

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 8706

May 31, 2022

To Shareholders with Voting Rights:

Hiroyuki Kikuchi
Chairman
Kyokuto Securities Co., Ltd.
1-4-7 Nihombashi-Kayabacho,
Chuo-ku, Tokyo,
Japan

NOTICE OF CONVOCATION OF THE 79TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 79th Annual General Meeting of Shareholders (the “Meeting”) of Kyokuto Securities Co., Ltd. (the “Company”) will be held as described below.

In case you are unable to attend the Meeting in person, you may exercise your voting rights in writing or by electronic means (Internet). Please review the REFERENCE MATERIALS CONCERNING THE GENERAL MEETING OF SHAREHOLDERS below and submit your vote by 5:15 p.m. on Tuesday, June 21, 2022 (Japan Standard Time).

PARTICULARS

1. Date and Time of the Meeting: Wednesday, June 22, 2022, at 10:00 a.m.(JST)
2. Place of the Meeting: 9th floor meeting room, Tokyo Shoken Kaikan
1-5-8 Nihombashi-Kayabacho, Chuo-ku, Tokyo
3. Meeting Agenda:
Matters to be reported:
 1. The Business Report and the Consolidated Financial Statements for the 79th Fiscal Year from April 1, 2021 to March 31, 2022, and the results of the audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors.
 2. Non-consolidated Financial Statements for the 79th Fiscal Year from April 1, 2021 to March 31, 2022.

Matters to be resolved:

- Proposal 1: Partial amendment to the Articles of Incorporation
- Proposal 2: Election of seven (7) members of the Board of Directors
- Proposal 3: Election of two (2) Corporate Auditors

Proposal 4: Election of one (1) Substitute Corporate Auditor

The following matters are posted on the Company's website (<http://www.kyokuto-sec.co.jp> (Japanese only)) pursuant to the provisions of relevant laws and regulations, and the provision of Article 17 of the Articles of Incorporation of the Company.

Business Report

1. Matters related to subscription rights for new shares, etc.
2. Overview of the contents of the Limited Liability Agreement
3. System to ensure the appropriate conduct of business activities
4. Overview of the status of operation of the system to ensure the appropriate conduct of business activities
5. Basic corporate philosophy on control of the Company

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Non-consolidated Financial Statements

Notes to the Non-consolidated Financial Statements

REFERENCE MATERIALS CONCERNING THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Matters for Reference

Proposal 1: Partial amendment to the Articles of Incorporation

1. Reasons for the proposal

- (1) The amended provisions in the proviso of Article 1 of the Supplementary Provisions to the Act Partially Amending the Companies Act (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of a system for providing materials for general meeting of shareholders in electronic format, the Company proposes to amend the Articles of Incorporation as follows:
 - (i) Article 17 (1) of the proposed amendment stipulates that information contained within the reference documents and other documents for general meetings of shareholders shall be provided by electronic means.
 - (ii) Article 17 (2) of the proposed amendment establishes a provision to limit the items in the documents to be delivered to shareholders who have requested hardcopies of documents.
 - (iii) The provision of referential materials, etc. via internet disclosure and deemed delivery of reference materials, etc. for the general meeting of shareholders (Article 17 of the current Articles of Incorporation) will become unnecessary and shall be deleted.
 - (iv) Supplementary provisions relating to the effective date due to the aforementioned establishment of new provisions and the deletion of the current provisions shall be added.
- (2) All supplementary provisions (except for those listed in (1) (iv) above) are to be deleted.
- (3) In addition, other necessary changes such as wordings are to be made.

2. Contents of the amendment

The details of this amendment are set out below:

(The underlined sections indicate the changes. Also, the supplementary provisions, which are subject to deletion under Proposal reason (2), are omitted from the table below.)

Current Articles of Incorporation	Proposed Amendments
<p>(Purpose) Article 2. The purpose of the Company shall be carrying out the following business activities: (1) to (12) omitted (13) <u>Services</u> other than those set forth in the preceding items, which are allowed to conduct by Type-I Financial instruments Business Operators in accordance with the Financial Instruments and Exchange Act and related regulations. (14) omitted</p>	<p>(Purpose) Article 2. The purpose of the Company shall be carrying out the following business activities: (13) <u>Acts or services</u> other than those set forth in the preceding items, which are allowed to conduct by Type-I Financial instruments Business Operators in accordance with the Financial Instruments and Exchange Act and related regulations.</p>
<p><u>(Provision of Referential Materials, etc. for General Meeting of Shareholders via Internet Disclosure and Deemed Delivery of Reference Materials, etc.)</u> <u>Article 17</u> <u>In convening a general meeting of shareholders, information relating to the matters to be stated or indicated in referential materials for the general meeting of shareholders, business reports, financial statements and consolidated financial statements may be deemed to have been provided to the shareholders if such information is disclosed through the method of the internet pursuant to the provisions of an ordinance of the Ministry of Justice.</u> (Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures to Provide Information in Electronic Format)</u> <u>Article 17</u> <u>The Company shall electronically provide information contained in reference documents and other documents for the general meeting of shareholders in convening the general meeting of shareholders.</u></p>

