

INTEGRATED REPORT

2021

Fiscal Year Ended March 31, 2021



Contents

About the Tokai Tokyo Financial Group

- 3 ... Messages from the three leaders
- 9 ... The Footsteps of the Tokai Tokyo Financial Group
- 11 ... The Group's Value Creation Process
- 13 ... The Strengths of the Tokai Tokyo Financial Group

Growth Strategy

- 15 ... Roadmap
- 17 ... Management Plan: New Age's Flag Bearer 5
- 19 ... Special Feature: Fourfold future strategy
- 21 ... Financial Results for Fiscal Year Ended March 31, 2021
- 23 ... Tokai Tokyo Securities: Overview of Each Division
- 27 ... Alliances

Schemes Designed to Enhance Corporate Value

- 29 ... Corporate Governance
- 35 ... Compliance & Risk Management
- 39 ... Board of Directors
- 41 ... Discussion Between the Outside Directors
- 43 ... How Outside Directors Contribute
- 44 ... Prioritized Issues for the Tokai Tokyo Financial Group
- 45 ... Sustainability Initiatives

Data Section

- 51 ... Financial and Non-Financial Highlights
- 53 ... Eleven-Year Financial and Non-Financial Summary
- 55 ... Company Information
- 56 ... Share Information

About Integrated Report 2021

The Tokai Tokyo Financial Group has introduced numerous innovations to withstand and prevail against tough tides of the changing times since its founding in 2000.

Since 2016, we expanded our report to cover, in addition to financial data, non-financial information referring to our activities in the areas of Environment, Social, and Governance (ESG).

This year, we have further enriched our non-financial reporting to present our current business activities and the future vision of the Tokai Tokyo Financial Group.

Notice concerning the outlook

This integrated report is intended to provide information concerning the Company's operating results for the period April 1, 2020, to March 31, 2021 and the management vision for the future of the Company. This report is not intended to solicit investment in marketable securities issued by the Company and does not constitute any guarantee or commitment regarding the presented data or statements. The strategies, opinions, and forward-looking statements offered in this integrated corporate report are based on the judgment of the Company at the time the report was prepared. The Company does not guarantee the accuracy or completeness of the information contained herein, and the information is subject to change without notice.

Editorial policy

This report is issued to communicate information to stakeholders about the Company's business activities for the fiscal year ended March 31, 2021 by reporting on its management strategy, earnings performance, operating environment and engagements in society.

This integrated report was compiled with reference to the International Integrated Reporting Council (IIRC)'s International Integrated Reporting Framework and the Ministry of Economy, Trade, and Industry's Guidance for Collaborative Value Creation.



Our Vision

We will contribute to the growth of our nation's economy by fulfilling the role as a financial service provider to help customers with their wealth formation and capital enhancement.

Throughout its business operations, the Tokai Tokyo Financial Group cherishes local communities and the people living there.

We want to help customers build their assets and capital, and in so doing, contribute to Japan's economic growth.

Through a united effort, and with the trust and support of all our stakeholders, we will pursue our vision of becoming a groundbreaking comprehensive financial group that leads the way in a new age.

Our Mission

- **Customer** We will help customers realize affluent lives and promote corporate values by advising about appropriate use of wealth and assets. Toward that end, we will keep striving to be the group with full commitment and devotion.
- **Global** We will read the times right and see things in a global perspective to prevail as an innovative group.
- **Region** We will care about the community in which we operate and render the help to elevate the prosperity there now and in the future.
- **Employee** We will encourage employees with diverse individualities and expertises to attain sparkling self-realization in their respective ways.
- **Trust** We will negotiate even the toughest adverse stream of the times with the matching strength and resilience with a view to winning the confidence from our stakeholders.

Our Action

- We shall keep learning.
- We shall challenge.
- We shall respect communications.
- We shall embrace the motto, "Get stronger and more resilient."
- We shall defend our "corporate discipline."

Catchphrase

- Exciting company
- Ever-learning company
- Company nurturing sense of fellowship
- Company with integrity
- Strong and resilient company

Messages from the three leaders

We aim to be a comprehensive financial group that promotes the nation's economic and social development. Toward this end, we will steadily fulfill the tasks of raising Tokai Tokyo Securities' earnings and productivity and executing a fourfold future strategy under the corporate spirit of diversity and innovation.



Masataka Sato

President, Representative Director
Tokai Tokyo Securities Co., Ltd.

Tateaki Ishida

Chairman, Representative Director
Tokai Tokyo Financial Holdings, Inc.

Ichiro Goda

President, Representative Director
Tokai Tokyo Financial Holdings, Inc.

Introduced the framework of responsibility-sharing jointly by the Chairman and the President of for Tokai Tokyo Financial Holdings, Inc. to respond promptly to rapidly changing and complex business environment

Ishida

Let me begin with a quick recap on the new joint leadership arrangement that took effect in June this year. We are in the final year of our five-year management plan (New Age's Flag Bearer 5). The past five years have been a time of enormous changes in the business landscape. In the past, when our range of operations was narrower and the business environment much more stable, it made sense to concentrate authority into a single CEO at the top. This leadership model works less efficiently today since our organization has grown significantly, and our business territory has become more complex. This point weighed ever heavier on my mind as we progressed in the five-year plan.

Accordingly, we have decided to adopt the responsibility sharing system in which, as we find in the US corporate community, CEO and CO-CEO essentially assume the joint leadership. I will remain responsible mainly for drawing our overarching strategic direction and execution, but Mr. Ichiro Goda, as President, will be responsible for fulfilling individual strategies. If the two of us disagree on something, take that matter to the Board of Directors Meeting for discussion. In order to make the best possible decisions in this age of transformation, we need diverse perspectives and values, deriving ideas from a variety of experiences, ages, and personalities. He brings to the table youthful vigor and an outstanding ability to get the job done. He has what it takes to carry the flag forward into a new age of finance.

Goda

Before taking on a senior leadership role in Tokai Tokyo Securities, I had served Tokai Tokyo Financial Holdings as an executive in charge of strategic planning. During that time, I implemented a number of strategic projects that Mr. Ishida, as CEO, had set out. The experience I gained from working with Mr. Ishida on these projects will, I believe, prove valuable in this new leadership arrangement.

Admittedly, the business landscape has changed since then, and my new post of President differs greatly from the position I held back then. Before, my job was to convert Mr.

Ishida's strategic thinking and the organization's DNA into concrete measures. Now, as President, my job is to take the lead in formulating strategies and in executing and entrenching them. During this period of shared leadership, I will acquire full competence to become able to fulfill the dual role of leader and doer—the role of both making the big strategic decisions and putting them into effect.

Sato

Since joining Tokai Tokyo Financial Holdings in 2011, I have been involved in the Company's general planning and strategic planning. At Tokai Tokyo Securities, I previously directed corporate finance and retail operations. My experience in both companies has helped me appreciate just how cardinal a role Tokai Tokyo Securities plays in our corporate group, and how much it has driven the group's growth over the years. As President of Tokai Tokyo Securities, my job is to ensure that the Company performs its core duty as a securities subsidiary in the group. It is up to me to decide on a brokerage strategy that will maximize the group's overall capacity and value, and on a range of products and services that align with the group's overall strategy. Today, Tokai Tokyo Securities has around 2,200 employees. I want all those employees to feel engaged and committed to a common cause. I also want them to feel empowered in the workplace. An engaged, empowered workforce is a key to creating financial services that satisfy customers.

A new business model creation A fourfold future strategy for radical, transformative change that will deliver sustainable growth

Ishida

Our mainstay business is securities brokerage. Whereas banks can always rely on deposits and loans as a basic, steady source of revenue, securities brokers have no such recourse. Additionally, when it comes to offering clients investment products, a securities brokerage requires a much higher degree of specialized expertise than what banks require. These factors make it very hard to win trust from individual customers and corporate clients. We have worked to earn this customer trust in two ways. First, we have focused on building both competence and the human touch. Second, to make a

Messages from the three leaders

compelling case for our self-worth as an organization, we have forged alliances with regional banks to build a distinctively independent and comprehensive financial group.

The mission and strength of Tokai Tokyo Financial Group lies in adapting to a turbulent business environment and constantly transforming ourselves so that we create future businesses in finance. The year under review (the year ended March 2021) marks the final year of our five-year management plan. It also marks the start of fourfold future strategy through which we will develop a new business model, one that represents our strategic direction and who we are as an organization. The four elements of this strategy are as follows: First, “Orque d’or” will expand business among high-net-worth customers. Second, we will strengthen coordination with regional banks. Third, we will squarely take on digitalization. Fourth, we will accelerate expansion of the Great Platform, our platform of innovative financial functions and infrastructure that we share with our partners. The fourfold future strategy will fortify our earnings base and deliver future growth.

Goda

I just want to add a little to what Mr. Ishida said about the fourfold future strategy. The first strategy, as he said, involves “Orque d’or”, a business that targets high-net-worth customers. This business is an important growth driver for our group. With “Orque d’or Society” and “Orque d’or Ecosystem”, we will offer solutions that optimally cover the wide variety of needs in this target market. The second strategy involves supporting regional banks. The support to regional banks will facilitate regional revitalization, which is now a crucial task for our nation. This strategy, linked with the third one, the Great Platform, will enable us to uplift our profile in the industry. Therefore, we will enhance the services of this platform and expand the platform’s user base. The fourth strategy is the Digital Transformation, and this one intersects



with other three strategies, and it catalyzes the execution of three other strategies. Thus, the four strategies, rather than being separate from each other, are all interlinked. This integrated approach will produce synergistic outcomes.

Ishida

Unlike banks, which go for gradual and incremental change, we need more radical and transformative change if we are to achieve sustainable growth. I believe that the fourfold future strategy is effective for us to survive and prevail this quantum change. It accurately captures the trend of the times, and we have already made considerable progress.

One example of our progress is Tokai Tokyo Digital World. In this undertaking, we invest in FinTech startups and incorporate their services to build our own “digital world.” In recognition of this effort, Tokai Tokyo Financial Holdings, in June 2021, was selected as one of the DX Stocks 2021 in a program run by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. We were the only company chosen from the securities brokerage industry. Another example is our support program for regional banks. Built upon a foundation of trusted relations fostered with seven banking partners over the years, this program now shares with more regional banks functions and knowhow related to corporate sales, sales to high-net-worth individuals, and Investment Banking. Consider also Orque d’or, which embodies our originality. Since its first outlet opened in Nagoya six years ago, Orque d’or has expanded beyond the Tokai region into Tokyo, earning plaudits for its concept and level of service. As these examples illustrate, we have come far up the mountain already with the progress of about 60% completion of the fourfold future strategy. We are now nearing the summit and just need one final push to get there.

As a financial platform provider that shares innovative products/services and business models with partners.

Goda

Regarding Orque d’or, through this business we have created lines with customers. Now, with Orque d’or Society, we will reorganize this network of lines into a matrix, one that includes links between customers. We want members of Orque d’or Society to enjoy access to enhanced functions and services; but we also want them to feel part of a valuable community, where

they can build stronger relationships with fellow members. Regarding our support program for regional banks, we will strengthen our ties with regional banks and contribute even more toward the creation of local economic opportunities. Regarding Tokai Tokyo Digital World, one aim here is to develop digital content for the next generation. Another aim is to establish a business model fit for the digital age, with active investment in FinTech startups, among other things. As I see it, the outcome, or destination, of these three strategies lies in the Great Platform. By leveraging the latest digital innovations in our efforts toward the three target audiences—high-net-worth, corporate, and regional—we can build a compelling profile as a financial platform. That is the essence of the fourfold future strategy.

Sato

As the group's core company, Tokai Tokyo Securities has a leading role to play in executing the fourfold future strategy and ensuring that the outcomes ripple right across the group. Our company has already made progress in this direction. The products, services, and business methods we developed have now been shared with regional banks and joint venture securities companies. When it comes to digital transformation, we have already taken pioneering steps, such as introducing data-driven marketing some years ago. Similarly, for the high-net-worth customers, our wealth management subsidiaries are providing optimal solutions for the needs related to business succession and inheritance, thereby contributing toward the expansion of Orque d'or Society. Tokai Tokyo Securities will continue, through its financial businesses, to implement the strategic decisions made by Tokai Tokyo Financial Holdings with a view to diversifying the group's portfolio and delivering further growth.

Tokai Tokyo Securities' future strategy to lead the group efforts targeting a wide range of operations such as high-net-worth focused, market trading and Investment Banking

Ishida

What must Tokai Tokyo Financial Group do to ensure the success of the fourfold future strategy? I do mention a few words about the challenges we must address. Taking the perspective of a holdings company, I believe that our top priority is to respond swiftly to internal and external risks. The most significant external risk is the change in financial markets, our group's primary battleground. How do we navigate a market where no



two days are the same? How will we cope if an unexpected financial crisis arises? How do we build the organizational and strategic readiness for adapting to sudden market changes? We must never stop honing the ability to adapt to a changing world.

As for internal risks, there are two priority tasks. One is to integrate corporate social justice into our business. Another is to build talent. Regarding the first priority, businesses were once judged by a single yardstick: whether their financial performance meets the expectations of the shareholders. Nowadays, companies are increasingly expected to contribute to social and environmental challenges, or in other words, to social justice. What does this mean for our group? It means that instead of aiming only for ever higher profits, we should also aim to perform the social mission by contributing positively to the Japanese financial market, local economies, and to address climate change. Regarding the task of building talent, this is in a sense the greatest strategic priority for our group. After all, talent is the single source of our growth potential. How, then, do we secure and develop this asset? We, the leadership, have a responsibility to provide a workplace and talent management system that supports employee satisfaction and employee engagement.

Goda

I would say that the greatest strategic priority for the group is to go one level higher as a creator of innovative financial services. Take, for example, our partnership with regional banks. So far, we have launched joint venture securities companies with prominent regional banks and have shared securities brokerage functions with regional financial institutions that intend to enter the securities business. Through these efforts, we have built a large network of partners. However, this in itself is not the end goal. Having built a financial platform for corporate clients with expansive and solid member organizations and customer bases, we are now at the stage where we can help these companies break into financial businesses, creating an even larger community of win-win relationships. Another example is our

Messages from the three leaders

activities for the high-net-worth market. For Orque d'or members, we should organize events at which startups pitch products and services to the investors. Such events would forge closer ties with entrepreneurs and other high-net-worth individuals. In this way, we would combine the two goals of meeting customers' interests and fostering start-ups.

Sato

Tokai Tokyo Securities must balance two objectives: maximizing customer satisfaction and improving our own productivity. To maximize customer satisfaction, we have divided our retail operations into three target segments: high-net-worth, matured, and next-generation asset-forming. The idea is that by accurately gauging the needs particular to each segment, we can make all customers satisfied. Another strategy is to use data-driven marketing to more effectively match solutions to needs. Alongside this, we must improve the professional quality of the sales personnel for our interactions with customers.

To give customers a real sense of our strengths, we will level-up our assets in our home market of Nagoya, including our trusts, customer base, and our private banking. Meanwhile, in the Greater Tokyo Area, we will nurture new businesses targeting high-net-worth customers in Tokyo.

Let me give some examples of how we will tailor products and services to the needs of each segment. Our two largest markets are the matured and high-net-worth segments. For these segments, we currently use data-driven marketing, but we also care about the humanity of sales personnel in the knowledge that the human touch is our forte in face-to-face securities sales. For the asset-forming segment, we will keep developing MONEQUE as a one-stop shop for a wide range of financial services, including insurance, securities, and mortgages. As for the products/services delivery side, our market and platform divisions, which we internally call our "global marketing companies", work to boost the range, quality, and quantity of the products and services we provide to corporate clients and partners. We are



also in the process of improving our talent management system to boost the level of expertise we offer. In this way, Tokai Tokyo Securities will play a central role in delivering the group's products and services to a wide range of customers. Alongside this, we will keep strengthening Investment Banking operations with a view to becoming one of the industry's top IPO lead managers within two years. On the digital transformation front, we have led the industry with innovations such as Smartphone-based Brokerage Service, including the one for asset management, *Okane no Compass*. We will keep targeting smartphone users as a new channel to expand our customer base and unearth new demand.

I would talk about one other strategy unique to Tokai Tokyo Securities: our foresighted office/branch strategy. Last August, we opened the Jyoto Regional Hub Office and consolidated our offices in the east of the Greater Tokyo Area in an effort to strengthen sales functions and improve the efficiency of operational resource allocation in that region. Jyoto Regional Hub Office now serves as the main office, while others serve as satellite offices. This reorganization was a kind of experiment; we wanted to try out a new kind of office/branch arrangement, one that would accommodate remote work and a dispersed workforce without compromising customer convenience. While maintaining our customer-oriented approach, we will keep streamlining our operations to further raise our productivity.

Stepping up societal challenge solution initiatives with the SDGs Promotion Department as our core driving force to increase the corporate value of the Company

Ishida

Let me say a few words about Environment, Social, Governance (ESG) and the SDGs. The business landscape has significantly transformed in the past three years and the biggest change of all is the strong demand rising for corporates to take ESG seriously in operating their businesses and contribute to SDGs. In other words, companies now face tremendous pressure to integrate ESG and the SDGs into their businesses. Social and environmental impacts are no longer a side concern; they are now widely regarded as core elements of a company's mission. Accordingly, we established the SDGs Promotion Department in May 2020 and published the SDG Pledge in September of that year. Since then, we have worked to integrate sustainability into the businesses throughout the group. We took a further step in

October 2021 by endorsing the recommendations of the Task Force on Climate-related Financial Disclosures. We will continue developing sustainability initiatives to build our social value and contribute toward a sustainable society.

Goda

For some time, we have received acclaim for our efforts in corporate governance, the G in ESG. For example, we get close to perfect scores for ESG among organizations like the FTSE Group, a wholly owned subsidiary of the London Stock Exchange Group. We actively nominate company outsiders to the Board of Directors and work to maximize the effectiveness of the board and that of the Audit & Supervisory Committee. We have an engaged board. Members participate in robust discussions, enhancing transparency and integrity of the board. I agree with Mr. Ishida that resolving societal challenges has become of paramount concern in the business world. So, we will accelerate our efforts to take on the ESG and the SDGs.

Ishida

In June, our Board of Directors welcomed its first woman member, who joined as an outside director. Japan's Corporate Governance Code highlights the need to ensure diversity among core human resources. We can take pride in having led the industry in promoting diversity. Women occupy most of the management positions within our corporate sales division. In Tokai Tokyo Securities, women account for approximately half of the management positions in Orque d'or. Further growth is only possible if we unlock the exceptional potential of female talent. We have an opportunity to differentiate ourselves from competitors by embracing diversity, and empowering women in particular.

Earning the trust of all stakeholders with a compelling future vision that goes beyond conventional dimension

Ishida

Finally, I will refer to our performance in the five-year plan (New Age's Flag Bearer 5) as measured against the key goal indicators (KGIs). We set three KGIs: return on equity of 10% or higher, ordinary income of 30 billion yen, and 10 trillion yen in group assets under custody. We continue to work towards these goals in this final year of the period. I would say that we have attained about 70% to 80% overall. One reason we have not hit 100% yet



is the covid impact. The pandemic obstructed our marketing activities and prevented us from going ahead with some mergers and acquisitions. Still, when we compare our performance over the last four and a half years with that of our peers, we lead the field in terms of income and assets under custody. We continue to make fair progress in executions of strategies and action plans for the five-year period, so I am confident we can report good news to our shareholders next year.

We have spent the past five years laying the foundations for the next period of growth, with transformation and confidence as our watchwords. I believe these efforts have moved our group ahead of the pack and given us in a commanding lead within the Japanese financial industry on the whole. In April 2022, we embark on the next medium-term plan. I am confident that we can present to stakeholders a compelling new vision for our group, one that transcends traditional boundaries. Stakeholders should watch this space.

Goda

I concur with Mr. Ishida that we are now leading the Japanese industry at a higher level than before. Working in lockstep with Messrs. Ishida and Sato, I will devote my energies to cascading our strategic vision and values down to every corner of our group as part of an effort to strengthen Tokai Tokyo Securities' earnings and productivity and execute the fourfold future strategy. In this way, I hope to deliver tangible outcomes both internally and externally. I look forward to sharing our success with stakeholders.

The Footsteps of the Tokai Tokyo Financial Group

Diversifying the business portfolio by partnering with regional banks and expanding the

The Tokai Tokyo Financial Group has actively striven to create a multiplex business portfolio offering a diverse range of products and services, through which it can generate stable earnings. Consequently, with each passing year, a steadily larger share of total revenue comes from the non-retail division. We now have a broad and integrated portfolio featuring a wholesome balance between retail, wholesale (corporate sales and Investment Banking), and market operations. We now have well balanced revenue generation sourcing from four primary product categories: domestic equities, foreign equities, bonds, and investment trusts.



Oct. 2000 Tokai Tokyo Securities founded following merger between Tokyo Securities and Tokai Maruman Securities

Apr. 2009 Tokai Tokyo Tokai Tokyo

Management plan

Apr. 2006–Mar. 2009
Innovation Jump up 5

Apr. 2009
TT

Consolidated subsidiaries

Oct. 2000

Following merger with Tokai Maruman Securities Co., Ltd., the four entities, namely, Tokai Tokyo Research Institute Co., Ltd., Utsunomiya Securities Co., Ltd. (now Tochigin Tokai Tokyo Securities Co., Ltd., an equity method affiliate), Tokai Tokyo Services Co., Ltd., and Tokai Tokyo Investment Management Co., Ltd. all became affiliates of TTSC

July 2005

Tokai Tokyo Finance & Real Estate Co., Ltd. (now Tokai Tokyo Asset Management Co., Ltd.) founded

July 2008

Tokai Tokyo Business Service Co., Ltd., founded

Apr. 2006

Tokai Tokyo Investment Co., Ltd., founded

June 2007

Tokai Tokyo-Sumishin Wealth Partners & Consulting Co., Ltd. (now Tokai Tokyo Wealth Consulting Co., Ltd.) founded

Investments in affiliates, and joint venture securities companies with regional banks

Oct. 2007

TTSC and Yamaguchi Financial Group, Inc., launch YM Securities Co., Ltd.

Nov. 2008

TTSC and The Bank of Yokohama, Ltd., launch Hamagin Tokai Tokyo Securities Co., Ltd.

Overseas subsidiaries

Oct. 2000

Following merger with Tokai Maruman Securities Co., Ltd., TTSC gains a new affiliate: Tokai Tokyo Securities (Asia) Limited

Jan. 2007

Tokai Tokyo Securities Europe Limited founded

Feb. 2008

Tokai Tokyo Securities (USA), Inc., founded

non-retail sector

Nov. 2015

Tokai Tokyo Securities

Launch of Orque d'or, a brand catering to the high-net-worth segment of customers
Orque d'or Salon launched in March following year



Apr. 2018

Tokai Tokyo Securities

Orque d'or member services started in 2018
Orque d'or Salon TOKYO launched in April of the following year

Mar. 2001

Operating revenue **¥69,362** million
Group's assets under custody **¥7,170.9** billion
(As of March 31, 2021)

Nov. 2015

Takagi Securities (now Tokai Tokyo Securities)

Launch of "Toshin no Madoguchi," an investment trust fund specialty store (the first of its kind in the industry)



Mar. 2017

Tokai Tokyo Securities

Launch of MONEQUE, a service brand tailored to the next-generation asset forming segment

Apr. 2019

Tokai Tokyo Securities

Launch of loans secured by securities

Jan. 2020

TT Digital Platform

Released asset management application (Okane no Compass) and insurance management application (Sonaeru Compass)

Group's assets under custody (Billions of yen)

— 8,000

— 6,000

— 4,000

— 2,000

0

Mar. 2011 Mar. 2012 Mar. 2013 Mar. 2014 Mar. 2015 Mar. 2016 Mar. 2017 Mar. 2018 Mar. 2019 Mar. 2020 Mar. 2021

Securities moves into holding company structure and inaugurates Financial Holdings, Inc.

–Mar. 2012
Revolution

Apr. 2012–Mar. 2017
Ambitious 5

Apr. 2017–Mar. 2022
New Age's Flag Bearer 5

Jan. 2010

TTFH acquires all shares in Toyota Financial Services Securities Corporation, which in April of the same year merges with Tokai Tokyo Securities

Jan. 2011

Tokai Tokyo Finance & Real Estate Co., Ltd., subsumes Tokai Tokyo Investment Management Co., Ltd., in merger and changes company name to Tokai Tokyo Asset Management Co., Ltd.

Mar. 2011

Tokai Tokyo Academy Co., Ltd., founded

Mar. 2017

ETERNAL Co., Ltd., acquired as a subsidiary

Apr. 2017

Tokai Tokyo Financial Holdings, Inc., acquires Takagi Securities Co., Ltd., as a subsidiary

Sept. 2017

Pinnacle Inc. acquired as a subsidiary

Dec. 2018

Pinnacle TT Solutions Inc. founded

July 2019

Asset management Platform Preparatory Company (now Money Compass Japan Co., Ltd.) founded

Sept. 2019

Takagi Securities Co., Ltd., and Tokai Tokyo Securities, Co., Ltd., (surviving entity) merged

Apr. 2021

ACE Securities Co., Ltd., and Maruhachi Securities Co., Ltd., become wholly owned subsidiaries

May 2010

TTFH and Nishi-Nippon Financial Holdings, Inc., launch Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.

Sept. 2013

TTFH and Senshu Ikeda Holdings, Inc., launch Senshu Ikeda Tokai Tokyo Securities Co., Ltd.

