
Materials on Consolidated Financial Results for the Three Months Ended June 30, 2023

-Financial Summary and the Company's Initiatives-



(stock code : 8707)

August 2023

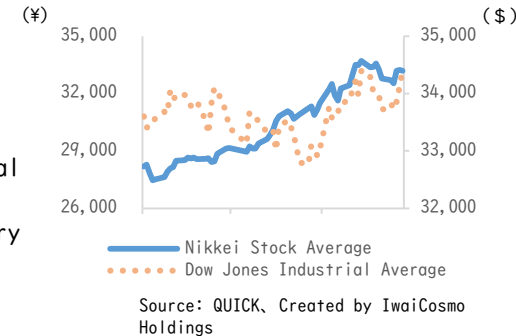
Market environment in the first quarter of the fiscal year ending March 31, 2024

■ Japanese stock market

- An market upward trend since the beginning of the period, due to the announcement of additional investment in Japanese equities by prominent US investors
- The Nikkei stock average rebounded to 33,000 yen for the first time in 33 years due to recovery in demand from travelers to Japan and strong corporate performance
- Nikkei Stock Average ¥33,189.04 (up 18.4% year on year)

■ U.S. stock market

- Difficulties in raising the US government debt ceiling → subsequent passage of legislation and avoidance of default
- Fed hinted at two more rate hikes before the end of the year, but soft landing more likely, risk-on attitude strengthening
- Dow Jones Industrial Average \$34,407.60 (up 3.4% year on year)



Results for fiscal year ending March 31, 2024 · Main Initiatives for fiscal year ending March 31, 2024

- Strengthen sales of Japanese stocks (Brokerage commissions +15.4% YoY)
- U.S. stock : net trading income from securities +107.3% YoY
- **Top-ranked operating revenue and operating profit and ordinary profit and Profit attributable to owners of parent among seven mid-sized securities companies**
- Earnings per share : **56.54yen**
- ROE : **9.1%** Industry ranking (※) 4th
- Ratio of ordinary profit to operating revenue: **33.0%** Industry ranking (※) 4th
- Fixed cost coverage ratio : **37.7%**
- Continuous ordinary profit : **43quarters**
- Established dedicated team for obtaining customer appointments
 - Follow up on customers who have not traded for a certain period of time
 - ⇒ Improve customer satisfaction and reactivate accounts
- Percentage of female officers 33.3% (three out of nine)
 - ⇒ Implementing management system aimed at “advancement of female officers” and “gender equality.”
 - ⇒ Government target for TSE Prime listed companies (30% by 2030) was achieved as of June 30, 2023!

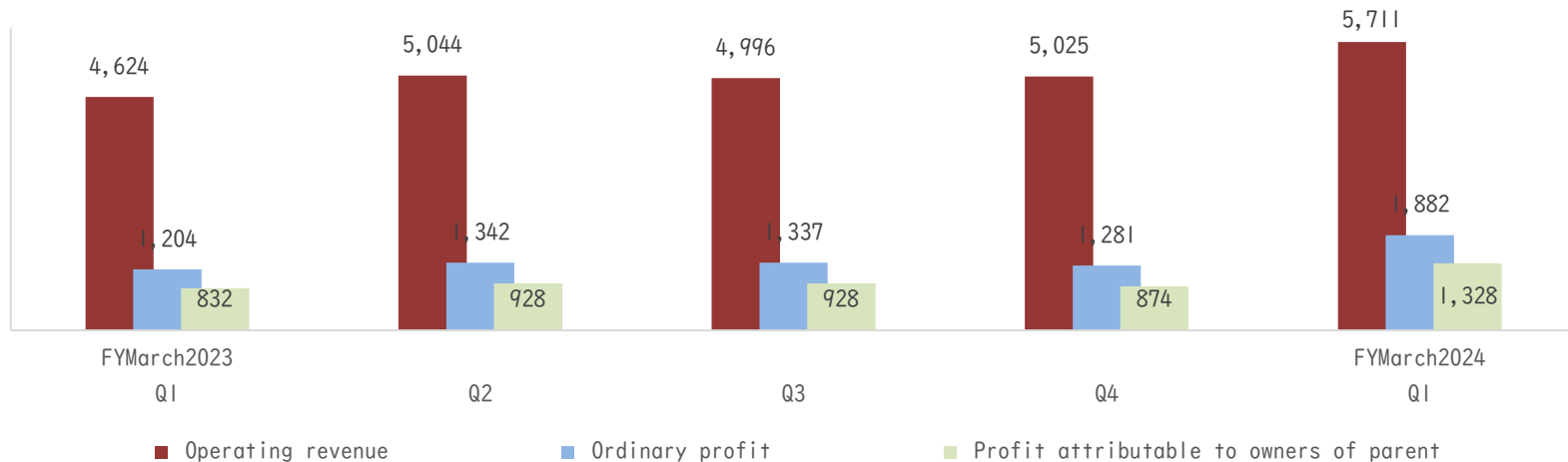
(※) Seventeen retail securities companies

- 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 43 consecutive quarters

(Millions of yen, %)

	Year ended March 31, 2023		Year ending March 31, 2024		Change (%) compared with the same period last year	Change (%) compared with the previous quarter
	Q1	Q4	Q1	Q4		
Operating revenue	4,624	5,025	5,711		23.5%	13.7%
Net operating revenue	4,572	4,951	5,630		23.1%	13.7%
Selling, general and administrative expenses	3,600	3,681	3,945		9.6%	7.2%
Operating profit	972	1,270	1,685		73.3%	32.7%
Ordinary profit	1,204	1,281	1,882		56.3%	46.9%
Profit attributable to owners of parent	832	874	1,328		59.6%	51.9%
Earnings per share	35.43yen	37.23yen	56.54yen		59.6%	51.9%
Net assets per share	2,346.49yen	2,450.40yen	2,497.64yen		6.4%	1.9%
ROE	6.0%	6.1%	9.1%		3.1pt	3.0pt

※ Annualized for ROE



Operating revenue

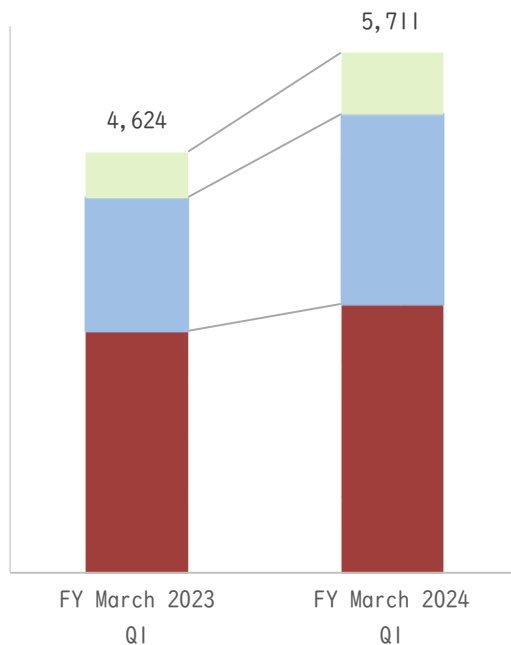
Brokerage commission and net trading income increased on the back of the favorable market environment, which included rising stock prices in Japan and overseas.

