
Materials on Consolidated Financial Results for the Six Months Ended September 30, 2021



(stock code : 8707)

November 2021

Achievements, etc

- **Top-ranked operating and ordinary profit** among seven mid-sized securities companies
Operating revenue 10,290 million yen Operating profit of 2,535 million yen Ordinary profit of 2,791 million yen
- R O E of **6. 2 %** (approx. 7% when special factors such as the cost for changing the core system are excluded)
- Earnings per share : **74.42 yen**
- **Recorded ordinary profit for 36 consecutive quarters**
- Increase in assets under custody (compared with the same period last year)
Foreign equity **up 30. 4 %** investment trusts **up 27. 7 %**
- Balance of customers' borrowing on margin transactions of 49.6 billion yen
(**up 26.7%** from the same period last year)
- **Fixed cost coverage ratio of 34.9%** from trust fees and margin transaction-related revenue
(29.2% during the same period last year)

ESG / SDG s

- **Strengthened efforts for SDGs**
 - Social Contribution Reserve Fund
 - LIMEX business cards (Use of eco-friendly new material with limestone as main ingredient)
 - Introduction of envelopes from recycled old banknotes (shredded banknotes), etc.
- **T C F D** (Task Force on Climate-related Financial Disclosures)
agree with the proposal

Other initiatives

- Started **disclosure of information in English** (from the first quarter)
- 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)
- Introduction of new Internet trading service
"Free Stock Brokerage Commissions Program for 25 Years Old and Under"
- Resolve **"Prime Market"** in new market segment
- Assume position as policy advisor of Global Financial City Osaka (Osaka Prefectural Government)

※ Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and others have been applied from the beginning of the first quarter consolidated accounting period of the fiscal year ending March 31, 2022. Each figure for the previous consolidated fiscal year is a figure after applying retrospectively such accounting standard, etc.

- **Top-ranked operating and ordinary profit** among seven mid-sized securities companies
- **Recorded ordinary profit for 36 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~Q2	Q1	Q2	Q1~Q2			full year
Operating revenue	11,237	5,056	5,233	10,290	△ 8.4	3.5	22,987
Net operating revenue	11,071	5,009	5,185	10,194	△ 7.9	3.5	22,667
Selling, general and administrative expenses	7,668	3,903	3,755	7,659	△ 0.1	△ 3.8	15,484
Operating profit	3,402	1,105	1,430	2,535	△ 25.5	29.4	7,182
Ordinary profit	3,592	1,322	1,468	2,791	△ 22.3	11.0	7,530
Profit attributable to owners of parent	2,637	747	1,000	1,747	△ 33.7	33.7	5,362
Earnings per share	112.28yen	31.84 yen	42.58yen	74.42yen	△ 33.7	33.7	228.28yen
Net assets per share	2,326.18yen	2,316.08 yen	2,390.12yen	2,390.12yen	2.7	3.2	2,392.65yen
ROE	10.0%	5.4%	7.2%	6.2%	△3.8pt	1.8pt	9.5%

※ Annualized for ROE

Operating revenue

Net trading income decreased (YoY) due to uncertain future US stock market

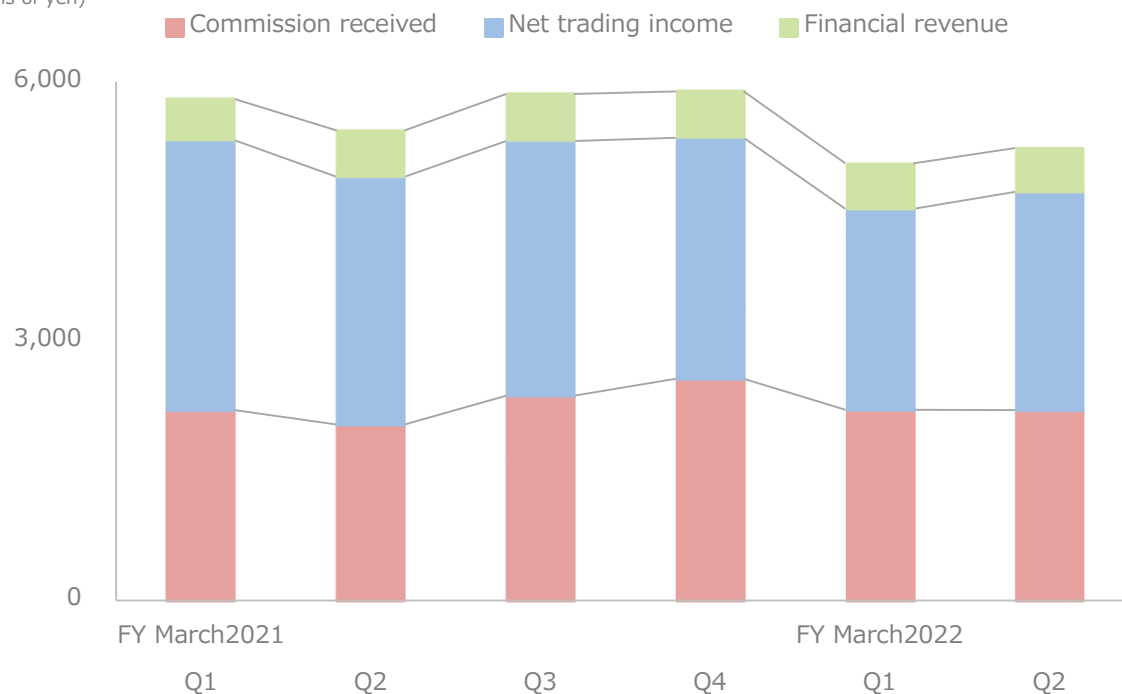
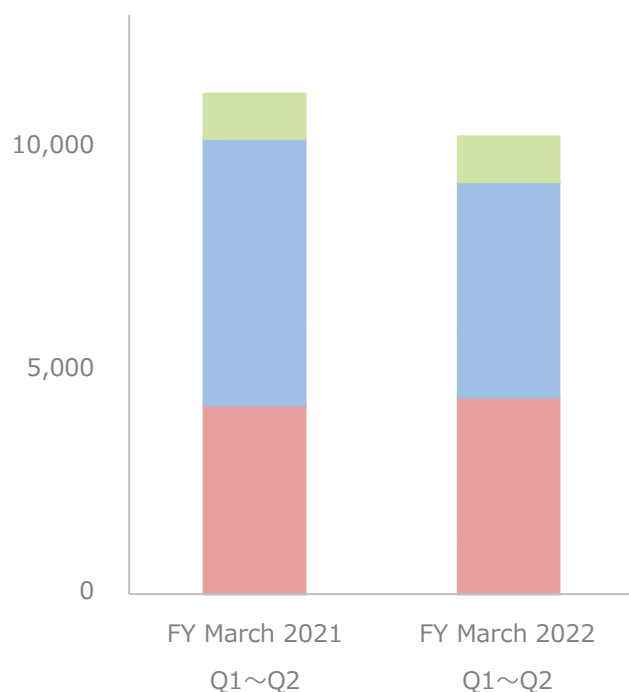
(million yen, %)