Aug. 2015

All Nippon Asset Management Co., Ltd., founded as an equity-method affiliate

Sept. 2016

Ace Securities Co., Ltd., acquired as an equity-method affiliate

Jan. 2017

TTFH and Hokuohoku Financial Group, Inc., launch Hokuohoku Tokai Tokyo Securities Co., Ltd.

Apr. 2017

TTFH and The Tochigi Bank, Ltd., make Utsunomiya Securities Co., Ltd. (now Tochigin Tokai Tokyo Securities Co., Ltd.) a joint venture securities company

June 2018

Money Design Co., Ltd., acquired as an equity-method affiliate

June 2019

TTFH and Juroku Financial Group launch Juroku Tokai Tokyo Securities Co., Ltd.

Mar. 2011

Tokai Tokyo Investment Management Singapore Pte. Ltd.

Mar. 2015

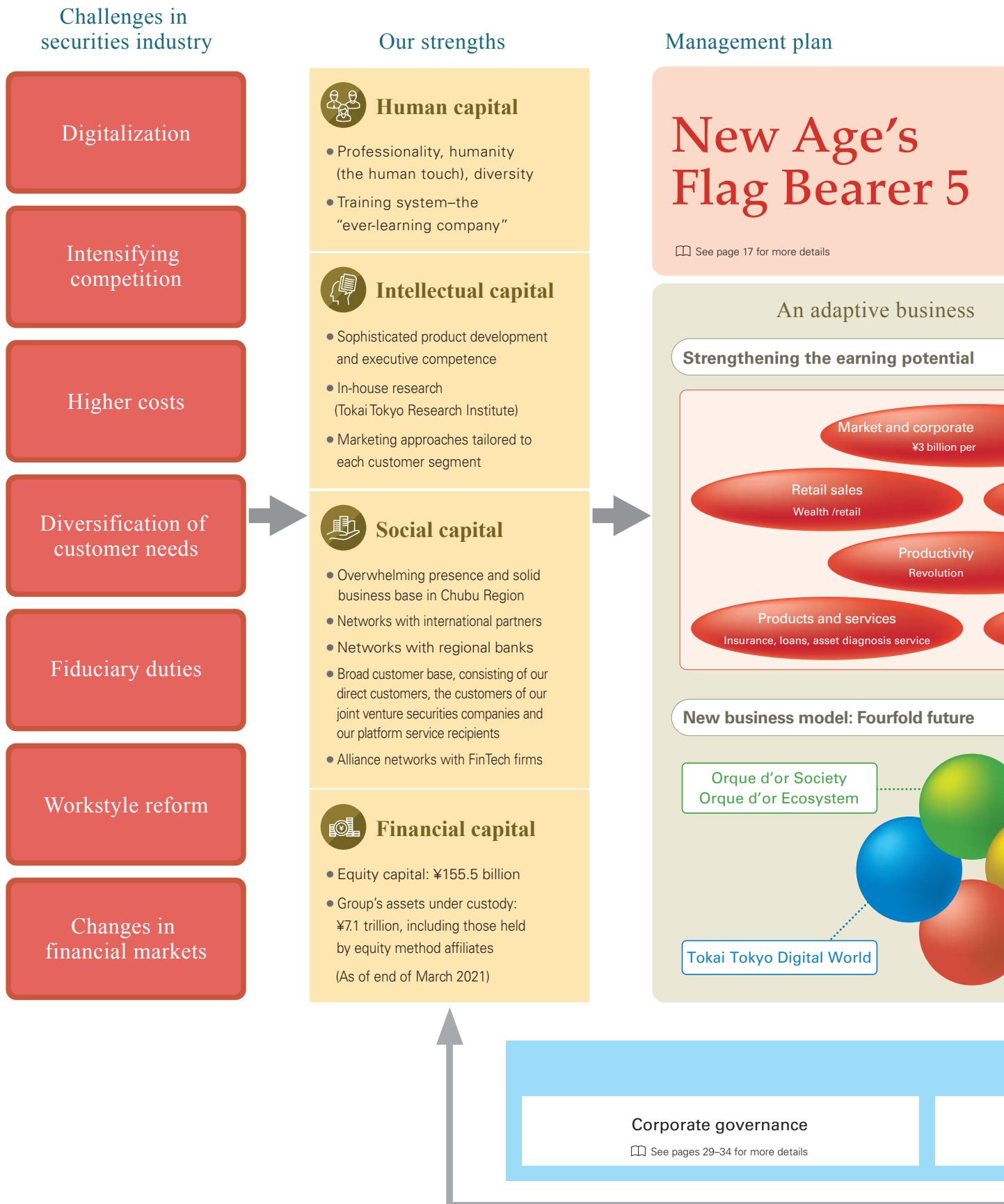
Phillip Tokai Tokyo Investment Management Pte. Ltd. (now an equity-method affiliate) founded

May 2016

Tokai Tokyo Global Investments Pte. Ltd. founded

The Group's Value Creation Process

Identifying the sweeping changes in society as a growth opportunity, we will deliver our securities business platform extensively across our unique network with

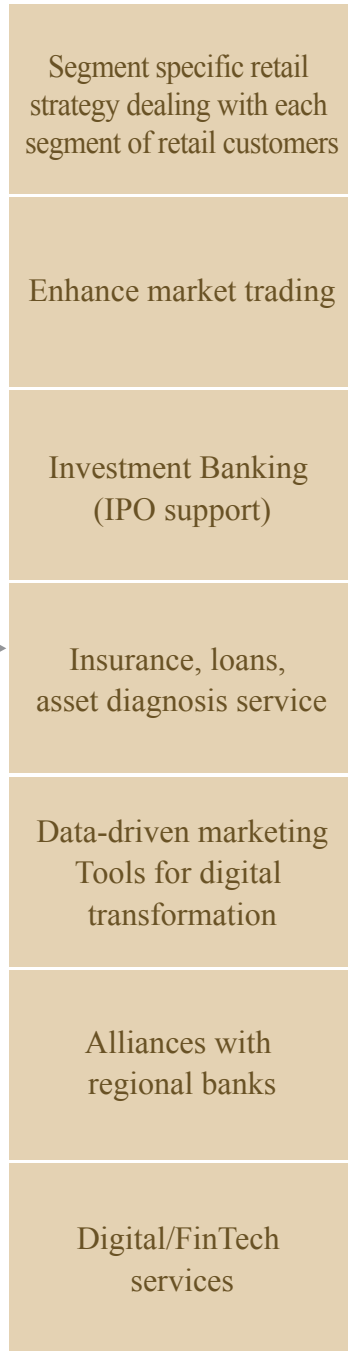


the aim of achieving sustained growth and raising our corporate value.

Deliver the best fitting products and solutions to customers

Social value delivered by the Group

- 1 Pursue originality with the segment specific retail strategy
- 2 Advance trilateral initiatives toward corporate customers and expand operations in global markets
- 3 Productivity revolution



Wellbeing

- Promote and maintain the health of local people and employees
- Provide a workplace where employees can work robustly in good health

See page 47 for more details

Training and workstyle

- Provide a workplace where employees with diverse backgrounds and talents can fulfill their potential in inclusive atmosphere
- Support employee's special skill sharpening

See page 48 for more details

Financial innovation

- Provide innovative financial services that meet diverse needs
- Expand services for the segments of next-generation, asset forming, and digital seniors

See page 49 for more details

Regional economy

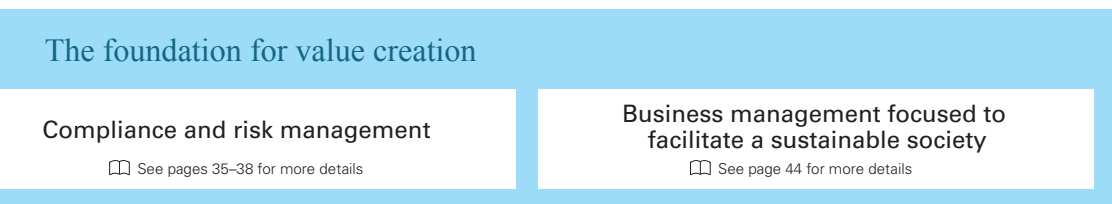
- Support the regional economy and revitalize local communities

See page 49 for more details

Environmental conservation

- Help build ecologically sustainable communities
- Reduce carbon dioxide emissions

See page 50 for more details



The Strengths of the Tokai Tokyo Financial Group

1 An independent and comprehensive financial group

The Tokai Tokyo Financial Group is a comprehensive securities company group led by its holding company, Tokai Tokyo Financial Holdings, Inc. As of the end of September 2021, the Group comprises 31 subsidiaries, including key operating company Tokai Tokyo Securities. Nine of the subsidiaries are located overseas. The Group also has 14 affiliates, one of which is located overseas.

2 Basing our home market in Chubu region, we expand network of alliances elsewhere in Japan

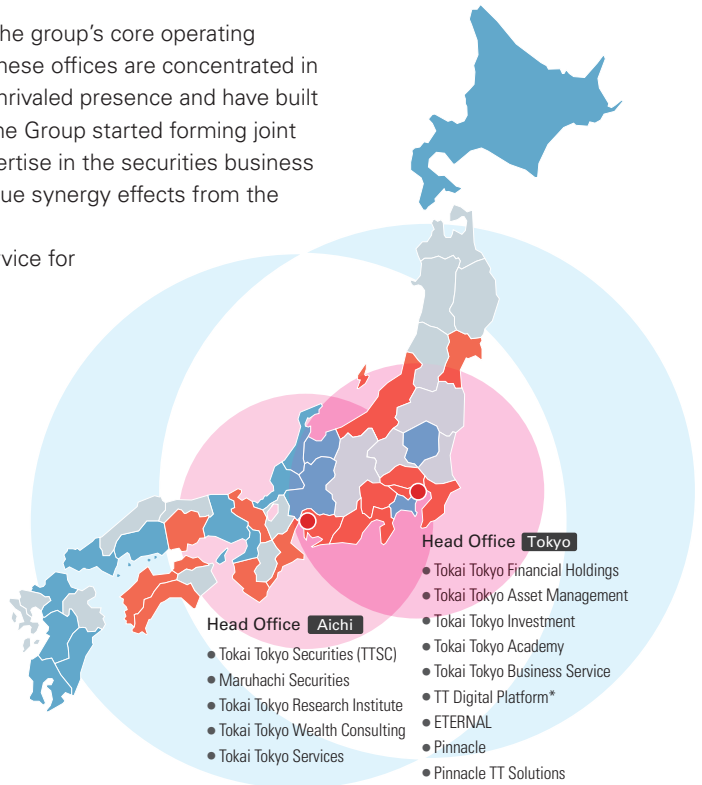
As of the end of September 2021, Tokai Tokyo Securities, the group's core operating company, has 60 sales offices across Japan. Over half of these offices are concentrated in the Chubu region (central Japan), where we maintain an unrivaled presence and have built solid relationships of trust with local customers. In 2007, the Group started forming joint ventures with regional banks. Connecting the Group's expertise in the securities business with the customer bases of regional banks generated unique synergy effects from the combination of banking and securities operations.

We also provide financial instrument intermediary service for financial institutions.

Basing our home market in Chubu region, we expand network of alliances elsewhere in Japan

Tokai Tokyo Securities	Sales offices: 60 (in Aichi, Tokyo, Osaka, and elsewhere)
ACE Securities	Sales offices: 10 (in Osaka, Tokyo, Shiga, and elsewhere)
Maruhachi Securities	Sales offices: 7 (in Aichi)
YM Securities	Sales offices: 9 (in Yamaguchi, Hiroshima, and Fukuoka)
Hamagin Tokai Tokyo Securities	Sales offices: 18 (in Kanagawa and Tokyo)
Nishi-Nippon City Tokai Tokyo Securities	Sales offices: 14 (in Fukuoka, Miyazaki, Kumamoto, and Kagoshima)
Senshu Ikeda Tokai Tokyo Securities	Sales offices: 7 (in Osaka and Hyogo)
Hokuhoku Tokai Tokyo Securities	Sales offices: 6 (in Hokkaido, Toyama, Ishikawa, and Fukuji)
Tochigin Tokai Tokyo Securities	Sales offices: 8 (in Tochigi and Saitama)
Juroku Tokai Tokyo Securities	Sales offices: 5 (in Gifu and Aichi)

(As of September 30, 2021)

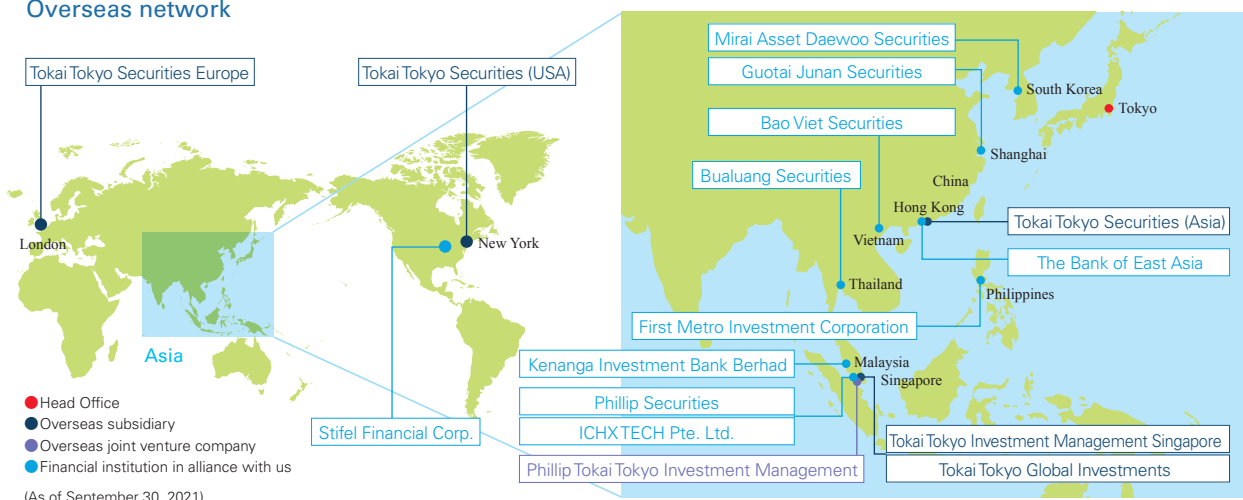


*TT Digital Platform was formerly known as Money Compass Japan Co., Ltd. It adopted the present name, Tokai Tokyo Digital Platform Co., Ltd., on October 25, 2021.

3 An overseas network coverage of leading financial centers

Tokai Tokyo Financial Group operates overseas subsidiaries and affiliates in the world's financial centers. We are working to increase the group's revenue by developing and sourcing financial products.

Overseas network



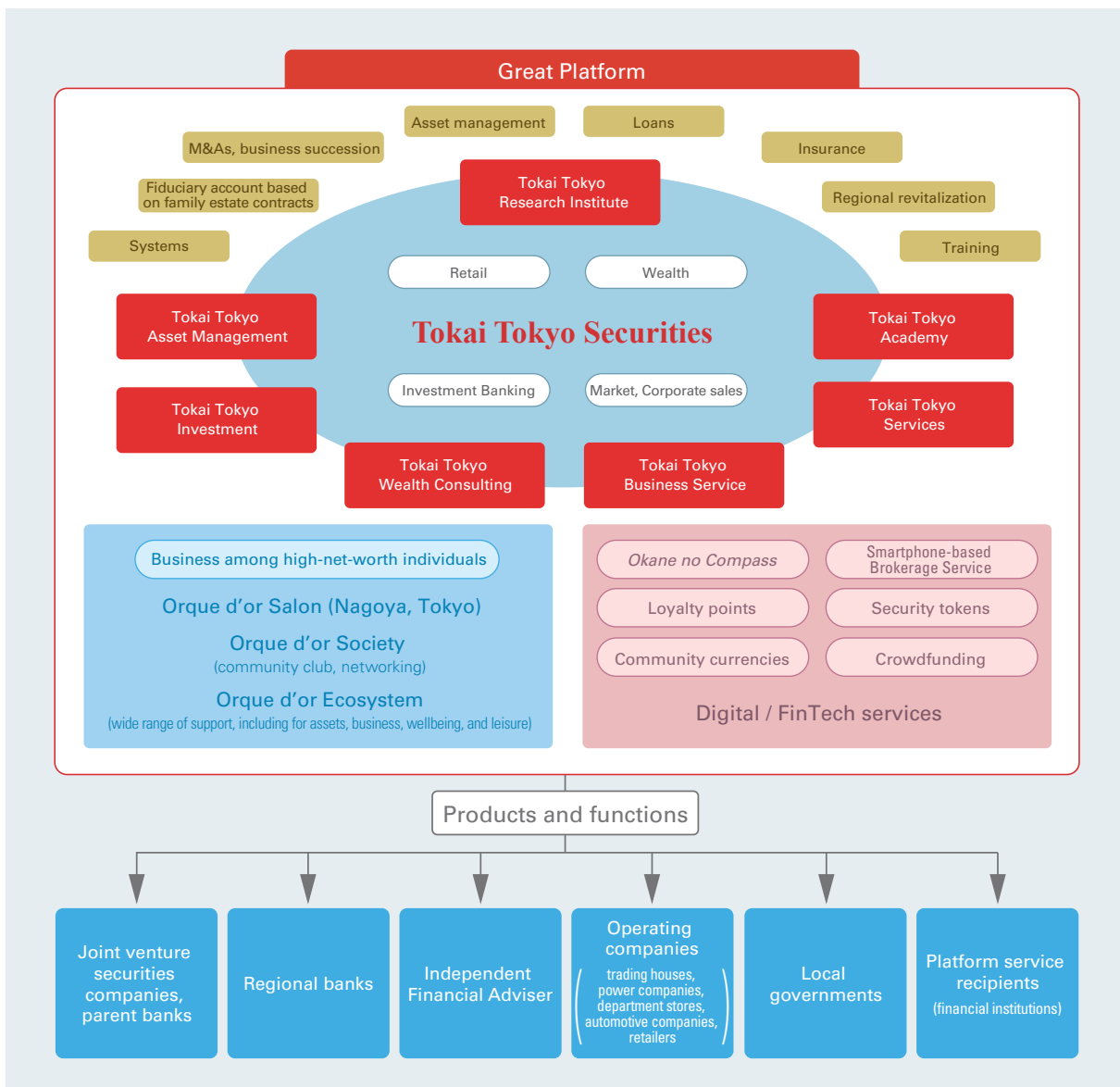
(As of September 30, 2021)

4 A creative strategy

Tokai Tokyo Financial Group aspires to be an integrated financial group that stands out from the pack.

In pursuing growth, we are forging visionary business models. Examples include implementing digital strategy, focusing on business increase among high-net-worth individuals, forming alliances with regional banks, starting Smartphone-based Brokerage Services, and developing a platform for sharing our resources and thereby build a network with operating companies in different industries.

☞ Read more about our activities in each division on pages 23–27



5 Advanced governance

We consider corporate governance enhancement a top priority. While building the organizational infrastructure necessary for swift decision-making and business execution, we also strive for a high standard of integrity and transparency to earn the trust of all stakeholders and build sustainable corporate value.

☞ See pages 29–34 for more details

Roadmap

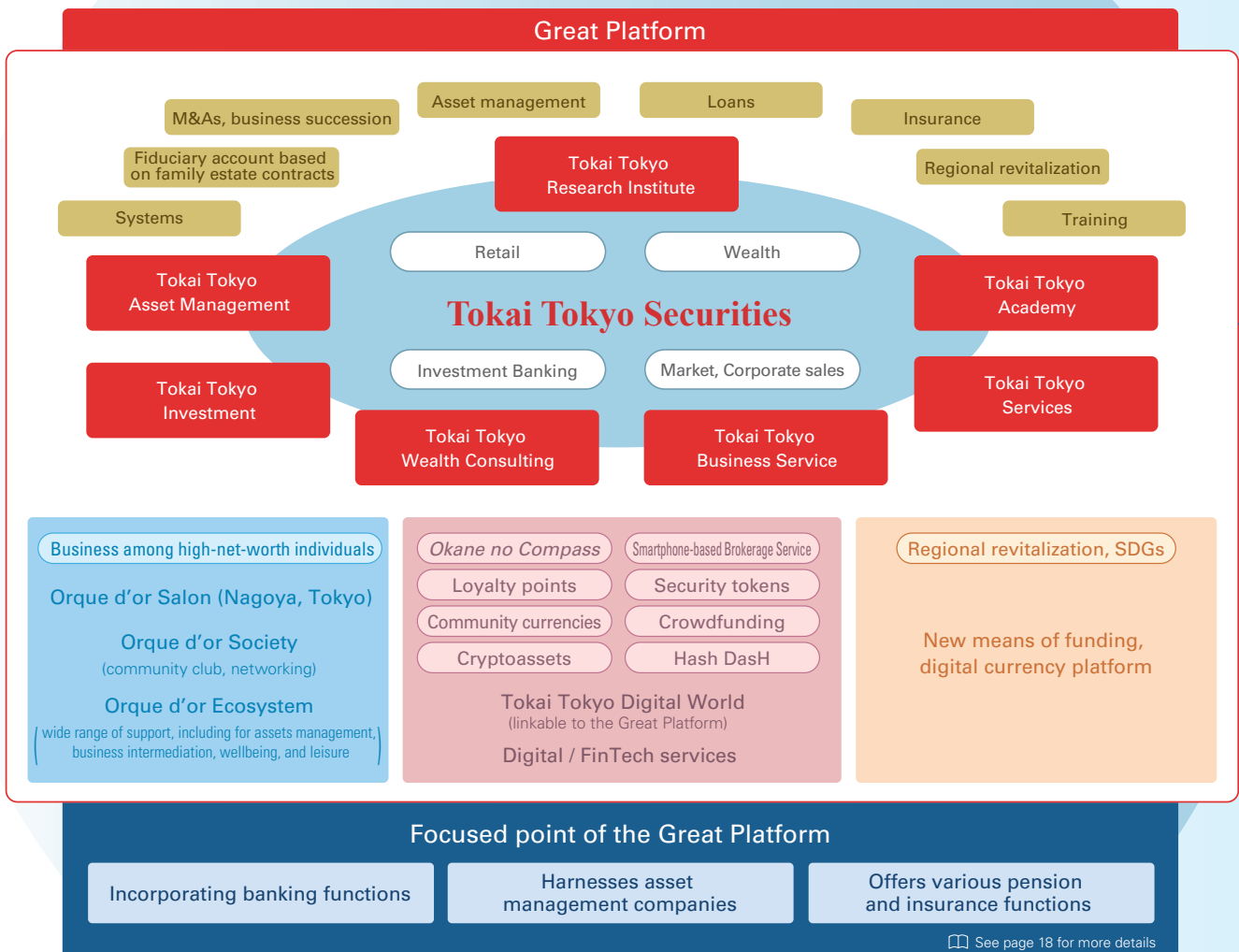
Aiming to be a comprehensive financial group that delivers new value for a new age

To navigate an ever-changing business landscape, we aim to be a comprehensive financial group that offers something different from the major securities companies, bank-owned securities companies, and online brokers. To that end, we will implement a digital strategy, develop and expand business among high-net-worth individuals, forge alliances with regional banks, start Smartphone-based Brokerage Services, and develop a platform for sharing our assets to build a network of operating companies.

We are the only securities brokerage firm to have been selected as one of the DX Stocks 2021, a program run by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. In the digital sector, we have established strong foothold in digital field.

