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# Materials on Consolidated Financial Results for the Nine Months Ended December 31, 2021



(stock code : 8707)

February 2022

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## Achievements, etc

- **Top-ranked operating and ordinary profit** among seven mid-sized securities companies  
Operating revenue 15,766 million yen    Operating profit of 4,159 million yen    Ordinary profit of 4,543 million yen
- R O E of **7.1%**
- Earnings per share : **127.11 yen**
- **Recorded ordinary profit for 37 consecutive quarters**
- Increase in assets under custody (compared with the same period last year)  
Foreign equity **up 13.5%**    investment trusts **up 21.6%**
- Balance of customers' borrowing on margin transactions of 50.8 billion yen  
(**up 30.4%** from the same period last year)
- **Fixed cost coverage ratio of 35.9%** from trust fees and margin transaction-related revenue  
(30.4% during the same period last year)

## ESG / SDG s

- **Strengthened efforts for SDGs**
  - Introduction of Social Contribution Reserve Fund (approximately 1% of profit)
  - 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 Selection of Prime Market"**
- Dispatch of **policy advisor of Global Financial City** to Osaka Prefecture

※ 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 37 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
	Q1~Q3	Q2	Q3	Q1~Q3		
Operating revenue	17,102	5,233	5,476	15,766	△ 7.8	4.6
Net operating revenue	16,858	5,185	5,437	15,631	△ 7.3	4.9
Selling, general and administrative expenses	11,577	3,755	3,813	11,472	△ 0.9	1.5
Operating profit	5,281	1,430	1,623	4,159	△ 21.2	13.6
Ordinary profit	5,646	1,468	1,752	4,543	△ 19.5	19.3
Profit attributable to owners of parent	3,935	1,000	1,237	2,985	△ 24.1	23.8
Earnings per share	167.55yen	42.58 yen	52.70yen	127.11yen	△ 24.1	23.8
Net assets per share	2,335.25yen	2,390.12 yen	2,397.26yen	2,397.26yen	2.7	0.3
ROE	9.5%	7.2%	8.8%	7.1%	△2.4pt	1.6pt

※ Annualized for ROE

# Operating revenue

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

(million yen, %)

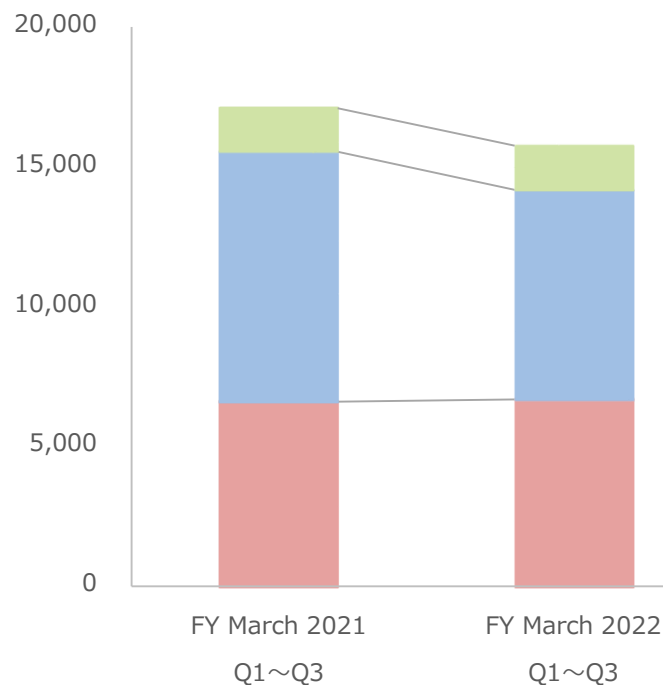
	FY March 2021 Q1~Q3	FY March 2022 Q1~Q3	Change (%) compared with the same period last year
Commission received	6,605	6,684	1.2
Net trading income	8,940	7,498	△ 16.1
Financial revenue	1,555	1,583	1.8
<b>Operating revenue</b>	<b>17,102</b>	<b>15,766</b>	<b>△ 7.8</b>

FY March 2021 Q1	Q2	Q3	Q4	FY March 2022 Q1	Q2	Q3	Change (%) compared with the previous quarter
2,204	2,034	2,367	2,566	2,206	2,201	2,275	3.4
3,122	2,868	2,949	2,787	2,324	2,525	2,648	4.9
474	536	544	537	525	506	551	8.9
<b>5,801</b>	<b>5,438</b>	<b>5,861</b>	<b>5,891</b>	<b>5,056</b>	<b>5,233</b>	<b>5,476</b>	<b>4.6</b>

(Millions of yen)

(Millions of yen)

