
Materials on Consolidated Financial Results for the Six Months Ended September 30, 2023

-Financial Summary and the Company's Initiatives-



(stock code : 8707)

November 2023

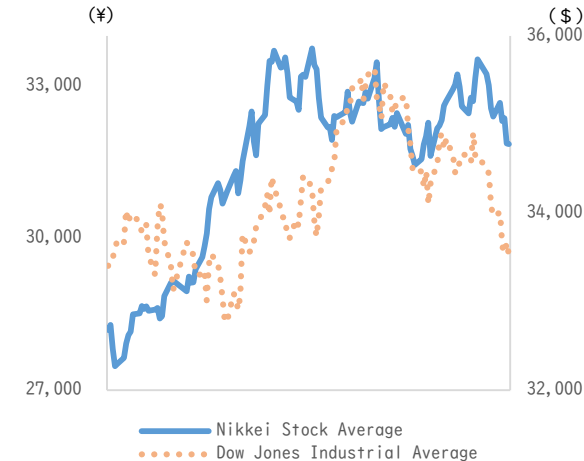
Market environment in the second quarter of the fiscal year ending March 31, 2024

■ Japanese stock market

- An market upward trend since the beginning of the period, due to the announcement of additional investment in Japanese equities by prominent US investors (April)
- The Nikkei stock average rebounded to 33,000 yen for the first time in 33 years due to recovery in demand from travelers to Japan and strong corporate performance (June)
- There is growing uncertainty about the economic outlook due to concerns over business difficulties at major Chinese real estate companies and prolonged monetary tightening in Europe and the United States. (August~September)
- Nikkei Stock Average ¥31,857.62 (up 13.6% year on year)

■ U.S. stock market

- The Dow Jones Industrial Average rose for 13 consecutive trading days for the first time in approximately 36 years on rising expectations of a “soft landing” that would avoid a major slowdown. (July)
- Budget negotiations stalled in the U.S. Congress, raising fears of a partial government shutdown. (September)
- Dow Jones Industrial Average \$33,507.50 (up 0.7% year on year)



Source: QUICK, Created by IwaiCosmo Holdings

Results for fiscal year ending March 31, 2024 · Main Initiatives for fiscal year ending March 31, 2024

- Strengthen sales of Japanese stocks (Brokerage commissions +4.8% YoY)
- Net trading income from securities +99.5% YoY
- **Top-ranked operating revenue and operating profit and ordinary profit and Profit attributable to owners of parent among seven mid-sized securities companies**
- Earnings per share : **106.34yen**
- ROE : **8.5%** Industry ranking (※) 5th
- Ratio of ordinary profit to operating revenue: **31.2%** Industry ranking (※) 3rd
- Fixed cost coverage ratio : **38.5%**
- Continuous ordinary profit : **44quarters**
- Launched a foreign currency settlement service on the “Cosmo Netre” online trading platform (July 2023)
- IwaiCosmo Securities broadcast new television commercials (face-to-face trading edition, online trading edition).

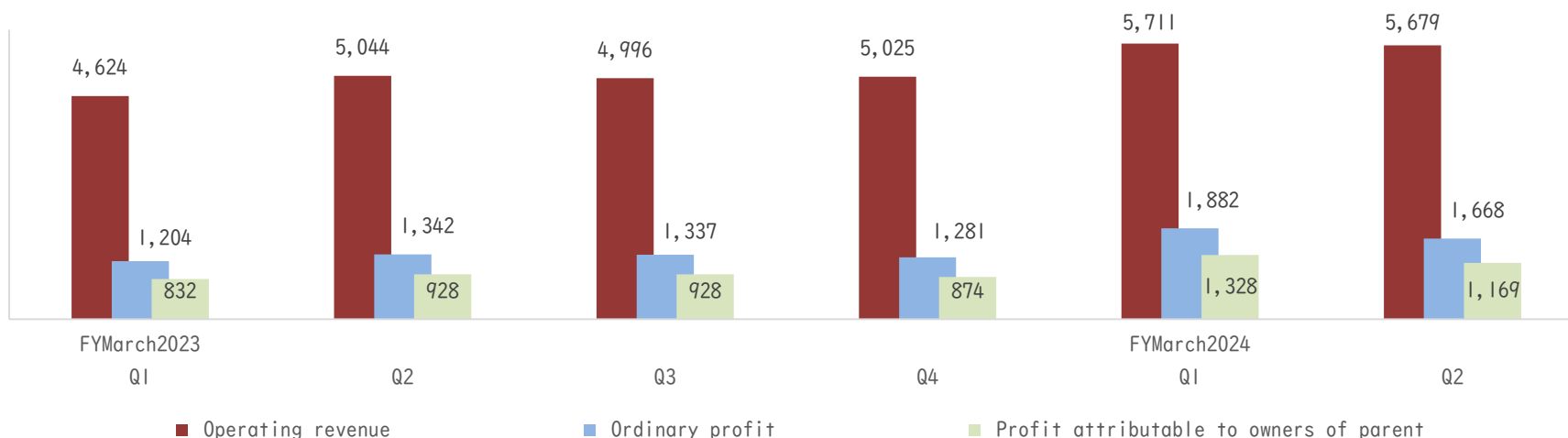
(※) Seventeen retail securities companies

- Top-ranked operating revenue and operating profit and ordinary profit and Profit attributable to owners of parent among seven mid-sized securities companies
- Recorded ordinary profit for 44 consecutive quarters

(Millions of yen, %)

	Year ended March 31, 2023	Year ending March 31, 2024			Change (%) compared with the same period last year	Change (%) compared with the previous quarter
	Q1~Q2	Q1	Q2	Q1~Q2		
Operating revenue	9,669	5,711	5,679	11,390	17.8%	△0.6%
Net operating revenue	9,542	5,630	5,614	11,245	17.8%	△0.3%
Selling, general and administrative expenses	7,256	3,945	3,970	7,915	9.1%	0.6%
Operating profit	2,285	1,685	1,644	3,329	45.7%	△2.4%
Ordinary profit	2,546	1,882	1,668	3,551	39.4%	△11.4%
Profit attributable to owners of parent	1,760	1,328	1,169	2,497	41.9%	△11.9%
Earnings per share	74.95yen	56.54yen	49.80yen	106.34yen	41.9%	△11.9%
Net assets per share	2,385.24yen	2,497.64yen	2,576.77yen	2,576.77yen	8.0%	3.2%
ROE	6.3%	9.1%	7.9%	8.5%	2.2pt	△1.3pt

※ Annualized for ROE



Operating revenue

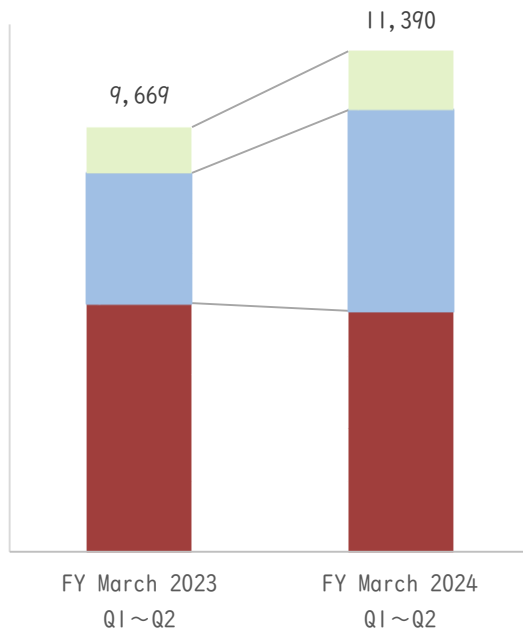
Net trading income increased by 54.3% year on year as trading activity increased due to strong financial results of major U.S. companies.