We aim to be a comprehensive financial group that grows with an expansive inter-industry network by the application of digital technology

With newly developed competencies and an expanded network, we lead tomorrow's financial industry as a flag bearing leader and carve out our own market



Trends affecting

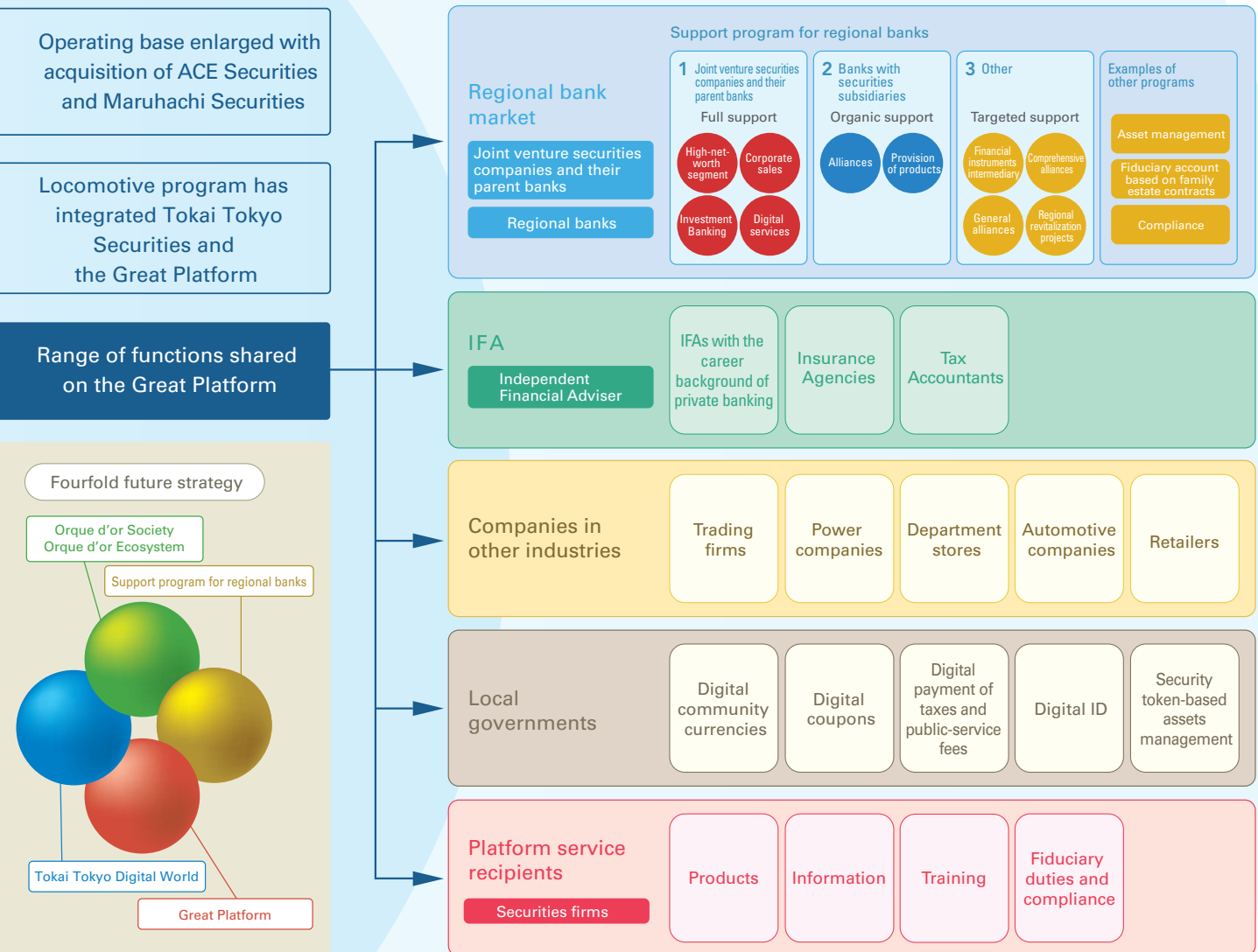
Digitalization

Intensifying competition

Higher costs

Diversification of

Specifically, we have an Asian security-token-offering network mediated by ADDX, a Singaporean security token exchange. We have also absorbed blockchain technology into our group. We will build Tokai Tokyo Digital World, a model in which we offer innovative digital convenience, a new funding, and make contribution to regional revitalization by deploying a digital currency platform. We also boast a range of non-digital functions, including insurance, loans, and asset management, and other services. By providing these services to business corporations as well as banks, we will build a distinctive platform business model in Japan.



securities companies

customer needs

Fiduciary duties

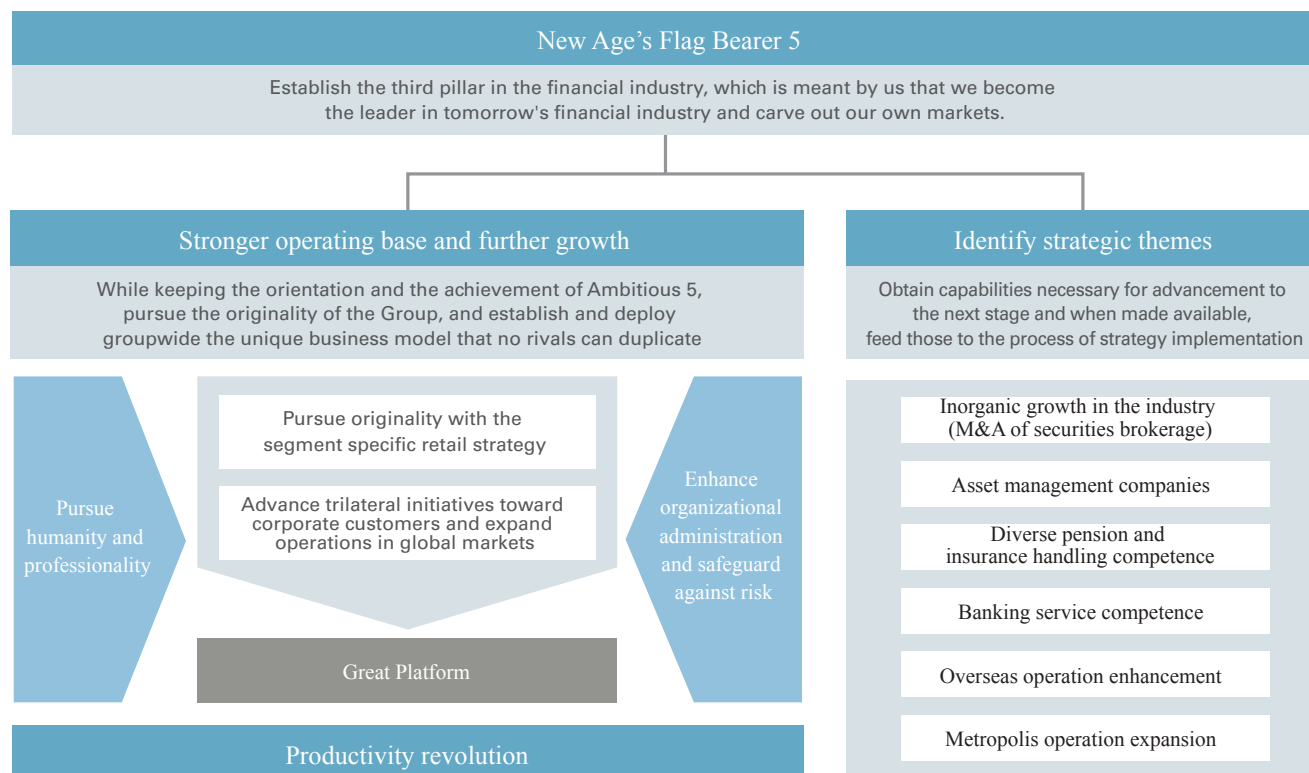
Workstyle reform

Changes in financial markets

Management Plan: New Age's Flag Bearer 5

The Tokai Tokyo Financial Group launched the current five-year plan, New Age's Flag Bearer 5 in April 2017. The plan outlines our vision to build the Great Platform and to implement a productivity revolution that will further strengthen our operating base and enhance growth. The plan also spells out strategic themes to guide us into the next stage of growth. The goal is to lead the financial sector in a new age.

Overview of the Management Plan



Key goal indicator

	Goal	FYE March 2017 (year immediately preceding)	FYE March 2018	FYE March 2019	FYE March 2020	FYE March 2021
ROE (%)	10	7.8	15.5	0.6	1.7	5.6
Ordinary income (Billions of yen)	30.0	13.2	20.9	0.9	0.7	12.5
Group's assets under custody (Trillions of yen)	10	5.6	6.4	6.2	5.7	7.1



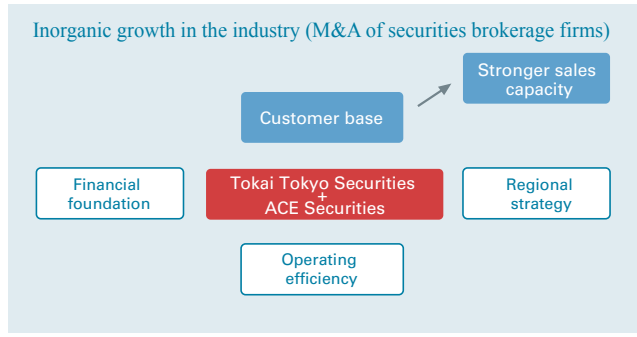
See our corporate website for more details on New Age's Flag Bearer 5 (in Japanese only)
<https://www.tokaitokyo-fh.jp/corporate/businessplan/>



Strategic themes carried over to the new plan

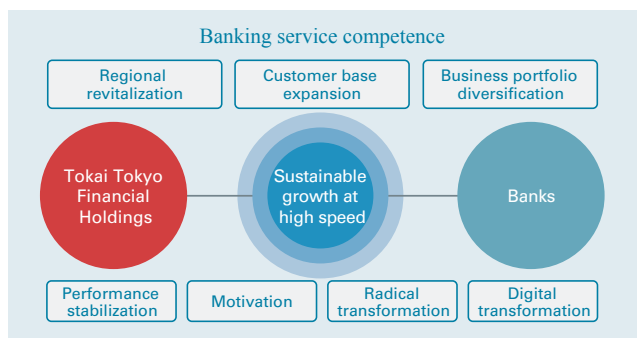
Inorganic growth in the industry (M&A of securities brokerage)

In May 2021, the Company gained full ownership of ACE Securities Co., Ltd., with Tokai Tokyo Securities as a surviving entity in an absorption merger scheduled for May 2022. We design the merger to improve operating efficiency of the Group. ACE Securities currently (as of the end of March 2021) has assets under custody worth ¥450 billion. Leveraging the ACE Securities' operational resources, Tokai Tokyo Securities will expand its business foundation in the Kansai area and unlock synergies from the merger as soon as possible. We will keep exploring more M&A opportunities to further expand the group's business and strengthen our business networks.



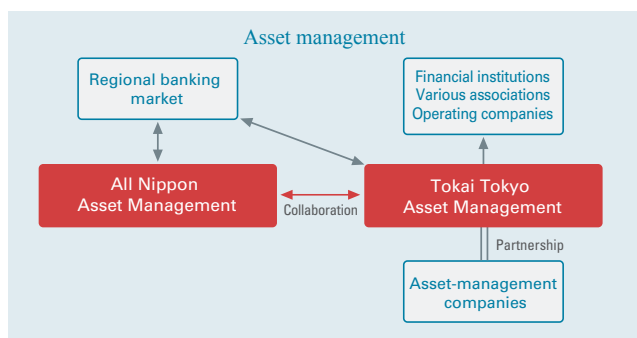
Banking service competence

For the Company to achieve further growth as a comprehensive financial group that offers a wide range of solutions, we must step up our efforts to forge alliances with regional banks. To that end, we must equip our group with banking competence. The acquisition of banking competence will ensure us to implement effectively the strategies we pursue such as regional revitalization, business portfolio diversification, customer base expansion, driving digitalization forward, and operating performance stabilization. Further, we will also develop a new financial business model through the said process.



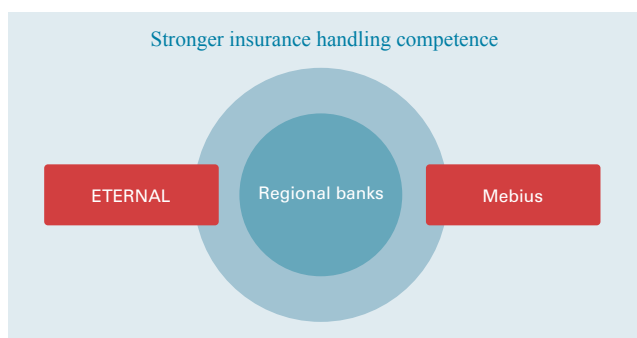
Asset management companies

We provide a wide array of asset-management services through our affiliate, All Nippon Asset Management (in which we share a stake with 17 regional banks), as well as through our subsidiary, Tokai Tokyo Asset Management. All Nippon Asset Management, with ¥550 billion worth of assets under custody as of the end of March 2021, contributes to local economies by cultivating the regional banking market. Tokai Tokyo Asset Management forms alliances with other asset-management companies to build an asset-management platform to serve financial institutions, various associations, and business entities in non-financial industry based on a high level of expertise.



Diverse insurance handling competence

We are enhancing and expanding the group's insurance handling competence. We are targeting the regional insurance market. This effort is led by our insurance subsidiary, ETERNAL, which operates 55 walk-in insurance outlets (known as "insurance terraces") across Japan (as of the end of September 2021), along with ETERNAL's own subsidiary, Mebius. Our services cover a broad range of insurance needs. We will continue developing our insurance handling competence to cultivate business among young asset builders, who represent the next generation of our customers. This effort will fortify the group's overall customer base and further expand its business foundation.



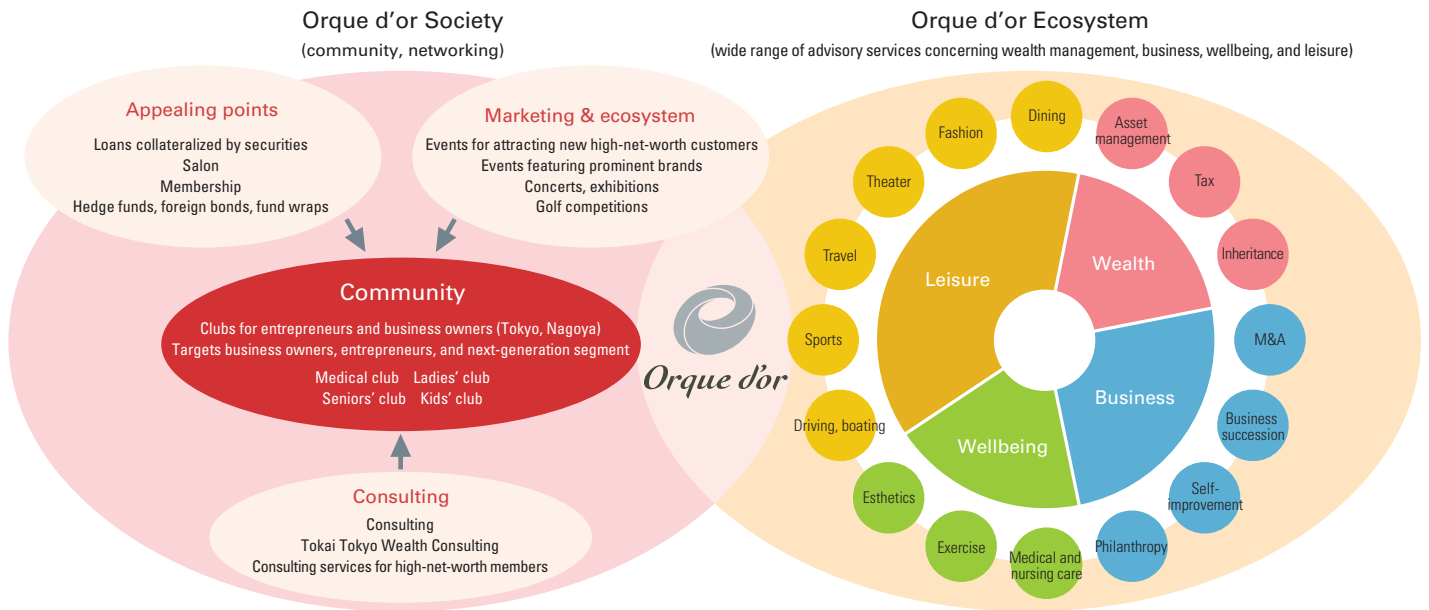
Special Feature: Fourfold future strategy

We are pursuing the Fourfold future strategy to create financial businesses for the next generation.

Orque d’or Society, Orque d’or Ecosystem

Tokai Tokyo Securities has developed Orque d’or brand of operation, under which we provide a private banking service by fusing financial and non-financial services, to high-net-worth customers.

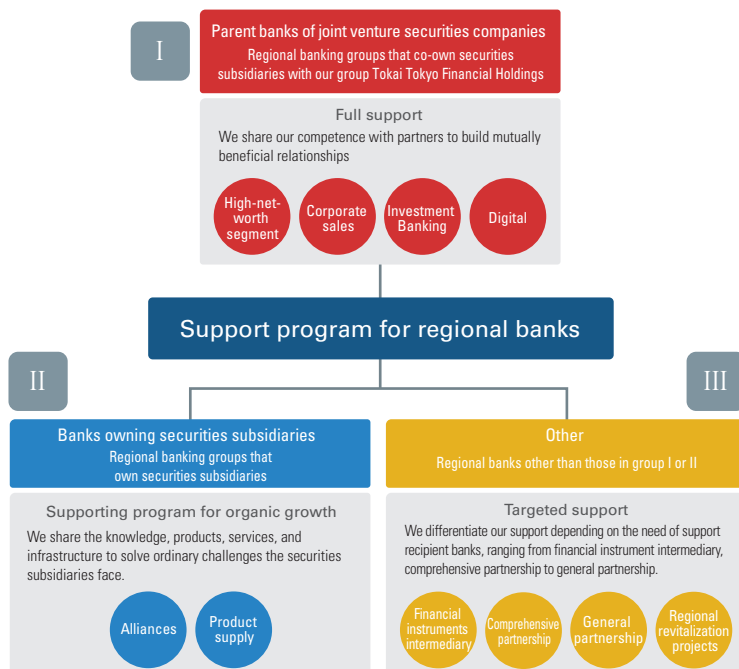
In an effort to build up the unique Orque d’or brand, Tokai Tokyo Securities is developing Orque d’or Community and Orque d’or Ecosystem. Orque d’or Community provides business leaders with services such as an intermediating business match-ups and pitching events and giving support for startups. Orque d’or Ecosystem features an inter-industry network that puts high-net-worth customers in touch with a company that can potentially meet their needs.



Support program for regional banks

Our partnerships with regional banks extend beyond our joint venture securities companies. We also engage in financial instrument intermediary services, comprehensive business partnerships, and other services tailored to local banking needs. Under the partnerships, we help banks to provide Investment Banking services (such as IPOs) and to cope with their digitalization process in addition to supporting their conventional securities brokerage services for corporate clients and high-net-worth customers.

Three kinds of partnership in our support program for regional banks



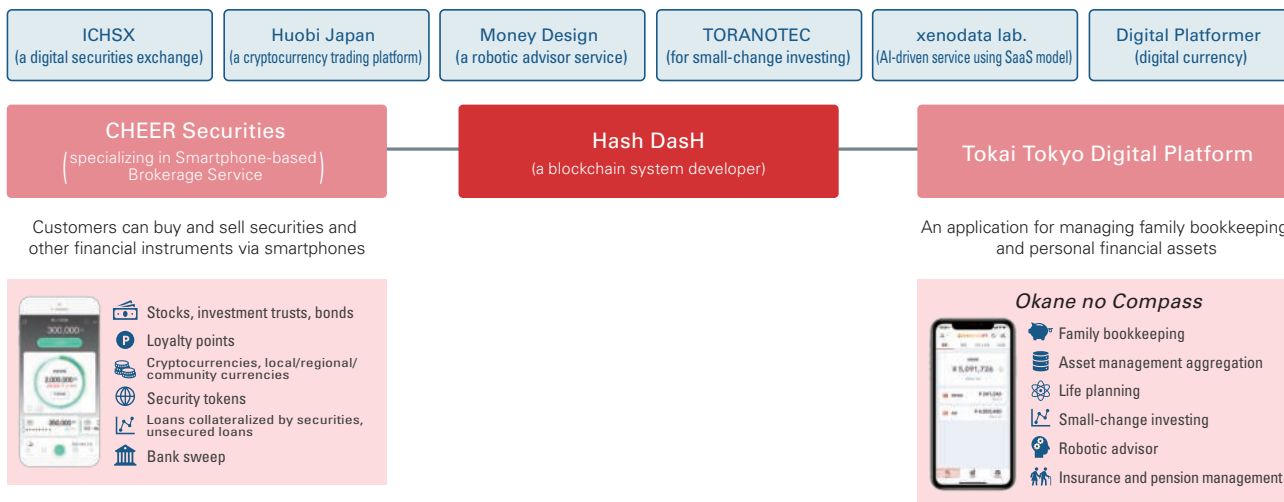
Service provided	I	II	III
Securities (JVs, IFAs)	◎	○	○
Corporate sales (asset management, derivatives)	◎	◎	◎
Asset management (securities investment management, risk management)	○	○	◎
High-net-worth segment (PEAs)	◎	◎	○
FinTech (Smartphone-based Brokerage Service, Okane no Compass and others)	○	○	○
Regional revitalization (community currencies, STOs)	○	○	○
Insurance	○	○	○
Business succession	○	○	○
Training /Talent management	◎	◎	—
Compliance, internal controls	◎	◎	—
Marketing techniques (data-driven marketing, segmentation)	◎	○	—
Fiduciary account based on family estate contracts	◎	◎	◎
Information, analysis	◎	◎	○
Corporate finance (IPOs)	◎	◎	◎

Tokai Tokyo Digital World

In the digital arena, we have invested in innovative FinTech companies to deliver value-added services. We have also focused on digital currency with a view to contributing toward regional revitalization. An example of our FinTech efforts is *Okane no Compass*, which is a free application that allows users to manage their investment, insurance, and pensions on a single application (and it is free). The application has proved popular. A subsidiary specializing in Smartphone-based Brokerage Service, CHEER Securities Inc.*1 will soon start its operation.

FinTech services and tools for the next generation

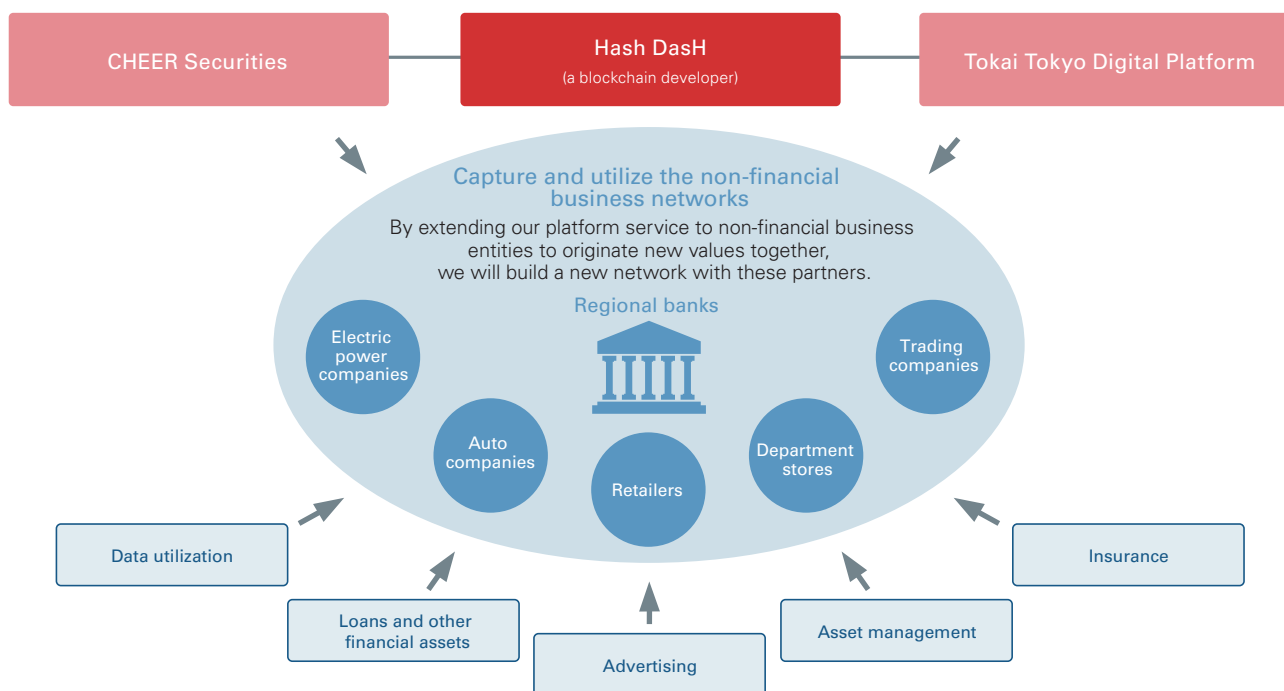
With CHEER Securities, Tokai Tokyo Digital Platform, and Hash DasH, we offer variety of FinTech services and tools tailored to the next generation customers.



*1 Because CHEER Securities has yet to start its operation, all the information about the products and services it will provide are described as planned basis.

Great Platform

We are preparing to build the Great Platform that extends our existing platform service to non-financial businesses such as trading houses, electric power companies, department stores and major retailers, in addition to regional banks.



Financial Results for Fiscal Year Ended March 31, 2021

Consolidated Financial Results of Operation

		FYE March 2020	FYE March 2021
Operating revenue	(Millions of yen)	61,694	69,362
Net operating revenue	(Millions of yen)	59,767	67,041
Operating income	(Millions of yen)	(823)	9,232
Ordinary income	(Millions of yen)	700	12,548
Profit attributable to owners of parent	(Millions of yen)	2,763	9,094
Return on equity (ROE)	(%)	1.7	5.6

In the period under review, operating revenue increased 12.4%, to ¥69,362 million; net operating revenue increased 12.2%, to ¥67,041 million; operating income totaled ¥9,232 million (compared to an operating loss of ¥823 million in the previous year); ordinary income increased 1,691.9%, to ¥12,548 million; finally, profit attributable to owners of parent after deducting income taxes and others increased 229.1%, to ¥9,094 million.

Selling, general and administrative expenses totaled ¥57,808 million, a decrease of 4.6%. This decrease reflected the fact that the pandemic has changed the business environment as well as ongoing cuts in fixed expenses. Under this category, trading-related expenses decreased 10.3% to ¥10,210 million, due to factors such as less commission expenses, less travel expenses (amid voluntary travel restrictions), and less advertising expenses (because large events were cancelled). Similarly, personnel costs decreased 1.2%, to ¥27,501 million, because overtime decreased with the rise in working from home, more than offsetting a rise in performance-linked bonus pay. Office costs decreased 10.1%, to ¥6,756 million, because after acquiring subsidiaries and ceding business to joint venture securities companies in the previous year, we achieved savings in the costs of operating systems and transferring data.

Non-operating income totaled ¥3,686 million, an increase of 87.0%. Dividend income totaled ¥630 million, a decrease of 2.3%. Equity-method investments, however, turned positive, at ¥1,591 million. Gain on investments in investment partnerships totaled ¥530 million, an increase of 16.4%. Non-operating expenses totaled ¥371 million, a decrease of 16.9%. Loss on investments in investment partnerships totaled ¥287 million, an increase of 31%, while equity-method investments turned somewhat positive but not significant enough.