	FY March 2021 Q1~Q2	FY March 2022 Q1~Q2	Change (%) compared with the same period last year
Commission received	4,238	4,408	4.0
Net trading income	5,988	4,850	△ 19.0
Financial revenue	1,010	1,032	2.2
Operating revenue	11,237	10,290	△ 8.4

FY March 2021 Q1	Q2	Q3	Q4	FY March 2022 Q1	Q2	Change (%) compared with the previous quarter
2,204	2,034	2,367	2,566	2,206	2,201	△ 0.2
3,121	2,867	2,948	2,786	2,324	2,525	8.6
474	536	544	537	525	506	△ 3.6
5,799	5,437	5,860	5,890	5,056	5,233	3.5

(Millions of yen)

(Millions of yen)



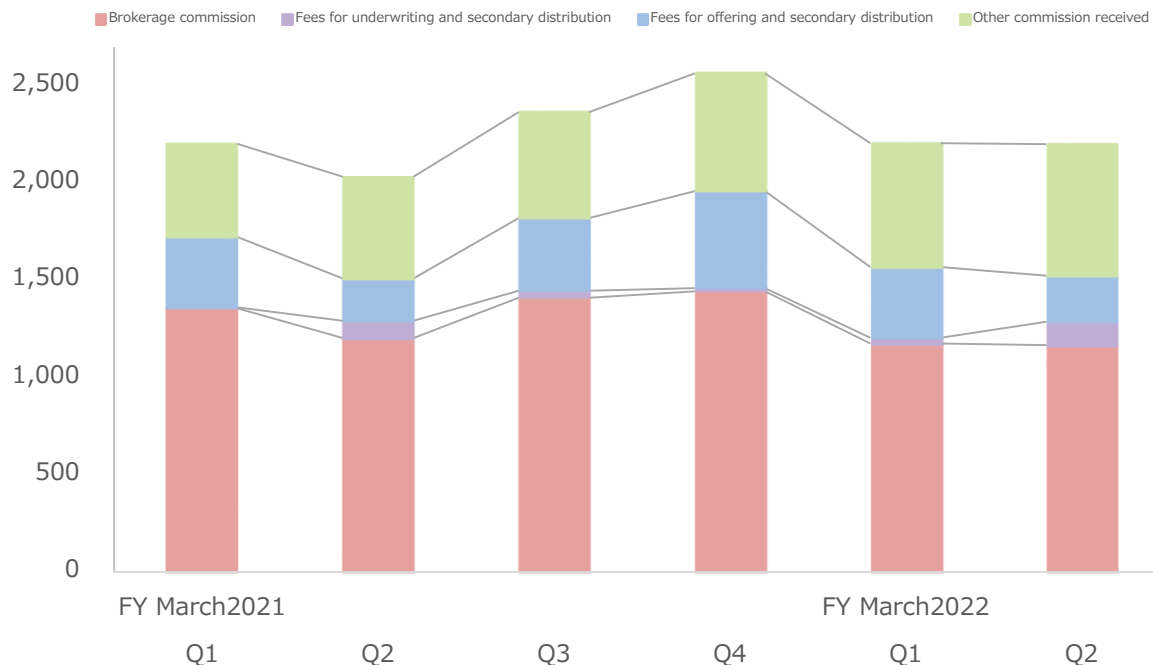
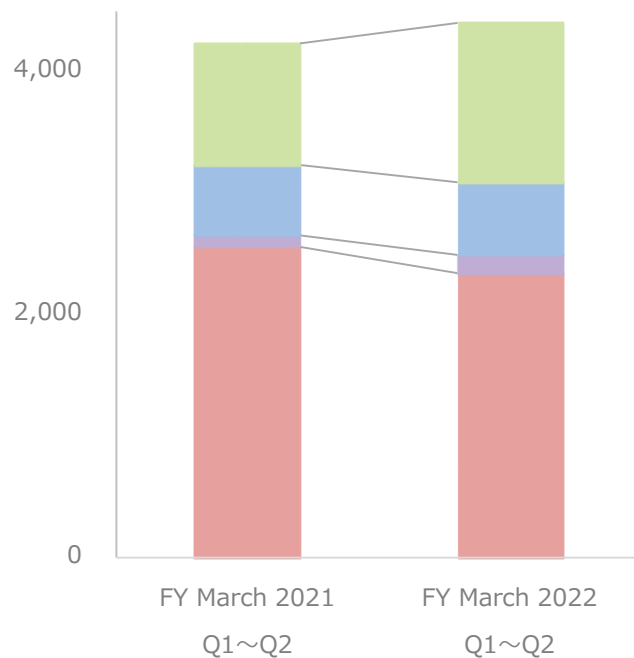
Focused on building up the balance of investment trusts, which resulted in an increase in trust fees

	FY March 2021 Q1~Q2	FY March 2022 Q1~Q2	Change (%) compared with the same period last year
Brokerage commission	2,560	2,343	△ 8.5
Fees for underwriting and secondary distribution	94	150	58.9
Fees for offering and secondary distribution	580	599	3.3
Other commission received	1,002	1,314	31.1
Commission received	4,238	4,408	4.0

(million yen, %)							
FY March 2021 Q1	Q2	Q3	Q4	FY March 2022 Q1	Q2	Change (%) compared with the previous quarter	
1,356	1,203	1,411	1,443	1,175	1,167	△ 0.7	
5	88	35	17	30	120	297.2	
362	217	375	498	362	237	△ 34.6	
479	523	544	606	637	676	6.1	
2,204	2,034	2,367	2,566	2,206	2,201	△ 0.2	

(Millions of yen)

(Millions of yen)



