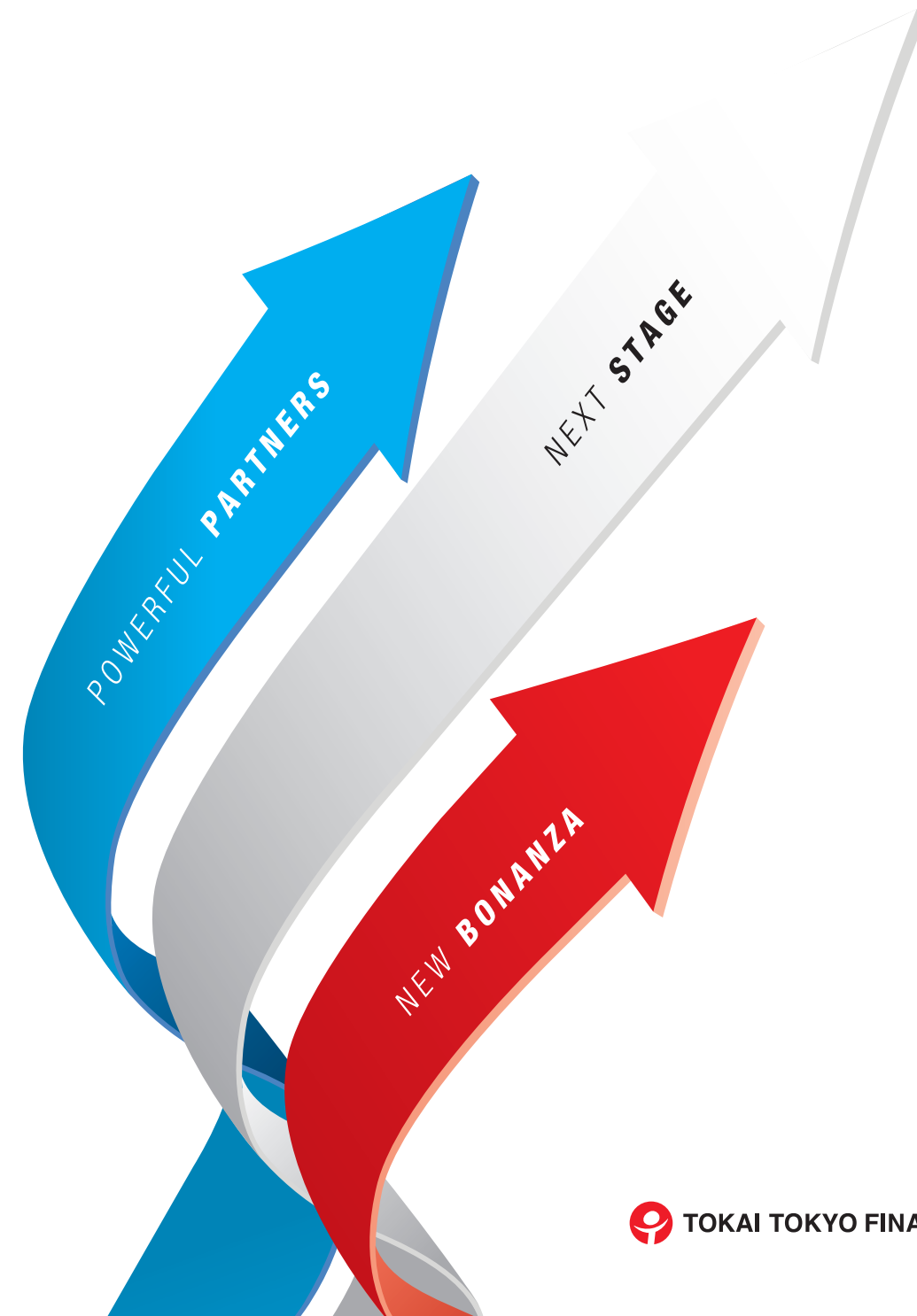


# Integrated Report 2022

Fiscal Year Ended March 31, 2022



***“Beyond Our Limits”***



**TOKAI TOKYO FINANCIAL HOLDINGS, INC.**

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

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



**“Social Value & Justice comes first”**  
 Aiming to be a corporate group with admiration and respect by understanding the starting point of all actions where “Social Value & Justice comes first”



**Management Philosophy**

**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



**Tateaki Ishida**  
Chairman and Representative Director

We always remind ourselves in our management philosophy to nurture a sense of fellowship and to act with integrity. The reason is that these principles play a crucial role in running the business model we have nurtured over the years for joint operations with many different partners. Companies are now not only required to keep the said corporate attitudes but also expected to act to meet rising diverse social needs such as the SDGs, ESG, and fiduciary duties. This is because we, as a corporation, are expected to demonstrate the meaning of our existence in society from a broader perspective. So, we thought it necessary to reconsider what we, the Tokai Tokyo Financial Group, should be like as we formulate our new medium-term management plan for fiscal years 2022 through 2026.

We consider that relationships, symbiosis, and joint development with partners are significant pillars for driving our business model forward. We designed a unique business model involving current regional partner banks outside our Group. In practicing the business model further, we will organize unique cross-industry partnerships with the companies we designate as Powerful Partners that possess substantial business foundations. Therefore, in asking ourselves about the meaning of our existence, we laid down “Social Value & Justice comes first” as a starting guideline for every single action we take. By the words “Social Value & Justice,” we mean to say that we must pursue social value and fulfill social justice for us to be trusted. Also, we use the words “comes first” to remind us that whenever and whatever action we take, we must ask ourselves beforehand whether it has social value or it is socially correct.

To be a company chosen by customers, shareholders, business partners, and society at large, all of us at the Tokai Tokyo Financial Group, executives and employees alike, will work day to day with a reminder that “Social Value & Justice comes first” at the forefront of our minds.

## Contents

02 Chairman's Message

04 President's Message

### About the Tokai Tokyo Financial Group

10 The Progress of the Tokai Tokyo Financial Group

12 The Features of the Tokai Tokyo Financial Group

### Strategy for the Future

14 Tokai Tokyo Financial Group's Value Creation Process

16 Medium-Term Management Plan

20 Message from the President of Tokai Tokyo Securities

22 Tokai Tokyo Securities: Overview of Each Division

28 Overview of Alliances

30 Human Resources Initiatives

32 Sustainability Initiatives

### Foundation Supporting Corporate Value

34 Members of the Board

36 A Conversation between the Chairman and an Outside Director

38 Outside Director Messages

40 Corporate Governance

46 Compliance & Risk Management

### Data Section

48 Eleven-Year Financial and Non-Financial Summary

50 Financial Results for Fiscal Year Ended March 31, 2022

52 Share Information

53 Company Information

#### About the 2022 Integrated Report

From the time of its establishment in 2000, the Tokai Tokyo Financial Group has continued to innovate to adapt to the changing times.

Since 2016, the Group has been reporting both financial and non-financial information, including on Environment, Social, and Governance (ESG). This year's report covers the starting point of all the Group's actions, that of “Social Value & Justice comes first,” the direction and business activities of the Tokai Tokyo Financial Group with a focus on the medium-term management plan, which incorporates non-financial information.

#### Forward-Looking Statements

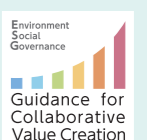
This integrated report is intended to provide information concerning the Company's financial results for the period April 1, 2021, to March 31, 2022 and the Company's future management vision. This report is not intended to solicit investment in marketable securities issued by the Company and does not constitute any guarantee or promise.

The strategies and opinions contained in this integrated 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 integrated report has been published to convey the Company's management strategies, financial results, and relationships with the environment and society in order to help stakeholders understand the Company's business activities for the fiscal year ended March 31, 2022.

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.





# Taking on challenges to a new dimension with Powerful Partners to become a corporate group with admiration and respect



Ichiro Goda  
President and  
Representative Director

## We did not quite reach the quantitative target set in the previous medium-term management plan. However, we made steady progress in strategy execution.

First, let me review the results of the previous management plan that ended in March 2022.

The stock market was greatly affected by wider expectations of fiscal control from the end of 2021 to rein in inflation and additionally by the Russian invasion of Ukraine in February 2022. Therefore, we could not achieve our quantitative targets for the fiscal year ended on March 31, 2022.

However, in working toward our six strategic themes, namely, M&A with other companies in the industry, an asset management function, various pension and insurance functions, a banking function, overseas operations, and penetration into large metropolitan markets, we were able to expand our services and customer base in Tokyo, such as with the merger of Tokai Tokyo Securities

and Takagi Securities, the acquisition of ACE Securities' entire ownership, bringing the functions of insurance into the Group that includes ETERNAL and Mebius, and the opening of Orque d'or Salon TOKYO. Moreover, as part of our alliance strategy with leading regional banks, we converted Utsunomiya Securities to an affiliated joint venture securities company now operating as Tochigin Tokai Tokyo Securities. We opened Juroku Tokai Tokyo Securities as a Juroku Financial Group member and formed a financial instruments brokerage alliance with FIDEA Holdings that covers a wide geographic area. In such a way, we have established a business model unique to the Group, and strategically we have made significant progress.

## Our corporate culture of viewing changes in the external environment as opportunities rather than risks is one of the Group's strengths.

### From deflation to inflation, and ESG, the external environment surrounding corporate operations has changed greatly.

How to interpret changes in the external environment, such as the pandemic and the Russian invasion of Ukraine, is extremely important when considering future corporate management. Until now, monetary easing has continued worldwide, bringing booming economies to Japan and many other countries. However, because of supply chain disruptions owing to the pandemic and the Russian invasion of Ukraine, we are now facing higher prices for all sorts of goods and services, causing inflation in global economies, which has, in turn, prompted drastic monetary restrictions. Japan has long been accustomed to a deflationary economy in which prices do not rise. But amid such a global inflationary trend, I feel that Japanese society is approaching a major turning point. Both individuals and companies have become accustomed to the preceding economic and business environments, and they all have grown reluctant to accept changes.

I always tell my employees that we should separate the external environment from the active measures we must take.

For example, as ESG practices and sustainability are now seen as universal values for society, individuals, and companies, it is important to consider how to incorporate them into corporate management. Looking purely at the effects on short-term performance, let's say, a fiscal year or quarter, ESG initiatives may be seen as a cost factor. On the other hand, when viewed from a long-term perspective, ESG can be a critical factor in improving future social and economic corporate value. The ESG management requires us to implement sustainability measures and convey their importance to society. Based on the belief that our commitment to work on sustainability will eventually increase the Company's value, we will grapple with sustainability initiatives from a long-term perspective.

## The strength of the Group is our spirit of challenge embedded in our DNA.

I believe that changes in the external environment present risks but, at the same time, opportunities also. A corporate culture with this mindset is also deeply rooted in the Group. For example, rather than worrying about how remote work as a widespread practice since the rise of the pandemic may cripple the Company's operating efficiency, it is more meaningful to take advantage of the opportunities the infections have brought to us. We will be better off by devising new and better ways to do our work and improve our productivity.

Paradigm shifts are taking place in many different fields. If we can quickly adapt to these changes, we can become a

game-changing company that will revolutionize the market with entirely different perspectives and value standards. We can aim for the top if it is a new or specific domain.

We, as a Group, have attained growth by forming alliances with leading regional banks as our core business strategy. Under strong leadership, we have a history of being the first in the industry to take on new challenges without fear of failure. This spirit of the challenge embedded in the Company's DNA cannot easily be replicated by other companies in the same or different industry. Our Group's strength is this culture of viewing change as an opportunity and taking on new challenges.

## We take on challenges with Powerful Partners beyond our limits under the new medium-term management plan.

In our new medium-term management plan that rolled out this fiscal year, we set out our motto of "Beyond Our Limits." While steadily strengthening our financial capabilities clustered around the core operational foundation of the Group, Tokai Tokyo Securities, we will build new collaborative relationships with Powerful Partners whom as we so named. These partners are the trading, electric power, telecommunications, and real estate companies, the universities, local governments, regional banks, and financial institutions with whom we will form a strong alliance. In so doing, we will go beyond our limits by making the leap to a world and business model in a new dimension.

Beginning with YM Securities of the Yamaguchi Financial Group in October 2007, Tokai Tokyo Securities has, over the past 15 years, played a central role in building and growing securities brokerage and financial functions as a platform in collaboration with seven joint venture brokerage firms affiliated with leading regional banks. It is precisely due to our solid proven track record of performance over the past 15 years that we can now chart a course for the future.

For us to win enough confidence of potential Powerful Partners in non-financial

industries so that such Partner candidates select our financial platform from among similar services provided by competitors, we must identify additional profit-generating sources that we refer to as "New Bonanza" that includes banking and trust functions, participation in regional revitalization, and overseas expansion. We envision a big picture that aims for a different world beyond our limits, a new dimension altogether set as the goal of the new medium-term management plan. We believe that this picture will become real by allying with business partners different from those working together already while raising our financial capabilities to the next level. When working with an electric power company, for example, we can look at ways to collaborate to improve the lives of their customers by reviewing insurance and providing advice on asset management to the electric power company's strong customer base of millions of households.

To leap forward into such a new dimension, the Group's core competency of the securities brokerage business will serve as a hub. We will then raise all of the Group's businesses to a level beneficial to customers to build win-win relationships with all our Powerful Partners.

## Digital transformation is the key to growth for a world beyond our limits.



The Group's digital transformation strategy is the key to paving the way for developing our financial platform. We aim to build a next-generation securities brokerage business by improving customer service using an AI-based database marketing and analytical tool for asset management purposes and by reforming operational processes. At the same time, we intend to increase usable tools for new digital financial services and drive alliance operations forward with partners. We are collaborating and developing new technologies with partners, such as the Group's smartphone-based brokerage service, a digital currency, and blockchain technology. To build a network that advances us with leading regional banks and Powerful Partners to the next stage, we, the Group, must introduce sophisticated digital tools first.

In recognition of the Group's digital transformation (DX) strategy, we have been selected as an outstanding DX Stock in the DX Stocks program jointly conducted by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan for two consecutive years in 2021 and 2022. Since the Group was selected as a DX Stock, we have built many new relationships with large companies with whom we have had no contact before. Through untiring efforts with trial and error to transform the Group digitally, we are beginning to attract the attention of companies in other industries with large

customer bases. So, digital transformation turned out to bring about an unexpected chance for the Group to identify a potential new business partner.

Under the new medium-term management plan, we will further promote our digital transformation initiatives. For example, in the fall of 2021, we started to organize and launch a security token offering (STO) that digitizes domestic real estate using blockchain technology. Once the STO gains acceptance, we can provide our Powerful Partners and local communities with a low-cost, small-lot funding mechanism. And one of our subsidiaries, Tokai Tokyo Digital Platform, proposes the basis for issuing a local currency by providing techniques that make digital premium vouchers workable on a smartphone app. In the proposal, we offer support to local governments with the process of setting their voucher programs up and running as well as organizing seminars for users and affiliated stores. In the past, local currencies were the paper gift vouchers issued by regional banks in the community, but by digitizing these vouchers, regional banks can now significantly reduce their costs and then the Group can play its part in revitalizing local communities. To create such local currencies, it is important to be able to provide highly secure digital local currencies and loyalty points built with sophisticated technologies such as blockchain. In June 2022, we signed a business matching agreement with Hokuriku Bank for the purposes of promoting the regional economy, stimulating consumption, and encouraging digital transformation in local government.

Going forward, we will take the Tokai Tokyo Digital World to the next level by working together with regional financial institutions, businesses, and local governments as a business model that utilizes advanced FinTech in collaboration with our partners, in regional revitalization, and in new services through the integration of finance and technology.



## “Social Value & Justice comes first” – The first step in taking all actions

In tandem with the formulation of the new medium-term management plan, we have established “Social Value & Justice comes first” as a new action guideline. The words “comes first” were added to show the particular thought we adhere to. If a company aims only to improve performance without any standard in place, it will not be able to control or unite its employees, which may well go against the pursuit of “Social Value & Justice.” When making management decisions and taking actions, “Social Value

& Justice” should be our guiding principle. It is this idea and its importance that management communicates to the Group’s younger employees via the website and other channels. I myself have explained the meaning of “Social Value & Justice” many times at department and branch manager meetings, where it is very well understood among employees. Indeed, I feel that it is good that we came up with the words “new dimension” and the messages of “Beyond Our Limits” and “Social Value & Justice.”

## Developing human resources by getting employees involved in management from a broad perspective

Human resources are extremely important for achieving our management strategy. In addition to building the careers of our employees, we focus on developing human resources who will be a part of next-generation management.

In formulating the new medium-term management plan, in fiscal 2021, the final year of the previous plan, we chose an employee in his late 30s, the youngest head of the division, to be the general manager of the Medium-Term Management Plan Formulation Project Department (now the New Growth Strategy Department). We created this department after much discussion among young employees who gathered a wide range of opinions from the workplace across the Group, the directors from Tokai Tokyo Securities, and those from the Company. We used the opinions collected by the young employees as the basis of the said discussion. Indeed, a team of young employees proposed the phrase “Beyond Our Limits” in the new medium-term management plan. I understand that the phrase means that unless we move on to the next stage without being content with the current situation, we may not grow either as a company or as individual employees.

The Group used to be a retail-focused securities brokerage firm, but now we are making a major transformation toward “Beyond Our Limits,” inviting various businesses and big companies under the

concept of a platformer that delivers various products and services to our partners and joint venture securities companies. To bring these challenges to fruition, we must look at them not from a short-term perspective but rather in the long-term in 5-year or 10-year timeframes. Likewise, I thought it wise to appoint a young general manager so that he can be exposed in advance to the business he may remain responsible for 10 years ahead from now on.

In April 2022, we changed the name of the SDGs Promotion Department to the Social Values & Justice Department. This serves as an action guideline for us, but it also aims to strengthen our ESG initiatives. The general manager of this department is also a young man in his 30s. I believe that allowing employees of such a younger age to gain the managerial experience that requires decision-making from a broad perspective is necessary to develop human resources.

Concerning our personnel system, the job-based personnel practice introduced in April 2019 clarified job descriptions and necessary attributes, aiming to develop highly specialized human resources. At the same time, we have encouraged employees to raise the consciousness of their career development and while staying motivated at work. We will continue to adapt and improve the personnel system flexibly so that the Company remains a place people want to work for.

The Group’s core competency of the securities business will serve as a hub to build win-win relationships with our Powerful Partners.



## Aiming to be a corporate group with admiration and respect

As a group, we are responsible for meeting the expectations of investors and other stakeholders and showing progress as we work toward our management plan goal, “Beyond Our Limits.”

Since the Group transitioned to a company with an Audit & Supervisory Committee, the Board of Directors has consisted of nine directors, five of whom are outside directors, with its meeting being chaired also by an outside director. Half of Tokai Tokyo Securities’ Board members are also outside directors. With the Nomination & Remuneration Committee being chaired by an outside director, as well, we consider that we have a solid governance system. This is important for incorporating external perspectives. Indeed, we sometimes receive severe criticism on internal proposals from outside directors based on their depth of expertise and knowledge. However, those criticisms from outside directors make us feel positive tensions. To reach “Beyond Our Limits,” I will draw on this wide range of expertise and insight to engage in thorough discussions with the Board of Directors. Through our unique contribution to solving social issues, we will strive to create new business value and grow as a company from a long-term perspective.

We have also announced the message that we aim to be a corporate group with

admiration and respect, which means the group that can command admiration and respect. To become a corporate group that truly makes its people feel proud, we must eventually elevate ourselves to a business entity that validates the importance of its existence in society. During the process, we must not only make profits but also firmly establish the financial platform competence jointly with our Powerful Partners. We need to make Tokai Tokyo one of the groups people want to partner with. I would like our employees to practice our new guideline, “Social Value & Justice comes first,” and the plan’s goal to take on challenges aggressively “Beyond Our Limits.” This endeavor should help everyone within the Group feel proud of working for the Group.

