
Materials on Consolidated Financial Results for the Three Months Ended June 30, 2022



August 2022

Achievements

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

Achievements

Strengthen sales of Japanese stocks
(Brokerage commissions +56.9% YoY)

Earnings per share

35.43yen

Continuous ordinary profit

39 quarters

ROE

6.0%

T S R (Total Shareholder Return)

161.1%
(TOPIX 144.3%)

Fixed cost coverage ratio

33.1%

Response to climate change (CO₂ emissions)

55% reduction by the fiscal year ending March 31, 2025

70% reduction by the fiscal year ending March 31, 2030
(both compared to the fiscal year ended March 31, 2013)

Other initiatives

3% wage increase
(including base pay increases)

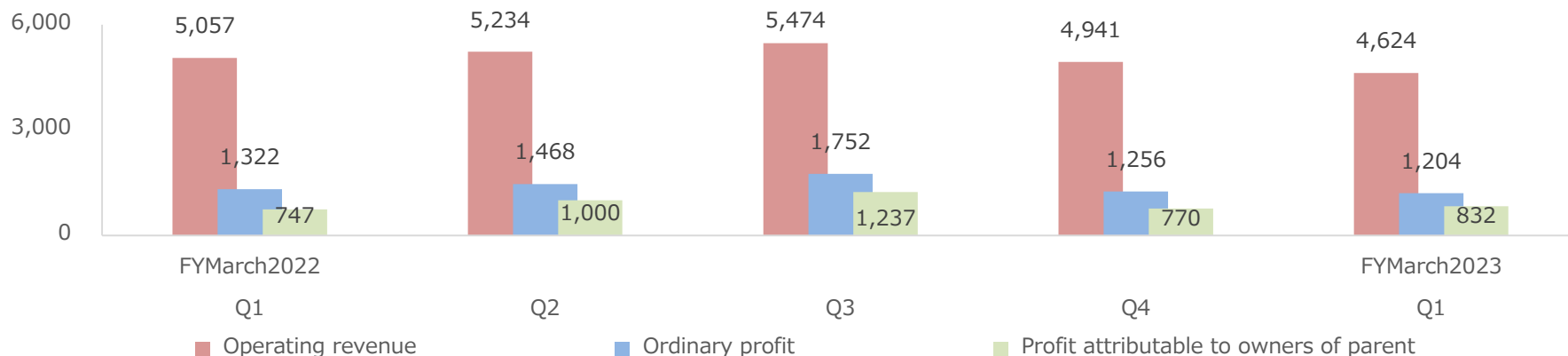
Management Summary

- **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 39 consecutive quarters**
- Profit attributable to owners of parent increased due to a decrease in expenses (extraordinary losses) associated with core business system migration recorded in the previous fiscal year

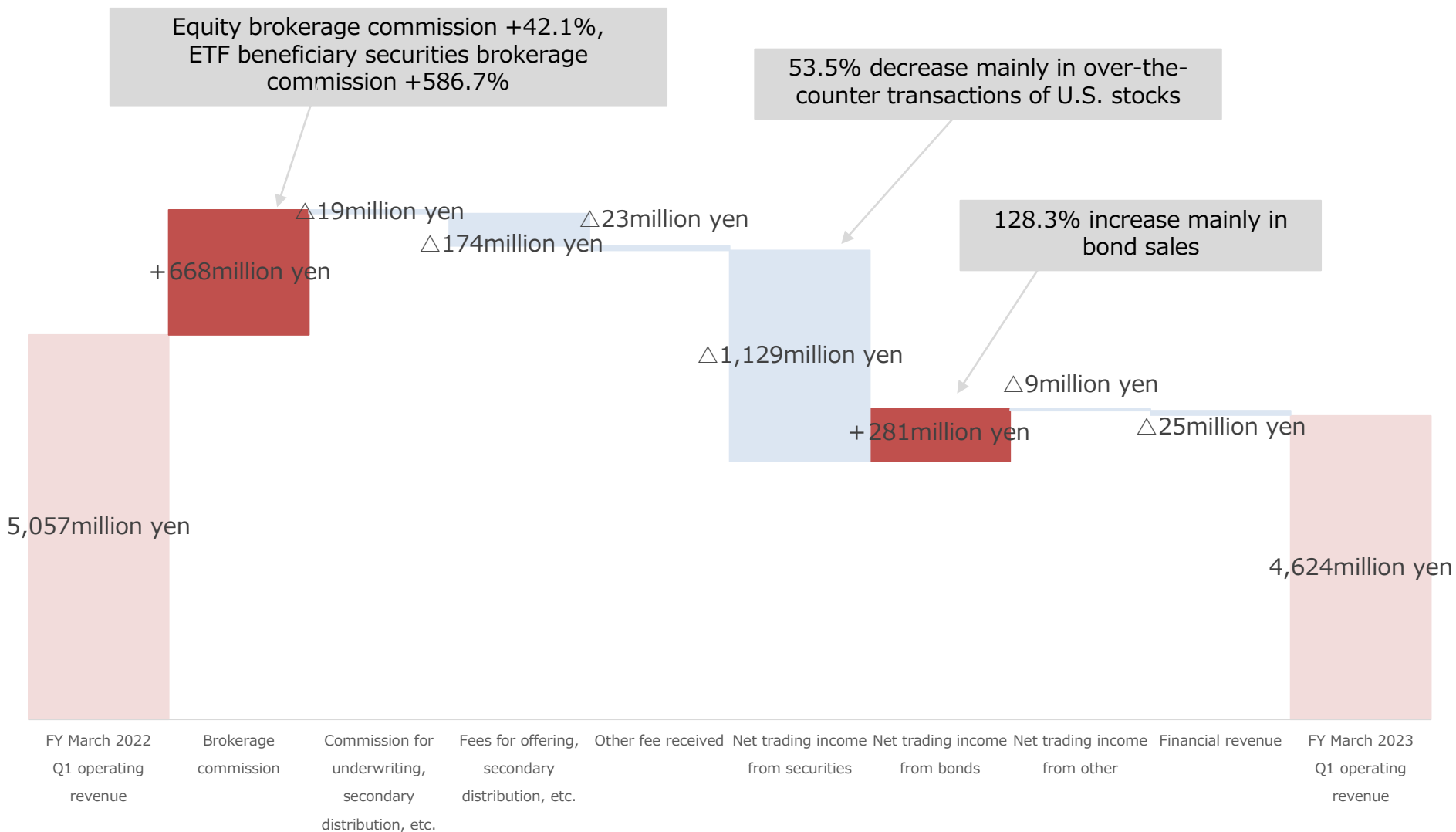
(Millions of yen, %)