Net trading income

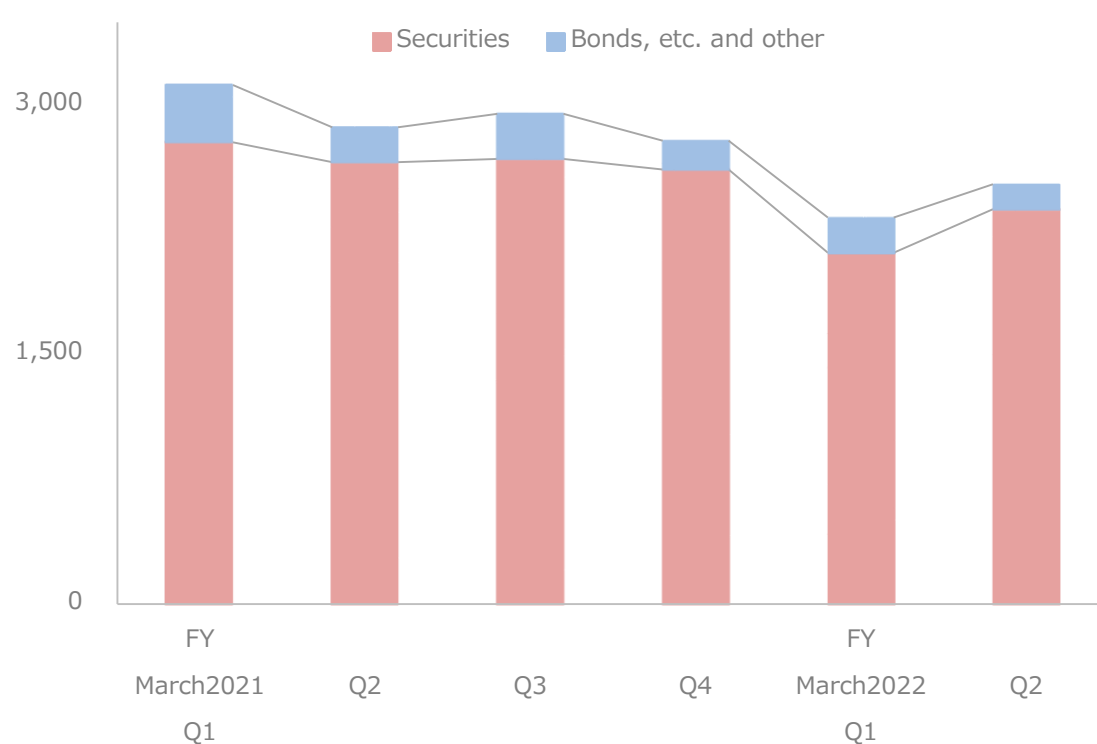
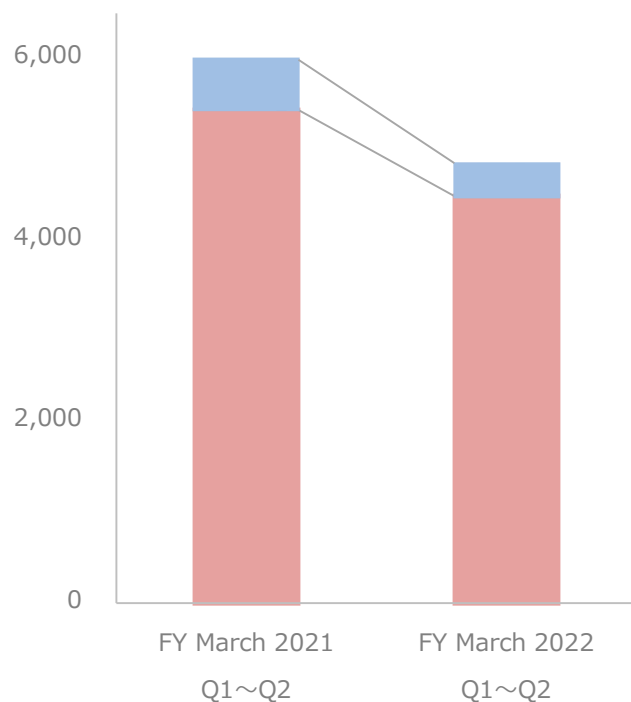
(million yen, %)

	FY March 2021 Q1~Q2	FY March 2022 Q1~Q2	Change (%) compared with the same period last year
Securities	5,436	4,487	△ 17.5
Bonds, etc. and other	552	362	△ 34.3
Net trading income	5,988	4,850	△ 19.0

FY March 2021 Q1	Q2	Q3	Q4	FY March 2022 Q1	Q2	Change (%) compared with the previous quarter
2,778	2,658	2,677	2,614	2,112	2,374	12.4
343	209	270	171	212	150	△ 29.0
3,121	2,867	2,948	2,786	2,324	2,525	8.6

(Millions of yen)

(Millions of yen)



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

Balance of customers' borrowing on margin transactions of 49.6 billion yen (**up 26.7%** from the same period last year)

