year ended March 31, 2018, they are retroactively reflected for presentation.

9. Challenges to Be Tackled

As the governmental promotion of capital flow “From Savings to Investments” and then that of “From Savings to Asset-building” are being advocated against the backdrop of continuing low-interest rates, securities companies in Japan are urged more than ever to develop customer-based businesses. The Company has long provided customers with products and services prioritizing the relationship of trust with customers and based on our view of “Compliance is a Source of Competiveness.” Thus, further stepping up its

customer-first and –prioritized attitude, the Company will work for further business evolution.

The Company has continued to propose its wrap-account fund “Dream Collection” as a “Core Fund Assets” for customers’ medium-to long-term investment, while recommending “Ichiyoshi Small- and Medium-Cap Growth Stock Fund” as an “Active Fund Assets,” thereby meeting each customer’s needs for portfolio diversification based on the nature of his/her resources and enhancing customer satisfaction. With respect to stocks, the Company has also recommended investment diversifications between “Core Stock Assets” for medium-to long-term stable holdings and “Active Stock Assets” for a medium-to long-term growth focused on growth-potential companies picked based on the Ichiyoshi group’s strength of research on small-and medium-cap stocks.

Driving forward with these proposals, the Company is also determined to expand customers’ assets in custody by actively approaching high net-worth individuals and regional up-scale institutions with high investment needs.

The Company has for some time considered as one of important management tasks improvement on working condition and environment, personnel system and cultivation of human resources. Thus, the Company has adopted “Setting-up of worker-friendly and worthwhile offices” as one of the “Ichiyoshi Basic Strategies for Growth.” The Company is already taking specific measures to materialize it.

Taking advantage of the Company’s three distinctive features, namely, (1) research capability of Ichiyoshi Research Institute, Inc., (2) corporate governance capability and (3) compliance capability (leading to customer satisfaction), the Company is determined to realize the New Medium-Term Management Plan on the basis of Ichiyoshi Basic Strategies for Growth, placing the expansion of customers’ assets in the center of its efforts.

Thinking that the enhancement of branch network is essential for the expansion of customers’ assets in custody, the Company in May 2018, relocated its Tokyo Branch to the Ginza area and changed its name to the Ginza Branch. In July 2018, the Company opened its new Planet Plaza office at Hakata in Fukuoka City (the largest city in Kyushu). Hakata Planet Plaza is a sub-branch under the Omuta Branch. The Company will continue to enhance its branch network based on potential flows of funds and with a view to building relations with next generations of customers in large cities while maintaining closer and familiar relationships with existing customers.

As regards investment trust funds focused on small- and medium-cap stocks, managed by Ichiyoshi Asset Management Co., Ltd. on the back of the Ichiyoshi group’s research capability, the Company will continue to offer them to a widening network of high net-worth individuals and regional up-scale financial institutions and corporations. Under the circumstances where the yield of 10-year government bonds is re-entering the

minus territory, investment needs for small- and mid-cap stocks are thought to further increase due to the scarcity of other investment opportunities.

The corporate division at the Company will endeavor to increase the number of lead-managements for IPOs and POs, and the administrative and planning division will make efforts for the building and streamlining of a strong back-up system to support the retail and wholesale divisions, thereby enhancing customers' trust.

Officers and employees at the Company and its subsidiaries, all united, will exert themselves to further enhance the synergistic effects within the Ichiyoshi group.

10. Status of Parent Company and Subsidiaries

(1) Relationship with parent company:

None (Ichiyoshi has no parent company).

(2) Status of material subsidiaries (all these are located in Chuo-ku Tokyo):

Name of Subsidiary	Paid-up capital (mil. yen)	Voting ratio by parent (%)	Contents of business
Ichiyoshi Research Institute Inc.	20	100.00%	Information services; investment advisory & agency
Ichiyoshi Asset Management Co. Ltd.	490	97.00%	Investment management including investment trust; investment advisory & agency;
Ichiyoshi Business Service Co., Ltd.	240	100.00%	Property renting/ brokerage/management; sales of office supplies; financial instruments- trading agency

Note: There is no specified subsidiary as defined under the applicable law.

