
Materials on Consolidated Financial Results for the Nine Months Ended December 31, 2022



(stock code : 8707)

February 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

Sales initiatives

Strengthen sales of Japanese stocks
(Brokerage commissions +74.3% YoY)

Earnings per share

114.50yen

Continuous ordinary profit

41 quarters

ROE

6.4%
No.1 in the Industry (※)

Fixed cost coverage ratio

33.4%

Other initiatives

Increased wages by more than 4%, mainly for young employees (implemented from January 2023, partially ahead of scheduled timing of July 2023)

Other initiatives

Opening of Nagasaki Plaza, a new branch in Nagasaki Prefecture (scheduled for March 2023)

Other initiatives

Introduction of “IwaiCosmo GoalNavi,” a discretionary investment service, as part of the “Cosmo Netre” online trading platform (from January 2023)

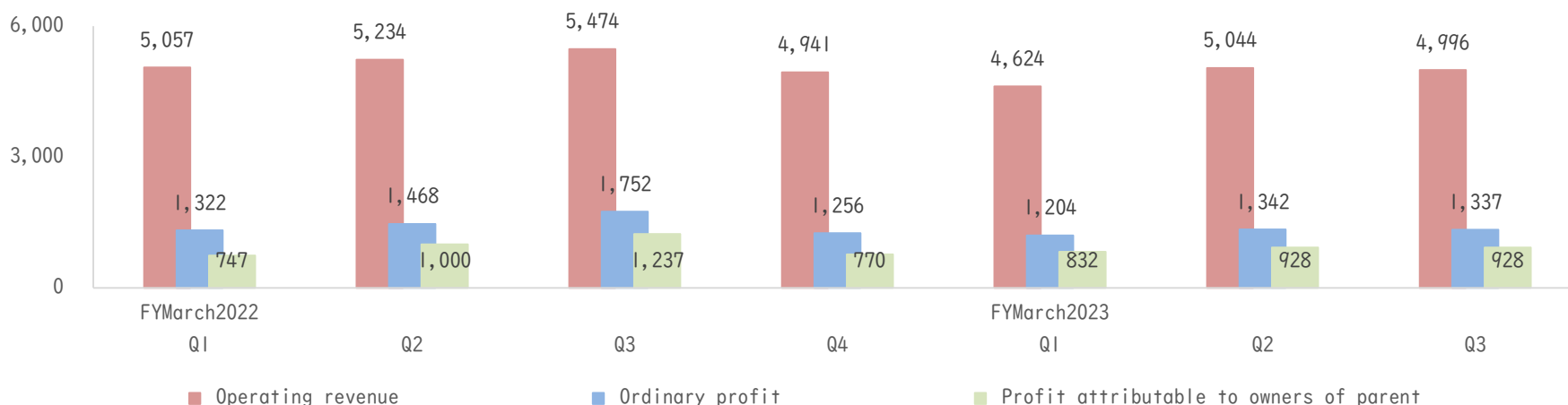
※ 17 retail securities companies, excluding online securities companies

- **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 41 consecutive quarters**
- The increase in selling, general and administrative expenses from the previous quarter was mainly due to the expenses associated with the introduction of the "real time trading system for U.S. stocks" on the online trading platform

(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 ~ Q3	Q2	Q3	Q1 ~ Q3		
Operating revenue	15,766	5,044	4,996	14,665	△7.0%	△1.0%
Net operating revenue	15,631	4,969	4,935	14,477	△7.4%	△0.7%
Selling, general and administrative expenses	11,472	3,656	3,720	10,977	△4.3%	1.8%
Operating profit	4,159	1,313	1,214	3,500	△15.9%	△7.5%
Ordinary profit	4,543	1,342	1,337	3,884	△14.5%	△0.4%
Profit attributable to owners of parent	2,985	928	928	2,689	△9.9%	0.1%
Earnings per share	127.11yen	39.52yen	39.55yen	114.50yen	△9.9%	0.1%
Net assets per share	2,397.26yen	2,385.24yen	2,400.63yen	2,400.63yen	0.1%	0.6%
ROE	7.1%	6.7%	6.6%	6.4%	△0.7pt	△0.1pt

※ 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.

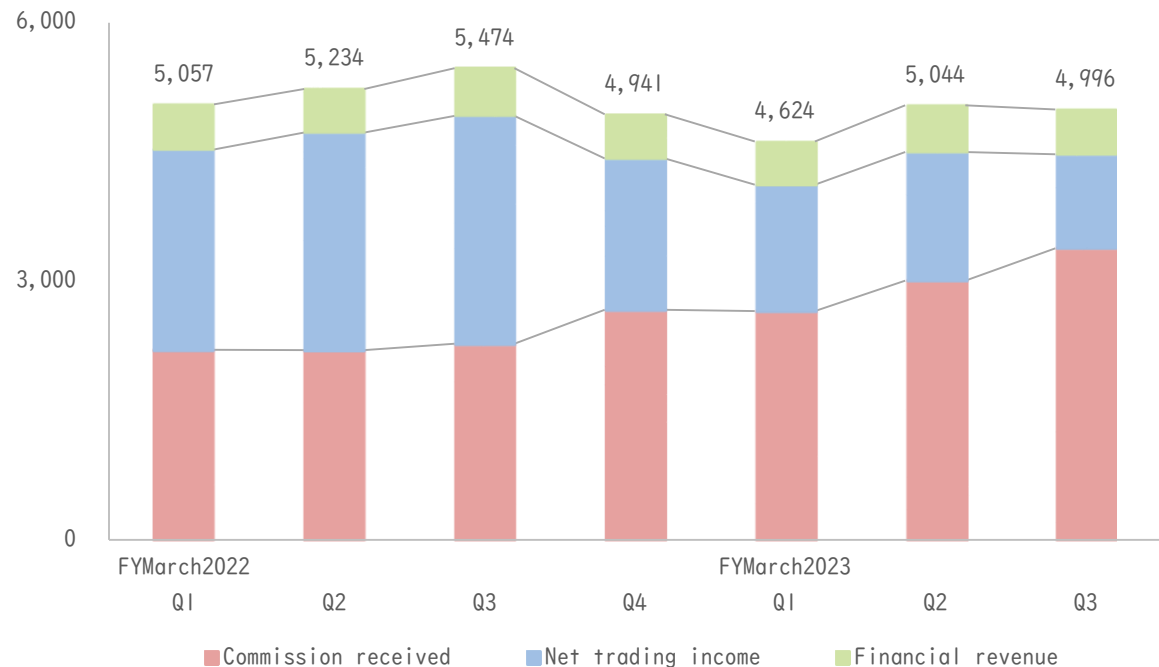
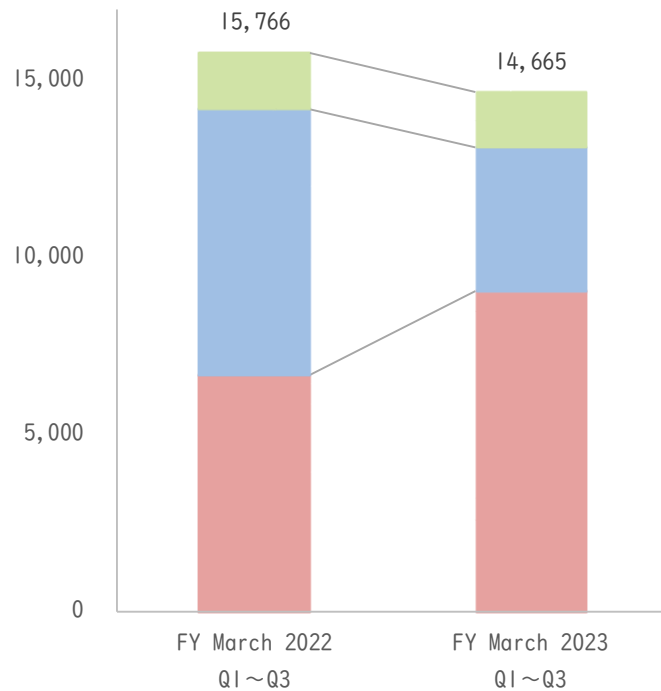
(million yen)

