

INTEGRATED REPORT

2023

Fiscal Year Ended March 31, 2023



TOKAI TOKYO FINANCIAL HOLDINGS, INC.

"Beyond Our Limits"

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

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

To create a “New World,”

We implement our fundamental strategic policy by generating synergy between two axes —“The Caliber Enlargement as a Financial Service Provider” and “Deploying Key Measures to Reach the New World”—

Title of the Medium-term Management Plan

“Beyond Our Limits”

Principle of the Medium-term Management Plan

“Social Value & Justice comes first”

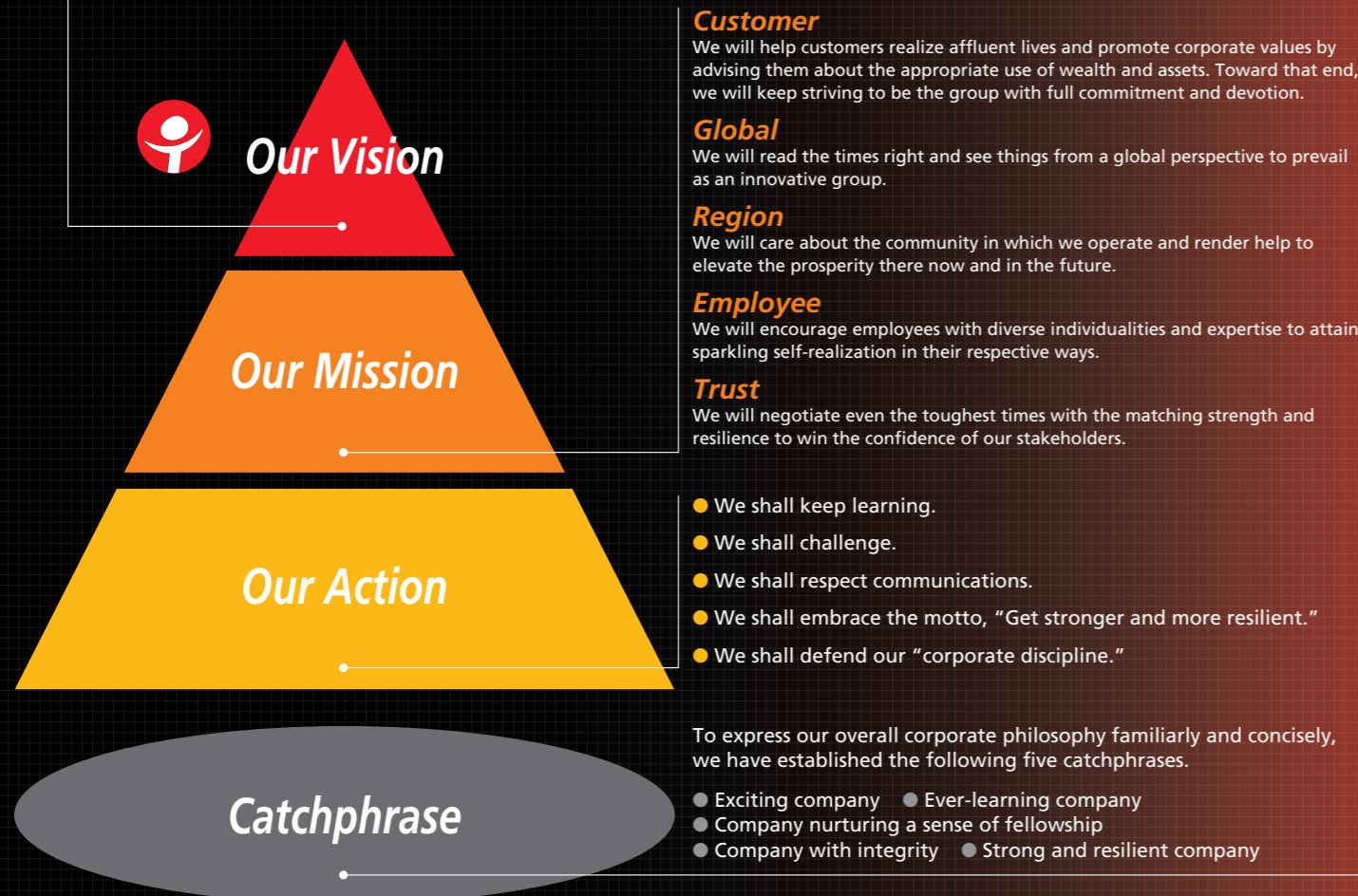
In April 2022, we launched our medium-term management plan, entitled “Beyond Our Limits.”

The two axes of the policy—“The Caliber Enlargement as a Financial Service Provider” and “Deploying Key Measures to Reach the New World”—are likened to two rings, expressing the creation and provision of unlimited value by connecting the two different rings.

The design motif also represents our corporate commitment to creating new value by “linking all resources through collaboration and co-creation” while Tokai Tokyo Financial Holdings, Inc. serves as a catalyst.

We will contribute to the growth of our nation's economy by fulfilling the role of 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 into a new age.



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About the Integrated Report 2023

Since its establishment in 2000, the Tokai Tokyo Financial Group has continued to create innovation to address the changing needs of the 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. This report also has "Strengthening Human Capital" and "Outside Directors Roundtable" as special features.

Forward-looking Statements

This integrated report is intended to provide information concerning the Company's financial results for the period April 1, 2022, to March 31, 2023 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

Tokai Tokyo Financial Holdings prepared its Integrated Report for the fiscal year ended March 31, 2023 to help stakeholders understand its efforts to enhance corporate value. The aim of this year's report is to convey simply and powerfully our ongoing challenge to reach "Beyond Our Limits." Accordingly, we have produced a new section, "Tokai Tokyo Financial Group's Value Creation Story," to describe our value creation process in an easy-to-understand manner.

In producing this report, we referred to the International Integrated Reporting Framework proposed by the IFRS Foundation and the Guidance for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry.

We will continue to reflect the opinions of readers as we enhance our Integrated Report.



Devote all our energy aiming to elevate our Company in a new era to one worthy of admiration and respect

Chairman's
Message



Tateaki Ishida
Chairman and Representative Director



The Group's Raison D'être

It has been 19 years since I started working at the Group. Nineteen years ago, I was working at a bank, immersed in research into financial companies operating on a global scale. The securities and finance businesses, practiced by investment banks, asset management companies, and financial advisors targeting wealthy individuals, were regarded as "proud work" and "admirable" for many financial professionals overseas. In Japan, however, securities firms were not very popular as places to find employment, and our Group was not regarded as a shining example. Making the Company an object of admiration and respect for many people has been my most important mission in the past 19 years, and I have worked hard to manage the Group with this awareness in mind.

Compared with 19 years ago, the awareness of people living in Japan and the management attitude of Japanese companies have changed dramatically. The economy is still in the doldrums, evidenced by such phrases as "the lost three decades," but the mindsets of people and companies have matured. Now, people and companies are pursuing happiness and prosperity for humans and society, as well as respect for dignity. In this new era, many people have a sense of crisis that society will no longer be able to survive if people adopt only self-centered attitudes. With this in mind, we are accelerating

efforts to raise the awareness of our employees under the action guideline of the medium-term management plan: "Social Value & Justice comes first*1." As we strive to make the Group an object of admiration and respect, our actions came to align well with the value of society, which places great importance on sustainability. Accordingly, I feel that the Group's raison d'être is becoming accepted and is resonating strongly in today's society.

Course of Action

Having a clear action guideline is important for us, but it is not enough to move society. Our challenge is to enter the New World beyond our limits while remaining constantly aware of our action guideline as our starting point. We will continue acting with dignity as we strengthen the financial service competence we have cultivated to date. Also, by collaborating with Powerful Partners*2 and creating New Bonanza*3 capabilities, I believe we can achieve our objective of becoming a company worthy of admiration and respect.

The world is entering an era of turmoil. It has even been critically nicknamed the "age of global boiling" due to our failure to stop global warming. At the same time, geopolitical risks are emerging in various regions, and the world is moving toward fragmentation. On the other hand, the rise of generative artificial intelligence (AI) and

other digital technologies simultaneously makes people both excited and anxious. Because we are living in such extraordinary times, we need people who are strongly aware of the need to do the right thing and take the initiative in bringing innovation to the financial industry. These kinds of people can change other people, as well as communities and society, while making themselves stronger. Our goal is to become a model case for the industry by embracing such people.

What We Should Do Now

We are currently engaged in several projects to create a collaborative model with Powerful Partners. It is still a process of trial and error, but some projects are finally beginning to show results, and we have high hopes for them. Digital technology is the key to acquiring New Bonanza capabilities, which we will create together with Powerful Partners. Here, the Group is exploring a variety of services using digital technology. Our plan is to create a new financial model utilizing a "quadrilateral" based on DX, AI, Face-to-face contact, and Call centers. Naturally, the key to success in this challenge is people, together with advanced financial knowledge to handle risk products and proficiency in digital technologies. To this end, we will create an environment in which our employees can continue to learn.

My primary mission is to achieve results early

through collaboration with Powerful Partners. Also, we will do this by fusing our own values with the value of innovation, which we have created by leveraging our Company's culture, and the experience and knowledge we have accumulated over the years, to reach the next stage. This initiative will be my ultimate mission.

To achieve these goals, we have sought to build a strong governance structure. Going forward, we will continue focusing all our efforts on achieving solid results and laying the groundwork for the future, with the aim of becoming a corporate group worthy of people's admiration and respect. Based on our clear action guideline, we will embrace the challenge of entering the New World "Beyond Our Limits." Please keep monitoring our progress.

*1 "Social Value & Justice comes first"
A concept that broadly encompasses corporate ethics and code-of-conduct items as an action guideline for our medium-term management plan. It is 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.

*2 Powerful Partners
These include power companies, telecom companies, financial institutions, trading firms, real estate companies, universities, regional banks, and local governments.

*3 New Bonanza
Businesses and functions earmarked to become new "gold mines" for the Group

Implementing the two axes of our medium-term management plan, “The Caliber Enlargement as a Financial Service Provider” and “Deploying Key Measures to Reach the New World” to evolve our business portfolio

President's
Message



Ichiro Goda
President and Representative Director

The Tokai Tokyo Financial Group is working on a five-year medium-term management plan, “Beyond Our Limits,” which started in April 2022. Under this plan, we aim to further improve and expand our unique business model, thereby becoming a corporate group that can grow and inspire pride and admiration even in a challenging environment.

Although we faced new challenges under severe business conditions in FYE March 2023, we are making steady progress in our key initiatives of the plan: “The Caliber Enlargement as a Financial Service Provider” and “Deploying Key Measures to Reach the New World.” We are also beginning to see tangible results in terms of alliances with Powerful Partners and the acquisition of new capabilities (New Bonanza). We aim to practice sustainable management while improving the value of each human resource by instilling our unique action guideline in all employees of the Group, “Social Value & Justice comes first.” This is a standard we should refer to whenever we make decisions about what and how to fulfill our management plan.

Instilling Values Is My Important Mission as President

“Social Value & Justice comes first” is the standard by which we make value judgments in all our business activities. As the head of management, I am doing everything in my power to thoroughly instill these values.

As a business entity, the Group must aim for improved business performance. As the first step in our efforts to achieve such results, we ask our employees to always be aware of the concept of “Social Value & Justice.” This concept, which underlies our activities and embodies the philosophy we aim for as a company, will help us achieve sustainable growth.

To arrive at this concept, we spent a lot of time internally and engaged in deep discussions. Some questioned the “Social Value & Justice” concept that we included in our medium-term management plan. Finding an answer was not easy, as the key challenge was how to harmonize the efforts needed to achieve sustainable growth while pursuing profits.

