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# Materials on Consolidated Financial Results for the Six Months Ended September 30, 2022



(stock code : 8707)

November 2022

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## Achievements

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

## Sales initiatives

Strengthen sales of Japanese stocks (Brokerage commissions +69.2% YoY)

## Earnings per share

**74.95yen**

## Continuous ordinary profit

**40 quarters**

## ROE

**6.3%**

No.1 in the Industry (※)

## Ratio of ordinary profit to operating revenue

**26.3%**

No.1 in the Industry (※)

## Fixed cost coverage ratio

**33.6%**

## Response to climate change

Introduction of electric vehicles for business cars

## Other initiatives

Introduction of real time trading system for U.S. stocks on Cosmo Netre online trading platform

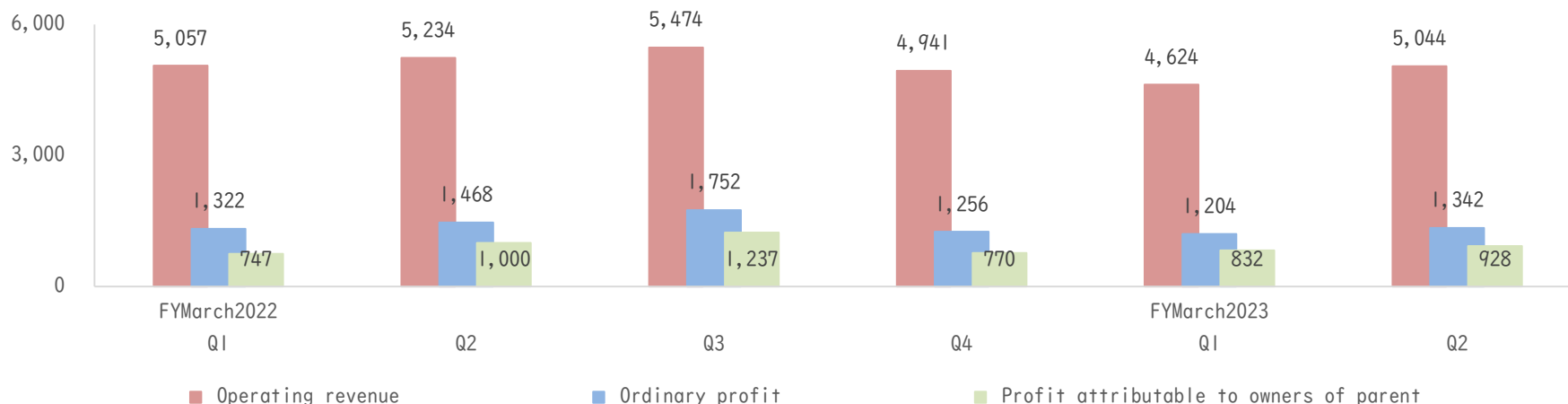
※ 17 retail securities companies, excluding online securities companies

- **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 40 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~Q2	Q1	Q2	Q1~Q2		
Operating revenue	10,292	4,624	5,044	9,669	△6.1%	9.1%
Net operating revenue	10,196	4,572	4,969	9,542	△6.4%	8.7%
Selling, general and administrative expenses	7,660	3,600	3,656	7,256	△5.3%	1.5%
Operating profit	2,535	972	1,313	2,285	△9.9%	35.1%
Ordinary profit	2,791	1,204	1,342	2,546	△8.8%	11.5%
Profit attributable to owners of parent	1,747	832	928	1,760	0.7%	11.5%
Earnings per share	74.42yen	35.43yen	39.52yen	74.95yen	0.7%	11.5%
Net assets per share	2,390.12yen	2,346.49yen	2,385.24yen	2,385.24yen	△0.2%	1.7%
ROE	6.2%	6.0%	6.7%	6.3%	0.0pt	0.7pt

※ Annualized for ROE



# Operating revenue

Strengthened proposal-based sales of domestic stocks focused on those expected to post strong financial performance and pay high dividends. Meanwhile, trading profit decreased due to the market environment, which lacks a sense of direction in view of the trend of U.S. monetary policy.

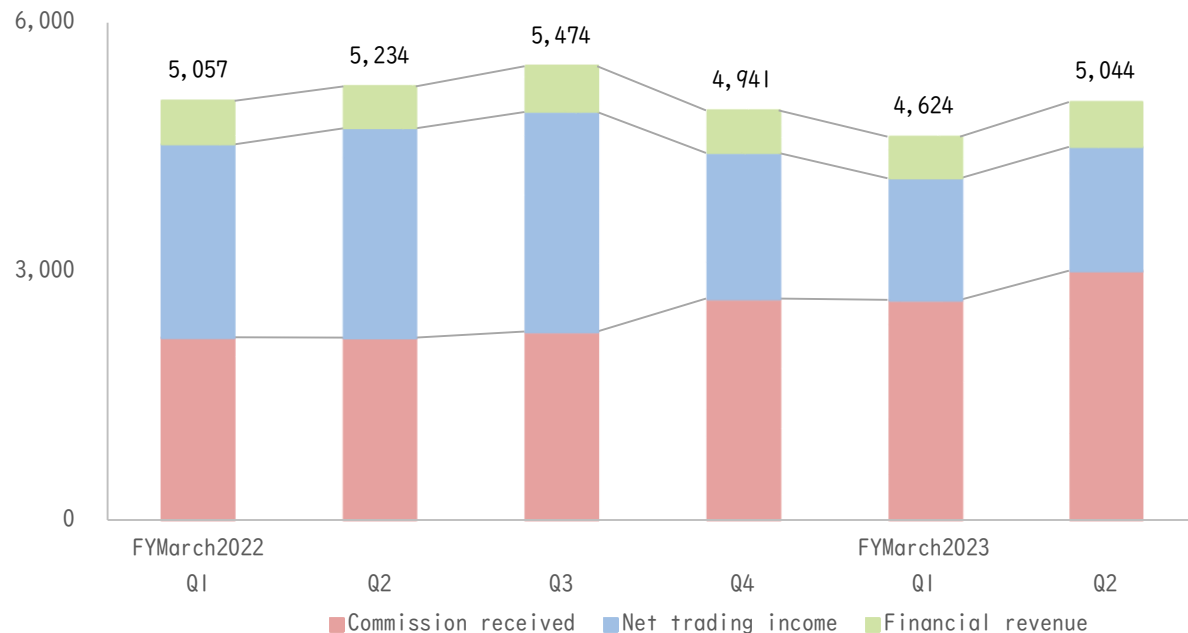
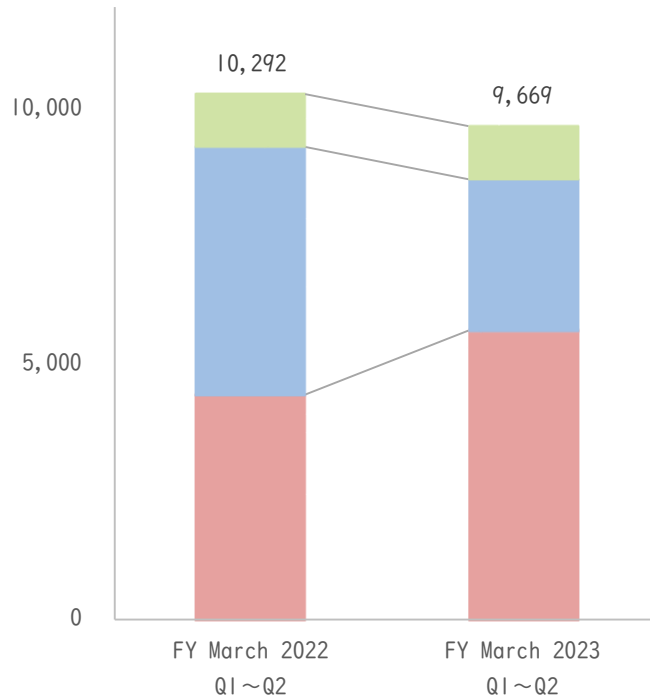
(million yen)