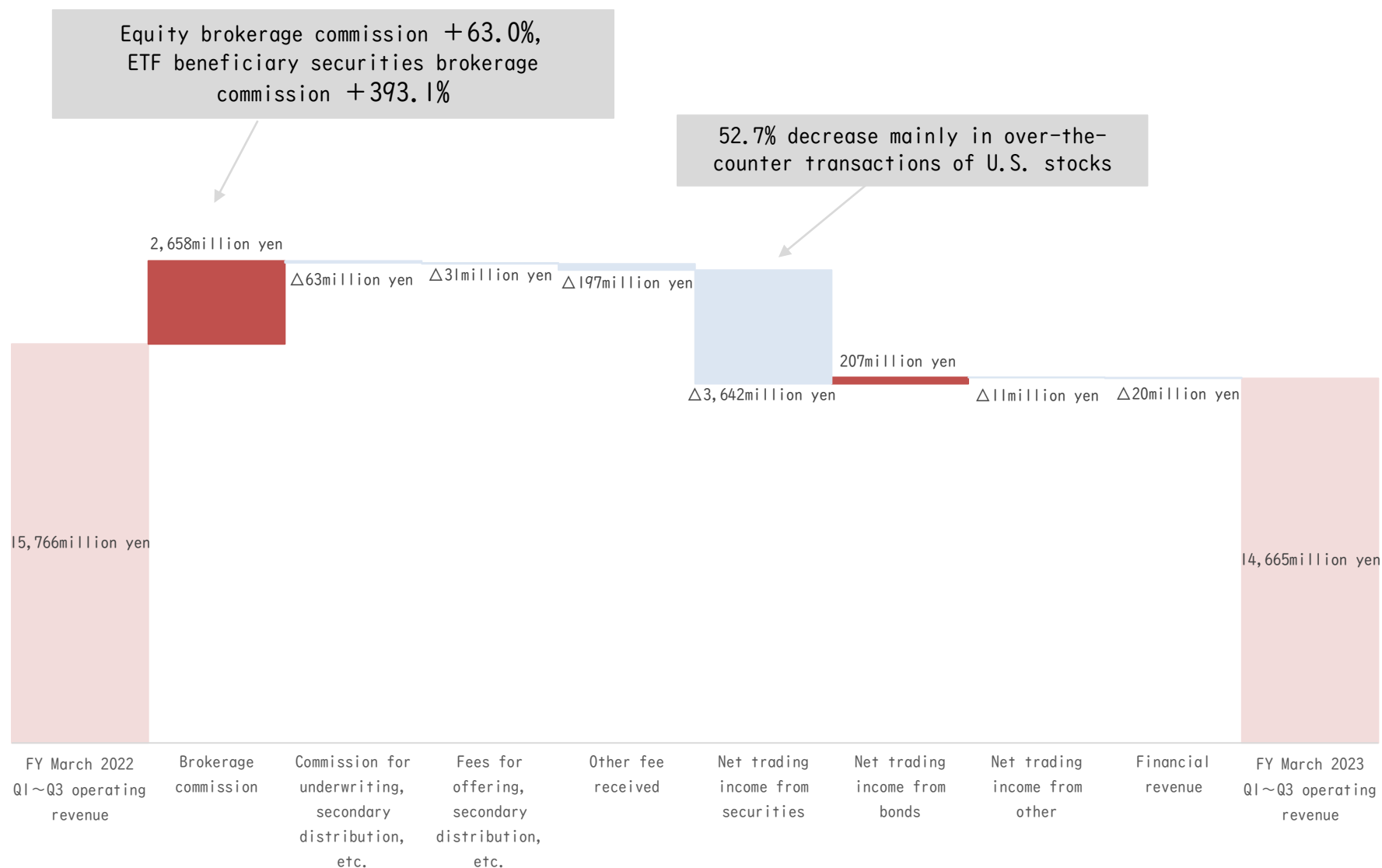
	FY March 2022 Q1~Q3	FY March 2023 Q1~Q3	Change (%) compared with the same period last year
Commission received	6,684	9,049	35.4%
Net trading income	7,498	4,052	△46.0%
Financial revenue	1,583	1,563	△1.3%
Operating revenue	15,766	14,665	△7.0%

FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Q2	Q3	Change (%) compared with the previous quarter
2,206	2,201	2,275	2,671	2,656	3,007	3,385	12.5%
2,325	2,525	2,647	1,756	1,467	1,494	1,090	△27.0%
525	506	551	513	500	542	520	△4.0%
5,057	5,234	5,474	4,941	4,624	5,044	4,996	△1.0%

(Millions of yen)

(Millions of yen)