Commission received Net trading income Financial revenue



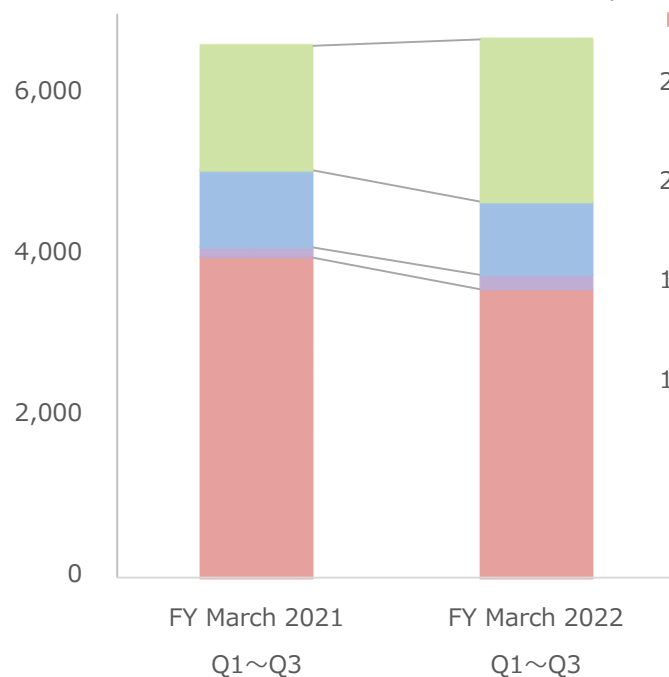
Outstanding balance of equity investment trust increased 21.6% year on year

	FY March 2021 Q1~Q3	FY March 2022 Q1~Q3	Change (%) compared with the same period last year
Brokerage commission	3,971	3,577	△ 9.9
Fees for underwriting and secondary distribution	130	181	39.4
Fees for offering and secondary distribution	956	908	△ 5.0
Other commission received	1,547	2,016	30.3
<b>Commission received</b>	<b>6,605</b>	<b>6,684</b>	<b>1.2</b>

(million yen, %)

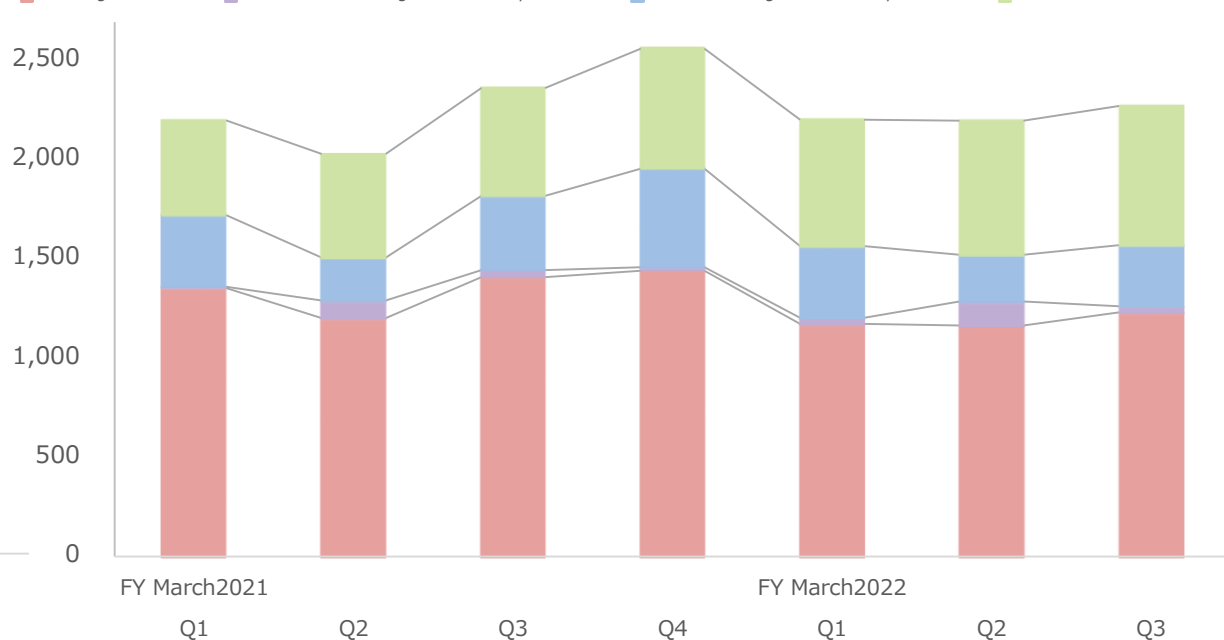
FY March 2021 Q1	Q2	Q3	Q4	FY March 2022 Q1	Q2	Q3	Change (%) compared with the previous quarter
1,356	1,203	1,411	1,443	1,175	1,167	1,233	5.7
5	88	35	17	30	120	30	△ 74.3
362	217	375	498	362	237	308	30.3
479	523	544	606	637	676	702	3.8
<b>2,204</b>	<b>2,034</b>	<b>2,367</b>	<b>2,566</b>	<b>2,206</b>	<b>2,201</b>	<b>2,275</b>	<b>3.4</b>

(Millions of yen)



(Millions of yen)

■ Brokerage commission ■ Fees for underwriting and secondary distribution ■ Fees for offering and secondary distribution ■ Other commission received



