
Materials on Consolidated Financial Results for the Three Months Ended June 30, 2021



(8707)

August 2021

- ★ **Top-ranked operating and ordinary profit** among seven mid-sized securities companies
Operating profit of 1,105 million yen, ordinary profit of 1,322 million yen
- ★ ROE of 5.4%
(approx. 7% when special factors such as the cost for changing the core system are excluded)
- ★ Earnings per share: **31.84 yen**
- ★ Increase in assets under custody (compared with the same period last year)
Foreign equity **up 84.7%**, investment trusts **up 35.6%**
- ★ Balance of customers' borrowing on margin transactions of 52.9 billion yen
(**up 37.4%** from the same period last year)
- ★ **Recorded ordinary profit for 35 consecutive quarters**
- ★ **Fixed cost coverage ratio of 34.5%** from trust fees and margin transaction-related revenue
(27.7% during the same period last year)
- ★ **Increased** the number of Outside Directors by one
[three full-time Directors who are Outside Directors (including a female Outside Director)]
- ★ Started **disclosure of information in English**
(from the current quarter)
- ★ **Strengthened efforts for SDGs**
(Social Contribution Reserve Fund, SDGs campaigns, LIMEX business cards, etc.)
- ★ Changed the core system to NRI (STAR-IV)
(fees for using the new and old systems were incurred for May. System transfer costs were recorded in extraordinary losses)
- ★ Established "Internet Trading HQ" **to beef up internet trading services**
(effective on July 1)
- ★ Received a notification of **compliance with the Prime Market** from TSE

Management Summary

Top-ranked operating and ordinary profit among seven mid-sized securities companies
Recorded ordinary profit for 35 consecutive quarters

(Millions of yen, %)

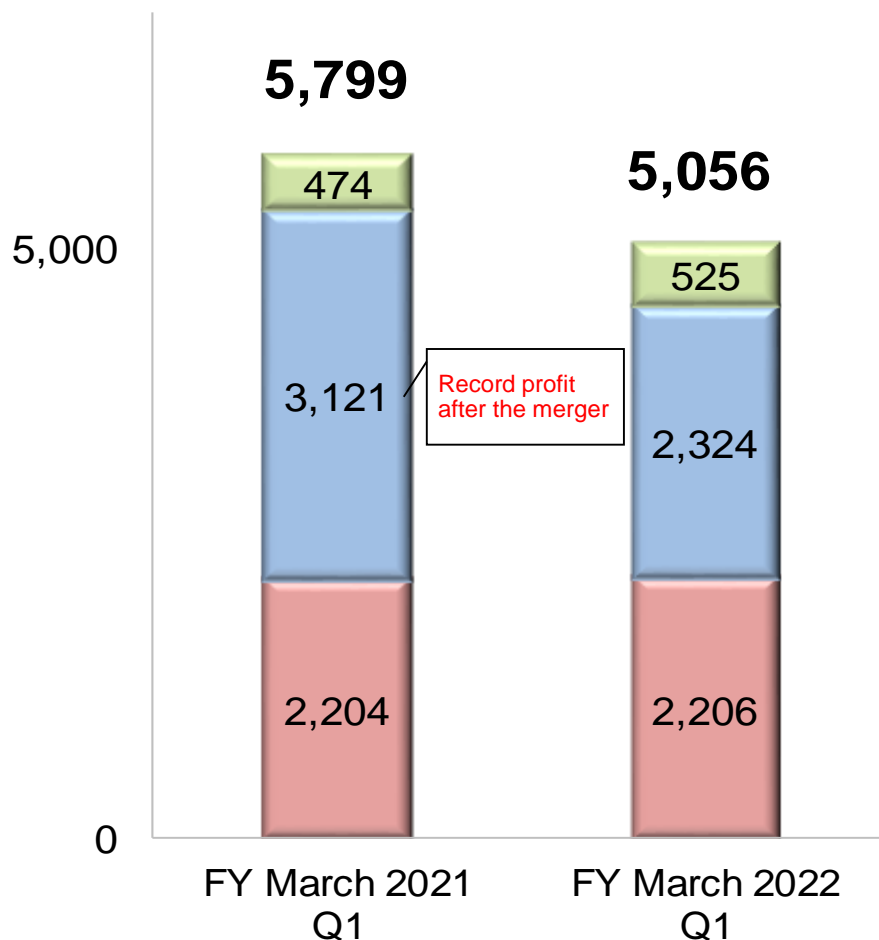
	Year ended March 31, 2021		Year ending March 31, 2022	Change (%) compared with the same period last year	Change (%) compared with the previous quarter	Year ended March 31, 2021
	Q1	Q4	Q1			full year
Operating revenue	5,799	5,890	5,056	(12.8)	(14.1)	22,987
Net operating revenue	5,726	5,813	5,009	(12.5)	(13.8)	22,667
Selling, general and administrative expenses	3,867	3,912	3,903	0.9	(0.2)	15,484
Operating profit	1,859	1,901	1,105	(40.6)	(41.9)	7,182
Ordinary profit	2,026	1,883	1,322	(34.7)	(29.8)	7,530
Profit attributable to owners of parent	1,519	1,426	747	(50.8)	(47.6)	5,362
Earnings per share	64.69 yen	60.73 yen	31.84 yen	(50.8)	(47.6)	228.28 yen
Net assets per share	2,233.90 yen	2,392.65 yen	2,316.08 yen	3.7	(3.2)	2,392.65 yen
ROE	11.2%	10.3%	5.4%	(5.8) pt	(4.9) pt	9.5%

* Annualized for ROE

* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the year ended March 2021 retroactively

Operating revenue

(Millions of yen)



Net trading income declined due to the lack of direction in the U.S. stock market. On the other hand, financial revenue increased.

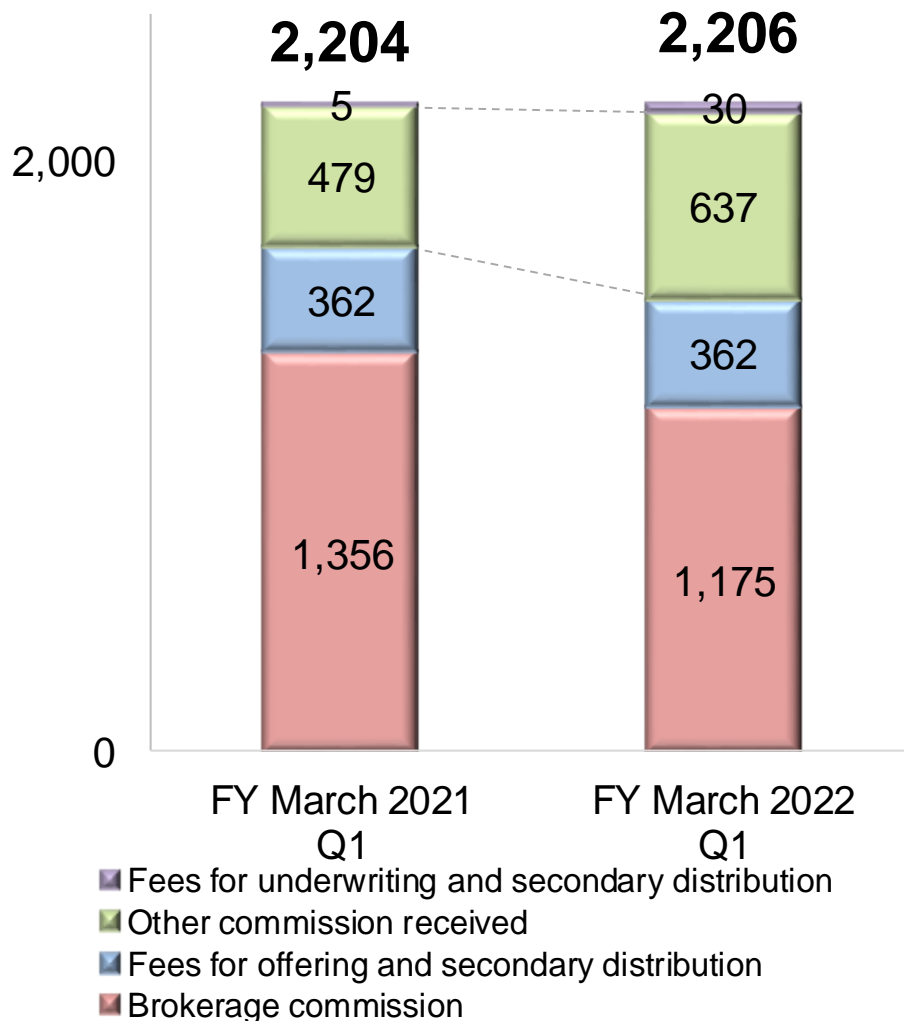
- Operating revenue: (743) million yen (12.8)%
 - **Commission received: +2 million yen +0.1%**
 - Net trading income: (796) million yen, (25.5)%
 - **Financial revenue: +51 million yen +10.8%**