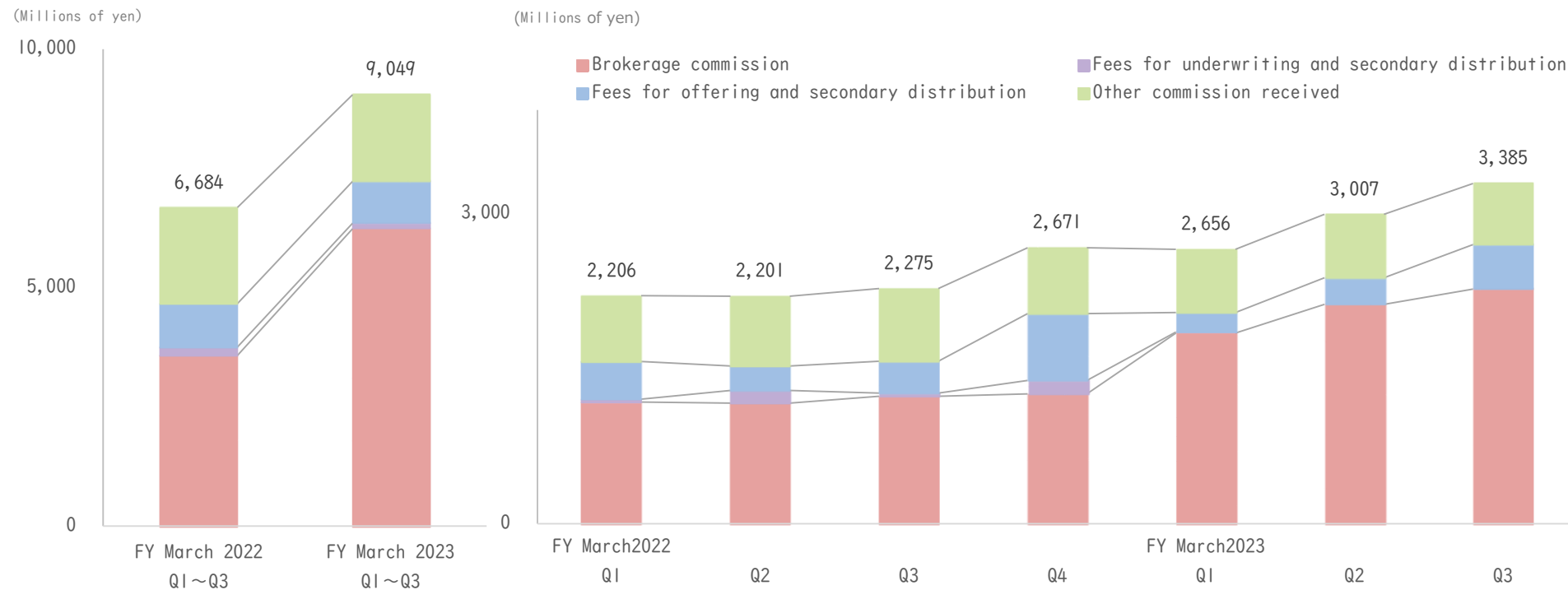
Commission receive

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

	FY March 2022 Q1~Q3	FY March 20223 Q1~Q3	Change (%) compared with the same period last year
Brokerage commission	3,577	6,236	74.3%
Fees for underwriting and secondary distribution	181	117	△35.0%
Fees for offering and secondary distribution	908	876	△3.5%
Other commission received	2,016	1,818	△9.8%
Commission received	6,684	9,049	35.4%

(million yen)

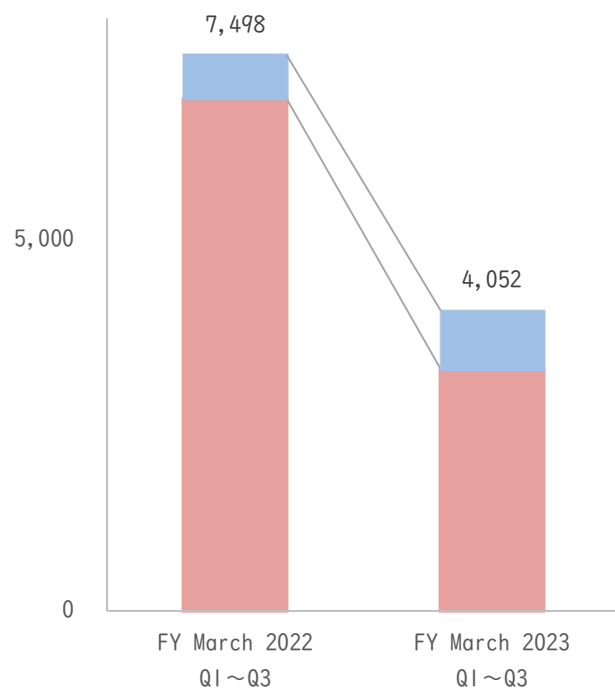
FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Q2	Q3	Change (%) compared with the previous quarter
1,175	1,167	1,233	1,256	1,844	2,121	2,269	7.0%
30	120	30	130	10	14	93	542.7%
362	237	308	646	187	257	431	67.8%
637	676	702	637	613	614	590	△3.9%
2,206	2,201	2,275	2,671	2,656	3,007	3,385	12.5%



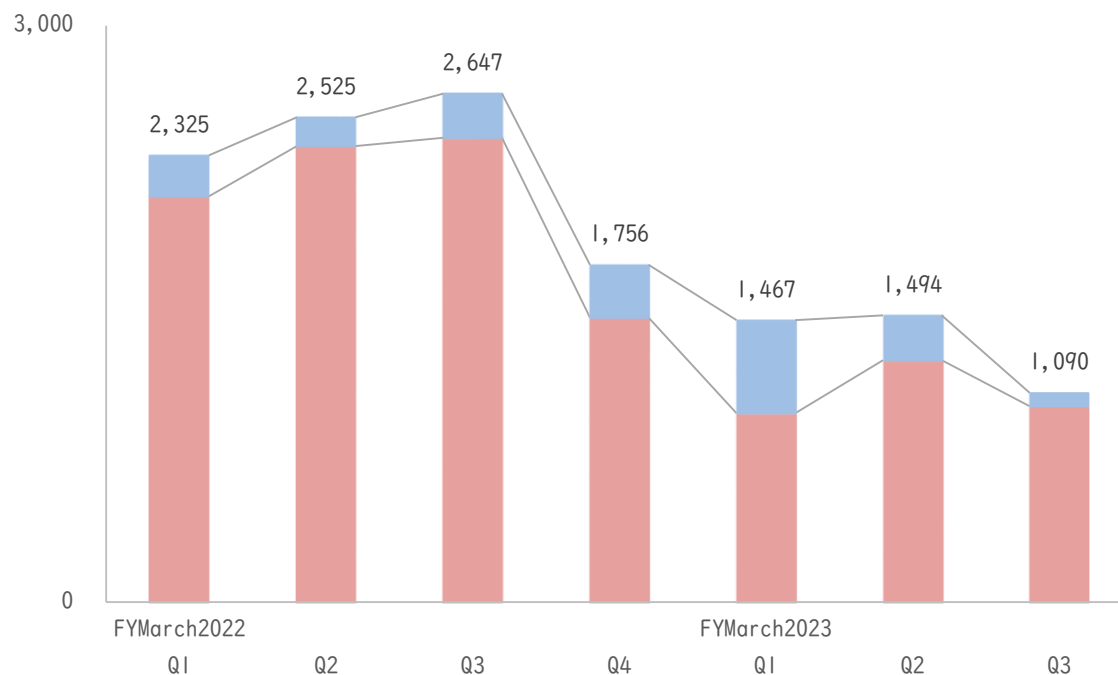
Decline in net trading income from securities amid the uncertain market environment in the U.S.