In the period under review, we recorded extraordinary income, the main components of which were ¥193 million in gain on negative goodwill realization and ¥101 million in gain on reversal of share acquisition rights.

		FYE March 2020	FYE March 2021
Commission received	(Millions of yen)	29,172	31,173
Net trading income	(Millions of yen)	29,510	34,008
Financial revenue	(Millions of yen)	3,011	4,180

Commission received

During the fiscal year under review, total commissions received increased 6.9%, to ¥31,173 million.

- Commission to consignees:** Total commissions to consignees earned by the Group increased 13.9%, to ¥13,936 million. Under this category, volume of stock brokered by Tokai Tokyo Securities increased 31.2%, to 3,454 million shares, and value of stock brokered increased 37.1%, to ¥6,120.6 billion. Additionally, transactions with individual investors increased 26.3%, to ¥1,819.7 billion, causing commissions to consignees on stocks to increase 21.0%, to ¥13,531 million.
- Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors:** Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors totaled ¥1,076 million, an increase of 53.2%. Under this category, commission earned by handling of stock totaled ¥749 million, an increase of 286.6%, due to an increase in underwriting volume of public offerings. Another item under this category, commission on bonds decreased 35.7%, to ¥327 million.
- Fees for offering, secondary distribution and solicitation for selling and others for professional investors:** The total was ¥6,461 million, a decrease of 0.9%. Under this category, fees from beneficiary certificates decreased 0.7%, to ¥6,450 million, as sales of investment trusts—particularly to individuals remained almost the same.
- Other fees received:** Other fees earned totaled ¥9,700 million, a decrease of 0.1%. Under this category, agency commissions from investment trusts declined 8.7%, to ¥3,647 million, and insurance commissions increased 1.1%, to ¥3,203 million.

Net trading income

Net trading income totaled ¥34,008 million, an increase of 15.2%. Under this category, net trading income from equity totaled ¥22,369 million, an increase of 59.7%, which was mainly attributable to the increase in the trading of domestic shares and foreign stock, as well as gain on valuation of foreign investment trust. Trading of bonds and foreign exchanges totaled ¥11,639 million, a decrease of 24.9%. The main factors of this decrease included a loss in equity swaps used to hedge domestic stock, which more than offset the increased income from higher sales of foreign currency-denominated bonds and structure bonds.

Net financial revenue

Net financial revenue increased 71.3% to ¥1,858 million. Under this category, financial revenue totaled ¥4,180 million, an increase of 38.8% while financial expenses, another item under this category, totaled ¥2,321 million, an increase of 20.5%.

Consolidated financial position

		FYE March 2020	FYE March 2021
Net assets	(Millions of yen)	160,404	172,684
Total assets	(Millions of yen)	1,113,313	1,416,569
Equity ratio	(%)	14.1	11.7
Book value per share (BPS)	(Yen)	630.24	666.65

Assets

As of the end of the period under review, total assets were ¥1,416,569 million, an increase of ¥303,255 million (all comparisons are with the end of the previous consolidated fiscal year). Under this category, current assets increased ¥299,135 million to ¥1,342,676 million. The key contributors were trading products (assets), which increased ¥165,746 million to ¥588,098 million, and loans secured by securities, which increased ¥65,960 million to ¥407,829 million. Non-current assets increased ¥4,120 million to ¥73,893 million. The main contributor was investment securities, which increased ¥3,107 million to ¥48,155 million.

Liabilities

Total liabilities as of the end of the fiscal year increased ¥290,976 million to ¥1,243,884 million. Under this category, current liabilities increased ¥289,565 million to ¥1,143,073 million. The main increases were in trading products (liabilities), which increased ¥37,876 million to ¥379,293 million, and borrowings secured by securities which increased ¥157,113 million to ¥368,671 million, and short-term borrowings, which increased ¥109,105 million to ¥244,786 million. The main decreases were in trade date accrual (liabilities), which was down ¥34,861 million to ¥9,240 million. Non-current liabilities increased ¥1,394 million to ¥100,176 million. The main factor was long-term borrowings, which increased ¥2,290 million to ¥84,200 million. Partially offsetting this increase was bonds payable, which decreased ¥1,633 million to ¥11,863 million.

Net assets

In the period under review, total net assets amounted to ¥172,684 million, an increase of ¥12,279 million. Under this category, retained earnings increased ¥6,114 million, to ¥107,390 million.

Dividends

		FYE March 2020	FYE March 2021
Net income per share (EPS)	(Yen)	11.04	36.62
Dividend per share	(Yen)	8.00	22.00
(portion accounted for by dividend per share:)	(Yen)	(4.00)	(8.00)
Dividends payout ratio (consolidated)	(%)	72.5	60.1
Net assets dividend ratio (consolidated)	(%)	1.3	3.4

Revenues from the operation of the financial instruments business, in which the Group is primarily engaged, tend to be significantly affected by market trend. So, the Group's basic policy in determining dividend payment is to return profits to shareholders in a steady and appropriate amount while at the same time trying to increase retained earnings.

The Company's basic policy on the frequency of dividend payments is to make two payments in each fiscal year—one as an interim dividend and the other as a year-end payment. The interim dividend payment is decided by the Board of Directors and the year-end payment is decided at a general meeting of shareholders.

The Company's Articles of Incorporation stipulate that the Company may pay interim dividend in accordance with the provisions of Article 454, Paragraph 5, of the Companies Act.

The year-end dividend per share for the fiscal year under review will be ¥12 of ordinary dividends and ¥2 of commemorative dividend, which will make an annual total dividend of ¥22 combined with the interim dividend of ¥8 that was already paid. As a result, the payout ratio will be 60.1% on a consolidated basis.

Tokai Tokyo Securities: Overview of Each Division

Retail Division

Tokai Tokyo Securities follows a segmented retail strategy, tailoring its products and services to the needs and attributes of three segments: high net worth, matured, and next-generation asset forming. Recently, the Company started boosting the productivity of its retail operations. Specifically, in view of the progress in Japan’s workstyle reform agenda along with the Covid-driven changes to working practices, the Company started reorganizing its sales offices to streamline its customer-facing facilities and enable a more dynamic approach to customer engagement.

Strengths

- Overwhelming presence in Chubu region
- Strong ties with local customers, winning trust from them
- Can work with affiliates to meet a wide range of customer needs

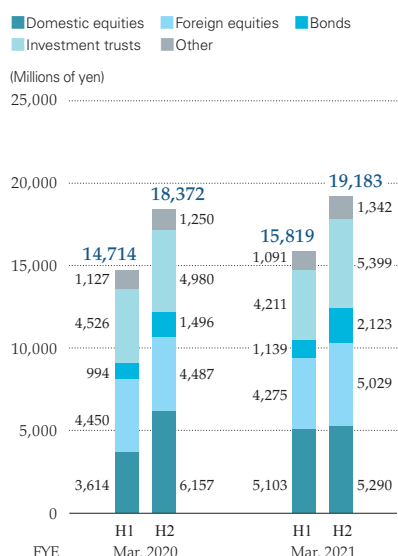
Strategies

- Pursue originality with the segment specific retail strategy
- High net worth segment**
Enhance Orque d’or’s services
- Matured segment**
Unify corporate and retail sales activities for customer base cultivation
- Next-generation asset forming segment**
Develop *Okane no Compass* for TT

Progress on the Management Plan

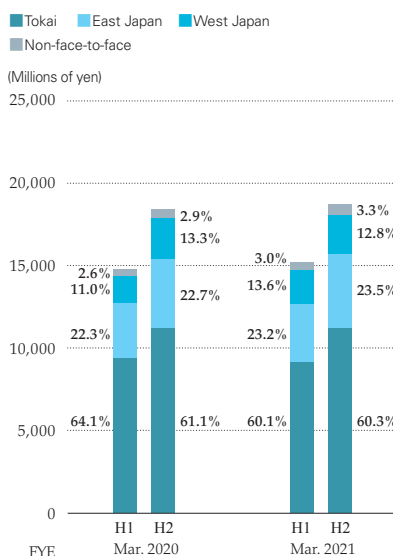
Under the group’s current five-year plan, Tokai Tokyo Securities aims to demonstrate originality through the segmented retail strategy described above. The Company has worked to make its products and services more relevant to investment preferences, asset portfolios, and financial needs of each target audience. In the period under review, we worked on a range of measures to stimulate more business, such as introducing the products and services optimized to life events and providing expert consulting for customers with a strong risk appetite. Crucially, the Company focused on expanding business and earning potential in the high-net-worth segment, a particularly important growth driver for the company. For example, we enhanced consulting services for business succession and inheritance and expanded the lineup of functions and services in Orque d’or. Alongside these efforts, the Company worked to integrate its retail operations with its corporate sales operations, which target owners of small to medium sized businesses. Tokai Tokyo Securities faces a number of challenges in the retail sector, including market turbulence, diversified customer needs, digitalization, fiduciary duty. Amid these challenges, the Company will continue to develop retail business, drawing on its forte in face-to-face consulting and the attractive lineup of bespoke products.

Revenue by product category



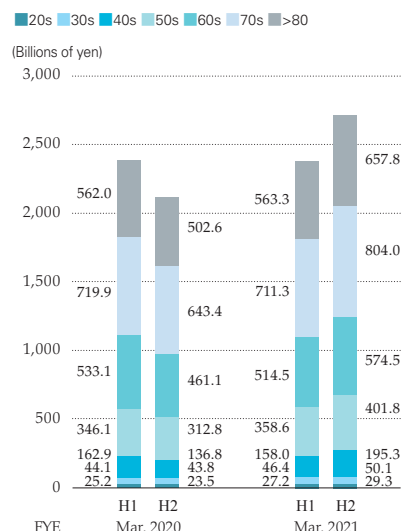
Note: Figures are based on Tokai Tokyo Securities’ accounting data compiled for internal management purpose

Revenue by geographical region



Note 1: Figures are based on Tokai Tokyo Securities’ accounting data compiled for internal management purpose
 Note 2: Excludes revenue that was not generated from transactions with customers

Assets under custody by age group of customers (period end)



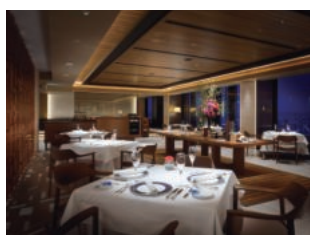
Note 1: Figures are based on Tokai Tokyo Securities’ accounting data compiled for internal management purpose
 Note 2: Other than these age categories, Tokai Tokyo Securities holds the assets for corporate customers as part of its retail operations

Segment-specific retail strategy

High-net-worth segment

In November 2015, Tokai Tokyo Securities launched Orque d'or as a service brand dedicated to the high-net-worth segment. Orque d'or has a team of experts devoted to offering the premium services to this segment. For business owners, medical practitioners and others in this segment, Orque d'or offers services in two broad categories. The first is "business support," which advises such customers on how to manage their capital and companies' own stocks. The other is "total management," which offers advice on their asset and health management. Orque d'or offers total solutions covering financial matters as well as those not related directly to finance, such as inheritance, business succession, and more. Popular among members are for members' only "Orque d'or's Salon" (Nagoya) and "Orque d'or Salon TOKYO" (Nihonbashi, Tokyo). Here, members enjoy luxurious amenities in a refined space.

Orque d'or Orque d'or's members-only salons

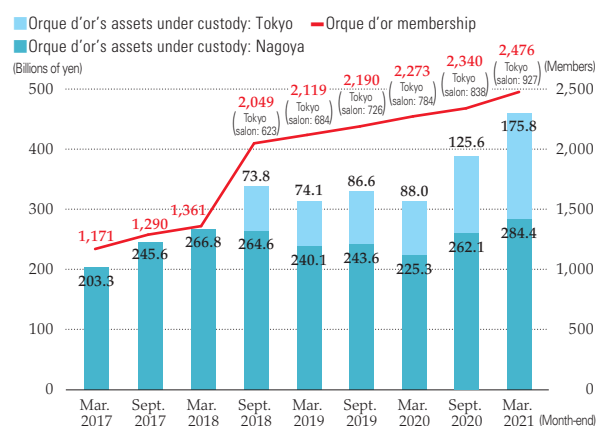


Nagoya Opened on the top floor of Dainagoya Building in March 2016. The salon includes facilities such as a lounge, restaurant, reception, seminar room, multipurpose hall, and a Japanese style annex.



Tokyo Opened on the top floor of Nihonbashi Takashimaya Mitsui Building in April 2019. The salon boasts a lounge, restaurant, reception, seminar room, multipurpose hall, and a rooftop garden.

Orque d'or membership and the members' assets under custody



Note: Figures are based on Tokai Tokyo Securities' accounting data compiled for internal management purpose

Matured segment

For this segment, we focus on advisory services related to life events and offer asset diagnosis services and insurance products. Other examples of the varying services for this segment include special accounts for customers with a high risk appetite and integrated services for owners of small to medium sized businesses (SME) and retail customers. We are combining our knowhow in face-to-face customer engagement with digital technology to enhance the level of customer service.

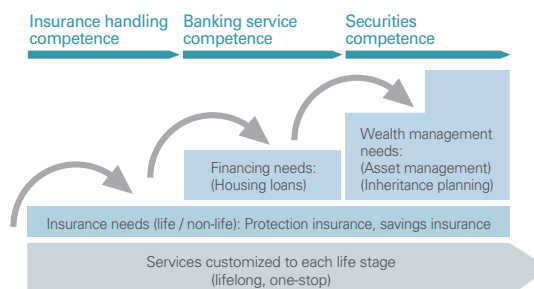
Next-generation asset forming segment

This segment targets customers aged 20-49 and constitutes one of the Group's core next-generation businesses. Accordingly, we are developing more products and services in this segment and expand further its customer base. One of the operations in this segment is Moneque, which provides one-stop financial services tailored to each life stage of customers. Besides MONEQUE, we offer *Okane no Compass* for TT, an application for asset management as well as investments, insurance, and pensions.

In Chubu, our main market, we take a wholesale marketing approach, visiting the workplaces of some selected companies and organizing events to educate potential customers there about building wealth.

MONEQUE: A one-stop channel targeting next-generation asset forming customers

お金のあれこれ、まるごと
MONEQUE
マニーク



Wholesale marketing approach to the employees of some chosen companies



Services are also provided online

Tokai Tokyo Securities: Overview of Each Division

Market Division

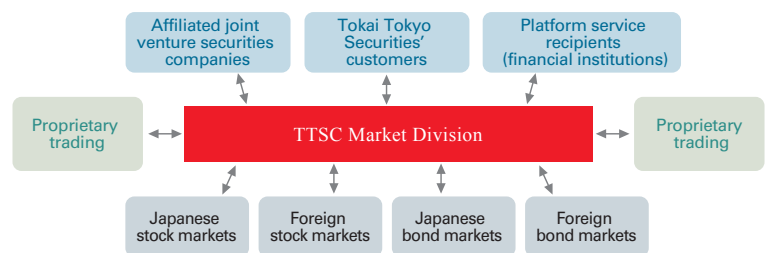
The Market Division contributes to the group's growth in the following ways. It offers a broad range of financial products such as foreign equities, foreign bonds, structured bonds, and derivatives to the customers of Tokai Tokyo Securities, joint venture securities companies, and platform service recipients. Alongside these sales activities, the division is strengthening its trading prowess. The division is also expanding its business foundation by transforming its business processes, nurturing talent, and building a global trading network linked with a London subsidiary. Through this expansion process, the division is expanding customer flow and using its position taking in trading to raise earnings.

Strengths

- Expansive product lineup targeting a thick, diverse foundation of both retail and corporate customers of the Company as well as those of joint venture securities companies and platform service recipients
- Ability to place both newly issued bonds and those for secondary market, underpinned by track record as a primary dealer of JGB and underwriting capacity for municipal bonds
- Win acclaim from institutional investors for our Japanese stocks research competence, leveraging on co-working with Tokai Tokyo Research Institute, and for our execution competence ability, taking advantage of our position taking competence
- Ability to execute OTC transactions in wide range of US stocks and other foreign stocks in Japan (during the business hours of Japan Standard Time), coupled with risk management
- Able to flexibly develop accommodate a wide range of needs with a diverse lineup of structured bonds embedded with derivatives for interest, foreign exchange, Japanese equities, and foreign equities

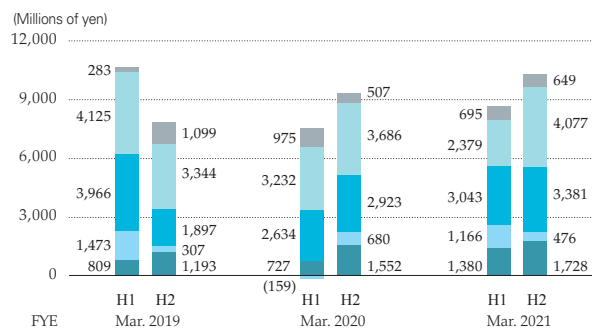
Progress on the Management Plan

In the period under review, our revenue from foreign stock trading remained at a high level thanks to brisk investment appetite amid strong US stock performance. Japanese stocks performed well too, driving up sales of structured bonds at joint venture securities companies. Derivative transactions contributed to revenue too. On the other hand, earnings from Japanese bonds were low because of sluggish investor transactions, a result of Japanese interest rates remaining static throughout the period. Earnings are reasonably balanced between position taking and flow from customers, but we want to expand customer flow by providing more products that resonate with the market. We also want to increase overall earnings by leveling-up our trading ability.



Revenue by product category

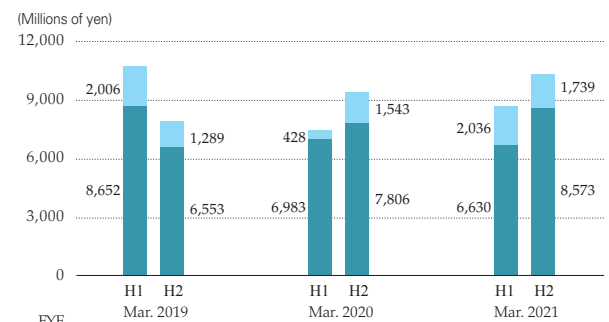
- Japanese equities
- Japanese bonds
- Foreign equities
- Foreign bonds, structured bonds, Forex (origination, secondary, Forex)
- Other



Note: Figures are based on Tokai Tokyo Securities' accounting data compiled for internal management purpose

Revenue source comparison

- From customer flow
- From position taking



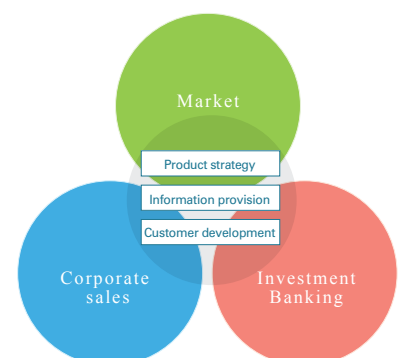
Note: Figures are based on Tokai Tokyo Securities' accounting data compiled for internal management purpose

Trilateral initiatives toward corporate customers

In what it calls "trilateral initiatives," the Tokai Tokyo Financial Group organically integrates the operating resources of market, corporate sales, and Investment Banking Divisions. For corporate customers, we aim to provide a range of options. We offer, for example, solutions for executing their corporate financial strategies, the personal financial needs of business owners and senior managers, and the asset-building needs of employees in these companies.

Strategies

- The divisions collaborate with each other in the areas of product origination, such as M&A intermediation, underwriting, and corporate sales, in order to deliver high-quality financial solutions to corporate customers
- The three divisions create synergy to provide customers with further services and to expand business opportunities



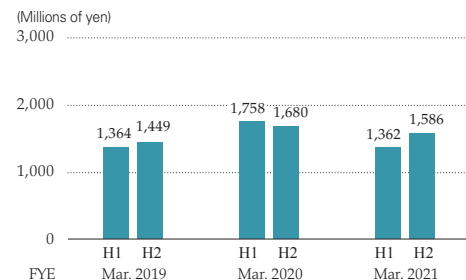
Corporate Sales Division

The Corporate Sales Division contributes to business growth by providing corporate customers, including Japanese banks and corporations, with a wide selection of products and solutions tailored precisely to their needs. These products and services are supported by Tokai Tokyo Securities' exceptional talent in brokering Japanese equities and its high underwriting capacity. They consist of an assortment of newly issued municipal bonds, structured bonds, foreign bonds, and derivatives for hedging transaction risk associated with interest rate and exchange rate fluctuations.

Strengths

- Sales offices dedicated to corporate sales division in Nagoya, Tokyo, Osaka, and Fukuoka provide coverage for corporate customers across Japan
- Ability to underwrite and place newly issued municipal bonds in collaboration with Investment Banking Division
- Diverse lineup of structured bonds covers broad range of needs
- Derivatives transactions provide hedging for the export and import transaction risk
- Ability to provide high-quality research and execute transactions swiftly
- Excellent ability to originate and market privately placed investment trusts for financial institutions

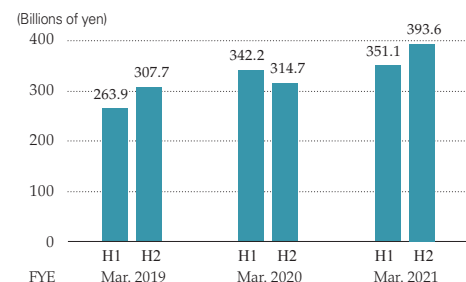
Operating revenue



Progress on the Management Plan

In the period under review, revenue was lower than the previous year, in part because of sluggish investment among corporate customers in general amid the Covid-driven socioeconomic turbulence and market fluctuations. Most notably, Japanese interest rates remained static at a very low level, resulting in sluggish trading in Japanese bonds, with the exception of newly issued bonds. By comparison, the division achieved better results in structured bonds and interest-rate derivatives trading. We now plan to go further in cultivating these business opportunities. With interest rates projected to remain low globally, Japanese banks and corporations remain indecisive about where to allocate capital. Against this backdrop, we will match our products and solutions even closer to corporate needs in order to expand our business foundations.

Assets (investment trust) under custody



Note: Figures are based on Tokai Tokyo Securities' accounting data compiled for internal management purpose

Investment Banking Division

This division provides services for a wide range of customer needs, including those related to IPOs, public stock offerings, secondary sales, and M&As. For IPOs, the division is expanding its array of sourcing routes by working closer with regional banking partners and with the other two divisions under the trilateral strategy. For straight bonds, the division has set a target of ¥600 billion for the year ending March 31, 2022. To that end, it is stepping up marketing for existing municipal and electricity bonds, while engaging more in the underwriting of newly issued bonds it has been slow to develop thus far—namely, corporate bonds and FILP bonds.

Strengths

- Ability to win orders as lead manager from companies with distinctive business models
- Ability to build up potential equity holders of IPO firms using a nationwide retail network established together with joint venture securities companies
- Can source business via regional banking partners and other companies in Tokai Tokyo Financial Group
- Corporate transaction networks in the Chubu region, collaboration with angel investors in Tokyo
- Can use group's venture capital to support and nurture start-up entrepreneurs

Progress on the Management Plan

In the period under review, we won contracts to serve as lead underwriter in the IPOs of distinctive and prominent firms. One of these firms was Inbound Tech, a company that has gone global. Another was Fabrica Communications, a provider of digital transformation solutions. We provided business succession support for Fujikyū Corporation. Specifically, we helped an aging business owner ensure the continuation of the business by facilitating an acquisition by a foreign private-equity fund. We are now helping the business in the next chapter of its growth. Regarding sustainability initiatives, we accepted the role of lead underwriter for green bonds issued by the Tokyo Metropolitan Government and gender bonds issued by the Japan International Cooperation Agency. We also became lead underwriter for a corporate bond issuer, Takeei Corporation, which issued its bond for the first time in August 2021. Thanks to these efforts Tokai Tokyo Securities is now, for the year ended March 2021, ranked 6th in the league table for bonds overall, 7th in the league table for municipal bonds, and 12th in the league table for IPOs.

Tokai Tokyo Securities' league table ranking in FYE March 31, 2021

	Bonds overall: Underwriting value 6th	Municipal bonds: Underwriting value 7th	Initial public offerings: Underwriting value 12th
Value	¥282,050 million	¥146,700 million	¥1,802 million
Share	1.3%	3.5%	0.6%
Number of Transactions	132 (excluding scheduled bonds*)	49 (excluding scheduled bonds*)	12

* Scheduled bonds are public bonds issued periodically on a predetermined schedule

Source: Refinitiv

Tokai Tokyo Securities: Overview of Each Division

Independent Financial Advisers (IFA) Division

We established the IFA Division after inheriting IFA operations from Takagi Securities in September 2019. Independent financial advisers (IFAs) advise clients on how to build their assets over the medium to long term. Demand for IFAs has risen over the past several years. The IFA Division was created to supply this need. The division now provides a wide range of financial products and solutions, leveraging its knowhow gained in face-to-face customer service operation. It also coordinates with divisions all across the Tokai Tokyo Financial Group to provide financial information to customers by publishing financial reports and organizing website seminars. The division will continue acquiring IFAs to build up its business network and contribute to Tokai Tokyo Securities' growth in the high-net-worth segment, a forte of the Tokai Tokyo Financial Group.