■ Commission received ■ Net trading income
■ Financial revenue

* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the three months ended June 2021 retroactively

Commission received

(Millions of yen)



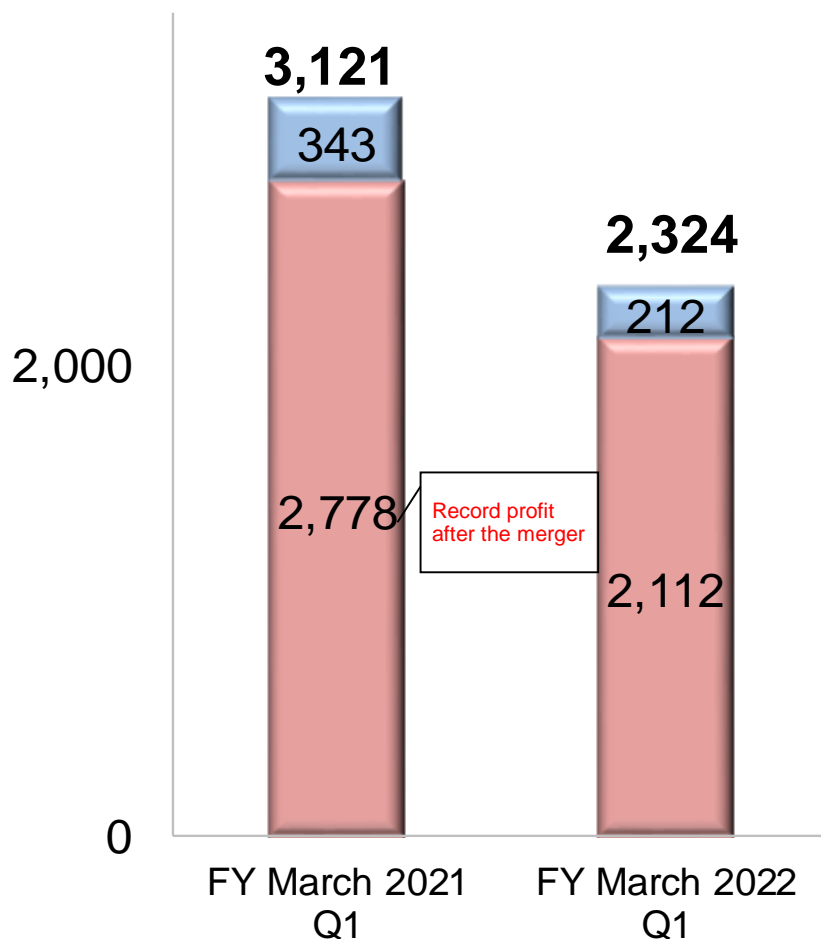
Focused on building up the balance of investment trusts, which resulted in an increase in trust fees

- Commission received:
+2 million yen +0.1%
- Brokerage commission:
(180) million yen (13.3)%
- Fees for offering and secondary distribution:
(0) million yen (0.0)%
- **Other commission received:**
+158 million yen +33.1%
- Fees for underwriting and secondary distribution:
+24 million yen +413.8%

* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the three months ended June 2021 retroactively

Net trading income

(Millions of yen)



Net trading income from securities declined due to the lack of market direction

- Net trading income: (796) million yen (25.5%)
 - Securities: (665) million yen (24.0%)
 - Bonds, etc.: (131) million yen (38.2%)

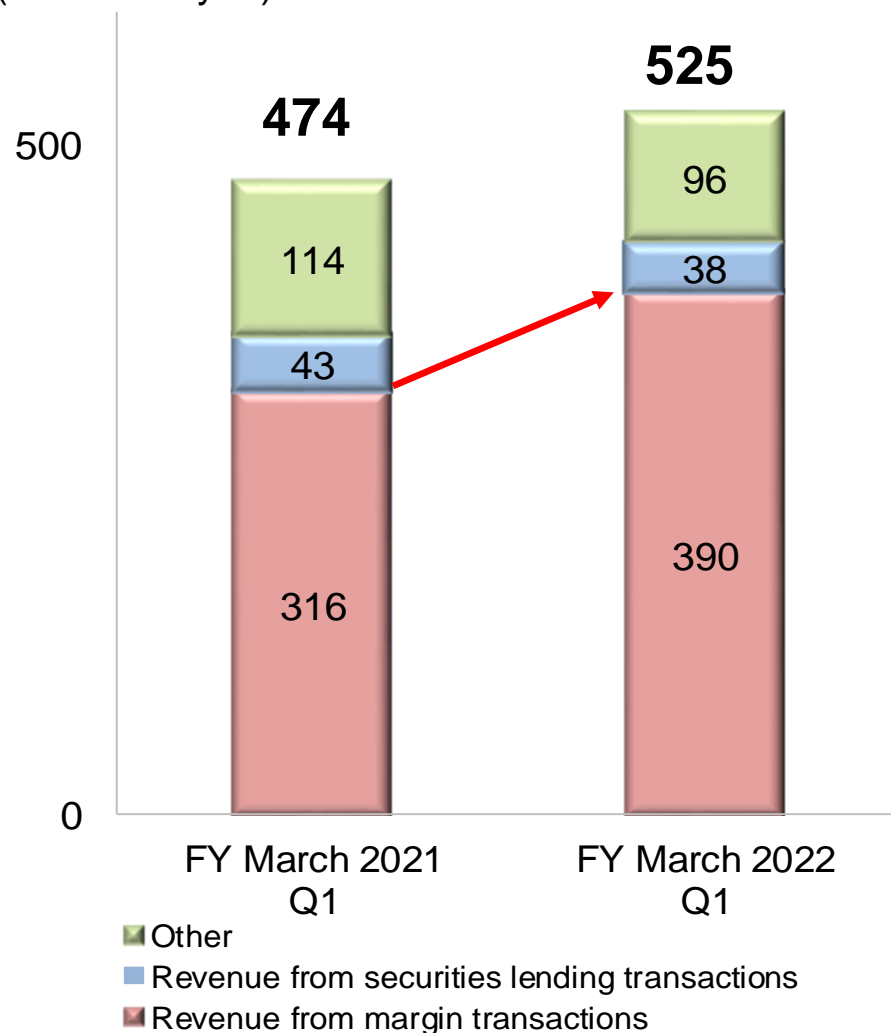
■ Securities ■ Bonds, etc. and other

* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the three months ended June 2021 retroactively