Our goals cannot be magically achieved in one fell swoop; they can only be realized through steady step-by-step strategy implementation. I will work hard to achieve our goals so that in five or ten years, we can look back and recognize this as a turning point for the Group.

To improve corporate value, executives and employees will work together to become a corporate group that is trusted by customers, investors, and shareholders. As such, we would like to contribute broadly to society through our business.

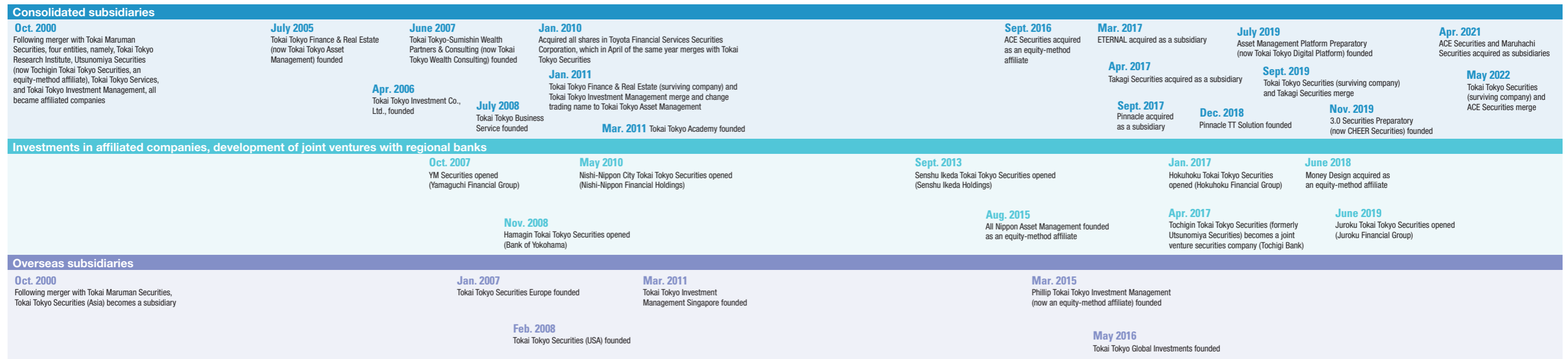
## The Progress of the Tokai Tokyo Financial Group

### Promoting the formation of a unique, comprehensive financial group

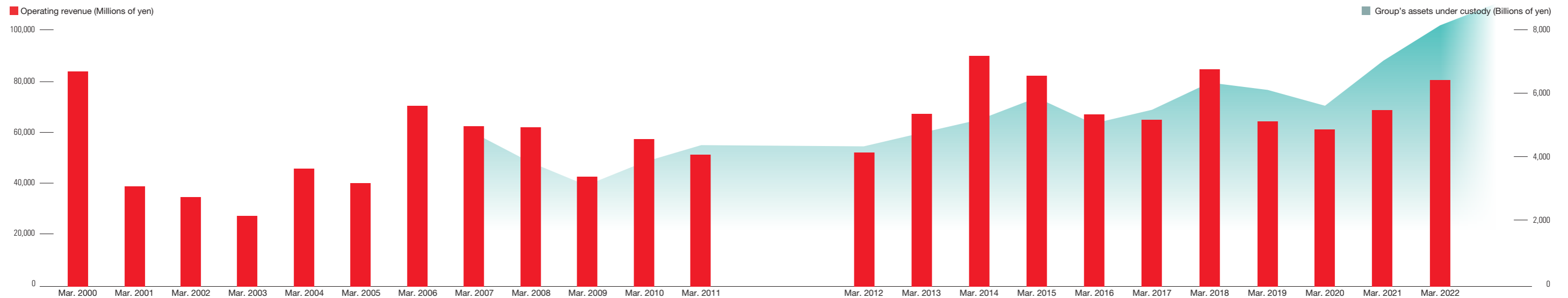
Since its founding, the Group has steadily established itself as a front-runner in finance by accurately grasping the trends and changes of the times as well as the diverse needs of its customers. Based on the robust financial business we have cultivated to date, the Tokai Tokyo Financial Group has formed a comprehensive financial group with unique strategies not possessed by any other company. We have a platform-oriented alliance strategy to provide the Group's securities business to the customer bases of leading regional banks. We have high-level trading

capabilities, an extremely strong presence in the Chubu region, and businesses for high-net-worth individuals such as the Orque d'or brand, we promote digitalization, and we have a diversified business portfolio as well as an advanced training system.

April 2022 sees the start of our new medium-term management plan titled, "Beyond Our Limits." By further refining our unique business model, we will provide value to society while increasing our own corporate value.



### Changes in operating revenue and group assets under custody



# The Features 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 September 30, 2022, the Group is comprised of 28 subsidiaries, nine of which are located overseas, and 14 affiliates, one of which is located overseas.

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

As of September 30, 2022, Tokai Tokyo Securities, the core company of the Group, has 67 sales offices nationwide. In the Chubu region, where more than half of these offices are located, we have established an overwhelming presence unrivaled by any other company, building strong relationships of trust with local customers. Since 2007, the Group has been developing joint ventures with regional banks. By combining the customer bases of these regional banks with the Group's expertise in the securities business, we have been creating unique synergies through bank and securities collaboration. We also provide financial instrument intermediary services for financial institutions.

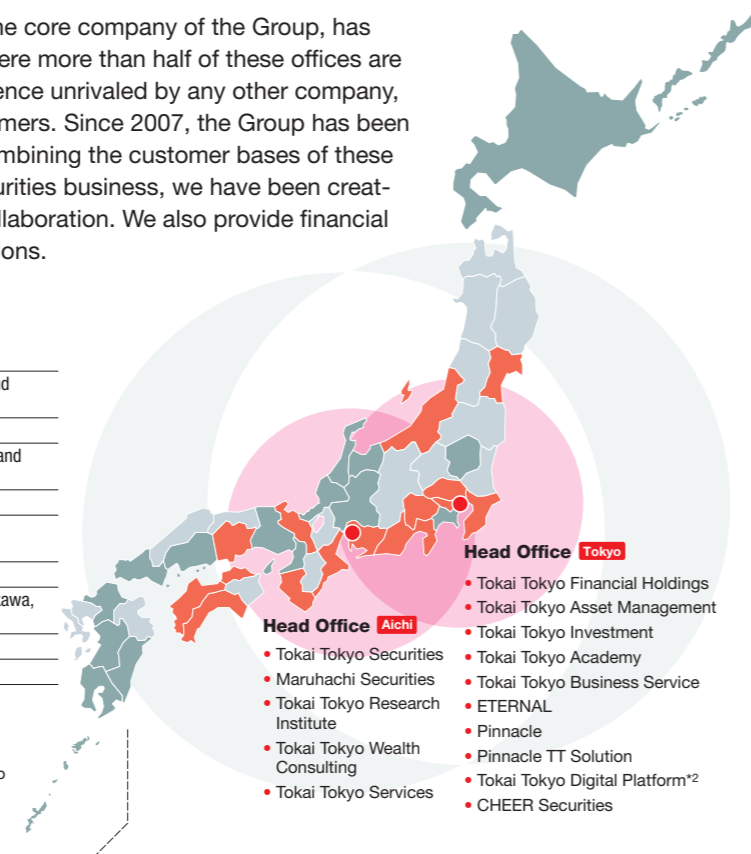
### Basing our home market in Chubu region, we expand a network of alliances elsewhere in Japan

Tokai Tokyo Securities*1	67 sales offices (in Aichi, Tokyo, Osaka, and elsewhere)
Maruhachi Securities	5 sales offices (in Aichi)
YM Securities	9 sales offices (in Yamaguchi, Hiroshima, and Fukuoka)
Hamagin Tokai Tokyo Securities	15 sales offices (in Kanagawa and Tokyo)
Nishi-Nippon City Tokai Tokyo Securities	13 sales offices (in Fukuoka, Miyazaki, Kumamoto, and Kagoshima)
Senshu Ikeda Tokai Tokyo Securities	7 sales offices (in Osaka and Hyogo)
Hokuhoku Tokai Tokyo Securities	6 sales offices (in Hokkaido, Toyama, Ishikawa, and Fukui)
Tochigin Tokai Tokyo Securities	8 sales offices (in Tochigi and Saitama)
Juroku Tokai Tokyo Securities	5 sales offices (in Gifu and Aichi)

(As of September 30, 2022)

\*1 Tokai Tokyo Securities (surviving company) and ACE Securities merged on May 1, 2022.

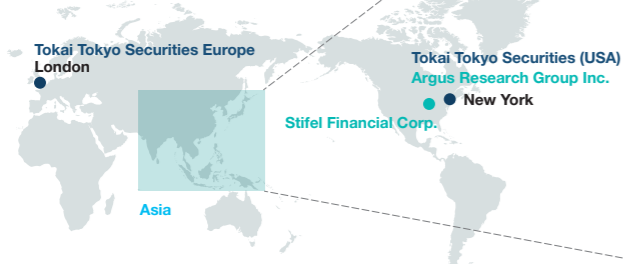
\*2 Trading name changed from Money Compass Japan Co., Ltd. to Tokai Tokyo Digital Platform Co., Ltd. on October 25, 2021.



## 3 An overseas network coverage of leading financial centers

The Tokai Tokyo Financial Group has overseas subsidiaries and affiliates in financial centers around the world and is always striving to expand Group earnings through various activities, including the development and procurement of financial instruments handled by the Group.

### Overseas network



## 4 Creative management strategies

With the aim to create a new business model as well as strengthen Tokai Tokyo Securities' profitability as a key Group strategy to expand the Group's trading base, four future strategies were focused on the previous medium-term management plan, namely the Orque d'or Society and Orque d'or Ecosystem, the support program for regional banks, Tokai Tokyo Digital World, and the Great Platform. These strategies have accelerated our

evolution into an innovative and sophisticated comprehensive financial group able to meet the many different and complex customer needs.

In the new medium-term management plan, we will further refine our unique business model to take on the challenge of the New World in order to make further progress.

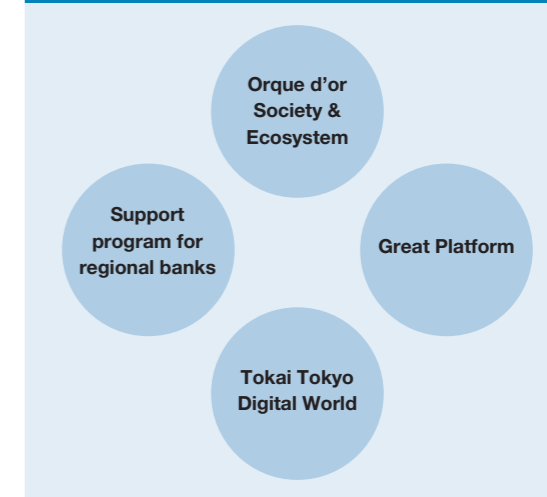
See pages 22-27 for more details

## New Age's, Flag Bearer 5

### Strengthening the earning potential of Tokai Tokyo Securities



### Creating a new business model: Four future strategies



## "Beyond Our Limits"

## 5 Human resources initiatives

The Group positions its human resources as its greatest management resource. In addition to a two-year training period for new graduates who have just joined the Company, we are striving, as a company that continues to learn, to develop our human resources by creating an education and training program to help employees grow into financial professionals with both expertise and humanity. For example, we provide employees not only with the business skills needed but also with opportunities for self-development, including in areas of private study and an MBA scholarship program.

See pages 30-31 for more details

## 6 Advanced governance system

The Group places corporate governance enhancement as one of its most important management issues. To this end, as well as establishing a system that enables prompt decision-making and business execution, we strive to strengthen and enhance corporate governance with a high standard of integrity and transparency of management to earn the trust of all stakeholders and to continuously increase corporate value.

See pages 34-45 for more details

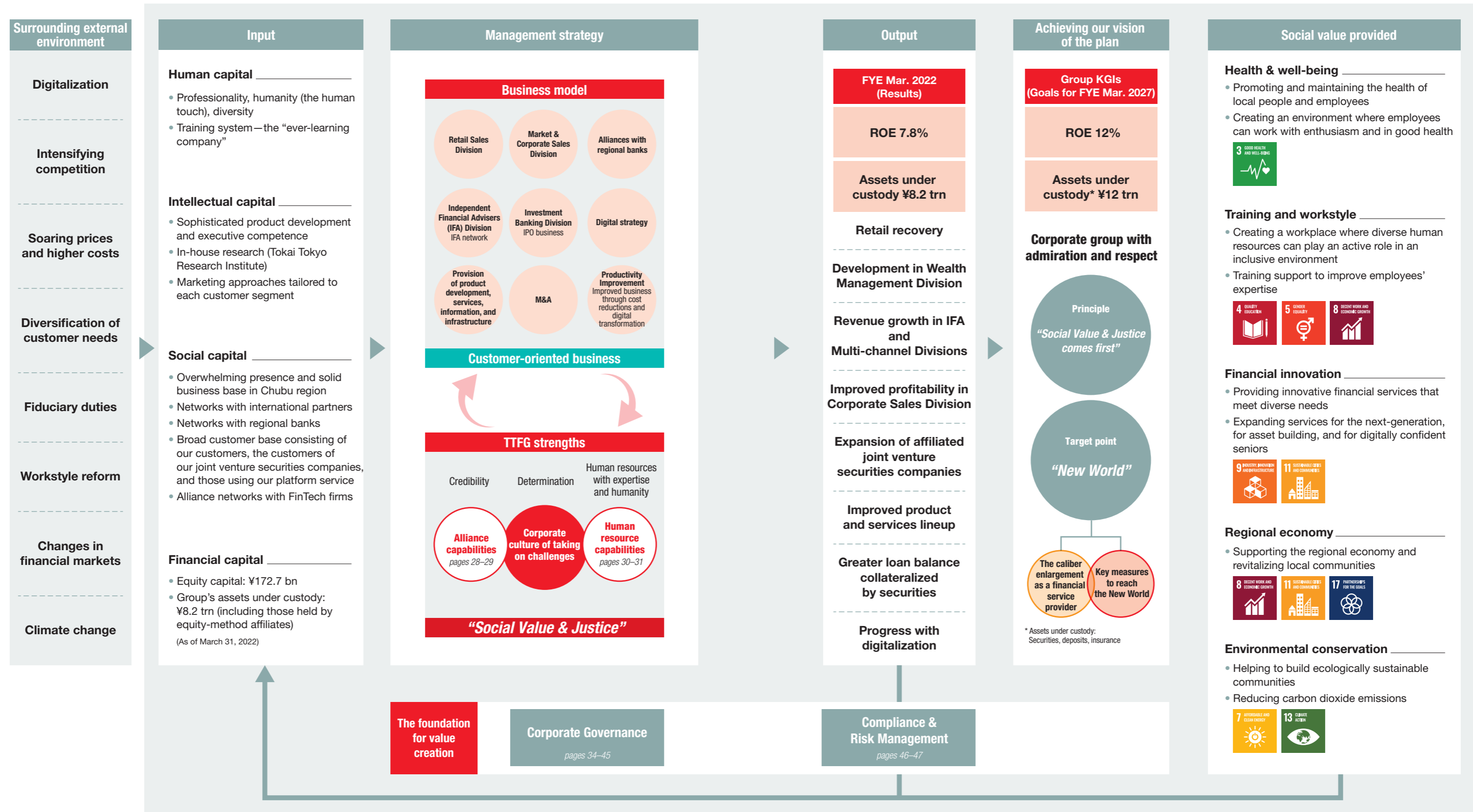


# Tokai Tokyo Financial Group's Value Creation Process

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.

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.



# New Age's, Flag Bearer 5

## Review of the Previous Medium-Term Management Plan

(April 2017 – March 2022)

Under the medium-term management plan titled New Age's Flag Bearer 5 which started in April 2017, we aimed to become a comprehensive financial group fitted with a unique business model with a strong desire to become a leader in the financial industry of the new era.

### Previous medium-term management plan: Achievements

- Built and developed strategies for respective customer segments
- Developed more sophisticated AI/database marketing
- Strengthened product development and supply capabilities
- Strengthened the financial instruments intermediary business
- Enhanced actions and the company-wide awareness of fiduciary duties observance, and established the three lines of defense model

### Previous medium-term management plan: Pending Tasks

- Strengthening our solutions and sales capabilities
- Secure operational structure for stable earning generation
- Further developing our unique business model
- Strengthening comprehensive group risk management



### KGI performance

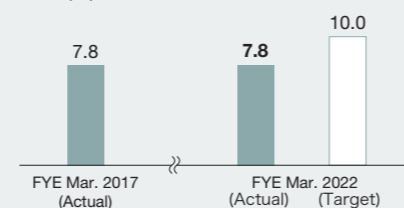
Ordinary profit (Billions of yen)



Group assets under custody (Trillions of yen)



ROE (%)



# "Beyond Our Limits"

## New Medium-Term Management Plan

(April 2022 – March 2027)

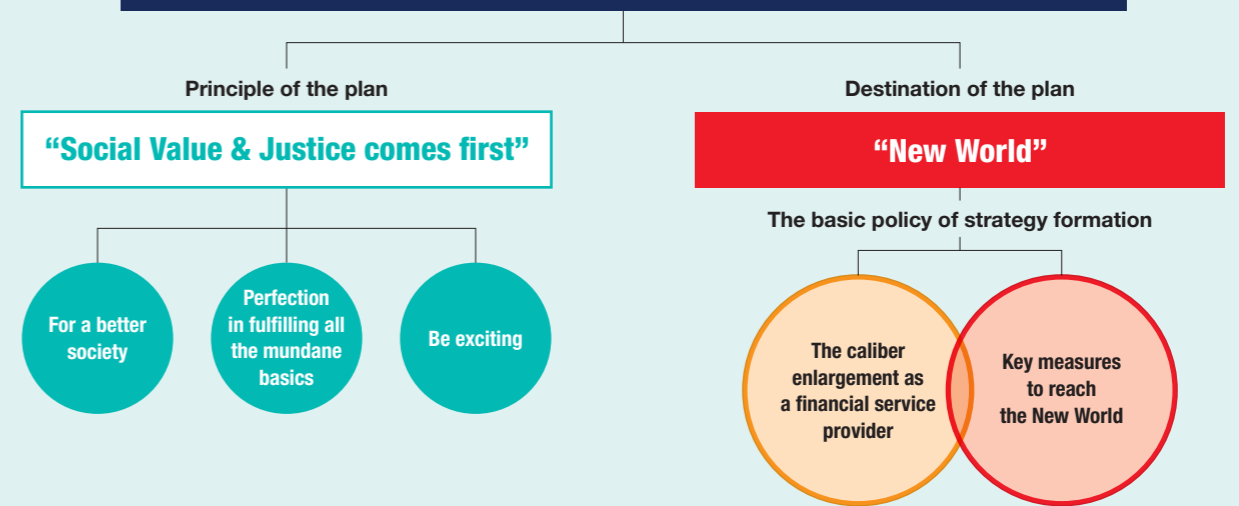
April 2022 sees the start of our new medium-term management plan titled "Beyond Our Limits." We refine our unique business model to make further leaps and aspire to become a corporate group with admiration and respect.

In the previous medium-term management plan, we achieved many results, for example, starting and promoting a segment-specific strategy and upgrading the level of database marketing using AI. On the other hand,

we still need to address the tasks, such as strengthening our solutions and sales capabilities, and establishing a stable earnings structure. As we continue to address these remaining tasks in the new medium-term management plan, we will not only strengthen the financial capabilities we have cultivated so far but also seek to attract Powerful Partners by maximizing the total resources and capabilities of the Group, aiming to reach the untrodden realm of the "New World," "Beyond Our Limits."

