

IR Presentation FYE Mar. 2023

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President and Representative Director

May 25, 2023

未来をつなぐ、心をむすぶ。

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I . Executive Summary

Financial Overview & Operating Result

- **Decreased foreign equity broking, reorganized approach for structured bond sales, and expanded investment as part of future strategy resulted in tough results. (P.4)**
- **Our endeavors for revenue source diversification started making some positive differences in the focused areas of insurance, and TTGI. (P.6)**

Efforts and Results

- **Wealth division and joint venture stock-brokerage partnership have made a core contribution to the increase in assets under custody by consistently funneling funds and assets into the Group. (P. 15)**
- **Digital operation with a large front-end investment burden has now moved up to the actual working phase from the initial preparatory stage. (P. 37)**
- **Negotiation with Powerful Partners to be continued aiming to go “Beyond our Limits” by the measures taken with digital-related businesses as our driving force. (P. 39)**

II . FYE March 2023 (Performance Review)

II . FYE March 2023 (Performance Review) (Consolidated Basis)

- Decreased foreign equity broking, reorganized approach for structured bond sales, and expanded investment as per future strategy lowered operating revenue.
- Front-end investment in digital businesses increased cost burden.

(Millions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change
Operating Revenue	80,975	73,383	-9%
Net Operating Revenue	78,249	69,598	-11%
Selling, General and Administrative Expenses	68,368	66,438	-3%
Operating Profit	9,881	3,159	-68%
Non-Operating Income & Expenses	3,098	3,186	3%
Ordinary Profit	12,979	6,346	-51%
Extraordinary Income & Loss	4,848	-246	-
Profit Before Income Taxes	17,828	6,099	-66%
Income Taxes - Current & Deferred	4,124	3,390	-18%
Profit Attributable to Owners of Parent	13,150	1,953	-85%

※Profit Attributable to Owners of Parent for the FYE March 2022 included the gain on negative goodwill realization associated with wholly owning ACE Securities.

II . FYE March 2023 (Performance Review)

(Quarterly Consolidated Results)

- Tokai Tokyo Securities experienced declined operating revenue from 3Q due to decreased transaction flow while reviewing the sales approach of structured bond sales. Stepped-up sales of foreign bonds and investment trusts and promotion of portfolio investment solutions, partially made up the revenue shortfall, but was not enough. Thus, the consolidated bottom line dropped.
- In 4Q, we set up the “Decluttering Committee” to implement cost-cutting measures. The Committee aims at ¥5 billion cost cut per year by reviewing the current handling of expenditures and re-examining planned investments. Further, in 4Q and the following 1Q, we will save the total of ¥3.3 billion by ¥2.5 billion reduction of system-related expenses as well as ¥0.8 billion cut associated with events sponsoring.

	FYE Mar.2022				FYE Mar.2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
(Millions of yen)								
Operating Revenue	19,973	20,569	21,528	18,904	18,460	20,175	17,746	16,999
Net Operating Revenue	19,447	19,980	20,936	17,885	17,621	18,979	16,975	16,022
Selling, General and Administrative Expenses	16,966	16,806	17,296	17,298	16,912	16,906	16,214	16,405
Operating Profit	2,480	3,174	3,640	586	708	2,072	761	-382
Non-Operating Income & Expenses	581	876	437	1,202	491	368	-161	2,487
Ordinary Profit	3,061	4,051	4,077	1,789	1,200	2,441	600	2,104
Extraordinary Income & Loss	5,582	59	-343	-449	54	-378	37	40
Profit Before Income Taxes	8,644	4,110	3,733	1,340	1,255	2,062	637	2,144
Income Taxes - Current & Deferred	1,471	986	1,146	520	450	907	617	1,414
Profit Attributable to Owners of Parent	7,007	2,902	2,348	891	101	713	521	616

※ Profit Attributable to Owners of Parent for 1Q of the FYE March 2022 included the gain on negative goodwill realization associated with wholly owned ACE Securities.

II . FYE March 2023 (Performance Review)

(Consolidated) Profit analysis of each member of the Group

- All the securities brokerage members of the Group including Tokai Tokyo Securities and joint venture operations suffered worsened profits.
- TTGI and insurance agency operations supported profits that would otherwise have been further worse.
- Upfront expenditures related to digital businesses increased due to focused efforts to form alliances and cooperations with “Powerful Partners”.

	(Millions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change	
①	Tokai Tokyo Securities	8,924	3,001	-66%	All brokerage members in the Group suffered significant profit decrease due to adverse market environment and suspended sales of structured bonds for realigning sales approach for the subject products. ACE Securities was integrated with Tokai Tokyo Securities in May 2022.
	JV Securities Total	1,575	131	-92%	
	Ace Securities	962	-3	-	
	Maruhachi Securities	395	129	-67%	
②	Tokai Tokyo Global Investments (TTGI)	300	2,554	751%	Profit increase was realized by favorable return on investment and appreciation of assets in possession. Mebius fares well in sales by using call center function and door-to-door approaches.
	Insurance (Eternal, Mebius)	622	815	31%	
	M&A (Pinnacle, Pinnacle TT Solution, Mafolova)	-22	-38	-	
③	Digital Operations (Subsidiaries + Equity Method Affiliates' Profit and Loss as proportionally recognized)※	-1,243	-2,850	-	Upfront investment increased.
	Others	1,466	2,609	78%	
	Total Consolidated ordinary income (loss)	12,979	6,346	-51%	

II . FYE March 2023 (Performance Review) (Consolidated) Commission

- Total commission received (left table) decreased owing to declined handling volume of stock brokerage and investment trusts.
- Redesigning the composition of revenue sources proved effective to insulate earnings from market fluctuations. “Commissions on WRAP”, “Insurance fee”, and “Others” shown in the right table all supported the increase in “Other Fees received” in the left table, withstanding an adverse market condition.

(Millions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change
Commission to Consignees	13,929	11,758	-16%
Commission for Underwriting, Secondary Distribution & Solicitation	1,333	1,112	-17%
Fee for Offering, Secondary Distribution & Solicitation	9,939	6,900	-31%
Other Fees Received	12,372	13,157	6%
Total Commission Received	37,575	32,929	-12%

Other fees received (Millions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change
Beneficiary Certificate (Investment Trust Brokerage Commission)	5,851	5,331	-9%
Commission on the Outstanding WRAP Accounts Balance	610	732	20%
Insurance fee	3,693	4,550	23%
Consulting fee (M&A etc.)	608	606	0%
Others	1,608	1,937	20%
Total Other fees received	12,372	13,157	6%

II . FYE March 2023 (Performance Review) (Consolidated) Trading Income

- Growth in foreign bond sales, Japanese bonds trading, and derivative transactions altogether was more than offset by slumping foreign equities and structured bonds. Thus, the total net trading income ended up with an 8% decrease.

(Millions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change
Stocks	23,599	17,826	-24%
Japanese Equities & Equity Swap	5,193	3,802	-27%
Foreign Equities	16,341	10,485	-36%
Others (Funds .etc)	2,065	3,538	71%
Bonds & Forex	16,192	18,775	16%
Japanese Government Bond	954	2,440	156%
Public and Corporate Bonds	1,151	1,301	13%
Foreign Bonds, Forex, and Derivative	14,086	15,033	7%
Total Net Trading Income	39,792	36,602	-8%

* Equity Swap is now grouped under “Stocks” taken out from “Bonds & Forex” unlike in the previous format.

The figures of “Japanese Equities and Equity Swap” under “Stocks” represent total revenues including financial income.

II . FYE March 2023 (Performance Review)

(Consolidated) SG&A Expenses

- The merger between ACE Securities and Tokai Tokyo Securities has now started showing its effect. The decrease in both “Personnel Expenses” and “Real Estate Expenses” attest to that.
- Amortization of added software pushed up “Depreciation” accompanying the beginning of CHEER Securities’ operation.

(Millions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change
Trading Related Expenses	13,127	12,428	-5%
Personnel Expenses	32,320	30,836	-5%
Real Estate Expenses	7,732	7,585	-2%
Office Expenses	8,645	8,635	-0%
Depreciation	2,902	3,280	13%
Other	3,639	3,673	1%
Total SG&A Expenses	68,368	66,438	-3%

II . FYE March 2023 (Performance Review)

(Consolidated) SG&A Expenses (Fixed Cost • Variable Cost)

- Fixed Expenses: Both “Personnel Expenses” and “Real Estate Expenses” decreased owing mainly to the merger between ACE Securities and Tokai Tokyo Securities.
- Variable Expenses: A decrease in sales of both foreign bonds and structured bonds led to reduced “Trading Related Expenses.” Also, Personnel Expenses as a variable cost composite were reduced due to the smaller bonus allowance.

	(Millions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change
Fixed Expenses	Trading Related Expenses	4,715	4,924	4%
	Personnel Expenses	26,651	26,268	-1%
	Real Estate Expenses	7,732	7,475	-3%
	Office Expenses	7,386	7,186	-3%
	Depreciation	2,902	3,280	13%
	Other	3,639	3,562	-2%
	Total (Fixed Expenses)	53,028	52,698	-1%
Variable Expenses	Trading Related Expenses	8,411	7,504	-11%
	the portion paid to partners with whom we run security brokerage operation jointly.	1,733	824	-52%
	Personnel Expenses	5,668	4,567	-19%
	Real Estate Expenses	-	110	-
	Office Expenses	1,259	1,448	15%
	Other	-	111	-
	Total (Variable Expenses)	15,339	13,740	-10%
Total SG&A Expenses		68,368	66,438	-3%

Ⅲ. FYE March 2023 (Key Analysis)

III. FYE March 2023 (Key Analysis)

- **Revenue generation of Tokai Tokyo Securities by its respective Companies**
- **Asset under Custody**
- **The issue - Structured Bond now and hereafter**

III. FYE March 2023 (Key Analysis)

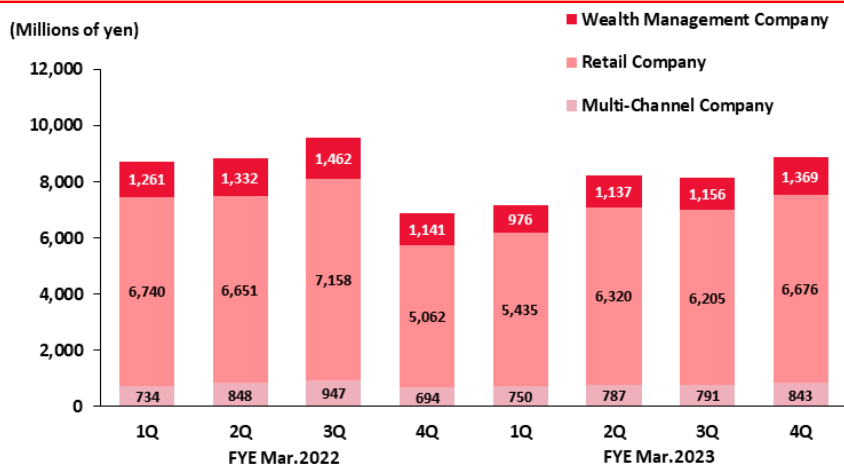
Revenue generation of Tokai Tokyo Securities by its respective companies

- Retail sales division and Global-Market Company saw a drop in its revenue due to the slumping sales of foreign equity and virtually suspended sales of structured bonds while its sales activity remains reexamined.
- The merger with ACE Securities enlarged the caliber of IFA company operations.