<p>(Newly established)</p>	<p><u>2</u> <u>Among information to be provided electronically, the Company may exclude all or part of the information set forth by the Ordinance of the Ministry of Justice in the documents to be delivered to shareholders who have requested delivery of hardcopies of documents by the record date for voting rights.</u></p> <p>(Supplementary Provisions)</p> <p><u>1.</u> <u>The amendments to Article 17 of the Articles of Incorporation shall take effect on September 1, 2022 ("Enforcement Date"), the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the Supplementary Provision of the Act for Partially Amending the Companies Act (Act No. 70 of 2019).</u></p> <p><u>2.</u> <u>Notwithstanding the provisions in the preceding paragraph, Article 17 (Provision of Referential Materials, etc. for General Meeting of Shareholders via Internet Disclosure and Deemed Delivery of Reference Materials, etc.) in the Articles of Incorporation shall have effect for a General Meeting of Shareholders held within six months of the Enforcement Date.</u></p> <p><u>3.</u> <u>These supplementary provisions shall be deleted after whichever comes later of the date on which six months have passed since the Enforcement Date or the date on which three months have passed since the date on which the General Meeting of Shareholders in the preceding paragraph is held.</u></p>
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(Note) Technical changes of provisions, which are described in the original documents (Japanese), are omitted in the above table.

Proposal 2: Election of seven (7) members of the Board of Directors

The terms of office of all seven members of the Board of Directors will expire at the close of this Meeting. Therefore, the Company proposes the election of seven Directors.

The candidates are as follows.

Candidate for Director

Candidate No.		Name	Current Position and Responsibilities at the Company	Candidate Attributes
1	Reelected	Hiroyuki Kikuchi	Chairman	
2	Reelected	Kazuhiro Kikuchi	President & CEO	
3	Reelected	Masahiro Goto	Senior Managing Director General Manager, Headquarter, Customer	
4	Reelected	Shunzo Kayanuma	Senior Managing Director General Manager, Headquarter, Planning and Administration	
5	Reelected	Kenjiro Horikawa	Outside Director	Outside Director Independent Director
6	Reelected	Sadao Yoshino	Outside Director	Outside Director Independent Director
7	Reelected	Takako Sugaya	Outside Director	Outside Director Independent Director

Candidate No.	Name (Date of birth)	Career summary and Current Position and Responsibilities at the Company (Important status in other companies)	Number of the Company's shares held
1	Hiroyuki Kikuchi (March 6, 1942)	April 1964 Joined Nomura Securities Co., Ltd. July 1972 Joined the Company November 1972 Vice President December 1979 President & CEO April 2012 Chairman (current position) (Important status in other companies) President & CEO of Kyokuto Property Co., Ltd.	981,458
		(Reason for proposing as a candidate for Director) Mr. Hiroyuki Kikuchi has served as Vice President, President & CEO, and Chairman, and through his strong leadership has long been responsible for the management of the Company and our group companies. His abundant experience and extensive insight are necessary for the sustainable enhancement of the Company's corporate value, and the Company has judged that he is well suited to continue as Director of the Company, and has therefore nominated him as a candidate for Director.	
2	Kazuhiro Kikuchi (February 8, 1968)	April 1990 Joined Nomura Securities Co., Ltd. March 1999 Joined the Company June 1999 Vice President April 2012 President & CEO (current position)	967,346
		(Reason for proposing as a candidate for Director) Mr. Kazuhiro Kikuchi has served as Vice President and President & CEO of the Company, and by leveraging his experience, knowledge, and leadership skills, has contributed to the expansion of the business of the Company and our group companies. His experience and judgment as a management executive are necessary for the Company's sustained improvement in corporate value, and we have determined that he is suited to continue as Director of the Company and have nominated him as a candidate for Director.	
3	Masahiro Goto (October 6, 1961)	April 1985 Joined the Company October 2002 General Manager, Osaka Branch, Headquarter, Sales March 2008 Director, Customer Asset Management Department II of Head Office June 2010 Executive Director, Director of Customer of Asset Management Department II of Head Office April 2011 Executive Director, Deputy General Manager of Headquarter Customer and Director of Retail Business June 2012 Senior Executive Director, Deputy General Manager of Headquarter Customer and Director of Retail Business June 2014 Senior Executive Director, Member of the Board, General Manager of Headquarter Customer and Director of Retail Business June 2016 Senior Managing Director and General Manager of Headquarter Customer (current position)	34,900
		(Reason for proposing as a candidate for Director) Mr. Masahiro Goto has long been involved in Customer Sales since joining the Company and continues to oversee Customer Sales as Senior Managing Director and General Manager of Headquarter Customer, where he has promoted the expansion of the customer base and an increase in assets under custody. Based on his extensive experience and expertise to date, the Company has judged that he is suited to continue as Director of the Company and has nominated him as a candidate for Director.	