	FY March 2023 Q1	FY March 2024 Q1	Percentage change from the previous fiscal year
Commission received	2,656	2,951	11.1%
Net trading income	1,467	2,085	42.1%
Financial revenue	500	674	34.8%
Operating revenue	4,624	5,711	23.5%

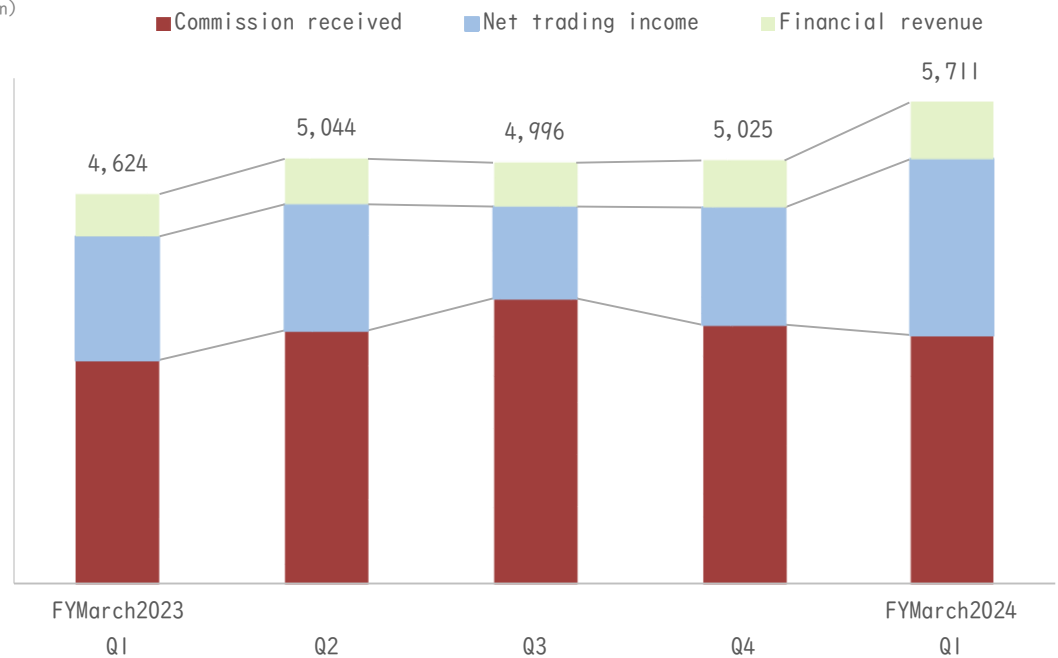
(million yen)

FY March 2023 Q1	Q2	Q3	Q4	FY March 2024 Q1	Change (%) compared with the previous quarter
2,656	3,007	3,385	3,073	2,951	△4.0%
1,467	1,494	1,090	1,391	2,085	49.9%
500	542	520	560	674	20.3%
4,624	5,044	4,996	5,025	5,711	13.7%

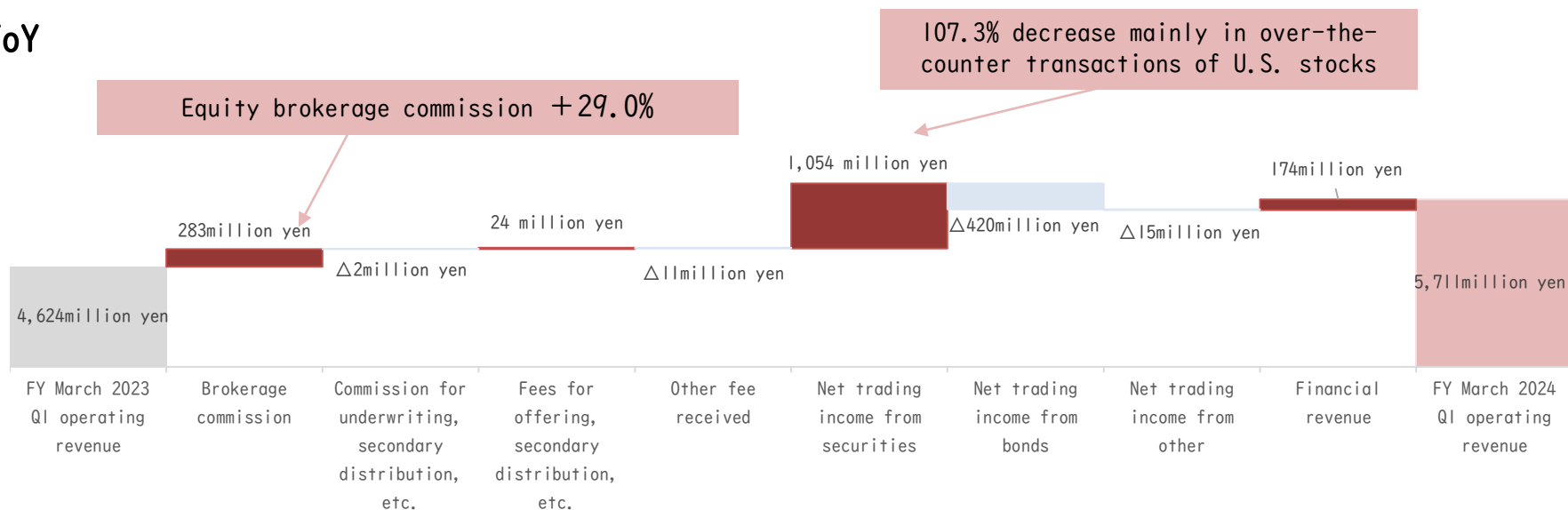
(Millions of yen)



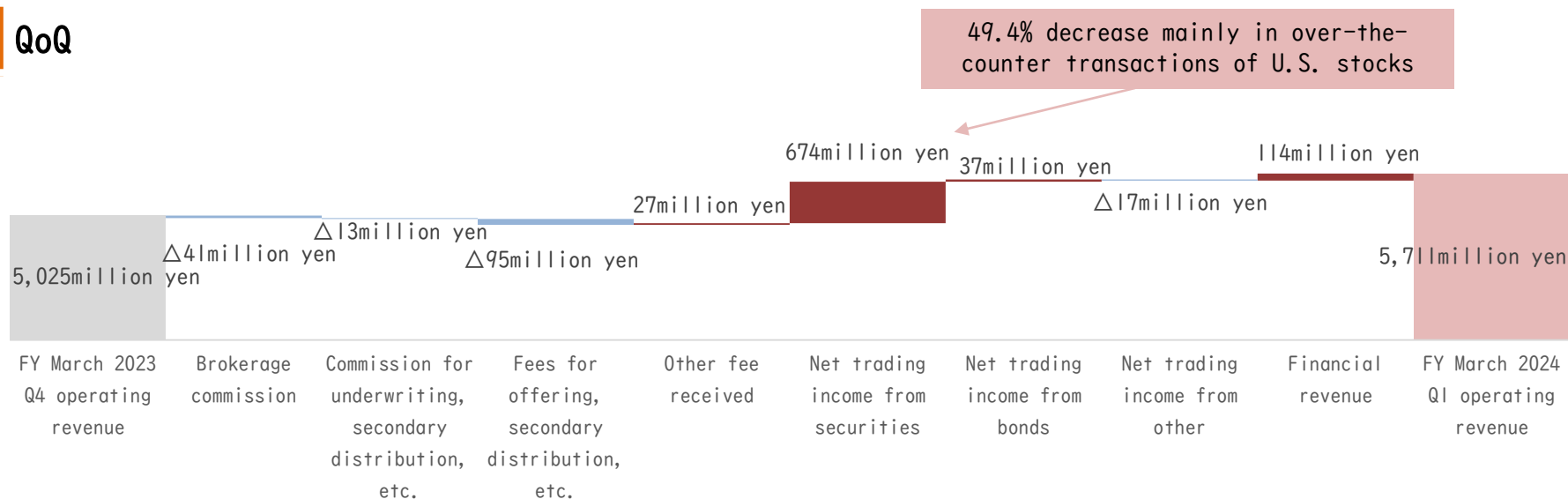
(Millions of yen)