	FY March 2023 Q1~Q2	FY March 2024 Q1~Q2	Percentage change from the previous fiscal year
Commission received	5,664	5,484	△3.2%
Net trading income	2,961	4,570	54.3%
Financial revenue	1,042	1,335	28.1%
Operating revenue	9,669	11,390	17.8%

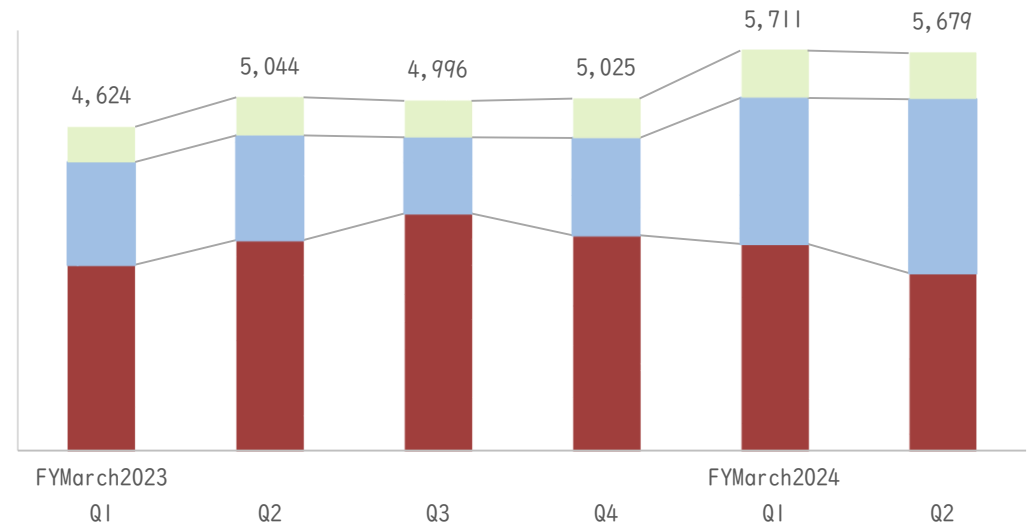
(million yen)

FY March 2023 Q1	Q2	Q3	Q4	FY March 2024 Q1	Q2	Change (%) compared with the previous quarter
2,656	3,007	3,385	3,073	2,951	2,533	△14.2%
1,467	1,494	1,090	1,391	2,085	2,484	19.1%
500	542	520	560	674	660	△2.0%
4,624	5,044	4,996	5,025	5,711	5,679	△0.6%

(Millions of yen)



(Millions of yen)

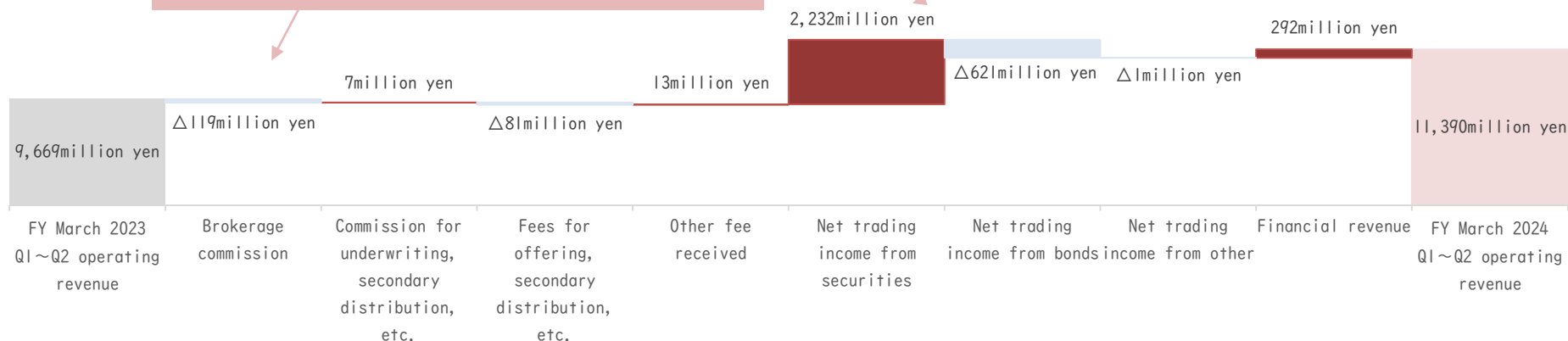


■ Commission received ■ Net trading income ■ Financial revenue

YoY

Equity brokerage commission +4.8%
Beneficiary certificate brokerage commission Δ 83.2%

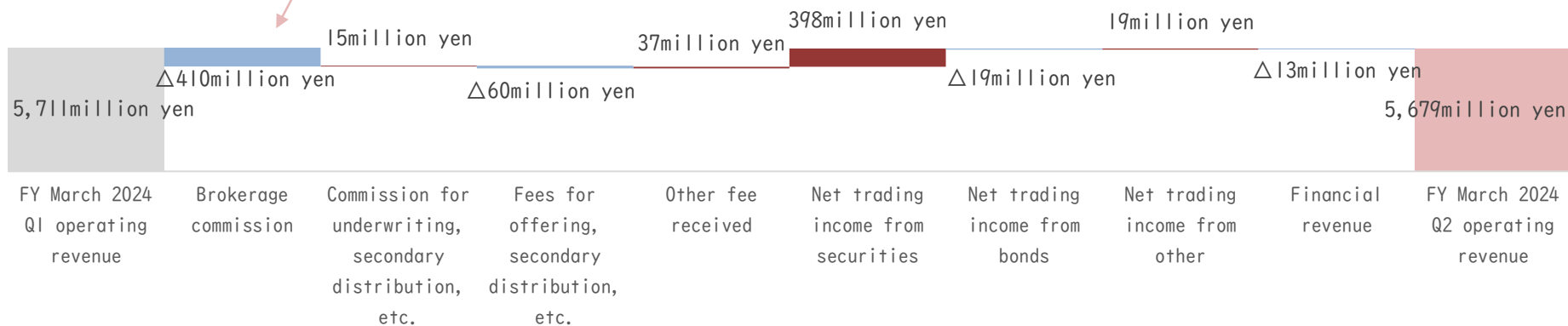
99.5% decrease mainly in over-the-counter transactions of U.S. stocks