Candidate No.	Name (Date of birth)	Career summary and Current Position and Responsibilities at the Company (Important status in other companies)	Number of the Company's shares held
4	Shunzo Kayanuma (August 4, 1957)	<p>April 1980 Joined Tokyo Stock Exchange, Inc.</p> <p>June 2007 Director, Corporate Communications, Tokyo Stock Exchange, Inc.</p> <p>June 2011 Director, Global Communications, Tokyo Stock Exchange Group, Inc.</p> <p>January 2013 Director, Global Communications, Japan Exchange Group, Inc. and Director of Planning and Coordination, Listing Promotion Dept., Tokyo Stock Exchange, Inc.</p> <p>December 2013 Joined the Company Executive Director, in charge of Department of Accounting and Finance, Headquarter, Planning and Administration</p> <p>December 2014 Senior Executive Director and Deputy General Manager of Headquarter, Planning and Administration</p> <p>June 2015 Senior Executive Director, Member of the Board and General Manager of Headquarter, Planning and Administration</p> <p>June 2017 Senior Managing Director, Member of the Board and General Manager of Headquarter, Planning and Administration (current position)</p>	16,100
<p>(Reason for proposing as a candidate for Director)</p> <p>Mr. Shunzo Kayanuma used to work for the Japan Exchange Group, Inc. and had long been involved in securities exchange market operations. Currently, he is Senior Managing Director, Member of the Board and General Manager of Headquarter, Planning and Administration overseeing planning and administration. Based on his experience and expertise in market operations, the Company judged that he is suited to continue as Director of the Company and nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary and Current Position and Responsibilities at the Company (Important status in other companies)	Number of the Company's shares held
5	Kenjiro Horikawa (August 5, 1942) Outside Independent	April 1965 Joined Nikkei Inc. March 1996 Director and Editor-in-Chief of Tokyo Head Office March 1998 Managing Director and Representative of Nagoya Branch Office March 2000 Managing Director, Head of Editorial and Publishing March 2002 Executive Vice President of QUICK Corp. March 2004 President & CEO March 2008 Chairman March 2012 Special Advisor March 2016 Counselor (current position) June 2016 Outside Director of the Company (current position)	-
		(Reason for proposing as a candidate for Outside Director and expected roles) Mr. Kenjiro Horikawa has long been involved in the company management as an executive at Nikkei Inc. and QUICK Corp. He has extensive experience as a corporate executive and knowledge of finance and capital markets. Because it is expected that he will continue to draw on such experience and knowledge to supervise and advise the management team on the execution of our duties and to strengthen the functions of the Company's Board of Directors, the Company has nominated him as Outside Director. In the event that he is elected, he will serve as a member of the Compensation Committee and will be involved in a neutral manner in the decision-making policies regarding the content of compensation, etc., for the members of the board of directors.	
6	Sadao Yoshino (June 19, 1944) Outside Independent	April 1967 Joined Tokyo Stock Exchange, Inc. May 1999 Executive Officer November 2001 Managing Director of Tokyo Stock Exchange, Inc. June 2002 Representative Director and Senior Managing Director December 2005 Advisor of Japan Securities Settlement Co., Ltd. June 2007 Representative Director and Managing Senior Executive Officer of HEIWA REAL ESTATE CO., LTD. June 2010 President & CEO June 2013 Director and Advisor June 2015 Advisor June 2016 Outside Director of the Company (current position) July 2017 Advisor of HEIWA REAL ESTATE CO., LTD. (current position)	-
		(Reason for proposing as a candidate for Outside Director and expected roles) Mr. Sadao Yoshino has long been involved in corporate management as a management executive at Tokyo Stock Exchange, Inc. and HEIWA REAL ESTATE CO., LTD. and has extensive experience in business activities closely related to the securities market, including serving as a member of government and related organizations. He has extensive experience as a corporate executive and knowledge of finance and capital markets. Because it is expected that he will continue to draw on such experience and knowledge to supervise and advise the management team on the execution of our duties and to strengthen the functions of the Company's Board of Directors, the Company has nominated him as a candidate for Outside Director. In the event that he is elected, he will serve as a member of the Compensation Committee and will be involved in a neutral manner in the decision-making policies regarding the content of compensation, etc., for the member of the board of directors.	