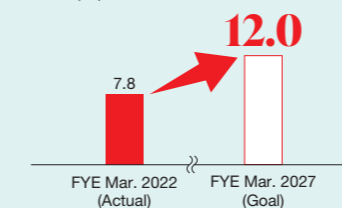
### Vision of the plan

## Corporate group with admiration and respect

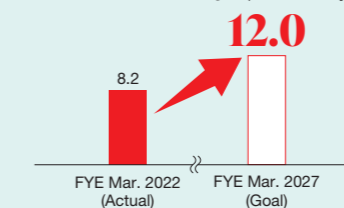


### Group KGIs\*1

ROE (%)



Assets under custody\*2 (Trillions of yen)



\*1 The KGI is based on information currently available to the Company and certain assumptions deemed reasonable, such as the House View by Tokai Tokyo Research Institute Co., Ltd., where the Nikkei average forecast as of the end of September 2023 is 34,000 yen. The numerical targets may be revised if the market environment changes significantly.

\*2 Financial assets under custody: Securities, Deposits, Insurance  
The Group KGI financial assets under custody of 12 trillion yen indicates the Group's total target at the end of March 2027. Of this target, 10 trillion yen, as we expect, will be accomplished by "improving financial strength" and 2 trillion yen from our endeavors for "Beyond Our Limits" "priority measures for another dimension."

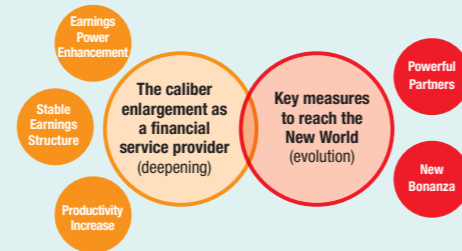
## The Basic Policy of Strategy Formation

### Two pillars: consolidating the conventional area and developing new business

The basic strategic policy of the new medium-term management plan revolves around two areas: (1) The caliber enlargement as a financial service provider and (2) Key measures to reach the New World.

“The caliber enlargement as a financial service provider” refers to bolstering the Group’s business model centered on securities, the very foundation of the Group. It is a core initiative that seeks to create the uniqueness and predominance that will make the Group more appealing. “Key measures to reach the New World” refers to new challenges for the Group. It is

an initiative to build new earnings pillars for the Group based on the appeal created by “The caliber enlargement as a financial service provider.”



#### Deepening The caliber enlargement as a financial service provider

The Group is expanding its business domain with its core securities brokerage operation.

The subsidiary Tokai Tokyo Securities is expanding its business catering to high-net-worth clients. The assistance that goes beyond our routine asset management service, such as playing the catalytic role of organizing events for startups, is well received by customers, and helps us grow assets under custody. The Market Division is set ready to provide a variety of products by utilizing the global trading system.

We will keep focusing on market operations during the period of the new medium-term management plan to upgrade the division’s competence further. Enhancing our own appeal in our business domains, security brokerage operation, which generates a dominant share of the Group revenue, will enable us to achieve the key theme, reaching “Beyond Our Limits.”

#### Evolution Key measures to reach the New World

The Group has a proven track record over 15 years and

more, and the confidence it has won from customers by successfully establishing and running affiliated joint venture securities companies with regional banks.

We started a financial instruments intermediary business first with YM Securities (Yamaguchi Financial Group) opening its operation in 2007, and subsequently began 6 more of the same operations with various partners nationwide. Most recently, we started another one this time with Shonai Bank and Hokuto Bank, both affiliated with FIDEA Holdings, in October 2021.

In the digital and FinTech service field, we earned a good reputation. We were selected as the DX Stocks company for 2 years in a row in 2021 and 2022 in the program run by the Ministry of Economy, Trade and Industry. The ministry gave us these honors by highly evaluating our business endeavors shown in developing digital financial services and tools for the next generation as well as in regional revitalization initiatives using local currencies that embody blockchain technology.

Taking advantage of these alliances and track record of new business challenges, we will continue to expand into new business areas.

## “Social Value & Justice,” the Corporate Culture Underpinning our Strategy

After repeated discussions at the Board of Directors, we established the theme “Social Value & Justice comes first” in the new medium-term management plan as the action guideline for all Group executives and employees to refer to daily. This broad concept describes initiatives, corporate ethics, and a code of conduct we should bear in mind in pursuing our goal of becoming a corporate group that commands admiration and respect as set out in the new medium-term management plan effective in

April 2022. It is derived from the Group’s underlying faith that no company has an existing value if it fails to pursue social value and fulfill social justice.

By placing this faith always at the forefront of our employees’ actions, we will not only be able to pursue profits, but also be able to weave the mission of value delivery to society into our daily business activities, which will ultimately lead to greater future corporate value.

## Financial and Non-Financial Targets and Major Initiatives

The caliber enlargement as a financial service provider	Current level	FYE Mar. 2027 target
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Earnings Power Enhancement		
Ordinary profit*1	¥14.4 bn	¥30.0 bn
Assets under custody*2	¥8.2 trn	¥10.0 trn

Stable Earnings Structure		
Stable earnings / fixed cost coverage ratio*3	16%	20%

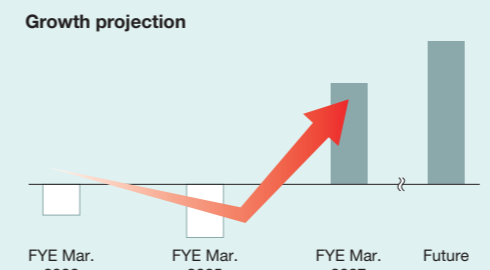
Productivity Increase		
Productivity per person	¥18 mn	¥23 mn

\*1 The group companies mentioned here are those running conventional securities brokerage operations, excluding affiliates engaged in digital fields.

\*2 Assets under custody: Securities, Deposits, Insurance

\*3 Stable earnings here denotes the balance-linked and continuously earning revenues as time passes (such as investment trust-related trust fees, fees from wrap handling, credit provision, insurance fees, lending against collateralized securities, and investment advisory service).

Key measures to reach the New World	Current level	FYE Mar. 2027 target
Ordinary profit	¥(1.5) bn	¥6-10 bn



The data subject to forecast is the total ordinary profit to be earned from the digital affiliates, “New Bonanza,” and alliance with “Powerful Partners.”

	FYE Mar. 2027 target
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For a better society	
CO2 net emissions	Reduce by half Compared to FY2021 results Then net zero by 2030
Social contribution activities	1% Compared to ordinary profit in the previous year

Perfection in fulfilling all the mundane basics	
Customer-oriented (Tokai Tokyo Securities Co., Ltd. NPS®*)	+20-point improvement Compared to FY2021 results

Be exciting	
Employee engagement	Measurement started this year aiming for improvement
Investment in training	3% Compared to ordinary profit in the previous year

### Financial | The caliber enlargement as a financial service provider

In taking on the task “The caliber enlargement as a financial service provider,” we will concentrate on our endeavors in the three themes, including improving profitability, establishing a stable earnings structure, and raising productivity for our bread & butter securities brokerage operation. This will be the core undertaking to acquire the uniqueness and predominance that will make the Group more appealing.

For Earnings Power Enhancement, we will work to achieve the same level of ordinary profit and financial assets under custody as aimed under the previous medium-term management plan. Furthermore, to maintain a certain level of earnings even in a wildly volatile business environment, we listed up task items for reforming our corporate structure that makes it easy to generate stable earnings and improve productivity.

We will work to expand and develop products and services that can generate stable profits under the theme “Stable earnings structure,” and regarding “Productivity Increase,” we will improve the expertise of all employees through training and the use of digital tech and eventually realize the benefit that rewards more than the costs we have invested in.

### Financial | Key measures to reach the New World

“Key measures to reach the New World” are defined as a new area in the new medium-term management plan, and they are meant to acquire new sales networks and new functions. Here, we set up two axes of attempt. One axis is to build alliances with non-financial big names we refer to as potential “Powerful Partners” that operate on massive scales and formidable customer bases we lack. The other axis is to move into new areas, such as banking, and we have named this attempt “New Bonanza.” By boldly taking on these challenges, we will make a significant leap forward in our business performance and break away from the outdated earnings structure of the securities brokerage business.

Moreover, we will strengthen our platform competence by actively grappling with the ever-advancing digital business world, including our smartphone-based brokerage service launched in March 2022, crypto assets, local currencies, and STOs. We will attract alliance partners, aiming for new heights “Beyond Our Limits” for the Group.

### Non-financial | “Social Value & Justice”

Not only have we set a principle of the action guideline in the new medium-term management plan, but we have also set KPIs linked to three perspectives, “For a better society,” “Perfection in fulfilling all the mundane basics,” and “Be exciting.” Most of the KPI task items have already been addressed by the Group. But, by publicizing our progress on “Social Value & Justice” in terms of KPI indicator, we should be able to encourage employees to actively participate in various future initiatives with an even deeper understanding of “Social Value & Justice.”

\*NPS® is a registered trademark of Bain & Company, Fred Reichheld, and Satmetrix Systems. It is an abbreviation of “Net Promoter Score®” and is a performance indicator that quantifies customer loyalty (measuring the degree of attachment and trust to a company or brand).





## We will grow into an exciting company that brings benefits to customers, local communities, and society

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

### Solid response to the previous medium-term management plan

In the previous medium-term management plan launched in April 2017 and titled “New Age’s, Flag Bearer 5,” we worked to establish a unique business model with the aim of becoming a leader in the financial world of the new era.

In the Retail Division, we focused on developing a strategy by segment to provide the best products and services fitting to the customers of high-net-worth, mature age, and asset-building generation. We developed the Orque d’or brand operation which provides the best service beyond the concept of finance to wealthy customers and achieved solid results including a significant increase in members and assets under custody. For our aged customers, we refined and customized the proposals effectively to the needs of each individual. For customers in the next-generation asset-forming segment, we responded to their diverse financial

needs according to the different stages of their lives by implementing the following measures: improving online trade and call center transactions, holding seminars in their workplaces, and developing a one-stop sales shop with a new concept called MONEQUE.

Moreover, we expanded our business base by merging with Takagi Securities in September 2019 and ACE Securities in May 2022. For the Group, the said two mergers proved to be of great value since we were able to expand our base in Kansai and at the same time acquire the service faculty of independent financial advisors (IFA). In synergy with our wealth management know-how, we have significantly increased the number of IFA contracts for high-net-worth individuals, which has helped to elevate our status within the IFA business circles. And by utilizing the expertise of our intermediary business cultivated through the IFAs, we started a financial instruments intermediary business in October 2021 with FIDEA Holdings which has a strong customer base

in the Tohoku region. In such a way, the retail division now acknowledges solid result brought by the implementation of the previous medium-term management plan.

Aiming for a monthly revenue of 3 billion yen, our global marketing company, as we call it internally, has strengthened its trading capability by hiring professional human resources, upgrading systems, building 24-hour trading resources, enriching the product portfolio it handles, and boosting the organization and sales structure of its corporate division. Thus, we expanded the global marketing company as a core division that supports the Group’s platform business. As a result, we achieved monthly sales of 3 billion yen in the final month of the previous medium-term management plan, and I believe we have made a significant step forward.

In the Investment Banking Division, the IPO business was still in the preparation stage during the period of the previous medium-term management plan, but we have high hopes for success in these

IPOs in the future. Furthermore, about bond underwriting, one of the Company’s strengths, we made a name for ourselves by serving as the lead underwriter for various bonds that contribute to society, such as green bonds and other sustainable and social bonds. In addition, the trilateral strategy linking Corporate Sales, Investment Banking, and Wealth Divisions has begun to show results steadily.

Under the previous medium-term management plan, we were able to apply the fruit of digital transformations to our sales activity in such a manner as strengthening database marketing using AI and upgrading proposal preparation capability and raising our work efficiency. In the area of fiduciary duties, we were one of the first in the industry to establish a specialized section in an attempt to fulfill our fiduciary duties thoroughly. Also, we keep improving customer satisfaction each year measured in terms of Net Promoter Score®. Of course, this is not the end of the story. We will continue trying to keep this momentum.

### Being chosen by “Powerful Partners”

Our new medium-term management plan kicked off in April 2022. In this plan, we have set “Social Value & Justice comes first” as its action guideline based on the Group’s underlying faith that no company has an existence value if it fails to pursue social value and fulfill social justice. Our high work ethics as professionals, our adherence to fiduciary duties, and our compliance remain the bedrock for everything we do, and that importance will continue to grow well into the future. We will always, sincerely and painstakingly, play by the rules so that we may be beneficial to our customers and to society. Furthermore, “Beyond Our Limits” embodies our desire to strengthen our financial

capabilities further. It signifies our aim for further growth beyond the framework of conventional financial institutions by forming alliances with businesses operating in non-financial industries, too.

I believe that raising our caliber of financial capabilities and increasing our attractiveness will be the key for the Group to be chosen by “Powerful Partners” and lead ourselves “Beyond Our Limits.” To the caliber enlargement as a financial service provider, the key points involve improving profitability, stable earnings structure, and improving productivity. To achieve these goals, our on-site capabilities and drive will be called into question, and so we must work together as one united Company. We will evolve uninteruptedly and keep a sense of gratitude with a view to growing more efficiently the fruit of the various measures and strategies we cultivated under the previous medium-term management plan. Also, we are committed to contributing to our customers, local communities, and society.

### An exciting company where diverse human resources can freely propose ideas

At Tokai Tokyo Securities, we also focus on developing our human resources to strengthen our financial service providing capabilities and promote initiatives going beyond the conventional framework by completing tasks such as alliance formation with Powerful Partners. We are spending by far the highest training costs per employee in the industry, which attests to the fact that we are making considerable efforts in human resource development. For example, we have been focusing on MBA scholarship programs available in Japan and overseas. Five to six employees take up the challenge each year. On completing the degree program, MBAs currently

play a core role in strategic areas within the Company like M&A, the market, and digital transformation. Moreover, we increased mid-career hires as ready forces and adopted a job-based grade system to create a rewarding workplace and hone the expertise and skills of employees. And we introduced the Humanity Enhancement Program aiming to help employees acquire knowledge outside of work, supporting their private activities.

As well as promoting the medium-term management plan, I believe it is important to embody our watchwords of the Group’s corporate culture of being an exciting and ever-learning company. Toward this end and with the aim of revitalizing the Company in FYE Mar. 2022 and onward, we launched the proposal program that encourages employees to offer ideas about Kaizen and new services freely. Corporate sustainability is a subject frequently discussed now. But, I believe the root mission of any company, whether it runs a securities brokerage business or not, is to be of service to customers and society, and it is the very requirement enabling us to fulfill corporate sustainability. To that end, it is necessary to take in new viewpoints and ideas from young people.

A year has passed since I became president of Tokai Tokyo Securities, and during that time, I have always told our employees that we should cherish the four values of appreciation, respect, applause, and straight talk. And I kept saying that the most important mission is to serve customers and society. While implementing the new medium-term management plan, we will firmly keep this mission in mind and serve customers and society. In so doing, we make the company an exciting one that embraces brightness, rigorousness, smiles, and warmth.

## Strategy for the Future

### Tokai Tokyo Securities: Overview of Each Division

#### Retail Division

The Retail Division follows a segmented retail strategy that provides customers with the best financial solutions through sales systems tailored to three segments: high-net-worth, matured, and asset-building.

We are also making inroads into the private banking sector based on the trust and customer base we have nurtured in our home market of Chubu. Through these various channels, we aim to give our customers the very best in value.

#### Strengths

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

#### Achievements and pending tasks of previous medium-term management plan

##### Enhance the originality of our segment-specific strategy

###### Tasks achieved

- Building and promoting a sales system by segment (high-net-worth, matured, asset-building)
- More sophisticated database marketing using AI

###### Remaining tasks

- Increasing recurring revenue
- Strengthening sales of solution services

#### Initiatives under the new medium-term management plan

#### Retail

In the fiscal year ended March 2022, the final year of the previous medium-term management plan that began in April 2017, Tokai Tokyo Securities strengthened its profitability and accelerated its

evolution into a financial group able to meet the more diversified and sophisticated needs of its customers to further expand its trading base. To solve the tasks pending from the previous medium-term management plan and to make a further leap forward, we formulated a new medium-term management plan titled “Beyond Our Limits” in April 2022. Based on the action guideline “Social Value & Justice comes first,” we are pushing forward innovative strategies to create the “New World Beyond Our Limits.”

We will upgrade our financial service competence by deepening our expertise enough to offer customers suitable information timely. We will also develop new services that meet new strategic themes to add to our business foundation through collaboration with partner companies. As a provider of financial services, we will undertake the mission to realize a sustainable society

through business activities that help our customers build assets and increase capital.

#### Multi-channel

As a multi-channel company, we will provide various financial services for customers in the asset-building segment to build their assets per their medium-to-long-term plans. We are also working on expanding the investor base through sales activities by visiting potential customers’ workplaces.

We will create investment opportunities for the asset-building segment customers by diversifying our financial services. This process includes strengthening cooperation with CHEER Securities which provides brokerage services via smartphone applications like “Okane no Compass for TT” and “one-coin (500 yen) and over” investment. Further, we improve online trade service and expand the product portfolio toward the said purpose.

Regarding the sales activities in a wholesale approach, we will help customers increase income from assets such as by fostering financial literacy by organizing life plan seminars and personal online consultations and expanding the sales of installment investment in mutual funds (investment trust), which are provided as part of workers’ corporate welfare programs.

Furthermore, we will work to expand the investor base by providing new services, for example, digitizing existing services and creating workplace communities where other companies and employees working there can mingle and exchange ideas with employees here.

#### Wealth

The Orque d’or brand service for high-net-worth individuals in Nagoya and Tokyo keeps growing steadily. In the new medium-term management plan, we will attain rapid growth by drawing on the Orque d’or brand as an innovative business model for high-net-worth individuals.

To build a unique community club, we established the Tokyo Open Innovation College in June 2022 utilizing mainly our network of high-net-worth individuals we fostered while providing Orque d’or brand service. In addition to further building a community that brings entrepreneurs and startup company owners together, we will expand services that provide support in many areas ranging from asset management, business, and health to hobbies for high-net-worth individuals.

With a focus on business leaders in Chubu, entrepreneurs in Tokyo, and some of the wealthiest people in Japan, we will raise the value, status, and penetration of the Orque d’or brand service in the big markets of Tokyo metropolitan and Chubu for high-net-worth individuals. We will pursue further growth to make Orque d’or an essential platform for business and life for wealthy customers.



**Narumi Kuroda**

Advisory Section 2  
Orque d’or Department Tokyo 1  
\*As of September 2022

I deal with our high-net-worth customers at Orque d’or. We receive many requests for advice from customers on a wide range of matters including inheritance, business succession, financing, and real estate, in addition to asset management. Our job is to use our internal and external networks, such as consultants and tax accountants, to provide solutions to

these issues.

The Orque d’or concept is comprised of hospitality, space, and people. As a members-only salon, we reserve a special space for our customers. That we can offer hospitality in a space with music, art, and gourmet food, beyond what the ordinary securities brokerage company can do, is one of the reasons why I think customers choose Orque d’or.

To deepen trust with our customers, I am committed to refining my knowledge not only about a financial matter but also a wide range of cultural subjects such as wine and art so I can grow together with Orque d’or.

*Voice*

## The Development of Orque d’or

In November 2015, Tokai Tokyo Securities launched Orque d’or as a new service brand dedicated to the high-net-worth customer segment. Orque d’or has a team of experts devoted to offering the premium services to the customers of this segment. For business owners, medical practitioners and others, Orque d’or offers services in two broad categories. The first is business support with advice on how to manage their capital and company stocks. The other is total management which offers advice on their assets and health management. As such, we conduct multi-faceted service provision covering various needs of high-net-worth customers. Orque d’or offers total solutions addressing the financial matters as well as non-financial matters such as inheritance, business succession, and more. Orque d’or Salon (Nagoya) and Orque d’or Salon Tokyo (Nihonbashi) serve as the members-only high-quality hospitality places where members can enjoy luxurious amenities in refined spaces.