After rigorous discussions at Board meetings and other forums, and with an eye on various issues, Chairman Ishida and I ultimately decided that we would uphold and thoroughly instill this value concept. To this end, our first priority was to convey our management approach to all Group employees at the start of the management plan. My important mission is to ensure that all employees share the aspirations of our management team. If individual employees see these values as their own and reflect them in their value judgments daily, I am convinced that we can achieve sustainable growth as a company that provides value to society.

● Overview and Progress of the
Medium-term Management Plan
→ P.18–19

Evolving Our Business Portfolio

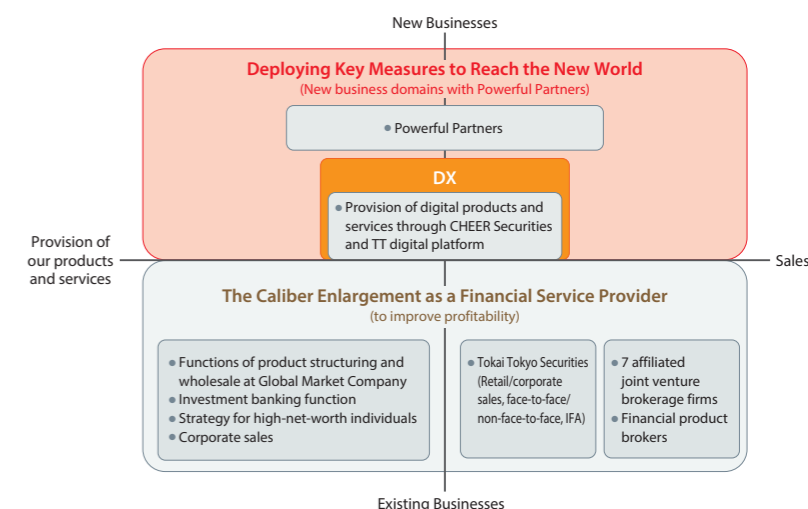
In this section, I'll explain the evolution of the Group's business portfolio in four divided areas, with the line connecting existing and new businesses as the vertical axis and the line connecting the supply of products and services to sales as the horizontal axis (see Figure 1).

“The Caliber Enlargement as a Financial Service Provider”

In the area of product and service supply, the Group has worked to offer a wide variety of financial products to customers of Tokai Tokyo Securities and affiliated joint venture brokerage firms while strengthening its trading capabilities. Under the “¥3 billion project” handled by the Global Market Company, we aim to achieve monthly operating revenue of ¥3 billion by enhancing our business infrastructure and human resources while strengthening our product mix and supply capabilities. In the retail segment, we have set clear goals for portfolio sales and adopted a goal-based approach to ensure that we are more closely attuned to our clients' investment intentions and objectives than ever before,

rather than simply buying and selling products. In addition to expanding our base of individual and high-net-worth customers, we have been aggressively building a new sales network by developing our relationships with affiliated joint venture brokerage firms in cooperation with regional banks.

Figure 1: Future Vision of Our Business Portfolio Evolution



Our traditional business areas as a securities firm and the platform we have created based on our securities business know-how are the cornerstones of the Group's operations. By further enhancing the technologies and services we have developed and expanding our sales network, we will continue working to improve profitability and thus strengthen our financial capabilities as a group.

Deploying Key Measures to Reach the New World

The Group is working to hone its technological capabilities in the digital domain and develop new businesses. Amid the recent proliferation of smartphones and advances in digitalization, CHEER Securities, a smartphone-based brokerage firm, provides financial services that meet the needs of wealth formation customers. In addition to asset management apps, we offer Tokai Tokyo Digital Platform, which provides services essential for regional revitalization, including healthcare functions for local governments, digital currency and gift certificates, and green point services. In these ways, we are leveraging the power of digital to open up markets not covered by the

traditional securities business and fostering the expansion of key business partners to help the Group reach the New World. Our aim is to elevate our digital capabilities to a new level and thus realize the "Tokai Tokyo Digital New World" concept set forth in the medium-term management plan.

Our alliances with Powerful Partners are particularly important. Through our strategy of allying with companies with extensive existing customer networks, such as those of power companies, trading firms, telecom companies, real estate companies, and local governments, we will expand our business base. Meanwhile, the new NISA scheme will be introduced in 2024 in line with the current administration's "New Capitalism" concept and "Doubling Asset-based Income Plan." We believe that our alliances with Powerful Partners provide us with a flexible platform to maximize these business opportunities. In preparation for the introduction of the new NISA scheme, we established the NISA Center within Tokai Tokyo Securities. Going forward, the entire Company will work to provide and expand new services.

Progress of Medium-term Management Plan

As mentioned earlier, the core point of the medium-term plan is to aim for a New World through two initiatives: "The Caliber Enlargement as a Financial Service Provider" and "Deploying Key Measures to Reach the New World." In addition to strengthening our financial capabilities, we will expand our network of Powerful Partners and add new capabilities (New Bonanza) to the foundation and strategies obtained through various partnerships. The goal of the medium-term management plan is to provide value to our stakeholders and enhance our corporate value by leveraging our comprehensive capabilities as a group.

Despite a gradual recovery in the domestic economy, we faced a number of headwinds, including a slowdown in overseas economies and a decline in household purchasing power due to high prices. Due also to a decrease in foreign stock trading, a review of the structured bond sales activity, and the burden of upfront investments in future strategies, the Group

posted unfavorable results. On the other hand, we made steady progress in introducing funds and assets, mainly from high-net-worth individuals and affiliated joint venture brokerage firms, leading to an increase in assets under custody. We attribute this to the effectiveness of our segmentation strategy toward high-net-worth individuals using the Orque d'or brand and our platform strategy centered on affiliated joint venture brokerage firms.

In FYE March 2024, we expect the economy to recover, driven by domestic demand as service consumption expands and corporate capital investment picks up following the downgrade of COVID-19 to a Class 5 infectious disease. While the Group's performance has been recovering under these favorable conditions, we are working to reform our earnings structure, centering on Tokai Tokyo Securities, with the aim of creating a business structure that is less susceptible to market fluctuations and provides stable earnings.

With regard to cost reductions, we established a Decluttering Committee* in January 2023 to consolidate branches and review digital-related expenses and investments to reduce costs by ¥5 billion per year. Awareness about cost reductions within the Company is also growing. Through these efforts, we are making a solid start in executing our medium-term management plan with respect to "The Caliber Enlargement as a Financial Service Provider." Going forward, we will focus on our segmentation strategy, mainly through the retail sales division of Tokai Tokyo Securities, while strengthening portfolio sales to make optimal proposals for client assets and enhancing proposal presentation for foreign-currency-denominated assets.

Regarding "Deploying Key Measures to Reach the New World," we are making progress in collaborations with Powerful Partners as we enhance our business in the digital domain. Our proactive efforts in that domain have been highly evaluated by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan (IPA), and significantly facilitated our efforts to develop new Powerful Partners. As a specific example, I will explain our work with Japan Post Bank. The Company and Tokai Tokyo Digital Platform (TTDP), a member of the Group, signed a basic agreement with Japan Post Bank in July 2023. Through this collaboration, we aim to resolve issues faced by local governments, improve the business operations and productivity

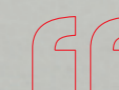
of local companies, and support the regional economy and revitalize local communities. Japan Post Bank aims to foster the development of local economies by utilizing its network, which reaches every corner of the country. Because this aligns well with our commitment to supporting the regional economy and revitalizing local communities, we decided to enter into the agreement. Going forward, we are planning to utilize TTDP's digital services and the Japan Post Bank network to extend our actions to local governments nationwide with a view to fostering regional revitalization.

In the wake of our difficult performance in FYE March 2023, a number of challenges remain. In terms of Group KGIs, we posted a year-on-year increase in financial assets under custody, but we still need to add ¥3.4 trillion to reach our target of ¥12 trillion. In addition, ROE declined significantly due to the decrease in operating revenue, which also brought challenges with respect to the indexes related to "The Caliber Enlargement as a Financial Service Provider." With respect to "Deploying Key Measures to Reach the New World," we are making progress per the plan as we have advanced upfront investments in the digital domain. Meanwhile, some KPIs related to "Social Value & Justice" improved numerically due to the decline in ordinary income, but we aim to increase ordinary income in the future while improving our KPIs at the same time.

* Decluttering Committee
To continue creating unique and innovative business models in the future, we aim to decisively reform our revenue and expenditure structure rather than settling for the status quo. With this in mind, we formed the Decluttering Committee, a voluntary consultative body that discusses the pros and cons of each project from a broad perspective to build a system that allows us to allocate our resources to businesses and operations that create more value for the Group.

● Alliance Strategies and Outcomes → P.26-28

● Orque d'or brand → P.22



We are making steady progress in creating new business domains in collaboration with Powerful Partners

Aiming for Sustainable Management

* Well-being
Japan's Ministry of Health, Labour and Welfare (MHLW) defines the concept as "being in a state of good physical, mental, and social condition, while individual rights and self-fulfillment are guaranteed."

● Material issues → P.34-35

We will contribute to the growth of our nation's economy by fulfilling the role of a financial service provider to help customers with their wealth formation and capital enhancement. To reach the New World as set forth in our medium-term management plan, we have set "Social Value & Justice comes first" as a precondition for our actions. This is based on our underlying faith that no company has an existence value if it fails to pursue social value and fulfill social justice. Meanwhile, the Group aims to achieve the SDGs proposed by the United Nations. With this in mind, in 2020 we established our SDGs Declaration and identified material issues that the Group should address as a priority. In September 2023, we reorganized and revised those material issues to clarify their correlation to our medium-term management plan and the changing demands of society.

Specifically, we identified five new material issues: "Achieving good life management" (for retail customers and high-net-worth individuals), "Innovation" (for customers and communities), "Partnerships" (with local communities and business entities), "Well-being*" (for employees), and "Green" (as a premise for our social activities). Management will take the lead in addressing these issues.

What I Want Stakeholders to Know

The Group is steadily evolving its business portfolio in accordance with its ongoing medium-term management plan. With respect to "Deploying Key Measures to Reach the New World," we are unable to provide specific progress reports due to the confidential nature of this initiative, but we can say that we are steadily advancing negotiations with multiple Powerful Partner candidates. Regarding the future enhancement of corporate value, we believe it is extremely important to steadily implement measures set forth in the medium-term management plan. We aim to achieve successful results by the FYE March 2027 to meet the expectations of our shareholders and other stakeholders. As for our capital policy, we will strive to pay stable dividends while enhancing retained earnings aiming to grow corporate value.

"Well-being" is a part of our human resources strategy under our medium-term management plan. The strategy is organized around two axes: "Business enhancement" from a proactive perspective and "Corporate continuity and sustainability" from a sustainability perspective. With respect to human capital management, it is important to determine how many management resources can be invested as a company in achieving employee well-being. To attract talented human resources, moreover, we need to embrace a variety of innovations. As part of our work-style reforms, for example, we have implemented our Humanity Enhancement Program since 2020. This program promotes personal growth outside of work and supports voluntary efforts to serve as role models within the Company, with the aim of helping each employee acquire a richer sense of humanity. We believe this approach is important for our employees to become financial professionals with both "expertise" and "humanity."

By strengthening our financial capabilities, we will further heighten the profitability of our existing businesses, centered on Tokai Tokyo Securities. At the same time, we will acquire New Bonanza capabilities to increase our appeal as a business partner, which will help us attract new Powerful Partners and establish new alliances. The starting point for all these actions is "Social Value & Justice comes first". I hope that each one of you will embrace this concept and look forward to the efforts of our group as we boldly embrace the challenge of the New World.

Tokai Tokyo Financial Group's Financial Strategy

As of March 31, 2023, the Group's consolidated equity capital stood at ¥169.2 billion. While giving consideration to the adequacy and safety of our financial base, we emphasize the effective use of capital in a way that helps us expand the Group's businesses and enhance their functions. In this section, we will explain the Group's financial strategy, which centers on three themes.