	Year ended March 31, 2022		Year ending March 31, 2023	Change (%) compared with the same period last year	Change (%) compared with the previous quarter
	Q1	Q4	Q1		
Operating revenue	5,057	4,941	4,624	△8.6%	△6.4%
Net operating revenue	5,010	4,881	4,572	△8.7%	△6.3%
Selling, general and administrative expenses	3,904	3,658	3,600	△7.8%	△1.6%
Operating profit	1,105	1,222	972	△12.1%	△20.4%
Ordinary profit	1,322	1,256	1,204	△8.9%	△4.1%
Profit attributable to owners of parent	747	770	832	11.3%	8.0%
Earnings per share	31.84yen	32.82yen	35.43yen	11.3%	8.0%
Net assets per share	2,316.08yen	2,405.25yen	2,346.49yen	1.3%	△2.4%
ROE	5.4%	5.5%	6.0%	0.6pt	0.5pt

※ Annualized for ROE



Factors for change in operating revenue (YoY)



Operating revenue

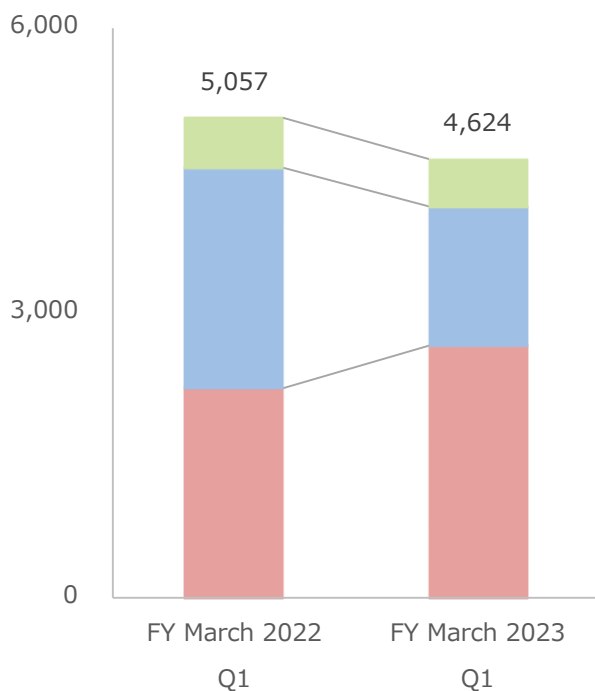
Net trading income decreased due to the impact of the market environment lacking direction in view of the trends in U.S. monetary policy

	FY March 2022 Q1	FY March 2023 Q1	Change (%) compared with the same period last year
Commission received	2,206	2,656	20.4%
Net trading income	2,325	1,467	△36.9%
Financial revenue	525	500	△4.8%
Operating revenue	5,057	4,624	△8.6%

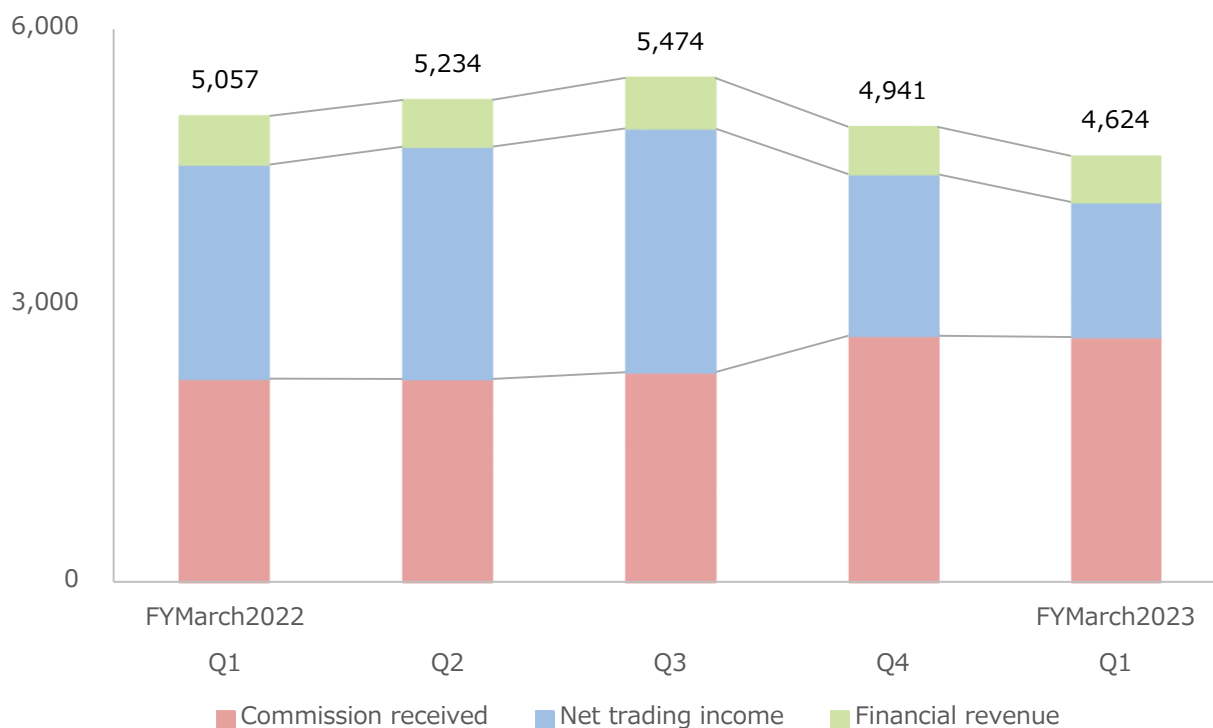
(million yen)

FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Change (%) compared with the previous quarter
2,206	2,201	2,275	2,671	2,656	△0.5%
2,325	2,525	2,647	1,756	1,467	△16.5%
525	506	551	513	500	△2.6%
5,057	5,234	5,474	4,941	4,624	△6.4%

(Millions of yen)



(Millions of yen)



Commission receive

Equity brokerage commission and ETF beneficiary securities brokerage commission increased

	FY March 2022 Q1	FY March 20223 Q1	Change (%) compared with the same period last year
Brokerage commission	1,175	1,844	56.9%
Fees for underwriting and secondary distribution	30	10	△65.5%
Fees for offering and secondary distribution	362	187	△48.2%
Other commission received	637	613	△3.8%
Commission received	2,206	2,656	20.4%

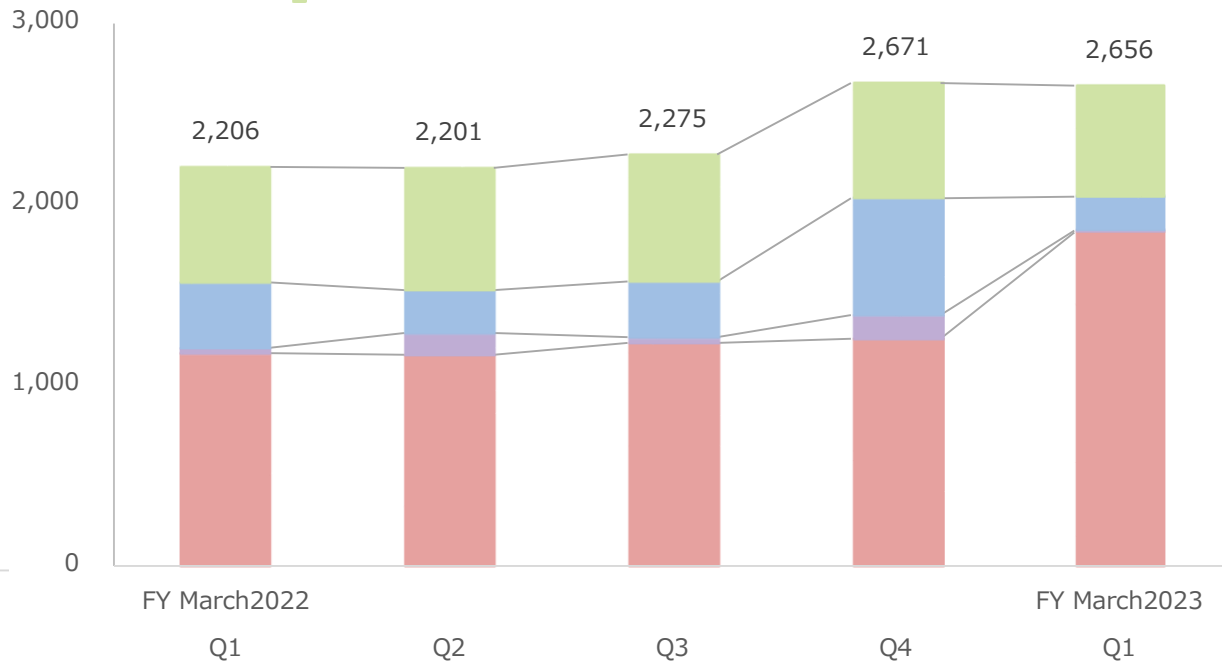
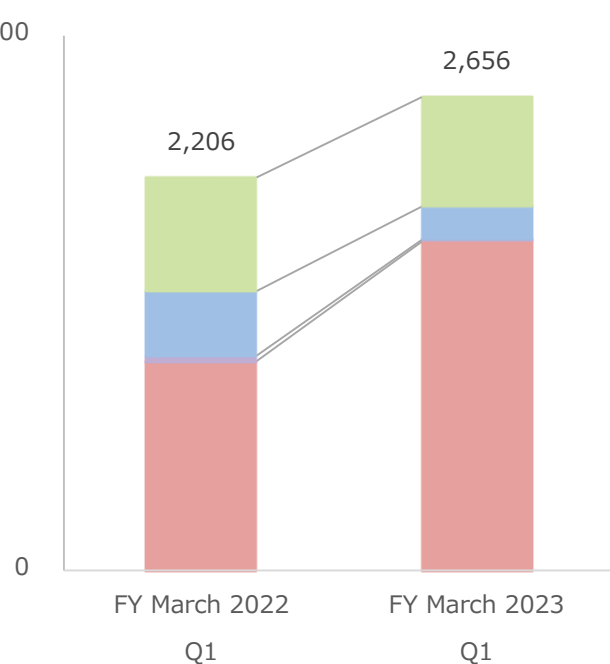
					(million yen)	
FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Change (%) compared with the previous quarter	
1,175	1,167	1,233	1,256	1,844	46.8%	
30	120	30	130	10	△92.0%	
362	237	308	646	187	△71.0%	
637	676	702	637	613	△3.8%	
2,206	2,201	2,275	2,671	2,656	△0.5%	

(Millions of yen)

(Millions of yen)