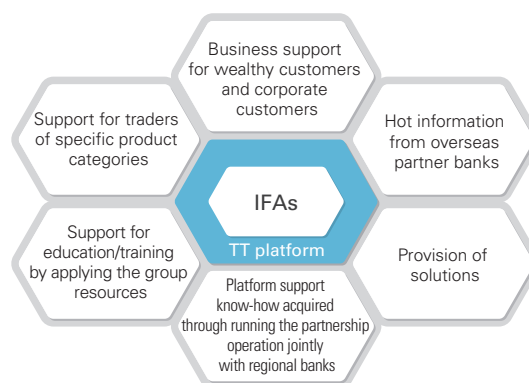
Strengths

- Ability to supply IFA needs of high-net-worth customers underpinned by knowhow gained in face-to-face customer service
- Ability to provide a wide range of information by leveraging group's overall strength
- Provides services to banks authorized to engage in securities operations (as financial intermediary to two banks under Fidea Holdings Co. Ltd.)
- Ability to find just the right solutions that satisfy the needs identified by IFAs
- Ability to help clients build compliance frameworks

Progress in Period under Review

In October 2021, Tokai Tokyo Securities started providing contracted broker services to two banks owned by Fidea Holdings Co. Ltd. (Shonai Bank and Hokuto Bank). As one of the few financial instruments intermediaries to offer almost all the products of a securities firm (equity transactions, structured bonds, and so on), we are building a commanding position as a financial platformer. We have already built a strong reputation by leveraging group resources to meet the varied needs of IFAs who possess high-net-worth clientele. To further build the business, we will refine our services, streamline operations, and other tasks, such as establishing a policy on our responsibilities as a contracted securities company.

One-stop services offered by Tokai Tokyo Securities



Alliances Tokai Tokyo Financial Group formed

Allying with regional banks

There are two key growth drivers for our group: The first is our strategy of allying with regional banks; the second is our platform business, in which we provide other securities brokerage houses with the products and services they require.

Our management plan, New Age's Flag Bearer 5, sets out a key strategy for further enhancing our operating foundation: develop the Great Platform—an innovative framework for facilitating business succession M&As and delivering cutting-edge FinTech services.

Through the Great Platform, we contribute to promote local finance, local businesses, and local economic development.

Affiliated joint venture securities companies with regional banks

As of March 31, 2021, we have founded a total of seven joint venture securities companies with prominent regional banks. Each of our bank partners is a major regional player with solid operating and customer base. We have allowed each one to have the controlling stake in the subject venture. The joint ventures create a win-win consequences: The banks can expand into securities business with minimal initial investment, while we can reach the banks' clientele and networks and use the earnings from the ventures to accomplish our stable operation.

As of March 31, 2021, there were seven joint venture securities companies with regional banks. These ventures represent a total of ¥1.81 trillion in assets under custody, and in the fiscal year ended March 31, 2021, they posted a combined operating revenue of ¥29.2 billion. We remain committed to our strategy of integrating each regional bank's robust customer base with our formidable expertise in retail, corporate, and marketing operations, so as to maximize the synergistic potential of the joint ventures and strengthen our alliances.

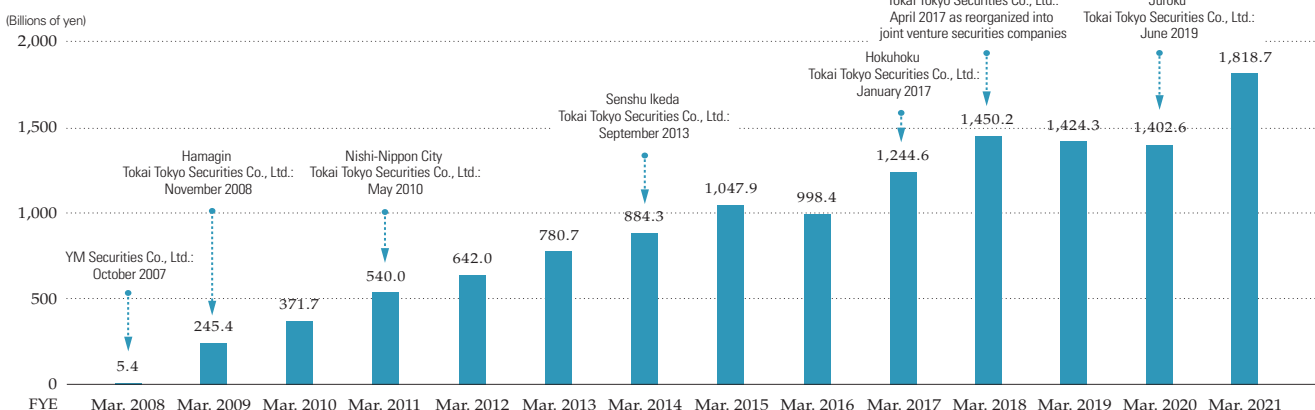
Business collaboration with regional banks

Joint venture securities companies are not the only form of our cooperation with regional banks. We are building a new alliance model that additionally involves comprehensive business partnerships and financial intermediary services. Through this model, we win trust from customers and contribute to local communities.

In a step toward further collaboration with regional banks that share a stake in our joint venture securities companies, in April 2021, we entered into a comprehensive business partnership with The Tochigi Bank, Ltd. Similarly, in August, we signed a memorandum of understanding (MoU) with Senshu Ikeda Holdings, Inc., to cooperate in providing services to corporate clients.

Additionally, in May, we signed a memorandum of understanding (MoU) with Fidea Holdings over a plan to provide financial instruments intermediary services. The ensuing negotiations culminated Tokai Tokyo Securities becoming, in October, a broker service provider for two of Fidea Holdings' banks: The Shonai Bank and The Hokuto Bank.

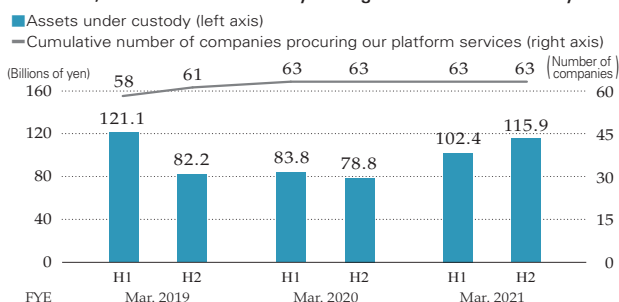
Assets under custody of the 7 affiliated joint venture securities companies as combined



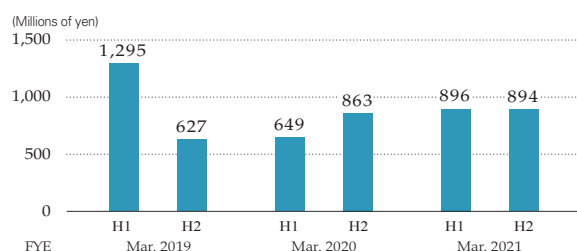
Platform business with other securities brokerage houses

Leveraging the experience we gained from joint operations with regional banks, we have developed a platform operation through which we provide other securities brokerage houses with the products, infrastructure, and services they require. As of FYE March 31, 2021, we are providing 63 securities brokerage houses with products including foreign equities, foreign bonds, and structured bonds, systems, and employee training services.

Number of securities brokerage houses procuring our platform services, and total assets they brought under our custody



Platform business-related revenue



Overview of strategic subsidiaries and functions offered

Tokai Tokyo Wealth Consulting

This subsidiary offers optimal solutions through a comprehensive range of financial consulting services regarding inheritance planning, real estate and others.

Tokai Tokyo Academy

This subsidiary supports talent development across the group. It runs training programs for group employees at all levels of seniority, courses on upgrading their expertise in securities and financial businesses, and the courses for gaining various professional qualifications.

Pinnacle / Pinnacle TT Solutions

Pinnacle: This subsidiary offers M&A advisory service in Japan and overseas.

Pinnacle TT Solutions: This is a subsidiary of Pinnacle. It caters to the business succession needs of SME owners.

All Nippon Asset Management

This subsidiary provides regional banks with solutions designed to improve their asset management operations. As of the end of March 2021, the subsidiary has an asset portfolio of ¥543.9 billion.

Tokai Tokyo Research Institute

This subsidiary is a research institute that analyzes and researches financial and securities markets and provides customers, including individuals, corporations, and institutional investors, with information to guide an investment decision.

Tokai Tokyo Business Service

This subsidiary was founded to deliver shared back-office and system infrastructure services to affiliated securities firms and other group companies. By harmonizing standards and streamlining operations, the subsidiary helps minimize costs across the group.

ETERNAL

This subsidiary operates walk-in insurance outlets (called "insurance terraces") in the Greater Tokyo and Kansai areas.

TT Digital Platform

This subsidiary provides *Okane no Compass*, an application that combines a range of asset management and transaction services.

Corporate Governance

Basic approach

The Tokai Tokyo Financial Group considers enhancing corporate governance to be a top management priority, and so it maintains an operating structure facilitating swift decision making and business execution. In addition, management seeks to attain continuous business growth and raise corporate value over the long term by conducting fair and highly transparent management activities that earns the full trust of all stakeholders.

Corporate governance framework

The Company's corporate governance as its distinguished feature, clearly delineates the functions of "business execution" and "management supervision." On June 29, 2016, the Company converted itself from being a company with an Audit & Supervisory Board to the one with an Audit & Supervisory Committee with an objective of strengthening the functions of both the Board of Directors and the Audit & Supervisory Committee. The Company adopted the corporate governance framework presented below as its management and administrative organization for decision making, business execution, and supervision.

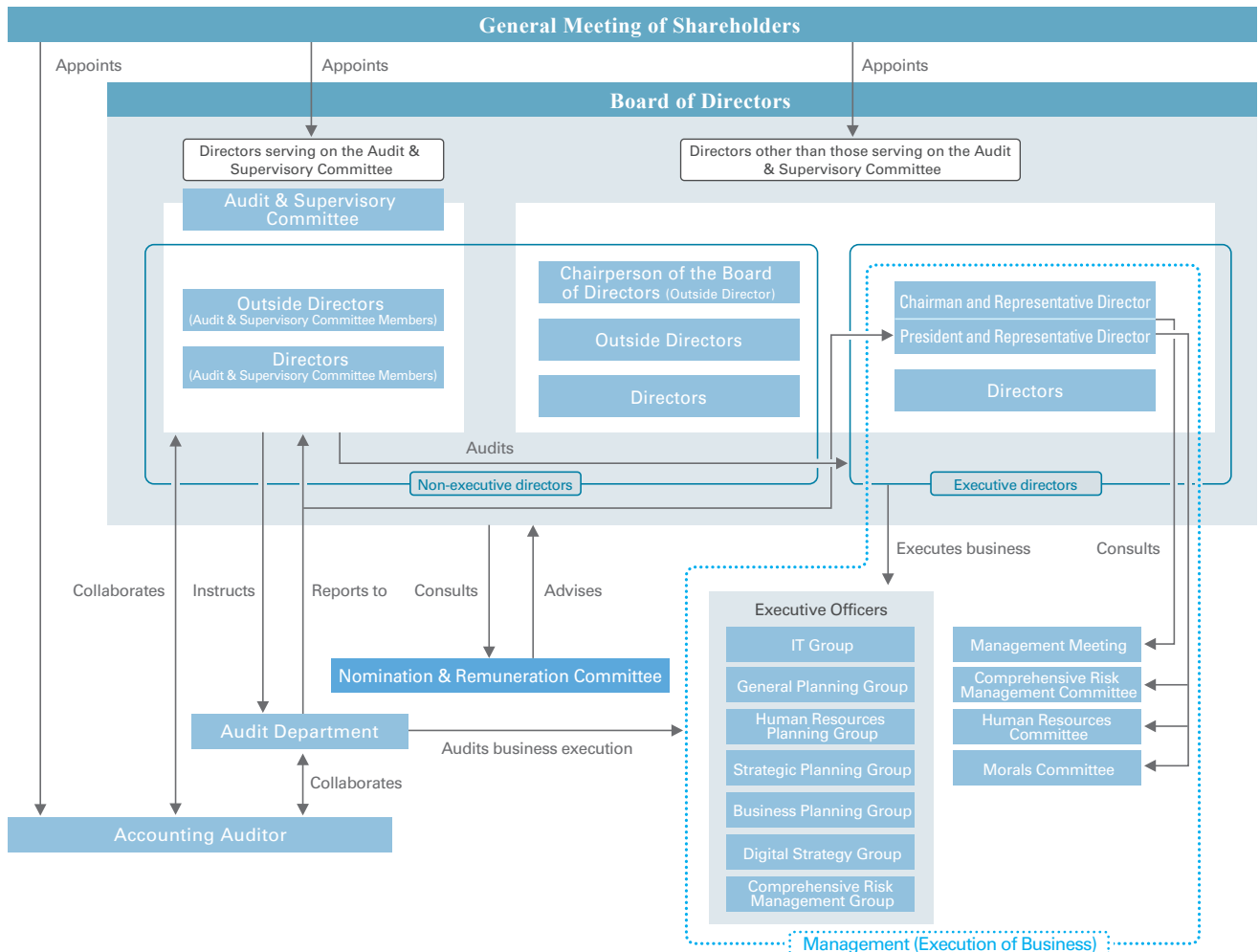


Guidelines for Corporate Governance
Corporate Governance Report

<https://www.tokaitokyo-fh.jp/en/corporate/governance/>



Corporate governance framework



Main characteristics of the Company's corporate governance

Organizational framework

The Company has adopted the organizational framework that embraces an Audit & Supervisory Committee in accordance with the Companies Act with the objectives of strengthening the supervisory functions of the Board of Directors, facilitating swift decision making by enabling the Board of Directors to delegate the execution of important business matters to executive directors, and thus making it easier for the Board of Directors Meeting to engage in deeper discussion of strategic issues. The Company also maintains a Nomination & Remuneration Committee to ensure impartiality and transparency in decision-making processes associated with the nomination of director candidates, appointment, dismissal, and remuneration for directors.

Enhancing functions of the Board of Directors and the Audit & Supervisory Committee

The Company ensures the effectiveness of the Board of Directors while maintaining a high level of transparency and fairness of its deliberation by having Outside Directors represent the majority of the Board of Directors and, in principle, appointing an Outside Director as the Chairperson of the Board. The Board of Directors presently comprises five Outside Directors, including three who concurrently serve on the Audit & Supervisory Committee. Consequently, the majority of both the Board of directors and the Audit & Supervisory Committee are represented, by Outside Directors. Thus, the Company maintains a heightened level of internal checks and balances.

Distinguish clearly the managerial functions of "business execution" and "management supervision"

The Company's directors each have clearly defined roles and are individuals holding positions of either executive directors primarily in charge of business execution or non-executive directors primarily in charge of overseeing business execution.

Board of Directors

The Company's Board of Directors comprises nine individuals: five directors (including two Outside Directors) who do not serve on the Audit & Supervisory Committee and four directors (including three Outside Directors) who serve on the Audit & Supervisory Committee. An Outside Director serves as the Chairperson of the Board. The Board of Directors meets, in principle, once a month to make decisions on fundamental company policy, management issues and important matters as provided for under the law and to deliberate the appropriateness of each agenda item as well as to supervise each Director's execution of duties. Also, upon the transition of the Company to introduce an Audit & Supervisory Committee, the Board of Directors established a corporate structure that facilitates swift business decision making and execution by executive directors at a reasonable level of risk taking. For that purpose, the Board delegated its authority of decision making on important business matters to executive directors.

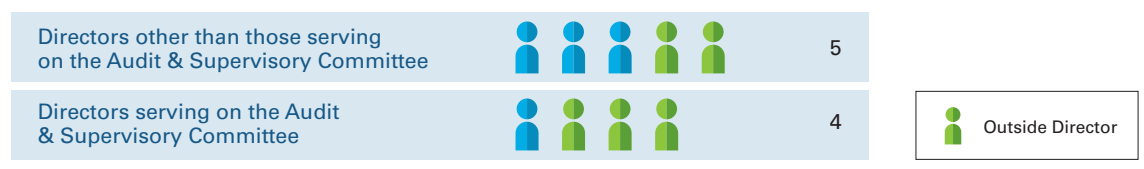
Audit & Supervisory Committee

The Audit & Supervisory Committee comprises four individuals, including three Outside Directors with one of them serving as the Chairperson of the committee. The most important function of the Audit & Supervisory Committee is to conduct legality audit. The committee supervises and inspects the formulation and the operation of internal control system. Also, subsequent to the said audit and supervision, the committee audits each director's duty execution by attending the Board of Directors Meeting and other important meetings. Further, in performing the audit on the execution of directors, the committee receives reports from directors, peruses important documents, issues audit orders to Audit Department and receives reports therefrom, and receives reports from accounting auditors.

Nomination & Remuneration Committee

The Company maintains a Nomination & Remuneration Committee to ensure impartiality and transparency in decision making processes associated with nomination of director candidates, and appointment, dismissal, and remuneration for directors. The committee conducts deliberations concerning candidate's suitability to the position of director and the practice of remuneration for directors as well. The Committee attempts to find appropriate level both in general and for each director by referring to the relevant data provided by an external database supplier. We look at the data of the companies of the field comparable with the Company. The committee submits the result of the deliberations to the Board of Directors.

The Nomination & Remuneration Committee comprises a minimum of four committee members, including the Chairman and Representative Director. The majority of the Committee members are Outside Directors, and, in principle, an Outside Director serves as the Chairperson of the Committee. The Committee currently comprises one internal director (the Chairman and Representative Director) and four Outside Directors.



Corporate Governance

Policy on the shareholdings not merely seeking for investment return, which we refer to as “strategic equity holding”.

We stipulate the policy on the way we get involved in strategic equity holding, relating to how we possess such equity and how we subsequently exercise voting rights is outlined in the Corporate Governance Guidelines.

- 1 We only participate in strategic equity holding arrangements (referred to as “the arrangement” where appropriate hereafter) when we conclude that doing so will contribute to a relationship with the issuer that enhances our value and presence. Any prospective strategic equity holding will be vetted to see whether the proposed investment offers a reasonable balance between risk and return.
- 2 The Board of Directors reviews regularly the reasonableness of all major strategic equity holding arrangements. The board will reduce the shares the company holds under the arrangement if the Board concludes that the arrangement in question is no longer reasonable.
- 3 On the matter of exercising voting rights in shares held under an arrangement, we will decide to vote for or against a proposal after considering the proposal from a range of perspectives, including whether it would contribute to the issuer’s value in the medium to long term.

Number of the arrangements and their carrying value

	As of March 31, 2020		As of March 31, 2021	
	Number of shares under the arrangements (name description)	Carrying value (millions of yen)	Number of shares under arrangements (name description)	Carrying value (millions of yen)
Unlisted issuer	44	4,529	42	3,491
Others	84	4,704	83	6,933



Policy on strategic equity holding (see page 15 for guidelines on Corporate Governance Guideline) (in Japanese only)

https://www.tokaitokyo-fh.jp/corporate/governance/pdf/cg_guideline.pdf#page=16



FYE March 31, 2021, review of the board’s effectiveness

The review process

First, respective board members completed an anonymous survey describing their perceptions of the board, including whether they think its membership composition is balanced and diverse and whether they can fully exercise their roles as members of the board. Next, all members participated in an open and frank discussion of the survey results. Finally, the board summarized its findings from the survey results and the points raised in the discussion.

Findings

The Board of Directors was found to be acceptable both overall and in respect of each metric measured in the survey.

The board was commended for having emphasized the role of outside members for many years already (e.g., electing an outside member as chairperson since 2007 and having outside members form the majority, at five out of nine). Respondents felt that the board worked effectively in the period under review. According to the feedback, the board discussed items of business within a reasonable scope and received proper reports on the outcomes of business matters delegated to executive directors. Additionally, board discussions themselves were robust, with non-executive directors engaging actively in strategic discussions and independent directors contributing their impartial perspectives. Respondents also praised initiatives to support directors. Specifically, last year, the management brought an outside expert on corporate governance and organized a workshop for all the board members of Tokai Tokyo Financial Holdings, together with the board members of Tokai Tokyo Securities. At the workshop, the participants engaged in focused discussions on the role of board of directors, the role of outside directors, and the role of members of an audit and supervisory committee. On the role and actions of outside directors, respondents said that the outside members duly discharged their oversight role by contributing a wealth of opinions and advice.

The feedback has also highlighted areas in need of improvement. One concern was board diversity. Respondents said that the board needs greater diversity in gender and nationality. Another concern was the lack of time for strategic discussions. According to the feedback, in view of the turbulent business landscape, more time must be provided for discussing broad strategic issues and the importance or necessity of strategies, and for reviewing progress in existing strategies.

Progress on board issues raised during the year ended March 2020

The previous board review had highlighted the need for women representation on the board. The board now has a woman member.

Another issue was the need to communicate and form consensus on groupwide governance. To provide more opportunities for this, our board members, and those of Tokai Tokyo Securities, held discussions on the matter, with the participation of both inside and outside directors.



Analysis and assessment of effectiveness of the Board of Directors in FYE Mar. 2021 (in Japanese only)

https://www.tokaitokyo-fh.jp/corporate/governance/pdf/2020_outline.pdf



Corporate takeover defenses

We will not flatly refuse a corporate takeover, even if we deem it unwelcome or hostile, so long as such takeover would benefit our corporate value and the common interests of shareholders. The final decision on whether to accept a takeover bid lies with the shareholders.



For more on the corporate takeover defenses, see the following press release. See also pages 16–18 for Guidelines on Corporate Governance.

https://www.tokaitokyo-fh.jp/en/pressrelease/pdf/fh20190520_3.pdf



Stakeholder dialogue

Stakeholder	Main kind of dialogue
Investors	We have held briefings on financial results (May, November 2020), as well as one-on-one meetings, with analysts and institutional investors. To provide opportunities for investor feedback, we have held a briefing event (March 2021) and conducted a shareholder survey (November 2020).
Employees	The management holds morning meetings (a televisual address once a week) to share topical information and runs an employee suggestion program (see below).
Customers	Amid the pandemic, Tokai Tokyo Securities started a webinar (Tokai Tokyo Now Channel) to provide the latest in market trends and stocks to watch.
Local communities	Tokai Tokyo Securities runs the Chubu Open Innovation College Program with business leaders and academics in the Chubu region. In the period under review, six sessions were held under the program. The Company also sponsors a <i>shogi</i> tournament for local children.



Our Shareholder Engagement Policy is available on the following webpage. See also page 13. (in Japanese only)

https://www.tokaitokyo-fh.jp/corporate/governance/pdf/cg_guideline.pdf#page=14



Examples of dialogue with employees

We run an employee suggestion program in which employees can submit ideas for improving the Company. In the period under review, 265 ideas were submitted. The ideas included those for improving workplace productivity (or transforming working patterns) and promoting SDGs initiatives. Award-winning ideas were swiftly implemented and praised by other employees.

An existing employee-engagement program

Employee crowdsourcing program

This crowdsourcing program distributes tasks to the employees outside their departments seeking for particular skills and experience to improve productivity and generate new outcomes.

Employee feedback

- I got a chance to work with new people and experience head office operations.
- The experience will help my career.

Corporate Governance

Director remuneration

Our Nomination & Remuneration Committee helps ensure impartial and transparent decision-making in the nomination and remuneration of board members. The committee reviews director remuneration, including the policy on such remuneration, the formula for its calculation, and the levels of remuneration. In reviewing these matters, the members refer to remuneration levels in similar companies using an external database. The committee then reports its findings to the President & CEO, the Board of Directors and Audit & Supervisory Committee.

Director remuneration has two components: fixed and performance-linked components. The performance-linked component is further divided into bonuses and stock options. Bonuses provide a short-term incentive in that they reflect recent company performance. Stock options, on the other hand, reflect performance over the medium to long term.

The ratio of fixed to performance-linked remuneration is roughly 7 to 3. Outside directors and directors who serve on the Audit & Supervisory Committee receive only fixed remuneration.

How performance-linked remuneration is calculated

Bonuses	Bonuses reflect consolidated performance in the short term as measured by return on equity. They also reflect the director's individual performance and the performance of the Division he or she is responsible for.
Stock options	The value of stock options is linked to the Group's performance over the medium to long term. As such, the directors will have a mutual interest with shareholders and be motivated to improve consolidated performance.

Overview of director remuneration

	Rough breakdown of fixed and performance-linked remuneration		Categories of performance-linked remuneration	
	Executive directors	Outside directors and directors who are members of the Audit & Supervisory Committee		
Fixed compensation	70%	100%	—	—
Performance-linked remuneration	30%	0%	Short-term incentive	Bonuses
			Medium- to long-term incentive	Stock options

Succession planning

As part of the Group's succession planning, Tokai Tokyo Financial Holdings and Tokai Tokyo Securities, in June 2021, reshuffled the top management and scrapped the position of Chief Executive Officer in order to create a joint leadership arrangement in which Tateaki Ishida and Ichiro Goda share the post of Representative Director of Tokai Tokyo Financial Holdings. These changes were intended to ensure stability and continuity in the management, and they followed consultation with outside experts and

History of our corporate governance

	FYE	Mar. 2008 (June 2007–)	Mar. 2009 (June 2008–)	Mar. 2010 (June 2009–)	Mar. 2011 (June 2010–)	Mar. 2012 (June 2011–)	Mar. 2013 (June 2012–)	Mar. 2014 (June 2013–)
Organizational framework	Company with an Audit & Supervisory Board							
Members of the Board of Directors (of whom are company outsiders)		7(2)	7(2)	6(2)	6(3)	6(3)	6(3)	7(4)
Ratio of members from outside		28.6%	28.6%	33.3%	50.0%	50.0%	50.0%	57.1%
Directors other than those serving on the Audit & Supervisory Committee (of whom are company outsiders)		7(2)	7(2)	6(2)	6(3)	6(3)	6(3)	7(4)
Ratio of members from outside		28.6%	28.6%	33.3%	50.0%	50.0%	50.0%	57.1%
Auditors / Members of Audit & Supervisory Committee (of whom are company outsiders)		5(3)	5(3)	5(3)	5(3)	5(3)	5(3)	5(3)
Ratio of those from outside		60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Responsible Department	Audit & Supervisory Board							
Measures taken to ensure effectiveness of oversight function	Members from outside company now representing majority of the Audit & Supervisory Board							
	Clarified the duties of executive and non-executive directors							
	Board of Directors chaired by outside director							
Measures to ensure effective group governance	Established group-wide Ethical Code of Conduct							
	Established group-wide compliance hotline							
	Established basic policy on internal control							
Advisory bodies								

outside directors and a review by the Nomination and Remuneration Committee. The Group had expanded and its businesses had grown more diverse. This situation called for a higher level of strategic decision-making by bolstering the depth of leadership in this way.