				(million yen)							
	FY March 2022 Q1~Q3	FY March 2023 Q1~Q3	Change (%) compared with the same period last year	FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Q2	Q3	Change (%) compared with the previous quarter
Securities	6,906	3,264	△52.7%	2,113	2,374	2,418	1,481	983	1,259	1,020	△19.0%
Bonds, etc. and other	592	788	33.0%	212	150	229	274	484	234	69	△70.4%
Net trading income	7,498	4,052	△46.0%	2,325	2,525	2,647	1,756	1,467	1,494	1,090	△27.0%

(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 balance

Balance of customers' borrowing on margin transactions: 63.3 billion yen (As of December 31, 2022) ,
5th in industry (17 retail securities companies, excluding online securities companies)

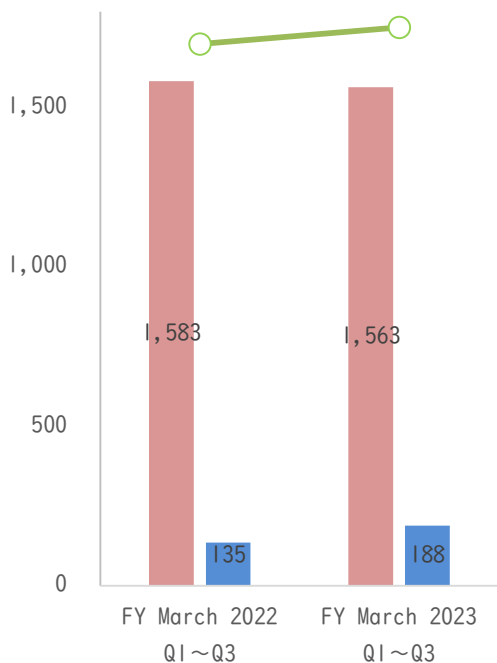
	FY March 2022 Q1~Q3	FY March 2023 Q1~Q3	Change (%) compared with the same period last year
Financial revenue	1,583	1,563	△1.3%
Financial expenses	135	188	39.4%
Financial balance	1,448	1,375	△5.1%

Average balance of customers' borrowing on margin transactions (100 millions of yen)	519	535	3.0%

							Change (%) compared with the previous quarter
FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Q2	Q3	
525	506	551	513	500	542	520	△4.0%
47	48	39	60	51	75	61	△18.7%
478	458	512	453	448	467	459	△1.6%

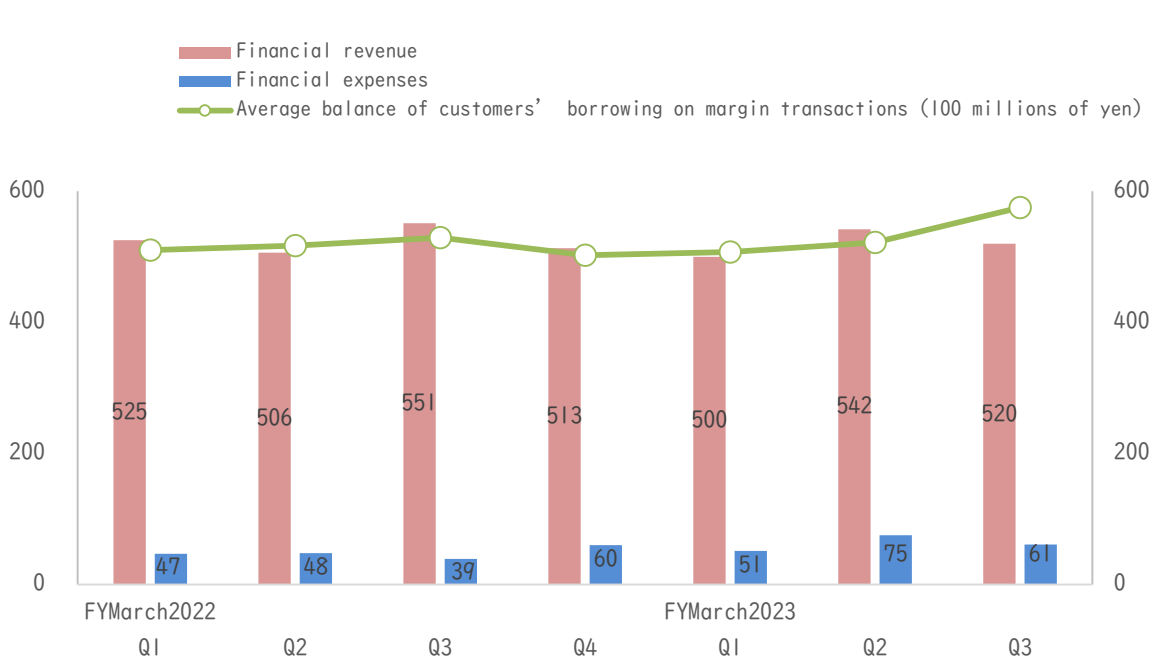
510	517	529	502	507	522	575	10.1%

(Millions of yen)



(100 millions of yen)

(Millions of yen)



(100 millions of yen)

Selling, general and administrative expenses

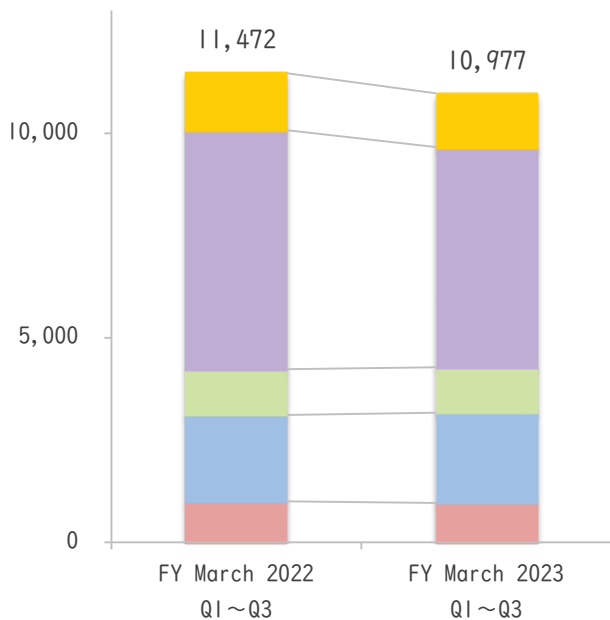
Office expenses increased as a result of expenses associated with the introduction of the “real time trading system for U.S. stocks” on the online trading platform