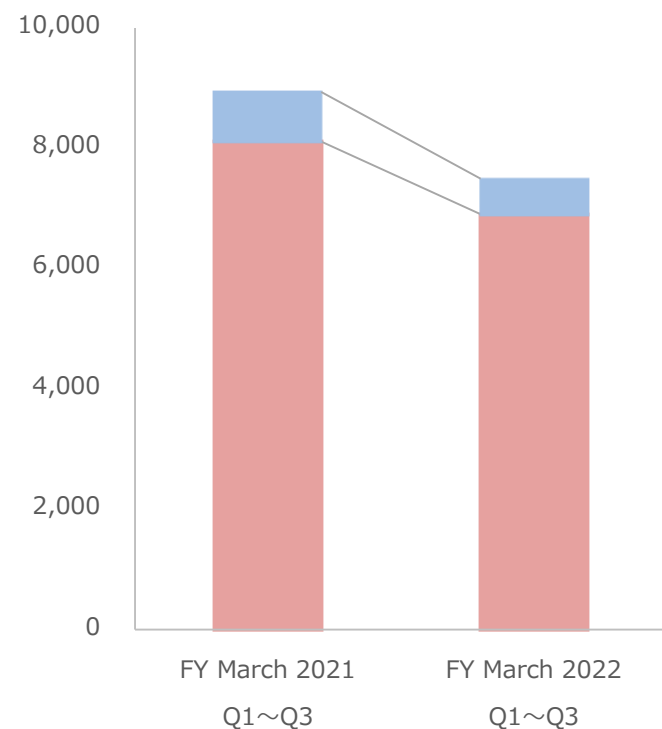
# Net trading income

	FY March 2021 Q1~Q3	FY March 2022 Q1~Q3	Change (%) compared with the same period last year
Securities	8,115	6,906	△ 14.9
Bonds, etc. and other	825	592	△ 28.2
<b>Net trading income</b>	<b>8,940</b>	<b>7,498</b>	<b>△ 16.1</b>

(million yen, %)

FY March 2021 Q1	Q2	Q3	Q4	FY March 2022 Q1	Q2	Q3	Change (%) compared with the previous quarter
2,778	2,658	2,678	2,615	2,112	2,374	2,419	1.9
344	210	271	172	212	150	229	52.5
<b>3,122</b>	<b>2,868</b>	<b>2,949</b>	<b>2,787</b>	<b>2,324</b>	<b>2,525</b>	<b>2,648</b>	<b>4.9</b>

(Millions of yen)



(Millions of yen)



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

■ Securities ■ Bonds, etc. and other

# Financial revenue

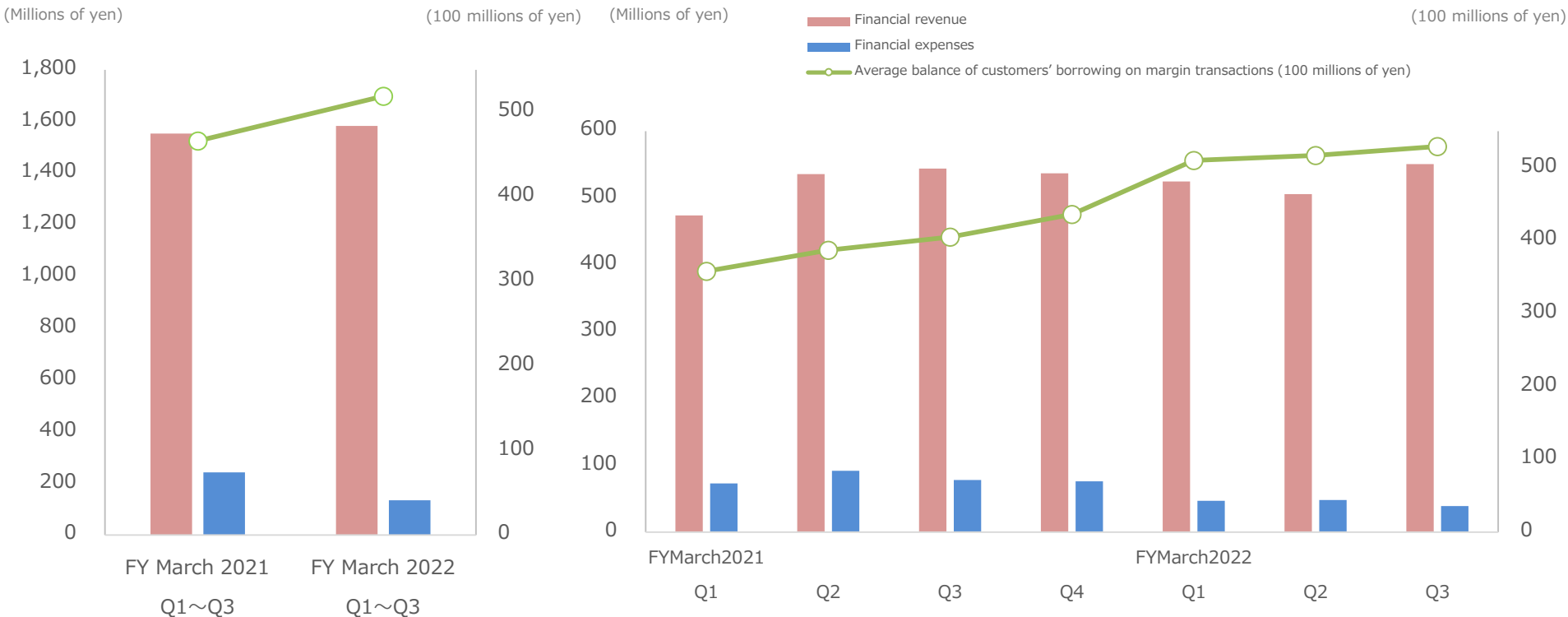
Balance of customers' borrowing on margin transactions of 50.8 billion yen (**up 30.4%** from the same period last year)