Candidate No.	Name (Date of birth)	Career summary and Current Position and Responsibilities at the Company (Important status in other companies)	Number of the Company's shares held
7	Takako Sugaya (September 20, 1972)	<p>October 2002 Registered as an attorney at law (Daini Tokyo Bar Association) Joined Yamada Hideo Law Office (current company name: Yamada Ozaki Law Office) (current position)</p> <p>June 2007 Outside Audit & Supervisory Board Member of Faith, Inc.</p> <p>March 2019 External Director of Lion Corporation (current position)</p> <p>June 2020 Outside Director of the Company (current position)</p> <p>(Important status in other companies) Attorney at law (Yamada Ozaki Law Office) Outside Audit & Supervisory Board Member of Faith, Inc. External Director of Lion Corporation</p>	-
<p>(Reason for proposing as a candidate for Outside Director and expected roles)</p> <p>Ms. Takako Sugaya has no past experience of being involved in corporate management other than as an outside director or outside corporate auditor, but she has extensive experience and expertise as a lawyer and an outside director and outside corporate auditor of other companies. The Company has therefore nominated her as a candidate for Outside Director, as it is considered that she can be expected to provide supervision, advice, etc. on the execution of management's duties and strengthen the Company's Board of Directors' functions. In the event that she is elected, she will serve as a member of the Compensation Committee and will be involved in a neutral manner in the decision-making policies regarding the content of compensation, etc., for the member of the board of directors.</p>			

- (Notes)
1. There are no special interests between each of the candidates and the Company.
 2. Kenjiro Horikawa, Sadao Yoshino and Takako Sugaya are Candidates for Outside Director.
 3. The Company has submitted notification to the Tokyo Stock Exchange that Kenjiro Horikawa, Sadao Yoshino and Takako Sugaya have been appointed as Independent Officers as provided for by the Tokyo Stock Exchange. If their reelection is approved at the Meeting, the Company plans for their appointment as Independent Directors to continue.
 4. The Company has established the following criteria for the election of Independent Outside Directors.
 - (i) The Directors must satisfy the requirements for Outside Directors as set forth in the Companies Act of Japan.
 - (ii) There is no conflict with the criteria for independence set forth by the Tokyo Stock Exchange, and there is no risk of a conflict of interest with general shareholders.
 - (iii) They must be able to devote sufficient time to performing their duties as a Member of the Board of Directors of the Company and must attend at least 80% of the Meeting of the Board of Directors.
 - (iv) They have not served as an Outside Director of the Company for a period of more than ten years.
 - (v) They must hold concurrent positions as directors, etc. of other companies, including the Company, within 5 companies.
 - (vi) They must have extensive experience and knowledge, and be able to provide broad-based opinions and advice on overall management matters.
 5. Kenjiro Horikawa, Sadao Yoshino, and Takako Sugaya are currently Outside Directors of the Company, and their number of years in office as Outside Directors will be six years, six years, and two years, respectively, at the conclusion of this Meeting.
 6. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Kenjiro Horikawa, Sadao Yoshino, and Takako Sugaya to limit their liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act. If their reelection is approved at the Meeting, the Company plans to renew the aforementioned limited liability agreements with them.

7. Takako Sugaya's name in her family register is Takako Tanae.
8. The policies and procedures for the nomination of candidates for Director by the Board of Directors are as follows.

With respect to the nomination of candidates for a Director, the Representative Director proposes to the Board of Directors a candidate of excellent character and insight, who has achieved results in their respective business activities and is well versed in corporate management, while giving due consideration to the balance among the various departments, and the Board of Directors makes a decision after deliberation.

Proposal 3: Election of two (2) Corporate Auditors

At the conclusion of this Meeting, the term of office of Nobuo Tsukuni, Corporate Auditor, will expire, and Seiji Miyauchi, Corporate Auditor, will resign. Accordingly, the Company proposes the election of two Corporate Auditors.

Mr. Hiroyuki Kaneko, a candidate for Corporate Auditor, will not be elected as a substitute for Mr. Seiji Miyauchi, the incumbent Corporate Auditor. His term of office will expire at the close of the ordinary general meeting of shareholders relating to the last fiscal year ending within four years after his election.

The Company has already obtained the consent of the Board of Auditors regarding this proposal.

The candidates are as follows.