(million yen, %)

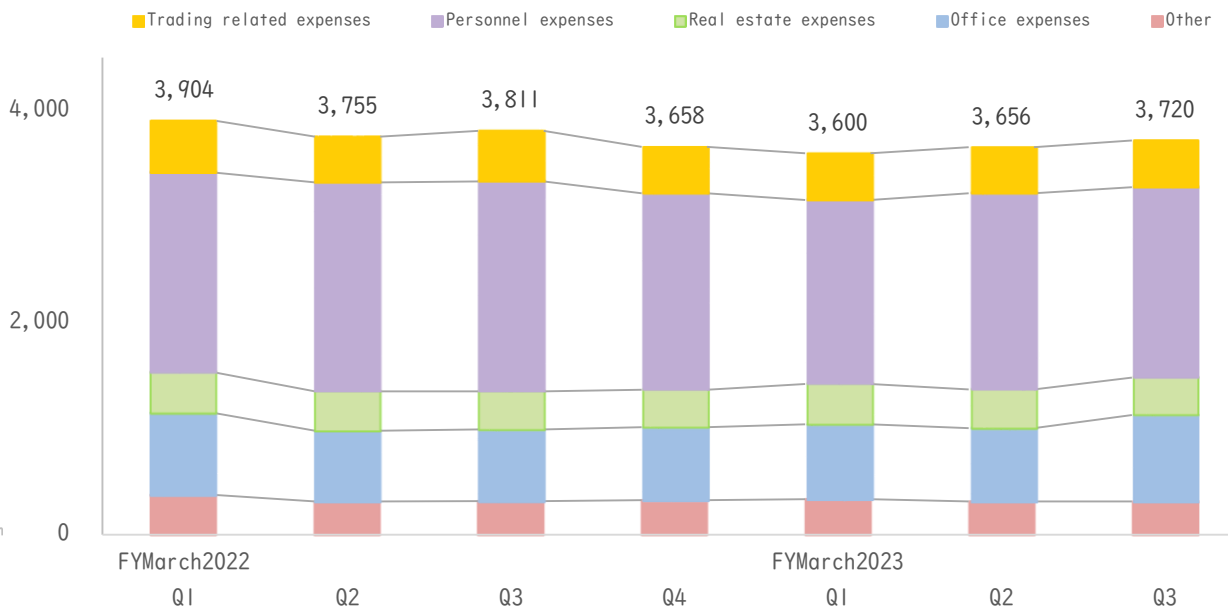
	FY March 2022 Q1~Q3	FY March 2023 Q1~Q3	Change (%) compared with the same period last year
Trading related expenses	1,397	1,316	△5.8%
Personnel expenses	5,840	5,381	△7.9%
Real estate expenses	1,114	1,104	△0.9%
Office expenses	2,114	2,212	4.7%
Other	1,004	961	△4.3%
Selling, general and administrative expenses	11,472	10,977	△4.3%

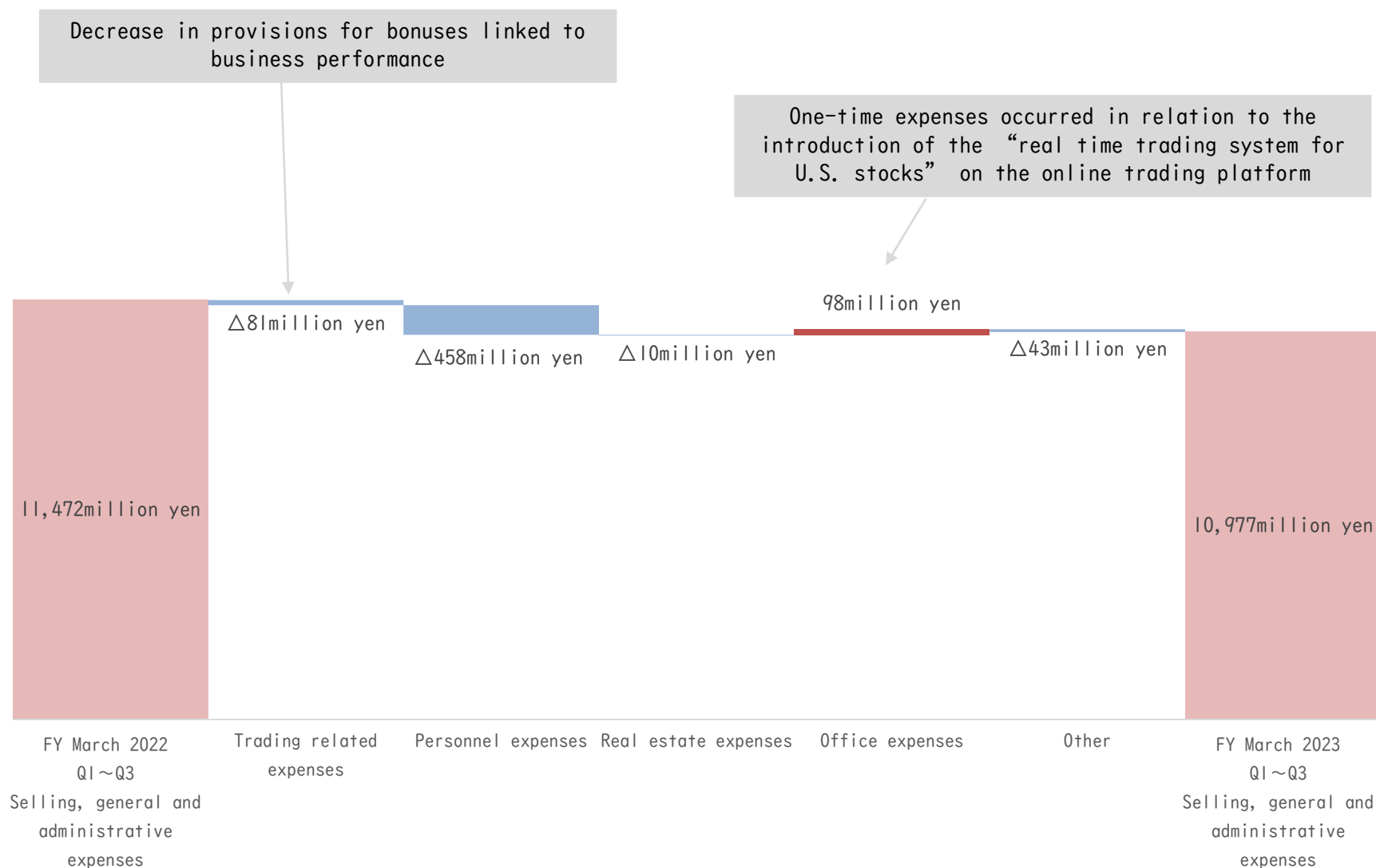
FY March 2022 Q1	Q2	Q3	Q4	FY March 2023 Q1	Q2	Q3	Change (%) compared with the previous quarter
488	431	477	439	440	434	440	1.4%
1,886	1,971	1,981	1,852	1,736	1,850	1,794	△3.0%
385	370	357	354	381	366	355	△3.0%
768	666	678	688	705	692	814	17.8%
374	314	315	325	335	312	313	0.4%
3,904	3,755	3,811	3,658	3,600	3,656	3,720	1.8%