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

Financial revenue

(Millions of yen)



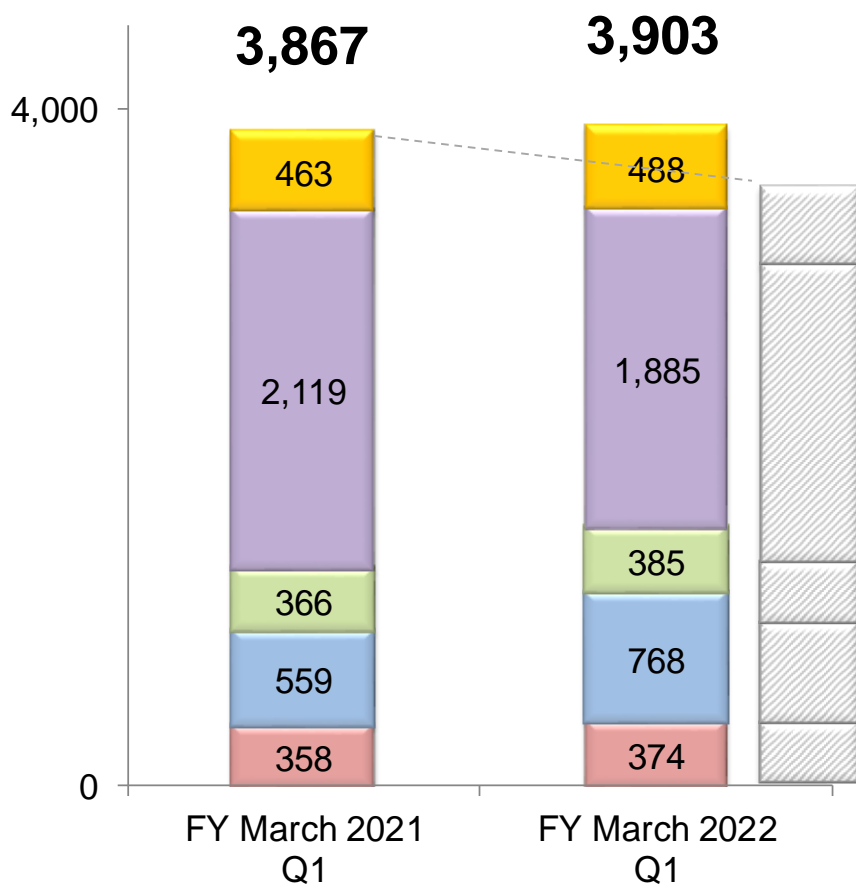
Balance of customers' borrowing on margin transactions **increased 37.4%** compared with the same period of the last year to 52.9 billion yen

- Financial revenue:
+51 million yen +10.8%
- **Revenue from margin transactions:**
+74 million yen +23.4%
- Revenue from securities lending transactions:
(4) million yen (11.2)%
- Other:
(18) million yen (15.7)%

* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the three months ended June 2021 retroactively

Selling, general and administrative expenses

(Millions of yen)



Office expenses: Temporary increase in fees for the current and new systems due to system migration

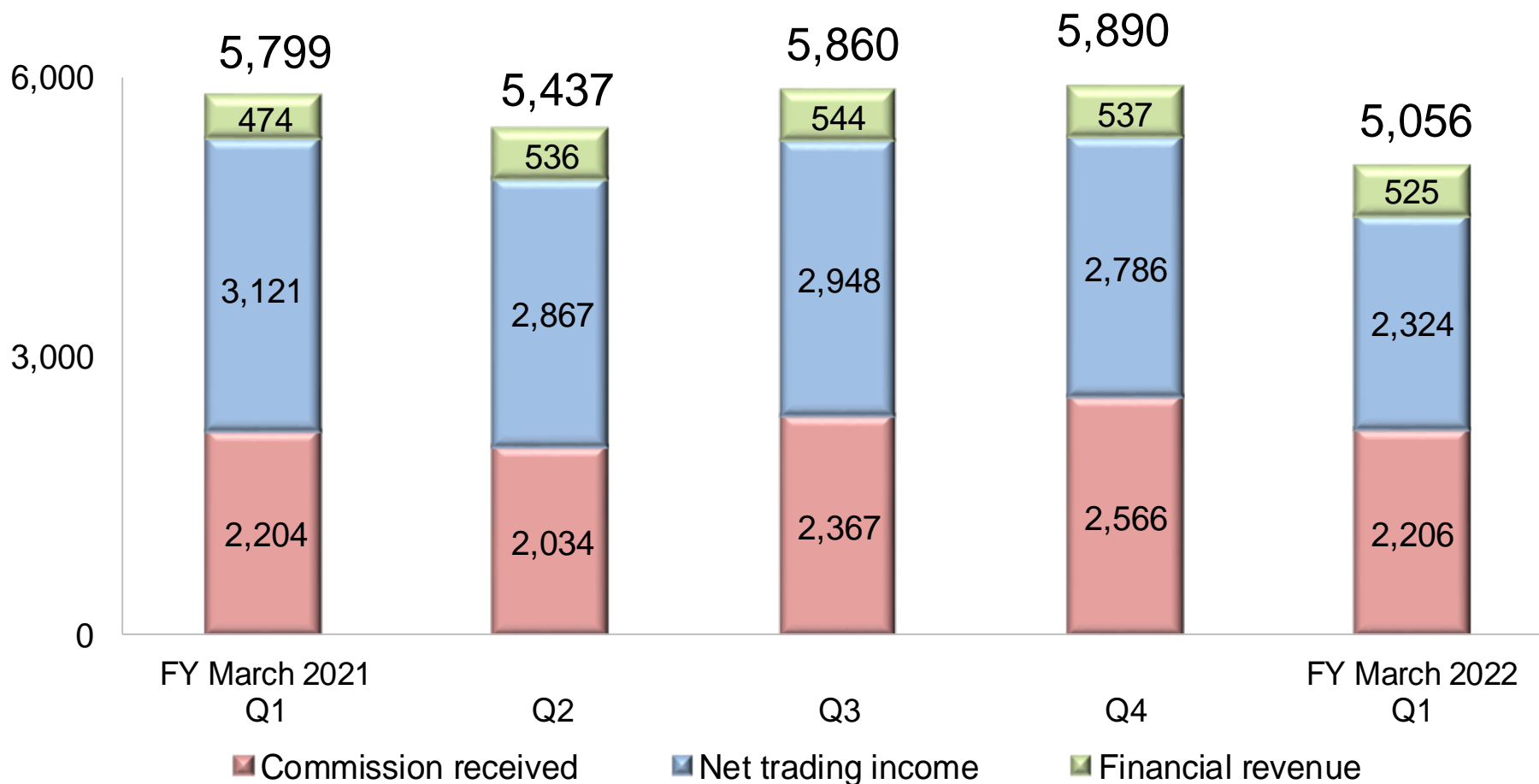
- Selling, general and administrative expenses: +36 million yen +0.9%
- Trading related expenses : +25 million yen +5.4%
- Personnel expenses : **(233) million yen (11.0)%**
- Real estate expenses : +19 million yen +5.3%
- Office expenses : +209 million yen +37.4%
- Other : +16 million yen +4.5%

Selling, general and administrative expenses decreased 3% from the same period of the previous year when the fee for the former system for May was excluded

* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the three months ended June 2021 retroactively

Quarterly Changes in Operating Revenue

(Millions of yen)