1 Ensuring a High Level of Financial Soundness —Capital adequacy ratio management at Tokai Tokyo Securities

As one element of the Group's creditworthiness, Tokai Tokyo Securities maintains a high capital adequacy ratio in its securities business. As of March 31, 2023, its capital adequacy ratio was 428.0%, which far exceeds the required capital adequacy ratio of 140%. This indicates that Tokai Tokyo Securities has sufficient regulatory capital.

Backed by a high level of financial soundness, Tokai Tokyo Securities focuses on profitable areas, such as corporate business and market operations (trading business), in addition to individual transactions with high-net-worth individuals and others. At the same time, we strive to utilize our regulatory capital effectively while controlling various risks in a well-ordered manner.

2 Utilizing the Group's Capital

[Current status of Group capital management]

As of March 31, 2023, the Group's consolidated equity capital stood at ¥169.2 billion. Of this amount, we allocated ¥127.5 billion to our numerous subsidiaries and affiliates as a comprehensive financial group. In the securities business, handled by Tokai Tokyo Securities and joint ventures with major regional banks, we allocated ¥106.5 billion. We also invested ¥13.0 billion to establish and functionally expand the digital business (one of the "Deploying Key Measures to Reach the New World") and ¥8.0 billion in the asset management, venture capital investment, insurance, and M&A businesses.

[Capital utilization policy to achieve the goals of the medium-term management plan]

After payment of the year-end dividend to shareholders for fiscal 2022, we will have a capital surplus of approximately ¥40 billion. We will proactively use this for strategic measures aimed at enhancing the Group's corporate value, such as developing additional functions in the digital business domain, acquiring banking functions (including the possibility of establishing a digital bank), and forming business collaborations and capital alliances with Powerful Partners, including major corporations, to dramatically expand our customer base. To achieve our targets for the final year of the medium-term management plan (year ending March 31, 2027), we will work to increase profitability, accumulate stable earnings, and diversify revenue sources.

Dividends

		FY2020	FY2021	FY2022	FY2023 (interim)
Net income per share (EPS)	(¥)	36.62	52.94	7.85	—
Annual dividends per share (Interim dividend)	(¥)	22.0 (8.0)	24.0 (10.0)	16.0 (8.0)	Undetermined/ 24.0 or higher (12.0)
Dividend payout ratio (consolidated)	(%)	60.1	45.3	203.8	—
Dividend on equity ratio (consolidated)	(%)	3.4	3.5	2.3	—

[Sustainable management initiatives]

In addition to using capital for the aforementioned businesses, we will closely monitor risks and opportunities from the perspective of human capital and environmental issues, such as climate change. We will also engage in management practices with the aim of remaining a sustainable and progressive corporate group into the future. With this in mind, we will use Group capital to further enhance the skills, motivation, and work-life balance of employees, deliver environmental improvements, and achieve our goal of zero CO₂ emissions while supporting the regional economy and revitalizing local communities through financial innovation.

3 Realizing Stable and Continuous Shareholder Returns

To meet the expectations of shareholders who hold our shares over the medium to long term, we determine dividend amounts after giving due consideration to the dividend payout ratio and dividend yield.

For the fiscal year ended March 31, 2023, we declared annual dividends of ¥16.00 per share, which was lower than the previous year. Market conditions were difficult in fiscal 2022, with sluggish foreign stock trading, a drastic revision of structured bond sales, and increased future investment costs (such as DX). Nevertheless, we emphasized stable and continuous shareholder returns and set the dividend payout ratio at 203.8% of earnings despite the Group's stagnant performance. In consideration of its performance recovery, the Group announced that the interim dividend for fiscal 2023 will be ¥12.00 per share.

[Change in shareholder dividend policy] (Press release, October 31, 2023)

The Company strives to provide stable and continuous dividends to shareholders. Our basic policy is to increase corporate value by strengthening our financial capabilities and adopting key measures to reach the New World as stated in our medium-term management plan, while proactively pursuing M&As and the like.

With respect to shareholder dividends for the period of our current medium-term management plan, we are targeting the following for fiscal 2023 and thereafter:

- (1) Dividend payout ratio of 50% or more based on consolidated profit attributable to owners of parent
- (2) Annual dividends of ¥24.00 or more

The higher of (1) or (2) above shall be the dividend standard.

Dividends will be paid twice a year (dates of record: September 30 and March 31).

Features of Tokai Tokyo Financial Group

The Tokai Tokyo Financial Group is a comprehensive financial group with six distinctive advantages.

Independent and Comprehensive Financial Group

We are an independent and comprehensive financial group consisting of 27 subsidiaries (including 9 overseas companies) and 15 affiliates (including 1 overseas company) as of September 30, 2023, under the holding company, Tokai Tokyo Financial Holdings, Inc.

Creative Management Strategies

We are an integrated financial group with creative business strategies covering alliances, financial platforms, digital offerings, and wealth-building. To further expand our business, we will leverage our alliance capabilities, cultivated over the past 15 years, to broaden our foundation. To this end, we will deploy digital technology to provide distinctive services and products to collaborate with new alliance partners.



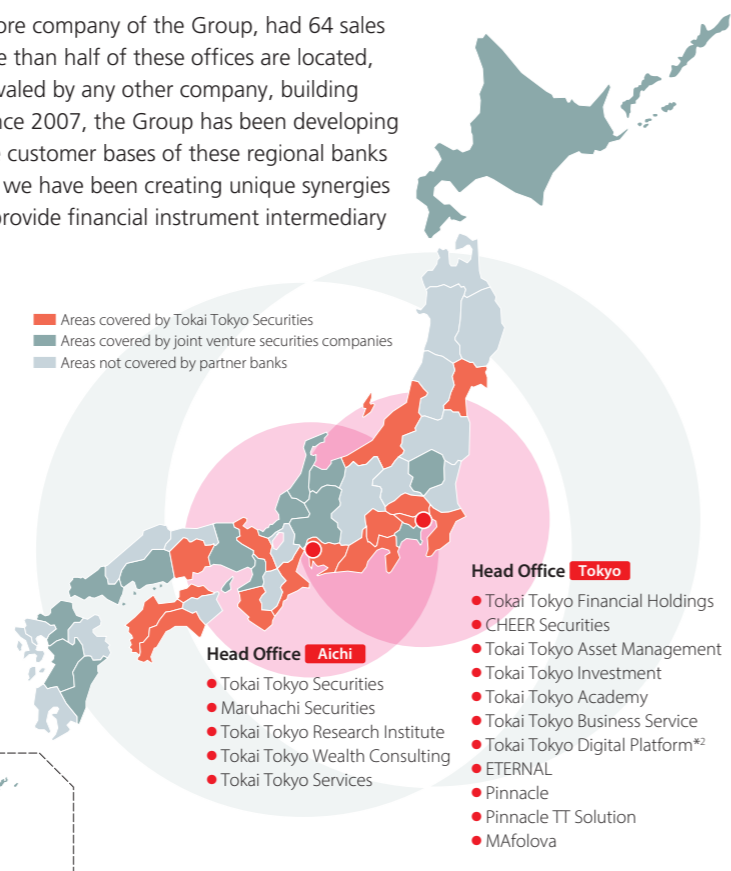
Expanding Nationwide through Alliances, with the Chubu Region as Our Home Market

As of October 1, 2023, Tokai Tokyo Securities, the core company of the Group, had 64 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.

Tokai Tokyo Securities*1	64 sales offices	Aichi, Tokyo, Osaka, etc.
Maruhachi Securities	5 sales offices	Aichi
YM Securities	10 sales offices	Yamaguchi, Hiroshima, Fukuoka
Hamagin Tokai Tokyo Securities	14 sales offices	Kanagawa, Tokyo
Nishi-Nippon City Tokai Tokyo Securities	11 sales offices	Fukuoka, Miyazaki, Kumamoto
Senshu Ikeda Tokai Tokyo Securities	7 sales offices	Osaka, Hyogo
Hokuhoku Tokai Tokyo Securities	6 sales offices	Hokkaido, Toyama, Ishikawa, Fukui
Tochigin Tokai Tokyo Securities	8 sales offices	Tochigi, Saitama
Juroku Tokai Tokyo Securities	5 sales offices	Gifu, Aichi

(As of October 2, 2023)

*1 Tokai Tokyo Securities: Tokai Tokyo Securities (surviving company) and Ace Securities merged on May 1, 2022
 *2 Tokai Tokyo Digital Platform: Trading name changed from Money Compass Japan Co., Ltd. to Tokai Tokyo Digital Platform Co., Ltd. on October 25, 2021.



Human Resources Initiatives

The Group positions its human resources as its greatest management asset. In addition to a two-year training period for new graduates who have just joined us, 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 with not only support for business skills needed but also opportunities for self-development, including in areas of private study and an MBA scholarship program.

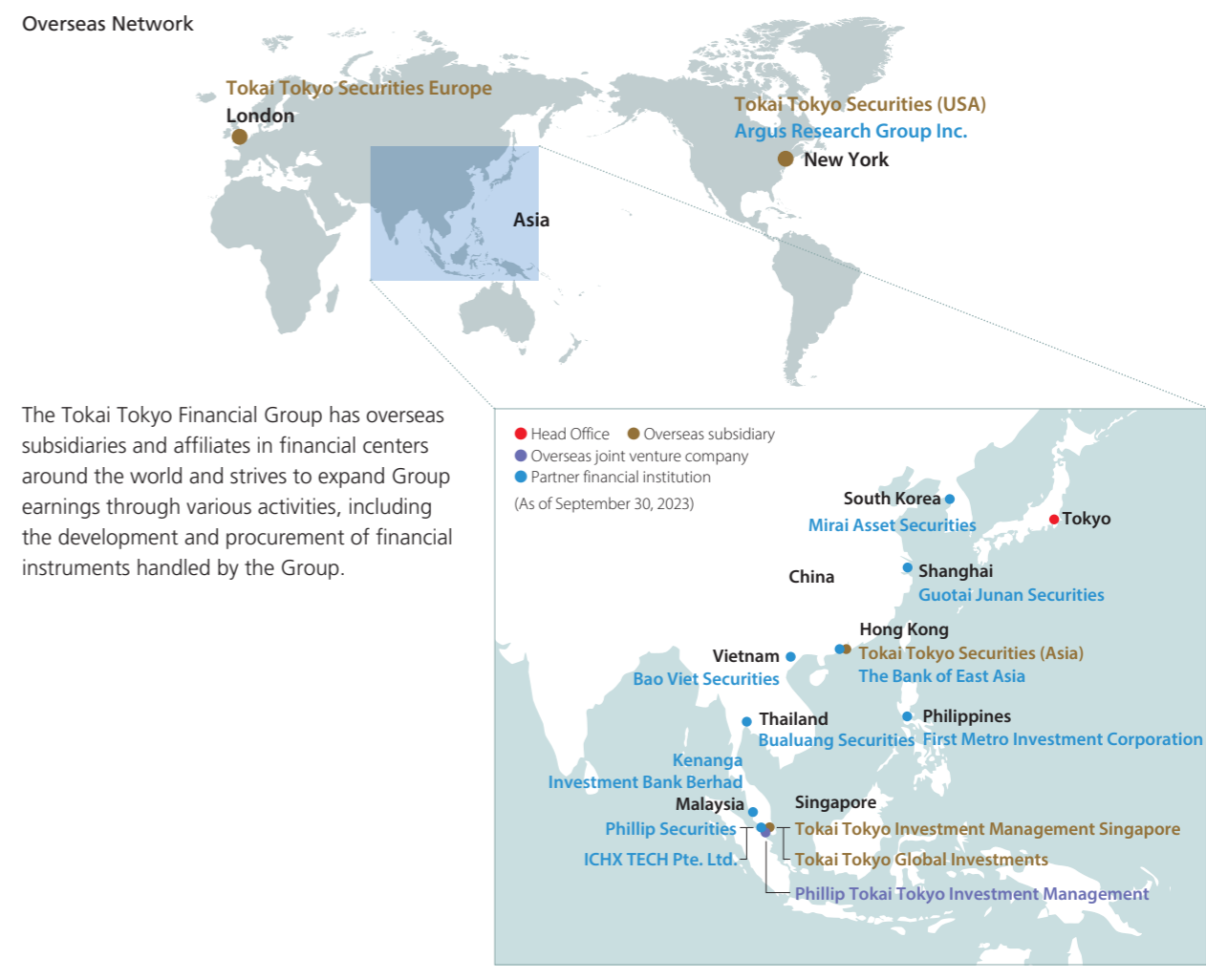
▶ See page 30-33 for details

Advanced Governance System

Enhancing corporate governance is one of the Group's most important management priorities. To this end, we have established a system that enables prompt decision-making and business execution. At the same time, we strive to strengthen and enhance corporate governance with a high standard of management integrity and transparency to earn the trust of all stakeholders and continuously increase corporate value.