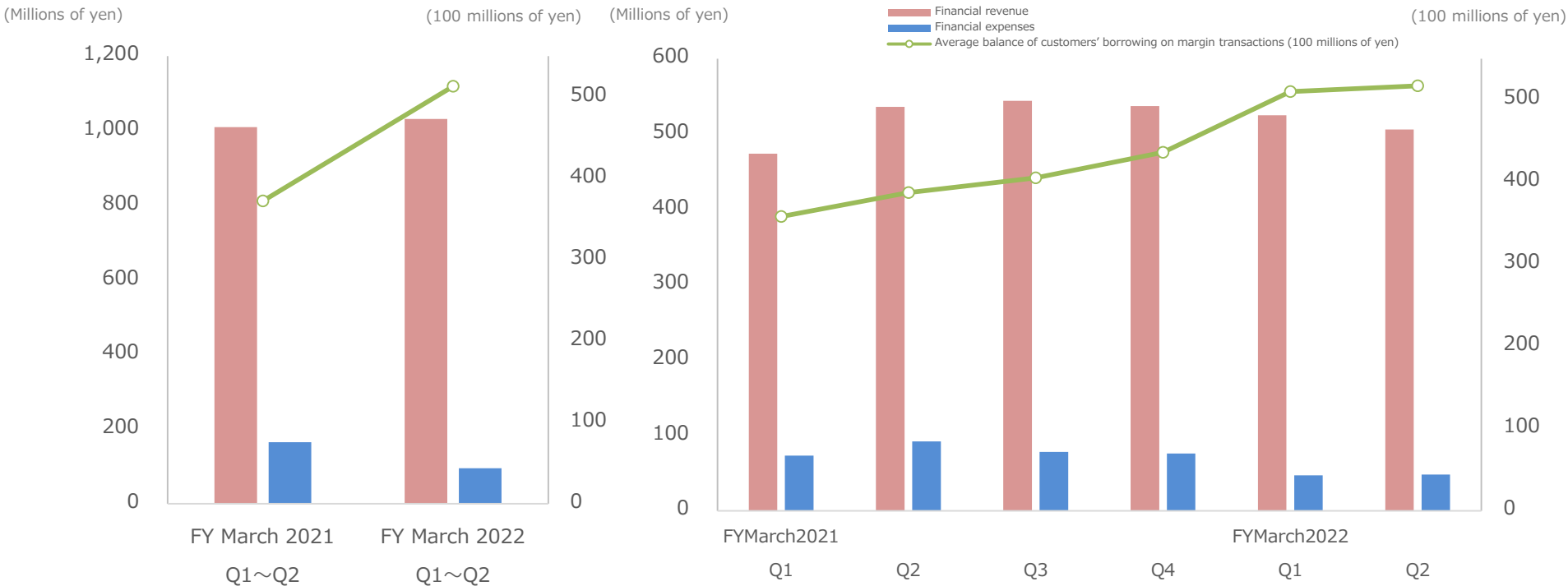
(million yen, %)

	FY March 2021 Q1~Q2	FY March 2022 Q1~Q2	Change (%) compared with the same period last year
Financial revenue	1,010	1,032	2.2
Financial expenses	165	95	△ 42.1
Financial balance	844	936	10.9

Average balance of customers' borrowing on margin transactions (100 millions of yen)	372	513	37.8
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FY March 2021 Q1	Q2	Q3	Q4	FY March 2022 Q1	Q2	Change (%) compared with the previous quarter
474	536	544	537	525	506	△ 3.6
73	92	78	76	47	48	1.6
401	443	466	461	478	458	△ 4.1

358	387	405	436	510	517	1.3
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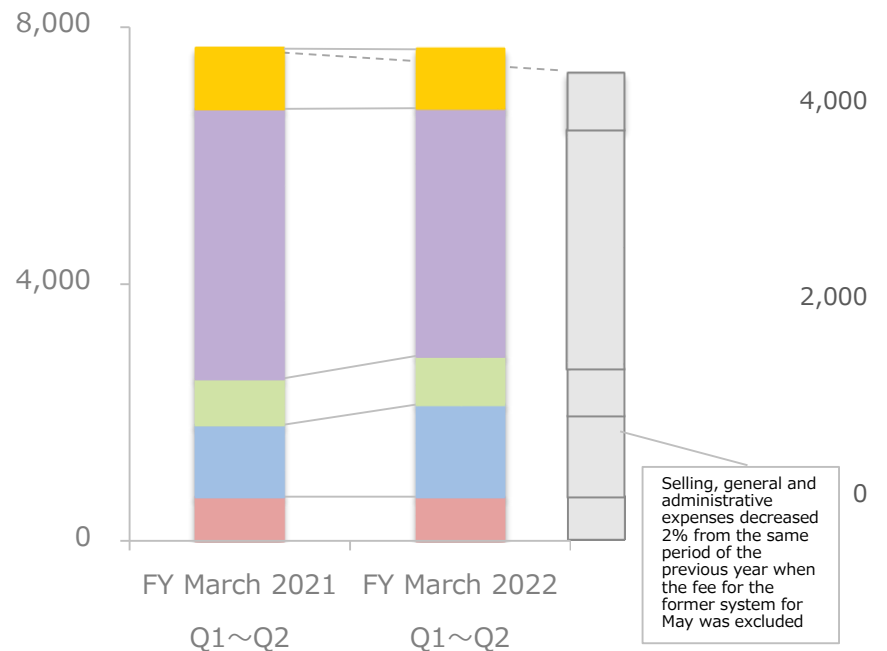
Selling, general and administrative expenses

Office expenses: System-related fees increased temporarily in May due to the coexistence of both new and existing systems from system migration

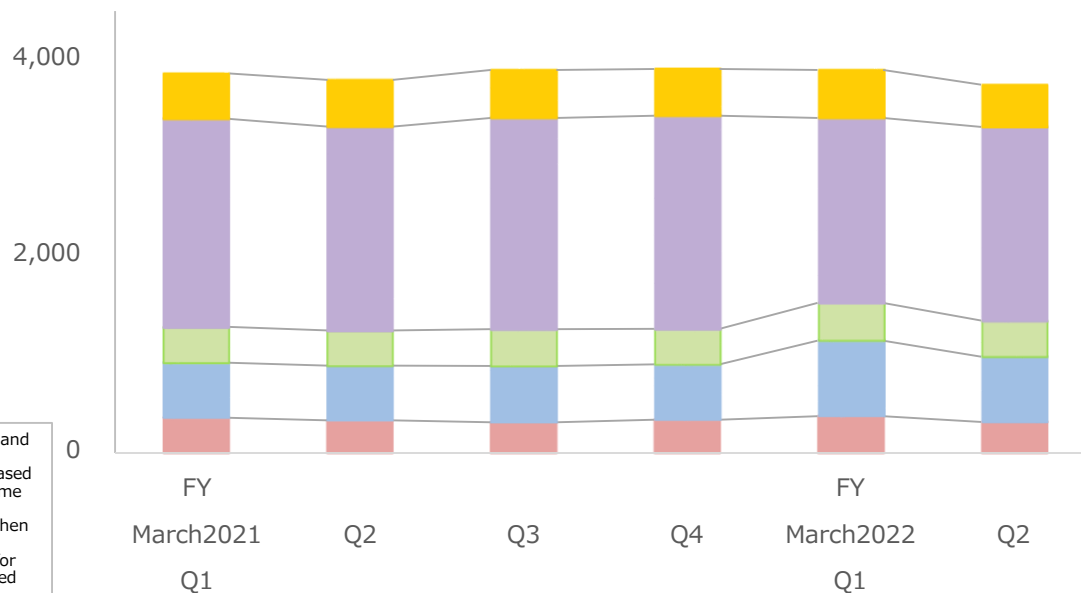
	FY March 2021 Q1~Q2	FY March 2022 Q1~Q2	Change (%) compared with the same period last year
Trading related expenses	939	919	△ 2.1
Personnel expenses	4,195	3,857	△ 8.1
Real estate expenses	724	756	4.5
Office expenses	1,117	1,435	28.5
Other	691	689	△ 0.4
Selling, general and administrative expenses	7,668	7,659	△ 0.1