■ Fees for underwriting and secondary distribution
■ Other commission received

■ Fees for offering and secondary distribution
受入手数料



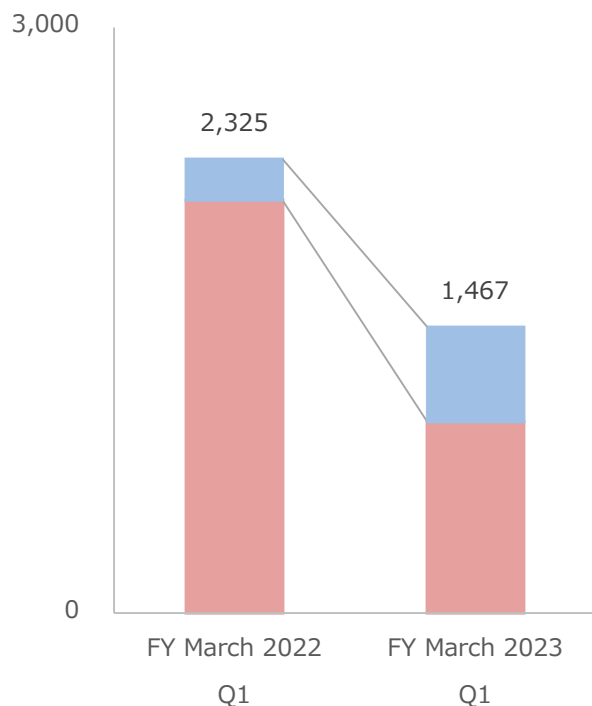
Net trading income

Net trading income from securities decreased against the background of the uncertain future outlook for the market environment

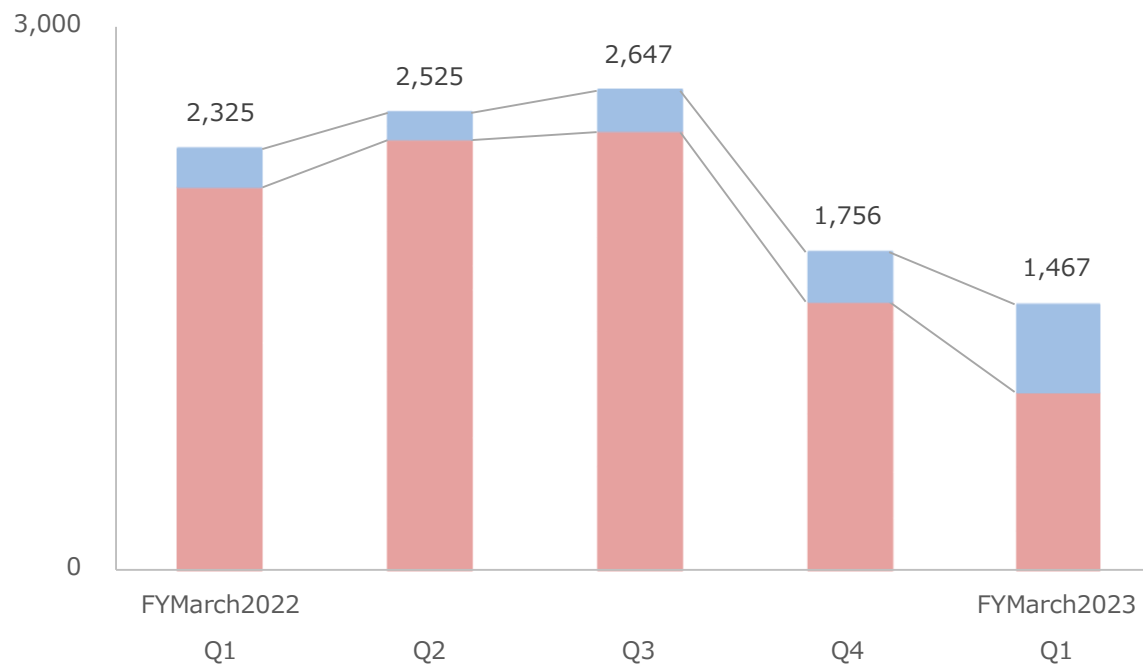
	FY March 2022 Q1	FY March 2023 Q1	Change (%) compared with the same period last year
Securities	2,113	983	△53.5%
Bonds, etc. and other	212	484	127.9%
Net trading income	2,325	1,467	△36.9%

					(million yen)	
FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Change (%) compared with the previous quarter	
2,113	2,374	2,418	1,481	983	△33.6%	
212	150	229	274	484	76.1%	
2,325	2,525	2,647	1,756	1,467	△16.5%	

(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: 51.2 billion yen, 5th in industry (17 retail securities companies, excluding online securities companies)

(million yen, %)

	FY March 2022 Q1	FY March 2023 Q1	Change (%) compared with the same period last year
Financial revenue	525	500	△4.8%
Financial expenses	47	51	9.1%
Financial balance	478	448	△6.2%

FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Change (%) compared with the previous quarter
525	506	551	513	500	△2.6%
47	48	39	60	51	△13.8%
478	458	512	453	448	△1.1%

Average balance of customers' borrowing on margin transactions (100 millions of yen)	510	507	△0.6%
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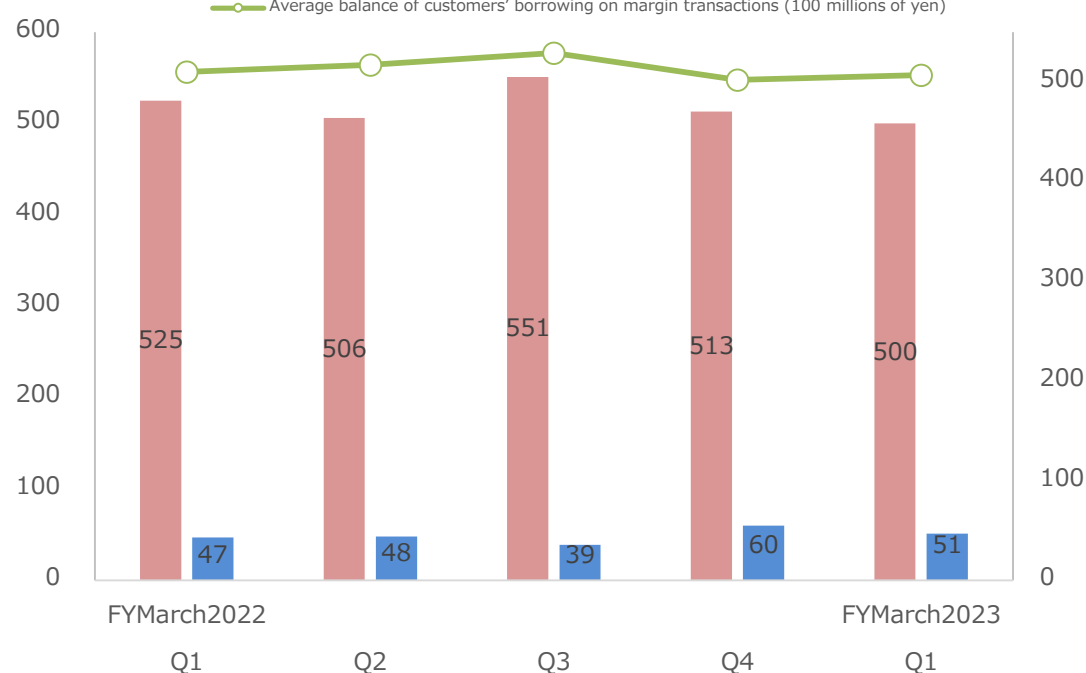
510	517	529	502	507	0.9%
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(Millions of yen)