#### 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

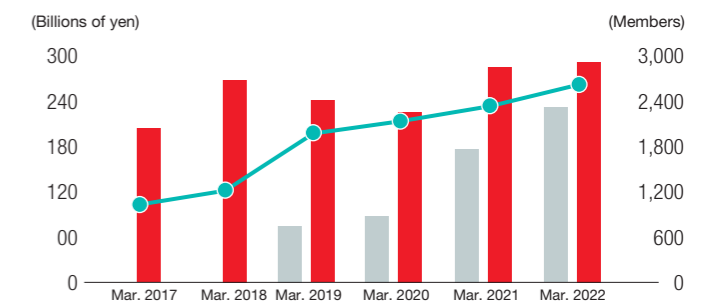
Opened on the top floor of Nihonbashi Takashimaya Mitsui Building in April 2019. The salon boasts a lounge, restaurant, reception room, seminar room, multipurpose hall, and a rooftop garden.



#### Orque d’or assets under custody and membership numbers

■ Assets under custody (Nagoya) ■ Assets under custody (Tokyo) ● No. of members

¥ **521.4** bn **2,757** members (As of March 31, 2022)



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



## Market Division

In the Market Division, we are focusing our efforts on further strengthening our trading capabilities while providing a wide range of financial products to the customers of Tokai Tokyo Securities, and to those of affiliated joint venture securities companies and securities business platform service recipients. The division is implementing various measures to expand its business foundation, such as system improvements, human resource development, and the establishment of a global trading system in collaboration with our London office. Such measures have proven instrumental to growth of the Group's consolidated profits in the form of increased earnings from position taking and expanding transaction flow.

### Strengths

- Extensive product lineup for a large and diverse customer base of both individuals and corporations, including those of affiliated joint venture securities companies and platform users
- Track record of bidding on government bonds as a primary dealer, ability to provide new bonds well attested by underwriting performance of domestic general bonds, and trading ability in the secondary market
- Highly rated by institutional investors for execution capabilities by position taking and for sales activity backed up by distribution of high-quality research information about Japanese stocks provided in collaboration with Tokai Tokyo Research Institute
- Risk management and execution capabilities for OTC transactions in a wide range of U.S. and other foreign stocks in Japan (during Japanese business hours)
- Product composing ability flexibly catering to diverse customer needs and providing a wide range of derivative transactions embedding interest rates, exchange rates, domestic and foreign stocks, etc.

### Achievements and pending tasks of previous medium-term management plan

- **Increasing customer flow**  
Achievement: Increased platform customer base by introducing foreign equities, foreign bonds, and structured bonds. Increased balance of foreign equities under custody. Increased successful transaction matching with regional banks involving interest rate and forex derivatives and domestic bond products.  
Pending task: Sharing product information with platform users and partners. We will complete the task by providing training and exercising secondment-type personnel sharing.
- **More advanced trading methods**  
Achievement: Expanded exclusive quota\* for Japanese stock index trading, expanded sales of in-house structured bonds, constructed global trading system in collaboration with London subsidiary.  
Pending task: Making global trading profitable.  
\*Borrowing limits for physical stock certificates
- **Strengthening system infrastructure**  
Achievement: Upgraded the systems for handling domestic and foreign equities/bonds and derivatives, such

as BIMS for managing foreign equities, Blast for the Japanese stock ordering, Yensai.com, and Trade Web for domestic bonds and platform upgrades for Murex.

### Initiatives under the new medium-term management plan

We will aim to strengthen our sales and trading capabilities in order to achieve the goals of our management plan, "Beyond Our Limits." To expand our customer base, it is important for the Market Division to identify the products and services demanded by our Powerful Partners and what sort of resources are missing from us to meet the demand. Powerful Partners here include financial institutions, electric power companies, business entities, educational institutions, and local governments. We will work to strengthen our trading capabilities to provide the service and product the Powerful Partners ask for. We will also strive to enter new businesses such as crypto assets and emissions trading.

Based on principle of the plan of "Social Value & Justice comes first," the Market Division will provide its services to the customers of partner banks and regional financial institutions. We will further strengthen our relationship with partner banks and regional financial institutions, playing our part to help revitalize local communities and regions.



**Shinya Matsuyama**  
Foreign Equity Department

The Foreign Equity Department presents the prices of foreign stocks, mainly U.S. stocks, both inside and outside the company, seeking profits by eliminating same-day market positions arising from trades with counterparties.

Regarding BtoB, although liquidity in Asian business hours has improved somewhat with the launch of our proprietary trading system, we believe that maximizing the said liquidity, striving to offer fair prices, and operating with an awareness of risk will bring profits to both the Company and our customers, leading to business expansion.

As a dealer, I will keep my eyes on the markets and always think about the risks, trying to perform better tomorrow than I do today.

## Voice

## Corporate Division

The Corporate 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 transactions to hedge the risk associated with interest rate and exchange rate fluctuations.

### Strengths

- Nationwide coverage dedicated to corporate customers with sales offices located in Nagoya, Tokyo, Osaka, and Fukuoka
- Ability to underwrite and place newly issued bonds, such as municipal bonds, working together with the Investment Banking Division
- Diverse lineup of structured bonds tailored to customer needs
- Derivative transactions for hedging risks related to import and export
- Ability to provide high-quality research and execute transactions swiftly
- Excellent ability to originate and market privately placed investment trusts for financial institutions

### Achievements and pending tasks of previous medium-term management plan

- Achievements**
- Widened solutions business for corporate clients
  - Expanded primary and secondary business
  - Timely presentation of product proposals that meet the market environment and customer needs
- Pending tasks**
- Sales tailored toward corporate clients in varying industries
  - Company-wide efforts to expand sales and trading activities
  - Improving labor productivity

### Initiatives under the new medium-term management plan

It is vital for us to increase the flow of customers to achieve sales and trading revenue. Therefore, in April 2022, we restructured the division dividing it into the Corporate Sales Department, General Corporations and Corporate Sales Department, Financial Institutions & Public Services to build a structure for smooth operation. The department responsible for public interest corporations views developing business with non-profit corporations, such as educational institutions, religious entities, and other foundations as a challenge worth taking. It is thus working to stimulate demand and increase dealings centering on interest rate products. In cooperation with the Asset Management Advisory Department, it focuses on asset management advisory services that can meet the needs of stable fund

management for educational and financial institutions. Expanding our domestic and foreign bond dealings as well as interest rate exchange transactions in anticipation of monetary policy normalization will be a key for the future of our business. Regarding domestic bonds, we will work together with the Investment Banking Division to expand sales of corporate and FILP bonds, including municipal bonds, in an attempt to revive secondary trading. On the corporate sales front, we expect to see rising demand for foreign exchange derivative transactions from import companies. We will also seek to gain a larger customer base by introducing customers to regional financial institutions through business matching agreements.

With reference to "Social Value & Justice," the Corporate Division will work with the Investment Banking Division to raise awareness of environmental issues by offering SDG bonds, such as green bonds and investment trusts with environmental and social themes, striving to serve as a mediation bridge from the financial sector.

We take the respective steps mentioned above to be of great benefit to our customers' businesses through the delivery of our products. We will constantly carry out sales activities, fully conscious of our missions to propose and provide the best solutions, moving forward together with our customers.

## Voice



**Kazutomo Abe**  
Financial Institutions Section  
Tokyo Corporate Sales Department,  
Financial Institutions & Public Services

The Financial Institutions Section, to which I belong, deals with regional financial institutions in East Japan, corporate customers it acquired on referral, local governments, and mutual aid associations.

Since the introduction of negative interest rates, the need for surplus funds management and risk management has increased. Therefore, we are now trying to offer financial products and information at the best time.

And due to changes in the business environment, customers' needs are becoming increasingly varied. We must thus have a higher level of expertise. I keep in close contact with in-house traders and analysts and try to quickly provide products and information that captures the market environment.

We are aiming to be the securities company that customers select first for advice when they run into a problem. So, I would like to work with each department to solve our customers' problems.



## Investment Banking Division

The Investment Banking Division provides a variety of services and solutions such as straight bonds, underwriting of public offerings, and IPOs, as well as M&A advisory services including business succession, in the three major cities of Tokyo, Nagoya, and Osaka. Especially talking about IPOs, our basic policy is to pick up small and medium-sized issuers with excellent business models and high growth potential. In the Chubu region, where the Company possesses fertile ground, we have achieved results comparable to those of major securities companies. In recent years, we have taken on the challenge of new businesses such as security token offerings and English-language investor relations.

### Strengths

- Ability to win orders as lead underwriter from the companies with distinctive business models
- Ability to develop the base of potential shareholders for IPO issuers by tapping a nationwide retail network of affiliated joint venture securities companies
- Deal sourcing channels in collaboration with partner regional banks and Tokai Tokyo Group companies
- Corporate transaction network in the Chubu region and collaboration with angel investors in Tokyo
- Ability to support and nurture startup entrepreneurs by utilizing the Group's venture capital resources

### Achievements and pending tasks of previous medium-term management plan

#### Straight Bonds

Achievements: Record-high underwriting amount in final year (FY2021)

Tasks: Further expansion of underwriting in the fields of corporate bonds and FILP bonds

#### IPO

Achievements: Produced many deals for which we played a lead underwriter role and improved syndicate\* involvement rate

Tasks: Raise the deal execution capacity high enough to gain 5th place in league table

\*An organization (group) for each issue, consisting of lead underwriter and participating financial institutions

#### M&A

Achievements: Enhanced collaboration with partner regional banks by establishing Osaka satellite office

Tasks: Strengthening the deal execution capacity (the management of series of steps necessary for M&A execution)

### Initiatives under the new medium-term management plan

With our goal to achieve 5th place in the IPO league table, we will commit ourselves more to deepening relations with promising start-ups by organizing various pitch events. From now on, we will create our own startup community in the Chubu region, our main market, in collaboration with the Nagoya Stock Exchange.

About straight bonds, we will step up our efforts in

handling SDG bonds aiming to further grow our underwriting business. In particular, we will direct more efforts to SDG bond transactions, which have been attracting attention in recent years, and will focus on underwriting products with great social meaning, such as green bonds.

On M&A, we will focus more on cooperation with the Group companies of Pinnacle and Pinnacle TT Solution, and other independent M&A boutiques, intensifying our approach to source the deals of business succession, which has seen a significant spike in demand in recent years. Furthermore, we will use the Osaka satellite office, which opened in the fiscal year ended March 2022, as a base to strengthen ties with partner regional banks aiming to elevate the region west of Kansai up to our third largest market after Chubu and Tokyo.

From the fiscal year ending March 2023, we will take on the new challenge of security token offerings and investor relations service in the English language, besides our traditional investment banking business of straight bonds, equity underwriting, and M&A services. We will drive forward the challenge in cooperation with our external Powerful Partners to increase revenue.



**Hirotaka Yamamoto**  
Corporate Finance Department Tokyo

### Voice

I am currently engaged in pursuing M&A service mandates and IPO deals in which we play lead underwriter roles. More specifically, I read a lot of books, research papers, and business articles on clients' sectors to draw an industry map in my mind so that I can present the growth story into my proposals. I also try to build relationships by sometimes writing letters and making phone calls. Most of our customers are entrepreneurs who have spent their lives starting businesses, and working toward their goals. So, whenever I talk with them, I feel I should be of their help without wasting their time. We have earned a very good reputation for our serious hard work in providing flexible services tailored specifically to each individual customer. My goal in the next five years is to study abroad for an MBA to become able to understand client needs more broadly from the same perspective as the business owner. Then, I believe I can add great value to the Company.

## Independent Financial Advisers (IFA) Division

The IFA Division was established in September 2019 as a new channel that uses resources of independent financial advisors after inheriting IFA operations from Takagi Securities. The division has been striving to expand its business through a support system that leverages its experiences in handling diverse financial products and solutions through face-to-face sales operation backed up by the comprehensive strengths of the Tokai Tokyo Financial Group. Following our merger with ACE Securities in May 2022, we took over their IFA operation with the industry's largest number of IFAs, expanding our business network significantly throughout the country.

### Strengths

- Ability to provide products for corporations and high-net-worth individuals gained through face-to-face securities sales operation
- Sales support for the IFA business directed to the customers of asset-building generation (inheriting expertise in the IFA business from ACE Securities)
- A wide range of information and training support that leverages collective strengths of the Group
- Support expertise gained as a platformer from the operation with affiliated joint venture securities companies
- New collaborative business that meets the needs of regional banks (collaboration with registered financial institutions through a financial instruments intermediary scheme)
- Support for building and strengthening compliance framework

### Achievements and pending tasks of previous medium-term management plan

#### Achievements

- Since the IFA Division was created, its business foundation has grown with the number of IFAs increasing up to 3.3 times and the deposit balance increasing up to 1.6 times.
- High-net-worth customers increased by IFAs with expertise and experience in serving wealthy individuals
- Development of financial instruments intermediary business with Shonai Bank and Hokuto Bank, both belonging to FIDEA Holdings (construction of new cooperative schemes other than alliance joint ventures)

#### Pending tasks

- Creating more sophisticated products and services and the introduction of new superior support measures to strengthen our foundation as a platform service provider

### Initiatives under the new medium-term management plan

Based on the business foundation of the former Takagi Securities, the IFA Division has built its own base by promoting new development centered on IFAs who have experience in serving wealthy individuals at foreign private banks and major financial institutions. Thanks to the merger with ACE Securities in May 2022, the division inherited a large number of IFAs who were also tax accountants and insurance agencies that provide services mainly to the asset-building segment customers. So, the division has expanded its nationwide business network to serve a wide range of customers.

Under the new medium-term management plan, we

aim to cement a position as a front-runner in the IFA Division by the following approach. First, we segment IFAs by their respective specializing business categories and develop a system that allows us to deploy strategies designed to address the specific customer needs. Further, we enhance our operating base and profitability through an all-round optimization of the IFA Division. We will also contribute to further upgrade the alliance development as Tokai Tokyo Financial Group. Toward this end, we focus on expanding the performance of the financial instruments intermediary business with Shonai Bank and Hokuto Bank, members of FIDEA Holdings Group with a view to establishing a collaborative business model with regional banks in a form other than alliance joint ventures.

And in order to reach the "New World Beyond Our Limits" mentioned in the new medium-term management plan, we will take on the challenge of building a collaborative business model leveraging the financial instruments intermediary business that enables us the mutual maximization of corporate value made possible by new business opportunities the collaboration with our Powerful Partners may offer. Through our nationwide network of independent financial advisors, we will work to provide medium- to long-term asset formation support to the asset-building and middle-class customer segments in line with the transition "from savings to investment" as government advocates. Thus, we will expand the investor base and contributing to the shift to the more vibrant nation's economy.



**Mariya Shimazaki**  
Frontier G  
IFA Frontier Department

### Voice

My work is centered on recruiting IFAs experienced in serving wealthy customers. Our next goal is to provide a financial product intermediary platform that makes potential customers feel like coming to Tokai Tokyo Securities with questions. Our idea is to expand our influence as a true business partner. In addition to our ability to provide products and services better than those of competitors in the same industry, we consider that detailed support is also an important part in expanding our IFA business. We must therefore strive to communicate the strengths of the Group, and answer the needs and issues of our customers in a cordial manner. Recently, we have received an increasing number of inquiries from different industries aiming to enter the financial markets. So, I will further expand the base of the IFA business with an emphasis on the benefits of forming alliances to exploit the trend.

## Overview of Alliances

Starting with YM Securities of the Yamaguchi Financial Group in October 2007, we have built partnerships with regional banks for over 15 years. Our partner banks are mainly top-class regional banks in Japan. Together with Tokai Tokyo Securities and our affiliated joint venture securities companies, we have a branch network that covers almost the whole of Japan. Moreover, we have created a new financial business model, with for example, proposals created with digital technology, support for regional banks other than partner banks, a range of diverse products and services, and a larger customer base built from our alliances. Under the new medium-term management plan, we will aim for further growth by collaborating with our Powerful Partners, such as the regional banks, businesses, and local governments, based on the alliance formation ability we have cultivated thus far.

### Affiliated joint venture securities companies with regional banks

As of March 31, 2022, we have founded a total of seven affiliated joint venture securities companies through joint investment with regional banks. All of our partners are influential regional banks with solid business and customer bases in their respective regions. As for the capital structure of the affiliated joint venture securities companies, the bank holds a majority stake, and they take the initiative in running the business. Consequently, regional banks can enter the securities business with the minimum initial investment, while the Group can utilize the customer base and sales network of the regional banks. Further, the Group can stabilize its business through profits from the alliance joint ventures. Thus, we can establish a win-win relationship that benefits both parties.

In the previous medium-term management plan, the seven joint ventures achieved steady growth by focusing on high-net-worth and corporate business as part of the Support Program for Regional Banks as one of the Fourfold Future Strategies aiming to create a new business model.

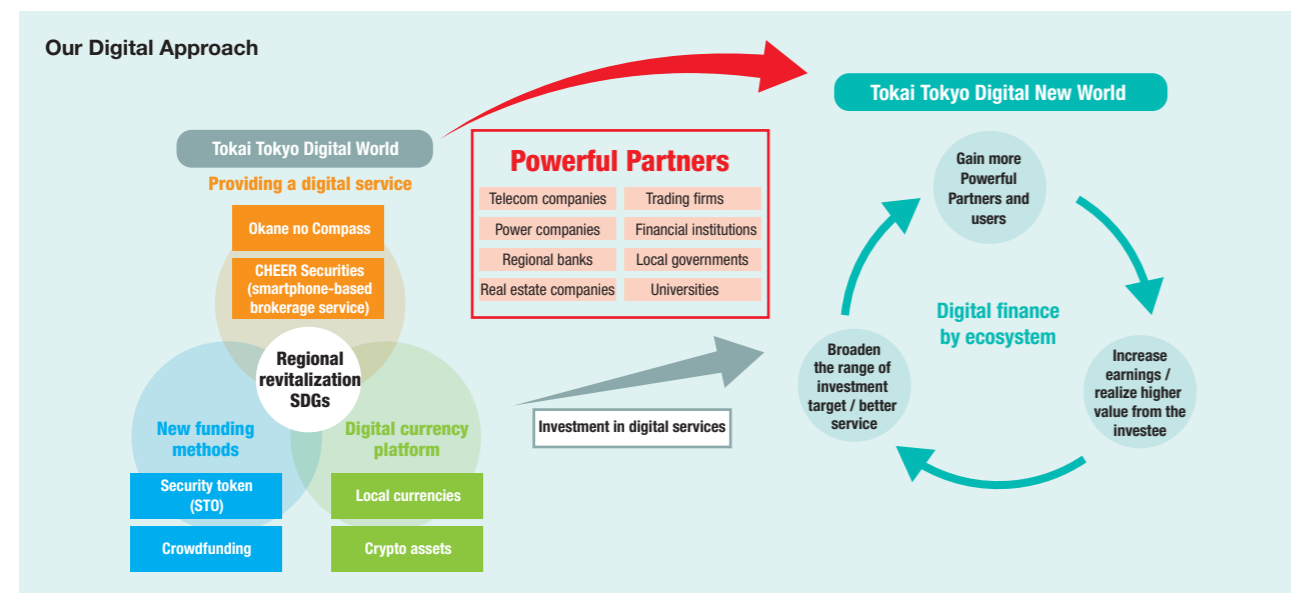
As of the end of March 2022, the total assets under

custody of the seven joint venture securities companies affiliated with regional banks amounted to ¥1,911.1 billion, posting a combined operating revenue for the fiscal year of ¥31.4 billion. However, even regional banks as solid as our partners, like other rivals, face the demographic difficulty of aging customers. So, they are trying hard to attract younger customers. We will continue developing new tools and competencies that utilize digital technology, paving the way to provide services and products as a platform.