	FY March 2021 Q1~Q3	FY March 2022 Q1~Q3	Change (%) compared with the same period last year
Financial revenue	1,555	1,583	1.8
Financial expenses	243	135	△ 44.5
<b>Financial balance</b>	<b>1,311</b>	<b>1,448</b>	<b>10.4</b>

Average balance of customers' borrowing on margin transactions (100 millions of yen)	383	519	35.3

FY March 2021 Q1	Q2	Q3	Q4	FY March 2022 Q1	Q2	Q3	Change (%) compared with the previous quarter	
474	536	544	537	525	506	551	8.9	
73	92	78	76	47	48	39	△ 18.8	
<b>401</b>	<b>443</b>	<b>466</b>	<b>461</b>	<b>478</b>	<b>458</b>	<b>512</b>	<b>11.8</b>	

	358	387	405	436	510	517	529



# Selling, general and administrative expenses

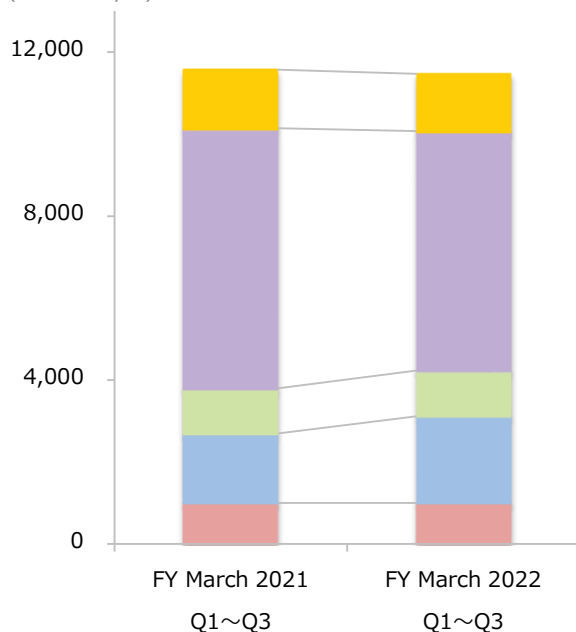
Office expenses: System-related fees increased temporarily in May due to the coexistence of both new and existing systems from system migration

	FY March 2021 Q1~Q3	FY March 2022 Q1~Q3	Change (%) compared with the same period last year
Trading related expenses	1,430	1,397	△ 2.3
Personnel expenses	6,350	5,840	△ 8.0
Real estate expenses	1,099	1,114	1.4
Office expenses	1,691	2,114	25.0
Other	1,005	1,004	△ 0.1
<b>Selling, general and administrative expenses</b>	<b>11,577</b>	<b>11,472</b>	<b>△ 0.9</b>

(million yen, %)

FY March 2021 Q1	Q2	Q3	Q4	FY March 2022 Q1	Q2	Q3	Change (%) compared with the previous quarter
464	477	489	474	488	431	477	10.8
2,120	2,076	2,153	2,173	1,885	1,971	1,983	0.6
366	357	374	363	385	370	357	△ 3.5
559	557	573	564	768	666	678	1.7
358	333	313	338	374	314	315	0.3
<b>3,869</b>	<b>3,803</b>	<b>3,904</b>	<b>3,913</b>	<b>3,903</b>	<b>3,755</b>	<b>3,813</b>	<b>1.5</b>

(Millions of yen)



(Millions of yen)





## Recorded ordinary profit for 37 consecutive quarters

(Millions of yen)

	Year ended March 31, 2021					Year ending March 31, 2022			
	Q1	Q2	Q3	Q4	full year	Q1	Q2	Q3	Q1~Q3
<b>Operating revenue</b>	<b>5,801</b>	<b>5,438</b>	<b>5,861</b>	<b>5,891</b>	<b>22,993</b>	<b>5,056</b>	<b>5,233</b>	<b>5,476</b>	<b>15,766</b>
Commission received	2,204	2,034	2,367	2,566	9,171	2,206	2,201	2,275	6,684
Brokerage commission	1,356	1,203	1,411	1,443	5,415	1,175	1,167	1,233	3,577
Fees for underwriting, secondary distribution, and solicitation for selling and others for professional investors	5	88	35	17	147	30	120	30	181
Handling fees for offering, secondary distribution, and solicitation for selling and others for professional investors	362	217	375	498	1,454	362	237	308	908
Other fee received	479	523	544	606	2,153	637	676	702	2,016
Net trading income	3,122	2,868	2,949	2,787	11,728	2,324	2,525	2,648	7,498
Securities	2,778	2,658	2,678	2,615	10,731	2,112	2,374	2,419	6,906
Bonds, etc. and other	344	210	271	172	997	212	150	229	592
Financial revenue	474	536	544	537	2,093	525	506	551	1,583
Financial expenses	73	92	78	76	320	47	48	39	135
Net operating revenue	5,728	5,346	5,783	5,815	22,673	5,009	5,185	5,437	15,631
<b>Selling, general and administrative expenses</b>	<b>3,869</b>	<b>3,803</b>	<b>3,904</b>	<b>3,913</b>	<b>15,490</b>	<b>3,903</b>	<b>3,755</b>	<b>3,813</b>	<b>11,472</b>
<b>Operating profit</b>	<b>1,859</b>	<b>1,543</b>	<b>1,878</b>	<b>1,901</b>	<b>7,182</b>	<b>1,105</b>	<b>1,430</b>	<b>1,623</b>	<b>4,159</b>
Non-operating income	167	26	176	36	408	218	42	128	389
Non-operating expenses	0	4	0	55	61	1	3	0	5
Non-operating profit	166	22	176	△ 18	347	217	38	128	383
<b>Ordinary profit</b>	<b>2,026</b>	<b>1,566</b>	<b>2,054</b>	<b>1,883</b>	<b>7,530</b>	<b>1,322</b>	<b>1,468</b>	<b>1,752</b>	<b>4,543</b>
Extraordinary profit	82	-	-	△ 33	49	0	-	5	6
Extraordinary losses (※)	-	130	189	65	385	239	11	-	250
Extraordinary profit	82	△ 130	△ 189	△ 98	△ 336	△ 239	△ 11	5	△ 244
Profit before income taxes	2,109	1,435	1,864	1,784	7,193	1,082	1,457	1,758	4,298
<b>Profit attributable to owners of parent</b>	<b>1,519</b>	<b>1,117</b>	<b>1,298</b>	<b>1,426</b>	<b>5,362</b>	<b>747</b>	<b>1,000</b>	<b>1,237</b>	<b>2,985</b>