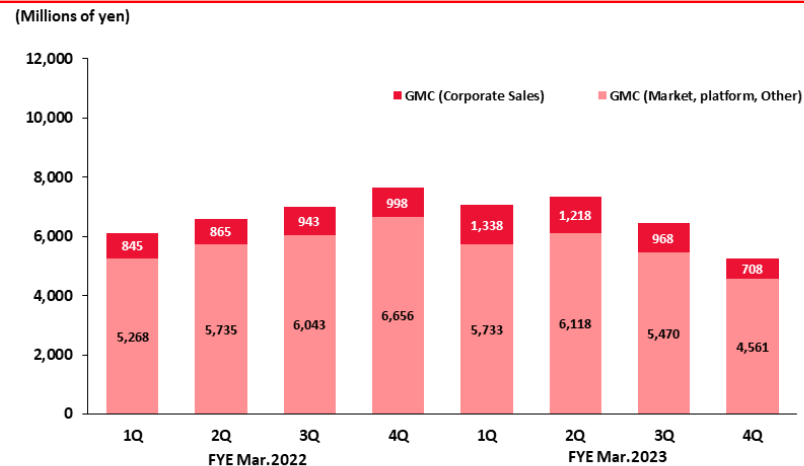
Tokai Tokyo Securities Revenue by Each Company (Millions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change
Wealth Management Company	5,198	4,639	-11%
Retail Company	25,612	24,638	-4%
Multi-Channel Company	3,224	3,173	-2%
IFA Company	2,242	3,431	53%
Investment Banking Company	1,717	1,650	-4%
Global-Market Company	27,357	26,117	-5%

III. FYE March 2023 (Key Analysis)

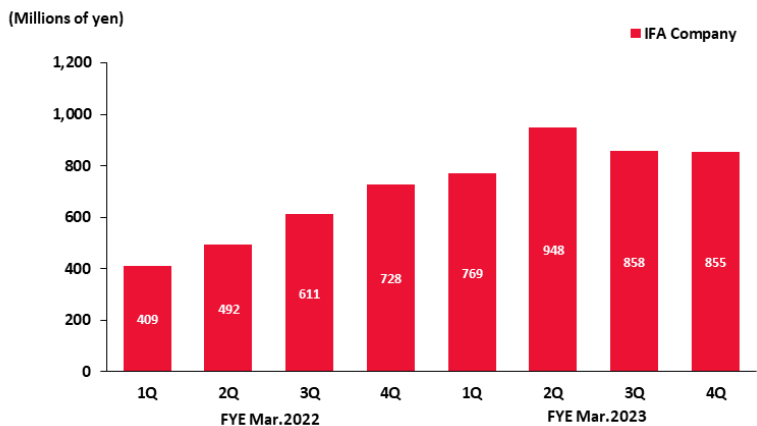
Revenue generation of Tokai Tokyo Securities by its respective companies



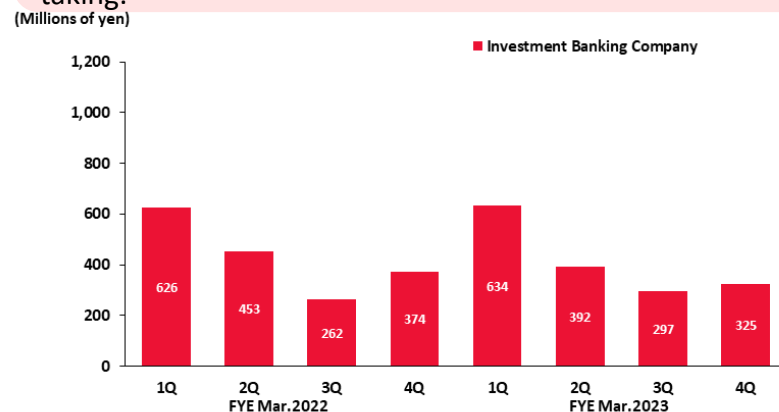
Although overall figure fell from its level of last year, it keeps steady recovery for each quarter as a whole.



Depressed revenue flow from the sales of foreign equity and structured bond and unfavorable market environment hurt the revenue of Global-Market Company they earn from position taking.



IFA Company underpinned the revenue generation of Tokai Tokyo securities by adding the number of IFAs who cater their services to wealth segment customers.



Investment Banking Company ended up with the Number 6 ranking on the bond league table. In terms of IPO, they increased number of potential future deals in their pipeline. However, the delay in the listing process caused generally by adverse market condition hampered the actual revenue level.

III. FYE March 2023 (Key Analysis)

Trend of Asset under Custody

- Total balance of Assets under Custody grew ¥ 365 billion from the end of the preceding fiscal year.

	(Billions of yen)	Mar. 2022		Mar. 2023		Change from the previous Fiscal Year end
			Component Ratio		Component Ratio	
Stocks	3,238	56%	3,711	58%	15%	
Foreign	175	3%	195	3%	11%	
Domestic	3,062	53%	3,516	55%	15%	
Bonds	1,177	20%	1,337	21%	14%	
Foreign	427	7%	528	8%	24%	
Domestic	750	13%	809	13%	8%	
Investment Trusts	1,273	22%	1,340	21%	5%	
Other	58	1%	59	1%	3%	
Tokai Tokyo Securities Total	5,748		6,450		12%	
ACE Securities (Tokai Tokyo Securities)	442					
Maruhachi Securities	197		193		-2%	
JV Securities Total	1,911		2,021		6%	
Group Total	8,299		8,664		4%	

III. FYE March 2023 (Key Analysis)

Fund • Asset Inflows

➤ The Group's total acquisition of funds and assets during the FYE March 2023 decreased to ¥563 billion.

We however, maintained relatively high-level inflows of funds and assets.

➤ At Tokai Tokyo Securities, the wealth management company and IFA wealth division kept the momentum.

➤ Security brokerage partnerships we jointly operate with partners accomplished a net increase in both fund and asset assisted by continuing customer referrals.

Tokai Tokyo Securities (from both individual + corporate accounts)

(Billions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change
Inflow of Cash	4,219	3,650	-13%
Outflow of Cash	3,916	3,283	-16%
Net Inflow of Cash	303	366	21%
Inflow of Securities	335	229	-32%
Outflow of Securities	86	181	110%
Net Inflow of Securities	249	47	-81%
Net Inflow of Cash and Securities	552	414	-25%

JV Securities Total (from both individual + corporate accounts)

(Billions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change
Net Inflow of Cash and Securities	155	150	-3%

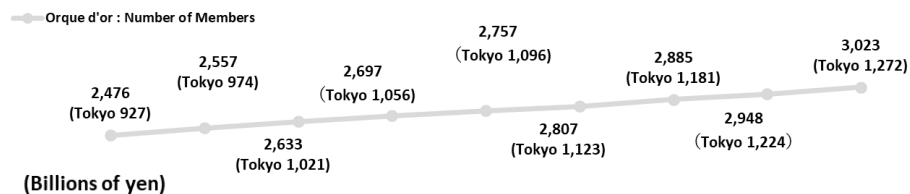
Maruhachi Securities (from both individual + corporate accounts)

(Billions of yen)	FYE Mar. 2022 Apr.–Mar.	FYE Mar. 2023 Apr.–Mar.	YoY % Change
Net Inflow of Cash and Securities	-3	-1	-

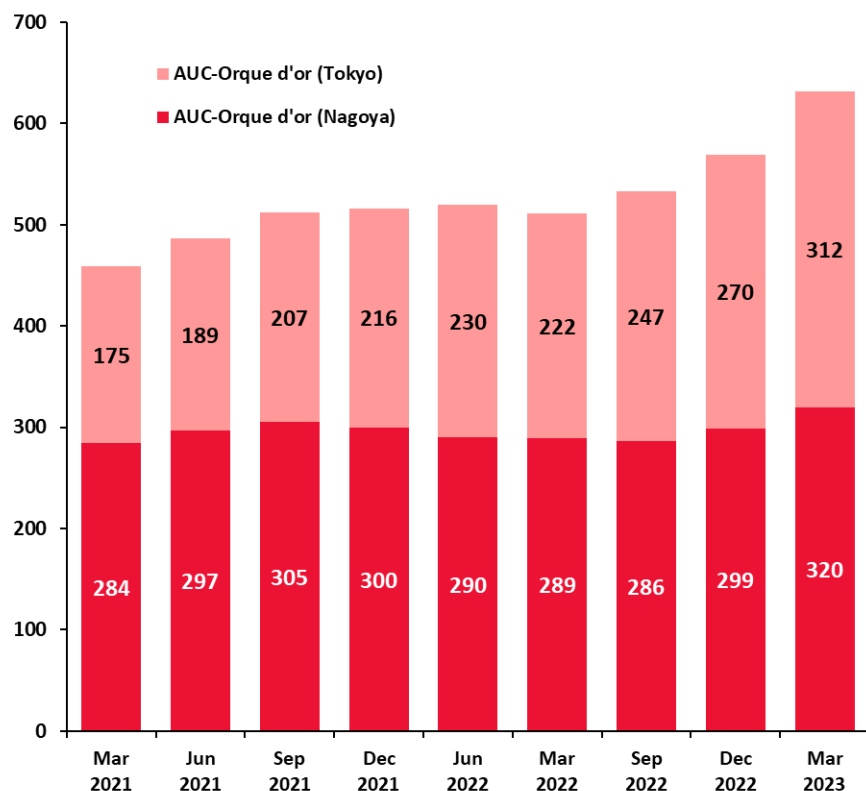
III. FYE March 2023 (Key Analysis)