(million yen, %)									
FY March 2021 Q1	Q2	Q3	Q4	FY March 2022 Q1	Q2	Change (%) compared with the previous quarter			
463	476	488	474	488	431	△ 11.8			
2,119	2,076	2,152	2,171	1,885	1,971	4.6			
366	357	374	363	385	370	△ 3.9			
559	557	573	564	768	666	△ 13.3			
358	333	313	338	374	314	△ 16.0			
3,867	3,801	3,903	3,912	3,903	3,755	△ 3.8			

(Millions of yen)



Trading related expenses Personnel expenses Real estate expenses Office expenses Other



Recorded ordinary profit for 36 consecutive quarters

(Millions of yen)

	Year ended March 31, 2021					Year ending March 31, 2022		
	Q1	Q2	Q3	Q4	full year	Q1	Q2	Q1~Q2
Operating revenue	5,799	5,437	5,860	5,890	22,987	5,056	5,233	10,290
Commission received	2,204	2,034	2,367	2,566	9,171	2,206	2,201	4,408
Brokerage commission	1,356	1,203	1,411	1,443	5,415	1,175	1,167	2,343
Fees for underwriting, secondary distribution, and solicitation for selling and others for professional investors	5	88	35	17	147	30	120	150
Handling fees for offering, secondary distribution, and solicitation for selling and others for professional investors	362	217	375	498	1,454	362	237	599
Other fee received	479	523	544	606	2,153	637	676	1,314
Net trading income	3,121	2,867	2,948	2,786	11,723	2,324	2,525	4,850
Securities	2,778	2,658	2,677	2,614	10,728	2,112	2,374	4,487
Bonds, etc. and other	343	209	270	171	994	212	150	362
Financial revenue	474	536	544	537	2,092	525	506	1,032
Financial expenses	73	92	78	76	320	47	48	95
Net operating revenue	5,726	5,344	5,781	5,813	22,667	5,009	5,185	10,194
Selling, general and administrative expenses	3,867	3,801	3,903	3,912	15,484	3,903	3,755	7,659
Operating profit	1,859	1,543	1,878	1,901	7,182	1,105	1,430	2,535
Non-operating income	167	26	176	36	408	218	42	260
Non-operating expenses	0	4	0	55	61	1	3	4
Non-operating profit	166	22	176	△ 18	347	217	38	255
Ordinary profit	2,026	1,566	2,054	1,883	7,530	1,322	1,468	2,791
Extraordinary profit	82	-	-	△ 33	49	0	-	0
Extraordinary losses (※)	-	130	189	65	385	239	11	250
Extraordinary profit	82	△ 130	△ 189	△ 98	△ 336	△ 239	△ 11	△ 250
Profit before income taxes	2,109	1,435	1,864	1,784	7,193	1,082	1,457	2,540
Profit attributable to owners of parent	1,519	1,117	1,298	1,426	5,362	747	1,000	1,747

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

Ratio of ordinary profit to operating revenue **27.1%**
ROE (annualized) 6.2%

	Year ended March 31, 2021					Year ending March 31, 2022		
	Q1	Q2	Q3	Q4	full year	Q1	Q2	Q1~Q2
Ratio of ordinary profit to operating revenue	34.9%	28.8%	35.1%	32.0%	32.8%	26.2%	28.1%	27.1%
ROE	11.7%	8.4%	9.5%	10.3%	9.5%	5.4%	7.2%	6.2%
Earnings per share	64.69yen	47.59yen	55.27yen	60.73yen	228.28yen	31.84yen	42.58yen	74.42yen
Capital adequacy ratio	798.0%	809.9%	839.9%	786.2%	786.2%	749.9%	764.5%	764.5%

ROE: annualized

Reference : Operating Performance Time Series

							(Millions of yen)
	FY March 2017	FY March 2018	FY March 2019	FY March 2020	FY March 2021		FY March 2022 Q1~Q2
Operating revenue	16,146	21,089	21,241	18,948	22,987		10,290
Ordinary profit	1,921	5,465	5,924	4,239	7,530		2,791
Profit	3,339	4,726	4,148	2,700	5,362		1,747
Ratio of ordinary profit to operating revenue	11.9%	25.9%	27.9%	22.4%	32.8%		27.1%
(Industry ranking *1)	12th	5th	1st	1st	3rd		3rd
(Ratio for the industry *2)	14.9%	22.0%	4.0%	3.4%	19.8%		19.1%
Dividends per share	55yen	75yen	75yen	75yen	117yen		20yen
Dividend payout ratio	38.7%	37.3%	42.5%	65.2%	51.3%		26.9%