(100 millions of yen)

(Millions of yen)

(100 millions of yen)



Selling, general and administrative expenses

In addition to a decrease in variable costs such as bonuses linked to business performance, expenses associated with core business system migration decreased

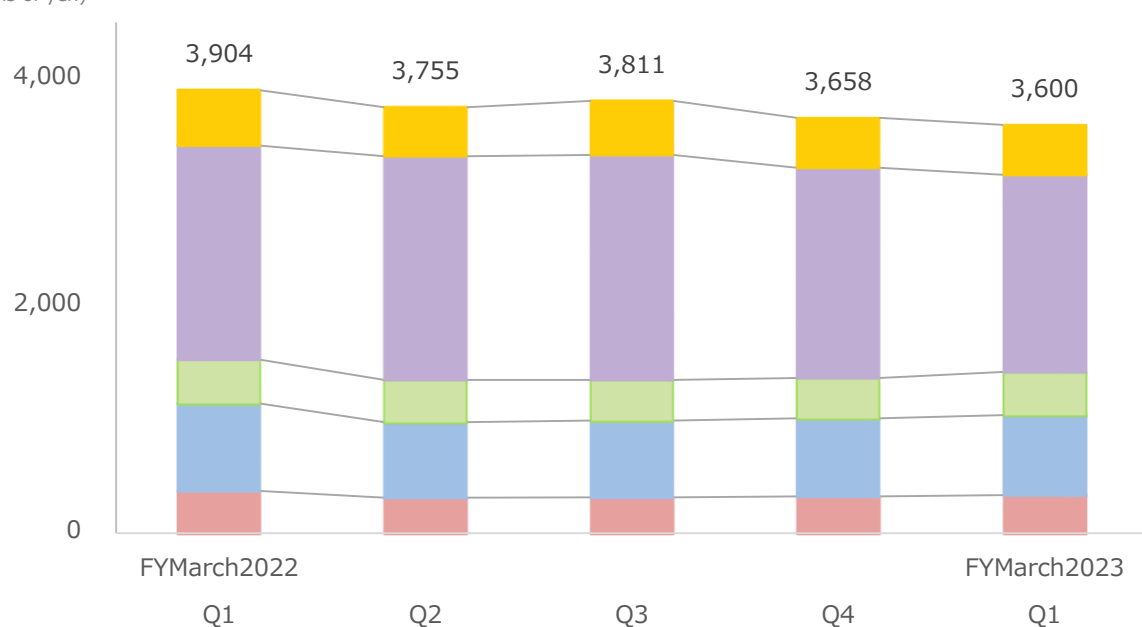
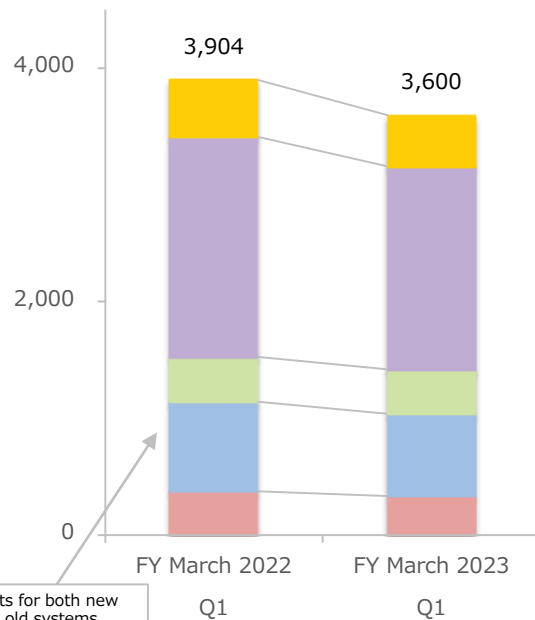
	FY March 2022 Q1	FY March 2023 Q1	Change (%) compared with the same period last year
Trading related expenses	488	440	△9.8%
Personnel expenses	1,886	1,736	△7.9%
Real estate expenses	385	381	△1.0%
Office expenses	768	705	△8.2%
Other	374	335	△10.4%
Selling, general and administrative expenses	3,904	3,600	△7.8%

	FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Change (%) compared with the previous quarter
Trading related expenses	488	431	477	439	440	0.4%
Personnel expenses	1,886	1,971	1,981	1,852	1,736	△6.2%
Real estate expenses	385	370	357	354	381	7.8%
Office expenses	768	666	678	688	705	2.5%
Other	374	314	315	325	335	3.2%
Selling, general and administrative expenses	3,904	3,755	3,811	3,658	3,600	△1.6%

(Millions of yen)

(Millions of yen)

Trading related expenses Personnel expenses Real estate expenses Office expenses Other



Recorded ordinary profit for 39 consecutive quarters

(Millions of yen)