The Group's overall trend of Asset under Custody (Wealth Segment Division)

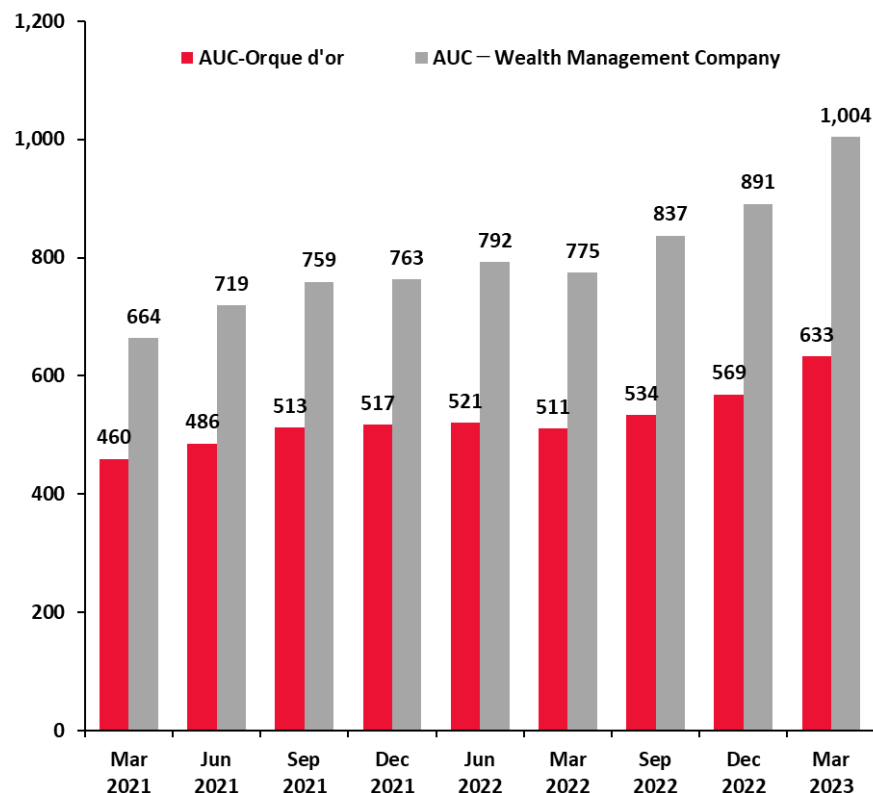
➤ Orque d'or Brand operation going well. Wealth management company accomplished ¥1 trillion thresholds of Assets under Custody for the first time in the group's history.



(Billions of yen)



(Billions of yen)



III. FYE March 2023 (Key Analysis)

Structured Bond now and the problem-solving hereafter

- Tokai Tokyo Securities significantly rigidified the investor suitability standard applicable to the sales of structured bonds at the beginning of the 2nd half of FYE Mar. 2023, and joint venture partnership firms virtually stopped selling the subject product almost entirely.
- We are reviewing and improving sales approach toward problem-solving through repeated consultations with regulatory authority while referring to the guideline issued by the Japan Securities Dealers Association.
- Build an operational system to facilitate one-notch higher customer-first sales activity that promotes the following tasks. 1) sales of products suitable to respective customers, 2) the disclosure of the product's feature from a risk vs. return perspective, and 3) the commission adjustment to secure fairness to customers.

Tokai Tokyo Securities (Millions of yen)	FYE Mar.2022			FYE Mar.2023			YoY % Change
	FYE Mar.2022 Apr.-Sep.	FYE Mar.2022 Oct.-Mar.	Total	FYE Mar.2023 Apr.-Sep.	FYE Mar.2023 Oct.-Mar.	Total	
Sales Administration Unit	1,945	1,888	3,833	1,846	623	2,469	-36%
Corporate Sales	351	388	739	450	243	693	-6%
Market & Products	2,428	2,263	4,691	1,972	461	2,434	-48%
Income from Structured Bond	4,725	4,539	9,265	4,269	1,328	5,598	-40%
Consolidated operating income	40,543	40,432	80,975	38,636	34,746	73,383	
The share the Income from Structured bond accounts against the Total consolidated operating income	12%	11%	11%	11%	4%	8%	

III. FYE March 2023 (Key Analysis)

Topics of the 2nd Half of the FYE March 2023

TTFH

- Established Fujita TT Impact 1 Investment Limited Partnership.

CHEER Securities

- Started offering services that enable customers to invest in securities via applications provided by Nishi-Nippon City Bank.
- Initiated service linkage with a point-earning program, “Cocokabu” that allows customers to convert their earned points to real stocks.

Tokai Tokyo Digital Platform

- Joined “The Green Life Point Program for Food and Life ” advocated by the Ministry of the Environment by participating in the “Ito Project” organized by Saijyo City in Ehime Prefecture. We offered the “Ito Mobile Application” which added the point-earning function to the region-supporting application base.
- Provided Kosai City in Shizuoka Prefecture with “the Regional Revitalization Platform” that helps them issue premium digital gift coupons.
- Signed “Business Matching Agreement” with Tochigi Bank. (We signed the same agreement in the first half of the FYE Mar. 2023 with Hokuriku Bank.)

Tokai Tokyo Securities Expansion of Security Token Business

- Launched “Tosei Property Fund (series 2)” as the second issue in its series.
- Converted a private equity fund as the mother fund to place privately in the form of security tokens for personal investors as the first product of its kind in Japan. The fund was created originally for institutional investors in the U.S. by a major American asset management firm.

IV. Medium-Term Management Plan – Numerical Targets and the Progress

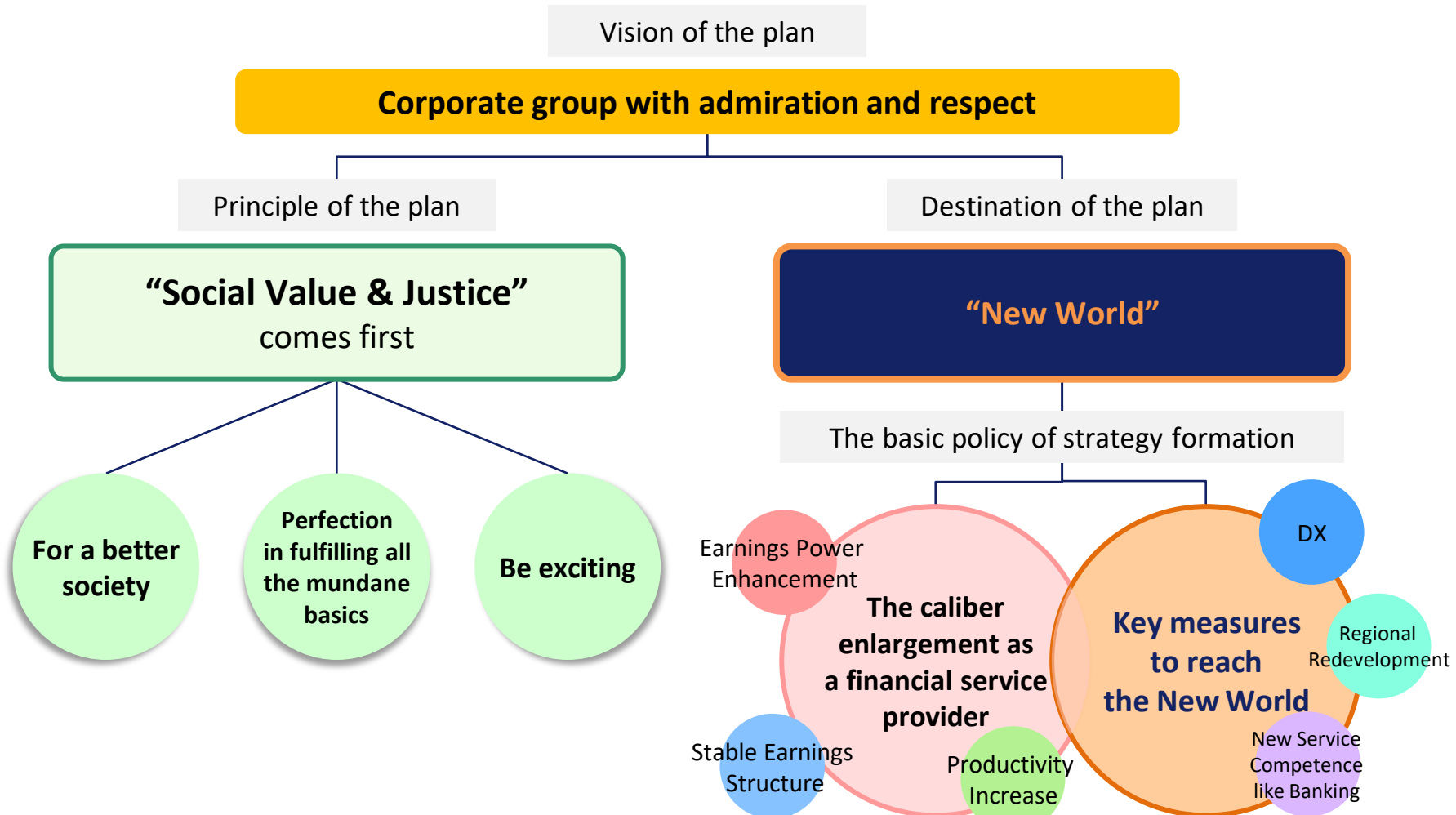
IV. Medium-Term Management Plan

– Numerical Targets and the Progress

Five-year plan

“Beyond Our Limits”