QoQ

Equity brokerage commission Δ 19.4%

19.6% decrease mainly in over-the-counter transactions of U.S. stocks



Commission receive

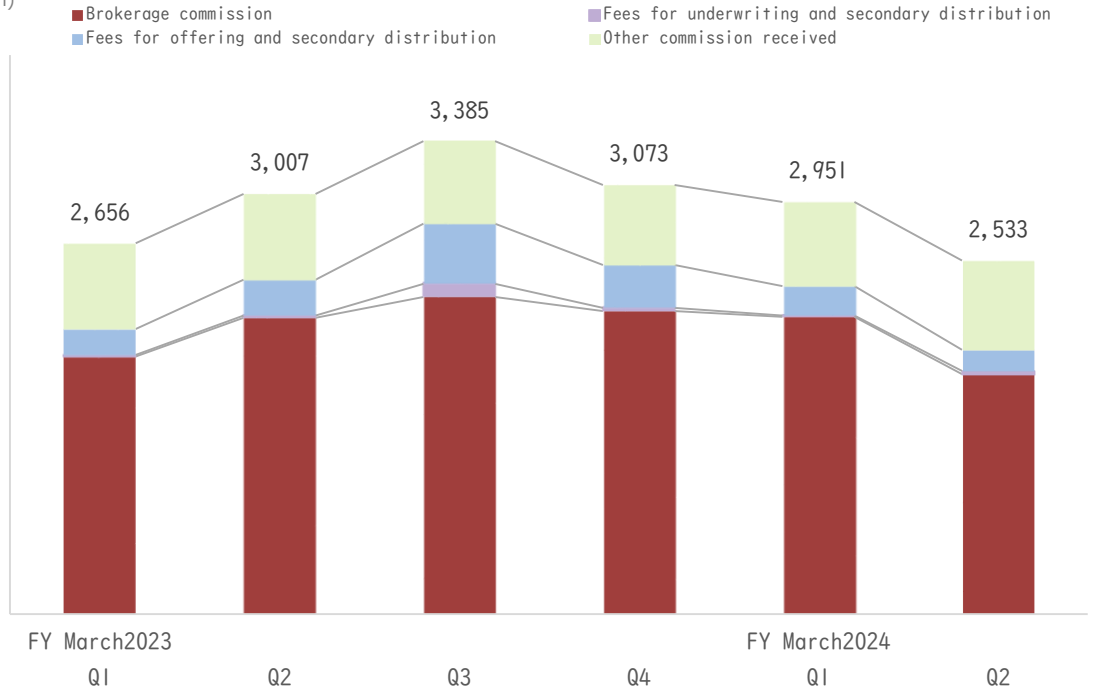
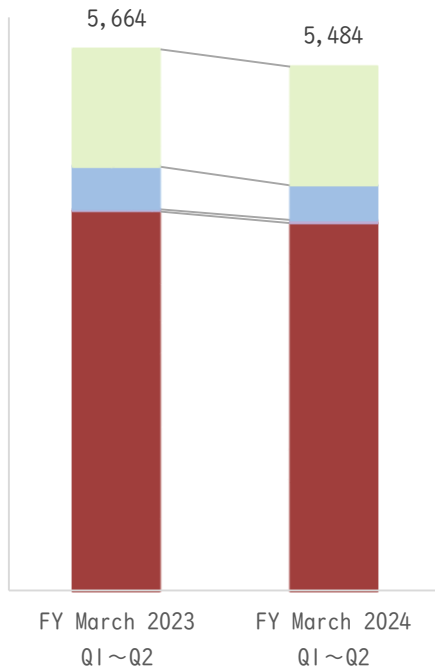
Although equity brokerage commission increased 4.8% year on year, beneficiary certificate brokerage commission declined 83.2% year on year. As a result, total brokerage commission decreased 3.0% year on year.

(million yen)

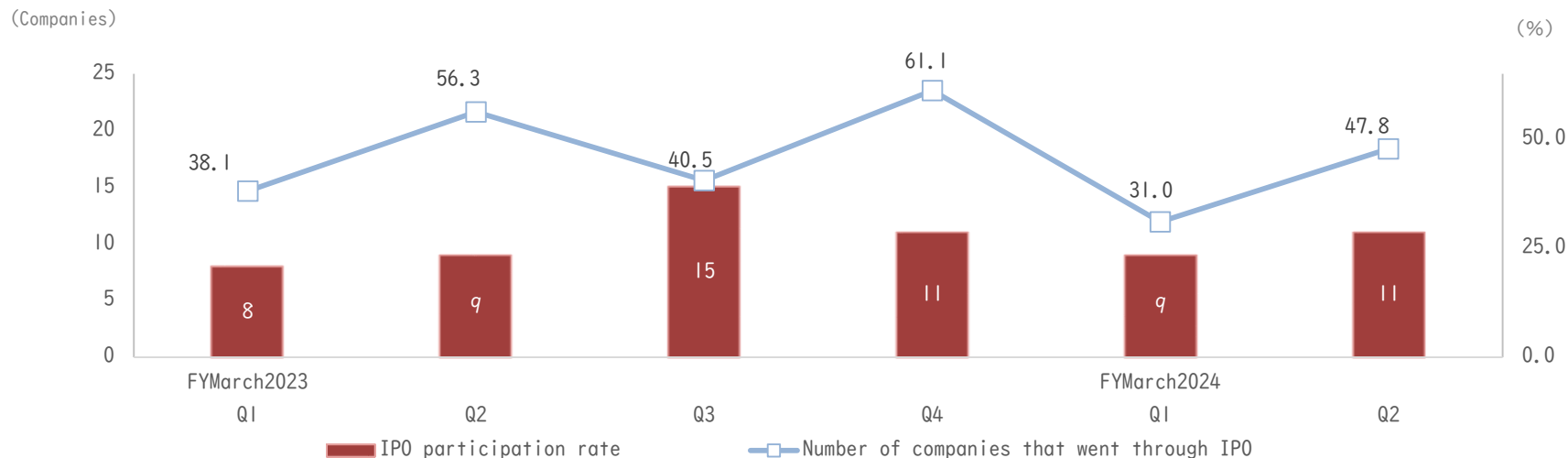
	FY March 2023 Q1~Q2	FY March 20224 Q1~Q2	Percentage change from the previous fiscal year	FY March 2023 Q1	Q2	Q3	Q4	FY March 2024 Q1	Q2	Change (%) compared with the previous quarter
Brokerage commission	3,966	3,846	△3.0%	1,844	2,121	2,269	2,169	2,128	1,718	△19.3%
Fees for underwriting and secondary distribution	24	32	29.2%	10	14	93	21	8	23	190.2%
Fees for offering and secondary distribution	445	363	△18.4%	187	257	431	307	211	151	△28.6%
Other commission received	1,228	1,242	1.1%	613	614	590	574	602	639	6.2%
Commission received	5,664	5,484	△3.2%	2,656	3,007	3,385	3,073	2,951	2,533	△14.2%

(Millions of yen)

(Millions of yen)

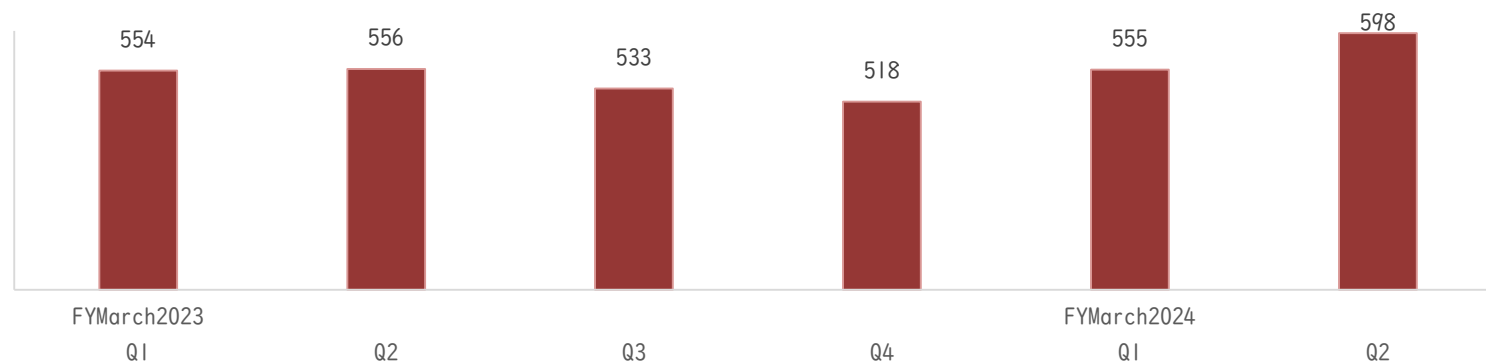


Quarterly Changes in IPO Transactions



Changes in trust fees

(Millions of yen)



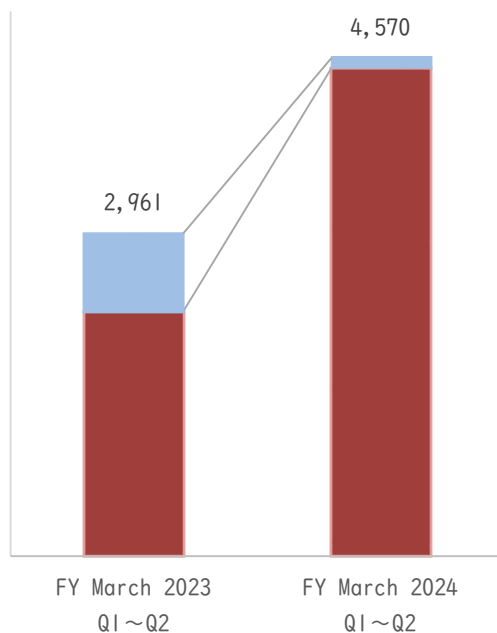
Net trading income from securities trading activity increased due to strong financial results.