Candidate No.	Name (Date of birth)	Career summary and Current Position and Responsibilities at the Company (Important status in other companies)	Number of the Company's shares held
*1	Hiroyuki Kaneko (July 28, 1960)	<p>April 1985 Joined The Long-Term Credit Bank of Japan, Limited (current company name: Shinsei Bank, Limited)</p> <p>October 2004 Joined RICOH LEASING COMPANY, LTD.</p> <p>May 2006 Joined Mizuho Investors Securities Co., Ltd. (current company name: Mizuho Securities Co., Ltd.)</p> <p>November 2006 Joined Tokio Marine & Nichido Financial Life Insurance Company, Limited (current company name: Tokio Marine & Nichido Life Insurance Co., Ltd.) Director, Business Management Department</p> <p>May 2013 Joined the Company, Director of Internal Audit (current position)</p>	-
<p>(Reason for proposing as a candidate for Corporate Auditor)</p> <p>Mr. Hiroyuki Kaneko has many years of professional experience working in financial institutions and has long been involved in the Internal Audit since joining the Company, and as the Director of the Internal Audit Department, he has been promoting the strengthening of the business audit system of the planning and administration units and the development of internal controls. The Company has judged that his past experience and expertise will contribute to the appropriate performance of his duties as a Corporate Auditor, and has therefore nominated him as a candidate for the position of Corporate Auditor.</p>			

Candidate No.	Name (Date of birth)	Career summary and Current Position and Responsibilities at the Company (Important status in other companies)	Number of the Company's shares held
2	Nobuo Tsukuni (July 21, 1954) <div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> <div style="border: 1px solid black; display: inline-block; padding: 2px;">Independent</div>	<p>April 1977 Joined The Mitsui Bank, Ltd. (current company name: Sumitomo Mitsui Banking Corporation)</p> <p>April 2004 Executive Officer and Director, Osaka Head Office Sales Division 2, Sumitomo Mitsui Banking Corporation</p> <p>June 2005 Executive Officer, Director, East Japan Corporate Sales Department 2</p> <p>April 2006 Executive Officer Executive Officer and Director of Audit Department, Sumitomo Mitsui Financial Group, Inc.</p> <p>April 2007 Executive Officer Executive Officer, Sumitomo Mitsui Financial Group, Inc.</p> <p>June 2007 Standing Corporate Auditor</p> <p>May 2010 Advisor of Human Inventory, K.K.</p> <p>June 2010 President & CEO</p> <p>June 2015 Executive Vice President and Representative Director of Muromachi Co., Ltd., President and Representative Director of Muromachi Building Co., Ltd. and Non-Standing Director of Muromachi-Shoji Co., Ltd.</p> <p>June 2016 President & CEO of Muromachi Co., Ltd.</p> <p>June 2018 Outside Corporate Auditor of the Company (current position)</p> <p>June 2019 Outside Director of NISSIN SHOJI CO., LTD. (Audit & Supervisory Committee Member) (current position)</p> <p>(Important status in other companies) Outside Director of NISSIN SHOJI CO., LTD. (Audit & Supervisory Committee Member)</p>	1,700
<p>(Reason for proposing as a candidate for Outside Corporate Auditor)</p> <p>Mr. Nobuo Tsukuni has many years of work experience at financial institutions and has long been involved in company management as a management executive. He was appointed as an Outside Corporate Auditor of the Company in June 2018 and has contributed to improving the effectiveness of the Board of Auditors. The Company has judged that his extensive experience and knowledge will contribute to the appropriate performance of his duties as a Corporate Auditor, and therefore nominated him as a candidate for Outside Corporate Auditor to continue to serve as such.</p>			

- (Notes)
1. An * mark indicates a new candidate for the position of Corporate Auditor.
 2. There are no special interests between each of the candidates and the Company.
 3. Nobuo Tsukuni is a candidate for Outside Corporate Auditor.
 4. The Company has submitted notification to the Tokyo Stock Exchange designating Nobuo Tsukuni as an Independent Officer as provided for by the Tokyo Stock Exchange. If his reelection is approved, the Company plans for his appointment as an Independent Officer to continue.
 5. Nobuo Tsukuni is currently an Outside Corporate Auditor of the Company, and his number of years in office as an Outside Corporate Auditor will be four years at the conclusion of this Meeting.
 6. If the election of Hiroyuki Kaneko is approved as proposed, the Company will enter into an agreement with him pursuant to Article 427, paragraph (1) of the Companies Act to limit his liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.