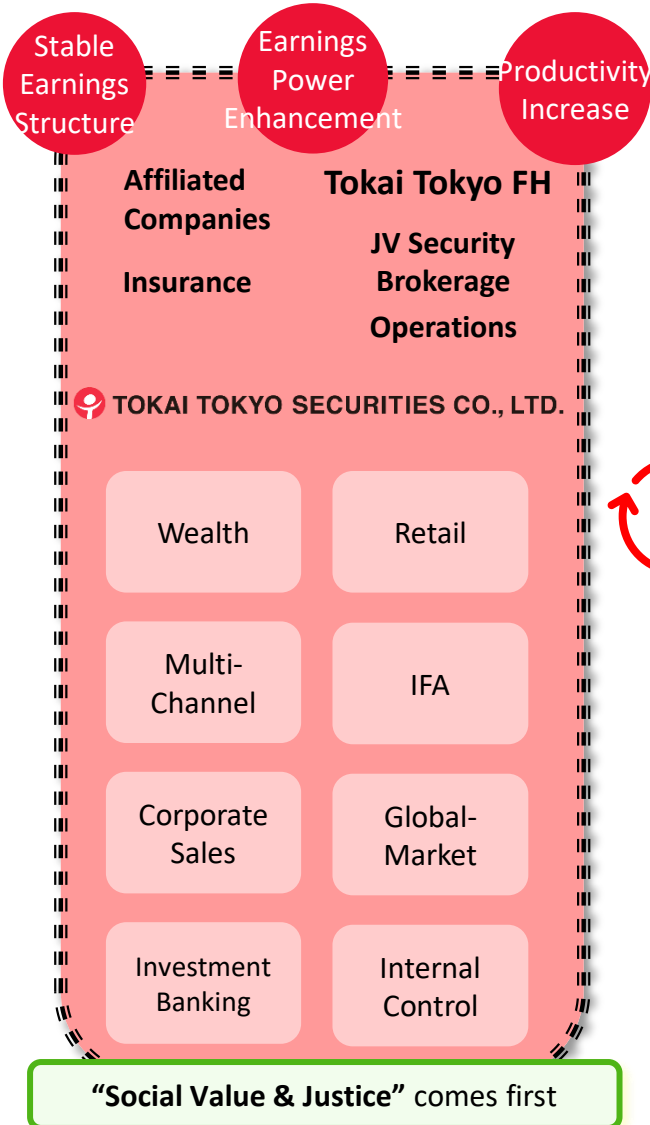
April 2022 thru March 2027



IV. Medium-Term Management Plan – Numerical Targets and the Progress

Leap forward Beyond Our Limits

Deepen expertise in existing businesses



Evolution to New Businesses



IV. Medium-Term Management Plan – Numerical Targets and the Progress

~Outline of the Plan

“Beyond Our Limits”

Stakeholder Benefits

“Powerful Partners”

Corporate Value Enhancement

The caliber and capability enhancement as a financial service provider



New Bonanza

Growth Potential

IV. Medium-Term Management Plan – Numerical Targets and the Progress

Progress as of the end of Mar. 2023

FYE Mar.2027 Target Values

Group
KGI

ROE*
FYE Mar.2022
7.8%
1.1%
FYE Mar.2023

12.0%

The decrease in Operating Revenue caused -6.7PP increase compared with the ROE of FYE Mar. 2022 .

Assets under custody
FYE Mar.2022
8.2 trillion yen
8.6 trillion yen
FYE Mar.2023

12.0 trillion yen

Asset under Custody grew + 0.4 trillion yen compared with the level at the end of Mar. 2022. We are away from the target by 3.4 trillion yen.

Ordinary profit
FYE Mar.2022
14.2 billion yen
9.1 billion yen
FYE Mar.2023

30.0 billion yen

-36% compared with the Ordinary Profit of FYE Mar. 2022.

Assets under custody
FYE Mar. 2022
8.2 trillion yen
8.6 trillion yen
FYE Mar.2023

10.0 trillion yen

Stable earnings / fixed cost coverage ratio
FYE Mar. 2022
8.2 trillion yen
8.6 trillion yen
FYE Mar.2023

20.0%

+2.7PP compared with the FYE Mar. 2022 result.

Labor productivity
FYE Mar.2022
15.9%
18.6%
FYE Mar.2023

23.0 million yen

-8% compared with the FYE Mar. 2022 result.

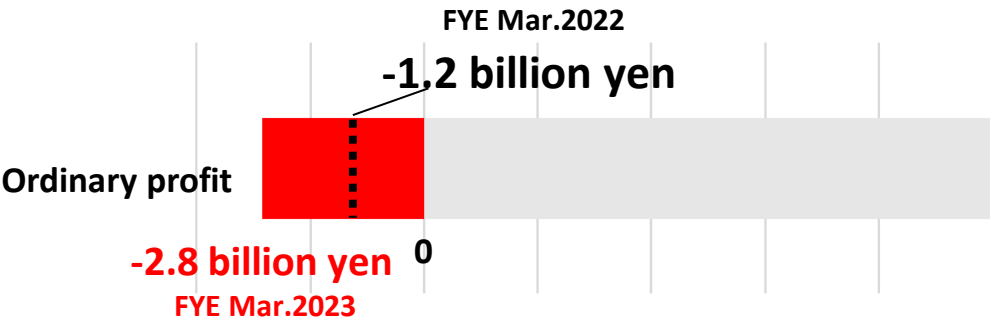
16.5 million yen
FYE Mar.2023
18.0 million yen
FYE Mar.2022

We challenge the tasks of streamlining by digitalization and cost efficiency improvement.

The caliber and capability
Enhancement as
a financial
service provider

IV. Medium-Term Management Plan – Numerical Targets and the Progress

Key measures to reach the New World



FYE Mar.2027
Target Value

6.0~10.0 billion yen

Ordinary Profit -1.6 billion yen compared with the FYE Mar. 2022 result reflects the cost burden of proactive investment made in digital fields such as TTDP’s Regional Revitalization Platform and the Robo-Advisor service scheduled to be installed in CHEER Securities.

The said endeavors were recognized by the METI as a “DX Stock” two years in a row.

- Selected as a “DX Stock” two years in a row by the Ministry of Economy, Trade and Industry, which is a feat accomplished only by us as a company listed on the Tokyo Stock Exchange.



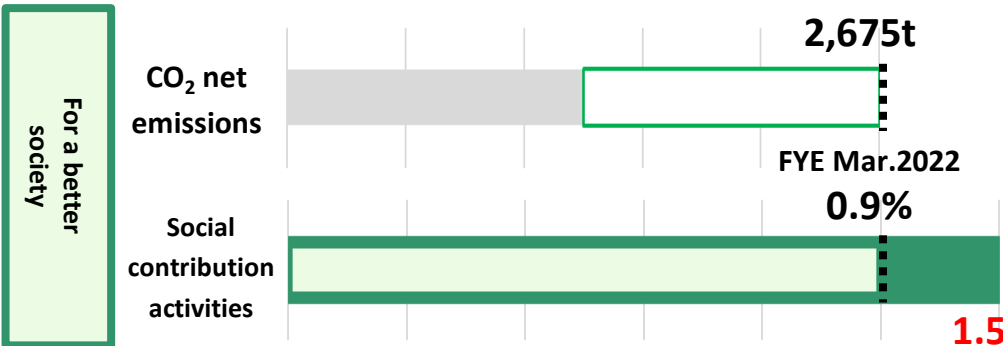
DX銘柄2021
Digital Transformation



DX銘柄2022
Digital Transformation

IV. Medium-Term Management Plan – Numerical Targets and the Progress

“Social Value & Justice” KPI



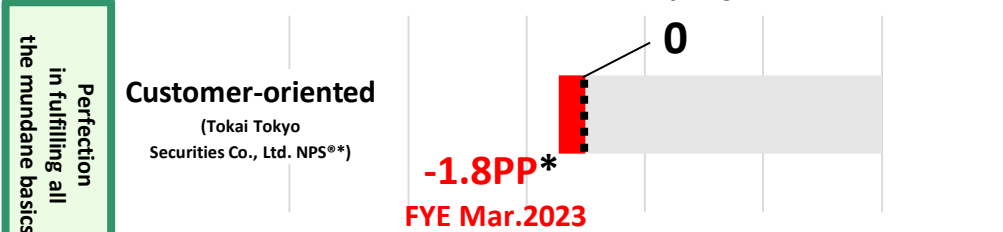
FYE Mar.2027 Target Values

Reduced by half Compared to FYE Mar.2021 results

Compared to Ordinary profit 1.0%

Switching to high-efficiency lighting and air conditioning, expanding renewable energy use, and replacing company cars with high mileage ones.

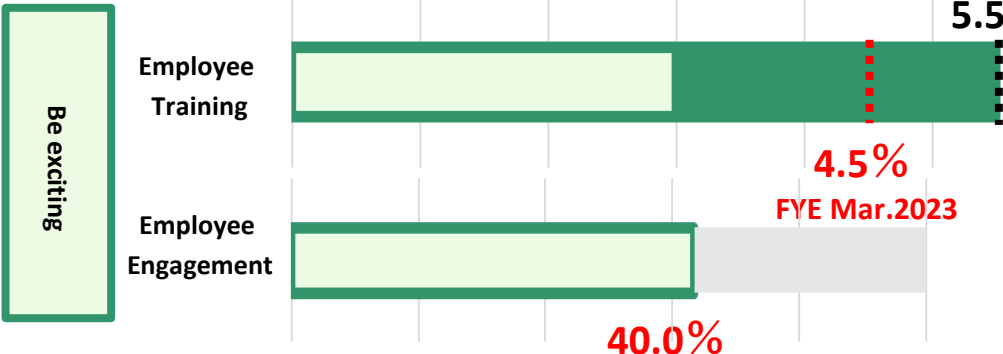
Cosponsoring the operation of Ghibli Park events, the Shogi (Japanese Chess) Championship Games, and co-hosting “Aichi 2022,” an international festival.



+20-point improvement Compared to FYE Mar.2021 results

We won an “S+” rating from R&I back to back in March 2023. R&I evaluated how thoroughly we are fulfilling the “customer first” spirit.

* The survey result as of Feb 2023 compared with the level of FYE Mar. 2022 was set as a base value, 0 (zero)



Compared to Ordinary profit 3.0%

63.0%

Conducted division-specific training courses and study sessions, supported employees to acquire job-related licenses and qualifications, organized career-designing sessions, and provided scholarships to the candidates to be enrolled in MBA programs both in Japan and overseas.

This was the first assessment. We will analyze the result and implement measures seeking better assessment results.