YoY



QoQ



Commission receive

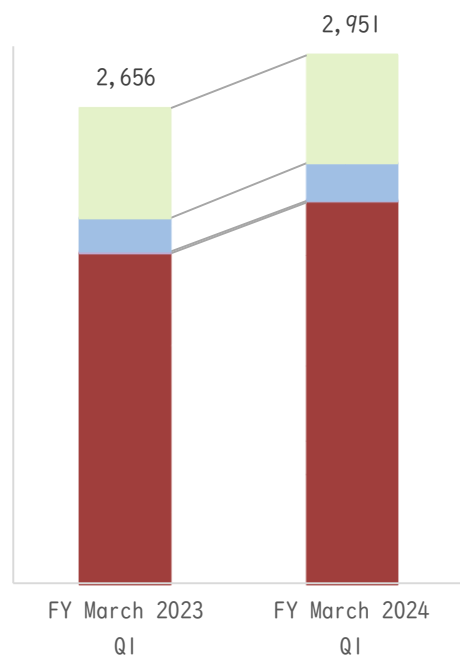
Equity brokerage commission increased

	FY March 2023 Q1	FY March 2024 Q1	Percentage change from the previous fiscal year
Brokerage commission	1,844	2,128	15.4%
Fees for underwriting and secondary distribution	10	8	△21.0%
Fees for offering and secondary distribution	187	211	12.9%
Other commission received	613	602	△1.9%
Commission received	2,656	2,951	11.1%

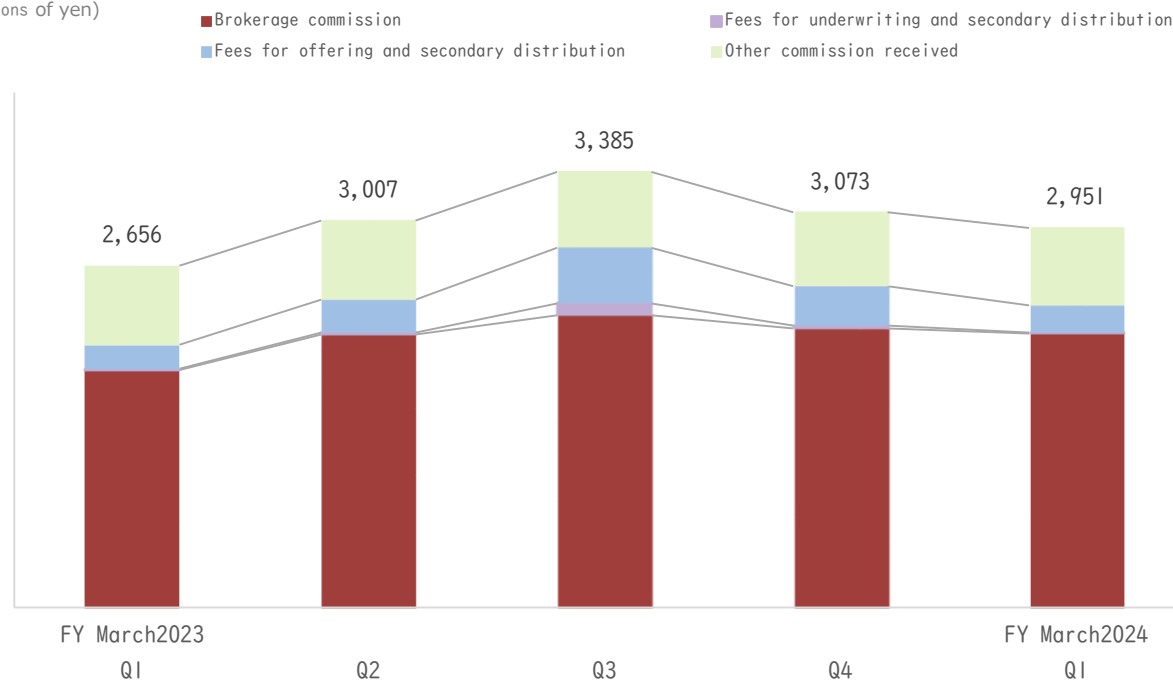
(million yen)

FY March 2023 Q1	Q2	Q3	Q4	FY March 2024 Q1	Change (%) compared with the previous quarter
1,844	2,121	2,269	2,169	2,128	△1.9%
10	14	93	21	8	△62.4%
187	257	431	307	211	△31.0%
613	614	590	574	602	4.9%
2,656	3,007	3,385	3,073	2,951	△4.0%

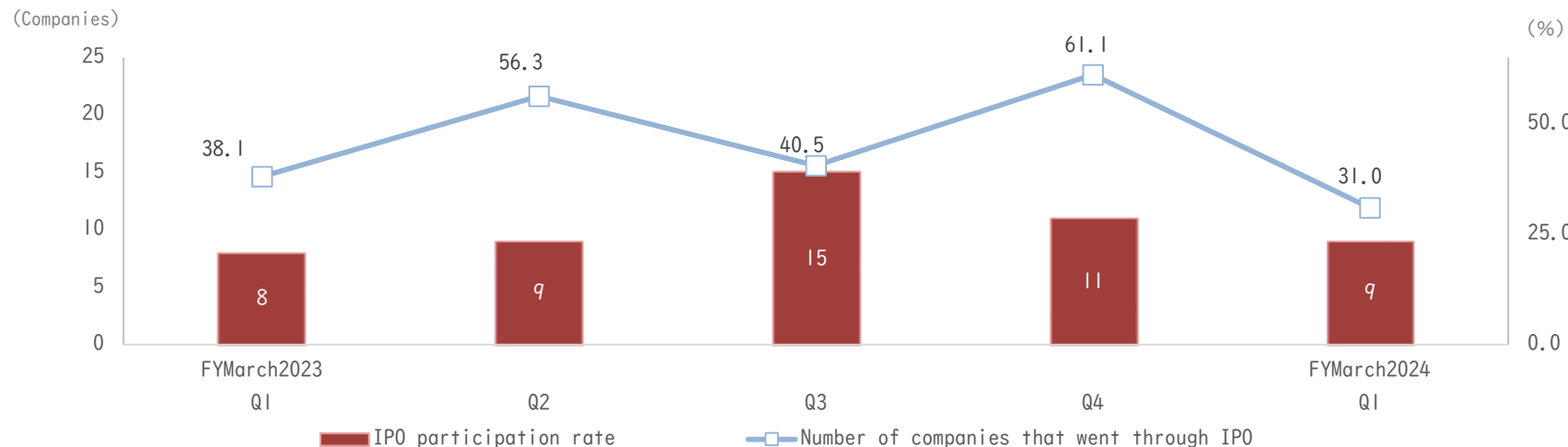
(Millions of yen)