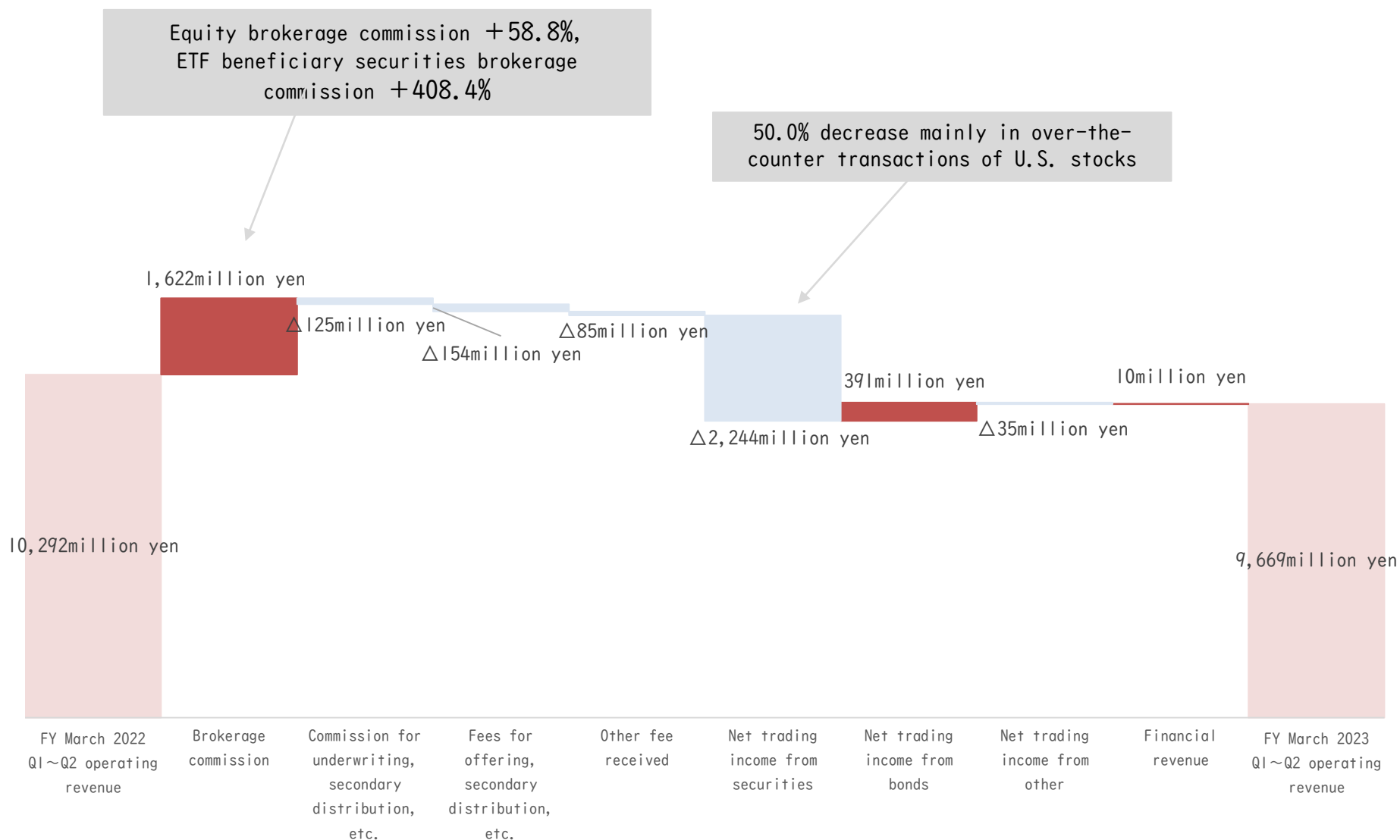
	FY March 2022 Q1~Q2	FY March 2023 Q1~Q2	Change (%) compared with the same period last year
Commission received	4,408	5,664	28.5%
Net trading income	4,851	2,961	△38.9%
Financial revenue	1,032	1,042	1.0%
<b>Operating revenue</b>	<b>10,292</b>	<b>9,669</b>	<b>△6.1%</b>

FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Q2	Change (%) compared with the previous quarter
2,206	2,201	2,275	2,671	2,656	3,007	13.2%
2,325	2,525	2,647	1,756	1,467	1,494	1.8%
525	506	551	513	500	542	8.4%
<b>5,057</b>	<b>5,234</b>	<b>5,474</b>	<b>4,941</b>	<b>4,624</b>	<b>5,044</b>	<b>9.1%</b>

(Millions of yen)

(Millions of yen)





Brokerage commission (Equity brokerage commission and ETF beneficiary securities brokerage commission) increased

	FY March 2022 Q1~Q2	FY March 20223 Q1~Q2	Change (%) compared with the same period last year
Brokerage commission	2,343	3,966	69.2%
Fees for underwriting and secondary distribution	150	24	△83.5%
Fees for offering and secondary distribution	599	445	△25.8%
Other commission received	1,314	1,228	△6.5%
<b>Commission received</b>	<b>4,408</b>	<b>5,664</b>	<b>28.5%</b>