IV. Medium-Term Management Plan – Numerical Targets and the Progress

The caliber enlargement as a financial service provider

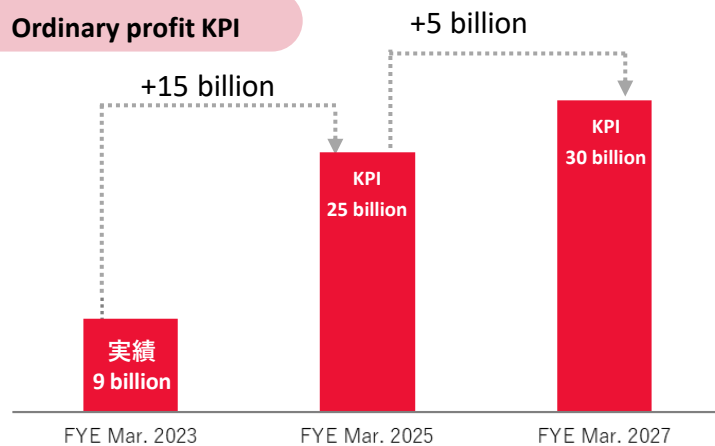
The caliber enlargement as a financial service provider

= Enhancement of existing line of business

Focuses

- We drive forward segmentation strategy, particularly, in the retail division of Tokai Tokyo Securities.
- We care about improving the efficiency of sales activities and raising the caliber of sales personnel.
- We strengthen sales activities to suggest optimal assets portfolio mix for our customers.
- We boost collaboration among departments, divisions, and group subsidiaries, aiming to improve revenue generation.
- Particularly, we take notice of the 90% concentration of customer assets denominated in Japanese Yen at Tokai Tokyo Securities. So, we consider it imperative to suggest asset possession in foreign currencies to our customers. This sales approach proved effective to recover our revenue generation.

Ordinary profit KPI

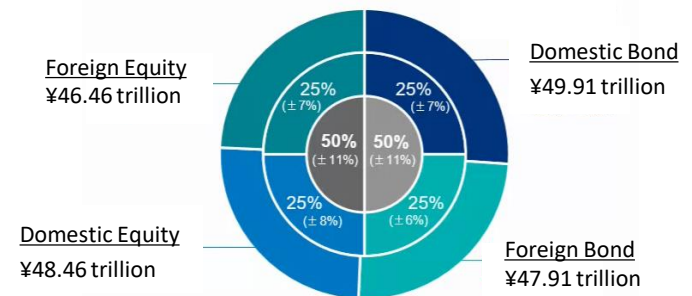


Example: GPIF Portfolio

Asset denominated in foreign currency 50%

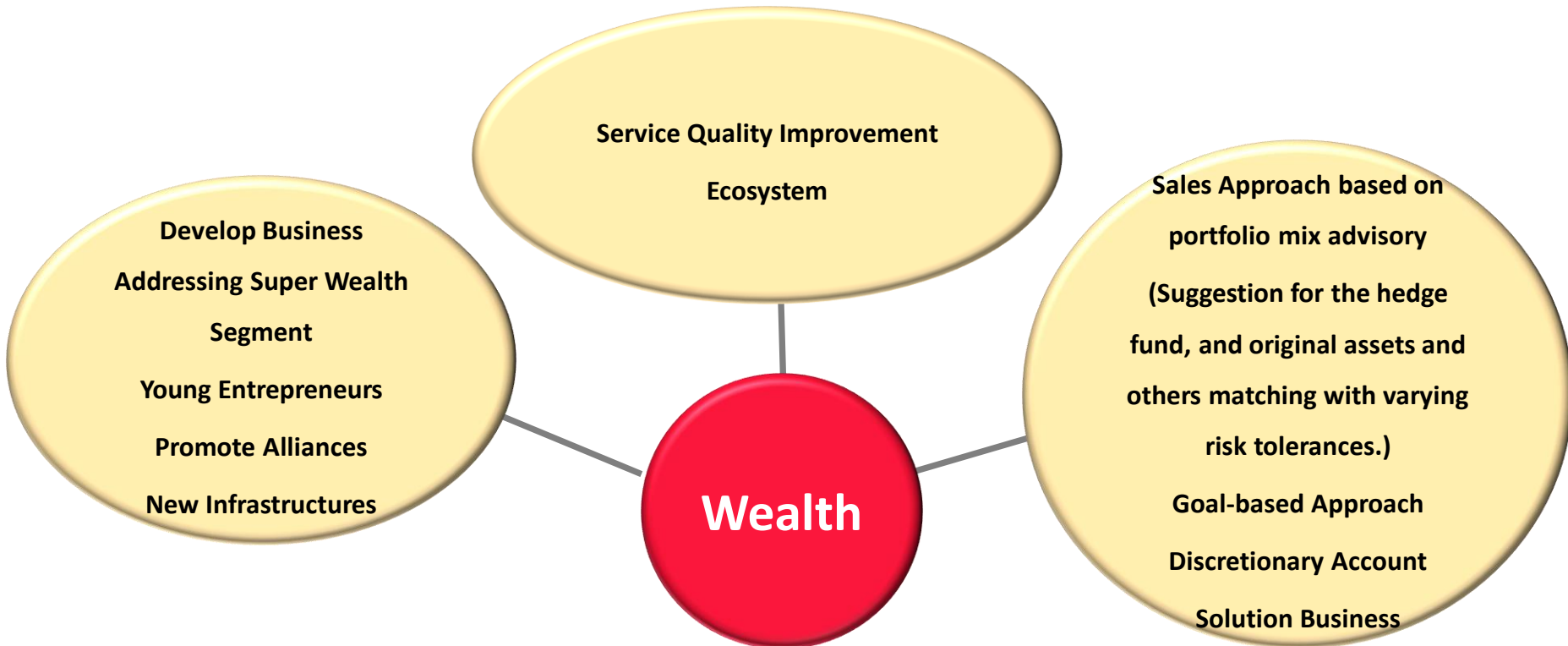
Innermost core: shows the benchmark asset breakdown of equity and bond. Inner doughnut shows the benchmark breakdown of the Yen and the foreign currency in which respective assets are denominated.

Outermost doughnut shows an actual breakdown of the Yen and the foreign currency in which respective assets are denominated as of the end of Dec. 2022. Indicated in parentheses are respectively allowed deviation margins.



IV. Medium-Term Management Plan – Quantitative Goals and the Progress

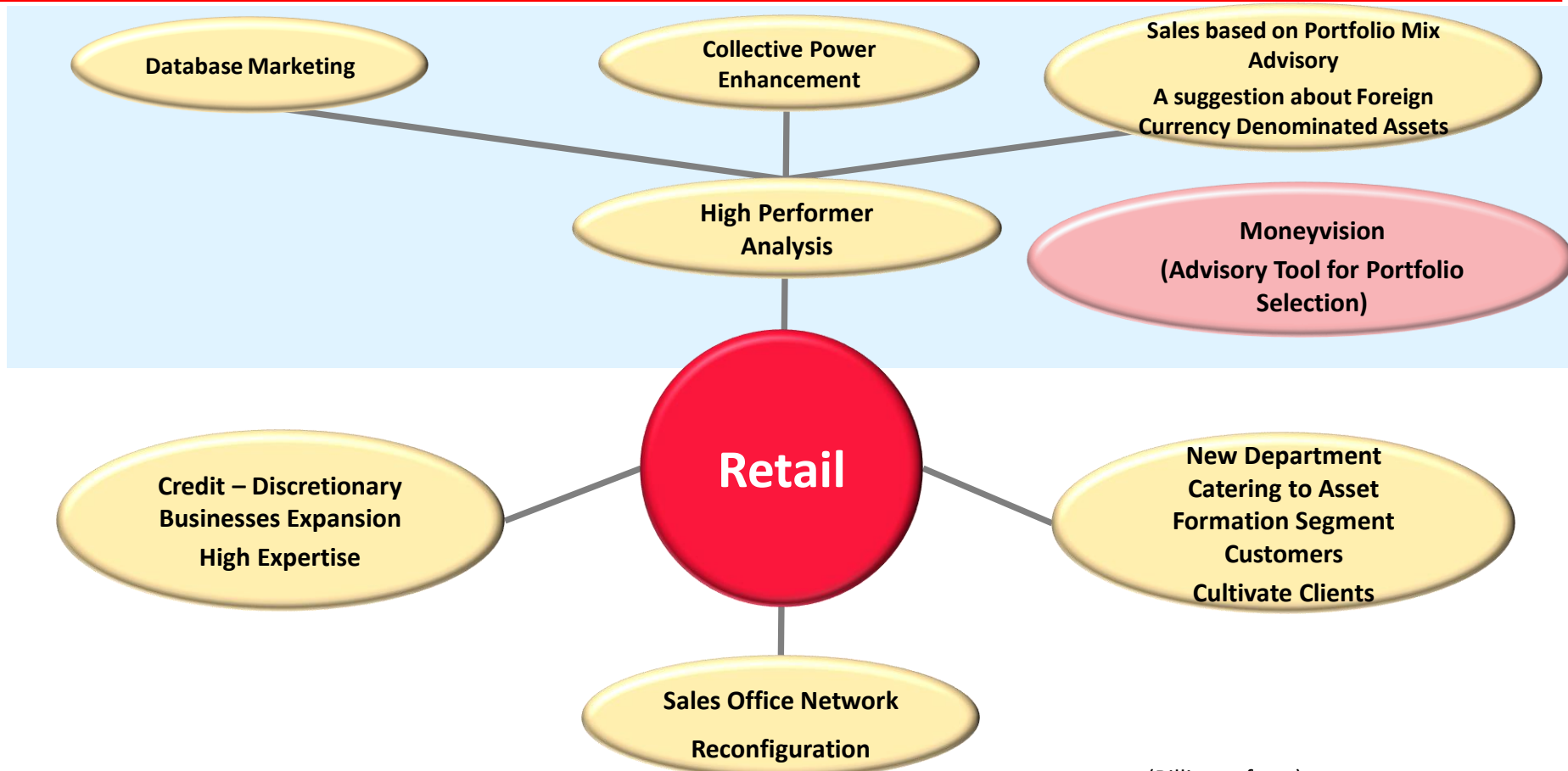
Measures taken by respective companies (Wealth Management Company)



(Billions of yen)

	Asset under Custody Target Value	Revenue Target Value
FYE Mar.2023	1,070	5

IV. Medium-Term Management Plan – Numerical Targets and the Progress Measured taken by respective companies (Retail Company)



(Billions of yen)