11. Principal business (as of March 31, 2019)

(i) Stock-related businesses

Stock-related businesses consist of buying and selling of stocks on a brokerage and principal basis in the secondary market, underwriting and distribution in the primary market, sales solicitation and offering to specified investors and handling of such solicitation and offering. The following are particulars of stock-related businesses:

- (a) Buying and selling on a brokerage basis
Buying and selling of stocks on securities exchanges in accordance with customers' instructions.
- (b) Buying and selling on a principal basis
Buying and selling of stocks on the Company's own account.
- (c) Underwriting and solicitation to specified investors
Underwriting of primary and secondary offerings of stocks on a commitment basis in which Ichiyoshi commits itself to purchasing any unsold portion of offerings.
- (d) Distribution and solicitation to specified investors
Distribution of stocks whose offerings Ichiyoshi undertakes to underwrite or distribute.
- (ii) Bond-related businesses
Bond-related businesses consist of buying and selling of bonds, issued by governments, municipalities, corporations, etc., on a brokerage and principal basis in the secondary market, underwriting and distribution of such bonds in the primary market and handling of private placements of such bonds.
- (iii) Investment trust-related businesses
Investment trust-related businesses consist of distribution and buying and selling of beneficiary certificates of domestic investment trust funds and foreign investment trust funds and handling of sales solicitation to specified investors.
- (iv) Securities futures-related businesses
Securities futures-related businesses consist of buying and selling of securities futures, securities index futures, securities options and foreign-market securities futures on a brokerage and principal basis.
- (v) Other businesses
Securities lending and borrowing, investment banking, insurance handling, customer referral and introduction, financial instruments-trading agency, information service, investment management and advisory, investment-agency, real estate renting/broking and management, and sales of office supplies.

12. Status of offices and branches (as of March 31, 2019)

- (1) Offices and branches of Ichiyoshi Securities Co., Ltd. (parent)
Head Office: 14-1, Hatchobori-2chome, Chuo-ku, Tokyo
Number of branches and offices: 49
The geographical breakdown of branches and offices:
[The Japanese map is omitted in this English version.]

Kanto District:	13	Ginza, Planet Plaza Nakano, Planet Plaza Narimasu, Akasaka, Nakameguro, Kichijoji, Yokohama, Planet Plaza Odawara, Kamioka, Planet Plaza Mukogaoka, Urayasu, Chiba, Koshigaya (In addition, the Company has Call Center-Ichiyoshi Direct)
Chubu District	6	Nagoya, Okazaki, Iida, Ina, Ise, Planet Plaza Shima
Kinki District	19	Osaka, Nanba, Imazato, Harinakano, Ishibashi, Kishiwada, Hirakata, Yao, Fushimi, Nishinomiya, Kobe, Kakogawa, Nishiwaki, Kasai, Takada, Gakuenmae, Gobo, Tanabe, Tamaki
Chugoku-Shikou District	4	Okayama, Kurashiki, Hiroshima (closed on 1 April, 2019), Shodoshima,
Kyushu District	5	Omuta, Planet Plaza Fukuoka, Sasebo, Isahaya, Karatsu
Tohoku District	2	Daihoku Morioka, Daihoku Mizusawa,

(2) Business offices of subsidiaries:

- **Ichiyoshi Research Institute Inc.;** Chuo-ku, Tokyo
- **Ichiyoshi Asset Management Co., Ltd.;** Chuo-ku, Tokyo
- **Ichiyoshi Business Services Co., Ltd.;** Chuo-ku, Tokyo
Osaka Office; Chuo-ku, Osaka
Sakura Life/Pension Support Office; Narimasu, Itabashi-ku, Tokyo
(Transferred to the Company on 1 April, 2019)

13. Employees (as of March 31, 2019)

(1) Employees on a consolidated basis

	Number	Change from March 31, 2018

Regular employees:		
Male	759	+ 11
Female	321	+20
Total	1,080	+ 31
Commission-based workers:		
	2	0

Note: (i) In addition to employees and workers mentioned above, there are 2 executive advisers, 2 advisers and 2 contract-based staff.

(ii) The above-mentioned employees include operating officers.

(2) Employees of Ichiyoshi Securities Co., Ltd. (parent)

	Number	Change from March 31, 2018	Average age	Average years of service
Regular employees:				
Male	695	+ 8	45 years and 0 months	14 years and 8 months
Female	300	+20	40 years and 4 month	10 years and 2 months
Total / average	995	+28	43 years and 7 months	13 years and 4 months
Commission-based workers:				
	2	0	73 years and 0 month	28 years and 3 months

Note: (i) In addition to employees and workers mentioned above, there are 2 executive advisers, 2 advisers and 2 contract-based staff.