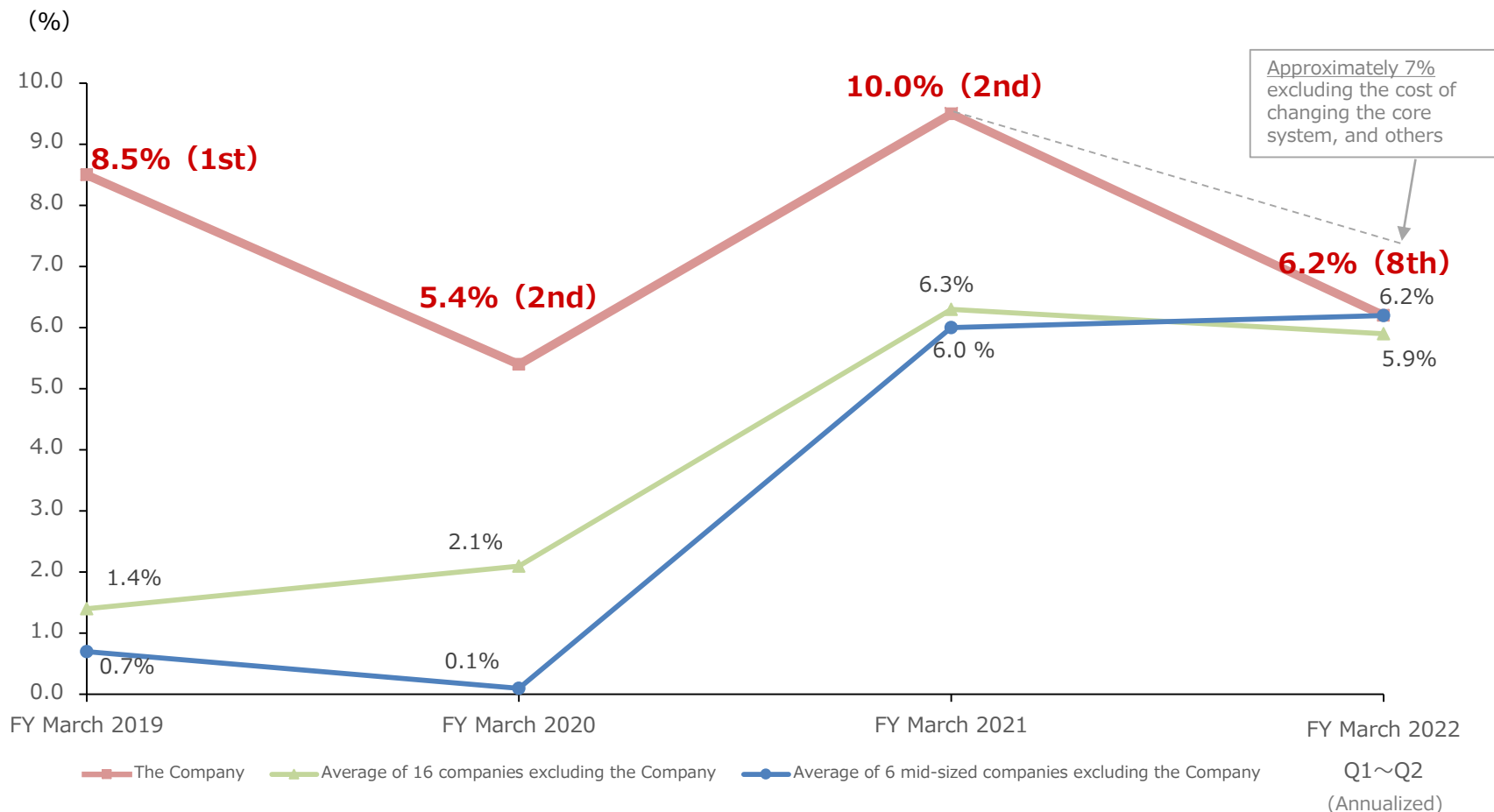
※1 Listed securities and major securities companies excluding online securities companies

※2 Simple industry average excluding the Company

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

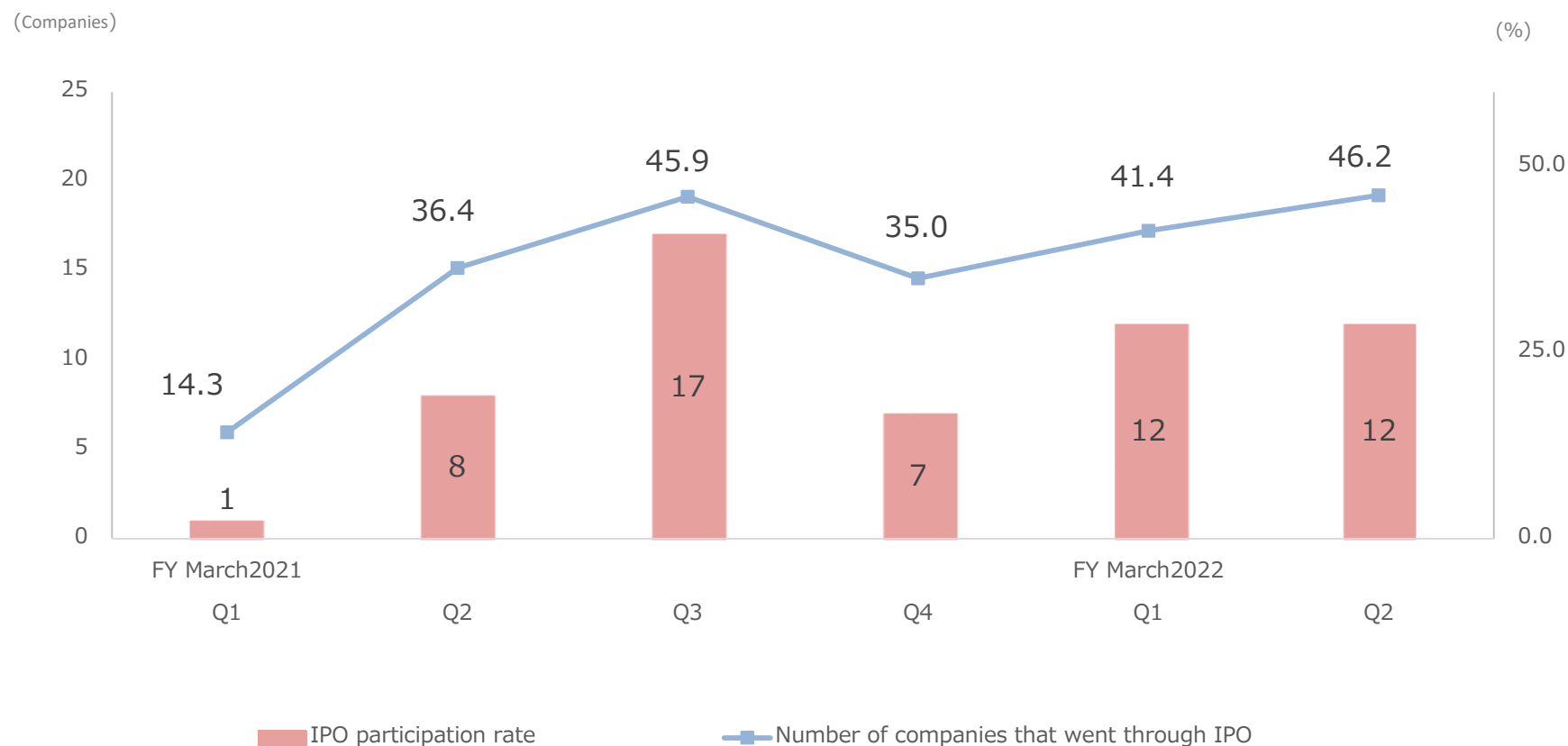
Fixed cost coverage ratio from trust fees and margin transaction-related revenue: 34.9% (29.2% during the same period last year)
ROE 6.2%