(million yen)

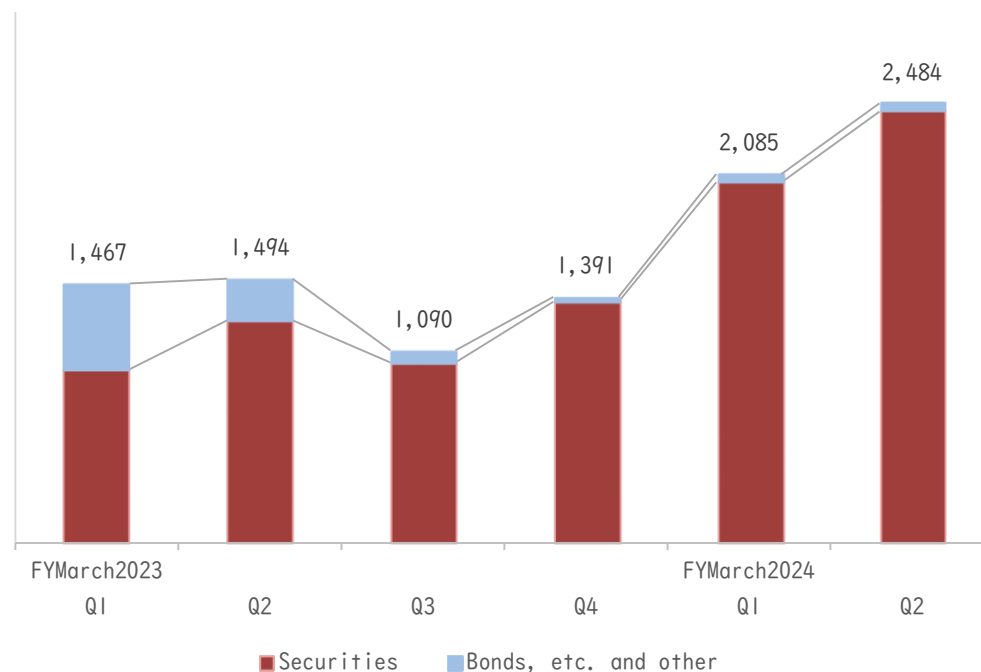
	FY March 2023 Q1~Q2	FY March 2024 Q1~Q2	Percentage change from the previous fiscal year
Securities	2,243	4,475	99.5%
Bonds, etc. and other	718	95	△86.8%
Net trading income	2,961	4,570	54.3%

FY March 2023 Q1	Q2	Q3	Q4	FY March 2024 Q1	Q2	Change (%) compared with the previous quarter
983	1,259	1,020	1,364	2,038	2,437	19.6%
484	234	69	27	47	47	0.9%
1,467	1,494	1,090	1,391	2,085	2,484	19.1%

(Millions of yen)



(Millions of yen)



※ Income from securities is mainly related to over-the-counter transactions of U.S. stocks

Financial balance

Balance of customers' borrowing on margin transactions: 62.7 billion yen (As of September 30, 2023) ,
5th in industry (17 retail securities companies, excluding online securities companies)

	FY March 2023 Q1~Q2	FY March 2024 Q1~Q2	Percentage change from the previous fiscal year
Financial revenue	1,042	1,335	28.1%
Financial expenses	127	145	14.0%
Financial balance	915	1,190	30.0%

Average balance of customers' borrowing on margin transactions (100 millions of yen)	514	583	13.2%

						(million yen, %)
FY March 2023 Q1	Q2	Q3	Q4	FY March 2024 Q1	Q2	Change (%) compared with the previous quarter
500	542	520	560	674	660	△2.0%
51	75	61	74	81	64	△20.9%
448	467	459	486	593	596	0.5%

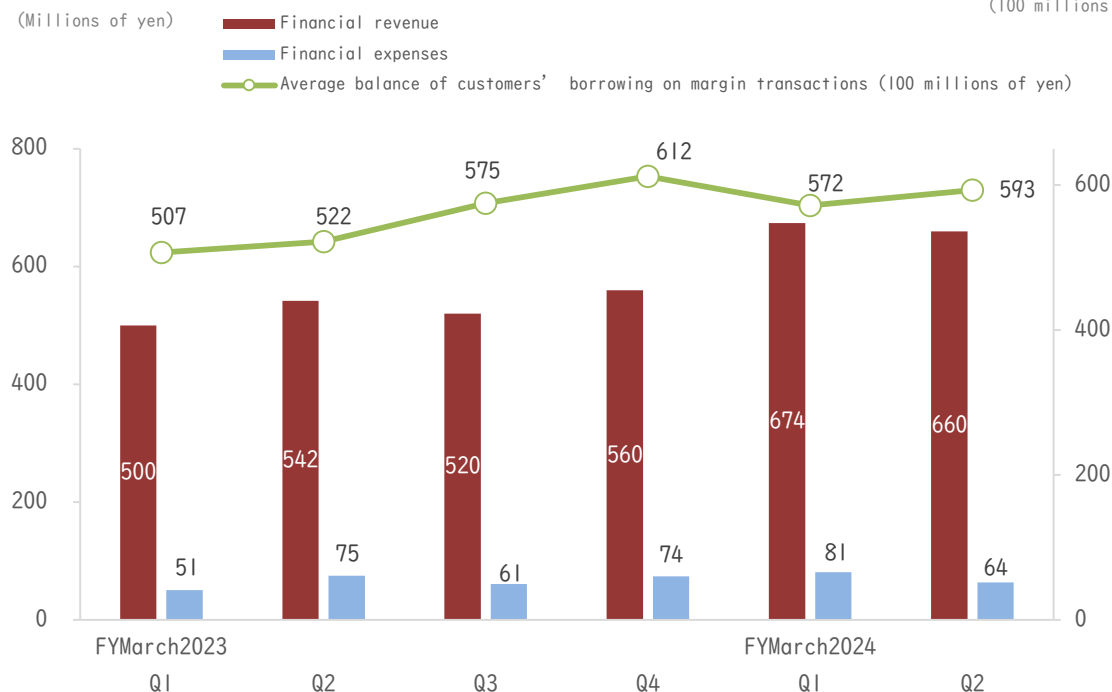
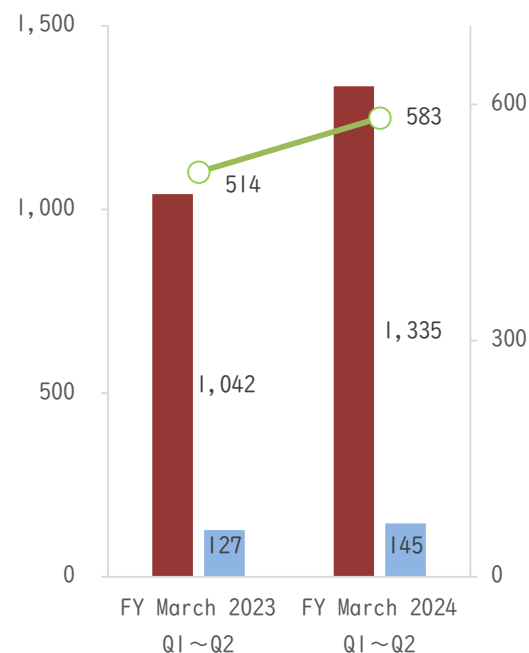
507	522	575	612	572	593	3.5%