	Year ending March 31, 2022					Year ending March 31, 2023
	Q1	Q2	Q3	Q4	full year	Q1
Operating revenue	5,057	5,234	5,474	4,941	20,708	4,624
Commission received	2,206	2,201	2,275	2,671	9,355	2,656
Brokerage commission	1,175	1,167	1,233	1,256	4,834	1,844
Commission for underwriting, secondary distribution, etc.	30	120	30	130	311	10
Fees for offering, secondary distribution, etc.	362	237	308	646	1,555	187
Other fee received	637	676	702	637	2,654	613
Net trading income	2,325	2,525	2,647	1,756	9,255	1,467
Securities	2,113	2,374	2,418	1,481	8,388	983
Bonds, etc. and other	212	150	229	274	867	484
Financial revenue	525	506	551	513	2,097	500
Financial expenses	47	48	39	60	195	51
Net operating revenue	5,010	5,185	5,435	4,881	20,512	4,572
Selling, general and administrative expenses	3,904	3,755	3,811	3,658	15,131	3,600
Operating profit	1,105	1,430	1,623	1,222	5,381	972
Non-operating income	218	42	128	39	428	233
Non-operating expenses	1	3	0	5	10	1
Non-operating profit	217	38	128	34	418	231
Ordinary profit	1,322	1,468	1,752	1,256	5,799	1,204
Extraordinary profit	0	-	5	△0	5	0
Extraordinary losses (※)	239	11	-	1	251	-
Extraordinary profit	△239	△11	5	△1	△245	0
Profit before income taxes	1,082	1,457	1,758	1,255	5,553	1,204
Profit attributable to owners of parent	747	1,000	1,237	770	3,756	832

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

	Year ending March 31, 2022					Year ending March 31, 2023
	Q1	Q2	Q3	Q4	full year	Q1
Ratio of ordinary profit to operating revenue	26.2%	28.1%	32.0%	25.4%	28.0%	26.0%
ROE	5.4%	7.2%	8.8%	5.5%	6.7%	6.0%
Earnings per share	31.84yen	42.58yen	52.70yen	32.82yen	159.93yen	35.43yen
Capital adequacy ratio	751.2%	764.5%	807.2%	823.4%	823.4%	776.8%

ROE: annualized

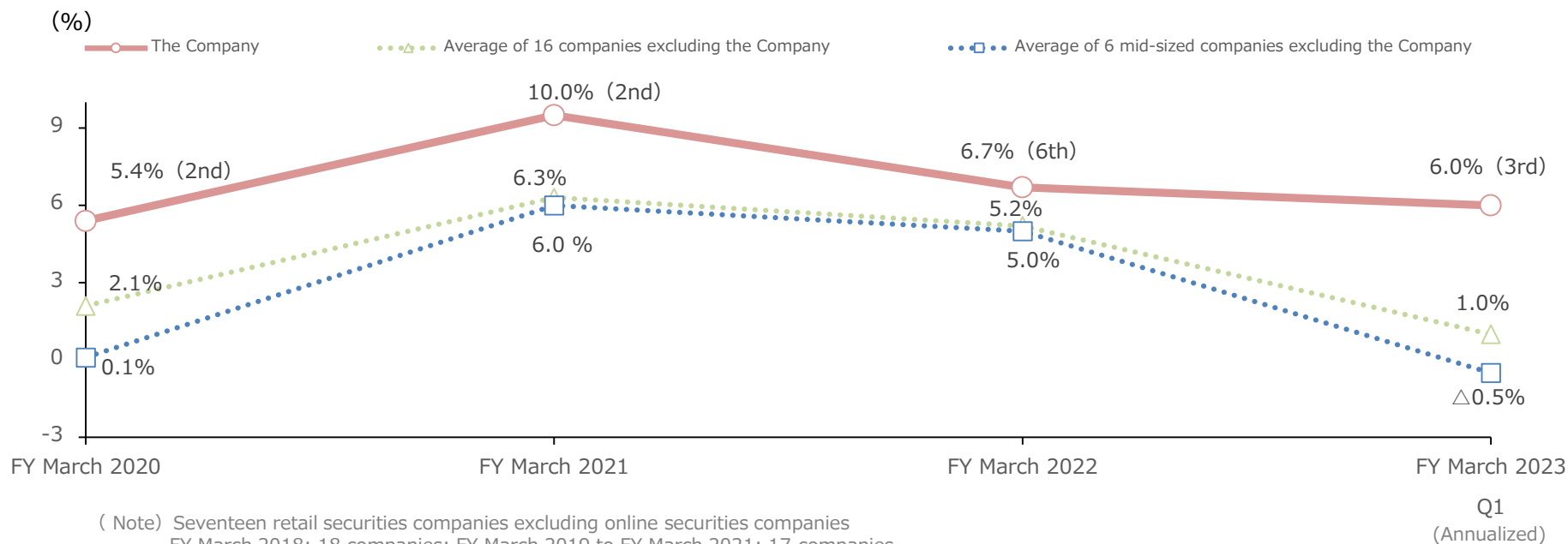
Reference : Operating Performance Time Series

(Millions of yen)

	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023 Q1
Operating revenue	21,089	21,241	18,948	22,993	20,708	4,624
Ordinary profit	5,465	5,924	4,239	7,530	5,799	1,204
Profit	4,726	4,148	2,700	5,362	3,756	832
Ratio of ordinary profit to operating revenue	25.9%	27.9%	22.4%	32.8%	28.0%	26.0%
(Industry ranking *1)	5th	1st	1st	3rd	3rd	2nd
(Ratio for the industry *2)	22.0%	4.0%	3.4%	19.8%	13.0%	△14.8%
Dividends per share	75yen	75yen	75yen	117yen	80yen	—
Dividend payout ratio	37.3%	42.5%	65.2%	51.3%	50.0%	—