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

Ratio of ordinary profit to operating revenue 28.8% • ROE (annualized) 7.1%

	Year ended March 31, 2021					Year ending March 31, 2022			
	Q1	Q2	Q3	Q4	full year	Q1	Q2	Q3	Q1~Q3
Ratio of ordinary profit to operating revenue	34.9%	28.8%	35.1%	32.0%	32.8%	26.2%	28.1%	32.0%	28.8%
ROE	11.7%	8.4%	9.5%	10.3%	9.5%	5.4%	7.2%	8.8%	7.1%
Earnings per share	64.69yen	47.59yen	55.27yen	60.73yen	228.28yen	31.84yen	42.58yen	52.70yen	127.11yen
Capital adequacy ratio	798.0%	809.9%	839.9%	786.2%	786.2%	749.9%	764.5%	807.2%	807.2%

ROE: annualized

## Reference : Operating Performance Time Series

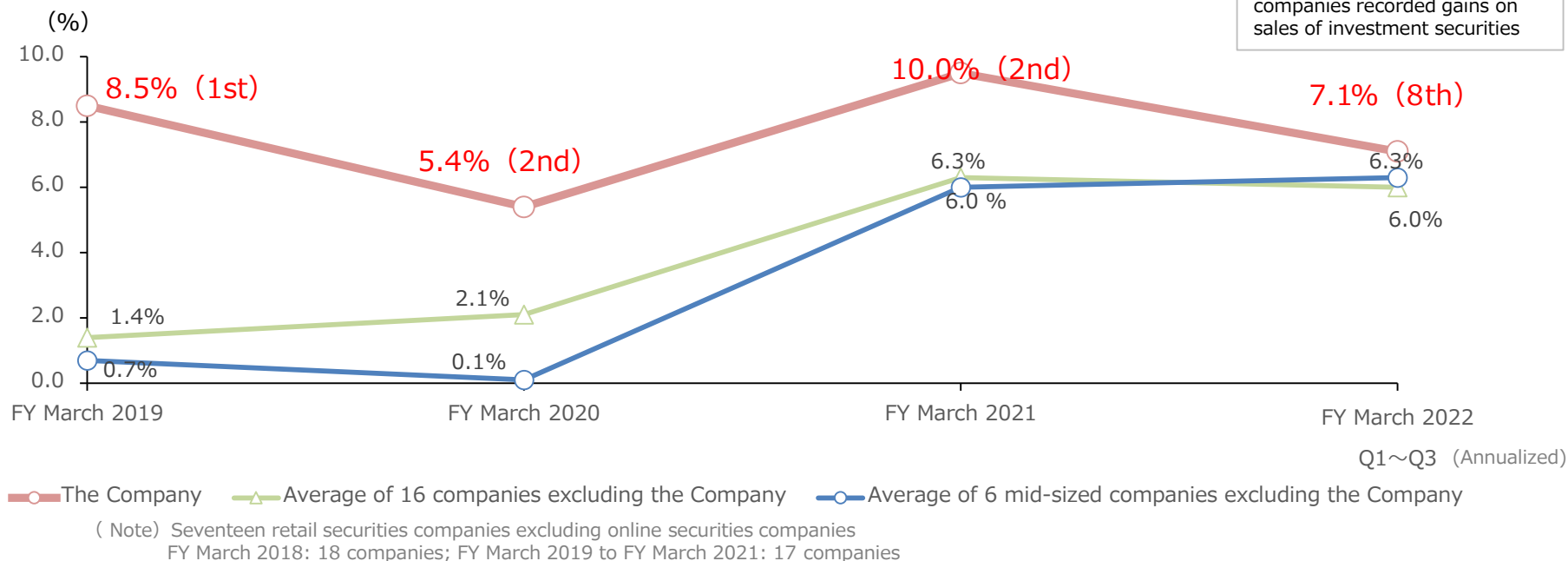
							(Millions of yen)
	FY March 2017	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022	Q1~Q3
Operating revenue	16,146	21,089	21,241	18,948	22,993		15,766
Ordinary profit	1,921	5,465	5,924	4,239	7,530		4,543
Profit	3,339	4,726	4,148	2,700	5,362		2,985
<b>Ratio of ordinary profit to operating revenue</b>	<b>11.9%</b>	<b>25.9%</b>	<b>27.9%</b>	<b>22.4%</b>	<b>32.8%</b>		<b>28.8%</b>
(Industry ranking *1)	12th	5th	1st	1st	3rd		3rd
(Ratio for the industry *2)	14.9%	22.0%	4.0%	3.4%	19.8%		17.3%
Dividends per share	55yen	75yen	75yen	75yen	117yen		-
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