(million yen)								Change (%) compared with the previous quarter
FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Q2			
1,175	1,167	1,233	1,256	1,844	2,121			15.0%
30	120	30	130	10	14			38.6%
362	237	308	646	187	257			37.0%
637	676	702	637	613	614			0.2%
<b>2,206</b>	<b>2,201</b>	<b>2,275</b>	<b>2,671</b>	<b>2,656</b>	<b>3,007</b>			<b>13.2%</b>

(Millions of yen)

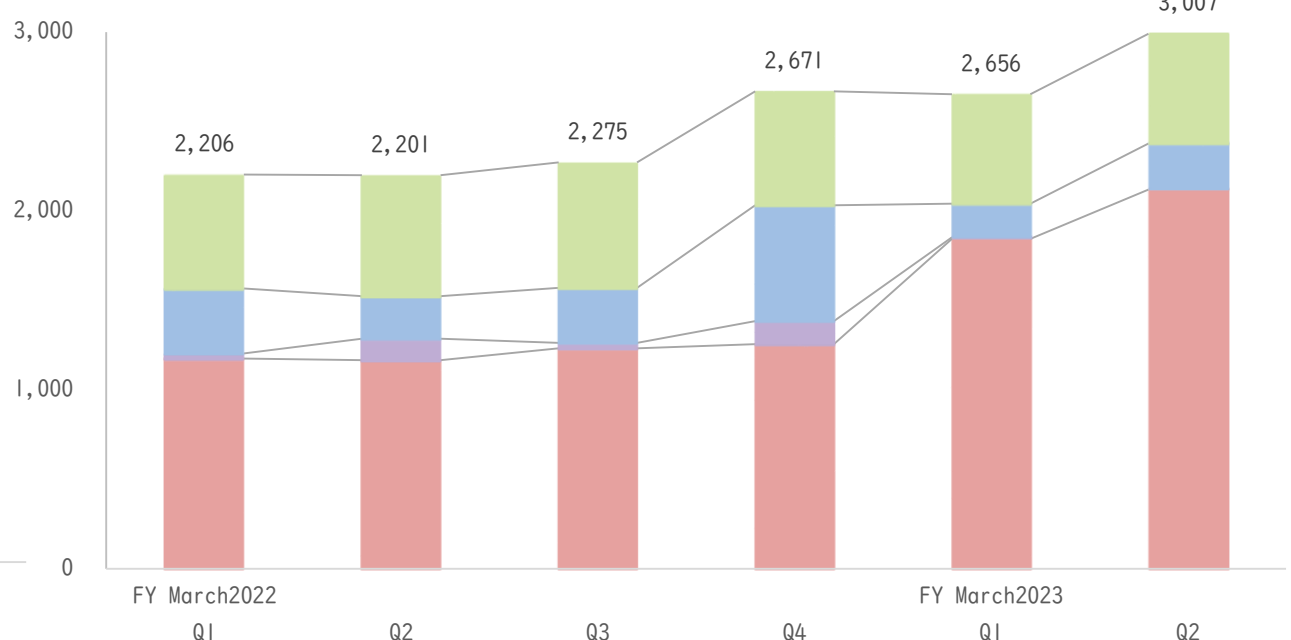
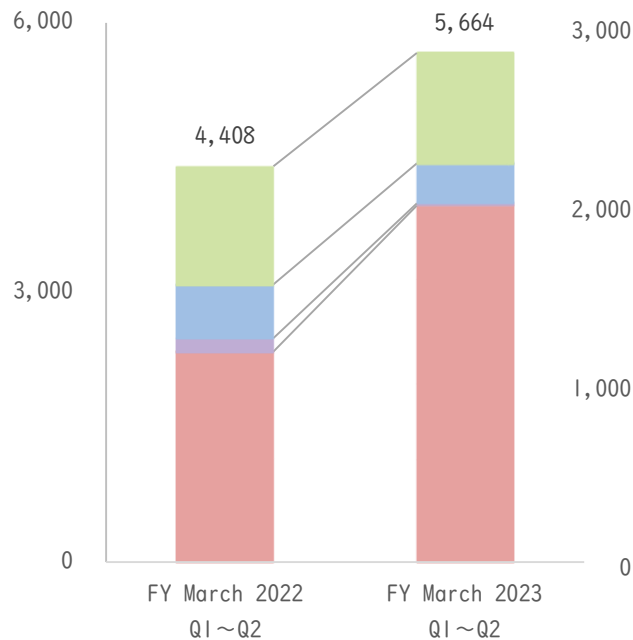
(Millions of yen)

■ Brokerage commission

■ Fees for underwriting and secondary distribution

■ Fees for offering and secondary distribution

■ Other commission received

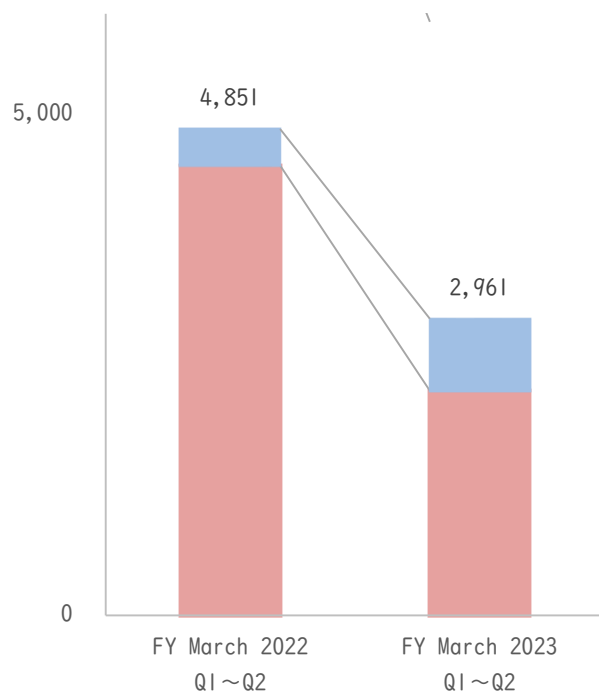


Net trading income from securities decreased against the background of the uncertain future outlook for the market environment