(ii) The above-mentioned employees include operating officers.

(3) Share of female workers in manager class (manager and above)

	As of March 31				
	2015	2016	2017	2018	2019
Share of female workers (%)	7.5	10.3	11.0	13.0	14.5

14. Major Borrowing Sources (as of March 31, 2019)

Name of lender	Term	Outstanding amount (in millions of yen)
Kansai Urban Bank Ltd.	Long	166
Mitsui Sumitomo Bank Ltd.	Long	18
Mitsubishi Tokyo UFJ Bank Ltd.	Short	150
Resona Bank Ltd.	Short	20
Mizuho Bank Ltd.	Short	20

Mitsui Sumitomo			
Bank Ltd.	Short		20
Mitsubishi UFJ Trust			
& Banking Co., Ltd	Short		30

Nihon Securities			
Finance Co., Ltd.	For margin		
	transactions		2,441

Note: Kansai Urban Bank Ltd. merged with Kinki Osaka Bank Ltd. on April 1, 2019. The newly created bank after the merger adopted the name of Kansai Mirai Bank Ltd.

II. Matters Concerning the Company's Stock (as of March 31, 2019)

1. Number of authorized shares: 168,159,000 shares
2. Number of issued shares: 44,431,386 shares
(which include 2,635,963 treasury shares)
3. Number of shareholders (as of March 31, 2019): 14,149
4. Major shareholders (top 10): (in thousands of shares) (as of March 31, 2019)

Name of shareholder	No. of shares held (in thousands)	% of total
Nomura Land & Building Co., Ltd.	5,298	12.67%
Nippon Master Trust and Banking Company (Trust Account)	1,904	4.55%
SSBTC CLIENT OMNIBUS ACCOUNT	1,872	4.48%
Northern Trust Co. (AVFO) RE HCROO	1,472	3.52%
Japan Trustee Service Trust and Banking (Trust Account)	1,378	3.29%
Nomura Research Institute, Inc.	879	2.10%
Japan Trustee Service Trust and Banking (Trust Account 5)	809	1.93%
RBC ISB S/A DUB NON RESIDENT/ TREATY RATE UCITS-CLIENTS ACCOUNT	700	1.67%
Ichiyoshi Securities Employee Shareownership Association	589	1.41%
Japan Trustee Service Trust and Banking (Trust Account 1)	537	1.28%

Note: As of March 31, 2019, the Company held 2,635,963 treasury shares, which are not included in the calculation of the above-mentioned % of total.

Breakdown of shareholders by number of shares held (as of March 31, 2019):

Retail investors	41.20%
Foreign institutions	24.04%
Other corporate entities	17.66%
Financial institutions	17.10%

5. Other material matters concerning the Company's stock:

In order to execute capital policy flexibly in keeping with changes in management environments, the Board of Directors of the Company adopted the resolution to acquire treasury shares at its meeting on January 30, 2019. In accordance with the resolution, the Company acquired 1,000, 000 shares at the cost of 869 million yen during the period from January 31 to February 28, 2019.

III. Matters Relating to the Company's Share Warrants (as of March 31, 2019)

1. Status of share warrants issued in the form of remuneration for directors and officers and held by them:

(1) Share Warrants No. 10:

Date of resolution by the Board of Directors:	May 12, 2015
Payment for each share warrant:	0
Exercise price:	138,400yen per warrant
Conditions on exercise:	

(i) Persons exercising their stock options are required to be directors, executive officers, operating officers, statutory auditors or employees of the Company or its subsidiaries at the time of the exercise; provided, however, that this condition shall not apply when they have retired upon the expiration of their term of office or at the Company-designated retirement age or upon other justifiable grounds.

(ii) Stock options shall not be pledged or disposed of in any way.

(iii) When a stock option holder passes away, his/her legal inheritor will have the

right to exercise his/her stock options.

Exercise period: From May 29, 2017 to May 28, 2020

(2) Share Warrants No. 11:

Date of resolution by the Board of Directors: May 17, 2016

Payment for each share warrant: 0

Exercise price: 92,900yen per warrant

Conditions on exercise:

(i) Persons exercising their stock options are required to be directors, executive officers, operating officers, statutory auditors or employees of the Company or its subsidiaries at the time of the exercise; provided, however, that this condition shall not apply when they have retired upon the expiration of their term of office or at the Company-designated retirement age or upon other justifiable grounds.