	Asset under Custody Target Value	Revenue Target Value
FYE Mar.2023	2,262	27

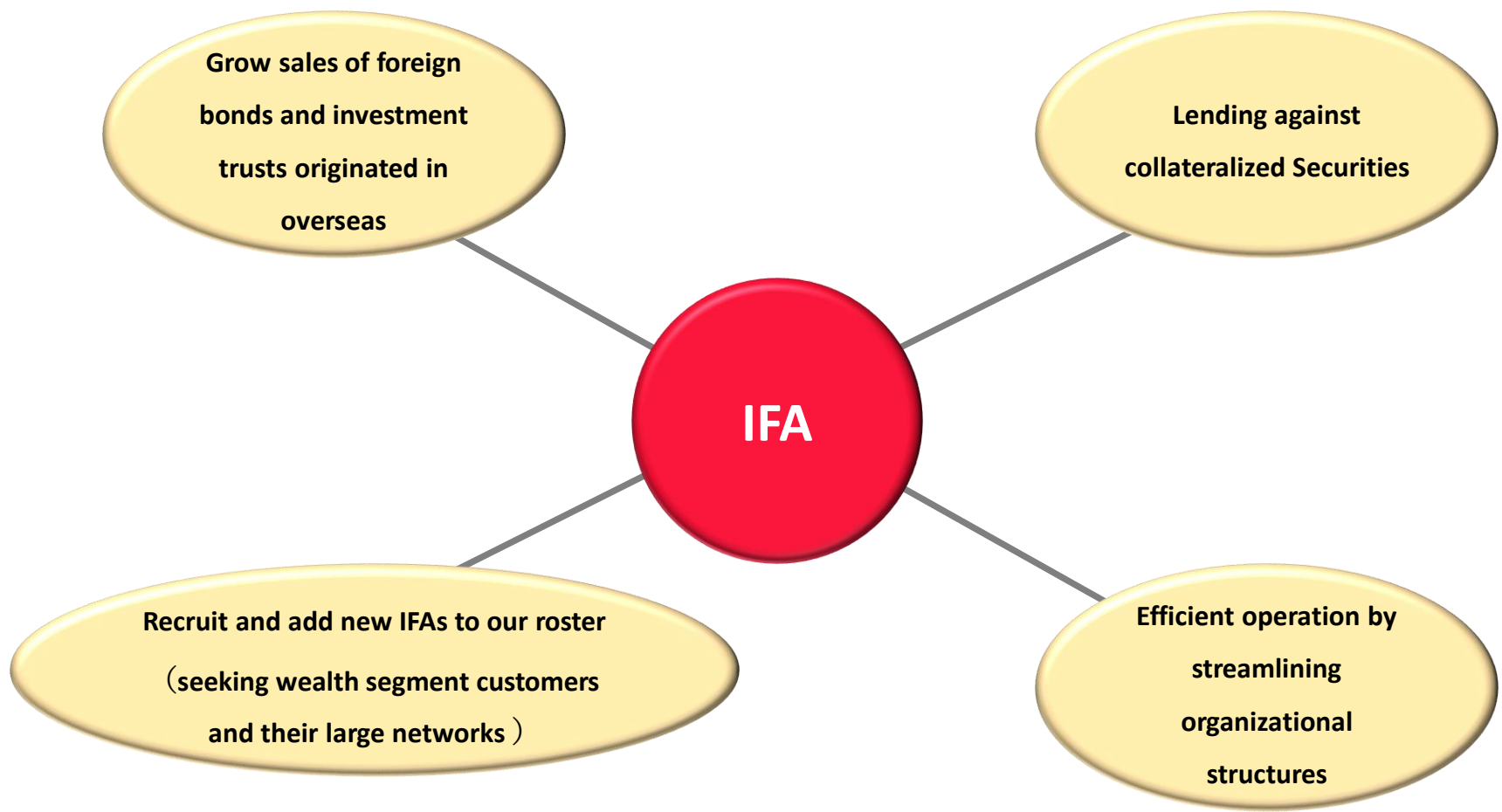
IV. Medium-Term Management Plan – Numerical Targets and the Progress Measured taken by respective companies (Multi-Channel Company)



(Billions of yen)

	Revenue Target Value
FYE Mar.2023	4

IV. Medium-Term Management Plan – Numerical Targets and the Progress Measured taken by respective companies (IFA Company)



(Billions of yen)

	Asset under Custody Target Value	Revenue Target Value
FYE Mar.2023	306	4

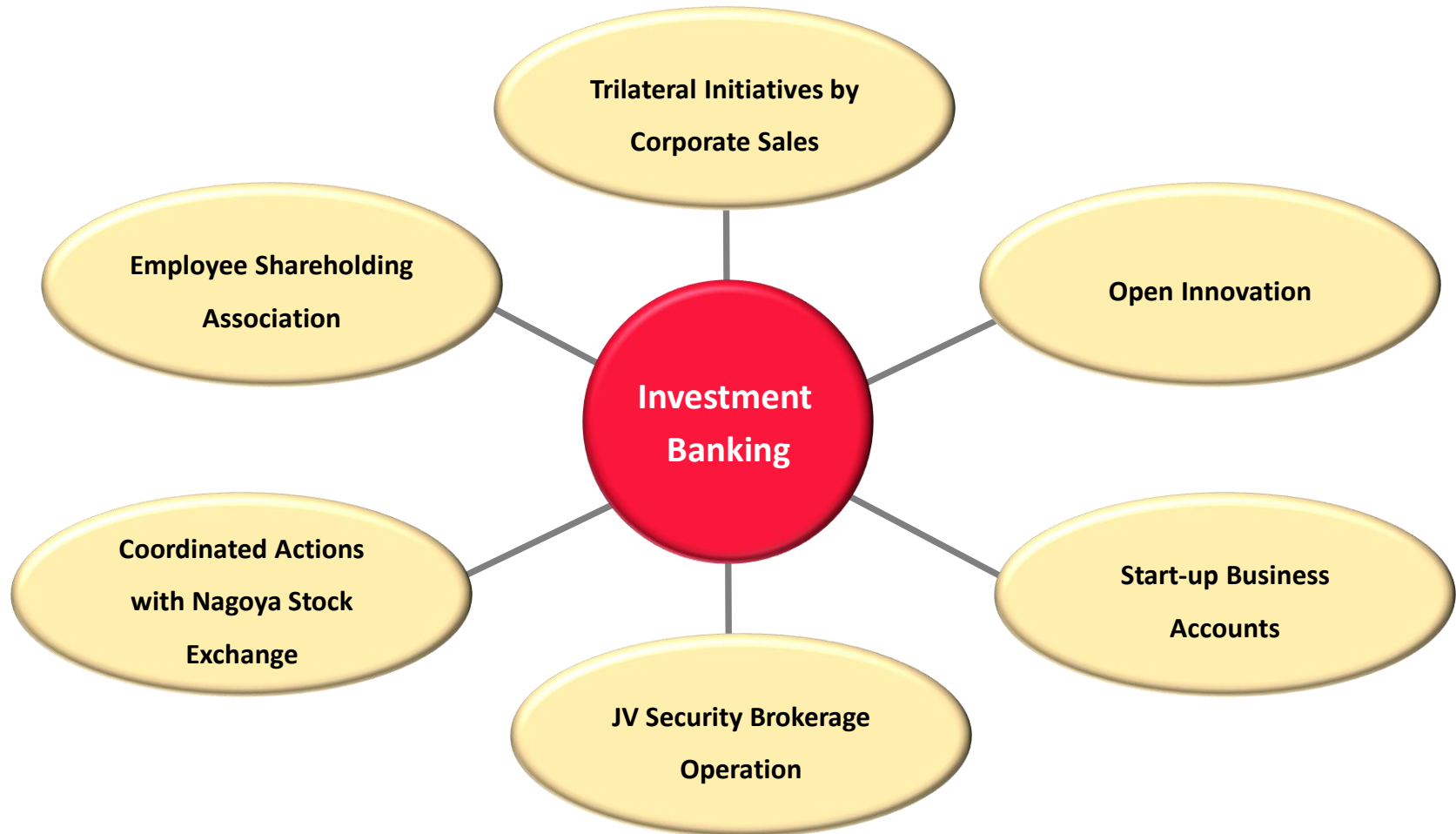
IV. Medium-Term Management Plan – Numerical Targets and the Progress Measured taken by respective companies (Global-Market Company)



(Billions of yen)

	Revenue Target Value
FYE Mar.2023	32

IV. Medium-Term Management Plan – Numerical Targets and the Progress Measured taken by respective companies (Investment Banking Company)



(Billions of yen)

	Revenue Target Value
FYE Mar.2023	2

IV. Medium-Term Management Plan – Numerical Targets and the Progress

Caliber and capability enhancement as a financial service provider

(Revenue estimate by Tokai Tokyo Securities)

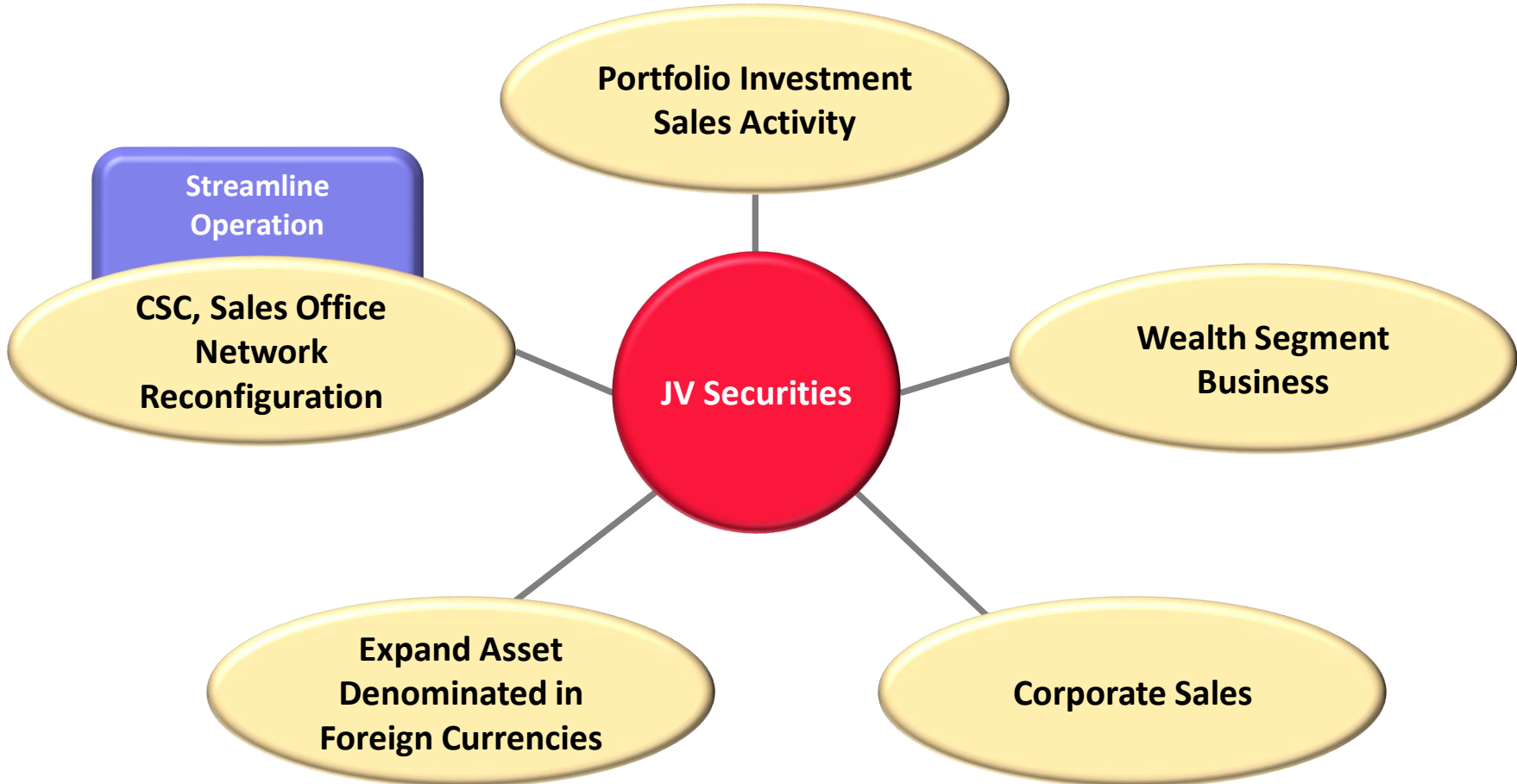
(Billions of yen)