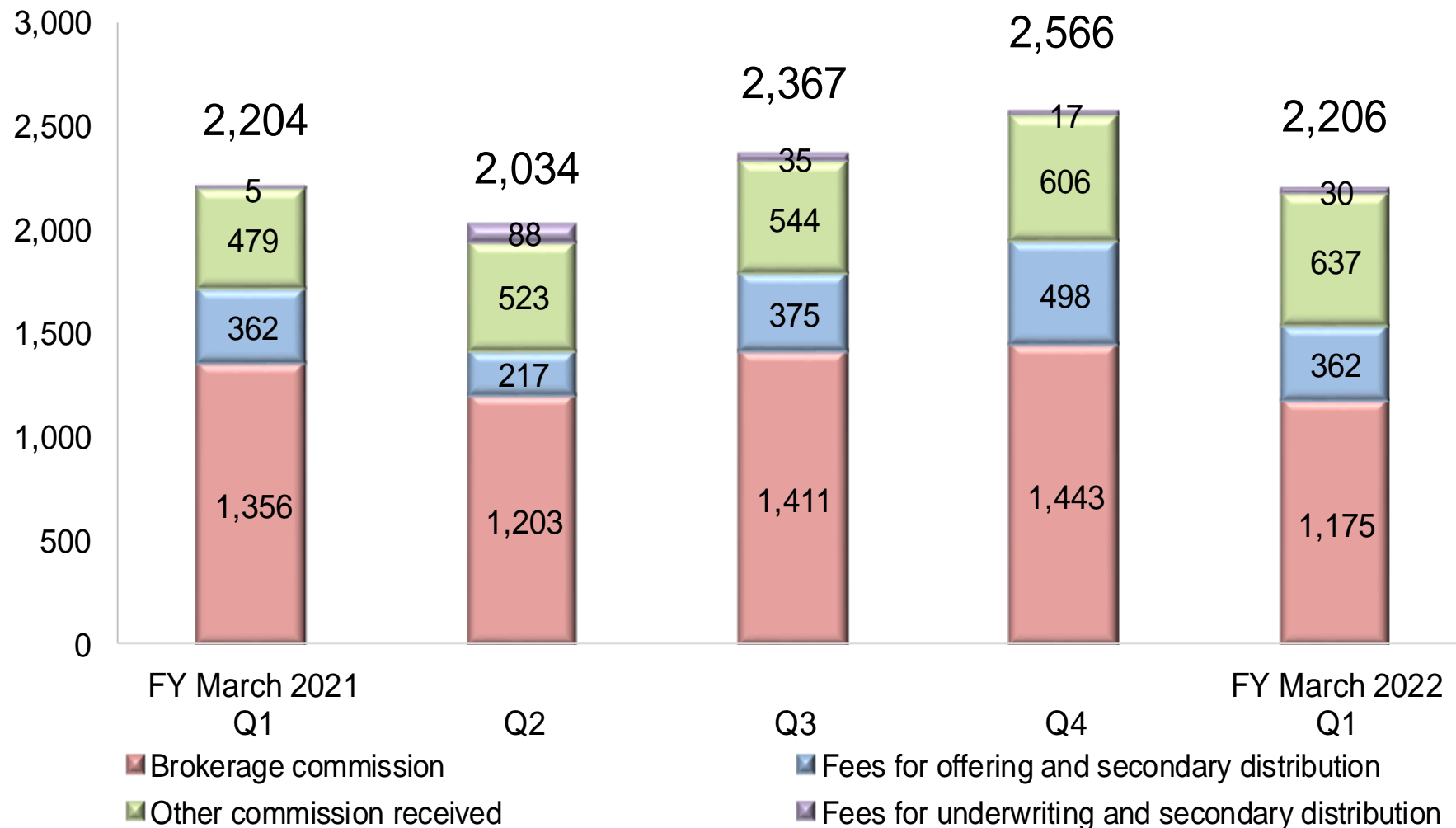


* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the year ended March 2021 retroactively

Quarterly Changes in Commission Received

Other commission received (trust fees) is on an increasing trend

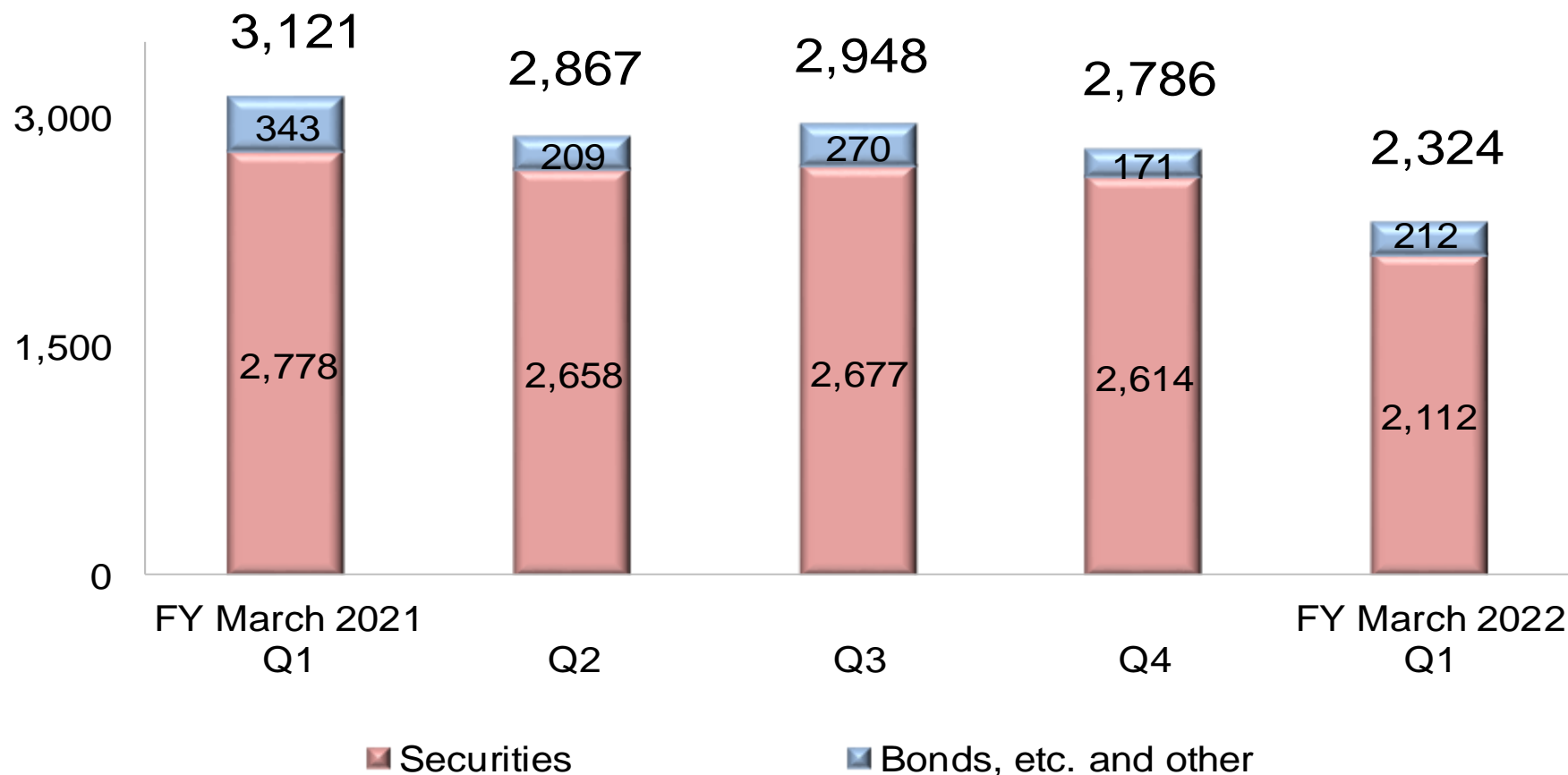
(Millions of yen)



* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the year ended March 2021 retroactively

Quarterly Changes in Net Trading Income

(Millions of yen)



* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the year ended March 2021 retroactively

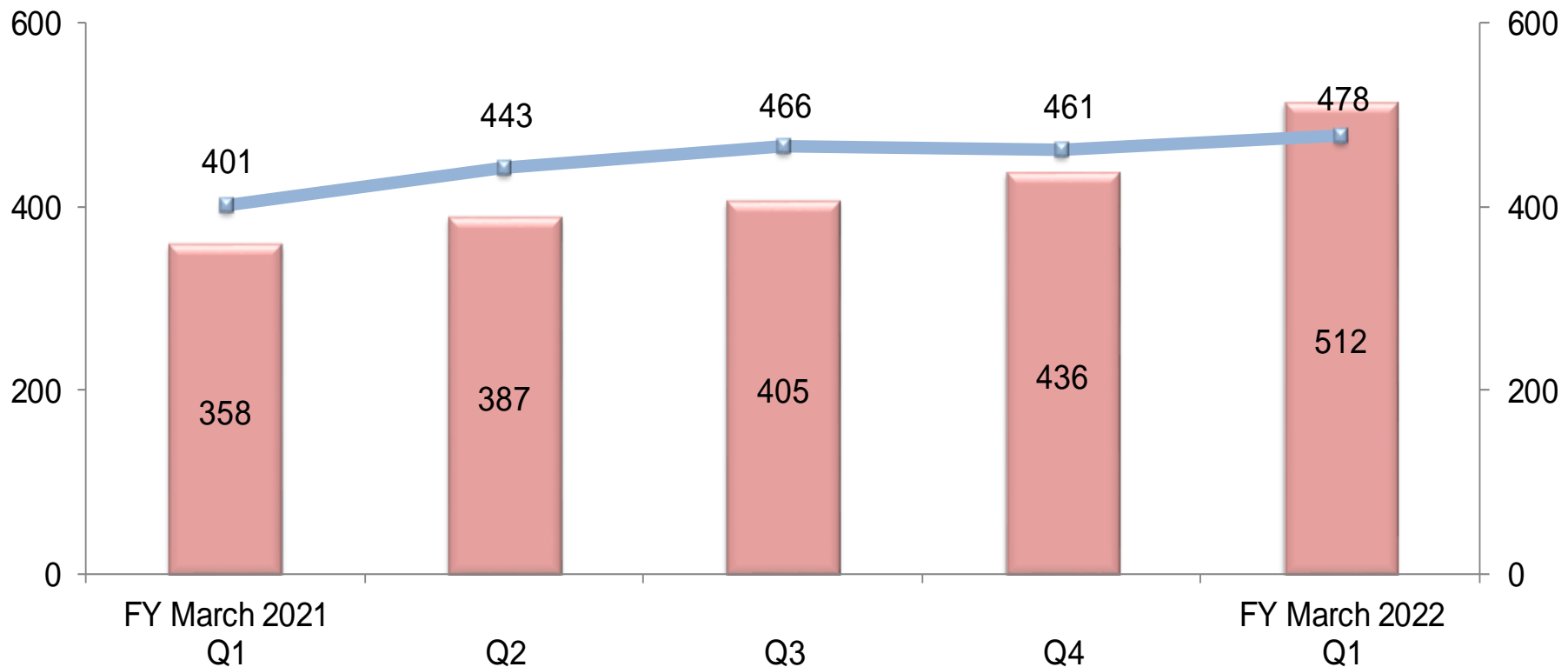
Quarterly Changes in Average Balance of Customers' Borrowing on Margin Transactions and Financial Balance



Balance of customers' borrowing on margin transactions stands at 52.9 billion yen, **ranked 4th in the industry** (consisting of 17 retail securities companies excluding online securities companies)

(100 millions of yen)

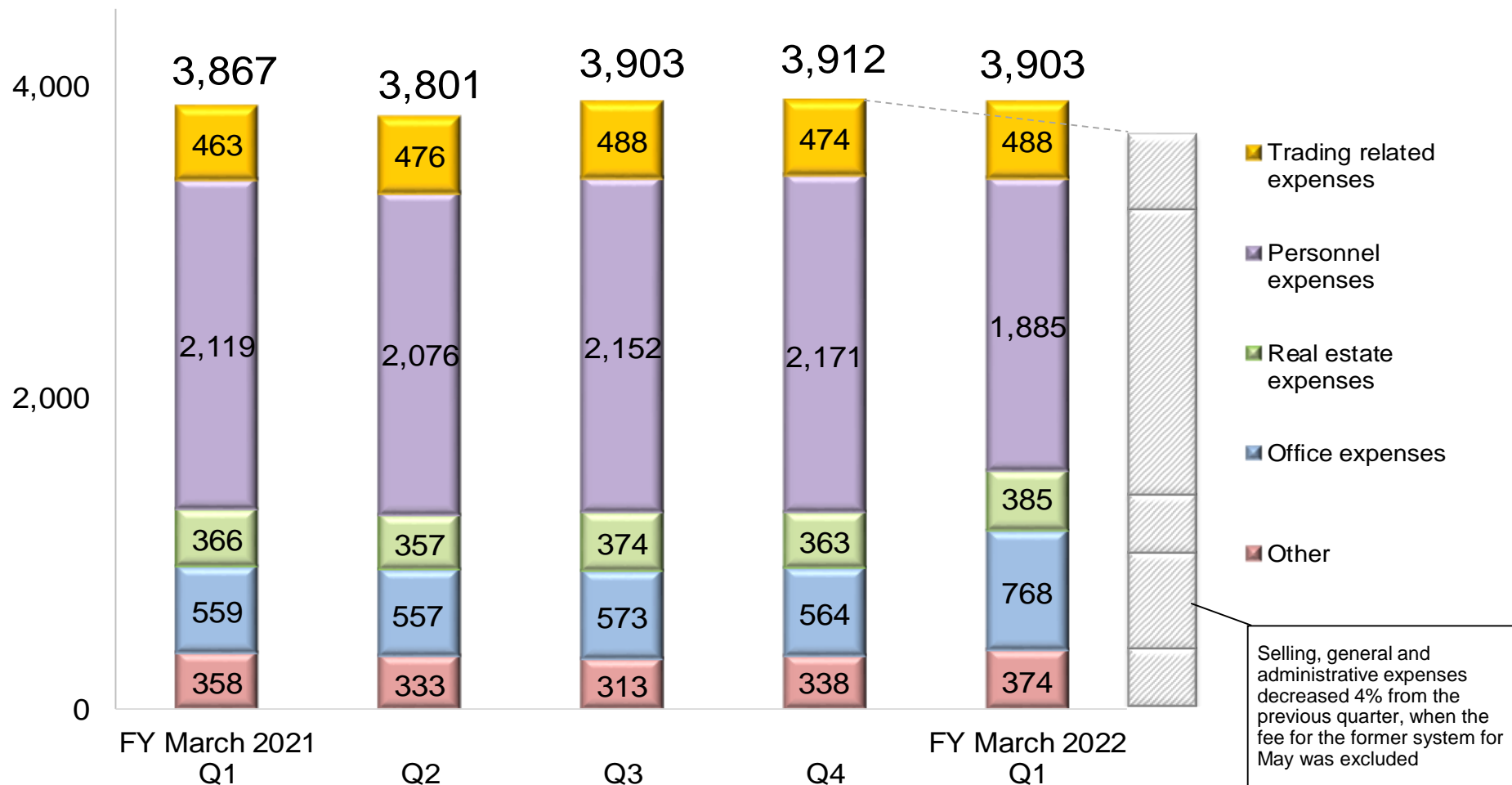
(Millions of yen)