Under the new medium-term management plan titled “Beyond Our Limits,” we remain committed to our strategy of integrating each of the regional bank’s solid customer base with our formidable expertise in retail, corporate sales, and market operations to maximize synergies and strengthen our alliances.

### Digital initiative

Nowadays, we witness a fast change in business environments, such as rapidly spreading digitalization, evolution and diversification of the FinTech field, the entry of different industries into the financial sector, and new work styles brought about by the pandemic. As such, we recognize that



digitizing the way we do business is an important requirement to maintain sustainable growth in line with changes in the business environment, and so we are actively engaged in becoming a more digitally competent company. In October 2016, we established a specialist digital department to improve customer service using AI-based database marketing, an inheritance diagnosis simulation system, and asset management analysis tools. Not only are we aiming to operate a next-generation securities brokerage business, but we are developing the Tokai Tokyo Digital World in collaboration with regional financial institutions, non-financial businesses, and local governments as a business model deploying advanced FinTech functions. As a result of these efforts, we were the only securities company in the securities industry to be selected for two consecutive years, in 2021 and 2022, as a DX Stocks company in the program jointly conducted by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan.

In the new medium-term management plan, we have declared the Tokai Tokyo Digital New World as the measure to reach “Beyond Our Limits.” Aiming for further development of the existing Tokai Tokyo Digital World, we are determined to attain the aim through collaboration with Powerful Partners that operate non-financial businesses, regional financial institutions, and local

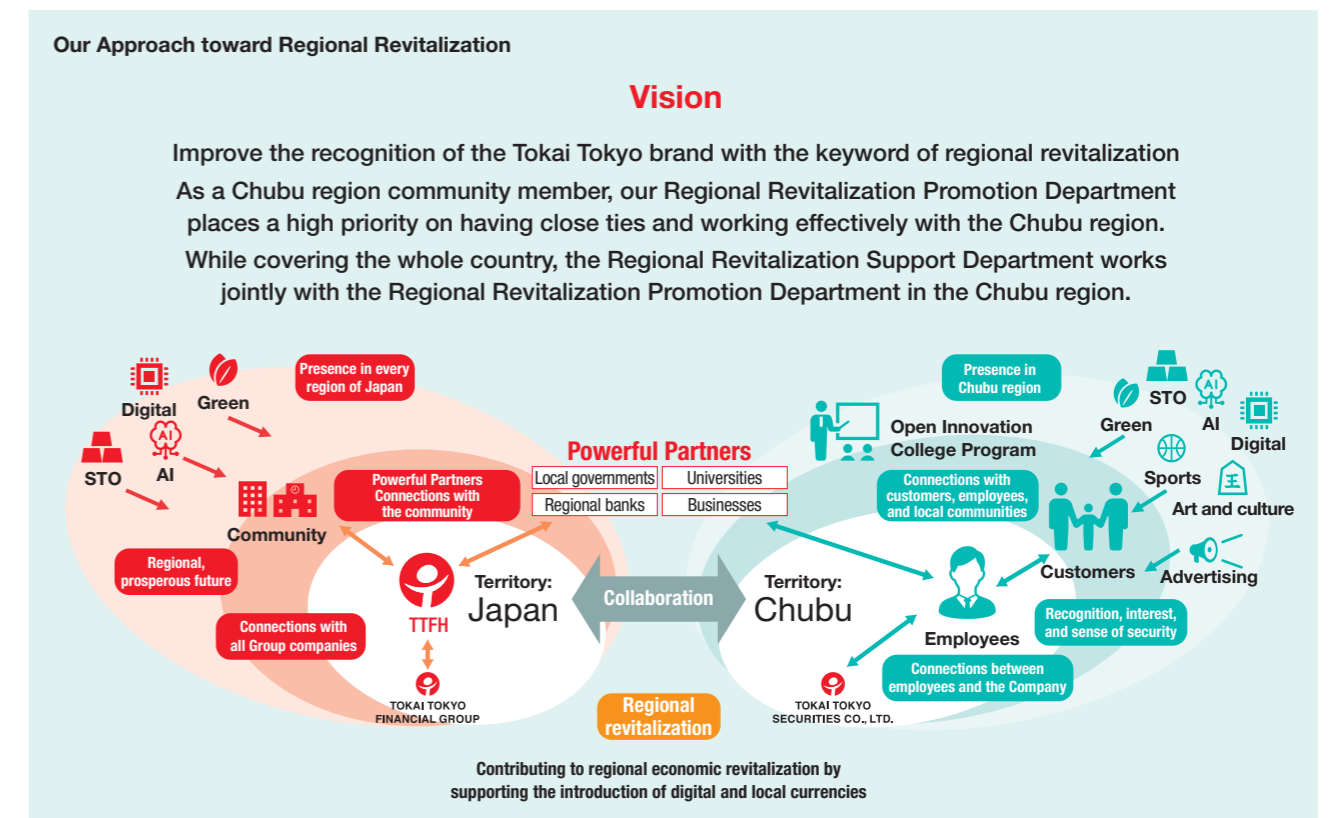
governments. Toward that aim, we form alliances with the said partners as joint investors in cutting-edge digital fields and services.

### Regional revitalization initiative

In April 2022, we established the Regional Revitalization Support Department (Tokai Tokyo Financial Holdings) and the Regional Revitalization Promotion Department (Tokai Tokyo Securities) as organizations responsible for planning, drafting, and operating strategic businesses that contribute to regional revitalization as a new growth area.

By acting as a gateway that connects local communities with each department within the Group to provide the best solutions, we will facilitate the process of solving regional issues and realizing regional revitalization. Through support for startups and other measures, we are engaging in activities to bring about innovation originating in Tokai Tokyo.

The Tokai Tokyo Financial Group provides resources to local governments that promote digitalization. For example, we are contributing to regional revitalization together with regional financial institutions and setting up businesses jointly with companies that possess their own customer bases and are considering entering the financial business.





## Human Resources Initiatives

We have formulated various programs for employees to acquire competence to help customers build their assets and capital, as set out in our management philosophy. By providing opportunities for continuous learning and self-development in various areas including even those related to private interests, we aim to improve our employees' expertise and humanity in an effort to develop employees with appeals.

### Creating a workplace where employees can shine

Following up on our changing business model, we have changed our personnel system. And along with changes in society, we have created a work environment that accepts flexible work styles.

We recognize it an extremely important subject for management to think about how to secure, develop, and allocate human resources, which make up the very source of the company's growth.

Since 2019, we have made a major shift toward a job-based personnel system, and we are improving the system constantly in response to the changing situation. By linking the value of work accomplished and matching remuneration and by clarifying the job description of each position, we have made it possible to appoint more suitable personnel to positions regardless of age and to conduct smoother mid-career recruitment.

As a result, we have established a corporate culture that allows employees to build the career path of their choice within the company by introducing an internal recruitment program and by appointing employees to positions based on assessments of their improved expertise and humanity. Also, we run programs to support employees' self-development, even related to their

#### Masanori Hayashi

Senior Managing Executive Officer, General Planning Group CHO\*



private lives.

From FY2021, we have been implementing a career design program for all employees up to the age of 65 to foster awareness so that they can think about and plan their own career paths. As the business model changes, the skills required of employees also change, so we have started providing opportunities for employees to gain new skills.

By making employees aware of these available programs and by inducing them to accumulate real-life experiences, we would like to nurture the workplace as the one where all our diverse human resources can shine.

\* Chief Health Officer

### Well-being

The health of each and every employee is positioned as a key management theme. Accordingly, since 2019 we have been continuously implementing various measures to support employees' physical, mental, and social well-being. A number of measures have led to improved health awareness among employees and increased opportunities for exercise. These include well-being newsletters that give pertinent health information and regular health exercise videos from athlete employees. Further, we organized a remote walking event where participants used a pedometer app.

#### Framework for managing employee health

##### Health Management Promotion Committee

Monitors employee health from the results of health checkups, etc. Identifies abnormality and considers various measures designed to maintain and improve health. The Committee verifies the effectiveness of measures and sets health promotion goals.

Health Management Promotion Committee	
CHO	
Human Resources Committee members	
Head of Human Resources Planning Department	
Public health nurse	
Industrial physician representative	

### Training and workstyle

We deem the first two-year as the training period for new graduate hires and administer the program for combined training for the purposes of on-the-job and off-the-job. We design and offer the Off-JT training for newcomers to acquire various job-related licenses and qualifications, and opportunities at the head office for them to get a general idea about the operations of the Market Division, Customer Support Center, and Wealth Management Division.

In addition to providing ample learning opportunities to all employees, we encourage employees to improve their skills in response to business changes, provide internal job openings, and offer a career design program to support employees' career development in line with the job-based personnel system.

By promoting workstyles of flextime and telework,

we create a comfortable workplace environment for our diverse human resources.

### Various personnel systems that embody our corporate culture

We have put a support system in place that meets the many different needs and desires of our employees. This includes helping employees with their self-motivated career development, giving them greater opportunities to learn outside of the Company, allowing them to focus on something in their private lives outside of work, and letting them pursue their hobbies with friends and colleagues.

Since the start of the in-house recruitment program in 2006, approximately 800 people have applied. Among them, 277 employees have transferred, and 57 have been supported with overseas training or their MBA program enrollment in Japan and overseas.

We also expanded club activities and the "Waku Waku Guinness Program," which supports employee activities outside of work, setting up the Humanity Enhancement Program in 2020. In addition to supporting their activities outside of our job, this program provides employees with a wide range of options for learning such as our in-house internships, reskilling, and working for other companies as a second job.

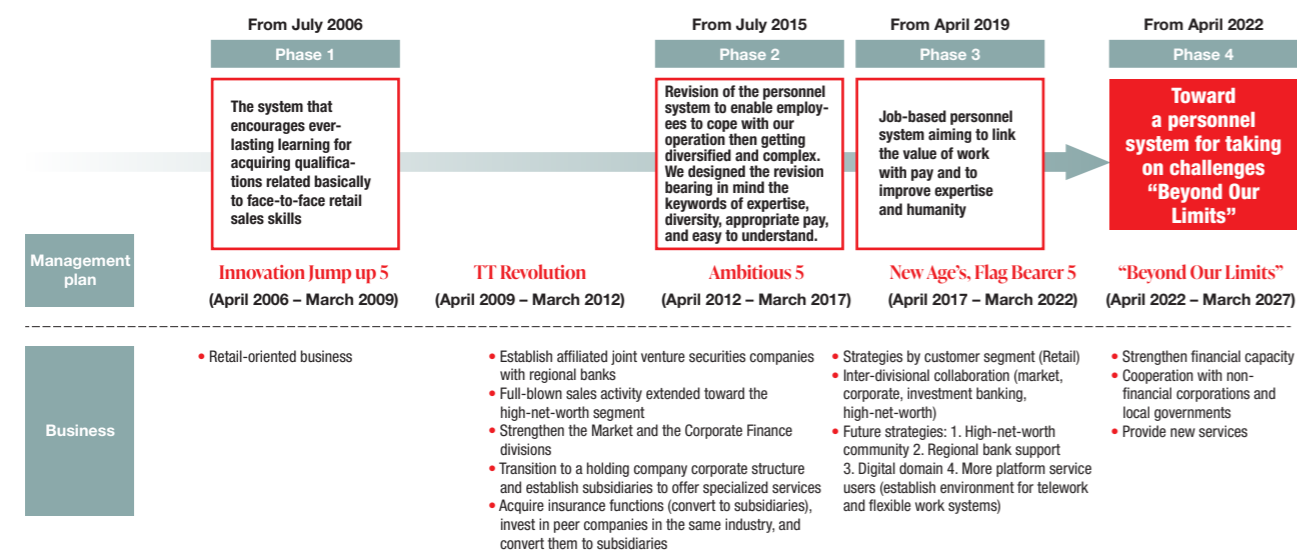
As a result, employees will be able to improve their expertise and humanity to become better human resources, and we will continue to offer support to develop the talent they have.

#### Hours of training (total attendance hours)\*

FY2017	80,158
FY2018	106,757
FY2019	84,073
FY2020	92,253
<b>FY2021</b>	<b>108,258</b>

\* Not including some training programs provided in FY2017 and FY2018

### Changes in the personnel system



### Thoughts from the in-house recruitment program participant

When I was a section head after spending more than 10 years in retail sales, I was transferred to the Digital Strategy Department as a result of applying for the in-house recruitment program. It was at a time when we began to focus on becoming more digital as part of the FinTech revolution, and I was becoming more conscious of a management position through interaction with our customers. So, I took this transfer as an opportunity to take on new challenges to build my career.

Because I had no experience then in a newly assigned work, I had to acquire IT knowledge and related qualifications. These days, what I do as my daily work is to prepare proposals on digital transformation for local governments. The ideas specifically address facilitating projects for regional economic revitalization, for instance, cashless payments like digital coupons with premiums and loyalty points programs for local

#### Koji Yoritomi

Tokai Tokyo Digital Platform Co., Ltd.



areas that back up social causes such as SDGs, decarbonization, and health and welfare promotion.

In my past days as a securities salesperson, I used to deal with the customer in front of me one at a time, but in my current job, I have the opportunity to see the faces of local residents and thus contribute to improving the lives of many more. I find it rewarding that I can create new business opportunities within the Group outside of securities brokerage operations.



## Sustainability Initiatives

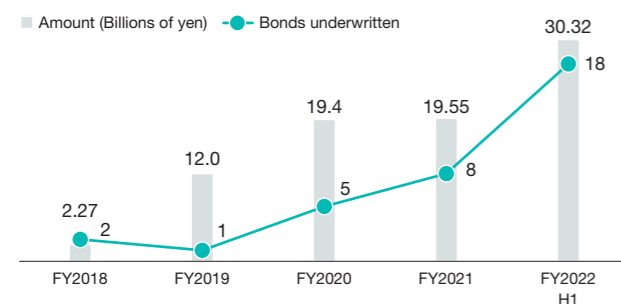
As a leader in financial and capital markets, the Group recognizes the importance of sustainability in all its business activities and is actively working on social issues to realize a sustainable society to effectively use the limited resources so they can be passed on to the next generation.

### Providing financial services that contribute to a sustainable society

Amid the rapid changes in society brought about by digitalization, as well as the pandemic and heightened geopolitical risks, the Group has set “Social Value & Justice comes first” as a prerequisite for all actions in its medium-term management plan through to March 2027. Recognizing the importance of contributing to sustainability as a leader in financial and capital markets, we are working with a wide range of stakeholders to realize a sustainable society and environment. Moreover, we recognize that the problem of climate change, vastly affecting the global environment, can be a risk and at the same time a business opportunity for the Group. As such, we are promoting various initiatives through our business while reducing our own emissions toward the transition to a decarbonized society.

As investors and issuers become ever more concerned about sustainability issues, the amount of bonds issued to support these activities is also rising and we financial institutions are expected to play an active role. After Tokai Tokyo Securities registered with the Ministry of the Environment’s Green Bond Platform in 2018, the Group has been accelerating efforts to raise funds for issuers and provide investors with opportunities to contribute to solving social issues. The amount of SDG bonds underwritten in FY2018 was 2.27 billion yen. This increased to 30.32 billion yen in the first half of FY2022 showing how the demand for green bonds has grown massively.

#### Tokai Tokyo Securities’ SDG bond underwriting



### Environmental conservation

In our medium-term management plan titled “Beyond Our Limits” which started in April 2022, in addition to halving CO<sub>2</sub> emissions from our business activities by March 2027 (compared to FY2021 levels), we have set a target of net-zero emissions by 2030. To achieve our goals, we will continue to implement various measures and disclose our progress as appropriate in accordance with the disclosure framework of the TCFD recommendations.

### Regional economy

In order to realize a sustainable society, it is crucial to revitalize local communities, and for that purpose, we must develop human resources who will lead the next generation. In addition to focusing on human resource development within the Company, the Tokai Tokyo Foundation, which was established in 2016, contributes to the development of local communities in various ways. These activities include developing global human resources in the Chubu region, promoting global education, providing opportunities to promote exchange between companies, universities, and students, and offering support to athletes.

### Financial innovation

To meet diversifying needs of society, we must bring innovation to finance through the use of digital technology. With the launch of our smartphone-based brokerage service, CHEER Securities, and the development of new financial products using blockchain technology, it has become possible to provide services to new customer segments such as the next generation. We will continue to provide new value and services as a matter of urgency.

#### The Tokai Tokyo Foundation

In 2016, we established the Tokai Tokyo Foundation to commemorate the 15th anniversary of the Tokai Tokyo Financial Group’s founding. 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 the global economy and society, and by promoting arts and culture.



Tokai Tokyo Foundation (in Japanese only)  
<https://www.tokaitokyo-fh.jp/zaidan/>

### Tackling climate change (disclosure in line with TCFD recommendations)

#### Governance

The Group’s environmental and climate change-related initiatives are implemented after reporting and subsequent discussion at the Management Meeting and the Board of Directors.

#### Strategy (recognition of risks and opportunities)

Climate change risks include physical risks, such as direct damage to assets and indirect impacts arising from supply chain disruptions, etc., and transition risks, such as financial and reputational risks from widespread

changes in policies and regulations to address climate change issues toward the transition to a decarbonized society. We recognize that these risks may, depending on their nature and speed, adversely affect the Group’s financial position and performance.

		Risks	Opportunities
Transition Risks	Policy & Regulation	• Increased business costs due to tighter regulations and stricter government measures to reduce emissions	• Lower energy costs with the introduction of energy-saving equipment, etc. • Greater range of green investments, etc., by utilizing the Group’s strong business base, including in the Chubu region, and existing alliance strategies with leading regional banks in each region
	Market	• Potential losses from trading due to market fluctuations owing to rapid transition to a decarbonized society	• Increased balance of assets under management due to a rise in the asset value of decarbonization-related funds, and inflow of funds into stocks, bonds, and funds involving companies actively tackling climate change
	Technology	• Fewer profit opportunities due to the inability to sufficiently differentiate and provide products and services that adapt to changing customer needs and industry structure owing to advancements in decarbonization technology	• More earnings opportunities by sufficiently providing products and services that meet customer needs with greater ability to create financial products and strengthened sales capabilities, as well as by stimulating and expanding contributions (investments) from individual and corporate investors
	Reputation	• Reputational damage due to insufficient initiatives and information disclosure on climate change issues after greater calls from stakeholders to tackle climate change	• Stronger Group reputation by actively supporting investment and underwriting related to businesses with low or reduced environmental impact
Physical Risks		• Adverse effects on business, such as damage to business partners and Group assets due to abnormal weather such as typhoons and heavy rains, interruptions to business from disasters affecting employees, higher costs to tackle damage, and deteriorating business performance	

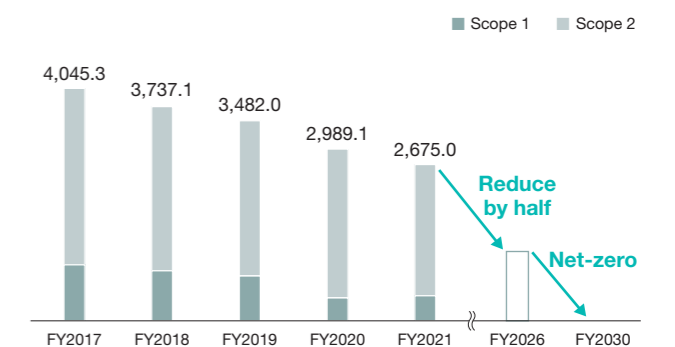
#### Risk management

In fiscal 2021, the Management Meeting identified specific anticipated climate change risks and opportunities and reported the results to the Board of Directors. Going forward, we will not only further enhance our analysis and assessment of climate change risks but also develop an optimal management system to avoid and reduce such risks.