(ii) Stock options shall not be pledged or disposed of in any way.

(iii) When a stock option holder passes away, his/her legal inheritor will have the right to exercise his/her stock options.

Exercise period: From June 2, 2018 to June 1, 2021

Status of share warrants held by Directors and Officers (excluding outside directors):

Name of warrants	No of warrants Held	No of common shares issuable upon exercise	No of holders
Share Warrants No. 10	100	10,000 shares	1
Share Warrants No. 11	350	35,000 shares	4

2. Status of share warrants granted to employees in the form of their remuneration during the fiscal year ended March 31, 2019:

Share Warrants No. 12:

Date of resolution by the Board of Directors: April 27, 2018

Payment for each share warrant: 0

Exercise price: 134,600yen per warrant

Conditions on exercise:

(i) Persons exercising their stock options are required to be directors, executive officers, operating officers, statutory auditors or employees of the Company or its subsidiaries at the time of the exercise; provided, however, that this

condition shall not apply when they have retired upon the expiration of their term of office or at the Company-designated retirement age or upon other justifiable grounds.

(ii) Stock options shall not be pledged or disposed of in any way.

(iii) When a stock option holder passes away, his/her legal inheritor will have the right to exercise his/her stock options.

Exercise period: From May 9, 2020 to May 8, 2023

Status of share warrants held by employees of parent company and subsidiaries:

Name of warrants	No of warrants Held	No of common shares issuable upon exercise	No of holders
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Share Warrants No. 12

held by employees of

parent company

350

35,000 shares

160

Share Warrants No 12

held by employees of

subsidiaries

6

600 shares

3

IV. Matters Relating to Directors and Officers of the Company

1. Directors and executive officers (as of March 31, 2019)

Title	Name	Charge/role/profession
Director, Chairman	Masashi Takehi	Chairman of the Board of Directors; Member of Nominating Committee; Member of Remuneration Committee
Director, President and Representative Executive Officer	Minoru Kobayashi	
Director, Managing Executive Officer	Shiro Tateishi	Executive Supervisor for retail division, Supervisor for enhancement of customer trust and etiquette & manners Director of Ichiyoshi Research Institute Inc.
Outside Director	Akira Gokita	Chairman of Nominating Committee; Member of Remuneration Committee; Member of Audit Committee; Attorney-at-law with Gokita-Miura

Outside Director	Kenro Kakeya	Law Office Outside director of Sanwa Holdings, Ltd. Chairman of Remuneration Committee Member of Nominating Committee; Representative Director & President of Kakeya Komuten; Non-full time Director of Kita Osaka Shinkin Bank
Outside Director	Takashi Ishikawa	Chairman of Audit Committee (full-time); Statutory Auditor of Ichiyoshi Business Service Co., Ltd.; Statutory Auditor of Ichiyoshi Asset Management Co., Ltd.; Statutory Auditor of Ichiyoshi Research Institute, Inc.; President & Representative Director of SR Holdings Inc.
Outside Director	Kota Sakurai	Member of Audit Committee; Certified public accountant & tax accountant and partner with Sakurai Kota Accounting & Tax Accounting Firm LLP
Executive Officer	Tohru Koyama	Executive Supervisor for wholesale division

Notes:

- (1) Messrs. Akira Gokita, Kenro Kakeya, Takashi Ishikawa and Kota Sakurai are outside directors as defined by Article 2-15 of the Company Law.
- (2) Messrs. Akira Gokita, Kenro Kakeya, Takashi Ishikawa and Kota Sakurai are independent director having no conflict of interest with the Company's shareholders as defined under the regulations of the Tokyo Stock Exchange.
- (3) Mr. Kota Sakurai is a certified public accountant and tax accountant, equipped with expert knowledge and experience on finance and accounting matters.
- (4) The Company has in place full-time member of the Audit Committee to continuously and effectively carry out hearing survey on executive officers, receive input from internal audit sections, grasp information from research on subsidiaries and attend various meetings as needed.
- (5) Mr. Tohru Koyama retired as of March 31, 2019.
- (6) The following is a list of operating officers as of March 31, 2019:

Title	Name	Charge/role
Senior Operating Officer	Masaki Yano	Executive Chief for Corporate Sales
Senior Operating Officer	Mikio Nio	Executive Chief for Financial & Public