▶ See page 39-45 for details

International Network Covering Major Financial Centers



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

Tokai Tokyo Financial Group's Value Creation Story

The Tokai Tokyo Financial Group has worked hard to become a comprehensive financial group with unprecedented strength. We will continue embracing the challenge of enhancing the assets and capital of all our customers and fostering the growth of the Japanese economy.

Our Aspiration

Our Vision

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

Beyond Our Limits New Value for All Customers

In April 2022, the Group launched its medium-term management plan, "Beyond Our Limits," to initiate a major transformation that differs from conventional financial models.

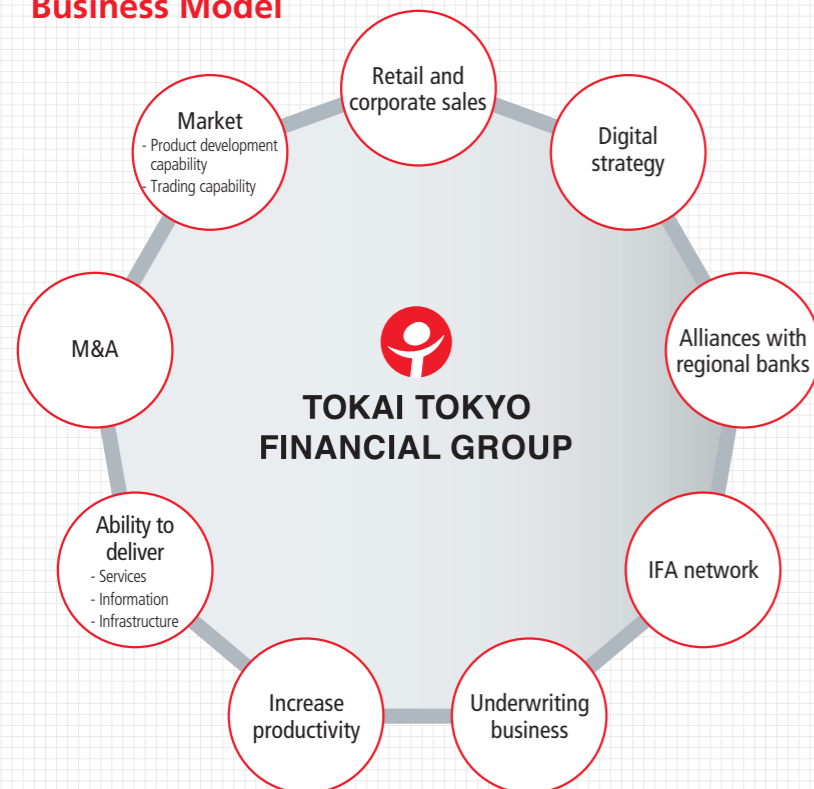
Going forward, we will focus on "The Caliber Enlargement as a Financial Service Provider" to reinforce existing businesses and improve profitability and "Deploying Key Measures to Reach the New World" by leveraging collaborations with Powerful Partners and new functions through digital technologies.

We will also work to enhance corporate value with the aim of further expanding our businesses and achieving growth of the Group.

Our Challenges

Amassed Businesses and Strengths

Business Model



Strengths of Tokai Tokyo Financial Group



- The Caliber Enlargement as a Financial Service Provider**
1. Improve profitability
 2. Build stable earnings structure
 3. Increase productivity

- Deploying Key Measures to Reach the New World**
1. DX
 2. Regional revitalization
 3. New business domains

- Our system supporting "Beyond Our Limits"**
- Human resources strategy (strategy development and execution; employee empowerment)
 - IT/System
 - Governance
 - Compliance
 - Risk management

"Social Value & Justice comes first"

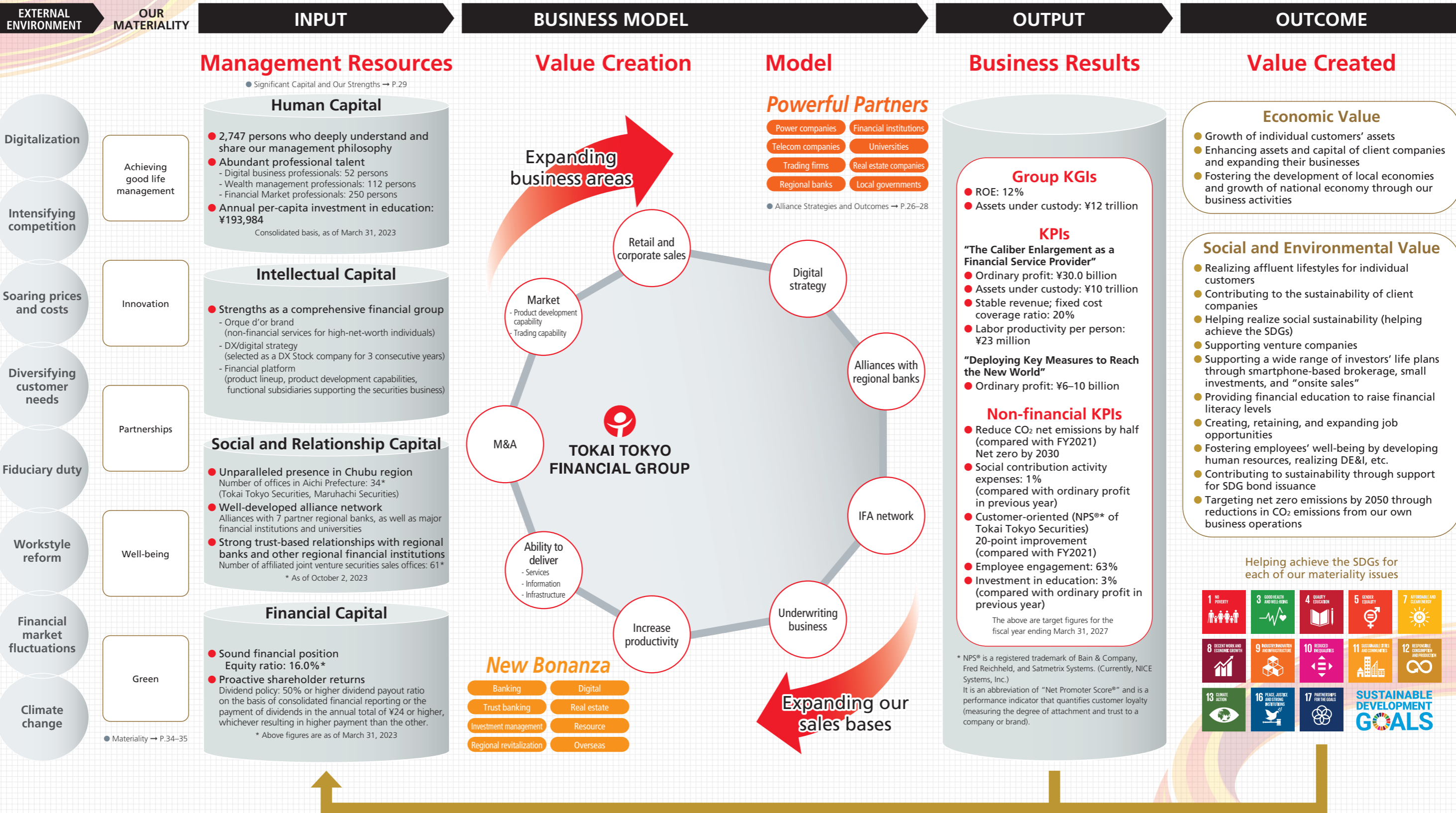
FY2000-2021

FY2022-2026 Medium-term management plan "Beyond Our Limits"

FY2030

Tokai Tokyo Financial Group's Value Creation Process

We will aim to achieve sustainable growth and increase corporate value by providing a wide range of securities business platforms via our unique network, viewing major changes in society as opportunities for our next stage of growth.



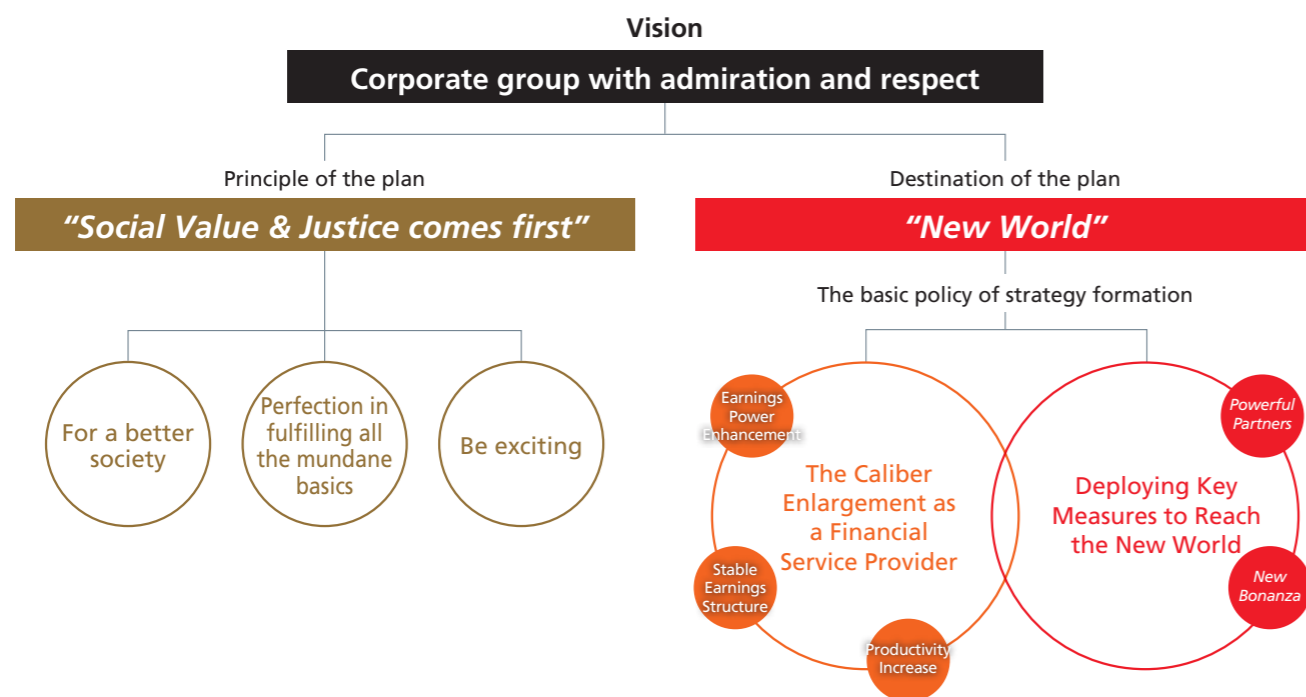
Overview and Progress of the Medium-term Management Plan

We are in the second year of “Beyond Our Limits,” our medium-term management plan launched in April 2022. Under the keywords of “New World,” the plan aims to push the Group beyond its limits and achieve an ascent to even greater heights. By leveraging the business model and strengths we have developed to date, the Group will work together to accomplish the goals of the medium-term management plan. In the process, we will help enrich our customers’ assets and capital, which will lead to the growth of the Japanese economy.