#### Metrics and targets

The Group has continuously reduced greenhouse gas emissions from its business activities since FY2017. Going forward, with the goal of achieving net-zero emissions by 2030, we will further reduce our emissions by saving energy and using more renewable energy, which currently accounts for about 25% of the Group’s energy use.

#### Greenhouse gas emissions (t-CO<sub>2</sub>)



\*Greenhouse gas emissions (CO<sub>2</sub> emissions) are calculated based on the following companies: Tokai Tokyo Financial Holdings, Tokai Tokyo Securities, Tokai Tokyo Research Institute, Tokai Tokyo Asset Management, Tokai Tokyo Investment, Tokai Tokyo Academy, Tokai Tokyo Services (for occupancy in the Nihonbashi Takashimaya Mitsui Building, Kayabacho First Building, and Midland Square), Tokai Tokyo Business Service, Tokai Tokyo Digital Platform, and CHEER Securities

Foundation Supporting Corporate Value

# Members of the Board

(As of June 28, 2022)



\* Attendance at Board of Directors meetings indicates attendance in the fiscal year under review (April 1, 2021, to March 31, 2022).

\* For dates up to March 2009, "the Company" indicates Tokai Tokyo Securities Co., Ltd., the Company's trade name at the time. For April 2009 and later dates, "the Company" indicates Tokai Tokyo Financial Holdings, Inc., the current trade name.

## 1 Tateaki Ishida

Chairman and Representative Director (Attendance at Board of Directors meetings during the fiscal year under review: 15/15)  
 April 1988 Joined The Tokai Bank, Ltd. (now MUFG Bank, Ltd.)  
 April 1992 President & CEO, Tokai Bank Europe plc  
 June 1994 Director, The Tokai Bank, Ltd.  
 June 1996 Managing Director, The Tokai Bank, Ltd.  
 June 1998 President, Tokai Asset Management Co., Ltd.  
 April 2001 Chairman, Tokai Bank Europe plc  
 April 2002 Chairman, UFJ International plc  
 April 2003 CEO, UFJ International plc  
 May 2004 Advisor of the Company  
 June 2004 Deputy President & Representative Director of the Company  
 March 2005 President and Representative Director of the Company  
 June 2006 Chairman & CEO and Representative Director of the Company  
 April 2009 Chairman and Representative Director of Tokai Tokyo Securities Co., Ltd.  
 April 2019 Director of Tokai Tokyo Securities Co., Ltd. (current position)  
 June 2021 Chairman and Representative Director of the Company (current position)

## 2 Ichiro Goda

President and Representative Director (Attendance at Board of Directors meetings during the fiscal year under review: 11/11)  
 April 1992 Joined The Sanwa Bank, Ltd.  
 August 2007 Joined The Sumitomo Trust and Banking Co., Ltd.  
 January 2012 Joined Tokai Tokyo Securities Co., Ltd.  
 April 2014 General Manager, Markets Planning Department of Tokai Tokyo Securities Co., Ltd.  
 April 2015 General Manager, Strategic Planning Department of the Company  
 April 2016 Executive Officer, General Manager of Strategic Planning Department of the Company  
 October 2017 Executive Officer, Deputy Head of Strategic Planning Group of the Company  
 April 2018 Managing Executive Officer, Head of Planning & Administration Unit (Internal Control Supervisory Manager), Tokai Tokyo Securities, Co., Ltd.  
 June 2018 Managing Executive Officer, responsible for Special Missions of the Company  
 January 2019 Managing Executive Officer, Head of Planning & Administration Unit, and General Manager of Planning Department, Tokai Tokyo Securities, Co., Ltd.  
 April 2019 President and Representative Director and Head of Sales Supervisory Unit, Tokai Tokyo Securities, Co., Ltd.  
 May 2020 President and Representative Director of Tokai Tokyo Securities, Co., Ltd.  
 June 2021 Director of Tokai Tokyo Securities Co., Ltd. (current position)  
 June 2021 President and Representative Director of the Company (current position)

## 3 Hideaki Yamane

Director and Deputy President (Attendance at Board of Directors meetings during the fiscal year under review: 11/11)  
 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, UFJ Bank Limited  
 May 2005 General Manager, Corporate Finance Unit of the Company  
 September 2005 General Manager of Investment Banking Planning Department and General Manager of Investment Banking Sales Promotion, the Company  
 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, Co., Ltd.  
 April 2016 Managing Executive Officer, Deputy Head of Market Sales Promotion Unit, Tokai Tokyo Securities, Co., Ltd.  
 April 2017 Senior Managing Executive Officer, Head of Global Markets Business Unit, Tokai Tokyo Securities, Co., Ltd.  
 June 2018 Deputy President (Executive Officer), ACE Securities Co., Ltd.  
 April 2019 Chairman and Representative Director of Tokai Tokyo Securities Co., Ltd.  
 June 2021 Director and Deputy President, Head of Strategic Planning Group, Business Planning Group and Digital Strategy Group of the Company  
 April 2022 Director and Deputy President, Head of Strategy Promotion Group and Digital Strategy Group of the Company (current position)

## 4 Tsunehiro Nakayama

Outside Director (Attendance at Board of Directors meetings during the fiscal year under review: 15/15)  
 April 1971 Joined the Industrial Bank of Japan, Limited  
 June 1999 Executive Officer and General Manager of Corporate Banking Dept. No. 1 of the Industrial Bank of Japan, Limited  
 September 2000 Managing Executive Officer of Mizuho Holdings Inc.  
 April 2002 Managing Executive Officer of Mizuho Corporate Bank, Ltd.  
 April 2004 Deputy President (Representative Director) and Chief Compliance Officer of Mizuho Corporate Bank, Ltd.  
 April 2007 Adviser of Merrill Lynch Japan Securities Co., Ltd.  
 May 2007 Chairman and Representative Director of Merrill Lynch Japan Securities Co., Ltd.  
 November 2008 Chairman, President, and Representative Director of Merrill Lynch Japan Securities Co., Ltd.  
 March 2009 Chairman, President, and Representative Director of Merrill Lynch Japan Securities Co., Ltd.  
 Japan Country Executive of Bank of America Group (Additional function)  
 July 2010 Chairman and Representative Director of Merrill Lynch Japan Securities Co., Ltd.  
 June 2017 Director of Merrill Lynch Japan Securities Co., Ltd.  
 July 2017 Special Adviser 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 (Audit & Supervisory Committee member) of the Company  
 June 2021 Director of the Company (current position)

## 5 Hiroshi Fujiwara

Outside Director (Attendance at Board of Directors meetings during the fiscal year under review: 14/15)  
 April 1977 Joined IBM Japan, Ltd.  
 December 1977 Joined Hitachi Engineering Co., Ltd.  
 February 1985 Joined ASCII Corporation  
 February 1987 Transferred to Graphics Communication Technologies Inc. Appointed as executive director and General Manager of Research and Development Division  
 September 1988 Appointed as a visiting research scientist of Bell Communications Research (Bellcore) of the U.S.  
 March 1993 Transferred to Graphics Communication Laboratories Inc. Appointed as an executive director and General Manager of Research and Development Division  
 June 1993 Appointed as a director of ASCII Corporation  
 April 1996 Guest Professor at Keio University (Science and technologies)  
 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)  
 December 2017 Director of Change, Inc. (current position)  
 June 2018 Director of SKY Perfect JSAT Holdings Inc. (current position)  
 June 2019 Director of the Company (current position)

## 6 Tetsuji Ono

Director, Audit & Supervisory Committee Member (Attendance at Board of Directors meetings during the fiscal year under review: 15/15)  
 April 1983 Joined Maruman Securities Co., Ltd.  
 December 1992 Joined Maruman Finance Co., Ltd.  
 August 1996 Joined Central Capital Co., Ltd.  
 July 2000 Joined the Company  
 General Manager of Investment Banking Department, Nagoya, the Company  
 April 2007 General Manager of Corporate Solution Department of the Company  
 April 2009 General Manager of Corporate Finance Department, Nagoya, Tokai Tokyo Securities, Co., Ltd.  
 April 2010 General Manager of Headquarters Sales Promotion Department; Section Head of Headquarters Sales Promotion Section, 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 2014 General Manager of Corporate Sales Department, Tokyo, Tokai Tokyo Securities, Co., Ltd.  
 April 2015 General Manager of Financial Planning Department of the Company  
 General Manager of Finance Department, Tokai Tokyo Securities, Co., Ltd.  
 April 2017 Executive Officer, General Manager of Financial Planning Department of the Company  
 General Manager of Finance 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  
 May 2020 Adviser of the Company  
 June 2020 Director of the Company (full-time Audit & Supervisory Committee member) (current position)

## 7 Keisuke Inoue

Outside Director, Audit & Supervisory Committee member (Attendance at Board of Directors meetings during the fiscal year under review: 15/15)  
 April 1973 Joined Sumitomo Life Insurance Company  
 July 1999 Director of Sumitomo Life Insurance Company  
 October 2001 Managing Director of Sumitomo Life Insurance Company  
 April 2002 Managing Director and Managing Executive Officer, Sumitomo Life Insurance Company  
 June 2002 President and CEO, Sumitomo Life Investment Co., Ltd.  
 December 2002 President and CEO, Sumitomo Mitsui Asset Management Company, Limited  
 July 2007 Senior Managing Executive Officer and Representative Director, Sumitomo Life Insurance Company  
 Executive Vice President, Mitsui Life Insurance Co., Ltd.  
 April 2009 Director and Executive Vice President, Mitsui Life Insurance Co., Ltd.  
 June 2009 Executive Advisor, Sumitomo Life Insurance Company  
 April 2012 Head of Azabu Economic Research Institute  
 April 2016 Part-time Advisor of the Company  
 June 2016 Director of the Company (Audit & Supervisory Committee member) (current position)  
 September 2017 Audit & Supervisory Board Member, Cardif Assurances Risques Divers Japan (current position)  
 April 2021 Director, Etoile Kaito & Co., Inc. (current position)

## 8 Joichi Yamazaki

Outside Director, Audit & Supervisory Committee member (Attendance at Board of Directors meetings during the fiscal year under review: 15/15)  
 April 1976 Joined Ministry of Finance (MOF)  
 May 1985 Deputy Director of the Government Debt Division, Financial Bureau, MOF  
 January 1995 Counselor at the Embassy of Japan in Korea  
 July 1997 Director of the Bond Market Office, Securities Market Division, Securities Bureau, MOF  
 December 1998 Director of the Financial Crisis Management Division, Executive Bureau, Financial Reconstruction Commission  
 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  
 Director-General of the Tokai Local Finance Bureau  
 July 2009 Director-General of the Kinki Local Finance Bureau  
 July 2010 Vice President, the National Printing Bureau  
 July 2012 Principal of the National Tax College  
 February 2013 Left the MOF  
 March 2013 Audit & Supervisory Board Member of the Norinchukin Bank  
 December 2018 Advisor of Sompo Japan Insurance Inc.  
 May 2019 Full-time Audit & Supervisory Board Member of Sompo Japan DC Securities Inc.  
 June 2020 Director of the Company (Audit & Supervisory Committee member) (current position)

## 9 Ayako Ikeda

Outside Director, Audit & Supervisory Committee member (Attendance at Board of Directors meetings during the fiscal year under review: 11/11)  
 April 1984 Admitted to the Daini Tokyo Bar Association, admitted to Harago Law Office (now Harago & Partners Law Office)  
 January 1990 Admitted to Steptoe & Johnson LLP, USA  
 April 1991 Admitted to practice in New York State  
 September 1992 Admitted to 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 of the Company (Audit & Supervisory Committee member) (current position)

## 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	ICT
Tateaki Ishida	Chairman and Representative Director		●	●	●	●	●				
Ichiro Goda	President and Representative Director			●	●	●					
Hideaki Yamane	Director and Deputy President			●	●	●	●				
Tsunehiro Nakayama	Outside Director Chairperson of the Board of Directors		●			●					
Hiroshi Fujiwara	Outside Director		●			●					●
Tetsuji Ono	Director	●							●		
Keisuke Inoue	Outside Director Chairperson of the Audit & Supervisory Committee	●				●					
Joichi Yamazaki	Outside Director	●	●							●	
Ayako Ikeda	Outside Director	●	●					●			



## Transforming the Company from a medium- to long-term perspective

### Diversity of directors to support a diversified business portfolio

**Ishida** I have always maintained that the Board of Directors, the highest decision-making body, should not only be chaired by an outside director but also outside directors should occupy the majority of its seats.

Just as an old saying goes, a fish rots from its head

Views from outside directors often have the power to cut through the indecisiveness of the business execution side of the people and give the management a supportive push.

——— **Ishida**

down. So, we need some mechanism or function that checks business execution commanders from the governance perspective. Another factor to note is the changing times. In particular, the business environment surrounding finance is changing at a highly accelerated speed. Although we operate securities brokerage as our core business, we also handle various products and services. For instance, we have begun taking on the digital finance

The action guideline “Social Value & Justice comes first” represents the very foundation of sustainability management.

——— **Nakayama**



**Tateaki Ishida**  
Chairman and  
Representative Director

**Tsunehiro Nakayama**  
Outside Director  
Chairperson,  
the Board of Directors

field. Of course, we have an insight of our own, but at times like these, we look to the views of people with higher expertise and more wide-ranging experience. In the process of diversifying the business portfolio, I think the outside directors have been helping the leaders on the operational front raise the Company's business to a more diverse and higher level than before.

**Nakayama** For more than 10 years, the majority of the Board of Directors has been made up of outside directors, and I, as an outside director, observe that an environment is set ready where we, the Board members, can openly express our opinions and discuss any agenda whatsoever with the management. Honestly, I feel that I have been able to talk with management from many angles. One case in point is the change of accounting auditor in June 2022. The Audit & Supervisory Committee, which consists mainly of outside directors, proposed this idea early on. After many discussions at the meetings of the Board of Directors, the change was finally made. I see this as an example resulting from strong communication between the supervisory and the execution functions, demonstrating the monitoring and leadership functions of the Board of Directors as well as the execution capabilities of the executive.

**Ishida** A rotation system for audit firms has been implemented in Europe and the United States. As I have worked overseas for many years, this practice didn't appear odd at all, but we needed to see if we could continue to perform our operations as usual, even if we changed the audit firm. After making all the necessary checks to see if this could be done at the practical level, we finally made the decision.

**Nakayama** I appreciate that the current Board of Directors is operating very well, keeping its wholeness. We understand that the outside directors of Tokai Tokyo Financial Holdings and Tokai Tokyo Securities exchange ideas regularly. While the world becomes more complicated, talking directly with the people in charge of operations to gain a deeper understanding so that outside directors can provide more accurate and appropriate advice. I think this is a way to further vitalize the Board of Directors.

### The role of outside directors is to represent the views of shareholders and other stakeholders.

**Nakayama** We set the goal of becoming a comprehensive financial group with all its different financial functions as set out in the new medium-term management plan that began this fiscal year. The Board of Directors, including outside directors, unanimously agreed upon this goal. Although we cannot pay close attention to the Group's wide-ranging business fields, we have no objection to taking risks to advance business for the Company to develop.

But the Company must consider what it should do

for what purpose and how it should manage whatever the process it chooses. Further, it must decide how to deal with problems when they arise. All the above stated describe the scope of expected suggestions from outside directors. I consider it the role of outside directors on behalf of the shareholders and other stakeholders to advise the Company on the matters difficult for the Company by itself to decide.

**Ishida** When making important decisions for any company or business, there are always many factors to consider. The thoughts of the people involved, the amount of money invested, and external partners are just some things that come to mind immediately. The views of outside directors have the power to cut through these kinds of difficulties and possible hesitations, helping the Company dare to do the right things.

**Nakayama** In formulating the medium-term management plan, outside directors with a wide range of backgrounds from both Tokai Tokyo Financial Holdings and Tokai Tokyo Securities came together to have repeated discussions in the meetings of the Board of Directors. The biggest subject was the action guideline that goes “Social Value & Justice comes first.” This is not only a code of conduct for the Group executives and employees but also the very foundation of sustainability management itself.

In having a medium-term management plan, we must not only make it known within the Company but also actualize it so that external stakeholders can see it for real.

**Ishida** In the revisions to the Corporate Governance Code in 2021, sustainability management is one of the critical points. In April 2022, we changed the name of the SDGs Promotion Department to the Social Values & Justice Department, and from now on, the Board of Directors will discuss specific actions to take based on the management plan. The SDGs and ESG are components of our “Social Value & Justice,” and we start by initiating actions and designing programs to create such a culture within the Company.

**Nakayama** We need to have more discussions about ESG and sustainability at the Board of Directors. A newly appointed general manager aged in his 30s took the lead in drafting the medium-term management plan, which was discussed with outside directors at Tokai Tokyo Securities and the Company. Encouraging younger employees to take on new challenges will help develop our human resources and lead to the development of the next generation of senior managers.

**Ishida** For a company to make significant changes, one must do the planning by looking 10 years ahead. I want young employees to learn from the experience of doing all they can to change the Group and increase its corporate value. Based on such thoughts, we have been allocating resources to employee training. We must encourage young employees to hone their sense of the times and become the core driving force of the Group. I believe it is the way to sustainably improve our corporate value.



## Outside Director Messages

In the new medium-term management plan, the Group has set out “Social Value & Justice” as the starting point for action for all executives and employees. We asked four outside directors about their thoughts and what these particular words mean to them.



**Hiroshi Fujiwara**  
Outside Director

The perspective of diversity management is an important part of “Social Value & Justice” (or the pursuit of social value and fulfilling social justice) as set out in the Company’s medium-term management plan. Diversity management is an initiative that brings more power and dynamism to a company by accommodating diverse human resources and work styles in corporate management. There are two aspects to diversity. First, there are outwardly visible traits, such as race, nationality, age, gender, and physical characteristics. And then there are those aspects beneath the surface that are much harder to ascertain. These can be a person’s religion, language, educational background, occupation, income, lifestyle, values, etc. It is important to respect a person’s individuality and diversity by recognizing these two different aspects. However, I would like to see the Group take the concept of diversity management one step further and evolve toward more inclusive management, which involves employees working inclusively towards a common goal.

As we know, diversity management is the concept describing an organization that employs human resources from diverse backgrounds together. But, as a corporate manager myself, what I would like to emphasize here is that inclusive management, as an advanced diversity step, doesn’t mean simply that diverse employees come together but also that those inclusive employees are organically interconnected via digital network to realize a more advanced and robust corporate entity. I will help the Group identify issues and propose solutions to upgrade our corporate management from diversity to inclusive management.



**Keisuke Inoue**  
Outside Director  
Chairperson, the Audit & Supervisory Committee

I have been involved in the running of two life insurance companies and an asset management company. I have come to see companies from the viewpoints of various investment purposes, such as those of insurance, group pensions, and investment trusts. Using my own experience, I look at Tokai Tokyo Financial Holdings also from an investor’s perspective. It has been six years since I joined the Company. Over these years, it has actively diversified its operating base, for example, joint ventures with regional banks and the development of financial services that make full use of FinTech technology. What I have come to realize is that the Group has been extremely proactive and innovative with initiatives not taken up by other companies that I know of.