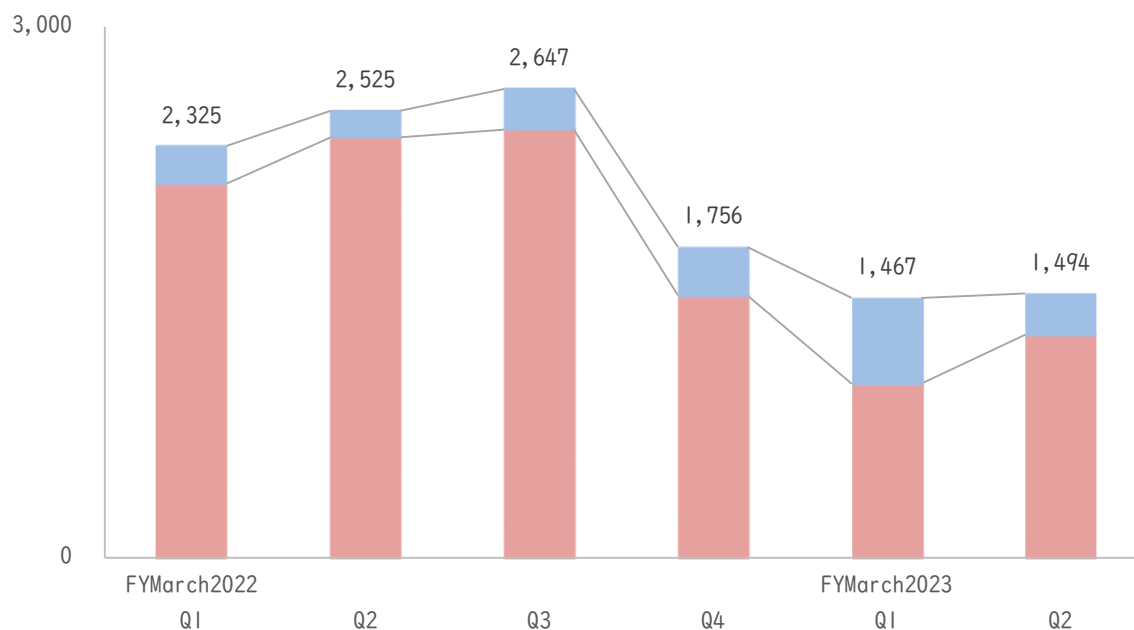
	FY March 2022 Q1~Q2	FY March 2023 Q1~Q2	Change (%) compared with the same period last year
Securities	4,488	2,243	△50.0%
Bonds, etc. and other	363	718	97.9%
<b>Net trading income</b>	<b>4,851</b>	<b>2,961</b>	<b>△38.9%</b>

(million yen)							
FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Q2	Change (%) compared with the previous quarter	
2,113	2,374	2,418	1,481	983	1,259	28.1%	
212	150	229	274	484	234	△51.5%	
<b>2,325</b>	<b>2,525</b>	<b>2,647</b>	<b>1,756</b>	<b>1,467</b>	<b>1,494</b>	<b>1.8%</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: 58.1 billion yen, 5th in industry (17 retail securities companies, excluding online securities companies)

(million yen, %)

	FY March 2022 Q1~Q2	FY March 2023 Q1~Q2	Change (%) compared with the same period last year
Financial revenue	1,032	1,042	1.0%
Financial expenses	95	127	32.6%
<b>Financial balance</b>	<b>936</b>	<b>915</b>	<b>△2.2%</b>

Average balance of customers' borrowing on margin transactions (100 millions of yen)	514	514	0.2%

FY March 2022	Q2	Q3	Q4	FY March 2023	Q2	Change (%) compared with the previous quarter
Q1				Q1		
525	506	551	513	500	542	8.4%
47	48	39	60	51	75	45.1%
<b>478</b>	<b>458</b>	<b>512</b>	<b>453</b>	<b>448</b>	<b>467</b>	<b>4.1%</b>

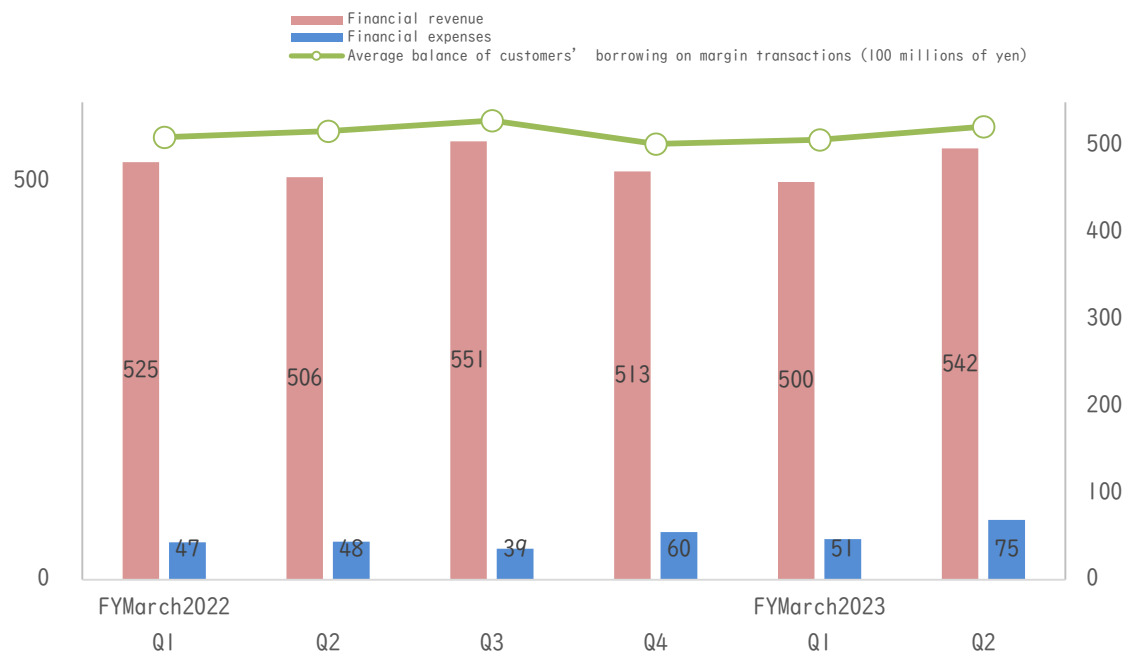
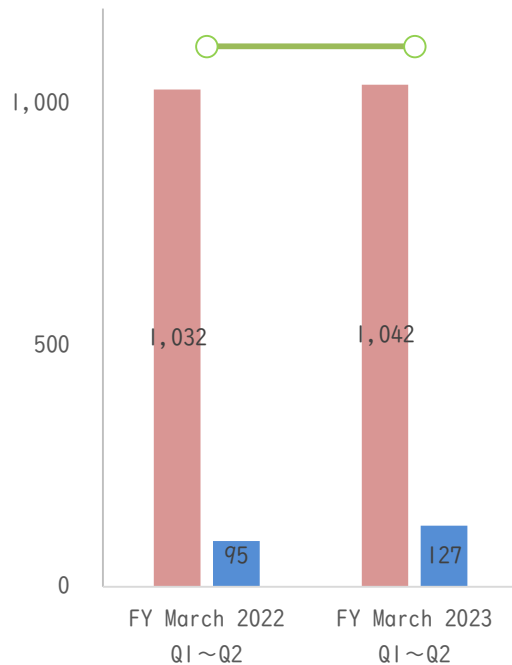
510	517	529	502	507	522	3.0%