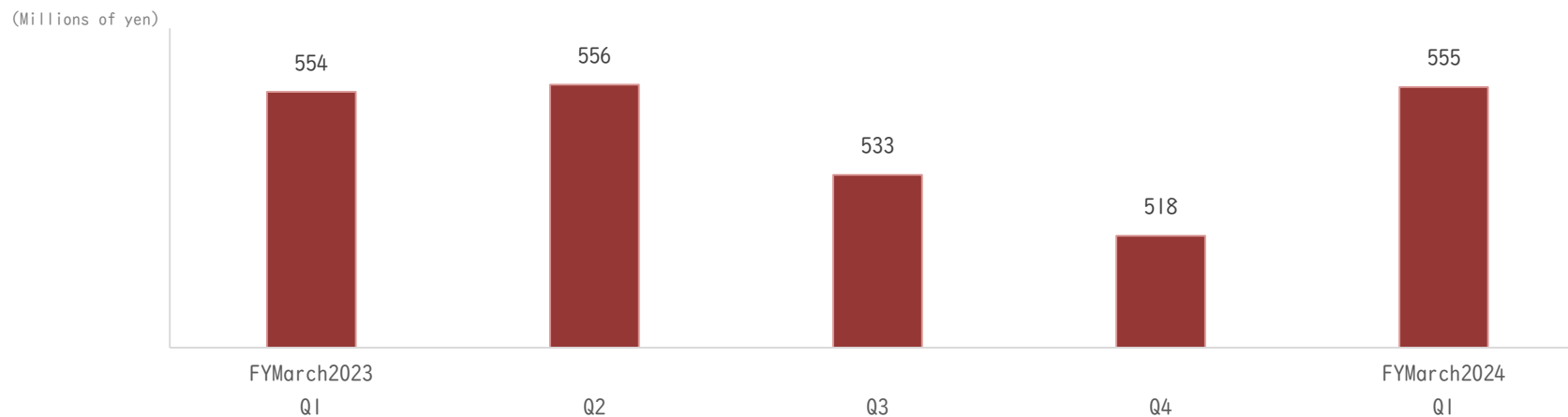
(Millions of yen)



Quarterly Changes in IPO Transactions



Changes in trust fees



Net trading income

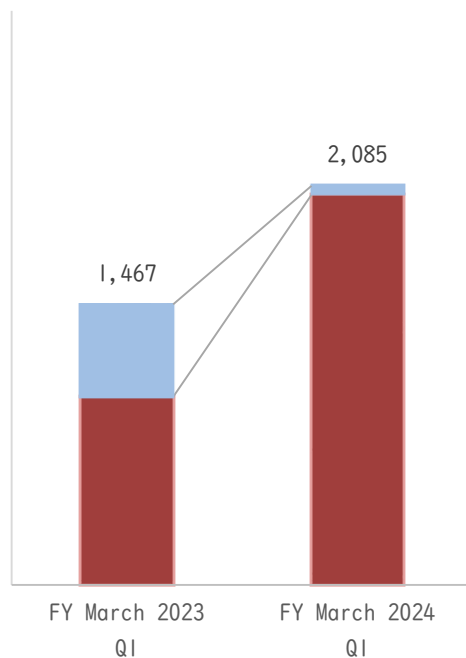
In addition to the favorable market environment, which included rising stock prices in Japan and overseas, trading activity increased due to strong corporate performance, resulting in an increase in net trading income from securities.

(million yen)

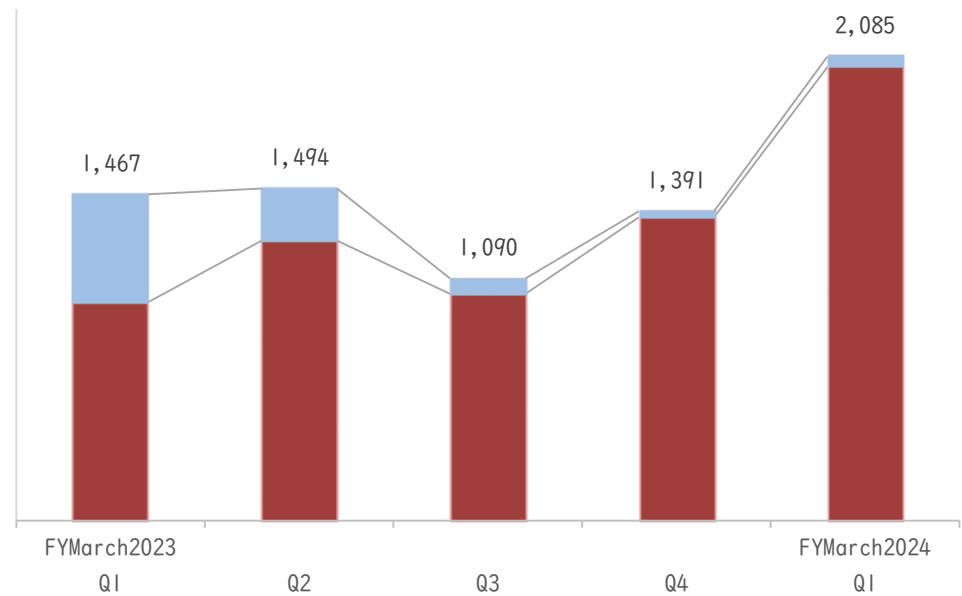
	FY March 2023 Q1	FY March 2024 Q1	Percentage change from the previous fiscal year
Securities	983	2,038	107.3%
Bonds, etc. and other	484	47	△90.2%
Net trading income	1,467	2,085	42.1%

FY March 2023 Q1	Q2	Q3	Q4	FY March 2024 Q1	Change (%) compared with the previous quarter
983	1,259	1,020	1,364	2,038	49.4%
484	234	69	27	47	72.6%
1,467	1,494	1,090	1,391	2,085	49.9%

(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: 54.3 billion yen (As of June 30, 2023) ,
5th in industry (17 retail securities companies, excluding online securities companies)