The Group has also set “Social Value & Justice comes first” as an action guideline in its medium-term management plan launched in FY2022. Today, as the social and business environment continues to undergo drastic changes, almost to a new dimension, a management strategy that pursues social value and raises corporate value by carrying out social justice is extremely bold and ambitious. I think it’s a very courageous approach, and at the same time, a momentous one. To achieve success, I would like to steadily implement the plan, working as an outside director for the Company while placing myself in the position of stakeholders, especially that of shareholders, to protect their interests.



**Joichi Yamazaki**  
Outside Director  
Audit & Supervisory Committee Member

I have been involved from early on in the creation of the new medium-term management plan through numerous open discussions with other outside directors.

There is a tendency for us to look only at the parts of the strategy relating to its innovative aspects, “promoting innovative strategies Beyond Our Limits” under the action guideline that goes “Social Value & Justice comes first,” as announced in our press release on May 23, 2022. But publicizing the Group’s faith that says “without the pursuit of social value and the fulfillment of social justice, there is no value in the existence of a company” should, I believe, be a source of pride for our employees. This is something that can be very much appreciated as a feature of this management plan.

Based on my experience as a statutory auditor for a total of six years at other companies, I would first check whether, as an Audit & Supervisory Committee member, there is any discord with the action guideline in terms of compliance and risk management. And at the Board of Directors meetings, after an explanation of the proposals, the chairman and others provide further comments in plain words, which help to deepen understanding. This, in turn, encourages all outside directors to openly express their own opinions. In the sense of raising many different issues regarding management strategies and other matters, I would like to speak out more than ever before as an outside director.



**Ayako Ikeda**  
Outside Director  
Audit & Supervisory Committee Member

The theme of “Social Value & Justice” in the Group’s new medium-term management plan is expected a great deal to act as a clear guideline for employees to carry out their work duties.

In the past, it was common to think that the purpose of a securities company was only to pursue profits to increase its corporate value, but now society’s perception of what a company should be and its role in society has changed.

Nowadays, the pursuit of profits alone does not win the support of a wide range of shareholders. Therefore, we can’t say that it does not necessarily lead to increased corporate value in our shareholders’ perception. We expect every employee to act thinking about Corporate Social Responsibility and Sustainable Development Goals as well as ascertaining the value of their work to society. These habits will make employees feel proud and consequently will lead them to yield greater corporate value.

On the other hand, social value is oftentimes rather ambiguous, and it can raise the practical problem of what to prioritize as a company. As a lawyer, I will actively state my opinions from a legal perspective on social value and social justice at the Board of Directors meetings.

# Corporate Governance


## Basic approach

The Tokai Tokyo Financial Group considers the enhancement of corporate governance to be one of its important tasks. So, the Company will reinforce and upgrade its corporate governance, aiming to raise the level of fairness and transparency in its management with an ultimate view to winning the trust from various stakeholders, and continuously increase corporate value. The Company makes this endeavor in tandem with its efforts to maintain the corporate structure that allows swift decision-making and business execution.

Further, the Company deems it essential to act in unison with all the stakeholders including shareholders, investors, and others to realize continuous increases in corporate value.

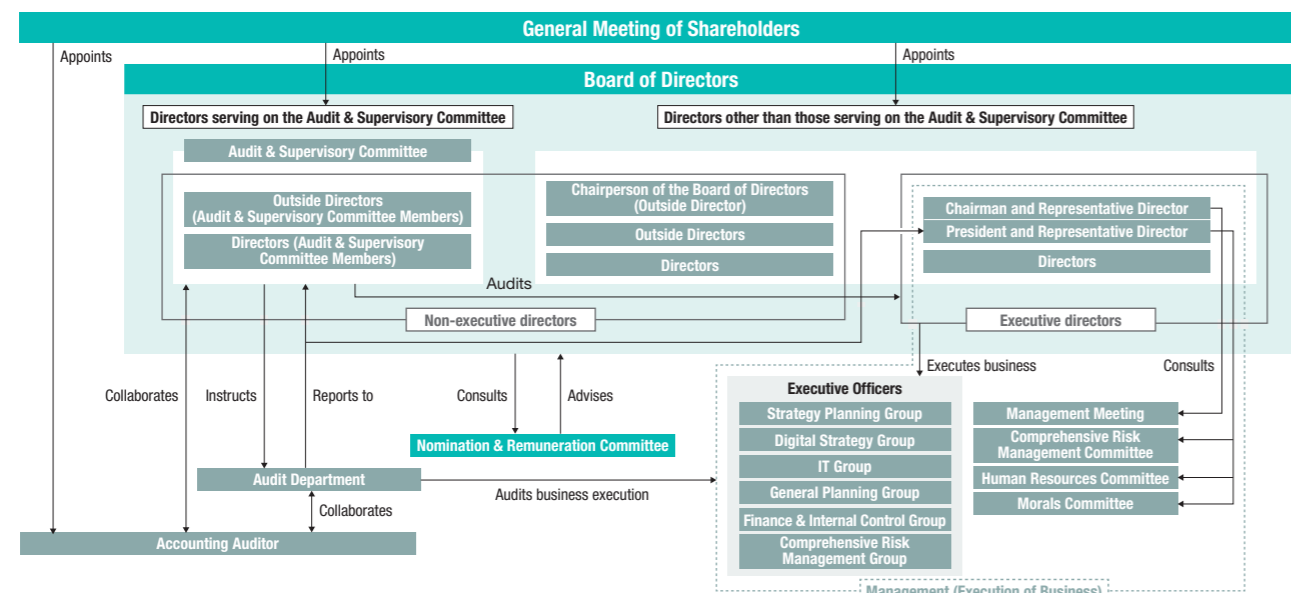
## Corporate governance framework

The Company's corporate governance as its distinguishing 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 the 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 (in Japanese only)  
[https://www.tokaitokyo-fh.jp/asset/pdf/corporate\\_governance\\_guideline.pdf](https://www.tokaitokyo-fh.jp/asset/pdf/corporate_governance_guideline.pdf)

 Corporate Governance Report  
[https://www.tokaitokyo-fh.jp/en/asset/pdf/corporate\\_governance\\_report.pdf](https://www.tokaitokyo-fh.jp/en/asset/pdf/corporate_governance_report.pdf)

## Corporate governance framework (as of October 1, 2022)



## History of our corporate governance

### FYE March 31, 2008 (from June 2007)

- Members from outside the Company now representing the majority of the Audit & Supervisory Board
- Clarified the duties of executive and non-executive directors
- Board of Directors chaired by an outside director
- Established basic policy on internal control

### FYE March 31, 2011 (from June 2010)

- Established group-wide Ethical Code of Conduct

### FYE March 31, 2012 (from June 2011)

- Established group-wide compliance hotline

### FYE March 31, 2014 (from June 2013)

- Members from outside the Company now representing the majority of the Board of Directors

### FYE March 31, 2017 (from June 2016)

- Company with an Audit & Supervisory Committee
- Annual reviews of the effectiveness of the Board of Directors
- Established guidelines on corporate governance
- Nomination & Remuneration Committee

## 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 a 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 and dismissal of 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 in 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 is presently comprised of five outside directors, including the three who concurrently serve on the Audit & Supervisory Committee. Consequently, the majority of 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.

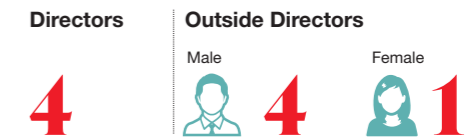
### Distinguish clearly the managerial functions of "business execution" and "management supervision"

The Company's directors respectively 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 is comprised of 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 essential 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.



## Main agenda items for FYE March 31, 2022 (convened 15 times)

- Selection of new market categories of the Tokyo Stock Exchange
- Initial disclosure in accordance with TCFD recommendations
- Conclusion of Memorandum of Understanding between Tokai Tokyo Securities and ACE Securities
- Basic policy for the next medium-term management plan

## Audit & Supervisory Committee

The Audit & Supervisory Committee is comprised of four individuals, including three outside directors with one of them serving as the Chairperson of the committee. The committee supervises and inspects the formulation and operation of the 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, supervises and gives instructions to the Audit Department and receives reports therefrom, and receives reports from accounting auditors.



## Main activity details in FYE March 31, 2022 (convened 14 times)

- Audit & Supervisory Committee's Basic Audit Policy and Audit Plan
- Designation of prospective accounting auditors based on the rotation system
- Periodic exchange of opinions with accounting auditors
- Confirmation of the status of responses to internal control issues
- Briefing sessions for results of auditing conducted by the Audit Department



## Corporate Governance

### Nomination & Remuneration Committee

The Company maintains a Nomination & Remuneration Committee to ensure impartiality and transparency in decision-making processes associated with the nomination of director candidates and appointment and dismissal of and remuneration for directors. The committee conducts deliberations concerning candidates' suitability for the position of director and the practice of remuneration for directors as well. The committee attempts to find an 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 operating in the same field as the Company's. The committee submits the result of the deliberations to the Board of Directors.

The Nomination & Remuneration Committee is comprised of 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 is comprised of one internal director (the Chairman and Representative Director) and four outside directors.

Directors      Outside Directors

1      4

#### Main deliberation items for FYE March 31, 2022 (convened 6 times)

- Payment of bonuses to directors for FYE March 31, 2021
- Amount of bonuses to individual directors for FYE March 31, 2021
- Monthly remuneration for directors and directors serving as Audit & Supervisory Committee members for FYE March 31, 2022
- Partial change to the "Policy for Determining the Details of Remuneration for Individual Directors" that accompanied changes in the executive structure
- The 13th stock options to be granted to executive directors of the Company and Tokai Tokyo Securities

### Outside directors and why they were chosen

#### Tsunehiro Nakayama

Mr. Nakayama commands high respect for the rich experience and insight he has acquired during his long service as a corporate manager in the financial industry. The Company believes that the above-said long-nurtured credentials in banking and securities brokerage careers

should keep him able to continue fulfilling his obligation to the Company to make important managerial decisions and to supervise business execution.

#### Hiroshi Fujiwara

Mr. Fujiwara, who has long served as a corporate manager in the computer system industry, is highly rated for his achievements and insight. The Company believes that his rich experience and high expertise in the computer system industry should enable him to perform his duties continuously for the Company as an outside director.

#### Keisuke Inoue

Mr. Inoue, who has long served as a corporate manager at financial institutions, is highly rated for his achievements and insight. Since June 2016, he has been assuming the role of supervising the management of the Company as a member of the Audit & Supervisory Committee. The Company believes that he can continue to provide his suggestions actively on the entire spectrum of our management from an objective standpoint, as well as supervise and audit our operations.

#### Joichi Yamazaki

Mr. Yamazaki has long served as an officer in various high capacities at the Ministry of Finance, for instance, as Deputy Director-General of the Planning and Coordination Bureau, Financial Services Agency, and Director-General of the Tokai Local Finance Bureau. He is highly rated for his achievements and insight. The Company believes that he should be able to continue applying his experience and insight to his role of monitoring and supervising business execution at the Company.

#### Ayako Ikeda

Ms. Ikeda commands high respect for the rich experience and insight she has acquired during her long service as a legal professional. Although she has not directly engaged in the daily execution of duties at a corporation in the past, she has a wealth of experience in assuming responsibility as a committee member of various public offices. The Company acknowledges that Ms. Ikeda, as a legal professional independent from the Company's management, is sufficiently fulfilling her role to enhance the effectiveness of the Board of Directors' decision-making and supervising processes. The Company believes that she can continue to provide her suggestions actively on the entire spectrum of our management from an objective standpoint, as well as to supervise and audit our operations.

### FYE March 31, 2022, review of the Board's effectiveness

#### Review process

First, respective Board members completed an anonymous survey that asks each Director in the questionnaire about his or her perception to verify whether the Board maintains appropriate diversity composition and whether it currently functions as an organ in which the members can fully exercise their roles as members of the Board. Afterward, all members participated in an open and frank discussion over the survey results. Finally, the Board discussed the findings compiled from the survey at the Board of Directors meeting.

#### Findings

Based on the subject survey result, we reached a conclusion that the functional effectiveness of the Board of Directors at present is suitably secured both from an overall perspective and in respect of each point of appraisal and analysis of the survey.

Since 2007, the Board of Directors has appointed an outside director as Chairperson of the Board. Also, the Board is configured with an emphasis on the role of outside directors, as it is currently represented by five outside directors out of the total nine seats of directors (all five meet independence criteria). Moreover, in the fiscal year ended on March 31, 2022, a female director, who is a legal expert, was newly appointed to the Board. So, we received quite a few words from the business circle stating that diversity is now more appropriately assured regarding governance and gender equality. With respect to the operation of the Board of Directors, matters delegated to executive directors are executed within an appropriate scope. In recent cases, the Board of Directors has invited all the directors of Tokai Tokyo Securities and offered them opportunities to discuss the new medium-term management plan with the directors of the Company. We acknowledged the opinion in the survey that it is meaningful to set up such a meeting multiple times for exchanging various views with the full participation of directors from both Boards because such an attempt, if continued, would improve the functional effectiveness of the Board. Further, we organized the workshop last year with full attendance of all directors from the Company and Tokai Tokyo Securities. At the workshop, we intensively exchanged opinions about the role of respective Boards from the perspective of Group management heightening, ways of information sharing, and collaboration enhancement among outside directors. This workshop was highly regarded as it served as a meaningful opportunity to improve the effectiveness of the Board of Directors and the attendants hoped for its continuation. Regarding the role and actions of outside

directors, we consider that the outside directors have duly discharged their duties by contributing a wealth of opinions and advice to the Company.

Meanwhile, there were opinions stating that three matters should be continued to enhance further the effectiveness of the Board of Directors. The first is securing and increasing the diversity of directors. The second is the need to allocate more time for discussions from a wider standpoint about management strategies and evaluation of the progress on strategic projects amid dramatic changes in the business environment. The third is to seek opportunities to meet face to face for a free exchange of opinions among directors outside of the Board of Directors, as web conferences have become more common during the COVID-19 pandemic.

To maintain and develop the advantages of its governance system that the Company has endeavored to build to date, the Board of Directors will make necessary improvements to enhance the Board's functions and work to raise further the Board's effectiveness based on the results of recent survey analysis and assessment.



Analysis and assessment of the effectiveness of the Board of Directors in FYE Mar. 2022 (in Japanese only)  
[https://www.tokaitokyo-fh.jp/asset/pdf/corporate\\_governance\\_2021\\_outline.pdf](https://www.tokaitokyo-fh.jp/asset/pdf/corporate_governance_2021_outline.pdf)

### 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 outside directors and a review by the Nomination & 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.



## Corporate Governance

### Director remuneration

The Company has set up the Nomination & Remuneration Committee to enhance the objectivity and transparency of the process for determining the remuneration for directors. The Nomination & Remuneration Committee discusses the remuneration system and the level of compensation for the directors as well as remuneration amounts for individual directors by referencing the relevant data available from external database providers. The Committee then reports to the Board of Directors the result of such discussions.

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.

#### Total amount of remuneration for directors (including directors serving as Audit & Supervisory Committee members)

FYE March 31, 2022 (actual)

Category	Number of members (persons)	Total amount by type of remuneration (millions of yen)			
		Monetary remuneration		Stock options	Total
		Fixed remuneration	Performance-linked remuneration	Performance-linked remuneration	
<b>Directors (excluding Audit &amp; Supervisory Committee Members)</b> (Of whom outside directors)	8 (3)	210 (30)	70 (-)	2 (-)	282 (30)
<b>Directors (Audit &amp; Supervisory Committee Members)</b> (Of whom outside directors)	5 (4)	62 (42)	(-) (-)	- (-)	62 (42)
<b>Total</b> (Of whom outside directors)	13 (7)	272 (72)	70 (-)	2 (-)	345 (72)

\* Figures in parentheses are the number of outside directors and payment amounts.

\* The amount of the above performance-linked remuneration includes directors' bonuses of ¥70,285,000 based on a resolution at the 110th Ordinary General Meeting of Shareholders.

\* The Audit & Supervisory Committee examined the remuneration of directors other than those serving on the Audit & Supervisory Committee and found no particular points to be cited.

### Policies and procedures concerning the appointment 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 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 &

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.

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. In addition, we retain the Nomination & Remuneration Committee to ensure impartiality and transparency in decision-making processes associated with nominations of director candidates.

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

The Board of Directors makes a decision on the matter concerning the nomination of a 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 a 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 the approval of the Audit & Supervisory Committee regarding the proposal.

### Stakeholder dialogue

Stakeholder	Main kind of dialogue
<b>Investors</b>	We have held briefings on financial results (May and November 2021) 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 2022) and conducted a shareholder survey (November 2021).
<b>Employees</b>	The management holds morning meetings (a televisual address once weekly) to share topical information and runs an employee suggestion program.
<b>Customers</b>	Tokai Tokyo Securities started on-demand streaming of a webinar (Tokai Tokyo Now Channel) to provide the latest investment information such as market trends and stocks to watch. In May 2022, it commenced live streaming of the financial seminar (Tokai Tokyo LIVE!) to enhance the lineup of its webinars.
<b>Local communities</b>	We are expanding activities related to "the regional revitalization" theme within the Group bearing in mind the said theme as a common catchword. Beginning in July 2022, Tokai Tokyo Securities consummated the Open Innovation College Program in Tokyo besides in the Chubu region. The Company sponsors cultural and art events such as the Shogi tournament and Ghibli Park, as well as professional sports such as soccer and basketball teams in the Chubu region.

### Strategic equity holding

We stipulate the policy on strategic equity holding regarding the possession and subsequent exercise of voting rights 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

Category	As of March 31, 2021		As of March 31, 2022	
	Number of issuers under the arrangements	Carrying value (millions of yen)	Number of issuers under the arrangements	Carrying value (millions of yen)
<b>Unlisted issuer</b>	42	3,491	44	4,620
<b>Others</b>	83	6,933	81	6,404

### Basic policy regarding the control of the Company

The Company terminated the measures against the "Countermeasures against the Large-Scale Purchase of the Company Shares (Anti-Takeover Policy) in June 2022.

At the same time, the Company formulated the basic policy regarding the control of the Company (the basic

policy defining the requirement to be met by the party who rules decision-making on the Company's financial and business policy) and as disclosed on our website.



Basic policy regarding the control of the Company  
(p. 16 of Corporate Governance Guideline) (in Japanese only)  
[https://www.tokaitokyo-fh.jp/asset/pdf/corporate\\_governance\\_guideline.pdf](https://www.tokaitokyo-fh.jp/asset/pdf/corporate_governance_guideline.pdf)

# 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 its 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 specializing in providing guidance, monitoring, and coordination on compliance. The Group also has the Anti-Money Laundering Department, which



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>

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.

## 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." to enhance comprehensive and systematic disaster prevention, emergency response, and recovery. The Group established a Comprehensive Risk Management Department specializing in supervising, guiding, and monitoring the preventive schemes and activities associated with these various risks.

In addition, the Comprehensive Risk Management Department has established an all-encompassing point of contact for the whistleblowing system of the entire Group companies.

## 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.

## Tokai Tokyo Securities' risk management framework

Risk Category	Initiatives
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 daily.
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 to the Finance & Accounting Committee.

## Business Risks

Listed on the right 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 the risks that the management has not yet identified or not yet identified as significant.



Annual securities report for FYE March 31, 2022 (in Japanese only)  
<https://pdf.pocket.com/CS616/efCI/auuk/En3Y.pdf>

- Risk related to economic and market trends
- Regulatory risk
- Competition risk
- Credit risk (involving clients or debt-issuing entities)
- Risk associated with fund procurement for our day-to-day operation
- System risk
- Operational risk
- Data security risk
- Disaster risk
- Litigation risk
- Human resources availability risk
- Overseas business risk
- Reputation risk
- Risk Management Policy and the infrastructure for risk management
- Risk related to business expansion
- Risk related to COVID-19
- Risk related to climate change, etc.