(Millions of yen)

(100 millions of yen)

(Millions of yen)

(100 millions of yen)



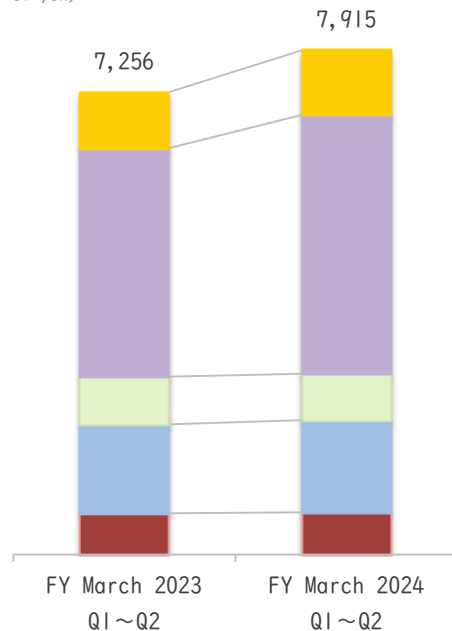
Selling, general and administrative expenses

Total SG&A expenses increased 9.1% year on year, mainly due to an increase in variable expenses such as bonuses, in addition to one-time expenses including television commercial fees.

	FY March 2023 Q1~Q2	FY March 2024 Q1~Q2	Percentage change from the previous fiscal year
Trading related expenses	875	1,015	16.0%
Personnel expenses	3,586	4,059	13.2%
Real estate expenses	748	729	△2.5%
Office expenses	1,397	1,448	3.7%
Other	647	662	2.2%
Selling, general and administrative expenses	7,256	7,915	9.1%

						(million yen, %)	
FY March 2023 Q1	Q2	Q3	Q4	FY March 2024 Q1	Q2	Change (%) compared with the previous quarter	
440	434	440	436	488	527	8.1%	
1,736	1,850	1,794	1,851	2,031	2,027	△0.2%	
381	366	355	365	370	358	△3.2%	
705	692	814	705	707	740	4.7%	
335	312	313	321	346	315	△9.0%	
3,600	3,656	3,720	3,681	3,945	3,970	0.6%	

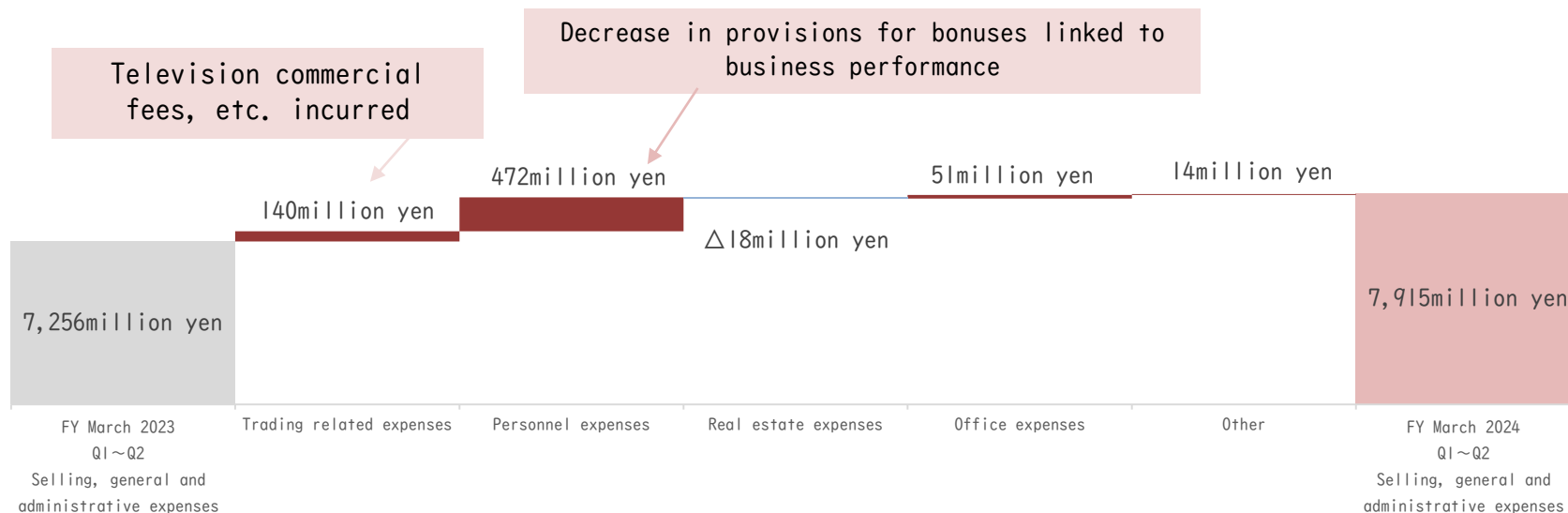
(Millions of yen)



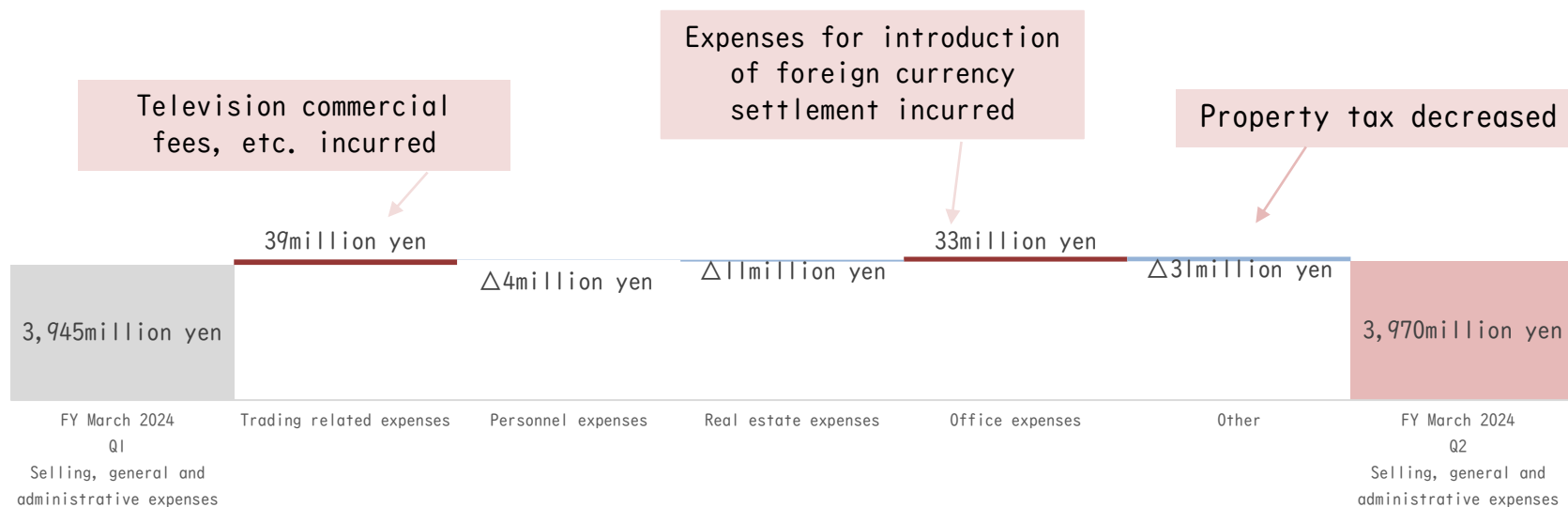
(Millions of yen)



YoY



QoQ



Recorded ordinary profit for 44 consecutive quarters

(Millions of yen)