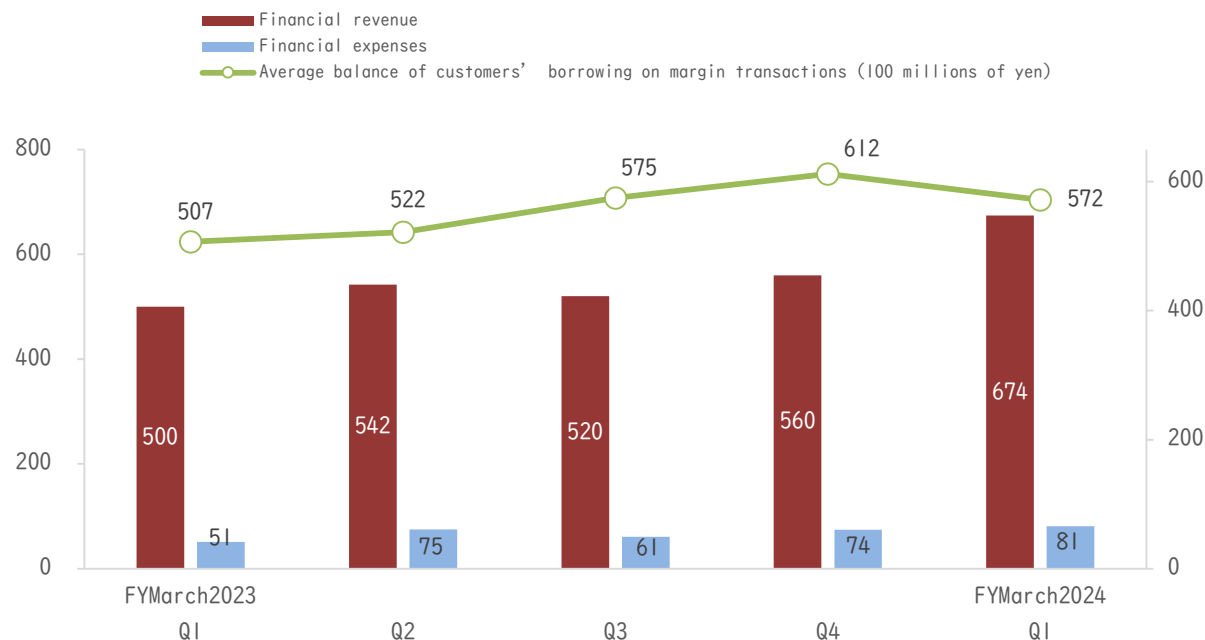
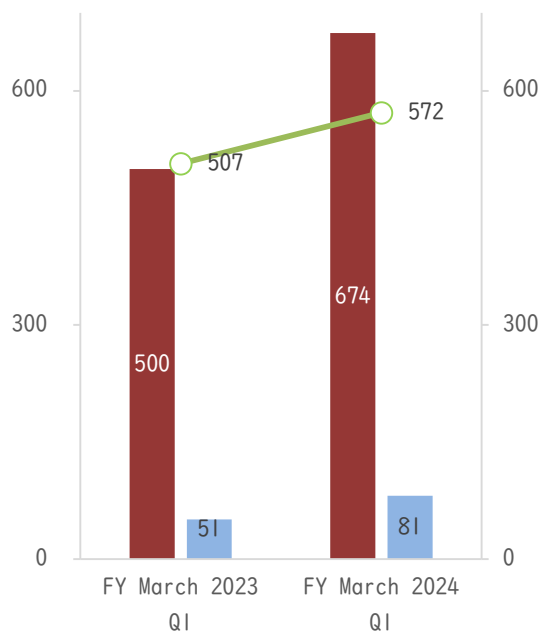
	FY March 2023 Q1	FY March 2024 Q1	Percentage change from the previous fiscal year		FY March 2023 Q1	Q2	Q3	Q4	FY March 2024 Q1	Change (%) compared with the previous quarter
Financial revenue	500	674	34.8%		500	542	520	560	674	20.3%
Financial expenses	51	81	56.0%		51	75	61	74	81	9.1%
Financial balance	448	593	32.4%		448	467	459	486	593	22.1%
Average balance of customers' borrowing on margin transactions (100 millions of yen)	507	572	12.9%		507	522	575	612	572	△6.4%

(Millions of yen)

(100 millions of yen)

(Millions of yen)

(100 millions of yen)



Selling, general and administrative expenses

Total SG&A expenses increased 9.6% year on year, mainly due to an increase in variable expenses such as bonuses.

(million yen, %)

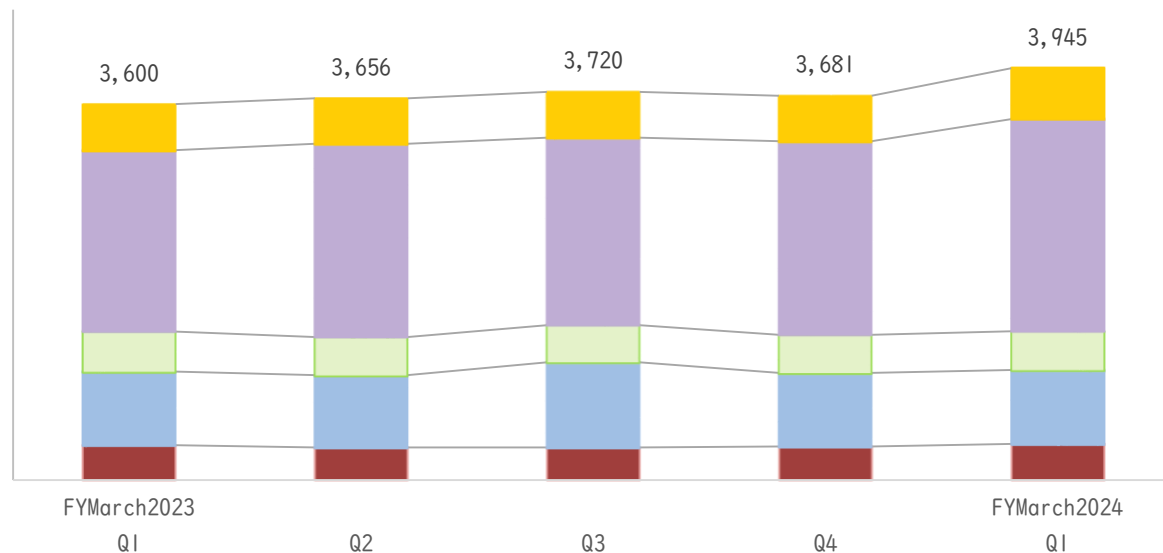
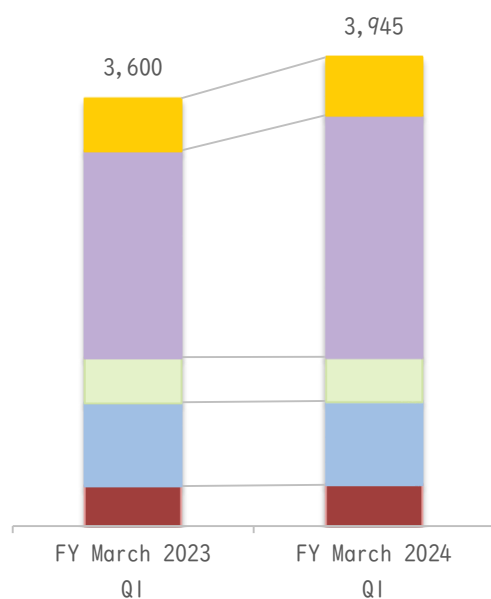
	FY March 2023 Q1	FY March 2024 Q1	Percentage change from the previous fiscal year
Trading related expenses	440	488	10.7%
Personnel expenses	1,736	2,031	17.0%
Real estate expenses	381	370	△2.9%
Office expenses	705	707	0.3%
Other	335	346	3.4%
Selling, general and administrative expenses	3,600	3,945	9.6%