■ Changes in ROE

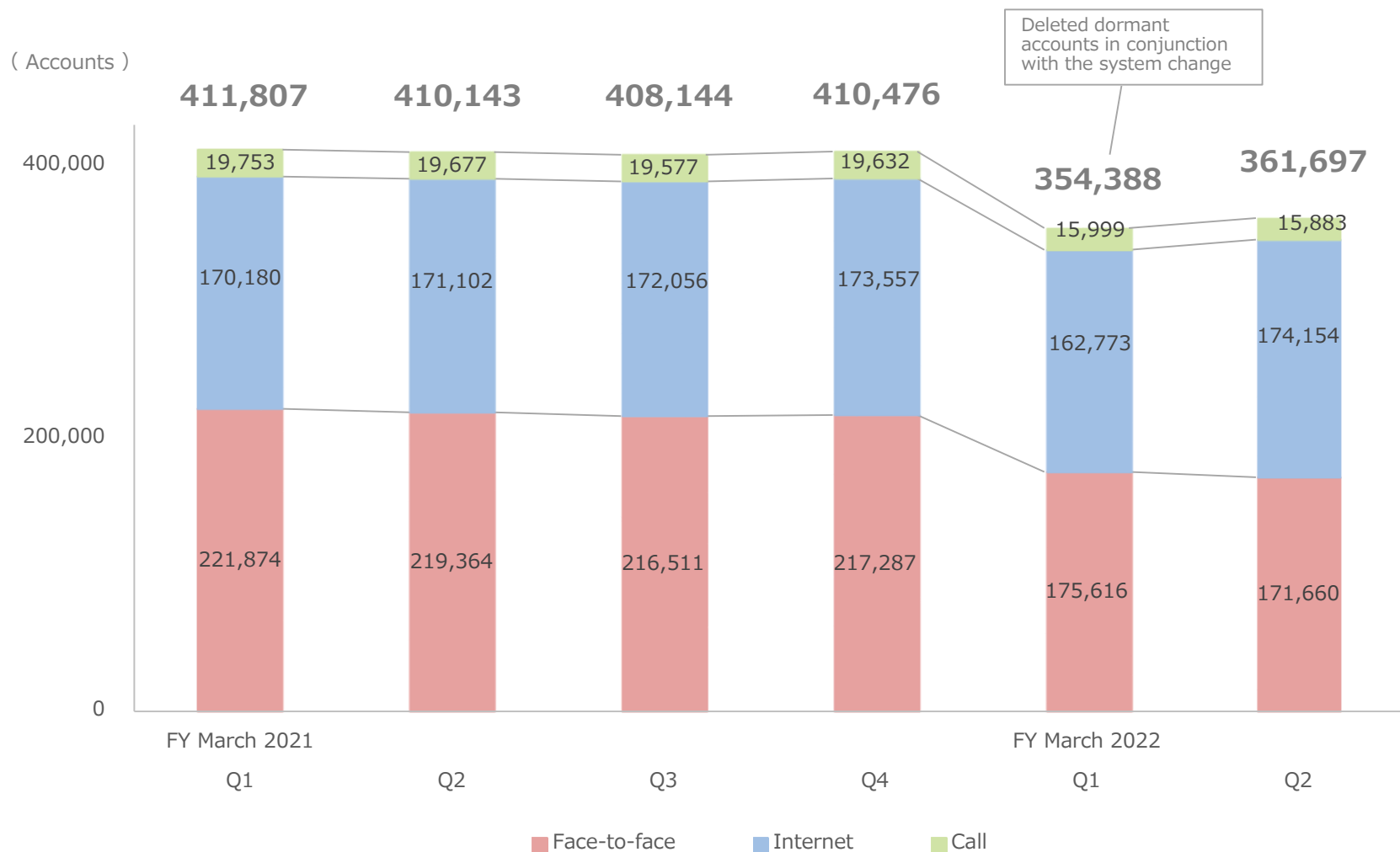


(Note) Seventeen retail securities companies excluding online securities companies
FY March 2018: 18 companies; FY March 2019 to FY March 2021: 17 companies

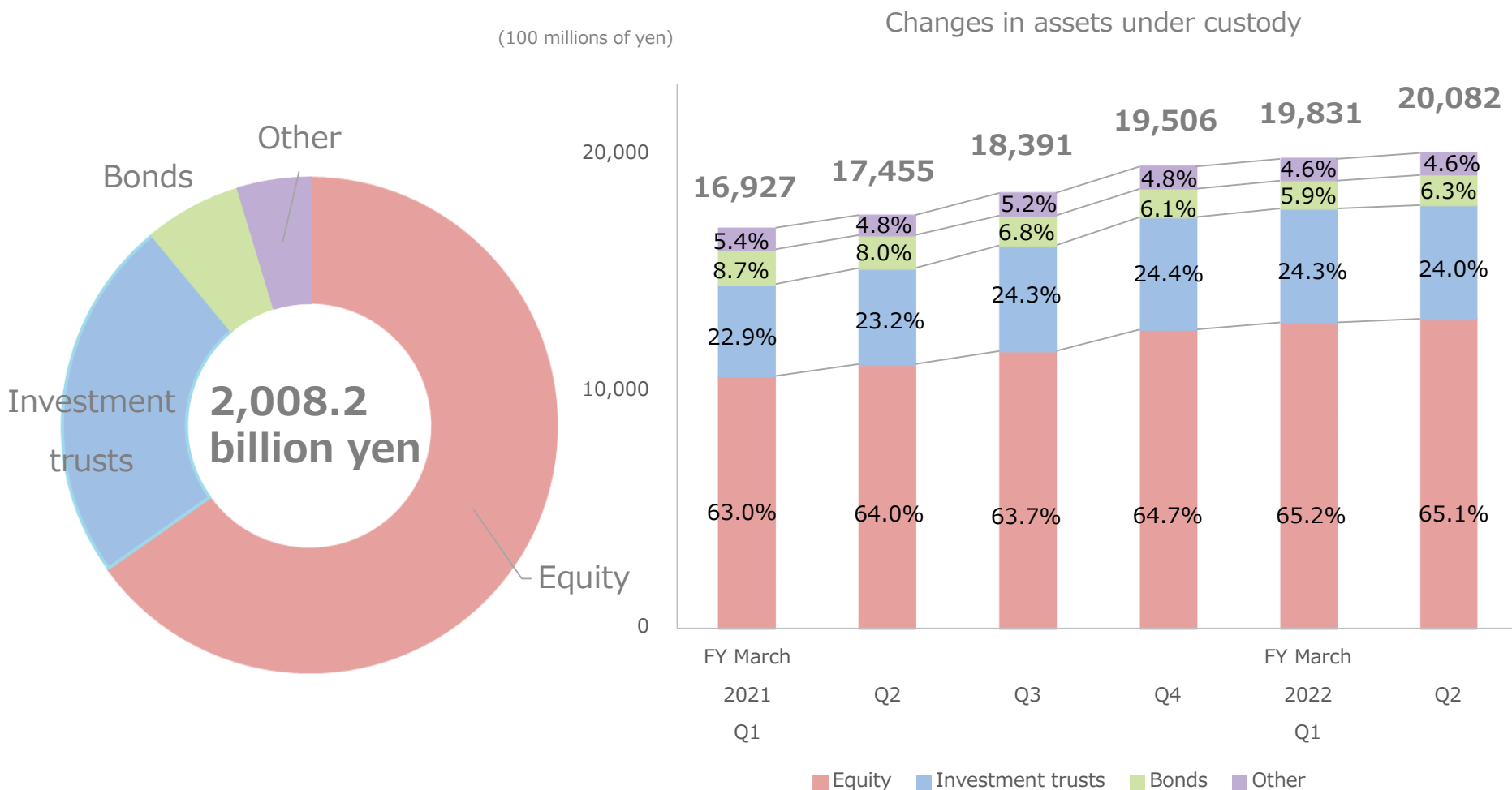
Number of companies that went through IPO during the six months ended September 30, 2021: 24, Participation rate: 43.6% (ranked sixth)