	Year ending March 31, 2023					Year ending March 31, 2024		
	Q1	Q2	Q3	Q4	full year	Q1	Q2	Q1~Q2
Operating revenue	4,624	5,044	4,996	5,025	19,691	5,711	5,679	11,390
Commission received	2,656	3,007	3,385	3,073	12,123	2,951	2,533	5,484
Brokerage commission	1,844	2,121	2,269	2,169	8,405	2,128	1,718	3,846
Commission for underwriting, secondary distribution, etc.	10	14	93	21	139	8	23	32
Fees for offering, secondary distribution, etc.	187	257	431	307	1,183	211	151	363
Other fee received	613	614	590	574	2,393	602	639	1,242
Net trading income	1,467	1,494	1,090	1,391	5,443	2,085	2,484	4,570
Securities	983	1,259	1,020	1,364	4,628	2,038	2,437	4,475
Bonds, etc. and other	484	234	69	27	815	47	47	95
Financial revenue	500	542	520	560	2,124	674	660	1,335
Financial expenses	51	75	61	74	262	81	64	145
Net operating revenue	4,572	4,969	4,935	4,951	19,428	5,630	5,614	11,245
Selling, general and administrative expenses	3,600	3,656	3,720	3,681	14,658	3,945	3,970	7,915
Operating profit	972	1,313	1,214	1,270	4,770	1,685	1,644	3,329
Non-operating income	233	31	124	66	456	198	29	228
Non-operating expenses	1	2	2	55	60	1	5	6
Non-operating profit	231	29	122	11	395	197	24	221
Ordinary profit	1,204	1,342	1,337	1,281	5,165	1,882	1,668	3,551
Extraordinary profit	0	-	△0	-	-	19	24	44
Extraordinary losses (※)	-	-	0	0	1	-	-	-
Extraordinary profit	0	-	△0	△0	△1	19	24	44
Profit before income taxes	1,204	1,342	1,337	1,280	5,164	1,902	1,693	3,596
Profit attributable to owners of parent	832	928	928	874	3,564	1,328	1,169	2,497

	Year ending March 31, 2023					Year ending March 31, 2024		
	Q1	Q2	Q3	Q4	full year	Q1	Q2	Q1~Q2
Ratio of ordinary profit to operating revenue	26.0%	26.6%	26.8%	25.5%	26.2%	33.0%	29.4%	31.2%
ROE	6.0%	6.7%	6.6%	6.1%	6.2%	9.1%	7.9%	8.5%
Earnings per share	35.43yen	39.52yen	39.55yen	37.23yen	151.73yen	56.54yen	49.80yen	106.34yen
Capital adequacy ratio	776.8%	732.3%	736.5%	740.8%	740.8%	846.9%	839.5%	839.5%

ROE: annualized

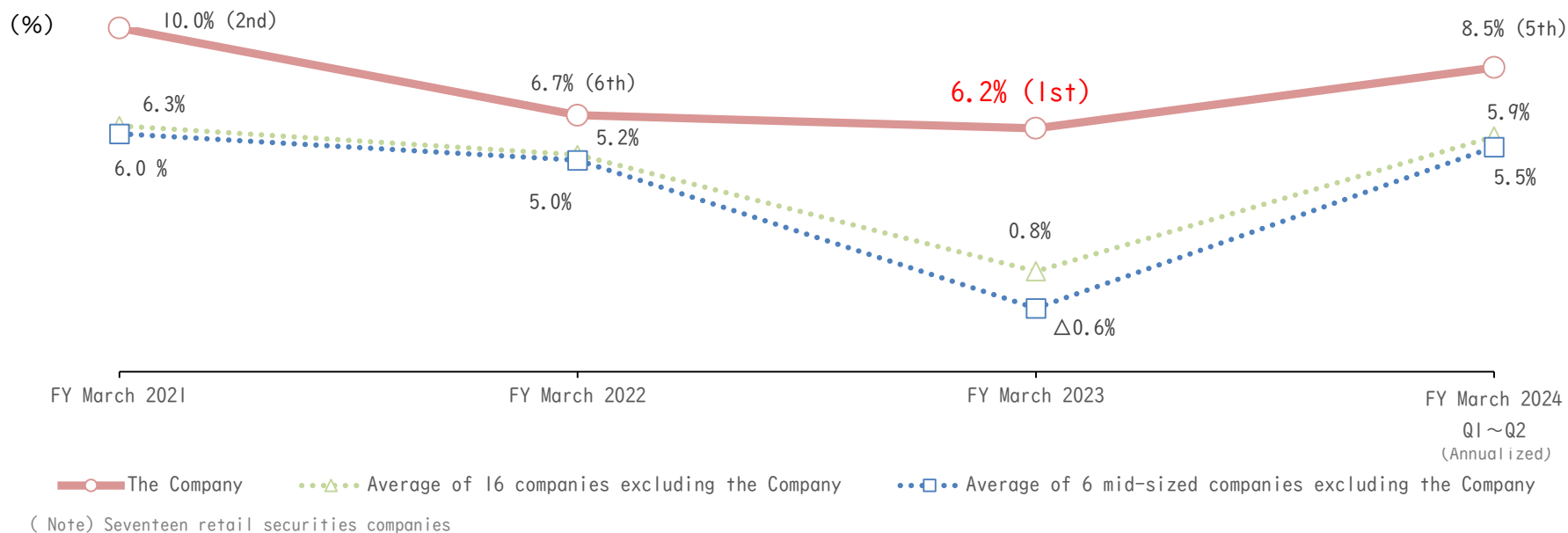
Reference : Operating Performance Time Series

	(Millions of yen)					
	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023	FY March 2024 Q1~Q2
Operating revenue	21,241	18,948	22,993	20,708	19,691	11,390
Ordinary profit	5,924	4,239	7,530	5,799	5,165	3,551
Profit	4,148	2,700	5,362	3,756	3,564	2,497
Ratio of ordinary profit to operating revenue	27.9%	22.4%	32.8%	28.0%	26.2%	31.2%
(Industry ranking *1)	1st	1st	3rd	3rd	1st	3rd
(Industry average *2)	4.0%	3.4%	19.8%	13.0%	△2.5%	18.6%
Dividends per share	75yen	75yen	117yen	80yen	80yen	20yen
Dividend payout ratio	42.5%	65.2%	51.3%	50.0%	52.7%	18.8%