(Millions of yen)



(Millions of yen)





Recorded ordinary profit for 4l consecutive quarters

(Millions of yen)

	Year ending March 31, 2022					Year ending March 31, 2023			
	Q1	Q2	Q3	Q4	full year	Q1	Q2	Q3	Q1~Q3
Operating revenue	5,057	5,234	5,474	4,941	20,708	4,624	5,044	4,996	14,665
Commission received	2,206	2,201	2,275	2,671	9,355	2,656	3,007	3,385	9,049
Brokerage commission	1,175	1,167	1,233	1,256	4,834	1,844	2,121	2,269	6,236
Commission for underwriting, secondary distribution, etc.	30	120	30	130	311	10	14	93	117
Fees for offering, secondary distribution, etc.	362	237	308	646	1,555	187	257	431	876
Other fee received	637	676	702	637	2,654	613	614	590	1,818
Net trading income	2,325	2,525	2,647	1,756	9,255	1,467	1,494	1,090	4,052
Securities	2,113	2,374	2,418	1,481	8,388	983	1,259	1,020	3,264
Bonds, etc. and other	212	150	229	274	867	484	234	69	788
Financial revenue	525	506	551	513	2,097	500	542	520	1,563
Financial expenses	47	48	39	60	195	51	75	61	188
Net operating revenue	5,010	5,185	5,435	4,881	20,512	4,572	4,969	4,935	14,477
Selling, general and administrative expenses	3,904	3,755	3,811	3,658	15,131	3,600	3,656	3,720	10,977
Operating profit	1,105	1,430	1,623	1,222	5,381	972	1,313	1,214	3,500
Non-operating income	218	42	128	39	428	233	31	124	389
Non-operating expenses	1	3	0	5	10	1	2	2	5
Non-operating profit	217	38	128	34	418	231	29	122	384
Ordinary profit	1,322	1,468	1,752	1,256	5,799	1,204	1,342	1,337	3,884
Extraordinary profit	0	-	5	△0	5	0	-	△0	-
Extraordinary losses (※)	239	11	-	1	251	-	-	0	0
Extraordinary profit	△ 239	△ 11	5	△ 1	△ 245	0	-	△ 0	△ 0
Profit before income taxes	1,082	1,457	1,758	1,255	5,553	1,204	1,342	1,337	3,883
Profit attributable to owners of parent	747	1,000	1,237	770	3,756	832	928	928	2,689

(※) 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	Q3	Q1 ~ Q3
Ratio of ordinary profit to operating revenue	26.1%	28.1%	32.0%	25.4%	28.0%	26.0%	26.6%	26.8%	26.5%
ROE	5.4%	7.2%	8.8%	5.5%	6.7%	6.0%	6.7%	6.6%	6.4%
Earnings per share	31.84yen	42.58yen	52.70yen	32.82yen	159.93yen	35.43yen	39.52yen	39.55yen	114.50yen
Capital adequacy ratio	751.2%	764.5%	807.2%	823.4%	823.4%	776.8%	732.3%	736.5%	736.5%

ROE: annualized

Reference : Operating Performance Time Series

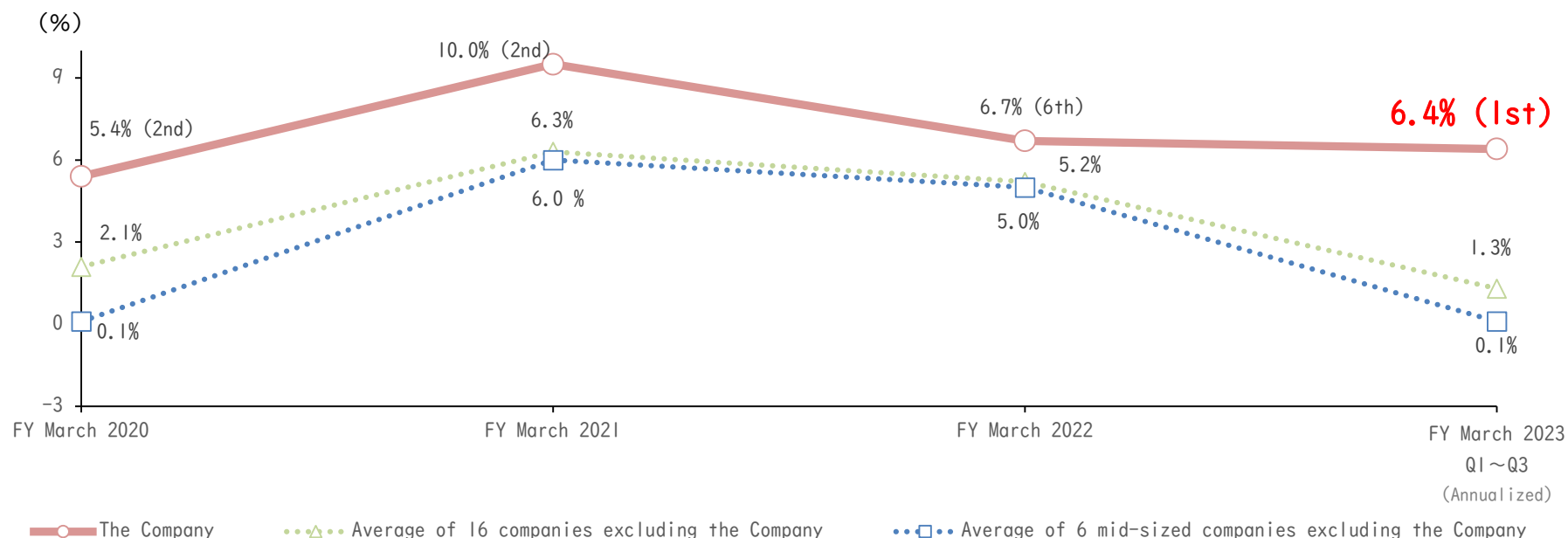
(Millions of yen)