Quarterly Changes in the Number of Accounts



Foreign equity : **up 30.4%** from the end of the previous year



per share: **20 yen**

Effective date : November 24 th , 2021

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.

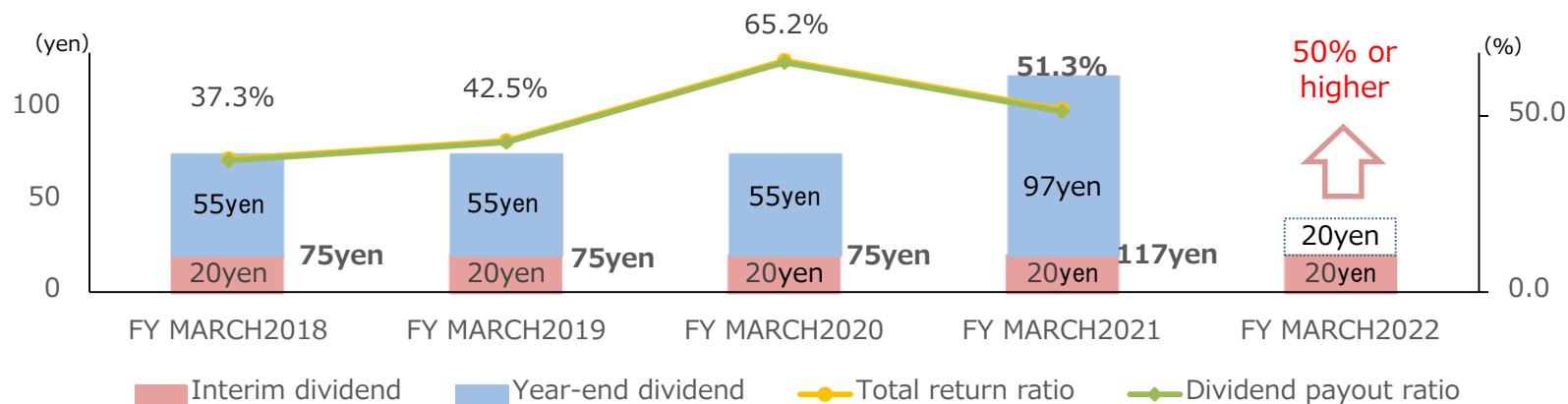
Change in dividends per share

	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022
Interim dividend	20yen	20yen	20yen	20yen	20yen
Year-end dividend	55yen	55yen	55yen	97yen	-
Annual dividend	75yen	75yen	75yen	117yen	-
Dividend payout ratio	37.3%	42.5%	65.2%	51.3%	-
Ratio of dividends to net assets	3.9%	3.6%	3.5%	5.1%	-

Reference : Policy for Shareholder Returns (During the mid-term management plan period from FY March 2020 to FY March 2022)

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

Changes dividends per share



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

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.
- Concluded the Partnership Agreement to Promote Global Financial City Osaka Initiatives



Reduction of environmental burden



- T C F D (Task Force on Climate-related Financial Disclosures) agree with the proposal
- 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
- The Tokyo Headquarters building is a cutting-edge, energy-saving building that adopts '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
- Introduction of envelopes from recycled old banknotes (shredded banknotes), etc.

TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



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



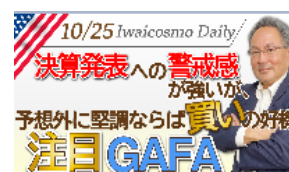
Newspaper articles, etc.

- 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)**
- Jul 9: Received a notification of compliance with the "Prime Market"
- Jul 29: Introduction of new Internet trading service "Free Stock Brokerage Commissions Program for 25 Years Old and Under"**
- Aug 1: IwaiCosmo Holdings Create an English version homepage
- Aug 3: Concluded the Partnership Agreement to Promote Global Financial City Osaka Initiatives
- Aug 5: T C F D (Task Force on Climate-related Financial Disclosures) agree with the proposal
- Aug 27: Resolve "Prime Market" in new market segment**
- Sep 9: Introduction of envelopes from recycled old banknotes (shredded banknotes), etc.
- Oct 1: Assume position as policy advisor of Global Financial City Osaka (Osaka Prefectural Government)

Introduction of new Internet trading service "Free Stock Brokerage Commissions Program for 25 Years Old and Under"



Delivery of a mini market commentary via Zoom on a daily basis



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 September 30, 2021, and opinions and forecasts contained represent the Company's views.

In addition, it does not guarantee the Company's operating performance, and is subject to change without notice.

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