Five-year plan

(April 2022–March 2027)

“Beyond Our Limits”



Principle of the Plan

We formulated “Social value & justice comes first” as the action guideline of our medium-term management plan. After repeated discussions by the Board of Directors, we also established “corporate group with admiration and respect” as a broad concept that encompasses initiatives, corporate ethics, and a code of conduct to follow the action guideline. By keeping this mindset at the core of our employees’ actions, we will not only pursue profits but also incorporate value provision to society at large into our business activities, and thereby enhance our corporate value in the future. We have established “Social Value & Justice” KPIs based on the three perspectives of “For a better society,” “Perfection in fulfilling all the mundane basics,” and “Be exciting.” Most of the KPIs are things that we have been working on in the past. By setting specific KPIs, however, we will become more aware of “Social Value & Justice” than ever and encourage more active participation.

Fundamental Strategic Policy

Under the new medium-term management plan, we are working on two axes: “The Caliber Enlargement as a Financial Service Provider” and “Deploying Key Measures to Reach the New World.”

With respect to strengthening our financial capabilities, we aim to improve profitability, build a stable profit structure, and increase productivity, especially in our existing securities businesses, which is handled by Tokai Tokyo Securities and affiliated joint venture companies. As for key measures to reach a new dimension, we will leverage the digital capabilities of CHEER Securities, Tokai Tokyo Digital Platform, and others to collaborate with Powerful Partners and elevate our business model to a new level.

Specific Actions

[Group KGI]

For Group KGIs, we are targeting ROE of 12% and financial assets under custody of ¥12 trillion (¥10 trillion for “The Caliber Enlargement as a Financial Service Provider” and ¥2 trillion for “Deploying Key Measures to Reach the New World”) for the year ending March 2027. In the year ended March 31, 2023, we recorded ROE of 1.1%. This was mainly due to fluctuations in market conditions, a review of our structured bond sales system, and expansion of future-oriented investments. Meanwhile, Tokai Tokyo Securities and affiliated joint venture securities companies are steadily expanding their financial assets under custody, which reached ¥8.6 trillion at fiscal year-end.

[The Caliber Enlargement as a Financial Service Provider]

In strengthening our financial capabilities, we have defined four KPIs: ordinary profit, assets under custody, stable earnings / fixed cost coverage ratio, and labor productivity per employee. Our Wealth Management Division, which handles implementation of strategy for the Company, surpassed ¥1 trillion in assets under custody (as of March 31, 2023). It is growing at a high pace, more than doubling over the past five years. As for stable revenue / fixed cost coverage rate, we also worked to expand our stock income base by increasing net income from investment trusts and fund wraps and promoting stock certificate lending, securities-backed loans and insurance business. As a result, we made good progress in transforming our earnings

structure, making it less susceptible to market conditions. As for labor productivity per employee, we worked to improve our productivity by leveraging tools for Web interview and DX, and rebuilding the structure of our sales offices. Going forward, we aim to further improve our productivity with digital technology in a proactive manner.

[Deploying Key Measures to Reach the New World]

With respect to key measures to reach a new world, we have defined ordinary profit from New Bonanza (digital affiliate) initiatives and our alliance with Powerful Partners as part of our ordinary profit KPI.

In fiscal 2022, CHEER Securities focused on developing and expanding application functions and launched a brokerage startup with Nishi-Nippon City Bank and a stock purchase service based on a reward-point exchange arrangement with Menikon Co., Ltd. During the year, Tokai Tokyo Digital Platform launched an initiative to support environmental community development, beginning with the provision of digital gift certificates under consignment to a local government.

As a result of these efforts, we were selected as a “DX Stock” company for the third consecutive year. We will continue providing DX support and digital services to local governments to address various measures related to supporting the regional economy and revitalizing local communities as well as improving operations through digital technology and expanding financial services provision.

	Results (FY2022)	Targets (FY2026)	Results (FY2022)	Targets (FY2026)
Group KGIs				
ROE	1.1%	12.0%	Assets under custody*1	¥12.0 trillion
			¥8.6 trillion	
The Caliber Enlargement as a Financial Service Provider			Assets under custody	¥10.0 trillion
Ordinary profit*2	¥9.19 billion	¥30.0 billion	¥8.6 trillion	
Stable earnings/fixed cost coverage ratio*3	18.6%	20.0%	Labor productivity per employee	¥23.0 million
			¥16.5 million	
Deploying Key Measures to Reach the New World			Ordinary profit*4	¥6.0–10.0 billion
	–¥2.85 billion			

“Social Value & Justice” KPIs

For a better society	CO ₂ emissions → P.37	1,474t approx. 50% reduction (compared with fiscal 2021)	Social contribution activities cost	1.0% (Ordinary profit margin)
	2,539t		1.5%	
Perfection in fulfilling all the mundane basics	Customer-oriented (NPS® of Tokai Tokyo Securities Co., Ltd.)	+20p (compared with fiscal 2021)		
	–1.8p			
Be exciting → P.32	Employee engagement	63.0%	Investment in training	3.0% (Ordinary profit margin)
	40.0%		4.5%	

*1 Refers to the balance of customers’ financial assets (including securities, deposits, and insurance) managed by the Group. We are aiming for a balance of ¥10 trillion for “The Caliber Enlargement as a Financial Service Provider” and ¥2 trillion for “Deploying Key Measures to Reach the New World.”

*2 Refers to ordinary profit of Group companies running conventional securities brokerage operations, excluding digital affiliates.

*3 Refers to balance-linked and recurring revenue (such as investment trust fees, fees from wraps, credit interest, insurance fees, lending against collateral loans, and investment advice).

*4 Refers to ordinary profit of digital affiliates, New Bonanza, and alliances with Powerful Partners.

Messages from Chairman and President of Tokai Tokyo Securities

When employees can work with pride, they are more likely to be of service to stakeholders and thus make the presence of the Company felt.



Masataka Sato

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



Naoko Kitagawa

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

Tokai Tokyo Securities is committed to growing together with its employees in order to become truly wanted. In this section, two of the top executives speak about business as a core company of the Group, initiatives for sustainability, and their thoughts on our customers, employees, local communities, and other stakeholders.

Sato: I mainly focus on initiatives that help society and aim for win-win outcomes in the long run. These initiatives include regional revitalization activities and fostering startups, which is a new business for the Group, as well as enhancing new Group capabilities. I also participate in activities of the Tokyo and Chubu chapters of the *Keizai Doyukai* (Japan Association of Corporate Executives) and other business associations to uplift the presence of the Group and gain insights from people in different industries.

Kitagawa: I am responsible for the overall management of Tokai Tokyo Securities. I believe that securities companies have a great responsibility with respect to Japan's "Asset Management Nation" concept, meaning a nation preeminent in asset management, and "Doubling Asset-based Income Plan." Our aim is to provide "investment opportunities for all" now that the shift from savings to investment is in full swing. In the securities industry, we see a movement away from the traditional commission-based business model to a more goal-based approach. In this context, a new investor base, mainly younger people seeking to build assets, is growing. My mission is to pave the way for the realization of a new business model.

Sato: Looking back on FYE March 2023, the market environment remained difficult due to the COVID-19 pandemic of the past few years and the Ukraine issue. Despite such difficult conditions, we strove to manage our business operations in a customer-oriented manner and focused on solutions-driven sales to address our

customers' problems. We are particularly proud that the Wealth Management Company further enhanced the reputation of Orque d'or, which provides unparalleled services to high-net-worth clients.

The merger with ACE Securities in May 2022 was a major initiative. Immediately after the merger, we were sometimes bewildered by the new workflow. However, thanks to the speedy responses in the field by spontaneously organized teams, we quickly got the newly merged operation up and running. Meanwhile, the Retail Company is using face-to-face interactions with customers, and the Multi-Channel Company worked to upgrade the quality of proposals to customers through either conventional counter sales or non-face-to-face DX-based sales. We also reviewed various rules to improve productivity. I am extremely satisfied that we were able to proceed with these initiatives under the leadership of people in the field.

In addition to bond underwriting, one of our strengths, the Investment Banking Company worked to strengthen its IPO business while also building relationships with startup companies. Thanks to these efforts, I am confident that we are becoming a prominent player in the industry. Meanwhile, the Global Market Company actively recruited human resources to strengthen its sales and trading business model and progressively established a solid business structure. We still have some work to do, but I believe we have established a foundation for tackling new businesses in response to market needs.

Kitagawa: The collapse of Silicon Valley Bank in March 2023 increased stress in the market, but that stress subsided in April. In the meantime, so-called "Kishidanomics" took off in earnest, providing an initial boost to the Japanese stock market.

Under these conditions, we advocated the introduction of core assets and began full-scale portfolio sales. We are also encouraging customers to use our asset management advisory tool "Money Vision."

We also clarified our goals for establishing a stable earning structure and are forging ahead with efforts to achieve them. For instance, besides mutual funds and fund wraps, we provide loans backed by securities, as well as a full range of solution proposals for insurance and real estate. Meanwhile, the newly opened NISA Center will be the hub of our NISA business, and we also plan to reach new customer segments by building a web-based community and utilizing Virtual YouTubers. I believe that "onsite sales" can be a key touchpoint for reaching new customers and plan to utilize a Corporate Trilateral Strategy* to engage in wide-ranging sales activities toward owner companies served by the Wealth Management Division, as well as other corporate customers served by Investment Banking Company and Global Market Company.



Further expand investment in human resources to become the company of customers' choice

Sato: Under its medium-term management plan, the Group sets a KPI of allocating at least 3% of the previous year's ordinary income to investment in education. From the perspective of human capital management, we will firmly support individual challenges and encourage autonomous growth, with the aim of helping each individual progress in the future. This is the basis for becoming the company of customers' choice and creating a sustainable business model.

In 2020, we introduced our Humanity Enhancement Program, which offers a variety of learning opportunities, including reskilling and studying on the side through external programs. These efforts have helped employees improve their professional and personal development, while leadership has become more prominent, especially among the younger generation.

We will strive to raise the level of our human resources by fostering a culture that rewards those who make efforts, develops individual abilities, and eventually generates various ideas.

Kitagawa: In my opinion, our human resources strategy should be inextricably linked to our business strategy. We are also committed to diversity. For example, our percentage of women in management positions is 16.8%, which is better than the average in the industry. Meanwhile, we will further enhance our job-based personnel system, which was adopted in fiscal 2019, in response to changes in the environment, including diversifying workstyles and evolving business models. I believe that a meticulous approach to human resources planning is the cornerstone of sustainability management.

Regarding communication with stakeholders, our first priority is to listen to customers in order to become the securities company of customers' choice. It is important to obtain as much information as possible regarding the needs of customers and their opinions about our Company. In addition to consultations on asset management, I feel that customers' complaints about our deficiency compared with

other companies and requests for improvement provide key insights about the problems we should address. We have set "NPS improvement" as a non-financial KGI in our medium-term management plan. It is important to adopt a "meticulous approach to everyday activities" in order to become the company of customers' choice.