※1 17 retail securities companies

※2 Industry simple average excluding our company

Changes in ROE

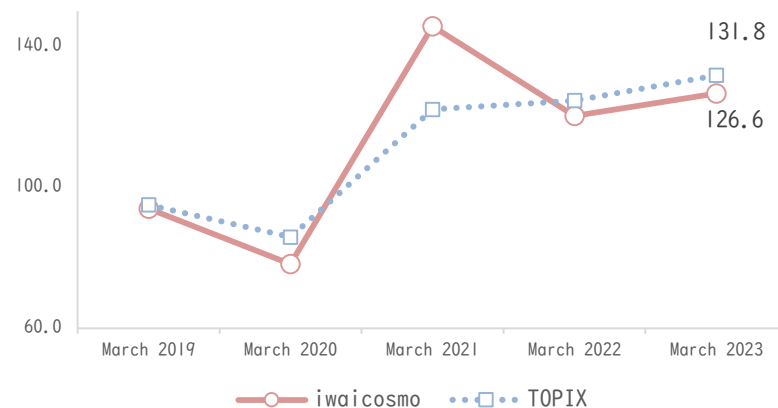


reference : Total Shareholder Return

T S R : Total Shareholder Return

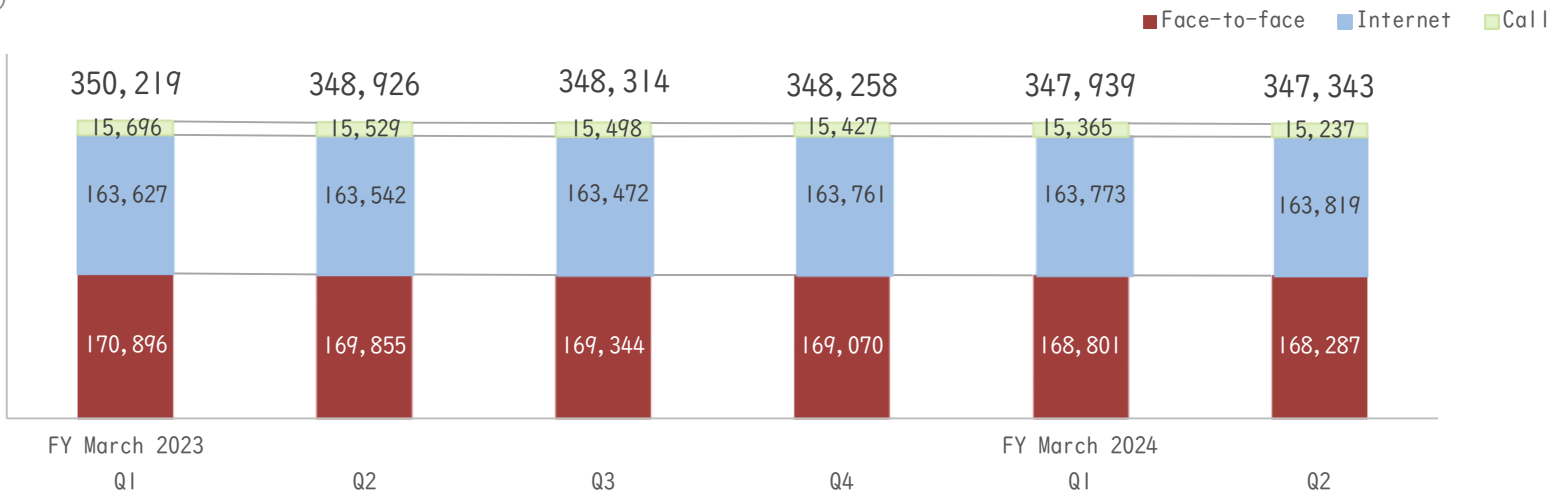
	March 2019	March 2020	March 2021	March 2022	March 2023
iwaicosmo	93.9	78.2	145.7	120.3	126.6
TOPIX	95.0	85.9	122.1	124.6	131.8

TSR=(Stock price at the end of each fiscal year + Cumulative amount of dividends per share from four fiscal years prior to the current fiscal year to each fiscal year) / Stock price on the last day of the five fiscal years prior to the current fiscal year

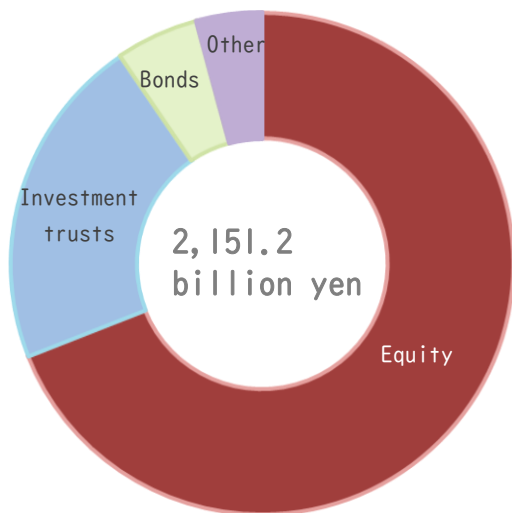


Quarterly Changes in the Number of Accounts

(Accounts)

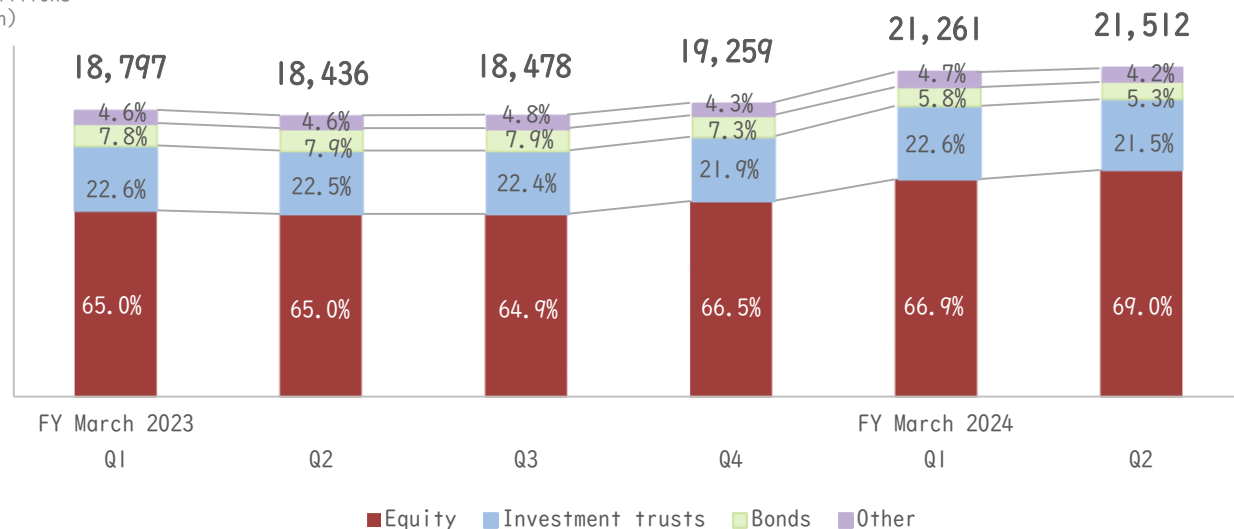


Assets under Custody



Changes in assets under custody

(100 millions of yen)



per share: **20 yen**

Effective date : November 24 th , 2023

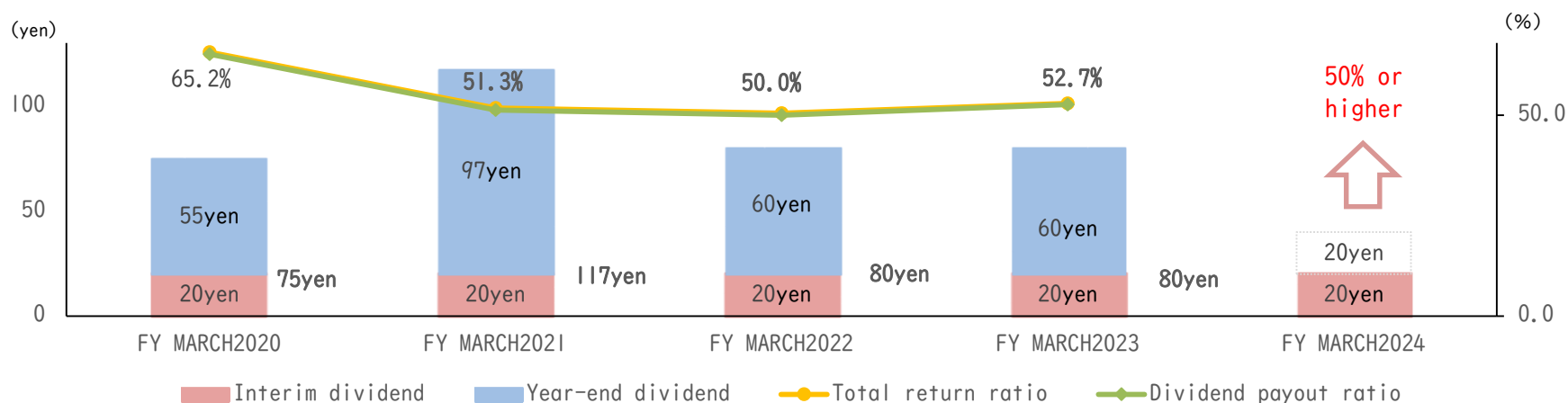
The interim dividend for the fiscal year under review was 20 yen per share (previous interim period: 20 yen per share), estimating conservatively based on the characteristics of the securities business of which performance is subject to fluctuation due to economic conditions and the market environment. As for annual dividends, the total return ratio will be 50% or more on a consolidated basis.