The new President and Representative Director of Tokai Tokyo Securities is Masataka Sato, who has played a central role in driving forward the Group's strategy. Under his leadership, Tokai Tokyo Securities will combine strategy with execution to increase groupwide synergy.

☐ See page 30 for more details on the Nomination & Remuneration Committee

The nomination and dismissal process of directors

Nomination

We have established a set of standards for director candidates. Based on these standards, before nominating someone as a director (except a director who does not serve on the Audit & Supervisory Committee), the Board of Directors considers whether the candidate possesses the knowledge, experience, and sufficient social credibility necessary to execute the management of the Company effectively and impartially, and whether the person has the ability to advance the level of supervision of the Company's operation. Before nominating someone as a director who is a member of the Audit & Supervisory Committee, the board considers whether the candidate possesses the knowledge, experience, and sufficient social credibility necessary to supervise the duty execution by a director who is not a member of the Audit & Supervisory Committee effectively and impartially.

Before nominating someone as an outside director candidate, the board considers, in addition to the above criteria, whether the person fulfills our independence criteria. Outside directors now account for the majority of board membership. Not only that, we retain the Nomination & Remuneration Committee to ensure impartiality and transparency in decision making processes associated with director candidates nomination.

As per the above policy, the Board of Directors makes decision on the matter concerning the nomination of director (excluding director who serves on the Audit & Supervisory Committee) only after soliciting and considering the opinion of the Nomination & Remuneration Committee.

The Board of Directors makes decision on the matter concerning the nomination of director who serves on the Audit & Supervisory Committee only after soliciting and considering the Nomination & Remuneration Committee's opinion and gaining approval of the Audit & Supervisory Committee toward the nomination.

Dismissal of a director

The Board of Directors will start proceedings to dismiss any director who displays a lack of ability to perform his or her directorial duties or whom the board otherwise deems has deviated markedly from the above standards.

As per the above policy, the Board of Directors will only propose the dismissal of any director (excluding director serving on the Audit & Supervisory Committee) only after soliciting and considering the opinion of the Nomination & Remuneration Committee.

If the director in question is a non-executive director serving on the Audit & Supervisory Committee, the board must additionally gain approval of the Audit & Supervisory Committee toward the proposal.

Mar. 2015 (June 2014-)	Mar. 2016 (June 2015-)	Mar. 2017 (June 2016-)	Mar. 2018 (June 2017-)	Mar. 2019 (June 2018-)	Mar. 2020 (June 2019-)	Mar. 2021 (June 2020-)	Mar. 2022 (June 2021-)
Company with an Audit & Supervisory Committee							
7(4)	7(4)	9(5)	9(5)	9(5)	9(6)	9(5)	9(5)
57.1%	57.1%	55.6%	55.6%	55.6%	66.7%	55.6%	55.6%
7(4)	7(4)	5(2)	5(2)	5(2)	5(3)	5(2)	5(2)
57.1%	57.1%	40.0%	40.0%	40.0%	60.0%	40.0%	40.0%
5(3)	5(3)	4(3)	4(3)	4(3)	4(3)	4(3)	4(3)
60.0%	60.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Audit & Supervisory Committee							
Members from outside company now representing majority of the Board of Directors							
Annual reviews of the effectiveness of the Board of Directors							
Established guidelines on corporate governance							
Nomination & Remuneration Committee							
Global Advisory Board							

- In June 2016, we switched our corporate structure to the organization with Audit & Supervisory Committee, and streamlined our internal decision-making process by significantly delegating business execution authorities to executive directors. As part of this change, we delegated extensive discretionary authority to executive directors, enabling slicker decision-making and freeing up the Board of Directors to spend more time discussing major strategic issues.

- In 2016, we started publishing corporate governance reports in English.

- In December 2015, we established criteria for determining the "independence" of outside directors and publicized those as an Appendix 1 to the Corporate Governance Guidelines.

- In 2010, Tokai Tokyo Securities started appointing outside directors assuming no post in Tokai Tokyo Financial Holdings.

Compliance & Risk Management

Basic approach

The Tokai Tokyo Financial Group considers compliance to be one of its most important managerial tasks, and it has put in place a system for ensuring the propriety of operations. The Group has established and enforces basic standards such as the Basic Compliance Policy and the Ethical Code of Conduct.

We have a risk management framework as described below: As per the Risk Management Rules, the Group has defined the departments responsible for each risk category, and it comprehensively manages the overall risk of the Company and subsidiaries. It has also established the Comprehensive Risk Management Committee as the Company's organization for deliberations and planning concerning risk management policy and matters deemed necessary for management methods formulation and risk management practices. The results and proposals are reported and submitted to the Board of Directors.

Compliance framework

As a framework for securing the effectiveness of measures to enforce the strict observance of laws and regulations, the Group has set up the Comprehensive Risk Management Committee as an organization to offer opinions about the measures to be taken, and it has established the Comprehensive Risk Management Department as the department specialized in providing guidance, monitoring, and coordination on compliance. The Group also has the Anti-Money Laundering Department, which coordinates and enhances groupwide efforts to ensure that preventive measures against money laundering or the funding of terrorism are working effectively and are fit for purpose.



Basic Compliance Policy

<https://www.tokaitokyo-fh.jp/en/policy/compliance.html>



Tokai Tokyo Financial Group's Ethical Code of Conduct

<https://www.tokaitokyo-fh.jp/en/policy/ethics.html>



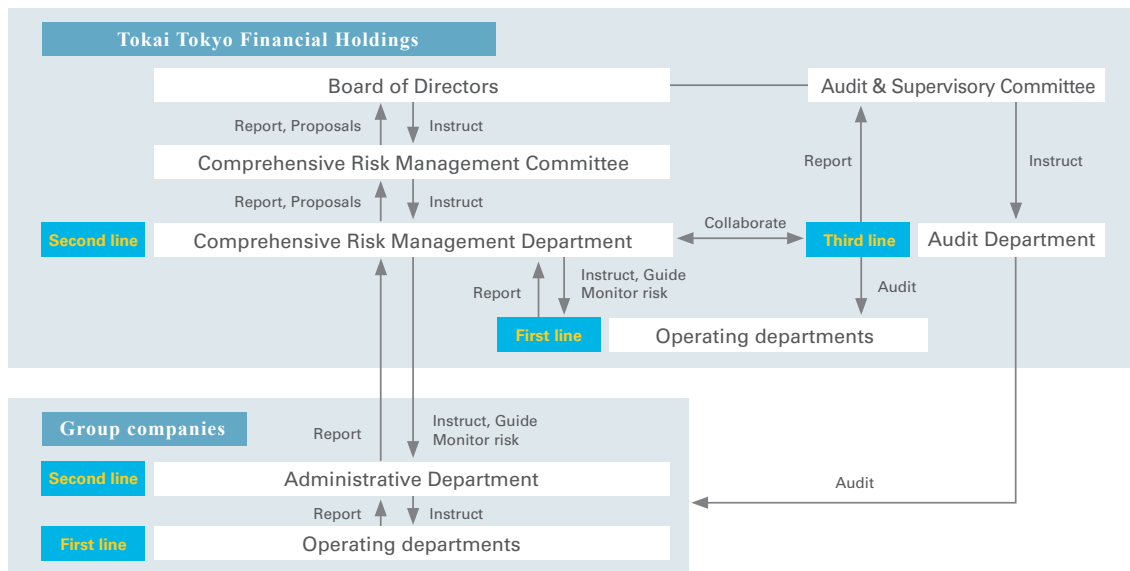
Risk management framework

In accordance with the “Basic Risk Management Policy” and the “Risk Management Rules,” the Group has defined the departments responsible for each risk category, and it comprehensively manages the risk of the Company and its Group companies. It has also established the Comprehensive Risk Management Committee as the organization for deliberations and planning concerning risk management policy, risk management method, and other matters deemed necessary for risk management. The results and proposals are reported and submitted to the Board of Directors.

In addition, as a crisis management framework for disaster situations, etc., the Group has clarified responsibilities under the “Basic Policy of Crisis Management (Disaster, etc.)” and the “Crisis Management Guidelines for Disasters, Etc.” for the purpose of enhancing a comprehensive and systematic disaster prevention, emergency response, and recovery. The Group established Comprehensive Risk Management Department that specializes in supervising, guiding and monitoring the preventive schemes and activities associated with these various risks.

Three lines of defense for risk management

The Company as a group constantly seeks to fortify its risk management system and employ a “three lines of defense” approach of risk identification, assessment, and monitoring.



- First line** **Operating departments**
 These departments have before-the-fact and after-the-fact responsibilities for identifying, assessing, and managing risks. Through risk assessments and compliance study sessions, they take the initiative in recognizing (identifying and assessing) various types of risks in operations.
- Second line** **Comprehensive Risk Management Department / Administrative department of subsidiaries**
 This department supports the risk management of the first line. Maintaining close communications with the operating departments, it ensures that risks are properly identified and managed.
- Third line** **Audit Department**
 This department verifies and assesses from an independent perspective whether the first and second lines of defense are functioning effectively. It evaluates the effectiveness of internal control processes related to financial reporting.

Tokai Tokyo Securities’ risk management framework

Tokai Tokyo Securities established a Credit & Market Risk Committee and Finance & Accounting Committee. The Company also drew up related rules and established a framework facilitating the routine practices of analyzing, managing, and reporting market risk, credit risk, and liquidity risk. To secure the sound management and financial standing of Tokai Tokyo Securities, the Board of Directors has set lower limits for capital adequacy ratios, the maintenance of which or better is designated a basic policy of risk management operations.

Risk Category	Measures
Market Risk Management	Based on the “Risk Management Rules,” the risk controlling department, which is independent from the trading execution department, performs risk control by calculating risk, positions, and profit or loss on a daily basis.
Credit Risk Management	Based on the “Risk Management Rules,” the losses that could occur as a result of nonperformance by the transaction counterparty are managed so that they can stay within a predetermined limit. In addition, in accordance with the “Credit Risk Rules,” credit risk allowance is determined and managed thereafter for each counterparty on the basis of their financial strength.
Liquidity Risk Management Associated with Funding	Based on the “Liquidity Risk Management Rules,” the departments responsible for financing monitor and manage suitably the cash position on a daily basis. Moreover, they prepare a contingency plan to deal with financial market volatility, and they present a monthly funding forecast periodically to the Finance & Accounting Committee.

Compliance & Risk Management

Business Risks

Listed below are the major risk factors that may affect the Group's operations and finances. The management has identified these as particularly significant risk sources that have the potential to significantly impact the Group's financial position, operating results, and cash flow. Please note that the Group's operating performance and financial position may be significantly impacted by risks that the management has not yet identified, or not yet identified as significant.

Risk related to economic and market trends

1

The financial instruments business—our mainstay business—is vulnerable to both global and domestic factors either in market or economic nature such as changes in stock prices, interest rates, and exchange rates. These factors could adversely affect our financial position or performance by negatively impacting commission received or net trading income.

Regulatory risk

2

Financial instruments operators in Japan fall under certain regulations, including the Financial Instruments and Exchange Act. The regulations require operators to obtain certain licenses. They also include controls on solicitation, customer trading, and proprietary trading. If we happen to violate any of these regulations, we may become subject to an administrative order, including an order to suspend operations.

Competition risk

3

In recent years, the financial instruments industry has been significantly deregulated, leading to greater competition and a broader array of instruments being traded. This situation may adversely affect our financial position or performance, in that we may have to compete with stronger competitors and may be unable to maintain our current level of competitiveness.

Credit risk (involving clients or issuing entities)

4

Since we usually hold a large pool of securities, our financial position or performance could be adversely affected if a client defaults on fulfilling payment obligation or a security we hold loses its value due to the deterioration of the relevant issuer's credit worthiness.

The risk associated with fund procurement for our day-to-day operation

5

We may run into the situation where we are forced to pay significantly higher interest to borrow funds to continue our operation. The said situation would adversely affect our financial position and operating performance, and the adversity may become a reality if any or all of the following occurs; Violent market turbulence, credit crunch, reduced lending capacity of banks, downgraded credit rating of either the Company or Tokai Tokyo Securities or uncertainty arising over the Group's business performance.

System risk

6

When computer systems or communication channels we use for our daily operation fails to work due to program error, unauthorized access, a malfunction caused by disaster or power outage, or any other troubles of similar nature related to the computer system usage. Such occurrence, depending on its scale, may not only disrupt our ordinary operation, but also adversely affect our financial position and performance as we lose business due to then our declined credibility in market and society.

Operational risk

7

We face the risk of employees causing loss by his or her negligence of procedures in performing duty, lack of proper oversight of clerical work or otherwise, or misconduct. The loss of such nature may adversely affect our financial position and performance.

Data security risk

8

Customers' personal information and confidential data about the Group could be leaked as result of malpractice or negligence. Such a situation may adversely affect our financial position and performance in that it may disrupt the Group's operations, invite litigation, or cause a loss of confidence that results in loss of trade.

Disaster risk

9

Tokai Tokyo Securities has its network of sales branches and offices mainly in the Tokai and Kanto regions. So, our financial position and performance may be adversely affected if a natural disaster causes severe damage to public life or infrastructure in these regions.

Litigation risk

10

We engage in many kinds of transactions, both in Japan and overseas. So, there is some likelihood of damage compensation suit being filed against us by the party concerned if a transaction causes the difference of understanding about laws, commercial convention, and contract or agreement. Such a case may adversely affect our financial position or performance.

Human resources availability risk

11

We run financial instrument business and the peripheral operations that rely on a high level of expertise, and we constantly strive to pool able talent. However, the competition is intense now in the industry seeking for talented human resource. So, the failure in staffing needed experts may adversely affect our financial position or performance.

Overseas business risk

12

We are actively expanding overseas operations by founding local subsidiaries and allying with globally prominent securities firms. In advancing this global expansion, we follow the advice of lawyers and experts of whatever the field concerned. However, we still face the risk of falling afoul of local legal requirements or local business conventions. Such a situation may adversely affect our financial position or performance, in that it may force us to suspend, discontinue, reduce, or postpone business activities, and our fallen social and business reputation.

Reputation risk

13

Commanding the trust of customers and counterparties is absolutely vital to our organization. Conjecture and baseless insinuations, rumors, or smears, untrue as they may be, could adversely affect our financial position or performance, in that they would undermine our corporate reputation.

Risk Management Policy and the infrastructure for risk management

14

We take a unified approach to risk management in Tokai Tokyo Financial Holdings and all group companies. Under this approach, we assign a team for each risk category. Nonetheless, there remains a possibility that our risk controls cease to function effectively due to unexpected market fluctuations, errors or obsolescence of risk management data, changes in business operations, or revised regulations. This situation may adversely affect our financial position or performance, in that it may cause loss or damage.

Risk related to business expansion

15

We face the risk that we fail to see a return on investment in an acquisition or business alliance. Our financial position or performance may be adversely affected if we fail to earn returns as much as initially expected or we encounter the problems we had not recognized before the acquisition or alliance.

Risk related to COVID-19

16

We have large numbers of employees assigned to workplaces inside and outside Japan. Our financial position or performance may be adversely affected if, following a surge in case numbers, authorities impose anti-infection measures that require us to suspend customer-facing operations.



Business risks. See also pages 11–13 of our latest annual securities report. (in Japanese only)

https://www.tokaitokyo-fh.jp/investors/financial/securities/pdf/2020_109-q4.pdf#page=11




Risk related to Covid-19

As a preventive measure in response to Covid-19 spread, we established a group-wide taskforce to coordinate the necessary anti-infection actions in compliance with requests from national and local governments.

We deem the prevention of infection the chief priority in all business processes. In February 2020, we launched the Business Continuity Plan, and postponed seminars, and voluntarily discontinued in-person visits to customers. Once the state of emergency was extended across Japan (in April 2020), we temporarily suspended customer-facing services to protect customer's health and safety. During the suspension of these services, we maintained convenience for customers and allowed them timely access to information by continuing a phone-based service for trading and inquiries. Online trading, likewise, remained available.

During certain months of the period under review, Japan was under a nationwide state of emergency or semi-emergency. We complied with the emergency measures, and even when no such measures were in effect where we operated, we maintained vigilance against infections, such as by installing clear plastic screens to prevent airborne transmission. We also actively enrolled groupwide employees in a vaccination program.

Board of Directors (As of June 25, 2021)



Tateaki Ishida
Chairman and Representative Director


Attendance at Board of Directors meetings
16/16

Profile
April 1968 Joined The Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
June 1996 Managing Director, The Tokai Bank, Ltd.
May 2004 Advisor of the Company
June 2004 Representative Director & Deputy President of the Company
June 2006 Representative Director, President & CEO of the Company
April 2019 Representative Director, Chairman & CEO, Tokai Tokyo Securities Co., Ltd.
April 2019 Director, Tokai Tokyo Securities Co., Ltd. (current position)
June 2021 Chairman and Representative Director of the Company (current position)



Ichiro Goda
President and Representative Director

Attendance at Board of Directors meetings
—



Tsunehiro Nakayama
Outside Director


Attendance at Board of Directors meetings
12/12

Profile
April 1971 Joined the Industrial Bank of Japan, Limited (now Mizuho Bank, Ltd.)
April 2004 Deputy President (Representative Director) of Mizuho Corporate Bank, Ltd. (now Mizuho Bank Ltd.)
May 2007 Representative Director and Chairman of Merrill Lynch Japan Securities Co., Ltd.
March 2009 Japan Country Executive of Bank of America Group (Additional function)
July 2010 Representative Director and Chairman of Merrill Lynch Japan Securities Co., Ltd.
June 2017 Director of Merrill Lynch Japan Securities Co., Ltd.
June 2018 Director of the Company
June 2019 Director, Mitsui Fudosan Co., Ltd. (current position)
June 2020 Director and the Audit & Supervisory Committee Member of the Company (current position)



Hiroshi Fujiwara
Outside Director

Attendance at Board of Directors meetings
16/16



Keisuke Inoue
Outside Director
Audit & Supervisory Committee Member

Attendance at Board of Directors meetings
16/16

Profile
April 1973 Joined Sumitomo Life Insurance Company
December 2002 President and CEO, Sumitomo Mitsui Asset Management Company, Limited
June 2009 Director and Executive Vice President, Mitsui Life Insurance Co., Ltd.
July 2013 Head, Azabu Economic Research Institute (current position)
June 2016 Director and Audit & Supervisory Committee Member of the Company
September 2017 Audit & Supervisory Board Member, Cardif Assurances Risques Divers Japan (current position)
June 2020 Director and Chairperson of the Audit & Supervisory Committee of the Company (current position)



Joichi Yamazaki
Outside Director
Audit & Supervisory Committee Member

Attendance at Board of Directors meetings
12/12

Committee membership

Name	Title / role	Committees				Person's main professional background				
		Audit & Supervisory Committee	Nomination & Remuneration Committee	Comprehensive Risk Management Committee	Human Resources Committee	Business administration	Overseas assignment	Legal	Financial accounting	Government
Tateaki Ishida	Chairman and Representative Director	Business Execution	○	○	○	○	○			
Ichiro Goda	President and Representative Director	Business Execution		○	○	○				
Hideaki Yamane	Director and Deputy President	Business Execution		○	○	○	○			
Tsunehiro Nakayama	Outside Director	Independent Director	Non-Business Execution	○		○				
Hiroshi Fujiwara	Outside Director	Independent Director	Non-Business Execution	○			○			○
Tetsuji Ono	Director	Non-Business Execution		○				○		
Keisuke Inoue	Outside Director Chairperson of the Audit & Supervisory Committee	Independent Director	Non-Business Execution	○			○			
Joichi Yamazaki	Outside Director	Independent Director	Non-Business Execution	○	○					○
Ayako Ikeda	Outside Director	Independent Director	Non-Business Execution	○	○			○		

Profile

April 1992 Joined The Sanwa Bank, Ltd.
 August 2007 Joined The Sumitomo Trust and Banking Co., Ltd
 January 2012 General Manager, Market Development Department, Tokai Tokyo Securities
 April 2015 General Manager of Strategic Planning Department, the Company
 April 2016 Executive Officer, General Manager of Strategic Planning Department, the Company
 October 2017 Executive Officer, Deputy Head of Strategic Planning Group, the Company
 April 2018 Managing Executive Officer, Head of Planning & Administration Unit (Internal Control Supervisory Manager), Tokai Tokyo Securities
 May 2018 Managing Executive Officer, responsible for Special Missions, the Company
 January 2019 Managing Executive Officer, Head of Planning & Administration Unit, and General Manager of Planning Department, Tokai Tokyo Securities
 April 2019 President and Representative Director and Head of Sales Supervisory Unit, Tokai Tokyo Securities
 May 2020 Representative Director and President, Tokai Tokyo Securities
 June 2021 Director, Tokai Tokyo Securities (current position)
 President and Representative Director of the Company (current position)



Hideaki Yamane

Director and Deputy President

Attendance at Board of Directors meetings

Profile

April 1985 Joined The Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
 February 2001 Head of Financial Development Office, Corporate Development Department, The Tokai Bank, Ltd.
 July 2004 Chief Manager, Business Development Department, UJF Bank Limited
 May 2005 General Manager, Corporate Finance Unit, Tokai Tokyo Securities
 September 2005 General Manager of Investment Banking Planning Department, and General Manager of Investment Banking Sales Promotion Department, Tokai Tokyo Securities
 April 2010 General Manager of General Planning Department of the Company
 May 2011 Managing Director & CEO, Tokai Tokyo Investment Management Singapore Pte. Ltd.
 April 2013 Executive Officer, Deputy Head of Business Strategy Group, the Company
 April 2015 Managing Executive Officer, Deputy Head of Market Sales Promotion Unit, and Head of Products Division, Tokai Tokyo Securities
 April 2017 Senior Managing Executive officer, Head of Global Markets Business Unit, Tokai Tokyo Securities
 June 2018 Deputy President (Executive Officer), ACE Securities Co., Ltd. (secondment)
 April 2019 Representative Director, Chairman of Tokai Tokyo Securities
 June 2021 Director, Deputy President, the Company

Profile

April 1977 Joined IBM Japan, Ltd.
 September 1988 Appointed as a visiting research scientist of Bell Communications Research (Bellcore) of the U.S.
 June 1993 Appointed as a Director of ASCII Corporation
 December 1996 Established Internet Research Institute, Inc. as Director and CEO (current position)
 April 2012 Chairman of the Board, President, Chief Executive Officer, Representative Director of Broadband Tower, Inc. (current position)
 June 2019 Director of the Company (current position)



Tetsuji Ono

Director Audit & Supervisory Committee Member

Attendance at Board of Directors meetings 12/12

Profile

April 1983 Joined Maruman Securities (now Tokai Tokyo Financial Holdings, Inc.)
 July 2003 General Manager of Investment Banking Department, Private Company, Nagoya
 April 2009 General Manager of Corporate Finance Department, Nagoya, Tokai Tokyo Securities, Co., Ltd.
 April 2012 General Manager of General Planning Department of the Company
 April 2013 General Manager of Corporate Sales Department (First), Tokyo, Tokai Tokyo Securities, Co., Ltd.
 April 2015 General Manager of Financial Planning Department of the Company; General Manager of Financial Department, Tokai Tokyo Securities Co., Ltd.
 April 2017 Executive Officer, General Manager of Financial Planning Department of the Company; General Manager of Financial Department, Tokai Tokyo Securities Co., Ltd.
 April 2019 Managing Executive Officer, Deputy Head of General Planning Group, General Manager of General Planning Department of the Company
 June 2020 Director and Full-time Audit & Supervisory Committee Member of the Company (current position)

Profile

April 1978 Joined the Ministry of Finance
 July 1997 Director of the Bond Market Office, Securities Markets Division, Securities Bureau, MOF
 December 1998 Director of the Financial Crisis Management Division, Executive Bureau, Financial Reconstruction Commission
 July 2000 Director, Budget Bureau (in charge of budgets for the Ministry of Land, Infrastructure, Transport and Tourism, and the Ministry of the Environment), MOF
 December 2005 Deputy Director-General of the Planning and Coordination Bureau (in charge of the Supervision Bureau), Financial Services Agency
 July 2009 Director-General of the Tokai Local Finance Bureau
 July 2010 Director-General of the Kinki Local Finance Bureau
 July 2011 Vice President, the National Printing Bureau
 July 2012 Principal of the National Tax College
 March 2013 Audit & Supervisory Board Member of the Norinchukin Bank
 December 2018 Adviser of Sompo Japan Insurance Inc.
 May 2019 Full-time Audit & Supervisory Board Member of Sompo Japan DC Securities Inc.
 June 2020 Director and the Audit & Supervisory Committee Member of the Company (current position)



Ayako Ikeda

Outside Director Audit & Supervisory Committee Member

Attendance at Board of Directors meetings

Profile

April 1984 Admitted to the Daini Tokyo Bar Association, Joined Harago Law Office (now Harago & Partners Law Office)
 January 1990 Joined Steptoe & Johnson LLP, USA
 April 1991 Admitted to practice in New York State
 September 1992 Joined Hamada & Matsumoto (now Mori Hamada & Matsumoto) (current position)
 April 2002 Professor (civil disputes) at The Legal Training and Research Institute of Japan
 April 2006 Deputy Secretary General of the Japan Federation of Bar Associations
 April 2015 Executive Director of the Japan Federation of Bar Associations
 Vice President of the Daini Tokyo Bar Association
 June 2021 Director and the Audit & Supervisory Committee Member of the Company (current position)

Note1: In cases prior to April 2009, "the Company" refers to Tokai Tokyo Securities Co., Ltd. In cases thereafter, it refers to Tokai Tokyo Financial Holdings, Inc.