7. The Company has entered into a limited liability agreement with Nobuo Tsukuni pursuant to Article 427, paragraph (1) of the Companies Act to limit his liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act. If his reelection is approved, the Company intends to continue such contract.
8. The Board of Directors' policies and procedures for the nomination of candidates for Corporate Auditors are set forth below.
With respect to the nomination of candidates for Corporate Auditors, the Representative Director, with the consent of the Board of Auditors, makes a proposal to the Board of Directors and the Members of the Board of Directors make a decision through discussion, while ensuring a balance between knowledge of financial accounting, knowledge of the securities industry, and diverse perspectives on corporate management.

Proposal 4: Election of one (1) Substitute Corporate Auditor

Since the appointment of Hiroaki Fujita, who was elected as a Substitute Corporate Auditor at the 78th Annual General Meeting of Shareholders held on June 22, 2021, is effective until the beginning of this Meeting, the Company proposes the election of one Substitute Corporate Auditor in case the number of Corporate Auditors provided for by law is not sufficient.

The Company has already obtained the consent of the Board of Auditors to elect one (1) Substitute Corporate Auditor

The candidate is as follows.

Name (Date of birth)	Career summary (Important status in other companies)	Number of the Company's shares held
Hiroaki Fujita (May 25, 1940) <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; padding: 2px;">Outside</div> <div style="border: 1px solid black; padding: 2px;">Independent</div> </div>	April 1964 Joined Nippon Rayon (current company name: UNITIKA LTD.) April 1969 Senior Executive Director of FUJITA INDUSTRY Co., Ltd. March 1978 Founded Family Foods Ltd. (current company name: FUJITA CORPORATION CO., LTD.), President & CEO October 1988 President & CEO of FUJITA INDUSTRY Co., Ltd. October 1993 Founded FUJIX Ltd., President & CEO March 2019 Chairman of FUJITA CORPORATION CO., LTD. (current position) November 2021 Director of Tanji Forestry Co., Ltd. (current position) (Important status in other companies) Chairman of FUJITA CORPORATION CO., LTD. Director of Tanji Forestry Co., Ltd.	-
(Reason for proposing as a candidate for Substitute Outside Corporate Auditor) Mr. Hiroaki Fujita has long been involved in company management as a management executive at FUJITA CORPORATION CO., LTD. The Company has judged that his extensive experience and insight as a corporate management executive will contribute to the appropriate performance of his duties as a Corporate Auditor, with an emphasis on objectivity and impartiality. The Company has therefore nominated him as a candidate for the position of Substitute Outside Corporate Auditor.		

(Notes) 1. There are no special interests between Hiroaki Fujita and the Company.

2. Hiroaki Fujita is a candidate for Substitute Outside Corporate Auditor.
3. Hiroaki Fujita satisfies the requirements for Independent Officer as provided for by the Tokyo Stock Exchange, and if he is appointed as a Corporate Auditor, the Company will register him as an Independent Officer with the Exchange.
4. If Hiroaki Fujita assumes office as a Corporate Auditor, the Company will enter into an agreement with him pursuant to Article 427, paragraph (1) of the Companies Act to limit his liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.

END

(Reference)

The Company's Board of Directors considers the skills required by the Board of Directors in light of our business strategy to be "Corporate Management," "Financial Instruments Business," "Sales," "Financial Accounting," "Legal and Risk Management," "Information and Communications" and "Audit."

In the event that the Proposals 2 and 3 are approved, the so-called skills matrix listing the skills of the directors and auditors will be as follows.

	Name	Position/role (planned)	Expertise, experience, etc. possessed by each Director and Corporate Auditor						
			Corporate management	Financial instruments business	Sales	Financial accounting	Legal/ Risk management	Information and communications	Audit
1	Hiroyuki Kikuchi	Chairman	•	•					
2	Kazuhiro Kikuchi	President & CEO	•	•					
3	Masahiro Goto	Senior Managing Director General Manager, Headquarter Sales		•	•				
4	Shunzo Kayanuma	Senior Managing Director General Manager, Headquarter Planning and Administration		•		•	•		
5	Kenjiro Horikawa	Outside Director Independent	•					•	
6	Sadao Yoshino	Outside Director Independent	•	•		•			
7	Takako Sugaya	Outside Director Independent					•		•
8	Kazuhiro Yasumura	Standing Outside Corporate Auditor		•					•
9	Hiroyuki Kaneko	Standing Corporate Auditor					•		•
10	Nobuo Tsukuni	Outside Corporate Auditor					•		•

Excerpt from Business Report

1. Basic Corporate Philosophy of Management, Strategies and Issues to be Addressed

(1) Basic corporate philosophy of the Company's management

Since our foundation, based on a guiding principle of “credibility forms the basis of all businesses”, the Kyokuto Securities and our group companies (“Kyokuto Group”) maintain the “Face to Face business model” based on trust and ensure “sustainable growth supported by the sound financial base” as our basic corporate philosophy. While upholding this basic corporate philosophy, we pursue a uniqueness of our products and services that only the Kyokuto Group can provide. The Kyokuto Group will add value to society as a whole by contributing to the asset-building of the entire nation as well as our customers and thereby contribute to the development of the national economy as a whole. Through these business activities, the Kyokuto Group will endeavor to develop sustainable business.