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

## Changes in ROE



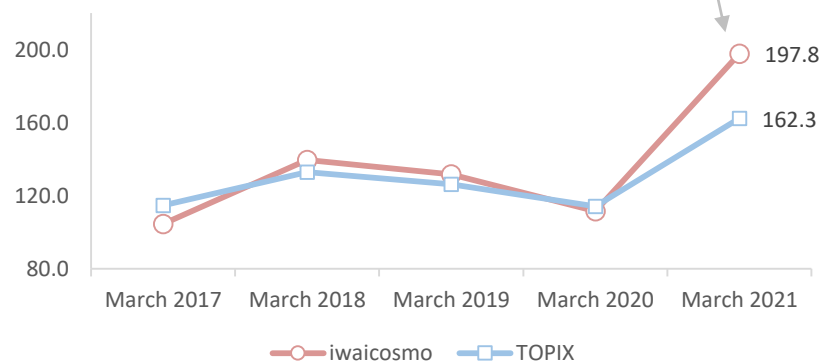
## reference : Total Shareholder Return

T S R : Total Shareholder Return

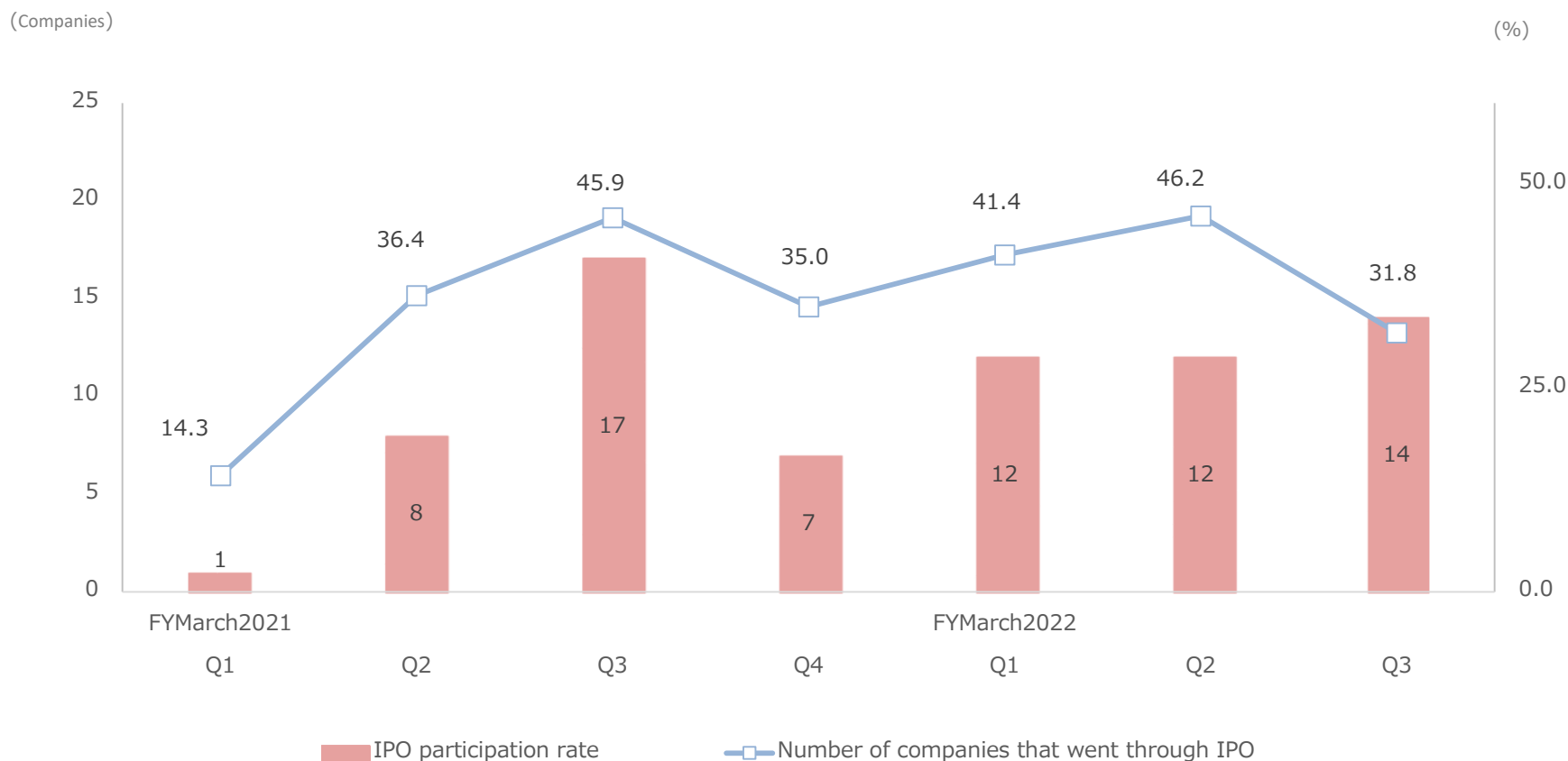
	March 2017	March 2018	March 2019	March 2020	March 2021
iwaicosmo	104.6	139.5	131.7	111.6	197.8
TOPIX	114.7	132.9	126.2	114.2	162.3