	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023 Q1 ~ Q3
Operating revenue	21,089	21,241	18,948	22,993	20,708	14,665
Ordinary profit	5,465	5,924	4,239	7,530	5,799	3,884
Profit	4,726	4,148	2,700	5,362	3,756	2,689
Ratio of ordinary profit to operating revenue	25.9%	27.9%	22.4%	32.8%	28.0%	26.5%
(Industry ranking *1)	5th	1st	1st	3rd	3rd	1st
(Ratio for the industry *2)	22.0%	4.0%	3.4%	19.8%	13.0%	△4.4%
Dividends per share	75yen	75yen	75yen	117yen	80yen	—
Dividend payout ratio	37.3%	42.5%	65.2%	51.3%	50.0%	—

※1 17 retail securities companies, excluding online securities companies

※2 Industry simple average excluding our company

Changes in ROE



(Note) Seventeen retail securities companies excluding online securities companies

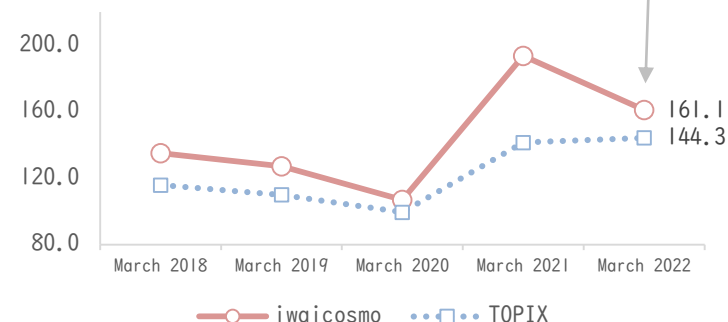
reference : Total Shareholder Return

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

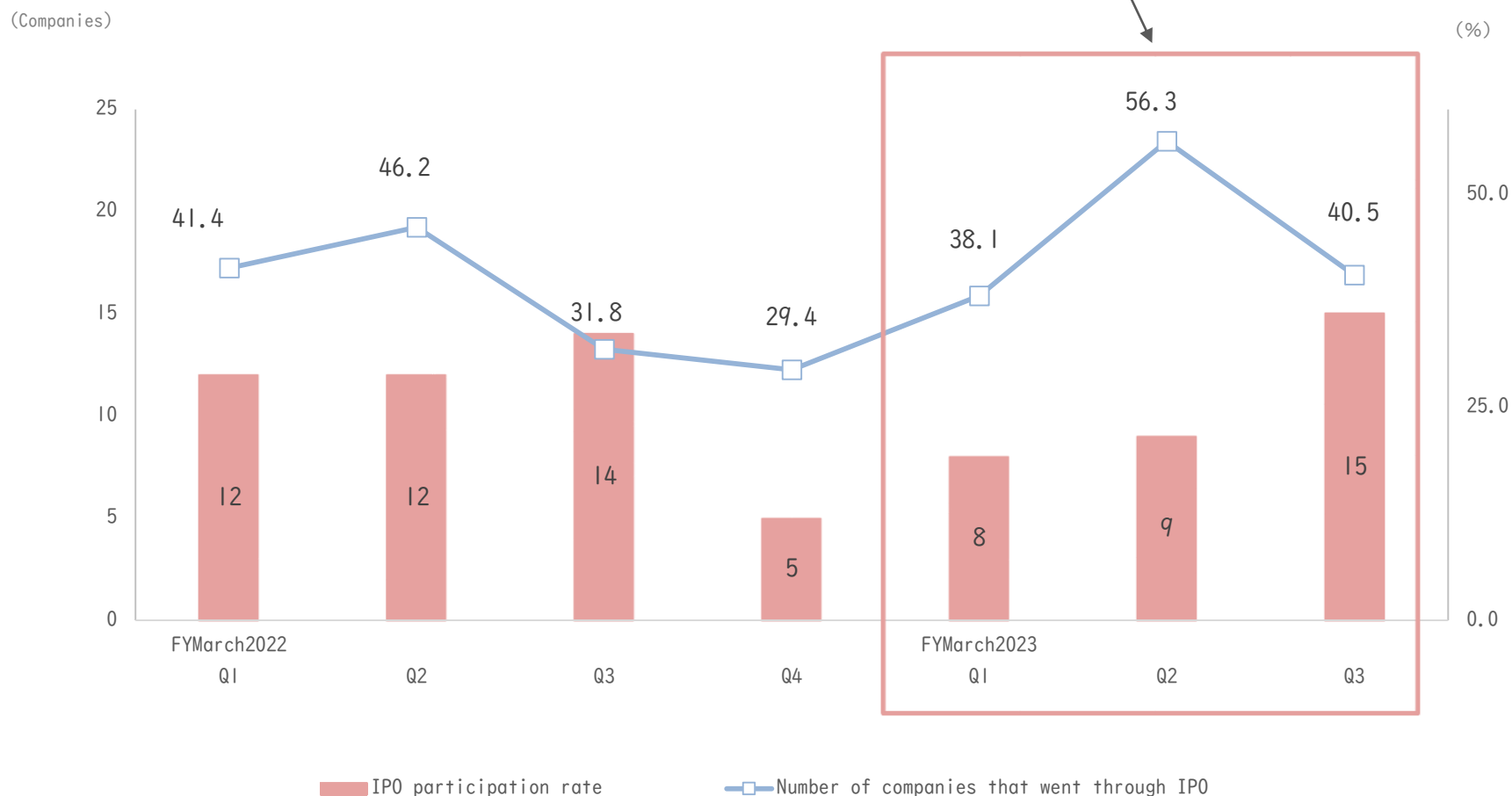
TSR=(Stock price at the end of each fiscal year + Cumulative amount of dividends per share from four fiscal years prior to the current fiscal year to each fiscal year) / Stock price on the last day of the five fiscal years prior to the current fiscal year