FY March 2023 Q1	Q2	Q3	Q4	FY March 2024 Q1	Change (%) compared with the previous quarter
440	434	440	436	488	11.8%
1,736	1,850	1,794	1,851	2,031	9.7%
381	366	355	365	370	1.4%
705	692	814	705	707	0.3%
335	312	313	321	346	7.8%
3,600	3,656	3,720	3,681	3,945	7.2%

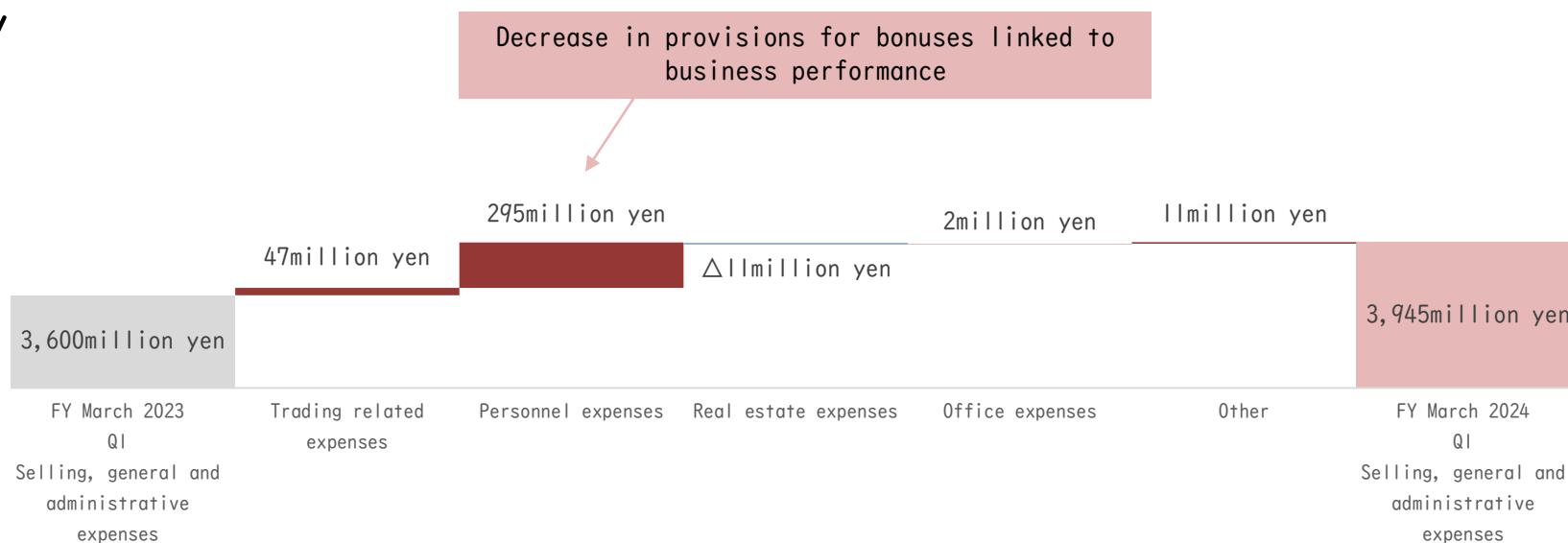
(Millions of yen)

(Millions of yen)

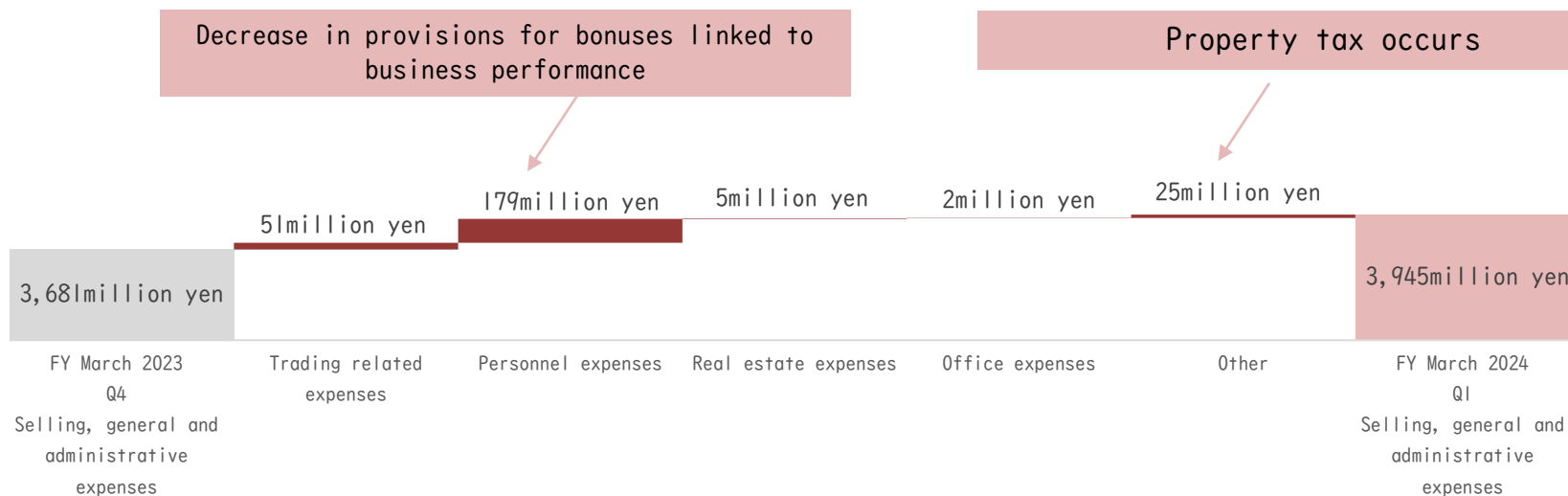
Trading related expenses Personnel expenses Real estate expenses Office expenses Other



YoY



QoQ



Recorded ordinary profit for 43 consecutive quarters

(Millions of yen)