T S R = (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

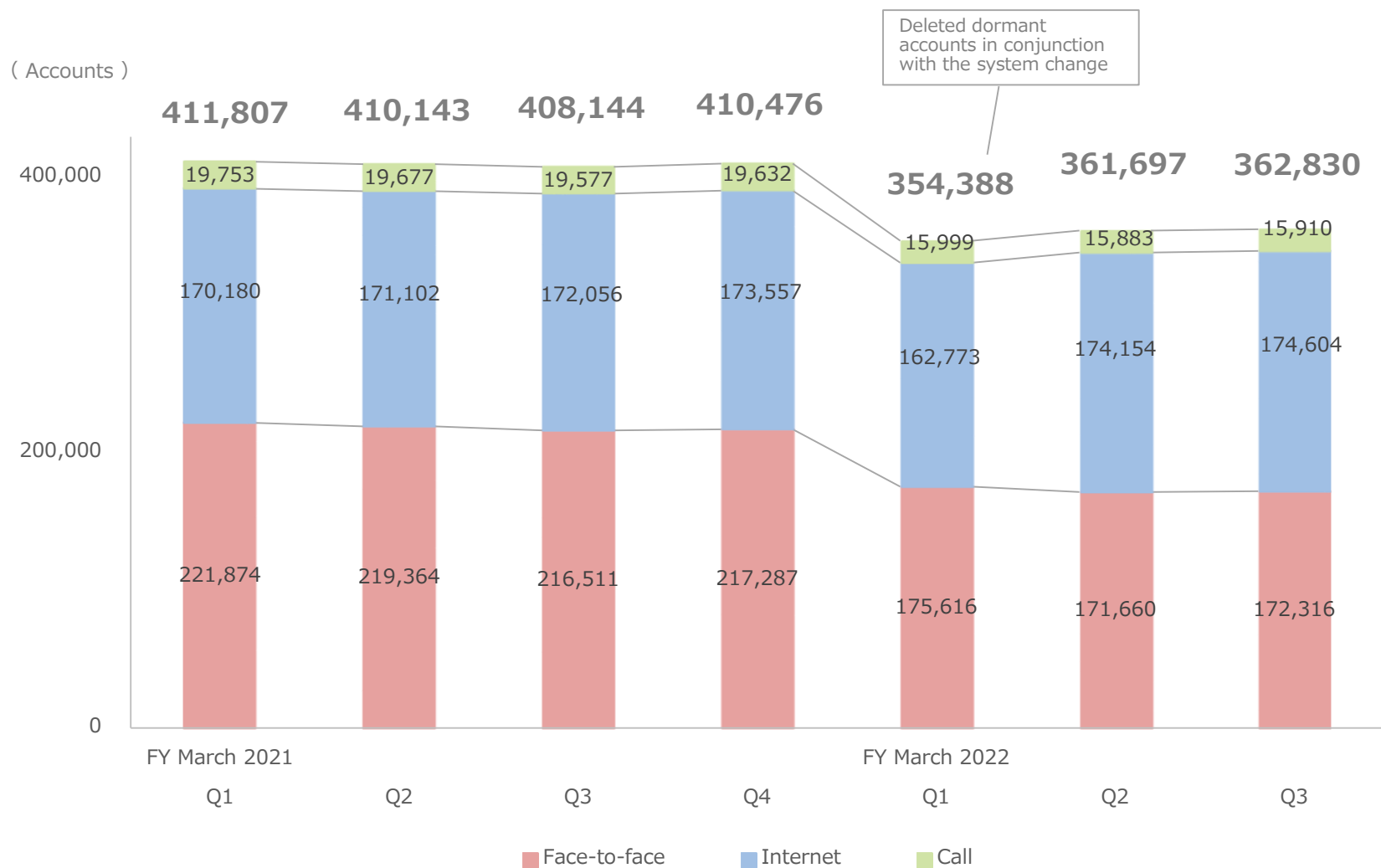
IwaiCosmo Securities is the only company among the seven medium-sized companies with TSR (March 2021) exceeding TOPIX