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



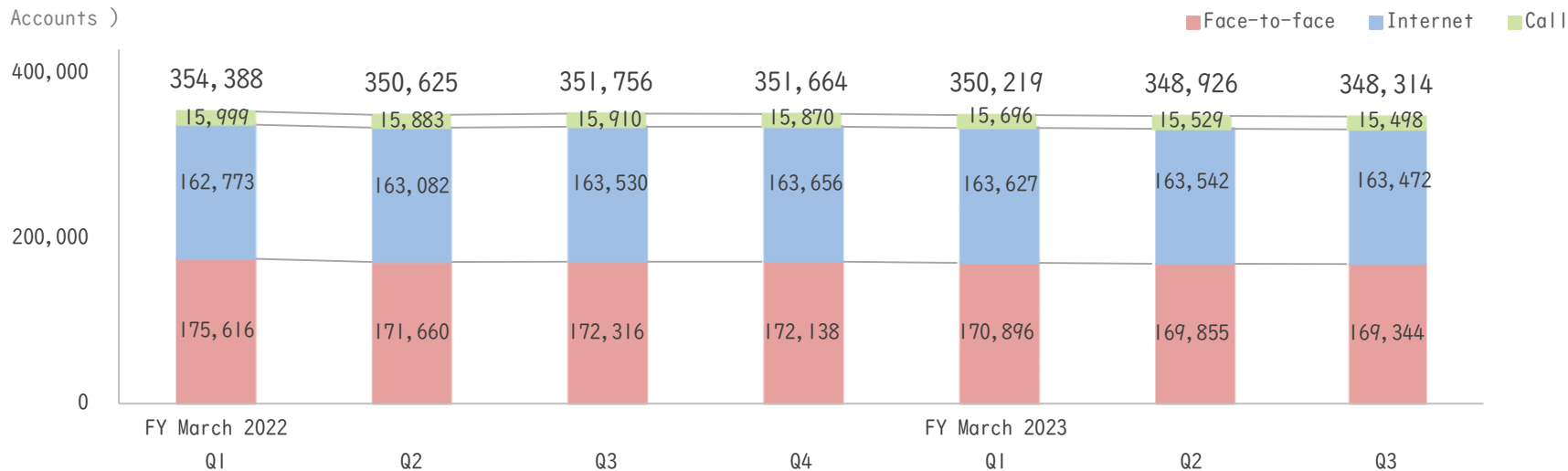
Quarterly Changes in IPO Transactions

Number of companies that went through IPO during the nine months ended December 31, 2022: 32, Participation rate: 43.2% (ranked 9th)

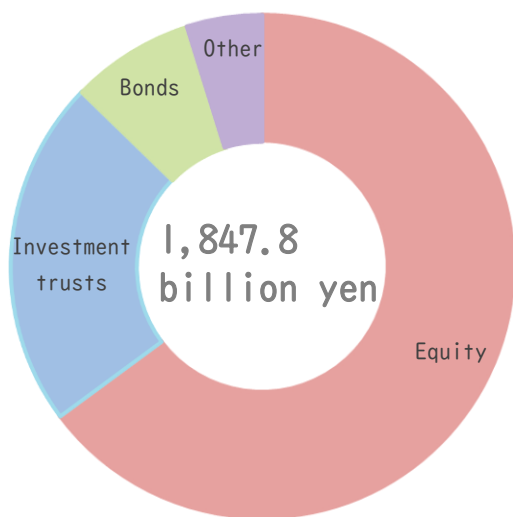


Quarterly Changes in the Number of Accounts

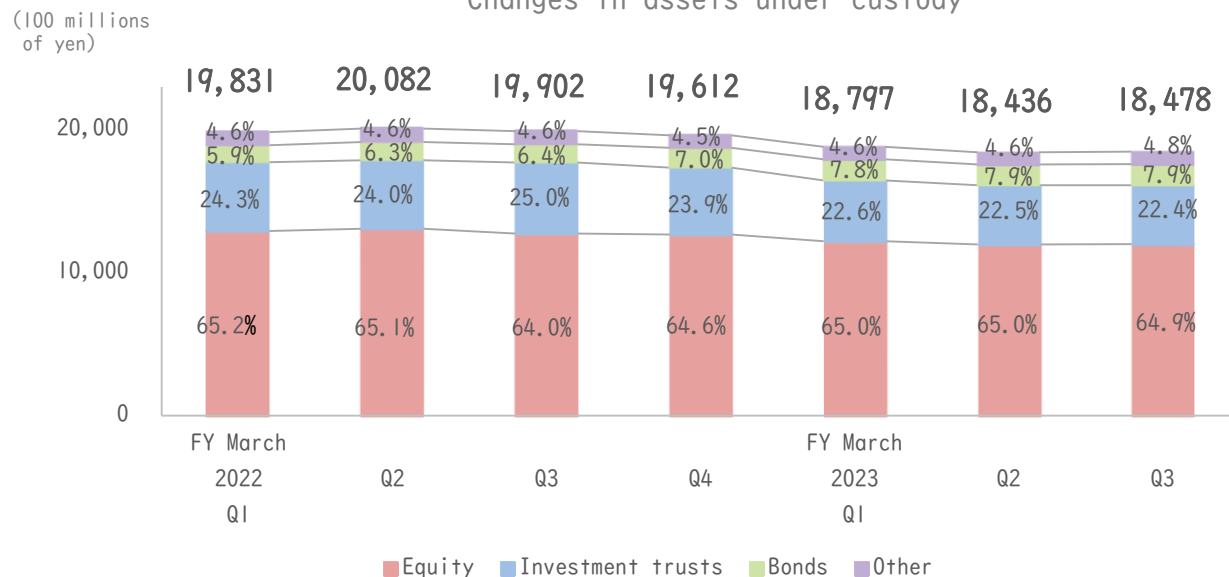
(Accounts)



Assets under Custody



Changes in assets under custody



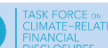
Social contribution activities

- 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
- 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.

- 2022 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
 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
 Oct 22: Maximum wage increases of 4%; ahead of schedule owing to rising prices (The Nikkei)
 Nov 10: Announcement of "Policy Concerning Solicitation and Sales of Structured Bonds"
 Nov 25: Announcement of "Raising the Salary Level (Increase in Base Wages) and Expanding Mid-career Hiring"
 Dec 8: IwaiCosmo Securities: "Recommended" stocks by each branch; focusing on domestic stocks (The Nikkei)
 Dec 14: Background to IwaiCosmo's "entry into online-only fund wrap" (Shikiho Online)
 Dec 16: Announcement of "Notice Concerning the Opening of Nagasaki Plaza (branch office)"
 Dec 23: In a news program on NHK, IwaiCosmo was featured as a "company that is actively working to raise its employees' wages" amid rising prices
- 2023 Jan 12: Major wage increases; aiming to acquire human resources (Asahi Shimbun)
 Jan 17: IwaiCosmo launches fund wrap with Nissay Asset Management (The Nikkei)
 Jan 23: Launched "IwaiCosmo GoalNavi," a discretionary investment service, as part of the "Cosmo Netre" online trading platform



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



Launched "IwaiCosmo GoalNavi," a discretionary investment service, as part of the "Cosmo Netre" online trading platform



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 December 31, 2022, 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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