	Year ending March 31, 2023					Year ending March 31, 2024
	Q1	Q2	Q3	Q4	full year	Q1
Operating revenue	4,624	5,044	4,996	5,025	19,691	5,711
Commission received	2,656	3,007	3,385	3,073	12,123	2,951
Brokerage commission	1,844	2,121	2,269	2,169	8,405	2,128
Commission for underwriting, secondary distribution, etc.	10	14	93	21	139	8
Fees for offering, secondary distribution, etc.	187	257	431	307	1,183	211
Other fee received	613	614	590	574	2,393	602
Net trading income	1,467	1,494	1,090	1,391	5,443	2,085
Securities	983	1,259	1,020	1,364	4,628	2,038
Bonds, etc. and other	484	234	69	27	815	47
Financial revenue	500	542	520	560	2,124	674
Financial expenses	51	75	61	74	262	81
Net operating revenue	4,572	4,969	4,935	4,951	19,428	5,630
Selling, general and administrative expenses	3,600	3,656	3,720	3,681	14,658	3,945
Operating profit	972	1,313	1,214	1,270	4,770	1,685
Non-operating income	233	31	124	66	456	198
Non-operating expenses	1	2	2	55	60	1
Non-operating profit	231	29	122	11	395	197
Ordinary profit	1,204	1,342	1,337	1,281	5,165	1,882
Extraordinary profit	0	-	△0	-	-	19
Extraordinary losses (※)	-	-	0	0	1	-
Extraordinary profit	0	-	△0	△0	△ 1	19
Profit before income taxes	1,204	1,342	1,337	1,280	5,164	1,902
Profit attributable to owners of parent	832	928	928	874	3,564	1,328

	Year ending March 31, 2023					Year ending March 31, 2024
	Q1	Q2	Q3	Q4	full year	Q1
Ratio of ordinary profit to operating revenue	26.0%	26.6%	26.8%	25.5%	26.2%	33.0%
ROE	6.0%	6.7%	6.6%	6.1%	6.2%	9.1%
Earnings per share	35.43yen	39.52yen	39.55yen	37.23yen	151.73yen	56.54yen
Capital adequacy ratio	776.8%	732.3%	736.5%	740.8%	740.8%	846.9%

ROE: annualized

Reference : Operating Performance Time Series

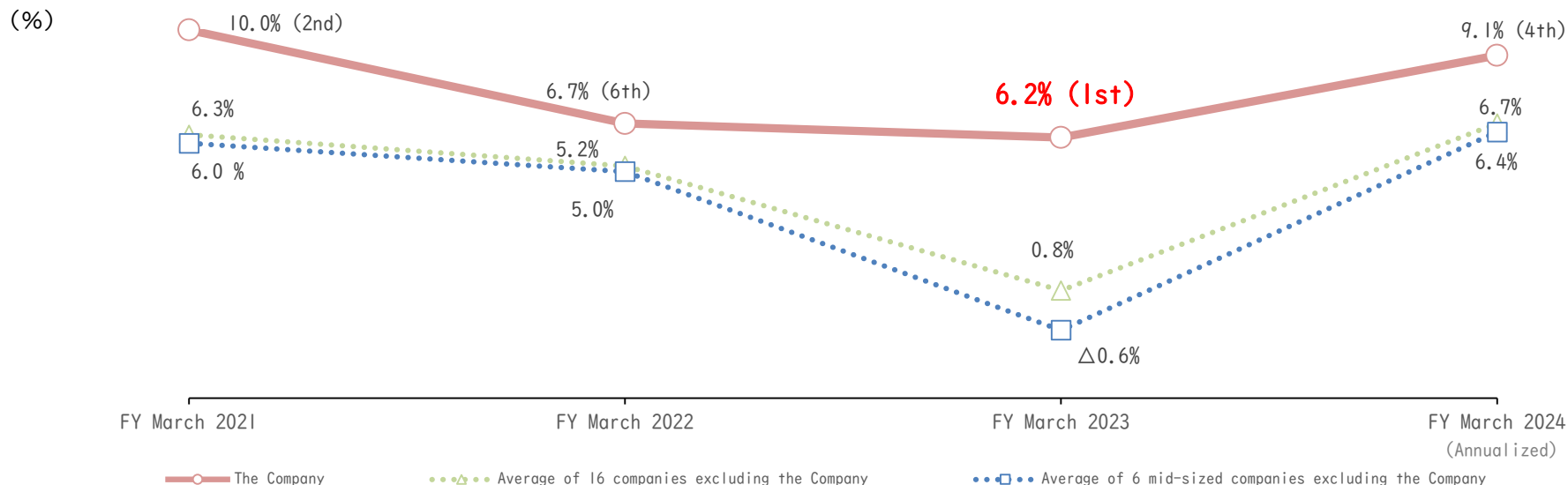
(Millions of yen)

	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023	FY March 2024 Q1
Operating revenue	21,241	18,948	22,993	20,708	19,691	5,711
Ordinary profit	5,924	4,239	7,530	5,799	5,165	1,882
Profit	4,148	2,700	5,362	3,756	3,564	1,328
Ratio of ordinary profit to operating revenue	27.9%	22.4%	32.8%	28.0%	26.2%	33.0%
(Industry ranking *1)	1st	1st	3rd	3rd	1st	4th
(Industry average *2)	4.0%	3.4%	19.8%	13.0%	△2.5%	20.7%
Dividends per share	75yen	75yen	117yen	80yen	80yen	—
Dividend payout ratio	42.5%	65.2%	51.3%	50.0%	52.7%	—

※1 17 retail securities companies

※2 Industry simple average excluding our company

Changes in ROE



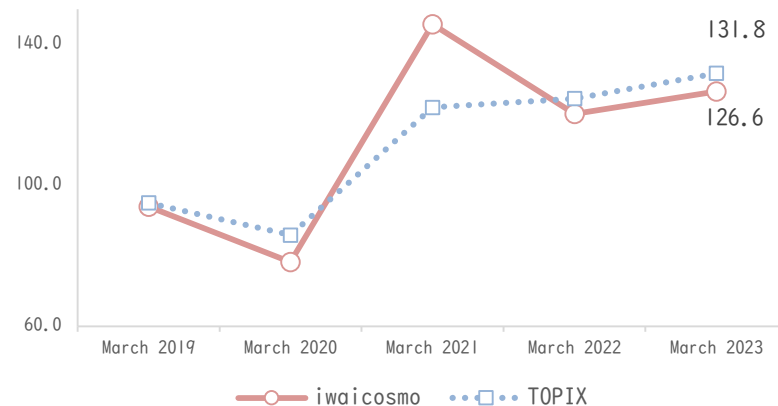
(Note) Seventeen retail securities companies