Change in dividends per share

	FY March 2020	FY March 2021	FY March 2022	FY March 2023	FY March 2024
Interim dividend	20yen	20yen	20yen	20yen	20yen
Year-end dividend	55yen	97yen	60yen	60yen	—
Annual dividend	75yen	117yen	80yen	80yen	—
Dividend payout ratio	65.2%	51.3%	50.0%	52.7%	—
Ratio of dividends to net assets	3.5%	5.1%	3.3%	3.3%	—

Reference : Policy for Shareholder Returns (During the mid-term management plan period from FY March 2023 to FY March 2025)

- Annual dividends per share: 40 yen (lower limit)
- And, consolidated total return ratio: 50% or higher



※ Total return ratio = (Amount of dividends paid + Amount of treasury stock acquired) ÷ Consolidated profit × 100 (%)

Evaluation of current situation

As of September 30, 2023, the Company's share price was 1,747 yen with a price-to-book ratio (PBR) of 0.68, which means the share price is cheap relative to the value of company assets (less than 1).

However, in the second quarter of the fiscal year ending March 31, 2024, the Company ranked first among seven medium-sized securities companies in terms of operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent, and also maintained a high level of soundness in management, including the achievement of ordinary profit for 44 consecutive quarters.

Measures to realize management with awareness of the cost of capital and the share price

Measures to improve earnings

- ◆ Strategic investment
 - Expansion of sales coverage through opening of small-scale stores (Plaza)
 - Expansion of online trading services to improve customer convenience (strengthening of support for senior generation)
- ◆ Promotion of digital transformation (DX)
 - Improvement of labor productivity utilizing generative AI, a new technology with high potential for the future
 - Improvement of operational efficiency by promoting sales activities based on data collection and analysis
- ◆ Strengthening of sales capabilities
 - Enhancement of organizational leadership capabilities through a top-down approach and promoting autonomous operations through a bottom-up approach
 - Strengthening of approach to customers who have been inactive for a certain period of time and promotion of follow up
- ◆ Human capital investment
 - Implementation of training and study sessions aimed at developing autonomous human resources
 - Enhancement of subsidy system for obtaining various qualifications that are useful for business

Stable shareholder returns

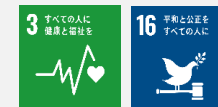
- ◆ Continuation of stable dividends and return of profit linked to performance
 - During the Fifth Mid-Term Management Plan (from FY2022 to FY2024), total return ratio of 50% or more, with an annual dividend of 40 yen per share as the minimum

Proactive investor relations activities

- ◆ Active distribution of investor relations information
 - Enhancement of investor relations information and active dissemination of information in order to communicate the Company's business performance and initiatives on sustainability and other areas to investors in a way that is easy to understand
- ◆ Renewal of the Company's corporate website (implemented September 29, 2023)
 - Aiming for a design that is easier to see and operability that is easier to use, while supporting a wide variety of devices such as smartphones and tablets

Social contribution activities

- Introduced Social Contribution Reserve Fund System (from fiscal year ended March 31, 2021)
- Concluded the Partnership Agreement to Promote Global Financial City Osaka Initiatives
- Participation in Securities Industry Network for Supporting Children run by the Japan Securities Dealers Association for effective utilization of shareholder benefits, etc. and contribution to largest number of support activities
- Issued “SDGs Promotion Private Placement Bonds” in which a portion of issuance fee is donated to SDGs-related organizations (March 2023)



Reduction of environmental burden

- TCFD (Task Force on Climate-related Financial Disclosures) agree with the proposal
- Use of environmentally-friendly handouts and envelopes made from recycled old banknotes (banknote cutting waste).
- Introduction of electric vehicles as business cars at the head office
- Gradually switched branch lighting to LED
- The Tokyo head office (Kayabacho Green Building) is a state-of-the-art energy-saving building that uses a hybrid radiant air-conditioning system and other equipment that is both earth- and people-friendly, thereby efficiently saving on energy consumption and water resources.
- Compared to the target of reducing CO2 emissions by 55% or more by the fiscal year ending March 31, 2025, realized a 56.2% reduction in emissions by the end of the fiscal year ended March 31, 2023, achieving the original target two years ahead of schedule



Improved customer service and paperless operations through digitalization

- Lent mobile phones and tablets to all sales staff and converted sales materials, etc. into electronic copies to promote paperless operations
- Promoted the use of RPA (Robotic Process Automation) to automate office work
- Introduced a voice recognition system that uses AI to monitor the content of phone calls between sales representatives and customers, to further strengthen compliance and improve customer service
- Introduced generative AI, a new technology with high potential for the future



Initiatives for work-life balance

- Changes to system to enable diverse work styles, such as staggered working hours and not requiring employees to stop by the office
- Selected among the “Top 100 Telework Pioneers” (November 2019) by the Ministry of Internal Affairs and Communications and received “Incentive Award” (January 2020) in the Japan Telework Association’s “Telework Promotion Awards,” both for the first time as a securities company!

Promoting active participation by diverse human resources

- Percentage of female officers 33.3% (three out of nine)
Achieved the target (30% by 2030) required by the government for TSE prime listed companies by the end of June 2023!
- Percentage of female managers 19.2% (As of September 30, 2023)



Newspaper publications, press releases, etc.

2023	May 6:	The appeal of face-to-face trading and the Company's initiatives such as the stock selection meeting were featured in "NEXT JAPAN: Atsuki Kyudoshu (passionate seekers)" on Mainichi Broadcasting System (MBS).
	May 17:	Received certificate of gratitude by World Food Programme (WFP) and Children's Future Support Fund as part of SDGs initiatives
	Jul 31:	Introduced the "foreign currency settlement service" in real-time trading system for U.S. stocks on the "Cosmo Netre" online trading platform
	Aug~	IwaiCosmo Securities broadcast new television commercials (face-to-face trading edition, online trading edition). ※ Posted on our website : https://www.iwaicosmo.co.jp/lp/tvcm/
	Jun 29:	The official website of IwaiCosmo Holdings was renewed.



#656 2023/05/06

とことん寄り添う証券マン



急成長するネット証券…それでも対面取引を大切に。新人時代、父の退職金で損失…理由は経験の浅さ。「経験不足は知識で補う」皆で情報共有し推薦銘柄を選定→客への提案に。

The Company's face-to-face trading initiative was featured in "NEXT JAPAN: Atsuki Kyudoshu (passionate seekers)" on Mainichi Broadcasting System (MBS).

Ceremony for awarding letters of appreciation from the Japan Association for the World Food Programme (WFP)



((Photo from left) Aoki, Director, Office of Business Planning, Japan Association for the WFP, Yoshiaki Okitsu, Chairman and CEO, IwaiCosmo Holdings

Ceremony for awarding letters of appreciation from the Children's Future Support Fund



((Photo from left) Takeno, Standing Governor & Vice Chairman, Japan Securities Dealers Association



Introduced "foreign currency settlement service" for real-time trading of U.S. stocks



new television commercials (face-to-face trading edition)



new television commercials (online trading edition).



(For inquiries)

General Affairs Department, IwaiCosmo Securities Co., Ltd.
Mail : ichd-ir@iwaicosmo.co.jp

This material is provided for the purpose of providing information on operating performance for up to six months ended September 2023, and is not intended for solicitation of investments in securities issued by the Company.

It has been prepared based on data available up to and including September 30, 2023, and opinions and forecasts contained represent the Company's views.

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