Our second priority is our employees, who are truly valuable human assets. Therefore, we, as management members, must have the communication skills to listen sincerely to our employees so that they can feel a sense of job satisfaction and loyalty to Tokai Tokyo Securities. Personally, I believe that face-to-face meetings are key to mutual understanding, so I make it a point to visit worksites first and talk with employees about various topics. I hope to develop many employees who are motivated to do their jobs while proactively working on "human capital management," enhancing their loyalty to Tokai Tokyo Securities, and sharing a future vision. This will help us improve our NPS, differentiate ourselves from other companies, and enhance corporate value. This is what I call "robust sustainable management," and I plan to spend ample time working on it.

Sato: As stated in our management philosophy, one of our missions is to care about and contribute to local communities. In each of our operating regions, we have a strong sense that the region keeps us alive and enables us to perform well, so it is only natural that we work to resolve regional issues as a way of returning the favor. Therefore, I personally participate in various local organizations and work with communities to enhance communication. Industry-government-academia initiatives are also necessary for regional development. Accordingly, we provide opportunities for creating innovation through our Open Innovation College in Chubu and Tokyo.



Acting as a compass and beacon for employees to lead the Group's core companies

Kitagawa: The securities industry five years from now will not resemble what it is today. That's how swiftly things change. Difficult times lie ahead, but we must overcome such change. We must expand our network, raise our antennae to catch more information, and serve as a compass and beacon to navigate Tokai Tokyo Securities in these confusing times, so that all employees can raise their hands to break the tape at the finishing line. With a strong sense of persistence in management, we will drive Tokyo Tokai Securities as a core company of the Group.

Sato: In these challenging circumstances, we will further reinforce our existing strengths while at the same time taking on new challenges with "animal spirits." To overcome difficulties, meanwhile, we must take the high road, not the easy way out. I want our Company to think and act together with our customers and society (our stakeholders) as our main focus so we can be useful to them. I would also like to enhance our virtues as a company so we can demonstrate our presence in these difficult times, with everyone growing with pride and a smile on our faces.

* Our Corporate Trilateral Strategy is a system in which Tokai Tokyo Securities' three divisions—corporate banking, investment banking, and wealth management work together to provide solutions for corporate financial strategies and the various needs of owners/management executives as individuals, with the aim of facilitating multifaceted transactions.

Tokai Tokyo Securities—Strategy and Results by Company

Wealth Management Company

“We aim to improve the value of the Orque d’or brand by providing customers with the highest-quality service.”



Masahiko Miyano
Senior Managing Executive Officer
Head of Wealth Management Company

Company Overview

The Wealth Management Company handles Orque d’or, a service so branded for high-net-worth individuals, primarily corporate executives. We provide optimal one-stop solutions for customers’ issues, ranging from asset management to capital policy, inheritance, business succession, real estate, and so forth. We aim to expand our base of affluent customers by delivering the highest level of service that transcends the traditional concept of finance. This includes providing fine consulting venues and exceptional hospitality.

Focus Areas

- Target affluent customers and deploy measures tailored to specific customer attributes to expand our customer base
- Practice portfolio management using a goal-based approach
- Stabilize revenue and expand solution business
- Expand/upgrade products and services, provide business support for corporate managers and young entrepreneurs
- Improve brand loyalty of Orque d’or, build management community, etc.
- Develop high-level human resources

Medium-term Management Plan: Initiatives and Progress

Leveraging the Orque d’or brand, we will take measures to build an innovative high-net-worth business model that delivers us dramatic growth. Focusing particular attention on developing high-level human resources and expanding our multifaceted services, we will expand our customer base targeting entrepreneur business owners and ultrahigh-net-worth individuals in Japan and thus increase our ability to generate stable revenue. By providing an indispensable platform for the businesses and daily lives of high-net-worth Orque d’or customers, we will pursue further growth.

Topic

Introduction of Orque d’or

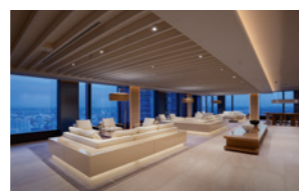
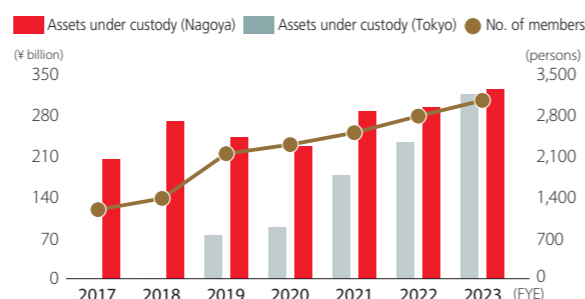


With our motto of “solid trust,” we provide the best hospitality in the finest environments.

Tokai Tokyo Securities created the Orque d’or brand for high-net-worth individuals in 2015. Since then, we have built a unique business model that allows us to provide high standards of service to our wealthy customers. We also deliver extra satisfaction with the meticulous services we have cultivated as a face-to-face securities brokerage.

■ Orque d’or assets under custody and number of members

¥633.1 billion 3,023 persons (as of March 31, 2023)



Nagoya
Opened on the top floor of Dainagoya Building in March 2016; includes lounge, restaurant, reception room, seminar room, multipurpose hall, and detached Japanese-style room



Tokyo
Opened on the top floor of the Nihonbashi Takashimaya Mitsui Building in April 2019; includes lounge, restaurant, reception room, seminar room, multipurpose hall, and rooftop garden

Retail Company

“We will continue working with a sense of mission to support our customers’ wealth formation needs.”



Yoshinobu Takahashi
Senior Managing Executive Officer
Head of Retail Company

Company Overview

The Retail Company offers a variety of financial products and solution proposals, centered on consulting services related to customers’ life events. In this way, we help them build wealth and enhance their capital. With an overwhelming presence in the Chubu region, and in cooperation with our affiliates, we engage in customer-oriented business operations while addressing their wide-ranging needs.

Focus Areas

- Utilizing database marketing and various tools to promote portfolio sales
- Productivity-oriented sales activities
- Transformation to a stable profit structure

Medium-term Management Plan: Initiatives and Progress

By making optimal portfolio proposals to customers, the Retail Company provides investment opportunities in foreign-currency-denominated assets that benefit from growth of overseas markets and high interest rates, as well as the appeal of the Japanese stock market, which is expected to change in the future. We will aim to create an asset management system tailored to each individual customer, including by using Japan’s new NISA scheme that will start in 2024.

In addition, each employee will work with a high level of awareness to improve productivity and build a strong and stable earnings base.

Multi-Channel Company

“We support our customers’ wealth formation by offering a variety of products through multiple channels.”



Souichi Furukawa
Senior Managing Executive Officer
Head of Multi-Channel Company

Company Overview

The Multi-Channel Company supports wealth formation by providing services through wide-ranging channels to meet the diverse needs of customers. These include non-face-to-face services through online trading and call centers, as well as MONEQUE, a one-stop multiple financial services, and NISA Center, which encourages customers to build wealth through the NISA scheme.

Focus Areas

- Expanding non-face-to-face services using DX
- Wealth formation support by NISA Center
- Expanding online margin trading
- Call center operational support for affiliated joint venture brokerage firms

Medium-term Management Plan: Initiatives and Progress

In non-face-to-face transactions, we are expanding the range of products handled and are considering deployment of DX to improve customer service and convenience. We also provide know-how gained from call center operations to our affiliated joint venture brokerage firms to help them improve the quality of their telephone answering services.

Against the backdrop of the Japanese government’s “Doubling Asset-based Income Plan,” we will also support wealth formation and asset management of many customers by utilizing the newly established NISA Center and MONEQUE channels.

Tokai Tokyo Securities—Strategy and Results by Company

IFA Company

“We will establish a firm position with a trusted IFA platform.”



Yasuo Ookura
Managing Executive Officer
Head of IFA Company

Company Overview

The IFA Company was established in September 2019 to succeed the business foundation of the former Takagi Securities. Serving as a new channel in collaboration with independent financial advisors (IFAs*1), it has been working to expand business through a support system that leverages the diverse financial products and solutions derived from face-to-face securities services and the comprehensive strengths of the Tokai Tokyo Financial Group. In May 2022, it merged with the former ACE Securities and inherited the IFA business of that company, which had the largest number of contractors in the industry, thus expanding our business network nationwide.

Focus Areas

- Acquire new IFAs (from foreign-affiliated PBs, major financial institutions, and organizations with a large number of members in different industries, etc.)
- Promote securities-backed loans
- Strengthen sales of foreign bonds and private investment trusts for high-net-worth individuals

Medium-term Management Plan: Initiatives and Progress

The number of contractors and the balance of assets under custody have increased significantly following the merger with the former ACE Securities and inheritance of that company's IFA business, resulting in our business expansion. We also focused on strengthening profitability with an emphasis on efficiency by developing a system to promote specialized strategies tailored to the business segments of the IFAs. In addition, we expanded our business base by cultivating new IFA firms with strengths in serving wealthy individuals and formed alliances with companies in other industries that have large client bases. Going forward, we will focus on providing operational support to strengthen the compliance systems of IFA firms and foster the sound development of the IFA industry.

Investment Banking Company

“Our goal is to provide high-value-added solutions to our customers and be a company they can always rely on.”



Hisashi Yoshikawa
Senior Managing Executive Officer
Head of Investment Banking Company
* As of September 30, 2023

Company Overview

The Investment Banking Company provides a variety of solutions, including SB*2, IPO*3 and PO underwriting, and M&A advisory services. As for IPOs, we focus on discovering small- and medium-sized companies with small but exceptional business models and high growth potential. In the Chubu region, where our Company is based, we have a track record comparable with major securities firms. In recent years, we have also taken on the challenge of new businesses, including STO*4 issuance and English-language investor relations.

Focus Areas

- Expand traditional investment banking services, including SBs, equities, and M&As
- Embrace challenges in new businesses, including STOs
- Promote Corporate Trilateral Strategy
- Collaborate with regional banks and funds, M&A boutiques, etc.

Medium-term Management Plan: Initiatives and Progress

We are working to improve our position on the IPO league table by increasing our annual SB underwriting volume and the number of lead-managed issues. At the same time, we are promoting collaboration within and outside the Group to increase the number of M&A transactions and strengthen our financial capabilities through these business expansion efforts. We are also working to acquire New Bonanza capabilities through STOs and other new business initiatives. Going forward, we will collaborate with Powerful Partners to attract IPO and M&A deals and leverage the client base of Powerful Partners to strengthen our sales network and expand the number of underwriting deals.

Global Market Company

“We aim to strengthen our sales and trading operations to implement initiatives “Beyond Our Limits.””



Kazuhiko Shiimado
Deputy President and Director
Head of Global Market Company

Market & Platform Division

Division Overview

The Market & Platform Division offers a variety of financial products to the customers of Tokai Tokyo Securities, affiliated joint venture brokerage firms, and platform partners based on a fundamental policy of focusing on sales and trading. To meet the needs of a wide range of customers, we have established a system that is fully capable of satisfying customer needs through the synergistic effects of the Market Division and Platform Division.

Focus Areas

- Enter the lending business
- Expand foreign-currency-denominated asset business
- Adopt more sophisticated trading methods
- Develop new products and establish new business lines

Medium-term Management Plan: Initiatives and Progress

The majority of the customer assets under custody at Tokai Tokyo Securities are denominated in yen. To diversify the risk of our customers' portfolio from a global perspective, therefore, we are focusing on expanding our foreign equity and bond business. With regard to Japanese equities, we will launch the stock lending service to expand the scope of our equity solutions business. In the first half of fiscal 2023, we divided the Corporate Sales Division into smaller departments by customer segment (financial corporations, business corporations, and public interest corporations), enabling us to propose products that meet the needs of customers in each segment and engage in timely sales activities. By broadening and firmly establishing our sales and trading capabilities, we aim to achieve monthly operating revenue of ¥3 billion.