Note2: Attendance at Board of Directors meetings indicates attendance in the fiscal year under review (April 1, 2020, to March 31, 2021).

Outside directors and why they were chosen

- Tsunehiro Nakayama** Tsunehiro Nakayama has abundant experience in running financial institutions. We judged that he would use his rich experience and knowledge in the said area to help the board fulfill its decision-making and oversight roles effectively.
- Hiroshi Fujiwara** Hiroshi Fujiwara has abundant experience in leading an IT company. We judged that he would use his rich experience and knowledge in the said area to help the board fulfill its decision-making and oversight roles effectively.
- Keisuke Inoue** Keisuke Inoue has abundant experience in running financial institutions. We judged that he would use his rich experience and knowledge in the said area to help the board fulfill its decision-making and oversight roles effectively.
- Joichi Yamazaki** Joichi Yamazaki has abundant experience in public administration and in nonlife insurance. We judged that he would use his rich experience and knowledge in the said areas to help the board fulfill its decision-making and oversight roles effectively.
- Ayako Ikeda** Ayako Ikeda has abundant experience as a lawyer. We judged that she would use her rich experience and knowledge to help the board fulfill its decision-making and oversight roles effectively.

Discussion between the Outside Directors



Tsunehiro Nakayama

Outside Director
Chairperson of the Board of Directors

Keisuke Inoue

Outside Director
Chairperson of the Audit & Supervisory Committee

Helping the organization earn the trust of all stakeholders

Tokai Tokyo Financial Holdings maintains its longstanding commitment to robust corporate governance to earn the trust of shareholders and all other stakeholders. Here is a digest of a discussion between two outside directors. The first is Tsunehiro Nakayama, who became chair of the Board of Directors in June this year. The second is Keisuke Inoue, who chairs the Audit & Supervisory Committee.

Bringing insights from a career in finance

Nakayama

I have spent 36 years working for a Japanese bank and another 10 years as chairman of the Japanese subsidiary of a foreign-owned bank. On the board, I aim to draw on my banking experience and provide useful insights into achieving sustainable growth, while also checking whether the management's decisions are fair from the perspective of shareholders and other stakeholders.

Inoue

I have worked for around 40 years in life insurance and asset management. That experience has taught me that two things matter above all: delivering the professional excellence necessary for the end user to profit, and fulfilling fiduciary duty while operating companies. In the past, life insurance companies came under fire for excessive insurance contract renewals. They now place more emphasis on sources of recurring revenue. This approach is consistent with Mr. Ishida's strategy of focusing on increasing assets under custody.

Welcoming women on board— a step toward greater diversity

Nakayama

Tokai Tokyo Financial Holdings has demonstrated a longstanding commitment to corporate governance. For more than ten years, company outsiders have accounted for the majority of board seats. The Company appoints an outsider as board chair. Likewise, the company outsiders chair the Audit & Supervisory Committee and the Nomination & Remuneration Committee. I appreciate the boardroom atmosphere, which is uninhibited and tolerant of criticism.

Inoue

The Company is very ambitious. It actively invests in cultivating new business sectors and building alliances with regional banks. The Board of Directors, along with the Audit & Supervisory Committee, has a duty to monitor whether the post-merger integrations and investments are being managed in line with the initial goals, and whether risks are being controlled properly.

Nakayama

The board structure has now been strengthened even more. That is, the board has welcomed Ms. Ayako Ikeda, the first woman member. Ikeda's nomination as an outside director followed last year's review on board effectiveness, which highlighted the need for greater board diversity. Today, all outside directors come from a different background, and this helps ensure diversity in management. Boardroom discussions have improved too. We now have frank and vigorous discussions about 5-year and 10-year strategic themes.

Inoue

One outstanding task is to strengthen coordination with Tokai Tokyo Securities, the group's core operating company. If the boards and committees of each company shares the same awareness and coordinate with each other in resolving challenges, then the group as a whole will achieve higher growth.

Complying with the revised Corporate Governance Code

Nakayama

The Corporate Governance Code was revised last June, with new stipulations on board effectiveness, promoting diversity among core human resources, and sustainability as well. The Company has always been committed to improving board effectiveness. In April



2019, the management scrapped seniority-based advancement in favor of a job-based personnel system. The task now is to set and commit to specific goals for promoting sustainability and SDGs.

Inoue

To add some thoughts as a member of the Audit & Supervisory Committee, given that stakeholders expect us to go even further in monitoring the management, the only way to build greater stakeholder trust is to transform the Company's management and its businesses. Regarding SDGs, I believe that the Company can demonstrate its commitment to sustainability if it contributes to the economy and the society of the Nagoya area.

Nakayama

I agree. The 2020 Davos Manifesto called for a shift from shareholder-centric management to the one that cares about all the stakeholders, in which a company serves not only its shareholders but customers, suppliers, employees, and local communities. Alongside this, the revised code incorporates the actions responding to climate impact. The goal of attaining carbon neutrality has become an important business theme for all companies, not just our company.

Collaborative Leadership by mutual consent, the driving force for the next medium-term plan

Nakayama

Finally, let's discuss the new leadership arrangement. Last June, Messrs. Ishida and Goda started sharing leadership for running the company group. This was a well-timed move considering that the Company is now in the runup to launching its next medium-term plan. The two gentlemen will confer over the next strategic direction and re-demarcate their responsibilities according to circumstances. As an outside director, I am very impressed with the new arrangement.

Inoue

Mr. Ishida planned the new arrangement, with the support of others, as part of a succession plan. The new arrangement was instituted following a meticulous process with full regard for governance while confirming the consent from the concerned parties, which really demonstrates the management's commitment to transparency. As for Mr. Goda, although at 53, he is relatively young for a company president, he proved his competence during his presidency of Tokai Tokyo Securities, when he devoted himself to improving the value of customers' assets by optimizing the holding period. I am confident that, the new leadership by mutual consent, should be most appropriate in order to apply effectively the management resources Mr. Ishida built up in the next stage.

Contributing to groupwide growth as outside directors

Nakayama

Tokai Tokyo Financial Group is now in the final year of its five-year plan, New Age's Flag Bearer 5. We, outside directors, too, have a role to play at this strategic juncture. We will support the management in making strategic decisions for the next five years and in implementing such decisions. We will also work to further enhance our monitoring actions to improve the effectiveness of the Board of Directors.

Inoue

Mr. Ishida put a lot of thought and carefully set up the new leadership arrangement. I am convinced that it will deliver higher growth for the group. I am determined to do my part as an outside director and member of the Audit & Supervisory Committee.



How Outside Directors Contribute

Q.1 Please tell me about the board meeting atmosphere. What are the strong points of the Company's board?

Q.2 What governance issues should the Company address based on the latest board effectiveness review?

Q.3 What kind of external risks do you think affect the execution of the Management Plan?

Q.4 What is the role you are expected to assume on the board?



Hiroshi Fujiwara

Outside Director

A.1 Boardroom discussions are robust and efficient. The interests of shareholders and customers are well represented by the remarks of the board members. The management makes time for advance briefings so that outside directors can come to the meeting with a full knowledge of the agenda, enabling meaningful discussions. The board's strength lies in its members' breadth of experience. Outside Directors make up the majority of the board, and the members represent a broad range of expertise. Further, I think that the Company's board has the advantage of lining up the experts in law, accounting, public-sector administration, and digital technology besides those in financial fields like securities brokerage, banking, and insurance.

A.2 The election of Ms. Ayako Ikeda, a lawyer, last June, marked a big step forward toward board diversity promotion. The next step is to appoint a foreign national, but the appointment must go beyond tokenism. Rather than ticking boxes, the management should think about how to empower diverse members to fulfill their roles. Members need more opportunities to discuss the big picture and review the progress of strategy execution. The management should find ways to narrow the gulf between outside directors and the day-to-day workplace. Outside directors also need more time and occasions to have discussions with executives from strategic and broader perspective.

A.3 As the Management Plan states, the financial assets accumulated in Japan will start to decline in some years' time as aging of the population progresses. I think that the Company should make two strategic responses to this risk. First, it needs a digital transformation that focuses on FinTech services such as smartphone-based financial service. The Company must develop financial platform service for smartphone users based on its own technology and link such platform with various financial applications. Second, it needs to go global with digital financial service developed at home. The Company should accelerate efforts to expand, primarily, into Asian markets, which offer us bright growth prospects and a geographic advantage.

A.4 My background lies in digital technology arena. After working in the IT industry both as an information technologist and executive, I started running business in the internet technology sector and completed its stock listing and M&A. With this career background, I believe I can help the Company develop and implement strategies for digital transformation and overseas expansion. I will devote myself to assessing technological potential of prospective M&A targets and partnership candidates.



Joichi Yamazaki

Outside Director
Audit & Supervisory
Committee Member

A.1 After the agenda briefing, President Ishida gives a supplementary briefing on the major matters using straightforward language. This stimulates vigorous discussion among the members—both inside and outside directors. When necessary, members receive an advance briefing. In these cases, outside directors sometimes ask for clarifications on the briefing material. A strength of the board is its open atmosphere. This atmosphere enables uninhibited discussions between the leadership, which cares deeply about corporate governance, and the outside directors, who offer their specialized insight in finance or other areas.

A.2 The management has taken a step forward toward diversity with the appointment this year of the board's first woman member. One issue raised in the review was the need for more time to discuss strategy. The management has responded. For example, in September, it provided an opportunity for outside directors to exchange frank views with the representative directors. I trust that the management will keep enhancing boardroom discussions and providing various other opportunities to discuss strategy.

A.3 The Company strategy has fully taken into account risks such as the possibility of an unexpected market crash and the expected decline in financial assets in Japan driven by population aging. One concern I have is that conditions are growing tougher for the banking sector, suggesting that the industry will at some point reorganize, cutting through the boundaries of banking and securities. If the Company is to play a leading role as the flagbearer of a new age even under such circumstances, then it needs to boost its resilience with a productivity revolution and organizational transformation. Another concern is that as the global labor market becomes more fluid, the Company might struggle to attract and retain talent. The Company must make itself attractive to young talent by offering economic incentives with a little something extra. At the same time, it must find ways to attract a broader range of talent from inside and outside Japan.

A.4 I served for six years on the audit & supervisory board of another company. Drawing on this experience, I can offer insights on compliance and risk management. All the outside directors bring to the table extensive experience in management. Along with the other outside directors, I will inject new ideas and perspectives into boardroom discussions and engage more actively in strategic discussions.



Ayako Ikeda

Outside Director
Audit & Supervisory
Committee Member

A.1 I was elected to the Board of Directors last June. Amid the pandemic, boardroom discussions have mostly been online. Still, the meetings have an atmosphere where I feel free to speak. I feel that meetings are open, productive, and vigorous. Members exchange a variety of views on each agenda of the meetings, suggesting that the board works effectively in monitoring and overseeing the management. So, I think that this observation of mine describes well the strength of the board of the Company.

A.2 I was not around at the time of the latest board effectiveness review, but I know that board diversity has been a concern for some time. I feel delighted that my participation on the board has moved the management a step closer toward diversity at the board.

A.3 I am concerned about the continuing unstable conditions that surround the banking and securities sector, including the unprecedented Covid crisis, frequent natural disasters, and geopolitical tensions. I understand that an aggressive business operation entails some risk taking, but I want to keep an eye out to make sure that risks are taken within a reasonable scope.

A.4 My role is to offer my own perspective as a member long engaged in legal services. In performing this mission, I feel directly the senses of senior executives both inside and outside the Company while learning their specialized perspectives. I also have a part to play in creating new value by promoting board diversity.

Prioritized Issues for the Tokai Tokyo Financial Group

Tokai Tokyo Financial Group is committed to contributing toward the UN's Sustainable Development Goals.



SDG Pledge

Tokai Tokyo Financial Group supports the spirit meant by UN's 2030 Agenda for Sustainable Development. We pledge to work toward the realization of sustainable society by being innovative business entity and by cherishing communities, people, and the environment. We believe we can accomplish this pledge abiding by our corporate vision, "We will contribute to the growth of our nation's economy by fulfilling the role as a financial service provider to help customers with their wealth formation and capital enhancement."

Prioritized issues	Key actions
<p>1 Health</p> <ul style="list-style-type: none"> Promote and maintain the health of local people and employees Provide a workplace where employees can work robustly in good health 	<ul style="list-style-type: none"> Health management Established Health Management Promotion Committee and appointed Chief Health Officer Medical consultations for employees Sports promotion program <p>See page 47 for more details</p>
<p>2 Training and workstyle</p> <ul style="list-style-type: none"> Provide a workplace where employees with diverse backgrounds and talents can fulfill their potential in inclusive atmosphere Support employee's special skill sharpening   	<ul style="list-style-type: none"> New personnel system MBA scholarship program and rank-specific training programs Defined specialty job areas and started specialist training Career programs for senior employees and female employees Work-from-home programs and encouraged employees to leave work on time Published the Anti-Harassment Pledge <p>See page 48 for more details</p>
<p>3 Financial innovation</p> <ul style="list-style-type: none"> Provide innovative financial services that meet diverse needs Expand services for the next-generation, asset forming, and digital senior segments  	<ul style="list-style-type: none"> Released asset management application (<i>Okane no Compass</i>) Started preparations for Smartphone-based Brokerage Service Preparations for listing digitized securities by using block chain technology Started loans secured by securities <p>See page 49 for more details</p>
<p>4 Regional economy</p> <ul style="list-style-type: none"> Support the regional economy and revitalize local communities   	<ul style="list-style-type: none"> Strengthened partnerships with leading regional banks to support regional regeneration Organizing seminars and events Fortified business succession services, strengthened M&A mediation Supported local communities through Tokai Tokyo Foundation <p>See page 49 for more details</p>
<p>5 Environmental conservation</p> <ul style="list-style-type: none"> Help build ecologically sustainable communities Reduce carbon dioxide emissions  	<ul style="list-style-type: none"> Became registered issuance supporter in government green bond program Started trading social impact bonds (green bonds, water bonds) Started switching to energy-efficient lighting and air conditioning Started switching to fuel-efficient vehicles <p>See page 50 for more details</p>

Sustainability Initiatives

To demonstrate our commitment to the Sustainable Development Goals (SDGs) proposed by the UN, we published the SDG Pledge on September 28, 2020, in which we disclosed “The Material Issues We Prioritize”, by deriving from our corporate vision and existing sustainability initiatives.

Our Vision

Management Philosophy

Throughout its business operations, the Tokai Tokyo Financial Group cherishes local communities and the people living there.

We want to help customers build their assets and capital, and in so doing, contribute to Japan’s economic growth.

Through a united effort, and with the trust and support of all our stakeholders, we will pursue our vision of becoming a groundbreaking comprehensive financial group that leads the way in a new age.

From Our Vision



“We want to help customers build their assets and capital”—To do so, we must keep learning so that our expertise is always at the highest level possible. Accordingly, we provide a range of training programs as part of our strategy for talent development. We also support education in the community, such as by running endowed courses at universities in Nagoya and Tokyo.

“The Tokai Tokyo Financial Group cherishes local communities”—We contribute to local communities through the Great Platform, a distinctive platform for launching joint venture securities companies with regional banks and sharing our platform service with our peers. Alongside this, we have always supported education, culture, and sports in the local community as part of our corporate social responsibility.

“The Tokai Tokyo Financial Group cherishes...the people living there”—We support people’s physical, mental, and social well-being. Our strategy for employee health emphasizes the need to provide an inclusive and empowering workplace that accommodates diverse working patterns.

“Through a united effort, and with the trust and support of all our stakeholders”—We aim to contribute, through our business activities, toward a larger market and a better environment and society. In 2018, Tokai Tokyo Securities became a registered issuance supporter for a green bond program designed to fund only the projects that address environmental issues. Our companies also sell other kinds of products beneficial to environment and society.

“A groundbreaking comprehensive financial group that leads the way in a new age”—To be such an organization, we have built alliances with FinTech companies and developed Tokai Tokyo Digital World, a program that integrates a range of FinTech solutions. As such, we will contribute to our society through financial innovation.

1

2

3

4

5

Prioritized issues

Health

- Promote and maintain the health of local people and employees
- Provide a workplace where employees can work robustly in good health



See page 47 for more details

Training and workstyle

- Provide a workplace where employees with diverse backgrounds and talents can fulfill their potential in inclusive atmosphere
- Support employee's special skill sharpening



See page 48 for more details

Financial innovation

- Provide innovative financial services that meet diverse needs
- Expand services for the segments of next-generation, asset forming, and digital seniors



See page 49 for more details

Regional economy

- Support the regional economy and regenerate local communities



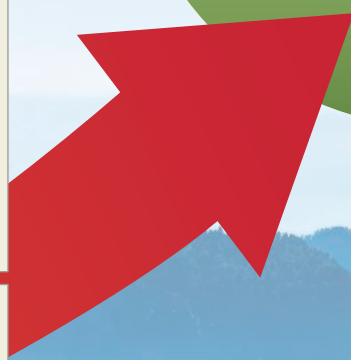
See page 49 for more details

Environmental conservation

- Help build ecologically sustainable communities
- Reduce carbon dioxide emissions



See page 50 for more details



Embedding sustainability across the organization

In the period under review, we asked employees for their ideas about how we can help achieve the SDGs. One idea was to provide, as a shareholder perk, a match donor pledge, in which we pledge to match, yen for yen, the shareholder's own charitable donation. We are now preparing to implement the idea.

We also work to inform employees about SDGs and our sustainability initiatives. In March 2021, we opened a sustainability-related webpage on our intranet portal ("TT Sustainability"). We also have an internal newsletter on SDG-related themes.

1 Health



**Promote and maintain the health of local people and employees
Provide a workplace where employees can work robustly in good health**

Well-being Declaration

We will monitor employee well-being and address any problems we identify.
We will take daily action to protect employees' physical and mental health.
We will assist each employee with their specific health and disease-prevention needs and help them reconcile the demands of treatment and work.

Published in April 2019

We recognize that employee health is critical to business success. Accordingly, we work to support employees' physical, mental, and social well-being.

Organizational framework for managing employee health

Health management	We provide health checkups to monitor employee health and identify health issues. We also provide programs designed to promote healthy living.
Chief Health Officer (CHO)	The holder of this office manages and coordinates all employee health-related initiatives.
Well-being Ambassador	The well-being ambassador shares with employees the knowledge they learned as an athlete, including tips for improving fitness and reducing stress, and advice healthy and light meals. As a fitness professional, the well-being ambassador teaches techniques and skills in a down-to-earth, relatable way.

Work-life balance indicators

FYE Mar. 2021	
Rate of taking paid leave	43.0%
Number of employees taking childcare leave	21
Number of employees using short-hours option	12

Promoting a positive attitude to employee health

To promote a positive attitude to health in the workplace, we run a regular newsletter with relatable advice about health and well-being that readers can apply in their daily life.

In view of the pandemic, we started encouraging employees to use a pedometer application to monitor their health without the need for attending gatherings.

Accolades

We have earned multiple awards for our efforts to promote employee health and engagement in sport.



2

Training and workstyle



Provide a workplace where employees with diverse backgrounds and talents can fulfill their potential in inclusive atmosphere
Support employee's special skill sharpening

We will encourage employees with varying experience and expertise to attain sparkling self-realization in their respective ways.

From Our Mission

Training

Professionalism with the human touch

To adapt to a shifting business environment, we view human resources as the most essential management assets. Based on this idea, we nurture a workforce that combines professional expertise with humanity (personal qualities) by providing various training programs tailored to different roles and goals. We nudge employees toward opportunities for self-driven learning so that they never stop developing themselves professionally and personally. This approach to talent development is followed throughout the Group.

MBA scholarship

We give employees opportunities to attend graduate courses. There are two participating institutions in Japan. The first is at Waseda University (Graduate School of Finance, Accounting and Law) and the second at Hitotsubashi University (Graduate School of International Corporate Strategy). We are also sending selected employees to the institutions in the USA and Europe.

Supporting education in local communities

We support educational opportunities for local communities as well as for our employees. Examples include courses we run in universities in Nagoya and Tokyo.

Reference data	FYE Mar. 2021
Number of employees who acquired qualification / license	
MBA from institution in Japan	30
MBA from institution in other country	9
Securities analyst license	128
CFA charter	9
AFP, CFA charter	1,958
TOEIC score of 700 or higher	181
Chief of Money Lending Operations license	136
Education and training expenses (million yen on consolidated basis)	173
E-learning*	
Number of attendees	1,495

* Optional ("cafeteria") training programs

Workstyle reform

Job-based employment—Rewarding employees for their professional and personal development

We classify the professional skillsets we require and use job descriptions to clearly delineate each employee's roles and responsibilities.

Respecting human rights, embracing diversity, Prohibiting workplace harassment

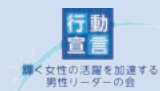
We have enshrined respect for human rights in the Tokai Tokyo Financial Group's Ethical Code of Conduct. In April 2020, we published the Anti-Harassment Pledge.

Humanity Enhancement Program

The Humanity Enhancement Program is designed to encourage employees to pursue their interests, professional or otherwise.

Promoting diversity

Endorsing "the General Meeting of Male Leaders Actively Promoting the Empowerment of Women," an initiative that Cabinet Office takes.



Basic concept

Promote professional expertise (head) and humanity (heart)

End seniority-based advancement

Nurture a team of specialists

Key components

Promote expertise

Promote humanity

Overhaul employee compensation

- Flexible working arrangements
- Humanity Enhancement Program

These indicators apply to the period from April 1, 2020, to March 31, 2022

- (1) Percentage of management positions held by women: 17%
Management positions are defined as positions at a line-management level or above (grade 7 or above) in Tokai Tokyo Financial Holdings or Tokai Tokyo Securities.
- (2) Men who take childcare leave: one or more men and 30% or higher rate of taking childcare related leave by men
- (3) Rate of taking paid leave: 70%

3 Financial innovation



Provide innovative financial services that meet diverse needs
Expand services for the segments of next-generation, asset forming, and digital seniors

We will contribute to the growth of our nation's economy
by fulfilling the role as a financial service provider to help customers
with their wealth formation and capital enhancement.

From Our Vision

We develop financial innovations with the view to becoming "a groundbreaking comprehensive financial group that leads the way in a new age."

Tokai Tokyo Digital World See page 20 for more details

4 Regional economy



Support the regional economy and revitalize local communities

We will care about the community in which we operate and render
the help to elevate the prosperity there now and in the future.

From Our Mission

We contribute to local communities through the Great Platform, a unique business model for launching joint venture securities companies with regional banks and sharing resources with our peers. Alongside this, we have always supported education, culture, and sports in the local community as part of our corporate social responsibility.

Financial education for university students

To help students improve their financial literacy, we run a half-year course at universities in Nagoya and Tokyo. The course covers the role and business profile of securities companies in capital markets. During classes, executives and employees of the Group share their first-hand experience, giving students an idea of what it is like to work in a securities house.

Raising potential regional leaders who will boost Chubu's international presence

In February 2015, we launched the Nagoya University Tokai Tokyo Financial Holdings Global Business Program to help raise future leaders who can boost the region's international presence. Under this program, we have held a seminar where students and the general public can learn about complex international developments. The program also gives undergraduate and graduate students from Nagoya University the chance to go to the University of Cambridge and the University of Edinburgh. Cambridge undergraduates have also been invited to Nagoya University.

Supporting local communities through the Tokai Tokyo Foundation

In 2016, we established the Tokai Tokyo Foundation to commemorate the 15th anniversary of the Tokai Tokyo Financial Group. The purpose of the foundation is to promote prosperity in local communities. It does so by fostering local leaders capable of leading the region's future and working globally, creating opportunities for local people to learn about global economic and social developments, and by promoting arts and culture.

Promotion of Sport

To support athletes who aspire to compete on the world stage, we use Athnavi, the Japanese Olympic Committee's job placement system, to hire athletes. In November 2016, we signed a comprehensive agreement with Umemura Educational Institutions, the operator of Chukyo University, to provide an athlete training program aimed at making Chubu a top region for sport culture. As part of this joint undertaking, we have established a scholarship for student athletes.

Promoting industry invigoration in the Chubu region

In May 2016, Tokai Tokyo Securities launched the Chubu Open Innovation College Program to promote open innovation in the Chubu region. The program provides a space for businesses, universities, and students to network and share ideas.

5

Environmental conservation



Help build ecologically sustainable communities
Reduce carbon dioxide emissions

Environmental policy

1. Complying with laws and regulations

We shall comply with environment-related laws and regulations, and with our own environmental policy.