Key Management Indicators

Changes in ROE



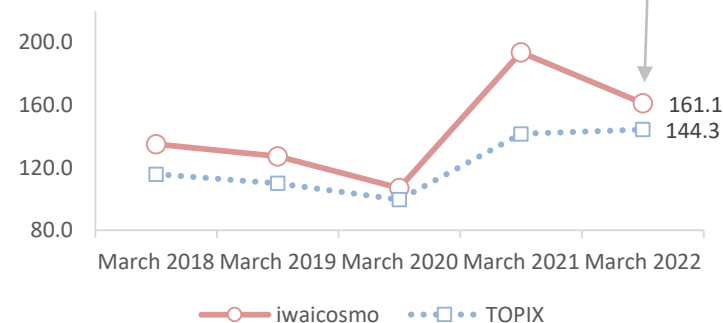
reference : Total Shareholder Return

T S R : Total Shareholder Return

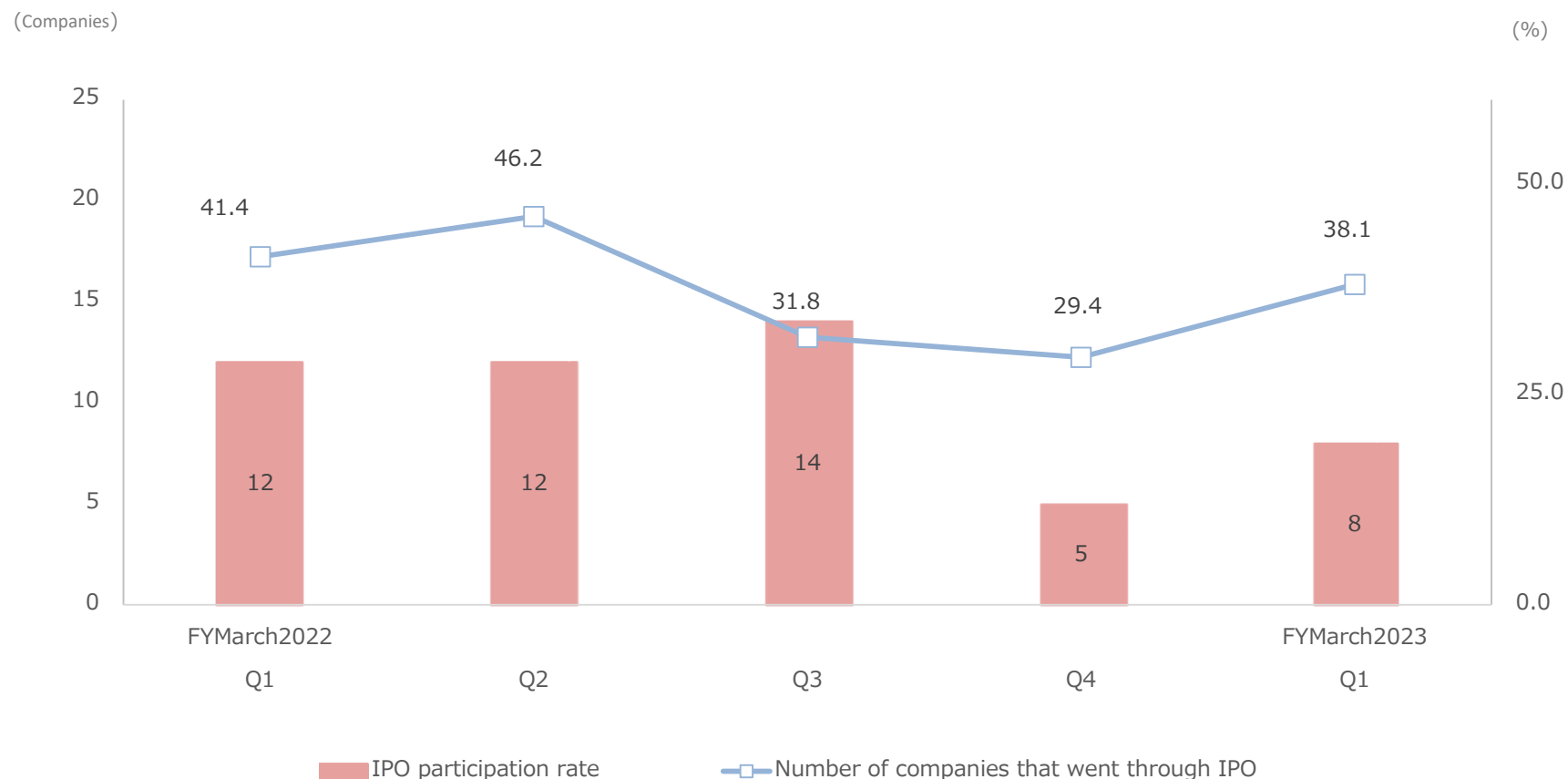
	March 2018	March 2019	March 2020	March 2021	March 2022
iwaicosmo	135.1	127.3	107.1	193.7	161.1
TOPIX	115.9	110.0	99.6	141.5	144.3

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

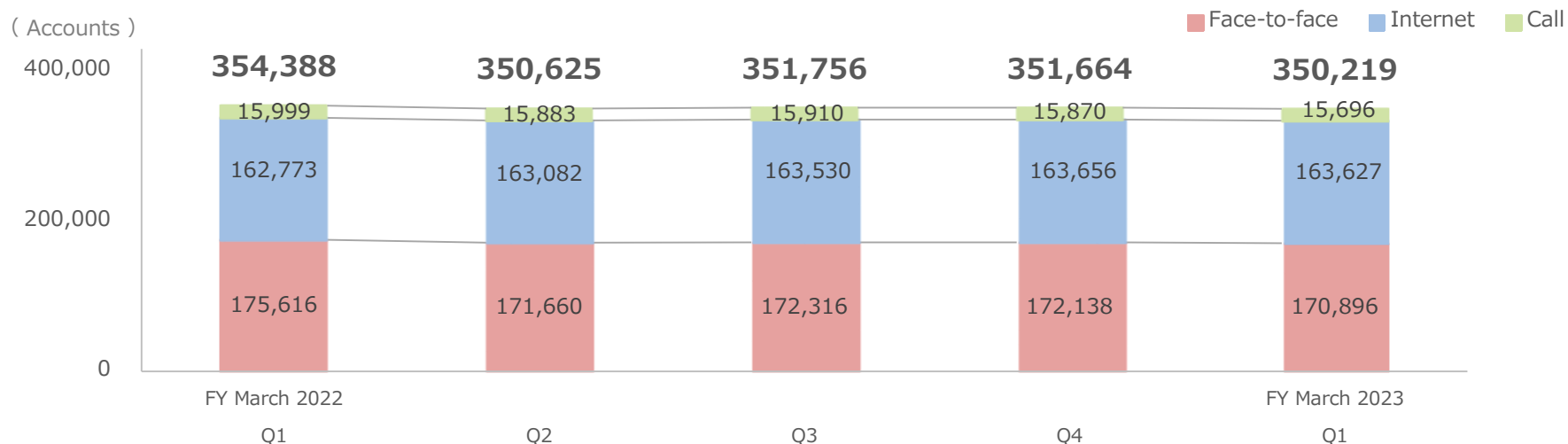
IwaiCosmo Securities is the only company among the seven medium-sized companies with TSR (March 2022) exceeding TOPIX