		Corporations; General Manager of Financial and Public Corporation Dept
Senior Operating Officer	Hiroshi Ryugen	Supervisor for Advisors Division and Advisor Support Division
Senior Operating Officer	Hirofumi Tamada	Supervisor for Control/Planning Division
Senior Operating Officer	Masayoshi Takahashi	Executive Chief for Investment Banking
Operating Officer	Kiyotaka Mochida	Executive Chief for Operations & System Division
Operating Officer	Masao Sugiura	Executive Chief for Shutoken & Tohoku Advisor Division
Operating Officer	Kazuaki Sato	Supervisor for Personnel and Training
Operating Officer	Mitsuyoshi Matsumura	Officer attached to Investment banking Division
Operating Officer	Kenichi Asada	Executive chief for Chubu and Kinki Advisor Division
Operating Officer	Shoichi Yamazaki	Supervisor for Finance/ Planning/ Legal/ PR/ Secretariat / Underwriting Credit Evaluation
Operating Officer	Jiro Tsuboi	Executive Chief for Kinki/Chu-Shikou Adviser Division; Head of Osaka Branch
Operating Officer	Masami Takeda	Executive Chief for Institutional Investors; General Manager of Trading Dept.
Operating Officer	Yoshihisa Rikitake	Executive Chief for Advisor Support Division & General Manager of Ichiyoshi Direct
Operating Officer	Hiroki Shimada	Executive Chief for Control Division & Supervising Manager for Branch Operations

Note: Effective as of April 1, 2019, the following changes and appointments were made:

Name	New title	New charge/role
Shiro Tateishi	Director and Representative Executive Deputy President	
Hirofumi Tamada	Executive Officer	Executive Supervisor for Control and Planning
Mikio Nio	Senior Operating Officer	Executive Chief for Financial & Public Corporations
Hiroshi Ryugen	Senior Operating Officer	Executive Supervisor for Retail Division/ Enhancement of Customer Trust Division and Etiquette & Manners
Masao Sugiura	Senior Operating Officer	Executive Chief for Kinki/Chu-Shikoku Advisor Division and Head of Osaka Branch
Jiro Tsuboi	Operating Officer	Executive Officer for Shutoken/Tohoku Advisor

2. Remunerations for directors and executive officers (remunerations in millions of yen)

Type	Number of directors	Annual total of remunerations	Number of exe. officers	Annual total of remunerations	Number of directors/officers	Grand total of remunerations
Inside	3	154	2	29	5	184
Outside	4	80	---	---	4	80
Total	7	234	2	29	9	264

3. Policy on determination of individual remunerations of directors and executive officers for the fiscal year ended March 31, 2019

The following is an outline of the policy of the Remuneration Committee for determining individual remunerations of directors and executive officers:

(i) Basic policy:

To lift the desire and will of directors and executive officers for company management and derive their utmost management capability, so that they will contribute to the achievement of desired business result.

(ii) Contents of remunerations:

Remunerations of directors and executive officers of the Company shall consist of “Monthly Basic Remuneration,” “Monthly Remuneration Linked to Business Result,” “Stock-related Remuneration” and “Non-monetary Remuneration” (such as housing allowance for persons living independently of their families for business reasons).

(iii) Policy for determining each of the above-mentioned remunerations:

(a) Monthly Basic Remuneration shall be individually determined by the Remuneration Committee through interview and hearing with each of directors and executive officers on his degree of execution of management strategies, degree of management contribution and performance result while the basic standard remuneration of each director and executive officer is fixed based on the contents of role/charge of his position as director or executive officer.

(b) Monthly Remuneration Linked to Business Result shall be individually determined by the Remuneration Committee through interview and hearing with each of directors and executive on his contribution to business result and degree of performance of role/duty while the aggregate amount of remunerations for directors and executive officers are fixed based on current income and net income.

- (c) Stock-related Remuneration shall be determined individually by taking account of potential effect of payment of this remuneration.
- (d) Non-monetary Remuneration, such as for rent allowance for persons living apart from his family, shall be provided appropriately as required by business activities of each director and executive officer in the light of social norms.

4. Matters relating to outside directors

(1) Matters relating to whether or not the Company's outside directors are outside directors of another company or companies, and relationship between the Company and another company or companies when outside directors are as such:

(i) **Outside Director Mr. Akira Gokita** is an attorney-at-law with Gokita-Miura Law Office and an outside director of Sanwa Holdings, Ltd. There is no matter to be noted between the Company and Gokita-Miura Law Office and Sanwa Holdings, Ltd..