(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

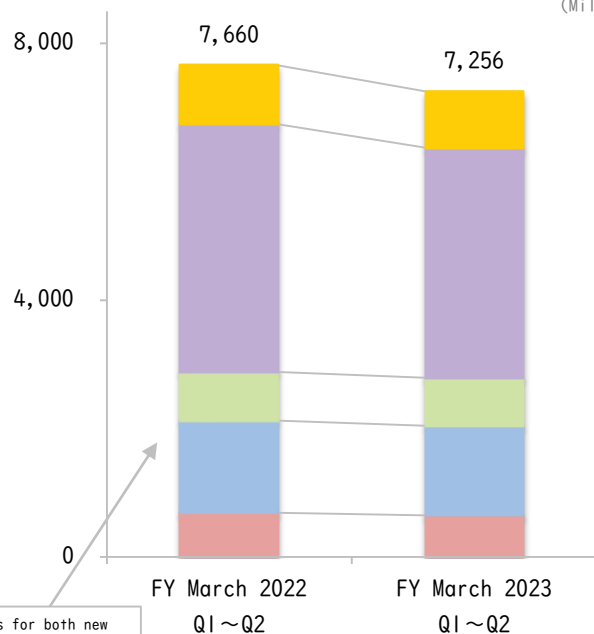
	FY March 2022 Q1~Q2	FY March 2023 Q1~Q2	Change (%) compared with the same period last year
Trading related expenses	920	875	△4.8%
Personnel expenses	3,858	3,586	△7.0%
Real estate expenses	756	748	△1.1%
Office expenses	1,435	1,397	△2.7%
Other	689	647	△6.0%
<b>Selling, general and administrative expenses</b>	<b>7,660</b>	<b>7,256</b>	<b>△5.3%</b>

(million yen, %)

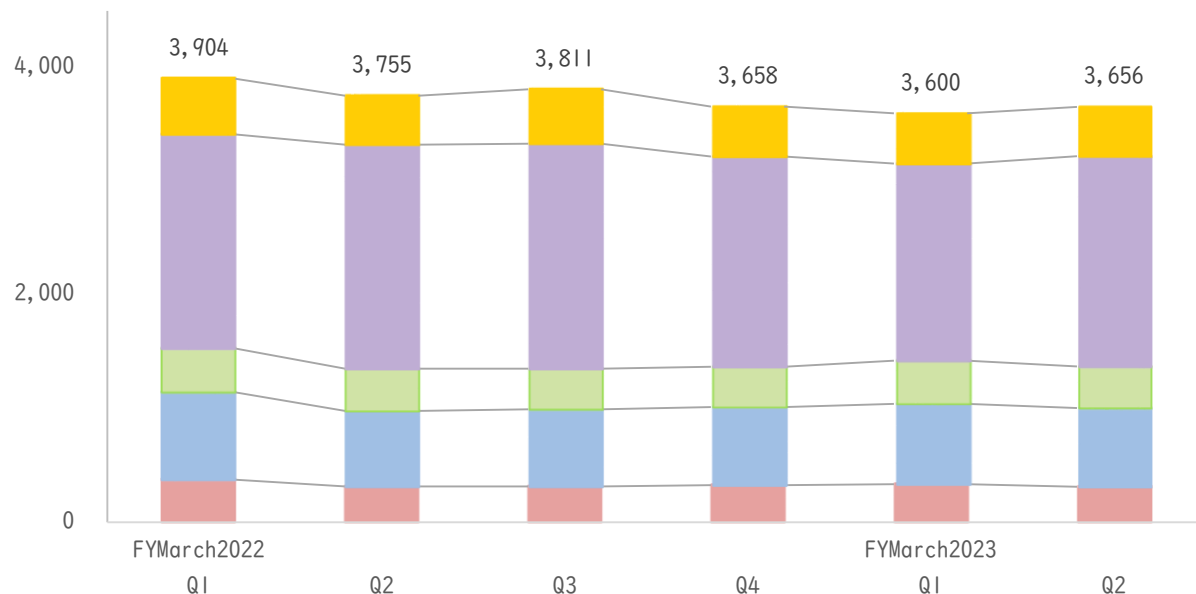
FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Q2	Change (%) compared with the previous quarter
488	431	477	439	440	434	△1.4%
1,886	1,971	1,981	1,852	1,736	1,850	6.5%
385	370	357	354	381	366	△3.9%
768	666	678	688	705	692	△1.9%
374	314	315	325	335	312	△6.8%
<b>3,904</b>	<b>3,755</b>	<b>3,811</b>	<b>3,658</b>	<b>3,600</b>	<b>3,656</b>	<b>1.5%</b>

(Millions of yen)

(Millions of yen)



Trading related expenses Personnel expenses Real estate expenses Office expenses Other



## Recorded ordinary profit for 40 consecutive quarters

(Millions of yen)

	Year ending March 31, 2022					Year ending March 31, 2023		
	Q1	Q2	Q3	Q4	full year	Q1	Q2	Q1~Q2
<b>Operating revenue</b>	<b>5,057</b>	<b>5,234</b>	<b>5,474</b>	<b>4,941</b>	<b>20,708</b>	<b>4,624</b>	<b>5,044</b>	<b>9,669</b>
Commission received	2,206	2,201	2,275	2,671	9,355	2,656	3,007	5,664
Brokerage commission	1,175	1,167	1,233	1,256	4,834	1,844	2,121	3,966
Commission for underwriting, secondary distribution, etc.	30	120	30	130	311	10	14	24
Fees for offering, secondary distribution, etc.	362	237	308	646	1,555	187	257	445
Other fee received	637	676	702	637	2,654	613	614	1,228
Net trading income	2,325	2,525	2,647	1,756	9,255	1,467	1,494	2,961
Securities	2,113	2,374	2,418	1,481	8,388	983	1,259	2,243
Bonds, etc. and other	212	150	229	274	867	484	234	718
Financial revenue	525	506	551	513	2,097	500	542	1,042
Financial expenses	47	48	39	60	195	51	75	127
Net operating revenue	5,010	5,185	5,435	4,881	20,512	4,572	4,969	9,542
Selling, general and administrative expenses	3,904	3,755	3,811	3,658	15,131	3,600	3,656	7,256
<b>Operating profit</b>	<b>1,105</b>	<b>1,430</b>	<b>1,623</b>	<b>1,222</b>	<b>5,381</b>	<b>972</b>	<b>1,313</b>	<b>2,285</b>
Non-operating income	218	42	128	39	428	233	31	264
Non-operating expenses	1	3	0	5	10	1	2	3
Non-operating profit	217	38	128	34	418	231	29	261
<b>Ordinary profit</b>	<b>1,322</b>	<b>1,468</b>	<b>1,752</b>	<b>1,256</b>	<b>5,799</b>	<b>1,204</b>	<b>1,342</b>	<b>2,546</b>
Extraordinary profit	0	-	5	△0	5	0	-	0
Extraordinary losses (※)	239	11	-	1	251	-	-	-
Extraordinary profit	△ 239	△ 11	5	△ 1	△ 245	0	-	0
Profit before income taxes	1,082	1,457	1,758	1,255	5,553	1,204	1,342	2,546
<b>Profit attributable to owners of parent</b>	<b>747</b>	<b>1,000</b>	<b>1,237</b>	<b>770</b>	<b>3,756</b>	<b>832</b>	<b>928</b>	<b>1,760</b>