Corporate Sales Division

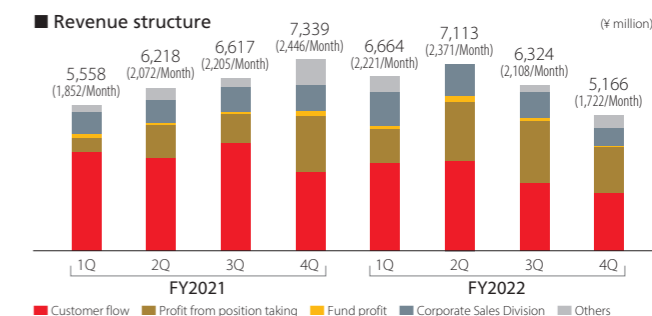
Division Overview

The Corporate Sales Division provides a variety of solutions related to financial products to financial institutions, business corporations, and other corporate clients throughout Japan. These solutions include Japanese equity brokerage, sales of newly issued bonds backed by high underwriting capabilities, provision of wide-ranging foreign bonds and structured bonds, and proposal and structuring of derivative transactions to deal with interest rate and foreign exchange risks. We are striving to expand our business base by proposing products and solutions that meet the meticulous needs of our customers.

Focus Areas

- Expand solutions business
- Expand derivatives trading
- Provide investment advisory and discretionary investment management services
- Expand non-profit corporate business

As for the initiatives with Powerful Partners, we aim to further expand our client base by promoting collaborations. At the same time, will strive to improve our trading capabilities in order to maximize the benefits of such collaborations.



Alliance Strategies and Outcomes

Since establishing YM Securities in October 2007 in partnership with the Yamaguchi Financial Group, we have built partnerships with major regional banks for more than 15 years. Alliances, co-creation, and joint development are the main pillars of our business model, for which building trust is of utmost importance. By adding newly acquired digital services and other new functions to the alliance capabilities cultivated to date, we aim to achieve further growth through collaboration with Powerful Partners.

Affiliated Joint Venture Securities Companies with Regional Banks

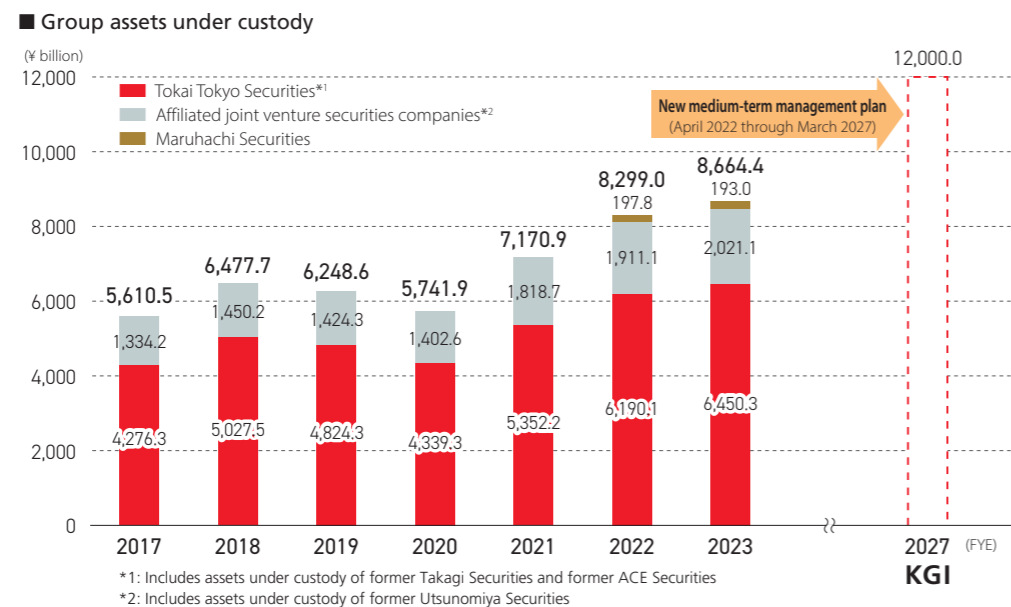
As of March 31, 2023, we have a total of seven affiliated joint venture securities companies through joint investments with regional banks. All of our partners are influential regional banks with solid business and customer bases in their respective regions. These joint venture securities businesses enable the banks to enter the securities business with minimal initial investment, while the Group can utilize the customer bases and sales networks of the regional banks. Further, the Group can stabilize its business through profits from the alliance joint ventures. Thus, we can establish win-win relationships that benefit both parties.

The fundamental strategic policy of our medium-term management plan, "Beyond Our Limit," is to strengthen our financial capabilities. One of our Group key goal indicators (KGIs) is to achieve Group financial assets under custody of ¥12 trillion by March 2027. As of March 31, 2023, total assets

under custody of the affiliated joint venture securities companies through joint investments with regional banks was ¥2.2 trillion. In addition to the high-net-worth and corporate business initiatives that we have prioritized to date, we will promote portfolio sales, where we make optimal proposals for managing our clients' assets, while increasing management efficiency through enhanced cooperation among Group companies.

Attracting younger customers in the context of our aging customer base is a common challenge facing securities companies and regional banks. To address this issue, we will develop new tools and services utilizing digital technology and provide those functions as a platform provider.

Our policy is to maximize synergies and deepen our alliances by combining the strong customer bases of each regional bank with the Group's extensive knowledge and expertise in the retail, corporate, and market sectors.



Digital Strategy

Amid the rapid digitalization of industry, the evolution and diversification of FinTech functions, the entry of other companies into the financial sector, and emergence of new workstyles stemming from COVID-19, we are actively working on digitalization, which we prioritize to maintain sustainable growth in response to changes in the business environment.

In October 2016, we established a dedicated digital

department to improve customer service using AI-based database marketing, an inheritance diagnosis simulation system, and asset management analysis tools. In addition to preparing for a next-generation securities brokerage business, we are developing the Tokai Tokyo Digital World in collaboration with regional financial institutions, operating companies, and local governments as a business model deploying advanced FinTech

functions. As a result of these efforts, we were the only company in the securities industry to be selected for three consecutive years (2021, 2022, and 2023) as a DX Stock by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan.

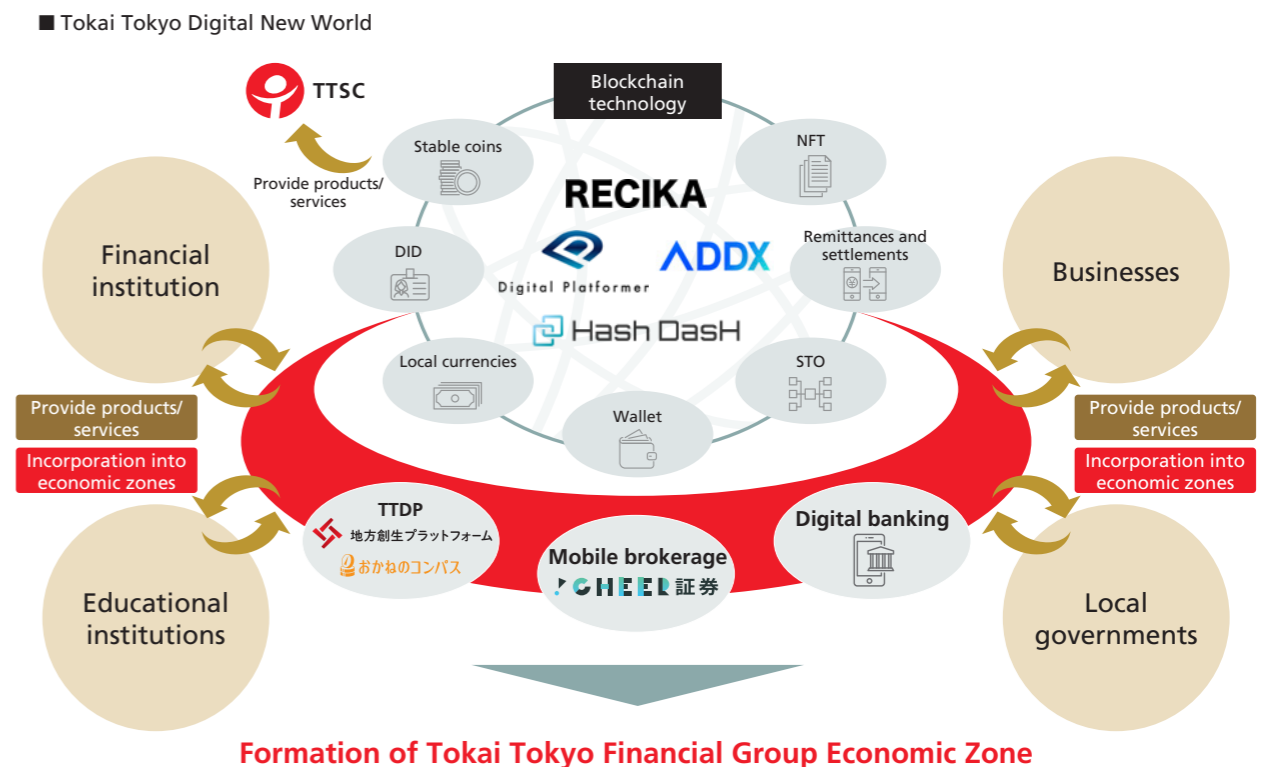
Our medium-term management plan includes developing the "Tokai Tokyo Digital New World" as one of our "Deploying Key Measures to Reach the New World." Here, we will strive to further evolve our existing Tokai Tokyo Digital World by collaborating with Powerful Partners (regional financial institutions, operating companies, and local governments) and other partner companies through investments in the digital field, cutting-edge technologies, and new functions / services. As part of this initiative, in July 2023 we concluded a collaborative agreement with Japan Post Bank Co., Ltd. with the aim of resolving issues faced by local governments, reforming business operations and improving productivity of local companies, supporting the regional economy, and revitalizing local communities. As the first step of this collaboration, our subsidiary Tokai Tokyo Digital Platform Co., Ltd. (TTDP) concluded a "Cooperative Agreement Related to Premium Digital Gift Certificate Operation" with Japan Post Bank. Under the agreement, TTDP and Japan Post will jointly propose the introduction of digital gift certificates to local governments in order to eliminate the so-called "digital divide (information gap)" which is a major challenge for regional DX, while building a digital gift certificate business that can be used equally by everyone.

With a view to developing businesses related to the SDGs and healthcare in regional areas, TTDP provides a smartphone application that grants points for environmentally friendly and healthy behaviors to the Group's officers and employees. Going forward, we will use the app to promote events* related to the SDGs and healthcare within the Group.

In March 2023, CHEER Securities, which provides a smartphone-based brokerage service, concluded a financial instruments intermediary business agreement with The Nishi-Nippon City Bank. Under the agreement, CHEER Securities and Nishi-Nippon City Bank launched a service that enables securities investment through a smartphone application. In August, they released "Omakase Management," a discretionary investment management service that supports small investments. Going forward, we plan to support the new Nippon Individual Savings Account (NISA) program, which is a pillar of the Japanese government's "Doubling Asset-based Income Plan," and provide opportunities for a wide range of customers to make investments.

In the digital field, we will continue expanding our wallet function, non-fungible token (NFT), and security token transaction platform services and work with Powerful Partners to create a business model that offers a new-dimension experience, with a view to further expanding business opportunities in the Web 3.0 environment.

* Example: Participation in the Ministry of Environment's "Food and Life 'Green Life Point' Project"



Alliance Strategies and Outcomes

Alliances and Collaboration with Powerful Partners

For more than 15 years, we have established partnerships with leading regional banks in Japan.

As a result, we have dramatically expanded our sales channels as a group and built a sales office network covering almost all of Japan. By also providing the Group's securities expertise to this customer base, we have established a unique financial platform business.