- Average balance of customers' borrowing on margin transactions (100 millions of yen)
- Financial balance (millions of yen)

Quarterly Changes in Selling, General and Administrative Expenses

(Millions of yen)



* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the year ended March 2021 retroactively

Quarterly Changes in Operating Results

Recorded ordinary profit for 35 consecutive quarters

(Millions of yen)

	Year ended March 31, 2021					Year ending March 31, 2022
	Q1	Q2	Q3	Q4	full year	Q1
Operating revenue	5,799	5,437	5,860	5,890	22,987	5,056
Commission received	2,204	2,034	2,367	2,566	9,171	2,206
Brokerage commission	1,356	1,203	1,411	1,443	5,415	1,175
Fees for underwriting, secondary distribution, and solicitation for selling and others for professional investors	5	88	35	17	147	30
Handling fees for offering, secondary distribution, and solicitation for selling and others for professional investors	362	217	375	498	1,454	362
Other fee received	479	523	544	606	2,153	637
Net trading income	3,121	2,867	2,948	2,786	11,723	2,324
Securities	2,778	2,658	2,677	2,614	10,728	2,112
Bonds, etc. and other	343	209	270	171	994	212
Financial revenue	474	536	544	537	2,092	525
Financial expenses	73	92	78	76	320	47
Net operating revenue	5,726	5,344	5,781	5,813	22,667	5,009
Selling, general and administrative expenses	3,867	3,801	3,903	3,912	15,484	3,903
Operating profit	1,859	1,543	1,878	1,901	7,182	1,105
Non-operating income	167	26	176	36	408	218
Non-operating expenses	0	4	0	55	61	1
Non-operating profit	166	22	176	(18)	347	217
Ordinary profit	2,026	1,566	2,054	1,883	7,530	1,322
Extraordinary profit	82	-	-	(33)	49	0
Extraordinary losses*	-	130	189	65	385	239
Extraordinary profit	82	(130)	(189)	(98)	(336)	(239)
Profit before income taxes	2,109	1,435	1,864	1,784	7,193	1,082
Profit attributable to owners of parent	1,519	1,117	1,298	1,426	5,362	747

(*) The main factor is the cost related to the migration of the core system.

The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the year ended March 2021 retroactively

Quarterly Changes in Key Management Indicators

Ratio of ordinary profit to operating revenue **26.2%**
 ROE (annualized) **5.4%**

	Year ended March 31, 2021					Year ending March 31, 2022
	Q1	Q2	Q3	Q4	full year	Q1
Ratio of ordinary profit to operating revenue	34.9%	28.8%	35.1%	32.0%	32.8%	26.2%
ROE	11.2%	8.4%	9.5%	10.3%	9.5%	5.4%
Earnings per share	64.69 yen	47.59 yen	55.27 yen	60.73 yen	228.28 yen	31.84 yen
Capital adequacy ratio	798.0%	809.9%	839.9%	786.2%	786.2%	749.9%

ROE: annualized

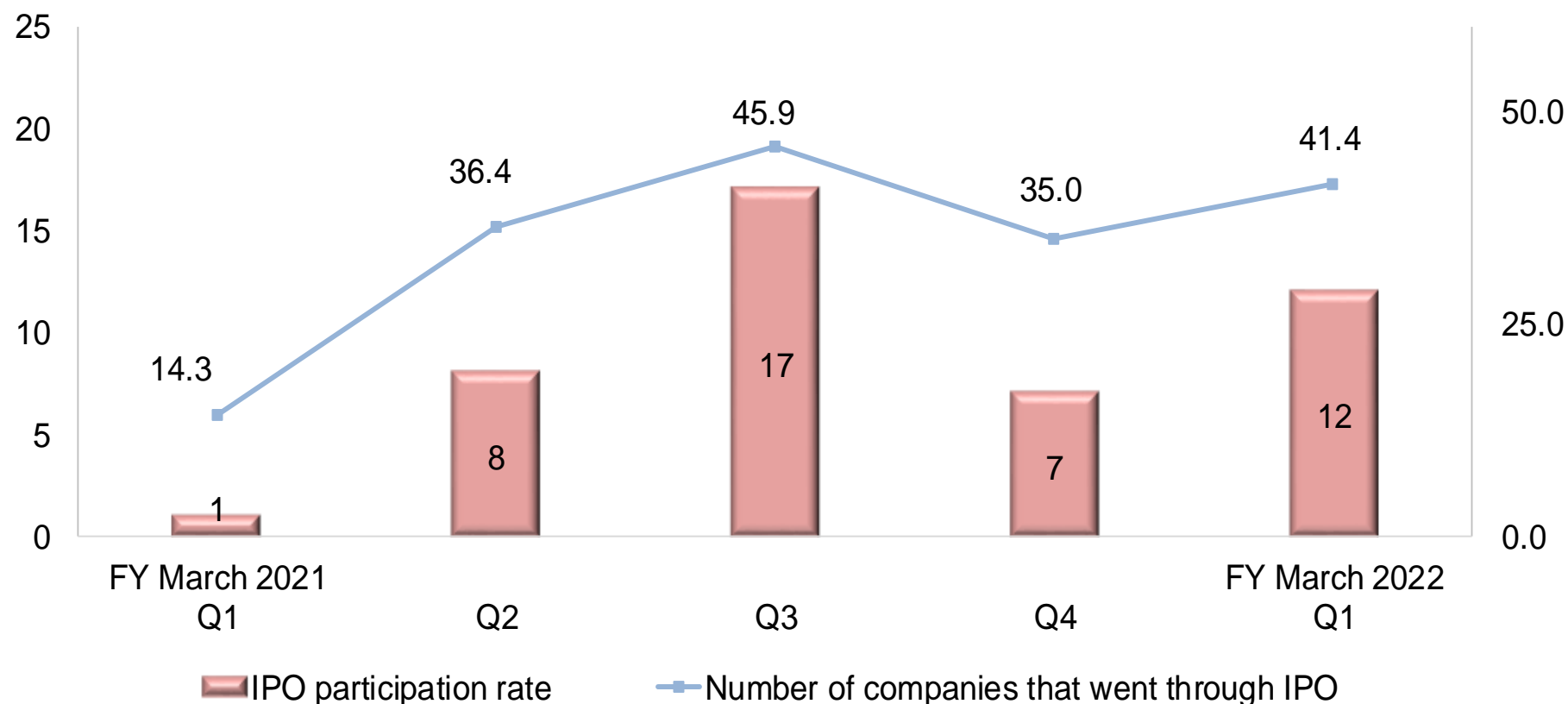
* The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the year ended March 2021 retroactively

Quarterly Changes in IPO Transactions

Number of companies that went through IPO during the three months ended June 30, 2021: 12,
Participation rate: 41.4% (ranked sixth)

(Companies)