In accordance with the "Policy for Customer-oriented Business Conduct" adopted by ourselves, the Kyokuto Group is committed to giving top priority to the interests of our customers and providing financial products and services in order to meet each customer's needs, while bearing in mind to serve our customers in kind and courteous manners from the customers' standpoints.

Also, in the context of efficient management of shareholders' equity, the Kyokuto Group strives to enhance our earnings power and diversify our revenue sources. We will achieve the goals taking initiatives toward new revenue areas and investment products by accurately grasping the changing business environments surrounding us as well as employing a proper risk management.

(Note) The Group companies include three subsidiaries: FE Invest Co., Ltd. (Consolidated), Kyokuto Property Co., Ltd. (Consolidated), and Kyokuto Securities Research Institute Inc. (Non-consolidated)

(2) Medium- to Long-term Basic Strategy

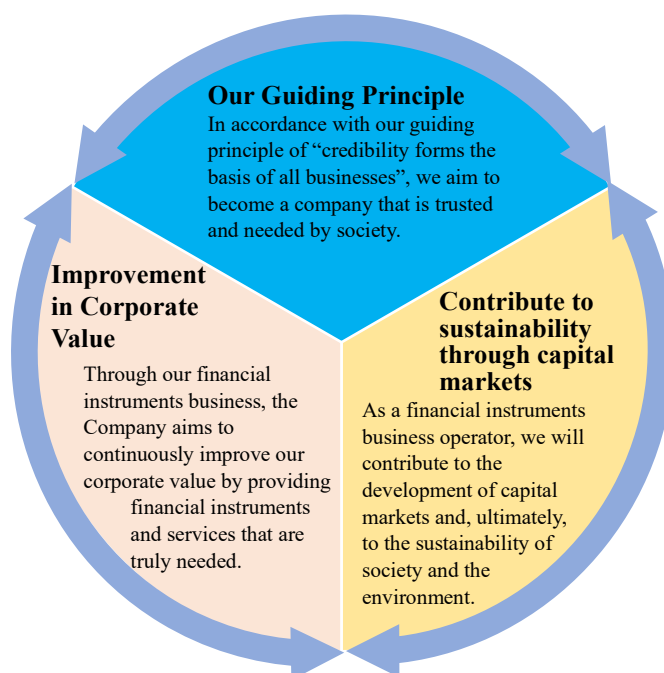
a. Basic Approach

The Kyokuto Group will achieve sustainable growth by adhering to our unique business model in accordance with our guiding principle. Accordingly, we will continue to enhance our corporate value and contribute to sustainability through the financial and capital markets, while being more conscious than ever of all stakeholders, in accordance with the Sustainability Basic Corporate Philosophy set out below.

Furthermore, as a company listed on the Prime Market of the Tokyo Stock Exchange, we will establish a high standard of corporate governance system.

[Sustainability Basic Corporate Philosophy]

Based on our Corporate Philosophy, Kyokuto Securities, Co., Ltd. is striving to improve sustainability through our business as a financial instruments business operator.



- b. **Increase our corporate value through the Face to Face business model**
In recognition of the fact that the competitive environment surrounding the Kyokuto Group will become increasingly severe, we will adhere to a face-to-face sales style that engages in direct dialogue with customers in order to differentiate ourselves from online brokerage firms and other mid-sized brokerage firms. Furthermore, while both improving the quality of our sales style and offering an extensive lineup of products that other companies cannot provide, we will improve customer satisfaction and win their trust by making flexible investment proposals in response to changes in the market. The strong relationship of trust between customers and the Company is the Kyokuto Group's unique corporate value. By strengthening our unique business model in this way, we believe that we will be able to develop our business in a sustainable manner, even in a severely competitive environment.
- c. **Leverage the Kyokuto Group's unique corporate values to contribute to sustainability**
In order to contribute to the medium to long term sustainability, including ESG factors of society as a whole, we will contribute to the proper functioning of financial and capital markets, and actively participate in contribution activities to society in areas other than business. Particularly, our unique products and services will promote asset formation among the people, thereby creating added value for society as a whole and contribute to the development of the national economy. In order to fulfill our responsibilities for all the stakeholders, we will actively engage in solving environmental issues such as global warming and climate change, reforming our work style such as providing comfortable work environment, assisting financial education to improve financial literacy, and developing the local society.