(ii) **Outside Director Mr. Kenro Kakeya** is representative director and president of Kakeya Komuten Co., Ltd. and non-full time director of Kita Osaka Shinkin Bank. There is no matter to be noted between the Company and Kakeya Komuten Co., Ltd. and Kita Osaka Shinkin Bank.

(iii) **Outside Director Mr. Takashi Ishikawa** is representative director and president of SR Holdings Inc. There is no matter to be noted between the Company and SR Holdings Inc.

(iv) **Outside Director Mr. Kota Sakurai** is a certified public accountant and tax accountant at Sakurai Kota Accounting and Tax Accounting Office. There is no matter to be noted between the Company and Sakurai Kota Accounting and Tax Accounting Office.

(2) Attendances of the outside directors at the Company's various meetings:

Title	Name	Frequency of attendance and expression of views
Director Member of the Nominating, Remuneration and Audit Committee	Akira Gokita	Attended 19 meetings of the Board of Directors (frequency ratio of 100%), 3 meetings of the Nominating Committee (frequency ratio of 100%), 8 meetings of the Remuneration Committee (frequency ratio of 100%) and 17 meetings of the Audit Committee (frequency ratio 100%). At meetings, he provided expert advices and views as a former public prosecutor and attorney-at-law.
Director Member of the	Kenro Kakeya	Attended 19 meetings of the Board of Directors (frequency ratio of 100%), 3 meetings of the Nominating Committee (

Nominating and Remuneration Committees		frequency ratio of 100%) and 8 meetings of the Remuneration Committee (frequency ratio of 100%). At meetings, he provided expert advices and views as a former press reporter with Nippon Keizai Shinbun (Japan Economic Journal) and incumbent business executive.
Director Member of the Audit Committee	Takashi Ishikawa	Attended 19 meetings of the Board of Directors (frequency ratio of 100%) and 17 meetings of the Audit Committee (frequency ratio of 100%). At meetings, he provided expert advices and views as a former executive of a securities firm. Also as head of outside directors, he contributed to liaising and coordinating for management team and among independent outside directors.
Director Member of the Audit Committee	Kota Sakurai	Attended 19 meetings of the Board of Directors (frequency ratio of 100%) and 17 meetings of the Audit Committee (frequency ratio of 100%). At meetings, he provided expert advices and views as a certified public accountant and tax accountant.

V Matters Relating to Accountants

(1) Name: EY ShinNihon LLC

Ernst & Young ShinNihon LLC was renamed as EY ShinNihon LLC effective from July 1, 2018.

(2) Amount of fees:

- (a) Fees payable for accountants' services pursuant to Article 2-1 of the Certified Public Accountant Law: 35 million yen.
- (b) Fees payable for accountants' services other than those pursuant to Article 2-1 of the Certified Public Accountant Law: 1 million yen.
- (c) The total amount of payments made by the Company and its subsidiaries: 39 million yen.

Note: (i) The above-mentioned payments cover fees relating to auditing both under the Company Law and the Financial Instruments and Securities Exchange Law.

(ii) Following the "Practical Guidelines Concerning Relations with Accountants" published by Japan Auditors Association, the Audit

Committee of the Company has certified the audit system of accountants, auditing procedures, status of auditing, quality control system of accounting firm and preliminary estimate of audit fees in accordance with Article 399-1 of the Company Law.

(3) Non-auditing services:

Non-auditing services are related to the legal-compliance inspection for the segregated custody of customers' assets.

(4) Auditing for subsidiaries:

Subsidiaries of the Company are audited by the same accounting firm as the parent.

(5) Policy on dismissal or non-reappointment of accountants:

The Company's Audit Committee shall dismiss accountants when it determines that the Company's accountants come under any sub-item of Paragraph 1 of Article 340 of the Company Law. Such determination shall be made by a unanimous voting by the members of the Audit Committee, and any member of the Audit Committee so authorized by the Audit Committee shall report such dismissal and a reason therefor at the next coming shareholders' meeting.

The Audit Committee may also determine whether to re-appoint or not the Company's accountants in the light of their audit quality, the effectiveness and efficiency of their auditing performance.