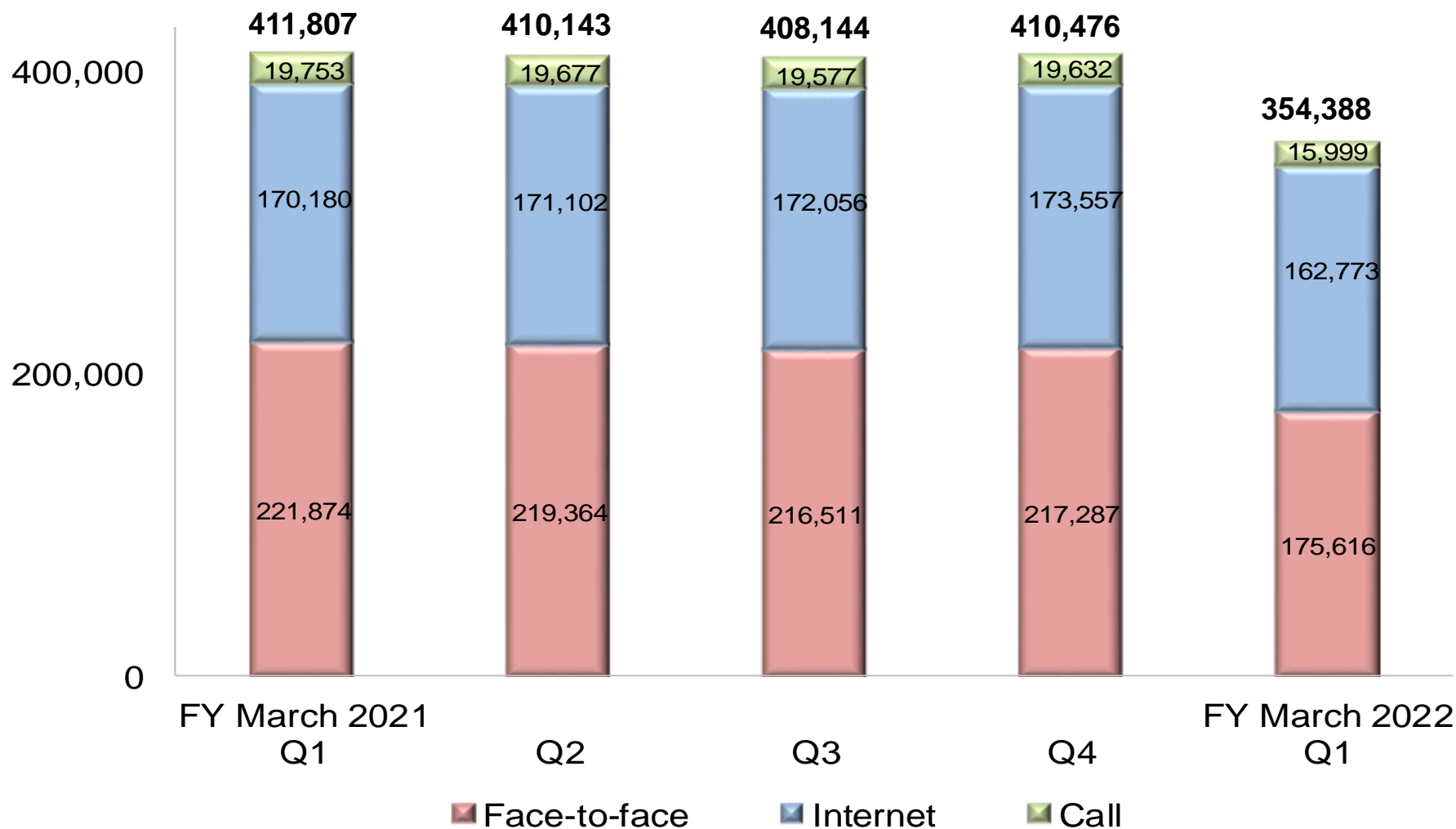
(%)



Quarterly Changes in the Number of Accounts

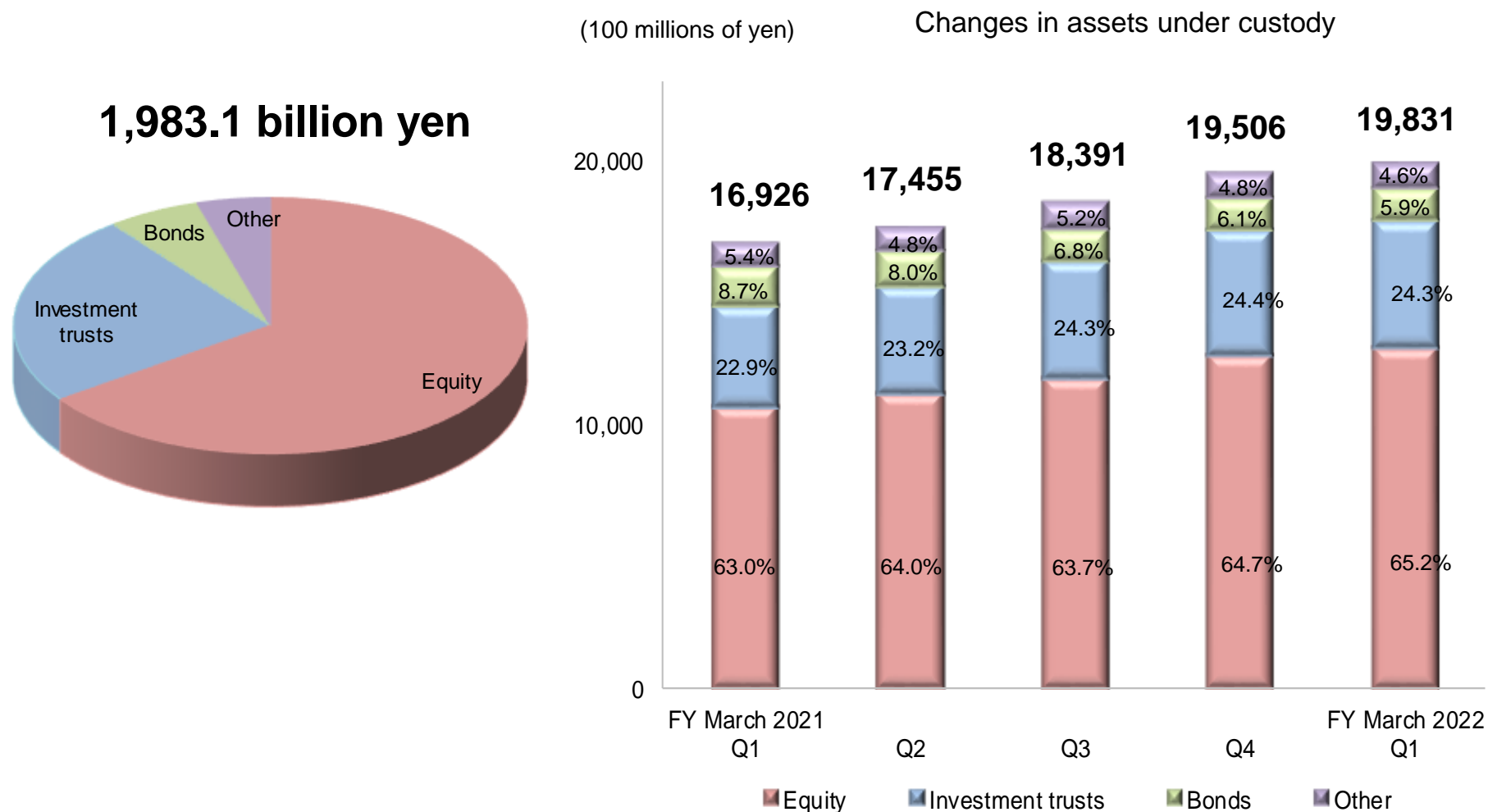
Deleted dormant accounts in conjunction with the system change

(Accounts)



Assets under Custody

Foreign equity: **Approx. doubled from the end of the previous year**



Operating Performance Time Series

Operating Performance Time Series

	FY March 2017	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022/Q1
Operating revenue	16,146	21,089	21,241	18,948	22,987	5,056
Ordinary profit	1,921	5,465	5,924	4,239	7,530	1,322
Profit	3,339	4,726	4,148	2,700	5,362	747
Ratio of ordinary profit to operating revenue	11.9%	25.9%	27.9%	22.4%	32.8%	26.2%
(Industry ranking *1)	12th	5th	1st	1st	3rd	4th
(Ratio for the industry *2)	14.9%	22.0%	4.0%	3.4%	19.8%	11.3%
Dividends per share	55 yen	75 yen	75 yen	75 yen	117 yen	-
Dividend payout ratio	38.7%	37.3%	42.5%	65.2%	51.3%	-