(3) Issues to be Addressed

a. Pursue unique business model

The Kyokuto Group believes that in order to achieve sustainable growth of our business while adhering to our face-to-face business model, it is essential to improve customer satisfaction. To this end, we will strive to provide easy-to-understand, friendly, and courteous service to our customers and continue to provide “unique ‘in season’ financial products.” We will also steadily introduce tools to support sales activities and conduct satisfaction surveys.

The main stream of our revenues is the commission income, etc. derived from the aforementioned face-to-face business, which is highly depend on changes in the market environment. Through the efficient and proactive management of our shareholders' equity, we will endeavor to find out promising products and areas to invest to secure sources of income other than commission income and thereby, strengthening our earnings power.

b. Strengthen compliance and risk management systems

The Kyokuto Group will thoroughly implement the “Policy for Customer-oriented Business Conducts” and all executives and employees will conduct business activities based on higher ethical standards.

In light of the current condition of diversified risks to be managed, we established Risk Management Committee on April 1, 2022, to accurately grasp newly recognized risks and risks that are expected to occur in the future, and to formulate countermeasures as early as possible. Through this Committee, we will further strengthen our risk management system.

c. Diversify human resources and investment in human capital

The Kyokuto Group believes that for the purpose of flexibly responding to future changes in the business environments and achieving sustainable growth of our business, it is important to secure human resources with diverse experience, skills, and attributes in the recruitment of core talent, etc. In light of the importance of human resource strategies which lead to enhancement of corporate value over the medium to long term, we will develop human resources and introduce an appropriate internal system to ensure the diversification.

The intellectual property that differentiates our corporate value from that of our competitors is our brand, “trust of our customers” and know-how in providing “unique ‘in season’ financial products,” and the foundation for this is the specialized talent in our sales and administrative departments. To this end, we are aggressively investing in human capital. We believe that this investment in human capital will ultimately contribute to maximizing benefits for our customers.

d. Contribute to society as a whole

The Kyokuto Group believes that contributing to society in areas other than our principal business activities will also enhance the corporate value. Accordingly, we are actively supporting academic activities and educational fields for the purpose of not only to improve the financial literacy of the nation as a whole, but also to develop high-quality education and research. In order to build an affluent society based on various values, we will sponsor cultural and artistic activities as part of our corporate patronage activities.

e. Respond to a sustainable global environment

Responding to the global trend toward climate change countermeasures and decarbonization, the Kyokuto Group will accurately grasp the needs of our customers with regard to ESG investments from a medium- to long-term perspective and try to provide such financial instruments that suit those needs. In conjunction with this, we will aggressively pursue investments in promising areas, such as the development of alternative energy sources, which are being promoted toward a decarbonized society.

Also, by using the framework of the Task Force on Climate-related Financial Disclosures (TCFD), we will fully analyze the risks and opportunities that climate change poses to the

Kyokuto Group's business activities and, based on this analysis, formulate a business strategy related to climate change that will lead to the sustainable development of the Kyokuto Group and society as well.

2. Policy on Determination of Dividends from Surplus, etc.

As part of our efforts to increase shareholder value, we consider it one of our important management policies to aggressively return profits to our shareholders. Our basic corporate philosophy is to determine dividends based on the higher of a consolidated dividend payout ratio of 50% or more and a consolidated dividend on equity ratio (DOE) of 2% or more, in conjunction with a comprehensive assessment of the Company's capital level, medium- to long-term business performance trends, and stock price, etc.

Based on our basic corporate philosophy of paying dividends twice a year as interim and year-end dividends, our Articles of Incorporation stipulate that we may pay dividends from surplus, etc. by a resolution of the Meeting of the Board of Directors pursuant to Article 459, paragraph (1) of the Companies Act.

For the year-end dividend for the current fiscal year, we have adopted the above mentioned criteria for the consolidated dividend payout ratio and resolved at the Meeting of the Board of Directors held on April 27, 2022 to pay a dividend of 20 yen per share (annual dividend of 40 yen per share in conjunction with the interim dividend of 20 yen per share that has already been paid).

Please note that the changes in dividends from surplus in the three most recent fiscal years are as follows.

Item	76th (April 1, 2018 to March 31, 2019)	77th (April 1, 2019 to March 31, 2020)	78th (April 1, 2020 to March 31, 2021)	79th (April 1, 2021 to March 31, 2022)
Interim dividend	30 yen	15 yen	20 yen	20 yen
Year-end dividend	15	15	30	20
Annual dividend	45	30	50	40