(※) 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	Q2	Q1 ~ Q2
Ratio of ordinary profit to operating revenue	26.1%	28.1%	32.0%	25.4%	28.0%	26.0%	26.6%	26.3%
ROE	5.4%	7.2%	8.8%	5.5%	6.7%	6.0%	6.7%	6.3%
Earnings per share	31.84yen	42.58yen	52.70yen	32.82yen	159.93yen	35.43yen	39.52yen	74.95yen
Capital adequacy ratio	751.2%	764.5%	807.2%	823.4%	823.4%	776.8%	732.3%	732.3%

ROE: annualized

## Reference : Operating Performance Time Series

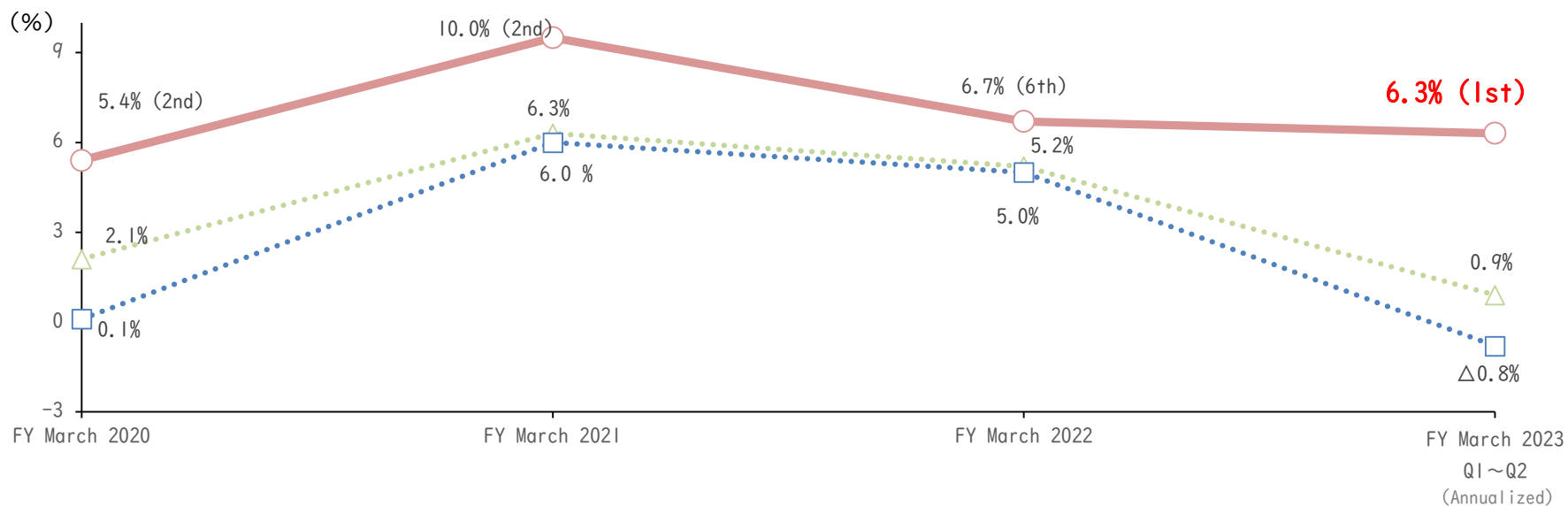
(Millions of yen)

	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023 Q1 ~ Q2
Operating revenue	21,089	21,241	18,948	22,993	20,708	9,669
Ordinary profit	5,465	5,924	4,239	7,530	5,799	2,546
Profit	4,726	4,148	2,700	5,362	3,756	1,760
<b>Ratio of ordinary profit to operating revenue</b>	<b>25.9%</b>	<b>27.9%</b>	<b>22.4%</b>	<b>32.8%</b>	<b>28.0%</b>	<b>26.3%</b>
(Industry ranking *1)	5th	1st	1st	3rd	3rd	1st
(Ratio for the industry *2)	22.0%	4.0%	3.4%	19.8%	13.0%	△5.9%
Dividends per share	75yen	75yen	75yen	117yen	80yen	20yen
Dividend payout ratio	37.3%	42.5%	65.2%	51.3%	50.0%	26.7%

※1 17 retail securities companies, excluding online securities companies

※2 Industry simple average excluding our company

## Changes in ROE



—○— The Company    ●●△●● Average of 16 companies excluding the Company

●●□●● Average of 6 mid-sized companies excluding the Company

(Note) Seventeen retail securities companies excluding online securities companies