## Eleven-Year Financial and Non-Financial Summary

	FYE	Mar. 2012	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022
<b>Consolidated statement of income (Millions of yen)</b>												
Commission received		24,191	36,659	54,939	44,082	34,267	26,934	35,907	28,954	29,172	31,173	37,575
Brokerage commission		6,006	9,995	26,301	19,016	16,538	12,930	17,415	10,729	12,239	13,936	13,929
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors		431	720	921	779	883	738	811	1,247	702	1,076	1,333
Fee for offering, secondary distribution and solicitation for selling and others for professional investors		11,704	19,763	21,149	18,105	10,481	6,916	7,844	6,951	6,519	6,461	9,939
Other fees received		6,048	6,180	6,567	6,180	6,363	6,349	9,836	10,025	9,710	9,700	12,372
Net trading income*1		25,593	28,301	32,775	35,427	30,329	35,737	45,095	32,179	29,510	34,008	33,998
Stocks		9,357	7,943	10,484	16,732	11,691	13,779	22,227	15,401	14,010	22,369	16,185
Bonds and Forex		16,235	20,358	22,291	18,695	18,638	21,957	22,867	16,778	15,499	11,639	17,813
Financial revenue*1		2,846	2,893	2,831	3,190	2,987	2,741	4,258	3,638	3,011	4,180	9,401
Total operating revenue		52,631	67,854	90,547	82,700	67,584	65,412	85,261	64,772	61,694	69,362	80,975
Financial expenses		1,875	1,900	1,865	1,325	1,306	1,684	2,342	2,219	1,926	2,321	2,726
Net operating revenue		50,756	65,954	88,682	81,374	66,277	63,728	82,919	62,553	59,767	67,041	78,249
Selling, general and administrative expenses*2		47,392	50,702	58,434	56,303	53,634	54,230	65,472	62,945	60,591	57,355	68,368
Personnel expenses		22,708	26,188	28,971	28,002	24,888	25,336	31,110	29,544	27,827	27,501	32,320
Operating profit		3,363	15,252	30,248	25,071	12,643	9,497	17,446	(391)	(823)	9,685	9,881
Non-operating income*2		2,078	2,405	3,420	3,522	2,765	3,935	3,693	1,712	1,971	3,234	3,341
Share of profit of entities accounted for using equity method		357	838	1,708	1,669	948	2,058	1,963	—	—	1,591	1,179
Non-operating expenses		364	337	262	69	111	163	200	388	446	371	243
Share of loss of entities accounted for using equity method		—	—	—	—	—	—	—	61	94	—	—
Ordinary profit		5,077	17,320	33,405	28,524	15,297	13,269	20,939	932	700	12,548	12,979
Profit before income taxes		4,769	17,812	35,307	28,896	17,925	16,195	31,742	1,528	3,049	12,827	17,828
Profit attributable to owners of parent		2,545	11,273	23,243	18,499	12,423	11,990	25,397	1,079	2,763	9,094	13,150
<b>Consolidated balance sheets (Millions of yen)</b>												
Total current assets		603,235	591,911	580,345	415,327	525,258	688,551	902,103	1,323,532	1,043,541	1,342,676	1,505,707
Trading products		198,470	203,401	224,158	198,053	259,234	292,495	388,099	657,524	422,351	588,098	529,440
Total non-current assets		37,981	38,150	36,924	42,778	43,290	53,884	62,429	67,544	69,772	73,893	75,523
Total assets		641,216	630,061	617,270	458,106	568,548	742,435	964,533	1,391,076	1,113,313	1,416,569	1,581,231
Total current liabilities		524,571	499,388	466,243	282,986	388,658	510,399	704,507	1,137,726	853,507	1,143,073	1,254,845
Trading products		111,181	93,955	76,593	70,125	137,111	192,454	281,709	546,499	341,416	379,293	444,613
Total non-current liabilities		6,219	8,088	7,808	17,379	24,245	74,357	84,564	88,431	98,781	100,176	140,114
Total liabilities		530,956	507,664	474,340	300,755	413,344	585,206	789,683	1,226,776	952,908	1,243,884	1,395,663
Total net assets		110,259	122,397	142,929	157,351	155,204	157,229	174,849	164,300	160,404	172,684	185,568
<b>Consolidated statement of cash flows (Millions of yen)</b>												
Cash flows from operating activities		(43,135)	79,020	(14,701)	37,746	12,302	2,944	19,332	(72,750)	10,945	(73,074)	5,672
Cash flows from investing activities		(1,469)	1,767	5,452	(2,214)	(775)	(8,507)	(588)	(9,615)	(6,686)	(12,397)	(23,011)
Cash flows from financing activities		26,304	(75,863)	1,864	(18,937)	(21,829)	35,864	(1,617)	39,695	18,227	104,805	32,355
Cash and cash equivalents at the end of the period		43,330	48,491	39,141	56,039	44,615	72,043	89,204	46,274	63,201	81,950	98,442
<b>ROE, per share data, and non-financial information</b>												
Net income per share (Yen)		9.45	42.74	87.68	69.51	46.92	45.73	97.27	4.18	11.04	36.62	52.94
Net assets per share (Yen)		416.51	461.12	528.26	579.91	580.16	593.47	668.18	625.05	630.24	666.65	694.86
Return on equity (ROE) (%)		2.3%	9.7%	17.7%	12.6%	8.1%	7.8%	15.5%	0.6%	1.7%	5.6%	7.8%
Dividend per share (Yen)		8.00	16.00	32.00	34.00	28.00	26.00	38.00	16.00	8.00	22.00	24.00
Number of employees (Year-end) (Consolidated)		2,253	2,178	2,214	2,353	2,391	2,483	2,753	2,861	2,534	2,442	2,847
Percentage of women in management positions (Year-end) (Tokai Tokyo Financial Holdings, Tokai Tokyo Securities) (%) <sup>3</sup>				13.0%	15.2%	17.6%	21.0%	22.2%	23.9%	13.3%	13.4%	14.5%
Training expenses (including commissions to Tokai Tokyo Academy) (Millions of yen)		370	381	433	479	493	547	622	727	604	534	527
Assets under custody (Tokai Tokyo Financial Group) (Billions of yen)		4,445	4,870	5,298	5,995	5,178	5,610	6,477	6,248	5,741	7,170	8,299
Energy usage intensity (Tokai Tokyo Securities) (Comparison to previous fiscal year) (%)				97.0%	96.4%	96.9%	99.3%	97.0%	97.3%	100.9%	100.9%	101.6%
CO <sub>2</sub> emissions (Tokai Tokyo Securities) (t-CO <sub>2</sub> )				4,310	3,938	3,671	3,499	3,243	3,009	2,851	2,699	2,642

\*1 Net trading income, Financial revenue: Effective from FYE March 31, 2020, the method of presenting these items has been changed from that used in previous fiscal years. The new method has been applied retroactively to these items for FYE March 31, 2019.

\*2 Selling, general and administrative expenses, Non-operating income: Effective from FYE March 31, 2022, the method of presenting these items has been changed from that used in previous fiscal years. The new method has been applied retroactively to these items for FYE March 31, 2021.

\*3 As of April 1. The formula was changed in April 2020 following the revision of the personnel system.

\* The provisional accounting treatment for business combinations was made in FYE March 31, 2018. Subsequently, each figure for FYE March 31, 2017 reflects such provisional accounting treatment.

\* 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.



# Financial Results for the Fiscal Year Ended March 31, 2022

## Consolidated Financial Results of Operation

	(Millions of yen)	
	Mar. 2021	Mar. 2022
Operating revenue	69,362	80,975
Net operating revenue	67,041	78,249
Operating profit	9,685	9,881
Ordinary profit	12,548	12,979
Profit attributable to owners of parent	9,094	13,150
Return on equity (ROE)	5.6	7.8

In the period under review, operating revenue increased 16.7%, to ¥80,975 million; net operating revenue increased 16.7%, to ¥78,249 million; operating profit increased 2.0%, to ¥9,881 million; ordinary profit increased 3.4%, to ¥12,979 million; and finally, profit attributable to owners of parent after deducting income taxes and others increased 44.6%, to ¥13,150 million.

Selling, general and administrative expenses totaled ¥68,368 million, an increase of 19.2%. Under this category, trading-related expenses increased 28.6%, to ¥13,127 million, due to factors such as higher IFA fees and increased Group companies. The increased Group companies also caused personnel costs to increase by 17.5%, to ¥32,320 million. Similarly, real estate expenses increased 13.8%, to ¥7,732 million, and office expenses increased 28.0%, to ¥8,645 million.

Non-operating income totaled ¥3,341 million, an increase of 3.3%. Under this category, equity-method investments income totaled ¥1,179 million, while dividend income totaled ¥672 million. Non-operating expenses totaled ¥243 million, a decrease of 34.3%. Under this category, loss on investments in investment partnerships totaled ¥204 million.

In the period under review, we recorded extraordinary profit: primarily, ¥8,268 million in gain on negative goodwill realization following the full acquisition of ACE Securities. We also recorded an extraordinary loss of ¥2,473 million in conjunction with the said acquisition, which was made in installments due to the reevaluation of ACE Securities shares owned by us.

	(Millions of yen)	
	Mar. 2021	Mar. 2022
Commission received	31,173	37,575
Net trading income	34,008	33,998
Financial revenue	4,180	9,401

### (Commission received)

During the fiscal year under review, total commissions received increased by 20.5% to ¥37,575 million.

#### 1. Commission to consignees

Total commissions to consignees earned by the Group totaled ¥13,929 million, a result somewhat similar to that of the previous year. Under this category, the volume of stock brokered by Tokai Tokyo Securities, our core subsidiary, decreased by 23.6% to 2,641 million shares, and the value of stock brokered decreased by 12.6% to ¥5,350,800 million. Commissions to consignees on stocks earned by the Group decreased by 2.0% to ¥13,266 million.

#### 2. 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 ¥1,333 million, an increase of 23.9%. Under this category, commission earned by the handling of stock totaled ¥722 million, a decrease of 3.5%, while commission on bonds totaled ¥610 million, an increase of 86.7%.

#### 3. Fees for offering, secondary distribution, and solicitation for selling and others for professional investors

Fees for offering, secondary distribution and solicitation for selling and others for professional investors totaled ¥9,939 million, an increase of 53.8%. Under this category, fees from beneficiary certificates increased 54.0% to ¥9,931 million, reflecting an increase in the number of Group companies.

#### 4. Other fees received

Other fees received totaled ¥12,372 million, an increase of 27.6%. Under this category, agency commissions from investment trusts increased by 60.4% to ¥5,851 million, and insurance commissions increased by 15.3% to ¥3,693 million.

### (Net trading income)

Net trading income totaled ¥33,998 million, a similar result to the previous year. Under this category, stock trading income decreased by 27.6% to ¥16,185 million, and trading of bonds and foreign exchanges (primarily from foreign currency-denominated bonds and structure bonds) increased by 53.1% to ¥17,813 million.

### (Net financial revenue)

Net financial revenue increased by 259.2% to ¥6,675 million. Under this category, financial revenue totaled ¥9,401 million, an increase of 124.9%, while financial expenses increased by 17.4% to ¥2,726 million.

## Consolidated financial position

		Mar. 2021	Mar. 2022
Net assets	(Millions of yen)	172,684	185,568
Total assets	(Millions of yen)	1,416,569	1,581,231
Equity ratio	(%)	11.7	10.9
Book value per share (BPS)	(Yen)	666.65	694.86

### Assets

As of the end of the period under review, total assets amounted to ¥1,581,231 million, an increase of ¥164,661 million. Under this category, current assets increased by ¥163,031 million to ¥1,505,707 million. The key contributors were cash and deposits, which increased by ¥16,770 million to ¥100,360 million, and loans secured by securities, which increased by ¥143,754 million to ¥551,583 million. Non-current assets increased by ¥1,630 million to ¥75,523 million. The main contributor was software, which increased by ¥3,347 million to ¥5,879 million.

### Liabilities

Total liabilities as of the end of the period under review increased by ¥151,778 million to ¥1,395,663 million. Under this category, current liabilities increased by ¥111,771 million to ¥1,254,845 million. The main contributors were trading products, which increased by ¥65,319 million to ¥444,613 million, and trade date accrual, which increased by ¥68,929 million to ¥78,170 million. Partially offsetting the increase was borrowings secured by securities, which decreased by ¥41,945 million to ¥326,725

million. Non-current liabilities increased by ¥39,938 million to ¥140,114 million. The main factors were bonds payable, which increased by ¥16,722 million to ¥28,585 million, and long-term borrowings, which increased by ¥23,100 million to ¥107,300 million.

### Net assets

In the period under review, total net assets amounted to ¥185,568 million, an increase of ¥12,883 million. Under this category, retained earnings increased by ¥7,189 million to ¥114,580 million.

## Dividends

		Mar. 2021	Mar. 2022
Net income per share (EPS)	(Yen)	36.62	52.94
Dividend per share (portion accounted for by interim dividend per share)	(Yen)	22.00 (8.00)	24.00 (10.00)
Dividends payout ratio (consolidated)	(%)	60.1	45.3
Dividend on net assets ratio (consolidated)	(%)	3.4	3.5

The Group's basic policy in determining the dividend payment is to return profits to shareholders in a steady and appropriate amount while at the same time trying to increase retained earnings to enhance corporate value through mid- to long-term growth.

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 Board of Directors decides the interim dividend payment, 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 an interim dividend in accordance with the provisions of Article 454, Paragraph 5, of the Companies Act.

Regarding dividend payment from the retained earnings for the fiscal year under review, the year-end dividend per share was ¥14, which made an annual total dividend of ¥24 when combined with the interim dividend of ¥10. As a result, the payout ratio was 45.3%, and the dividend on the net asset ratio was 3.5% on a consolidated basis.

## Share Information

### Share information (As of March 31, 2022)

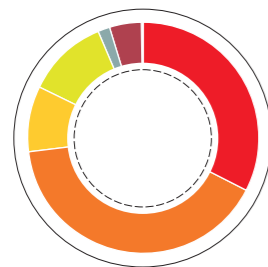
<b>Stock code:</b>	8616
<b>Stock exchange listings:</b>	Tokyo Stock Exchange (Prime) and Nagoya Stock Exchange (Premier)
<b>Shareholder registry administrator:</b>	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
<b>Number of shares authorized:</b>	972,730,000
<b>Number of shares issued:</b>	260,582,115
<b>Number of shareholders:</b>	54,108
<b>Trading unit of shares:</b>	100

### Major shareholders (Top 10) (As of March 31, 2022)

	Number of shares held	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,359,600	13.82
MUFG Bank, Ltd.	12,016,853	4.83
Custody Bank of Japan, Ltd. (Trust Account)	8,025,700	3.23
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
STATE STREET BANK WEST CLIENT – TREATY 505234	3,904,800	1.57

\* The ownership ratio is calculated based on figures generated after deducting treasury stock from the total number of shares issued.  
\* In addition to the companies listed above, Tokai Tokyo Financial Holdings holds 11,999,455 shares of treasury stock.

### Shareholder breakdown (As of March 31, 2022)



Individuals and others	32.55%
Financial institutions	40.53%
Other domestic corporations	9.20%
Foreign corporations	11.60%
Securities firms	1.52%
Treasury stock	4.61%

\* The composition ratios are rounded off to the third decimal place. Consequently, the sum of aggregate values may not add up to 100%.

### Total shareholder return (TSR) from March 2017 to March 2022



The closing TSR for March 2017 is scaled at 100.0% and factors in estimated dividends.

\* TSR factors in the capital gains and dividends from the stock.  
\* The closing TSR for March 2017 is scaled at 100.0%, representing fair value.

## Company Information (As of March 31, 2022)

<b>Company name</b>	Tokai Tokyo Financial Holdings, Inc.
<b>Date of incorporation</b>	June 19, 1929
<b>Paid-in capital</b>	¥36,000,000,000
<b>Number of employees</b>	145 (Does not include 63 temporary employees and 3 dispatched workers)
<b>Number of employees (consolidated)</b>	2,847 (Does not include 16 investment advisors and asset advisors as combined, 513 temporary employees, and 67 dispatched workers)
<b>Address of head office</b>	Nihonbashi Takashimaya Mitsui Building, 5-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-6130

### Principal subsidiaries

Company name	Head Office	Main business
<b>Tokai Tokyo Securities Co., Ltd.*1</b>	7-1, Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi	Financial instruments business
<b>Maruhachi Securities Co., Ltd.*2</b>	4 Shinsakae-machi 2-chome, Naka-ku, Nagoya-shi, Aichi	Financial instruments business
<b>Tokai Tokyo Research Institute Co., Ltd.</b>	19-30, Aoi 1-chome, Higashi-ku, Nagoya-shi, Aichi	Financial instruments business and research on economic conditions and corporate performance
<b>Tokai Tokyo Asset Management Co., Ltd.</b>	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	Financial instruments business
<b>Tokai Tokyo Investment Co., Ltd.</b>	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	Creation and management of funds, self-financed investment
<b>Tokai Tokyo Wealth Consulting Co., Ltd.</b>	5-28, Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi	Consulting on handling of testamentary trusts, inheritance property, especially for wealthy clients
<b>Tokai Tokyo Academy Co., Ltd.</b>	4-18, Toyo 2-chome, Koto-ku, Tokyo	Education and training
<b>Tokai Tokyo Services Co., Ltd.</b>	13-8, Aoi 1-chome, Higashi-ku, Nagoya-shi, Aichi	Transfer agent, merchandising, printing, real-estate rental management, insurance agency
<b>Tokai Tokyo Business Service Co., Ltd.</b>	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	Outsourced back-office operations for securities companies and others
<b>Tokai Tokyo Digital Platform Co., Ltd.*3</b>	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	Electronic settlement agency service. Planning, development, and operation of asset management platform application. Various information provision services using the Internet.
<b>CHEER Securities Inc.*4</b>	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	Financial instruments business
<b>ETERNAL Co., Ltd.</b>	20-19, Minamioyama 4-chome, Minato-Ku, Tokyo	Insurance agency
<b>Mebius Co., Ltd.</b>	1-8, Minamihonmachi 2-chome, Chuo-ku, Osaka-shi, Osaka	Insurance agency
<b>Pinnacle Inc.</b>	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	M&A advisory
<b>Pinnacle TT Solution Inc.</b>	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	M&A advisory, cross-border advisory
<b>MAfolova Inc.</b>	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	M&A matching platform service operation
<b>Tokai Tokyo Securities (Asia) Limited</b>	15/F, 33 Des Voeux Road Central, Central, Hong Kong	Securities business
<b>Tokai Tokyo Securities Europe Limited</b>	4th Floor, Salisbury House, London Wall, London, EC2M 5QQ, United Kingdom	Securities business
<b>Tokai Tokyo Securities (USA), Inc.</b>	3 Columbus Circle, Suite 1715, New York, NY	Researching U.S. companies and collecting information on the overall U.S. market
<b>Tokai Tokyo Investment Management Singapore Pte. Ltd.</b>	60 Anson Road #13-03, Mapletree Anson, Singapore 079914	Asset management
<b>Tokai Tokyo Global Investments Pte. Ltd.</b>	60 Anson Road #13-03, Mapletree Anson, Singapore 079914	Fund investment

\*1 On May 1, 2022, Tokai Tokyo Securities Co., Ltd. (surviving company) merged with ACE Securities Co., Ltd. (dissolving company).

\*2 On April 16, 2021, Maruhachi Securities Co., Ltd. became a consolidated subsidiary from an equity-method affiliate.

\*3 On October 25, 2021, Money Compass Japan Co., Ltd. changed its name to Tokai Tokyo Digital Platform Co., Ltd.

\*4 On November 12, 2021, 3.0 Securities Preparatory Co., Ltd. changed its name to CHEER Securities Inc.