reference : Total Shareholder Return

T S R : Total Shareholder Return

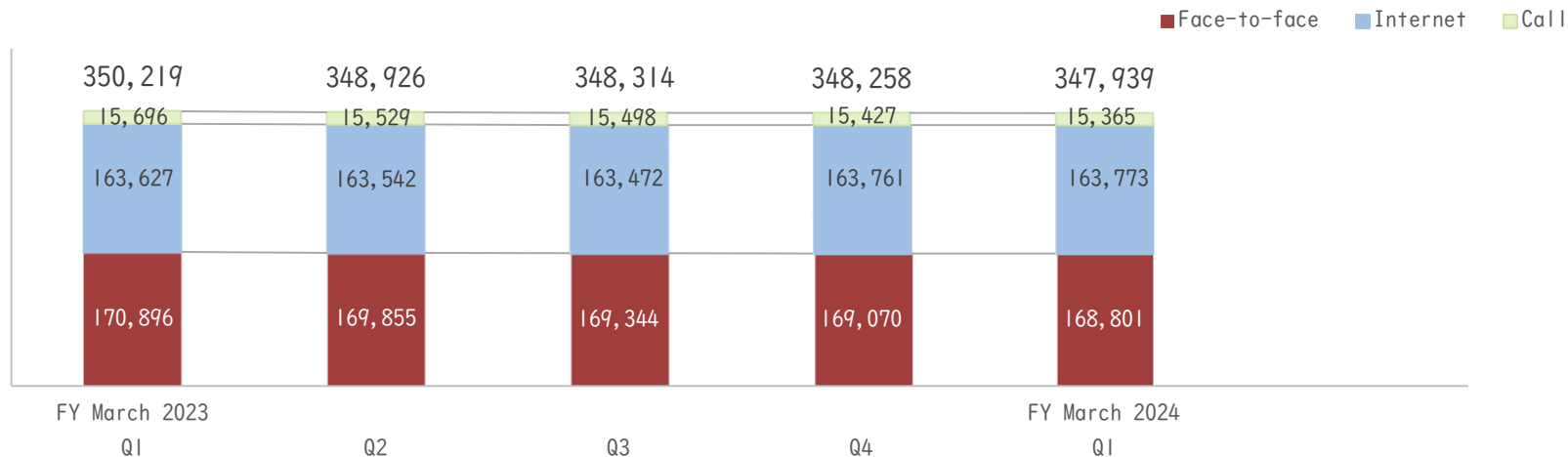
	March 2019	March 2020	March 2021	March 2022	March 2023
iwaicosmo	93.9	78.2	145.7	120.3	126.6
TOPIX	95.0	85.9	122.1	124.6	131.8

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



Quarterly Changes in the Number of Accounts

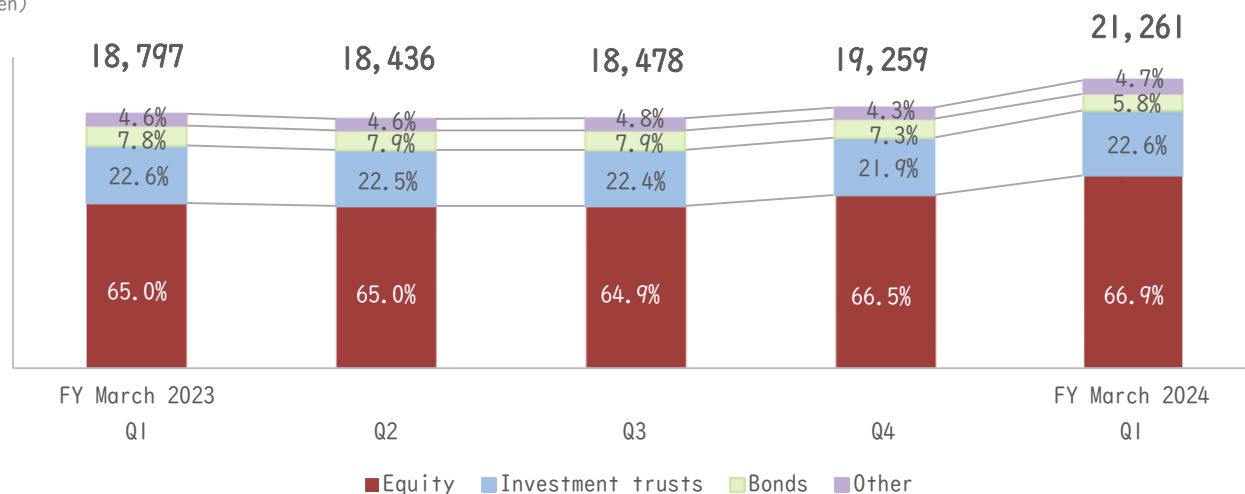
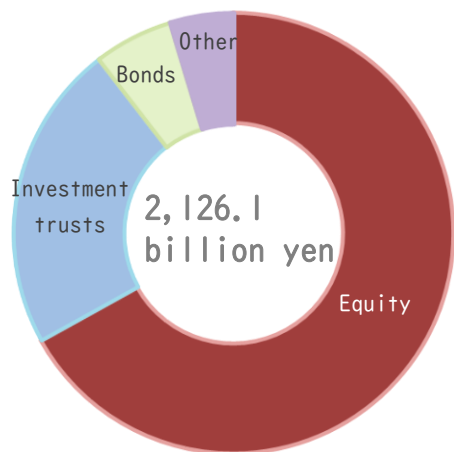
(Accounts)



Assets under Custody

(100 millions of yen)

Changes in assets under custody



Social contribution activities

- Introduced Social Contribution Reserve Fund System (from fiscal year ended March 31, 2021)
- 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
- Issued “SDGs Promotion Private Placement Bonds” in which a portion of issuance fee is donated to SDGs-related organizations (March 2023)



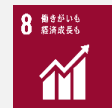
Reduction of environmental burden

- TCFD (Task Force on Climate-related Financial Disclosures) agree with the proposal
- Use of environmentally-friendly handouts and envelopes made from recycled old banknotes (banknote cutting waste).
- Introduction of electric vehicles as business cars at the head office
- Gradually switched branch lighting to LED



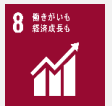
Improved customer service and paperless operations through digitalization

- 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!



Promoting active participation by diverse human resources

- Percentage of female officers 33.3% (three out of nine)
- Percentage of female managers 18.4% (As of March 31, 2023)

Newspaper publications, press releases, etc.

2023	May 6:	The appeal of face-to-face trading and the Company's initiatives such as the stock selection meeting were featured in "NEXT JAPAN: Atsuki Kyudoshia (passionate seekers)" on Mainichi Broadcasting System (MBS).
	May 17:	Received certificate of gratitude by World Food Programme (WFP) and Children's Future Support Fund as part of SDGs initiatives
	Jul 31:	Introduced the "foreign currency settlement service" in real-time trading system for U.S. stocks on the "Cosmo Netre" online trading platform



#656 2023/05/06

とことん寄り添う証券マン

急成長するネット証券…それでも対面取引を大切に。新人時代、父の退職金で損失…理由は経験の浅さ。「経験不足は知識で補う」皆で情報共有し推薦銘柄を選定→客への提案に。

The Company's face-to-face trading initiative was featured in "NEXT JAPAN: Atsuki Kyudoshia (passionate seekers)" on Mainichi Broadcasting System (MBS).

Ceremony for awarding letters of appreciation from the Japan Association for the World Food Programme (WFP)



((Photo from left) Aoki, Director, Office of Business Planning, Japan Association for the WFP, Yoshiaki Okitsu, Chairman and CEO, IwaiCosmo Holdings

Ceremony for awarding letters of appreciation from the Children's Future Support Fund



((Photo from left) Takeno, Standing Governor & Vice Chairman, Japan Securities Dealers Association



Introduced "foreign currency settlement service" for real-time trading of U.S. stocks



Actively rolled out various campaigns





(For inquiries)

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It has been prepared based on data available up to and including June 30, 2023, 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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