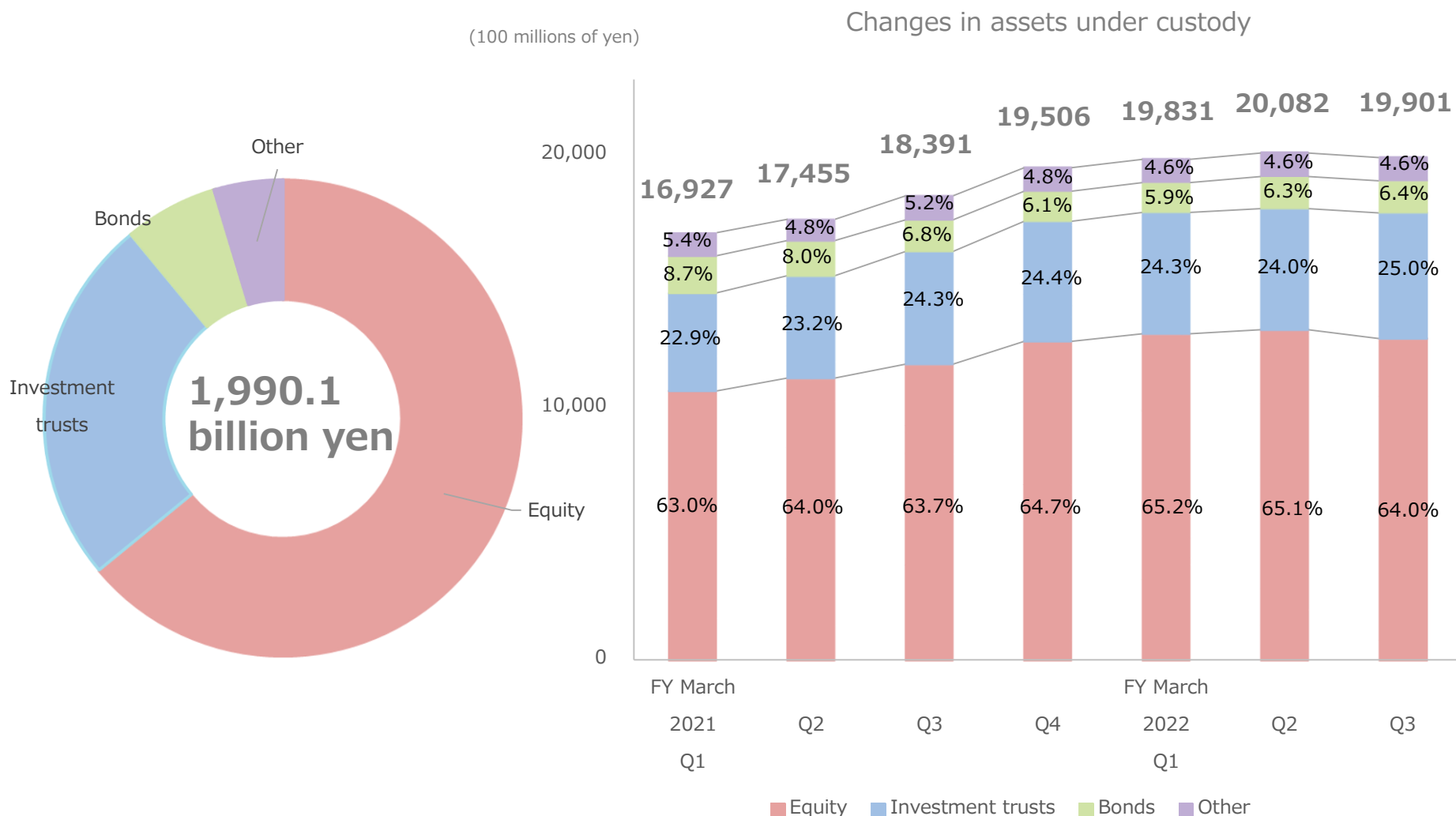
Number of companies that went through IPO during the nine months ended December 31, 2021: 38, Participation rate: 38.4% (ranked 9th)



# Quarterly Changes in the Number of Accounts



Foreign equity : **up 13.5%** from the end of the previous year



## Reduction of environmental burden



- T C F D ( Task Force on Climate-related Financial Disclosures ) agree with the proposal
- 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.



## ESG/SDGs investment



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



## 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



## Social contribution activities



- Major parties that we donated to
  - ✓ Kyoto University iPS Cell Research Fund and four other organizations (project to commemorate the 100th anniversary of the foundation)
- Sponsored various activities as part of our efforts to support cultural activities
  - ✓ Beethoven's 9th with a cast of 10,000 by Suntory
- Introduced a reserve fund system for social contribution activities during the fiscal year ended March 2021
- 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

## 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!

## Substantial employee education



- IwaiCosmo Securities has introduced RECOG, an application that solves organizational issues in a fun way by complimenting. By visualizing compliments and commending each other beyond the boundaries of departments and positions, engagement among employees is enhanced. Further, active commendation on RECOG with mutual commendation reaching or exceeding a certain amount will support school meals for children in developing countries via a program run by Tablecross, thus contributing to the development goal of "ending hunger."



## 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)
- Jan 5: **IwaiCosmo increases wages for the first time in four years (The Nikkei)**

## Social media official account

Helpful information on investment and latest information on seminars and campaigns, etc. are available.  
Please feel free to friend us and follow.



岩井コスモ証券



IwaiCosmo  
Securities Official  
Account

コスモ・ネットレ



Official Account for  
Net Trading



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

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