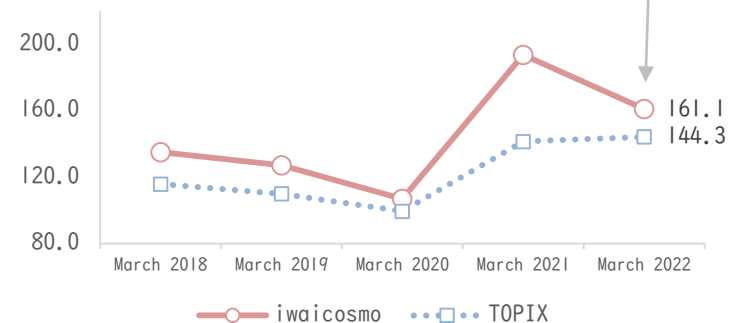
## reference : Total Shareholder Return

TSR : 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

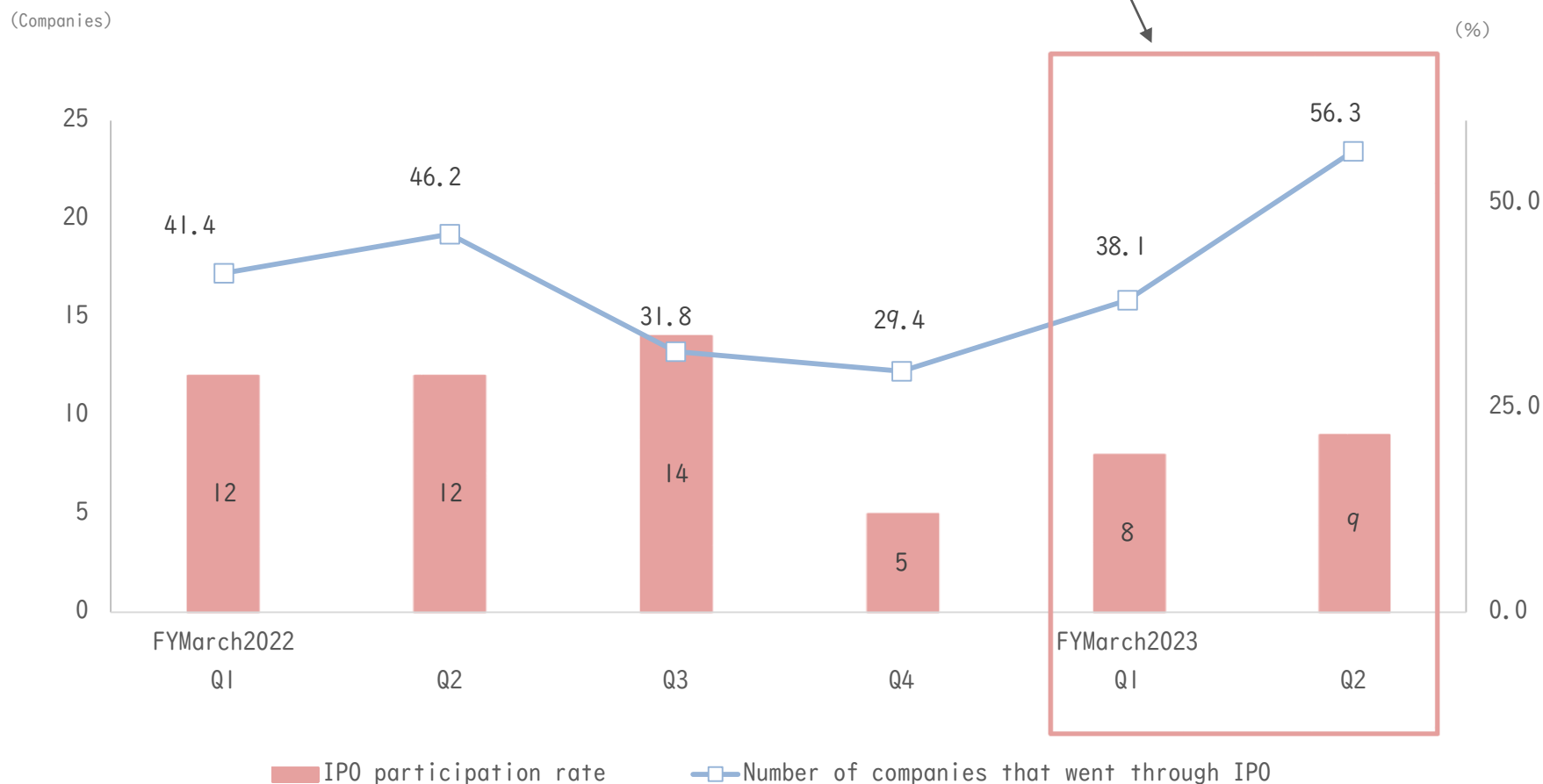
TSR=(Stock price at the end of each fiscal year + Cumulative amount of dividends per share from four fiscal years prior to the current fiscal year to each fiscal year) / Stock price on the last day of the five fiscal years prior to the current fiscal year

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



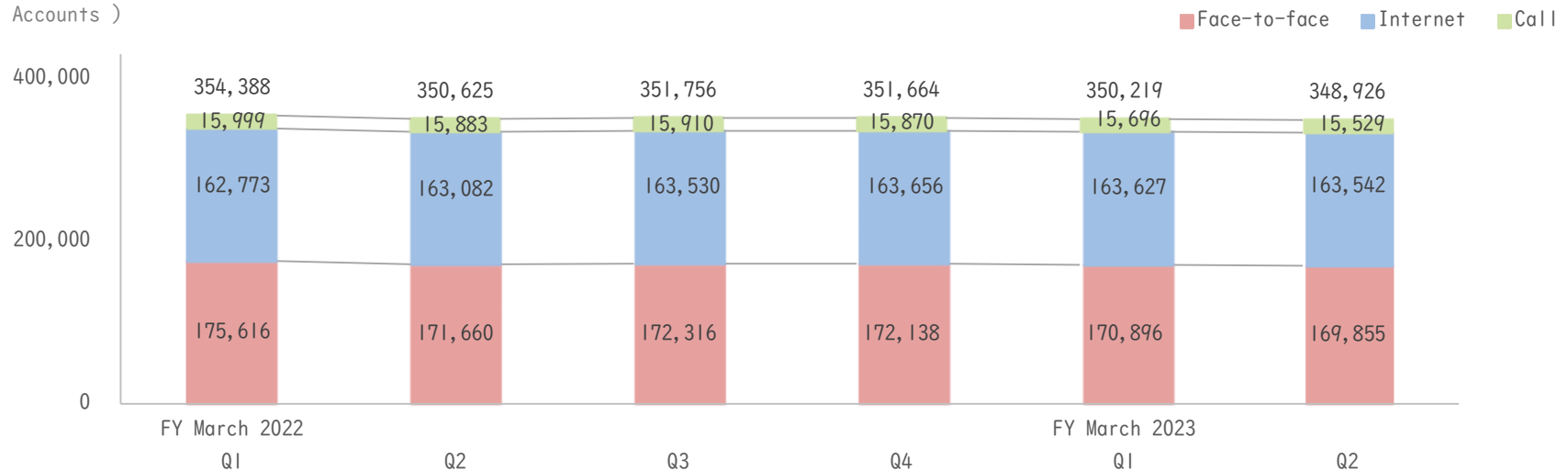
# Quarterly Changes in IPO Transactions

Number of companies that went through IPO during the six months ended September 30, 2022: 17, Participation rate: 45.9% (ranked 7th)