VI. The Company's System and Policy

1. Basic Policy on Control of the Company

(1) Contents of basic policy

The Company's management policy focuses on "Remaining a Firm of Customers' Trust and Choice." Under this policy, the Company aims to become a "Name-brand Boutique House" in the finance and securities industry with the motto of "Becoming a Securities Company Like No Other in Japan." The basic business policy of the Company is to provide products and services based on a "Good Long Term Relation with each of the Company's customers, and by strengthening this policy, the Company believes that it is able to enhance its corporate value and, in turn, the common interests of its shareholders on a medium- to long-term basis.

Therefore, the Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who understand the Company's management philosophy and who will make it possible to ensure and enhance the Company's corporate value and the common interests of its shareholders.

Thus, the Company believes that the persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against such large-scale acquisitions.

(2) Measures to realize basic policies

(i) Effective utilization of company assets, appropriate form of corporate group and other special measures to realize the basic policies:

Enhancement of corporate value through the Medium-Term Management Plan;

In order to further strengthen the foundation of the boutique house in the finance and securities industry so far built through the preceding management plans, the Company formulated the New Medium-Term Management Plan with its target date set for the end of March 2020.

Specifically, the Plan aims to attain the customers' assets in custody of 3.5 trillion yen, the ROE of 15% or better and the number of lead-managed companies reaching 70 by the end of March 2020. To realize the target of customers' assets in custody, the Company will firstly expand (a) the assets of investment trusts with "Dream Collection" placed in the center and (b) the customers' core assets based on medium-to long-term investment in asset-backed stocks against the backdrop of the household financial assets of 980 trillion yen. As a next step, the Company will try to accumulate active assets on the above core assets by helping each customer build his/her portfolios with products suited for his/her needs.

Measures regarding corporate governance and shareholder returns;

The Company consistently aims for mobility and transparency in management decision-making, prompt business execution and tightened control on execution of duty, and considers corporate governance as one of its priority issues in management.

The Company has in place the three-committees-based company system. The Company's Board of Directors, which comprises four independent outside directors, supervises the execution of duties by executive officers, and the Audit Committee, which comprises three independent members, supervises the execution of business by the Directors and Executive Officers. In addition, the Internal Control Committee aims to improve and solidify unified internal control system.

The Company is actively working for shareholder returns which it regards as a

major task for management.

With respect to earning distribution, the Company has been quite active and adopted the following “2. Policy on Dividends out of Retained Earnings” and decide an amount of dividend to be paid semi-annually.

(ii) Measures to prevent decisions on the company’s financial and business policies from being controlled by persons deemed inappropriate under the basic policy:

When a party attempts a large-scale acquisition of shares in the Company, the management of the Company will strive for the collection and disclosure of information necessary for shareholders to judge such attempt properly and take appropriate measures authorized under the Company Law, the Articles of Incorporation or any other applicable laws and regulations.

(3) Views and reason for the above-mentioned (i) and (ii) of (2)

The decision of the Company’s management relating to (i) and (ii) of (2) above is in line with the basic policy regarding the control of the Company, corresponds with the corporate vale and the common interests of its shareholders and is not intended to maintain the status of the Company’s directors and officers.

2. Policy on Dividends out of Retained Earnings

One of the Company’s core management policies is to make an appropriate earnings distribution to its shareholders. The Company places its stress on a continuous stream of dividend payment linked to business result. In deciding on an amount of dividend payment, payout ratio is a basic measure, Additionally, DOE (namely, ratio of dividends to shareholders’ equity) measure is taken into account for continuous stream of dividend payment.

Specifically, the Company has currently adopted the payout ratio of approximately 50% and the DOE of approximately 2%, the both measures being calculated semi-annually on a consolidated basis and the larger result of calculation between the two measures being chosen.

Under this dividend policy, an interim dividend per share paid out of retained earnings to shareholders of record September 30, 2018 was 17yen, based on the DOE of approximately 2%, and a final dividend per share paid out of retained earnings to shareholders of record March 31, 2019 was 17yen, also based on the DOE. Thus, the annual total of dividend per share was 34yen.

[For information on the Consolidated Financial Statements, please refer to the Company’s press release dated April 27, 2019, titled “Business Result for Fiscal Year to March 31, 2019” on the Company’s website

([https:// ichiyoshi.co.jp/stockholder/presentation](https://ichiyoshi.co.jp/stockholder/presentation)).

(Those financial statements have already been audited
by certified public accountants as of this date.)

(End)