*1 Listed securities and major securities companies excluding online securities companies

*2 Simple industry average excluding the Company

*3 The 'Accounting Standard for Revenue Recognition' and others were applied for the figures for the year ended March 2021 retroactively

→ Fourth mid-term management plan period (from FY March 2020 to FY March 2022): total return ratio of 50% or higher

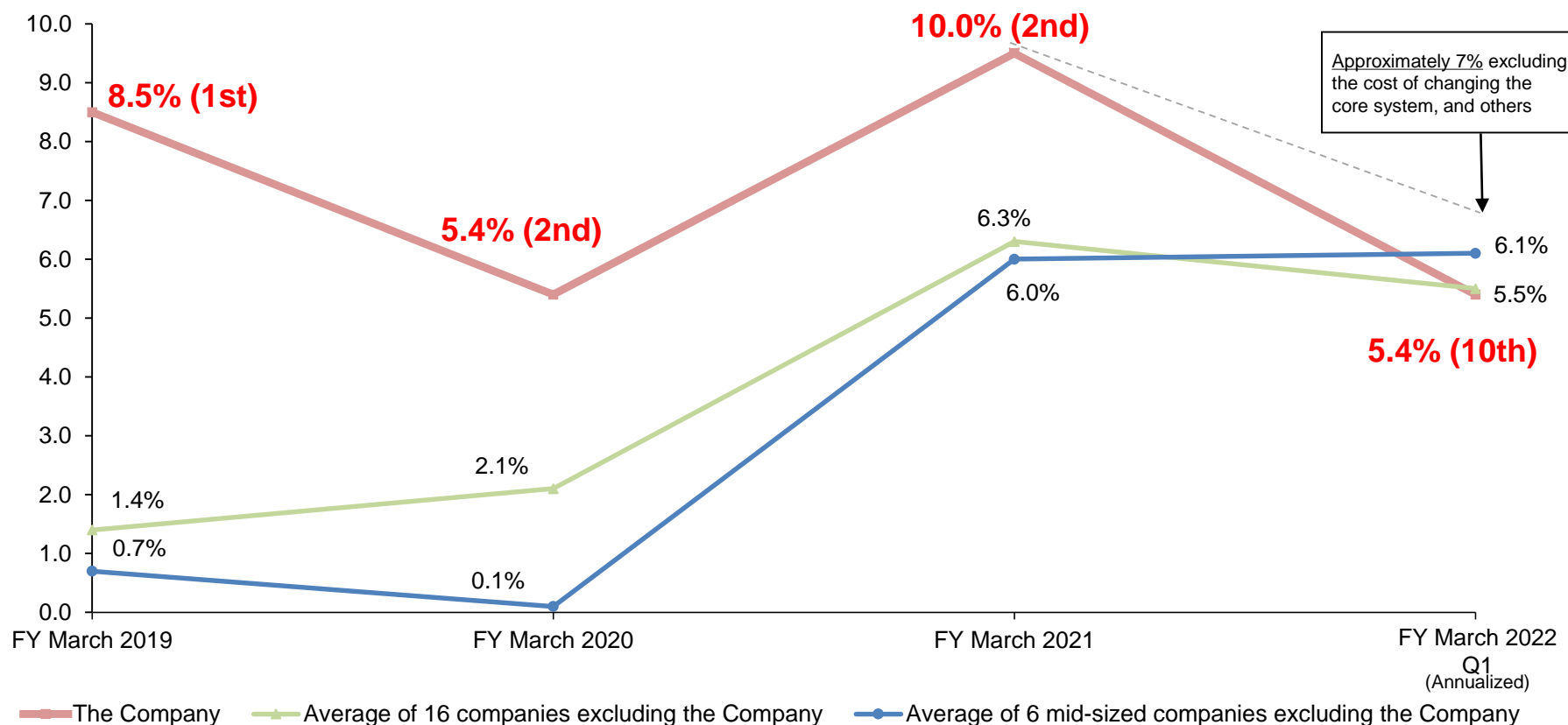
Key Management Indicators

Fixed cost coverage ratio from trust fees and margin transaction-related revenue: 34.5% (27.7% during the same period last year)

ROE **5.4%**

■ Changes in ROE

(%)



(Note) Seventeen retail securities companies excluding online securities companies
FY March 2018: 18 companies; FY March 2019 to FY March 2021: 17 companies

Major ESG and SDGs Initiatives (1)

SUSTAINABLE DEVELOPMENT GOALS

Social contribution activities



- Major parties that we donated to
 - ✓ The Japanese Red Cross Society (donations for reconstruction from the Great East Japan Earthquake)
 - ✓ Kyoto University iPS Cell Research Fund and four other organizations (project to commemorate the 100th anniversary of the foundation)
 - ✓ Osaka City (Nakanoshima Children's Book Forest)
- Sponsored various activities as part of our efforts to support cultural activities
 - ✓ Beethoven's 9th with a cast of 10,000 by Suntory
 - ✓ Tenma Tenjin Hanjotei (permanent theater dedicated to rakugo (Japanese comic storytelling))
- Introduced a reserve fund system for social contribution activities during the fiscal year ended March 2021
 - About 1% of the profit is reserved as Social Contribution Reserve Fund -> to be used for making donations, etc. in the future
- Issued the "Private Placement Bond to Support COVID-19 Medical Treatment" where part of the issuance fee was to be donated to medical institutions, etc.




Reduction of environmental burden



- Replaced commercial vehicles with fuel-efficient ones
- Changed to glassine paper from cellophane as a material for the window of an envelope used for mail
- For hand-held bags, LIMEX, a new material developed in Japan that can be a substitute for paper and plastic, is used
- The Tokyo Headquarters building is a cutting-edge, energy-saving building that adopts a 'hybrid radiation air conditioning system'
- Changed from paper to LIMEX as a material for the Company's business cards
 - * One hundred business cards will lead to a saving of 10 liters of water and, given the usage of business cards by the Company, it will result in the conservation of 17,000 liters of water per year



 岩井コスモ証券株式会社
本店営業部
岩井 コスモ

SUSTAINABLE
DEVELOPMENT
GOALS

SDG 13
CLIMATE ACTION

SDG 16
PEACE, JUSTICE AND STRONG INSTITUTIONS

SDG 17
PARTNERSHIPS FOR THE GOALS

SDG 18
LOCAL GOVERNMENTS

SDG 19
CITIES AND COMMUNITIES

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Major ESG and SDGs Initiatives (2)

Initiatives for work-life balance



- Realized flexible working styles through mobile working and working at satellite offices
- ↓
- Enabled various working styles, such as staggered working hours and going to customers' sites and then directly going home
- ↓
- 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!



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



ESG/SDGs investment



- Contributed to solving social issues together with customers through the sale of investment products related to ESG/SDGs



The Group's Initiatives, Etc.

- Newspaper articles, etc.

May 6: Core system changed to NRI's STAR IV

May 23: IwaiCosmo Holdings donates 1% of profit to help solve social issues (Nikkei Shimbun)

July 9: Received a notification of compliance with the "Prime Market"

Actively disseminates investment information by utilizing web-based seminars (webinar)



Large market information screen of IwaiCosmo Securities Disseminates real-time information from the securities town of Nihonbashi Kayabacho



* The Financial Services Agency's "Video Clip Teaching Material for Promoting Asset Formation by the Public" is broadcast

(For inquiries)

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It has been prepared based on data available up to and including June 30, 2021, and opinions and forecasts contained represent the Company's views.

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