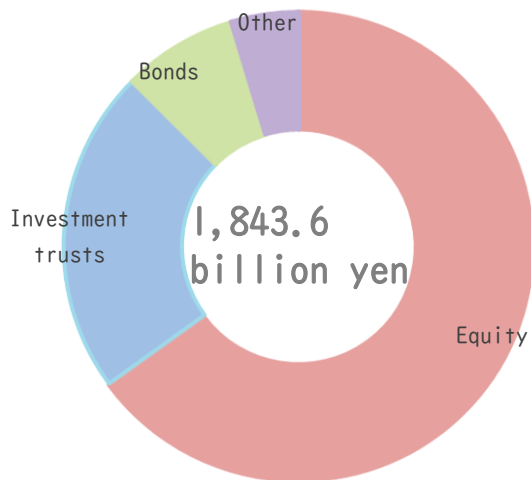


## Quarterly Changes in the Number of Accounts

( Accounts )

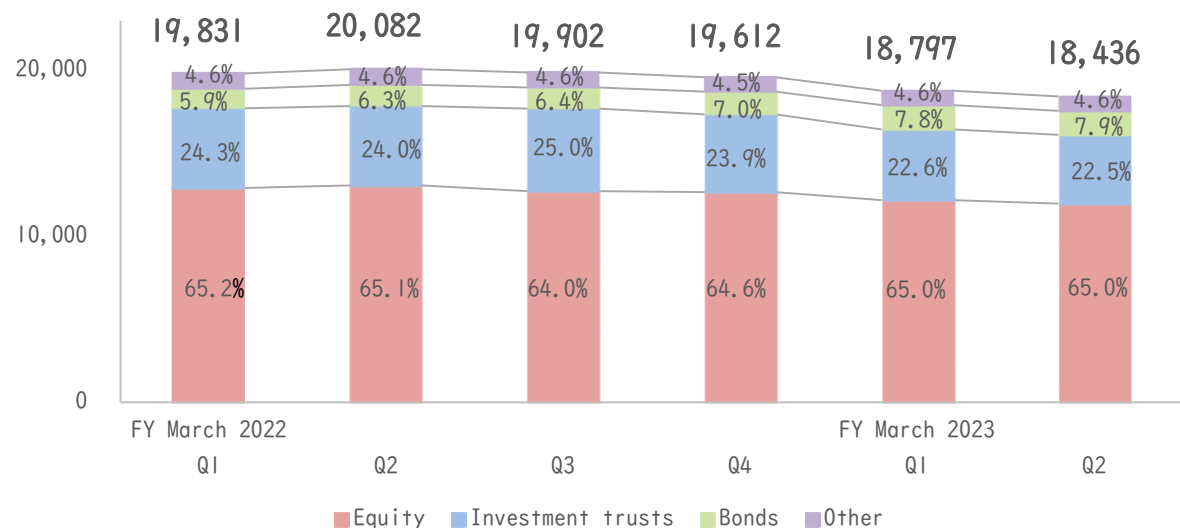


## Assets under Custody



## Changes in assets under custody

(100 millions of yen)



per share: **20 yen**

Effective date : November 24 th , 2022

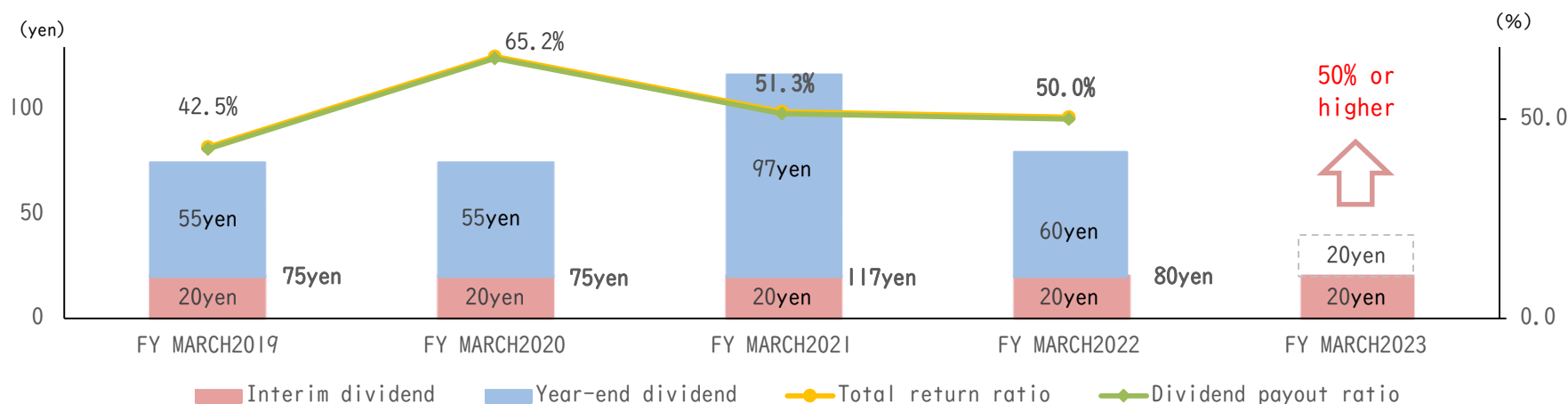
The interim dividend for the fiscal year under review was 20 yen per share (previous interim period: 20 yen per share), estimating conservatively based on the characteristics of the securities business of which performance is subject to fluctuation due to economic conditions and the market environment.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

Change in dividends per share

	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023
Interim dividend	20yen	20yen	20yen	20yen	20yen
Year-end dividend	55yen	55yen	97yen	60yen	—
Annual dividend	75yen	75yen	117yen	80yen	—
Dividend payout ratio	42.5%	65.2%	51.3%	50.0%	—
Ratio of dividends to net assets	3.6%	3.5%	4.9%	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 (%)

## 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
- 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



## 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
- Use of envelopes made from old banknotes (banknote scraps)
- Introduction of electric vehicles as business cars at the head office



## 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

- 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!



## 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](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
- Sep 8: Introduction of electric vehicles at head office (Osaka) as part of initiatives to realize the SDGs
- Oct 17: Introduction of real time trading system for U.S. stocks on Cosmo Netre online trading platform



Actively rolled out various campaigns



Delivered market information, etc. via official YouTube channel



Introduction of electric vehicles as business cars at the head office



Introduction of real time trading system for U.S. stocks on Cosmo Netre online trading platform



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



(For inquiries)

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