	FYE Mar. 2023 Apr.–Mar. (Actual)	FYE Mar. 2024 Apr.–Mar. (Target)	YoY	
			Rate of Change	Change in Amount
Wealth Management Company	4	5	22%	1.0
Retail Company	24	27	11%	2.6
Multi-Channel Company	3	4	32%	1.0
IFA Company	3	4	24%	0.8
Investment Banking Company	1	2	25%	0.4
Global-Market Company	26	32	23%	6.1
Tokai Tokyo Securities Total	63	76	20%	12.6

*Total Revenue Target in terms of internal management accounting purpose

IV. Medium-Term Management Plan – Numerical Targets and the Progress

Measures taken by JV Securities



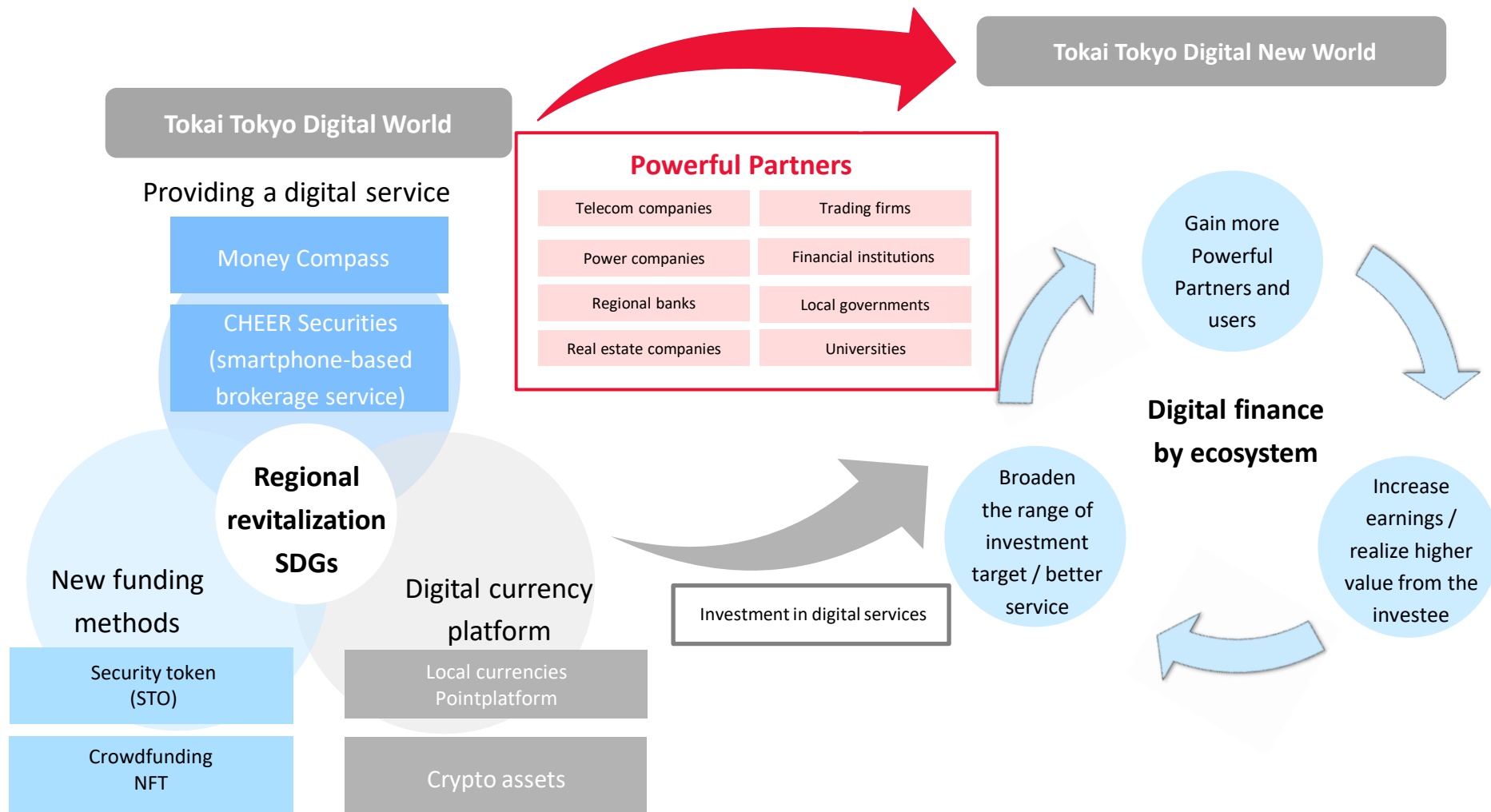
(Billions of yen)

	Asset under Custody Target Value	Revenue Target Value
FYE Mar.2023	2,154	24

IV. Medium-Term Management Plan – Quantitative Goals and the Progress

Key measures to reach the New World (Digital Strategy)

Tokai Tokyo Digital New World



IV. Medium-Term Management Plan – Numerical Targets and the Progress

Key measures to reach the New World (Digital Strategy)

CHEER Securities

Service competence development and expansion

- **Started operation** by dealing foreign equity only
- **Added** domestic equity and Japanese investment trust
- **Further added** point-earning service for customers

Result

- Enhanced service competence for domestic equity and investment trust and point-earning convenience contributed **to increasing steadily the number of new accounts**

Intermediation · Alliance

- **Started intermediation** for the customers of Nishi-Nippon City Bank
- **Launched a stock purchase program** that allows Menicor customers to **use earned points** for the settlement.



- ① Installing **Robo-Advisory service**
- ② New NISA · The product feature that enables customers to invest in products continuously paved the way for our consistent asset increase

TTDP

Digital coupons issued by a local municipality

Kosai City, Shizuoka Prefecture

Entrusted with the operation of “Kosai City Premium Digital Voucher Coupon Program”

Support with Environmentally Conscious Town Development Project

Saijyo City, Ehime Prefecture

Joined “The Green Life Point Program for Food and Life ” advocated by the Ministry of the Environment by participating in the project organized by Saijyo City in Ehime Prefecture, and started supporting environmentally conscious town development

Applications: Health Promotion · IC Card Payment

Tokai Tokyo FH

TT Coin: 158 members, ¥ 578 thd.

Health (Pedometer): 1,081 people walked 181 million steps in total.



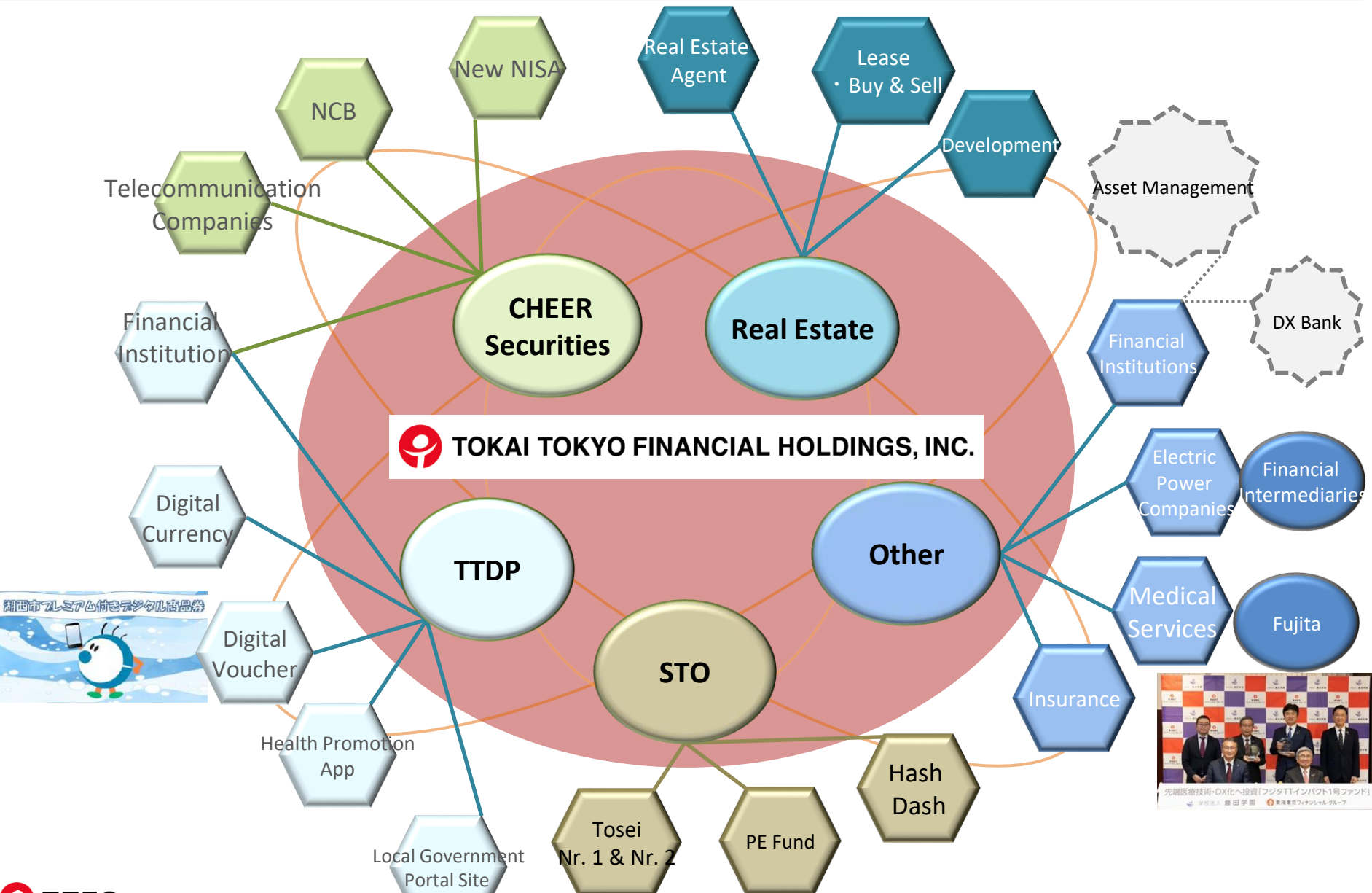
Won recognition “Excellent Employer Conscious of Employees’ Health 2023