2. Generating positive environmental impacts through financial service

We shall lower the environmental risk of society by supporting the business engaged in environmental protection through the provision of financial products and services.

3. Lowering negative environmental impacts caused by workplaces

Recognizing that our business activities may generate negative environmental impacts such as using natural resources and producing waste, we shall work to protect environment by recycling, and by using natural resources and energy efficiently.

4. Promoting environmental awareness

We shall educate our employees about the environment to promote meaningful environmental action.

5. Disclosing environmental information

We shall actively disclose information about our environmental impacts and communicate with local communities and customers to encourage their engagement in environmental management.

We published the above environmental policy in 2018 to guide our efforts toward environmentally conscious business activities. The policy describes our awareness of the environmental issues as a financial instrument operator, and our determination to use and leave finite natural resources for our children, assuming our social responsibility.

We have also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD recommendations). We now apply the TCFD recommendations in our disclosures.

web

Press release on our endorsement of the TCFD recommendations

<https://www.tokaitokyo-fh.jp/en/pressrelease/pdf/fh20211015.pdf>



Green finance

In the period under review, Tokai Tokyo Securities took on underwriting for a number of green bond programs. Additionally, Tokai Tokyo Securities and Juroku Tokai Tokyo Securities sold green bonds issued by Crédit Agricole, while Tochigi Tokai Tokyo Securities and Senshu Ikeda Tokai Tokyo Securities sold sustainable development bonds issued by the World Bank.

Green energy in building housing head office

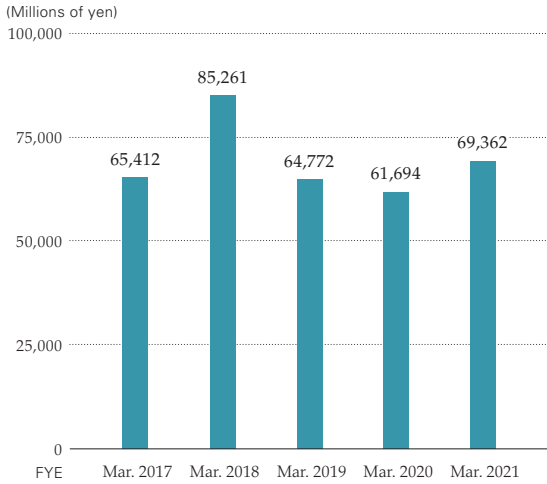
In July 2021, Nihonbashi Takashimaya Mitsui Building, which houses our head office, switched essentially to renewable energy. The energy is provided by Mitsui Fudosan and is certified as non-fossil energy. This certification includes tracking information (information on the source of the energy).

Environmental load reduction

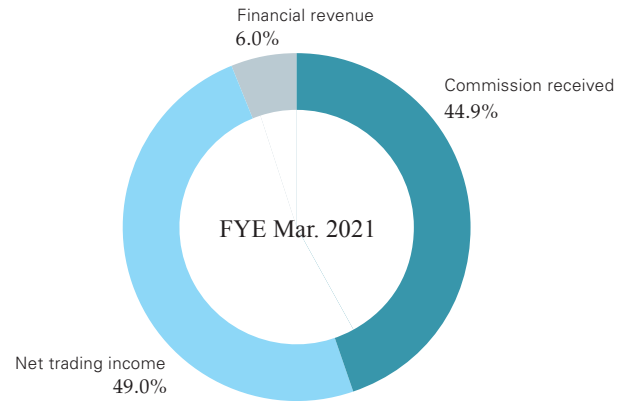
We started using two vehicles powered by hydrogen fuel cells (Toyota Mirai) (in June 2017). We are also rolling out super-energy efficient air conditioning as well as Office Automation equipment like PCs.

Financial and Non-Financial Highlights

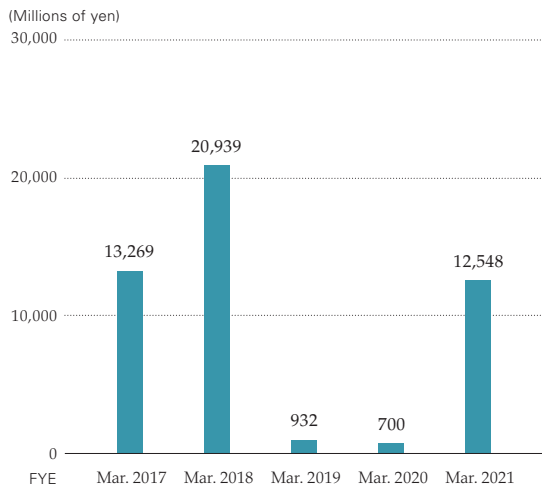
Operating revenue



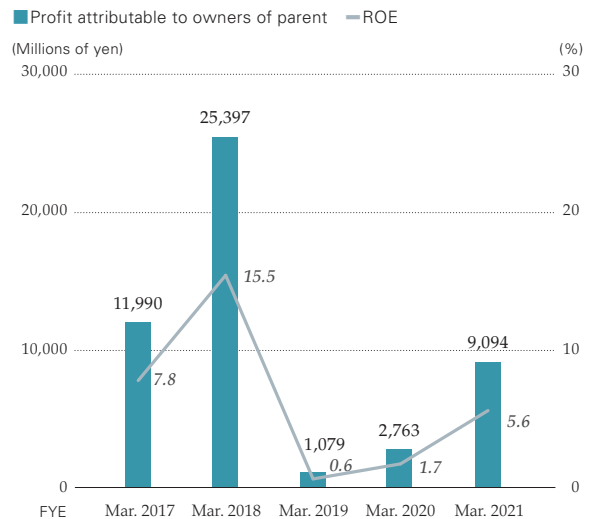
Breakdown of operating revenue



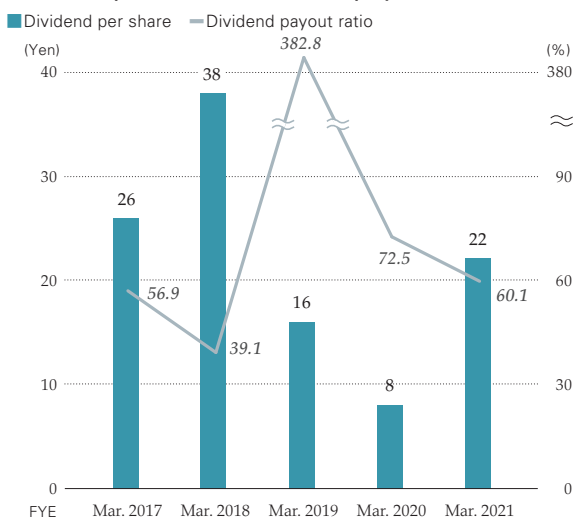
Ordinary income



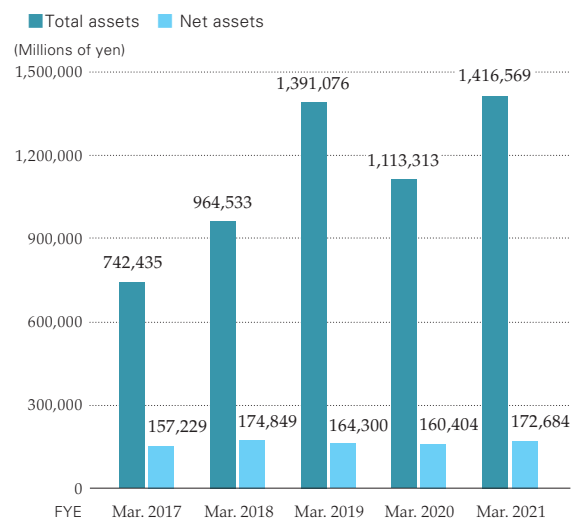
Profit attributable to owners of parent / ROE



Dividend per share / Dividend payout ratio

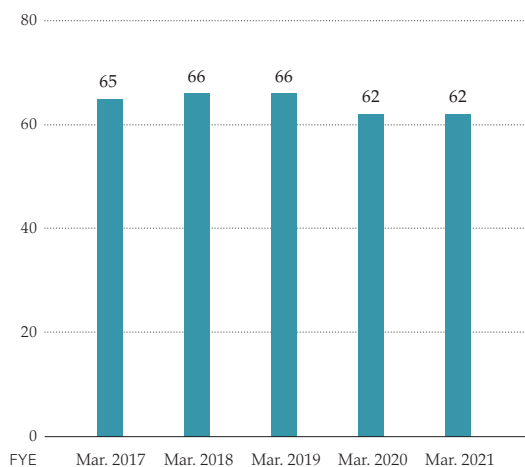


Total assets / Net assets (Period-end)

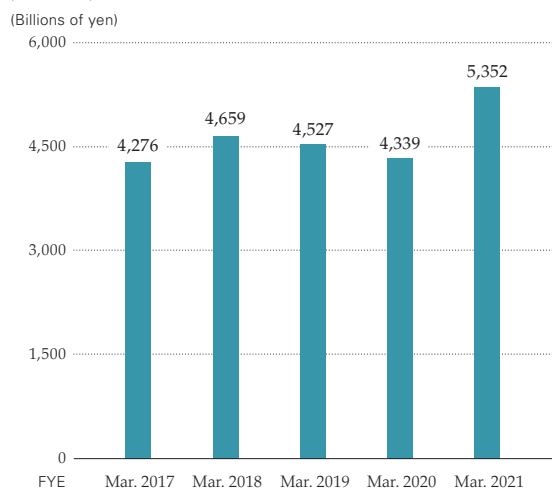


Note: On February 16, 2018, the Accounting Standards Board of Japan (ASBJ) amended the Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28). We adopted the amended standard at the start of FYE March 31, 2019. The amended standard has been applied retroactively to the key financial metrics for FYE March 31, 2018.

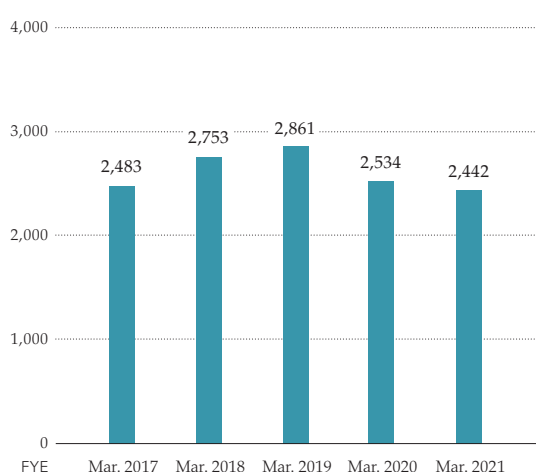
Number of sales outlets (Tokai Tokyo Securities)
(Period-end)



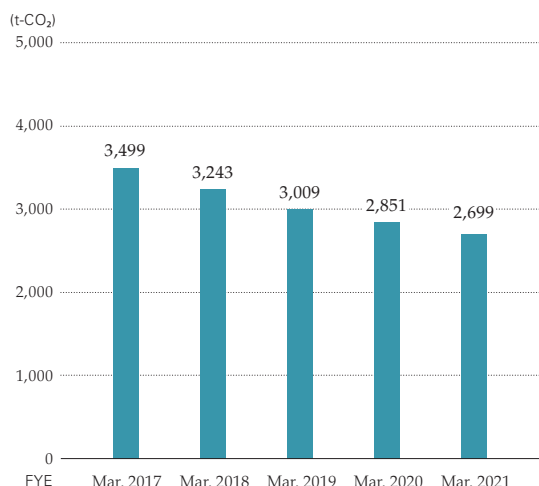
Assets under custody (Tokai Tokyo Securities)
(Period-end)



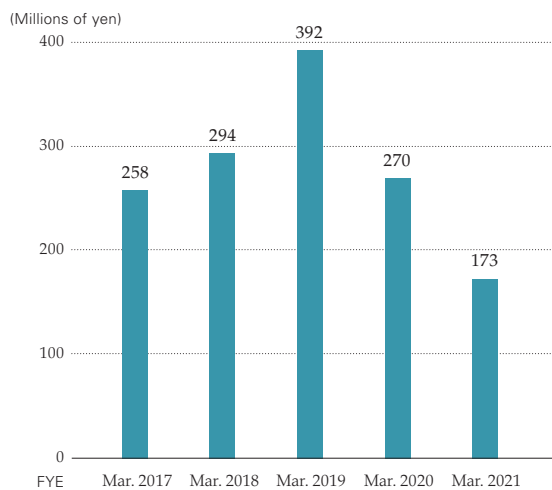
Number of employees (Consolidated)
(Period-end)



CO₂ emissions (Tokai Tokyo Securities)



Education and training expenses (Consolidated)



Eleven-Year Financial and Non-Financial Summary

	FYE	Mar. 2011	Mar. 2012	Mar. 2013
Consolidated operating results (Millions of yen)				
Commission received		25,461	24,191	36,659
Commission to consignees		7,797	6,006	9,995
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors		208	431	720
Fee for offering, secondary distribution and solicitation for selling and others for professional investors		11,480	11,704	19,763
Other fees received		5,974	6,048	6,180
Net trading income* ¹		23,909	25,593	28,301
Stocks		8,857	9,357	7,943
Bonds and Forex		15,052	16,235	20,358
Financial revenue* ¹		3,031	2,846	2,893
Total operating revenue		52,402	52,631	67,854
Financial expenses		1,617	1,875	1,900
Net operating revenue		50,785	50,756	65,954
Selling, general and administrative expenses		47,695	47,392	50,702
Personnel expenses		22,970	22,708	26,188
Operating income		3,089	3,363	15,252
Non-operating income		2,071	2,078	2,405
Share of profit of entities accounted for using equity method		353	357	838
Non-operating expenses		354	364	337
Share of loss of entities accounted for using equity method		—	—	—
Ordinary income		4,806	5,077	17,320
Income before income taxes		4,364	4,769	17,812
Profit attributable to owners of parent		4,318	2,545	11,273
Consolidated balance sheets (Millions of yen)				
Total current assets		623,754	603,235	591,911
Trading products		176,823	198,470	203,401
Total non-current assets		40,621	37,981	38,150
Total assets		664,376	641,216	630,061
Total current liabilities		545,376	524,571	499,388
Trading products		123,646	111,181	93,955
Total non-current liabilities		5,814	6,219	8,088
Total liabilities		551,360	530,956	507,664
Total net assets		113,015	110,259	122,397
Consolidated cash flows (Millions of yen)				
Cash flows from operating activities		(33,400)	(43,135)	79,020
Cash flows from investing activities		(3,498)	(1,469)	1,767
Cash flows from financing activities		39,452	26,304	(75,863)
Cash and cash equivalents at the end of the period		61,725	43,330	48,491
ROE, per share data, and non-financial information				
Net income per share (Yen)		15.50	9.45	42.74
Net assets per share (Yen)		407.26	416.51	461.12
Return on equity (%)		3.8	2.3	9.7
Dividend per share (Yen)		8.00	8.00	16.00
Number of employees (Year-end) (Consolidated)		2,286	2,253	2,178
Percentage of women in management positions (Year-end)(TTFH Tokai Tokyo Financial Holdings, TTSC Tokai Tokyo Securities) (%) ^{*2}				
Training expenses (Consolidated) (Millions of yen)		167	190	195
Number of sales outlets (Year-end) (TTSC)		71	71	70
Assets under custody (TTSC) (Billions of yen)		3,858	3,719	3,995
Energy usage intensity (TTSC) (Comparison to previous fiscal year) (%)				
CO ₂ emissions (TTSC) (t-CO ₂)				

Note: On February 16, 2018, the Accounting Standards Board of Japan (ASBJ) amended the Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28). We adopted the amended standard at the start of FYE March 31, 2019. The amended standard has been applied retroactively to the key financial metrics for FYE March 31, 2018.

Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021
54,939	44,082	34,267	26,934	35,907	28,954	29,172	31,173
26,301	19,016	16,538	12,930	17,415	10,729	12,239	13,936
921	779	883	738	811	1,247	702	1,076
21,149	18,105	10,481	6,916	7,844	6,951	6,519	6,461
6,567	6,180	6,363	6,349	9,836	10,025	9,710	9,700
32,775	35,427	30,329	35,737	45,095	32,179	29,510	34,008
10,484	16,732	11,691	13,779	22,227	15,401	14,010	22,369
22,291	18,695	18,638	21,957	22,867	16,778	15,499	11,639
2,831	3,190	2,987	2,741	4,258	3,638	3,011	4,180
90,547	82,700	67,584	65,412	85,261	64,772	61,694	69,362
1,865	1,325	1,306	1,684	2,342	2,219	1,926	2,321
88,682	81,374	66,277	63,728	82,919	62,553	59,767	67,041
58,434	56,303	53,634	54,230	65,472	62,945	60,591	57,808
28,971	28,002	24,888	25,336	31,110	29,544	27,827	27,501
30,248	25,071	12,643	9,497	17,446	(391)	(823)	9,232
3,420	3,522	2,765	3,935	3,693	1,712	1,971	3,686
1,708	1,669	948	2,058	1,963	—	—	1,591
262	69	111	163	200	388	446	371
—	—	—	—	—	61	94	—
33,405	28,524	15,297	13,269	20,939	932	700	12,548
35,307	28,896	17,925	16,195	31,742	1,528	3,049	12,827
23,243	18,499	12,423	11,990	25,397	1,079	2,763	9,094
580,345	415,327	525,258	688,551	902,103	1,323,532	1,043,541	1,342,676
224,158	198,053	259,234	292,495	388,099	657,524	422,351	588,098
36,924	42,778	43,290	53,884	62,429	67,544	69,772	73,893
617,270	458,106	568,548	742,435	964,533	1,391,076	1,113,313	1,416,569
466,243	282,986	388,658	510,399	704,507	1,137,726	853,507	1,143,073
76,593	70,125	137,111	192,454	281,709	546,499	341,416	379,293
7,808	17,379	24,245	74,357	84,564	88,431	98,781	100,176
474,340	300,755	413,344	585,206	789,683	1,226,776	952,908	1,243,884
142,929	157,351	155,204	157,229	174,849	164,300	160,404	172,684
(14,701)	37,746	12,302	2,944	19,332	(72,750)	10,945	(73,074)
5,452	(2,214)	(775)	(8,507)	(588)	(9,615)	(6,686)	(12,397)
1,864	(18,937)	(21,829)	35,864	(1,617)	39,695	18,227	104,805
39,141	56,039	44,615	72,043	89,204	46,274	63,201	81,950
87.68	69.51	46.92	45.73	97.27	4.18	11.04	36.62
528.26	579.91	580.16	593.47	668.18	625.05	630.24	666.65
17.7	12.6	8.1	7.8	15.5	0.6	1.7	5.6
32.00	34.00	28.00	26.00	38.00	16.00	8.00	22.00
2,214	2,353	2,391	2,483	2,753	2,861	2,534	2,442
13.0	15.2	17.6	21.0	22.2	23.9	13.7	13.7
233	273	270	258	294	392	270	173
70	70	71	65	66	66	62	62
4,320	4,844	4,094	4,276	4,659	4,527	4,339	5,352
97.0	96.4	96.9	99.3	97.0	97.3	100.9	100.9
4,310	3,938	3,671	3,499	3,243	3,009	2,851	2,699

*1 Net trading income, Financial revenue: The method of presenting these items differs from that used in previous fiscal years. The new method has been applied retroactively to the breakdown of net trading income in the previous fiscal year (ended March 31, 2019).

*2 As of April 1. The formula was changed in April 2020.

Company Information

Company information (As of March 31, 2021)

Company name	Tokai Tokyo Financial Holdings, Inc.
Date of incorporation	June 19, 1929
Paid-in capital	¥36,000,000,000
Number of employees	153 (Does not include 60 temporary employees and 2 dispatched workers)
Number of employees (consolidated)	2,442 (Does not include 16 investment advisors and asset advisors as combined, 439 temporary employees, and 39 dispatched workers)
Address of head office	Nihonbashi Takashimaya Mitsui Building, 5-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-6130

Principal operating offices of subsidiaries (As of March 31, 2021)

Company name	Address of head office	Number of sales offices	Location
Tokai Tokyo Securities Co., Ltd.	7-1, Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi	60	Aichi, Tokyo, etc.
Tokai Tokyo Research Institute Co., Ltd.	19-30, Aoi 1-chome, Higashi-ku, Nagoya-shi, Aichi	2	Aichi, Tokyo
Tokai Tokyo Asset Management Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	1	Tokyo
Tokai Tokyo Investment Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	1	Tokyo
Tokai Tokyo Wealth Consulting Co., Ltd.	5-28, Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi	2	Aichi, Tokyo
Tokai Tokyo Academy Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	1	Tokyo
Tokai Tokyo Services Co., Ltd.	13-8, Aoi 1-chome, Higashi-ku, Nagoya-shi, Aichi	2	Aichi, Tokyo
Tokai Tokyo Business Service Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	1	Tokyo
ETERNAL Co., Ltd.	20-19, Minamiaoyama 4-chome, Minato-Ku, Tokyo	56	Tokyo, Hyogo, etc.
Mebius Co., Ltd.	1-8, Minamihonmachi 2-chome, Chuo-ku, Osaka-shi, Osaka	1	Osaka
Pinnacle Inc.	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	1	Tokyo
Pinnacle TT Solutions Inc.	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	1	Tokyo
MAfolova Inc.	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	1	Tokyo
Tokai Tokyo Digital Platform Co., Ltd.*2	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	1	Tokyo
CHEER Securities Inc.*3	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	1	Tokyo
Tokai Tokyo Securities (Asia) Limited	18th Floor, No.33 Des Voeux Road Central, Hong Kong*1	1	Hong Kong, China
Tokai Tokyo Securities Europe Limited	4th Floor, Salisbury House, London Wall, London, EC2M 5QQ, United Kingdom	1	London, United Kingdom
Tokai Tokyo Securities (USA), Inc.	3 Columbus Circle, Suite 1715, New York, NY 10019, USA	1	New York, United States
Tokai Tokyo Investment Management Singapore Pte. Ltd.	60 Anson Road #13-03, Mapletree Anson, Singapore 079914	1	Singapore
Tokai Tokyo Global Investments Pte. Ltd.	60 Anson Road #13-03, Mapletree Anson, Singapore 079914	1	Singapore

*1 In June 2021, the office was relocated to: 15th Floor, No.33 Des Voeux Road Central, Central, Hong Kong

*2 On October 25, 2021, the company changed its name from Money Compass Japan Co., Ltd., to Tokai Tokyo Digital Platform Co., Ltd.

*3 On November 12, 2021, the company changed its name from 3.0 Securities Preparatory Co., Ltd., to CHEER Securities Inc.

Note: The above table excludes ACE Securities Co., Ltd., and Maruhachi Securities Co., Ltd., because they were affiliates, rather than subsidiaries, at the time (as of March 31, 2021). They became subsidiaries on April 16, 2021.

Share Information

Share information (As of March 31, 2021)

Stock code	8616
Stock exchange listings	First Section, Tokyo Stock Exchange and Nagoya Stock Exchange
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Number of shares authorized	972,730,000
Number of shares issued	260,582,115
Number of shareholders	48,358
Trading unit of shares	100

Major shareholders (Top 10) (As of March 31, 2021)

Name	Number of shares held	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,595,800	6.28
MUFG Bank, Ltd.	12,016,853	4.84
Custody Bank of Japan, Ltd. (Trust Account)	8,406,600	3.38
Mitsui Sumitomo Insurance Co., Ltd.	7,283,798	2.93
Toyota Financial Services Corporation	7,280,000	2.93
The Bank of Yokohama, Ltd.	7,014,553	2.82
Nippon Life Insurance Company	5,611,890	2.26
Sumitomo Mitsui Trust Bank, Limited	4,800,000	1.93
Meiji Yasuda Life Insurance Company	4,406,000	1.77
Custody Bank of Japan, Ltd. (Toyota Motor Corporation's retirement benefit trust account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)	3,461,000	1.39

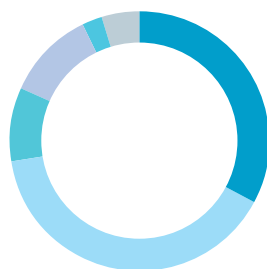
Note 1: The ownership ratio is calculated based on figures generated after deducting treasury stock from the total number of shares issued.

Note 2: In addition to the companies listed above, Tokai Tokyo Financial Holdings holds 12,218,314 shares of treasury stock.

Shareholders breakdown (As of March 31, 2021)

By type of shareholder

● Individuals and others	32.92%
● Financial institutions	39.63%
● Other domestic corporations	9.38%
● Foreign corporations	10.90%
● Securities firms	2.48%
● Treasury stock	4.69%

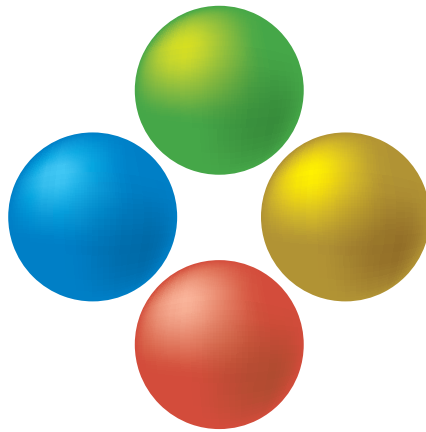


Total shareholder return (TSR) from March 2017 to March 2021



Note 1: TSR factors in the capital gains and dividends from the stock.

Note 2: The closing TSR for March 2017 is scaled at 100.0%, representing fair value.



 **TOKAI TOKYO FINANCIAL HOLDINGS, INC.**

Nihonbashi Takashimaya Mitsui Building
5-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-6130

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