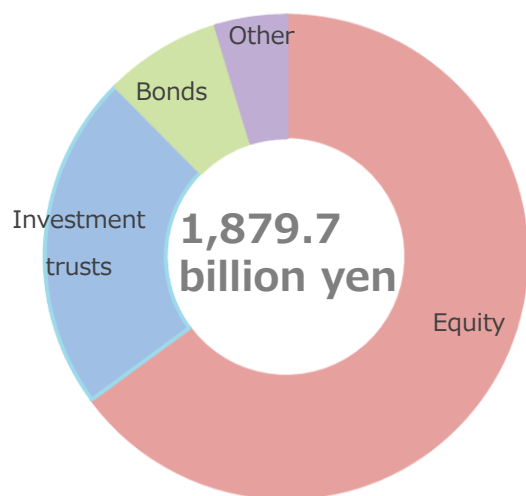
Number of companies that went through IPO during the three months ended June 30, 2022: 8, Participation rate: 38.1% (ranked 9th)



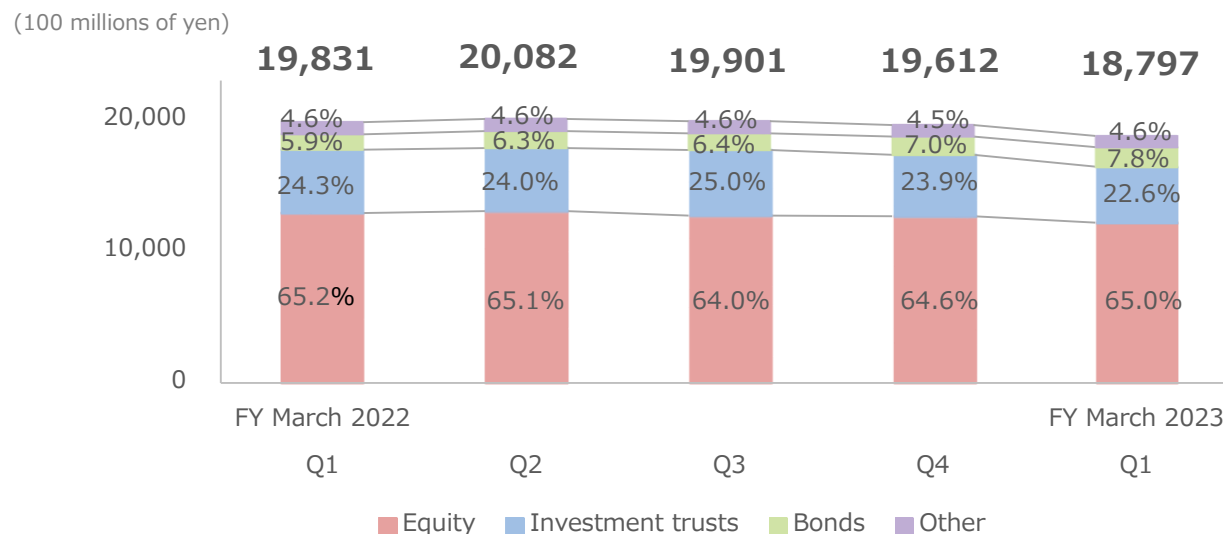
Quarterly Changes in the Number of Accounts



Assets under Custody



Changes in assets under custody



Social contribution activities

- Introduced Social Contribution Reserve Fund System (from fiscal year ended March 31, 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
- Announcement of the Declaration of Partnership Building
- Participated in "Child Support Securities Net" operated by Japan Securities Dealers Association to make effective use of shareholder benefits, etc., making the most contribution in support activities in the Osaka area



Reduction of environmental burden

- TCFD (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.



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



Initiatives for work-life balance

- 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

- Implementation of training for finance professionals for the purpose of acquiring expertise in financial instruments and markets
- Attendance support in data-related human resource development program



ESG/SDGs investment

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



Newspaper articles, etc.

- Apr 22:** Disclosure of information on response to climate change (<https://www.iwaicosmo-hd.jp/ir/climate.html>)
- Apr 22:** Announcement of the fifth mid-term management plan (https://www.iwaicosmo-hd.jp/ir/pdf/midplan_202303_202503.pdf)
- Apr 25:** Dispensed with interest and stock lending fees for online margin and day trading
- May 14:** Initiatives for the Company's internet trading service were introduced in a TV program "NEXT JAPAN - Atsuki Kyudousha (enthusiastic seeker)" of Mainichi Broadcasting System (MBS)
- June 8:** Received certificate of gratitude by World Food Programme (WFP) and Children's Future Support Fund as part of SDGs initiatives



Actively rolled out various campaigns



Delivered market information, etc. via official YouTube channel



証券ウーマン 楽しくネットを

(Source: Excerpt from MBS website)

Initiatives for the Company's internet trading service were introduced in a TV program "NEXT JAPAN - Atsuki Kyudousha (enthusiastic seeker)" of Mainichi Broadcasting System (MBS)



Award ceremony of certificate of gratitude for "Children's Future Support Fund" (Left: Mr. Inubushi, Secretary General of Osaka District, Japan Securities Dealers Association, Right: Mr. Yoshiaki Okitsu, Chairman and CEO of the Company)



Large information display of IwaiCosmo Securities (Tokyo headquarters)
Live-streamed market information



(For inquiries)

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It has been prepared based on data available up to and including June 30, 2022, and opinions and forecasts contained represent the Company's views.

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