- ① **Signed Business Matching Service Agreement** with Hokuriku Bank and Tochigi Bank **(with an aim to be introduced to local governments or companies interested in operating digital gift coupon business)**
- ② **Service development collaboration and joint proposal origination** with major trading houses and top-notch insurance firms

Discuss the viability of sharing our digital service competence with Powerful Partners

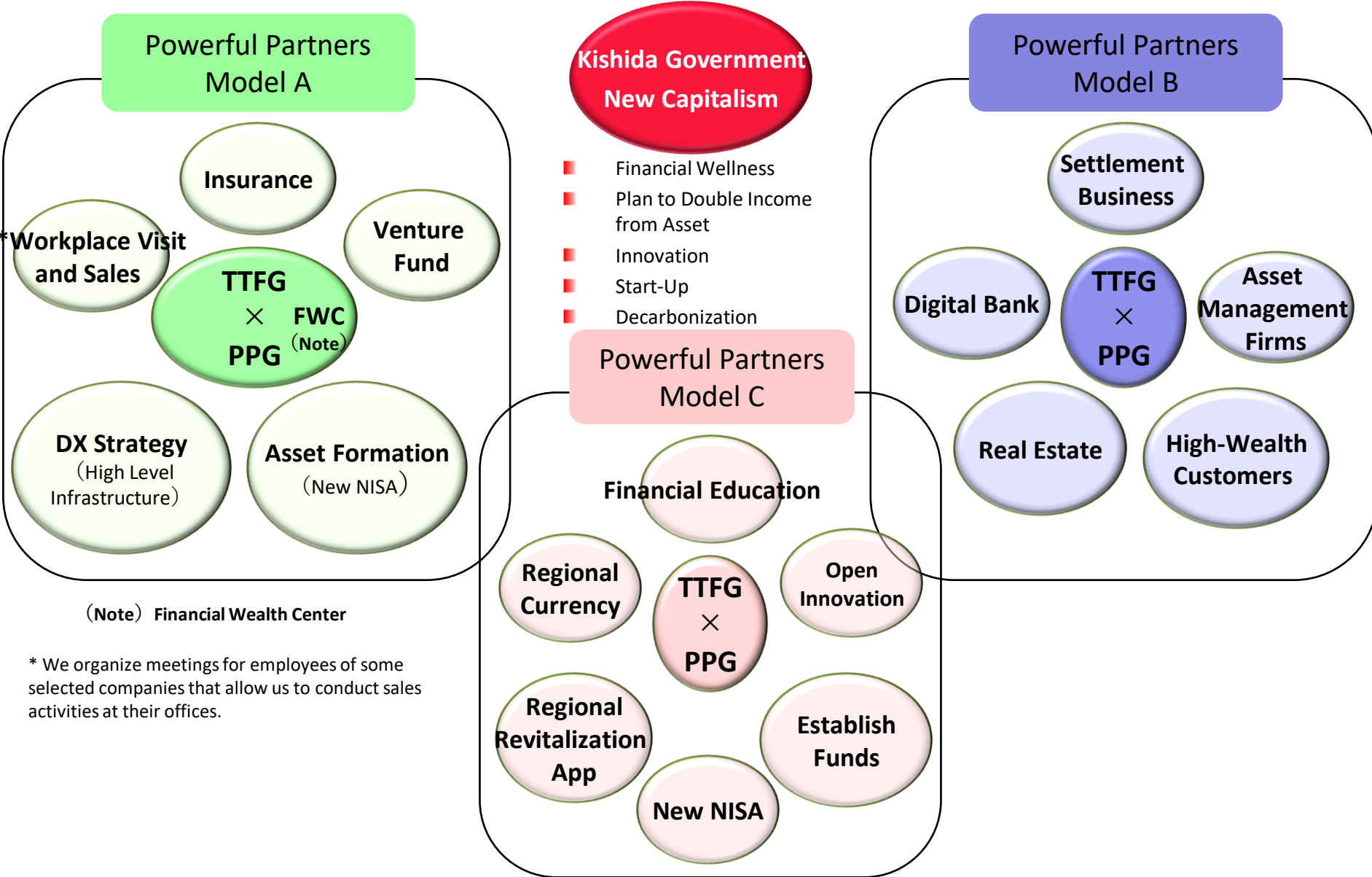
IV. Medium-Term Management Plan – Quantitative Goals and the Progress

Alliance with Powerful Partners



IV. Medium-Term Management Plan – Quantitative Goals and the Progress

Models of Alliance and collaboration with Powerful Partners



V. Human Resources Development –Our Approach

In order to accomplish what we desired in formulating the management strategy, we decided to deploy two basic tactics for human resources development. One is “Operation Reinforcement” to drive forth aggressive management, and the other is “Continuity and Sustainability” of a corporate to fulfill the ideal of running a long-lasting enterprise.



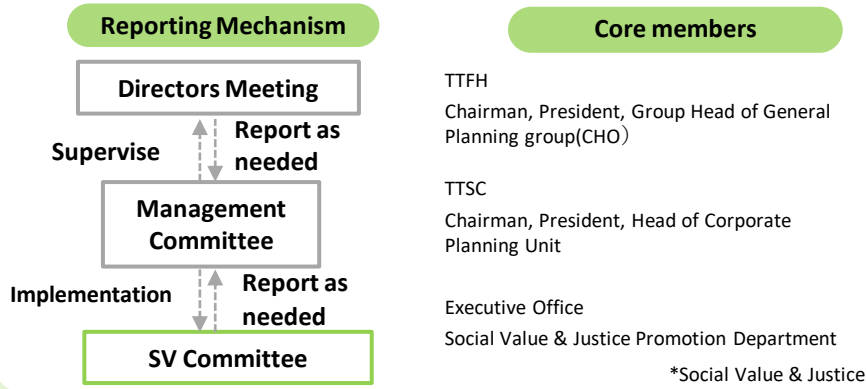
VI. Sustainability - Our Approach

Achievement in FYE March 2023

- ✓ Introduced “Social Value & Justice” KPI
- ✓ Announced “Greenhouse Gas Emission Net Zero declaration”
- ✓ Added the Provision “Actions to Mitigate Climate Change” to “Environmental Policy”
- ✓ Added Anti-Corruption and Bribery” Provision to the Group’s “Code of Ethics”
- ✓ Selected as a composite stock of “FTSE Blossom Japan Sector Relative Index”
- ✓ Selected 4 years in a row as “Outstanding Organization Recognition under the Health & Productivity Management Outstanding Organizations Recognition Program”, “SPORTS YELL COMPANY” and “The Tokyo Sports Promotion Company”

Established SVJ * Committee

- Aiming to further permeate employees with the action guideline, “Social Value & Justice” comes first, and facilitate comprehensive discussions regularly about what the Tokai Tokyo Financial Group should be in the future.
- All employees work together under the full commitment of top management in the field of sustainability.



The Focus Henceforth

~As Tokai Tokyo Financial Group~

- Convert our current company car usage to Zero Emission Vehicle and car sharing
- Replace current energy sources with renewable ones
- Raise the Awareness of Employees through the events organized by the Company

~Through our business operations~

- SDGs Bonds underwriting by Tokai Tokyo Securities
- Sales of SDGs Bonds and ESG Investment Trusts by the group companies

VII. The Current Status of the Group's Capital

The Group's Capitalization Status (At the end of Mar. 2023)

(Billions of yen)



Useable Surplus Capital
49.6

(Billions of yen)

Core Securities Brokerage	Capital in use to run core securities brokerage operation	96.2
	Capital in use to run group subsidiaries' operations	5.2
	Capital in use for equity method affiliates	20.6
Total		122.0
Digital Field Operation	Tokai Tokyo Digital Platform	0.5
	CHEER Securities	5.3
	Okane no Compass	2.8
	HashDasH	1.1
Total		9.7

【 Capital Usage from now on 】

Year-end Dividend	<ul style="list-style-type: none"> • 8 Yen per share/Dividend Yield 4.3%, (on annually averaged stock price basis) • Dividend payout ratio 175.0% « Dividend Policy » ① Dividend payout ratio(basic policy) : 30~50%...considering comprehensively the yield and dividend ratio of JGB and others ② We aim at keeping stable and suitable dividend payments.
	Total
Investment for future Growth	« Possible Investment Targets » <ul style="list-style-type: none"> • M&A、 Capital contribution ~ Banks, Securities Brokerages, Fintech, Block-Chain, Regional Revitalization Involvement • Expansion~Market Operations, Wealth Segment, IFA, Lending • AI, ST, NFT related businesses based on the most advanced technologies • Additional investment to the existing digital businesses
	Total

VIII. Overall Summary

(Action Plan and Results of the First Half of the FYE March 2023)

Operating environment we face

- Although the unstable market continues, sign of interest rate slowdown is appearing in overseas. We assume a moderate upward momentum in the market.
- Individual investors in general raised risk appetite, which helped us recover revenue making.
- Re-examine the way we handle structured bonds and reconsider the related policy alongside the new regulatory guidance

What we take on during this half

- Enrich product lineup quality, encourage sales personnel to take a goal-based approach toward their activities, and offer product recommendations and advice that suit better to customer needs
- Implement wealth segment strategy making most of Orque d'or business resources
- Capture market movement correctly and command a rich variety of trading techniques
- Take advantage of the tailwind effect that is afforded by the new NISA, and make the idea of collaboration with Powerful Partners a reality through the effective use of digital products and services.

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✧ This material is intended to provide information regarding the Company's most recent operational result but NOT to solicit investment in securities issued by the Company.