Banks and securities companies have vastly different cultures. By forging strong relationship of trust between them, we have successfully implemented a scheme that allows both parties to make profits and developed a unique management strategy in the process. This has led to steady growth of assets under custody. To achieve further growth and business expansion, however, we must not only strengthen our existing financial business but also build an even larger foundation.

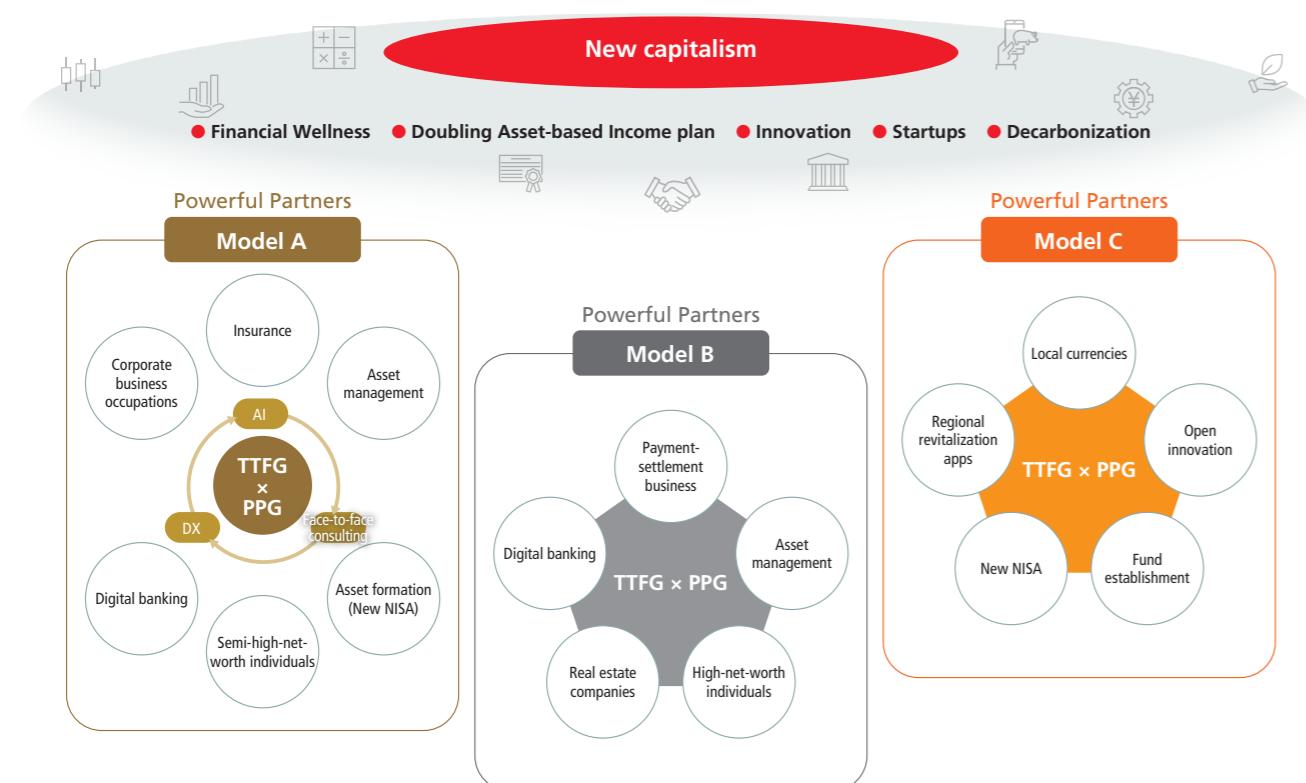
Under our current medium-term management plan, therefore, we aim to further grow and expand our business base by broadening our platform business to include Powerful Partners* (leading companies and organizations in other industries) and

forming alliances and collaborations with them. By mutually utilizing the respective capabilities and services of Powerful Partners and our Group, we will build a new financial business model and establish win-win relationships that benefit all parties.

Currently, we are considering specific collaboration models that include using digital strategies, an area of focus since our previous medium-term management plan. All models involve partnerships with Powerful Partners who have a huge client bases and exceptional technologies and services. By combining our know-how, we will create new initiatives in line with the government's concept of new capitalism. We will steadily and swiftly implement each of these alliance models and work as one to achieve the Group KGIs set forth in our medium-term management plan.

* Partners (including electric power companies, telecommunications companies, financial institutions, trading companies, real estate companies, universities, local banks, and local governments)

Models for alliances and collaboration with Powerful Partners



Significant Capital and Our Strengths

The Group aims to contribute to the growth of our nation's economy by fulfilling the role of a financial service provider to help customers with their wealth formation and capital enhancement. Based on this vision, our current medium-term management plan states the goals of "The Caliber Enlargement as a Financial Service Provider," which focuses on strengthening the existing securities business, and "Deploying Key Measures to Reach the New World," which aims to collaborate with Powerful Partners to acquire new functions. To realize these goals, we operate our businesses based on the recognition that human capital, intellectual capital, social capital, and financial capital are particularly important elements of our capital for operation. To achieve sustainable growth of and increase our corporate value, we aim to further utilize and enhance our capital more effectively.

Important Elements of Capital for Operation	Competitive Edge	Capital Enhancement
<p>[Human Capital]</p> <ul style="list-style-type: none"> Human resources to contribute to the growth of our nation's economy by fulfilling the role of a financial service provider to help customers with their wealth formation and capital enhancement Human resources who always pursue their career and can continue learning autonomously Human resources who are not afraid of change, see changes as opportunities, and are ready to take on new challenges 	<ul style="list-style-type: none"> 2,747 employees who deeply understand and share our management philosophy Abundant professional human resources Digital business professionals: 52 persons Wealth management professionals: 112 persons Financial Market professionals: 250 persons Active investment in education Annual per-capita investment in education: ¥193,984 * The above figures are on a consolidated basis as of March 31, 2023. 	<ul style="list-style-type: none"> Increase the ratio of female employees in management positions 16.8% (actual) → 21.0% (target) Increase the ratio of male employees taking childcare leave 34.0% (actual) → 100% (target) * Male employees taking childcare or childcare-related leave Reduce wage gap between male and female employees 72.9% (actual) → 77.0% (target) * Regular employees Employee engagement 40.0% (actual) → 63.0% (target) Education and research expenses (as percentage of ordinary profit in the previous year) 4.5% (actual) → 3.0% (target) * Actual: Result as of FYE March 2023 * Target: Target as of FYE March 2027
<p>[Intellectual Capital]</p> <ul style="list-style-type: none"> Accumulate knowledge and expertise in advanced product structuring and management execution High level of expertise to support the securities business (Tokai Tokyo Research Institute, Tokai Tokyo Wealth Consulting, Tokai Tokyo Asset Management) Marketing techniques tailored to customer segments 	<ul style="list-style-type: none"> Group capability allowing provision of comprehensive financial services Orque d'or brand (Non-financial services for high-net-worth individuals) DX strategy, digital strategy (Selected as DX Stocks company for 3 consecutive years) Financial platform (Product lineup, product structuring capabilities, and functional subsidiaries that support the securities business) 	<ul style="list-style-type: none"> Develop human resources to enhance our product mix and management execution capability Enhance research and solutions capabilities Adopt sophisticated marketing techniques tailored to customer segments Increase the value of the Orque d'or brand Acquire advanced knowledge and expertise in DX and deploy digital services Strengthen our financial platform
<p>[Social Capital]</p> <ul style="list-style-type: none"> Sales base centered on the Chubu region Relationships of trust with regional banks Well-developed customer base (proper, joint venture partners, and platform partners) Support for startup companies with a focus on open innovation Provide services by the use of digital technology Overseas affiliate network 	<ul style="list-style-type: none"> Unparalleled presence in Chubu region Number of offices in Aichi Prefecture: 34 offices (Tokai Tokyo Securities, Maruhachi Securities) Well-developed alliance network Alliances with 7 affiliated regional banks, as well as major financial institutions and universities Strong relationships of trust with regional banks and financial institutions Number of affiliated joint venture securities' operating offices: 61 offices Overseas network: Covers 16 companies * Number of offices as of October 2, 2023 	<ul style="list-style-type: none"> Expand services for customers, especially in Chubu region Expand services for regional banks and affiliated joint venture brokerage firms Provide services for non-financial business companies Provide financial, digital, and green functions for regional revitalization Leverage our cooperative relationships with regional banks (Expand scope to include local governments and residents) Expand on-site service activities Provide financial products Provide investment information via Tokai Tokyo Research Institute Provide education and training via Tokai Tokyo Academy Expand digital services
<p>[Financial Capital]</p> <ul style="list-style-type: none"> Equity capital: ¥169.2 billion Total assets: ¥1,056 billion Group assets under custody: ¥8.6 trillion Operating revenue: ¥73.3 billion Ordinary profit: ¥6.3 billion Tokai Tokyo Securities' Capital adequacy ratio: 428.0% * The above shown figures are as of March 31, 2023. 	<ul style="list-style-type: none"> Sound financial foundation Equity ratio: 16.0% Proactive return to shareholders Dividend policy: 50% or higher dividend payout ratio on the basis of consolidated financial reporting or the payment of dividends in the annual total of ¥24 or higher, whichever results in higher payment than the other. [Reference] Dividend ratio (consolidated): 203.8% * The figures are as of March 31, 2023. 	<ul style="list-style-type: none"> Strengthening financial capabilities [Profitability improvement] Ordinary profit: ¥30.0 billion Assets under custody: ¥10 trillion [Stable profit structure] Stable profit/expense coverage ratio: 20% [Productivity improvement] Labor productivity per employee: ¥23 million * The above figures are target KPIs in the medium-term management plan for the fiscal year ending March 31, 2027.

Strengthening Human Capital

Special Features

[Message from Executive Officer in charge of Human Resources Management]

“We remain committed to being a corporate group that supports the self-realization of our sparkling employees.”

Synchronizing Human Resources Strategy with Our Management Strategy: The Profile of People We Want to Work Together

The Group’s human resources strategy has evolved in tandem with its management strategy. Around 2006, when we were running a retail-oriented business, we emphasized an ever-learning campaign that encourages employees to acquire qualifications intending to strengthen face-to-face retail sales. Subsequently, however, we have expanded and diversified our operation by establishing affiliated joint venture securities companies with regional banks and advancing full-blown business with high-net-worth individuals. In line with such a move, we started encouraging employees to acquire various expertise besides developing them to fit the retail operation. Also, we positively introduced the personnel appraisal system that enables us to assess employees with the kind of skills and backgrounds uncommon in our industry in the past.

Our job-based personnel system, introduced in 2019, is one such example. In the course of our business expansion to date, the Human Resources Department has worked hard to build a human resources system that allows us to assign and train personnel with the right skills and abilities for each department, as well as to conduct fair personnel evaluation with a view to steadily implementing our management strategy.

In April 2022, the Group launched its current medium-term management plan, under which we are focusing on establishing a personnel system for embracing challenges “Beyond Our Limits.” Specifically, we are working on a human resources strategy based on two axes: business enhancement (from

an aggressive perspective) and corporate continuity and sustainability (from a sustainability perspective). The kind of people we are looking for are those who can grasp the changes of the times, think for themselves without being bound by convention, and pioneer new paths. Fundamentally, we also need people with a basic



Mieko Haji
Executive Officer
Head of Human Resources Division,
General Planning Group

knowledge of finance and securities who can refine their own areas of expertise with an eye to the future. For this reason, we need to review constantly the human resources system itself.

Strengthening Human Capital: Initiatives and Challenges

To maintain and enhance our human capital, we need to keep assigned work attractive to employees within our Group and make our workplace appealing to the people outside as well. In addition to compensation, therefore, we are making every effort to ensure that people inside the Company realize that they can do interesting work and grow as individuals by working with us and even the outsiders feel the same.

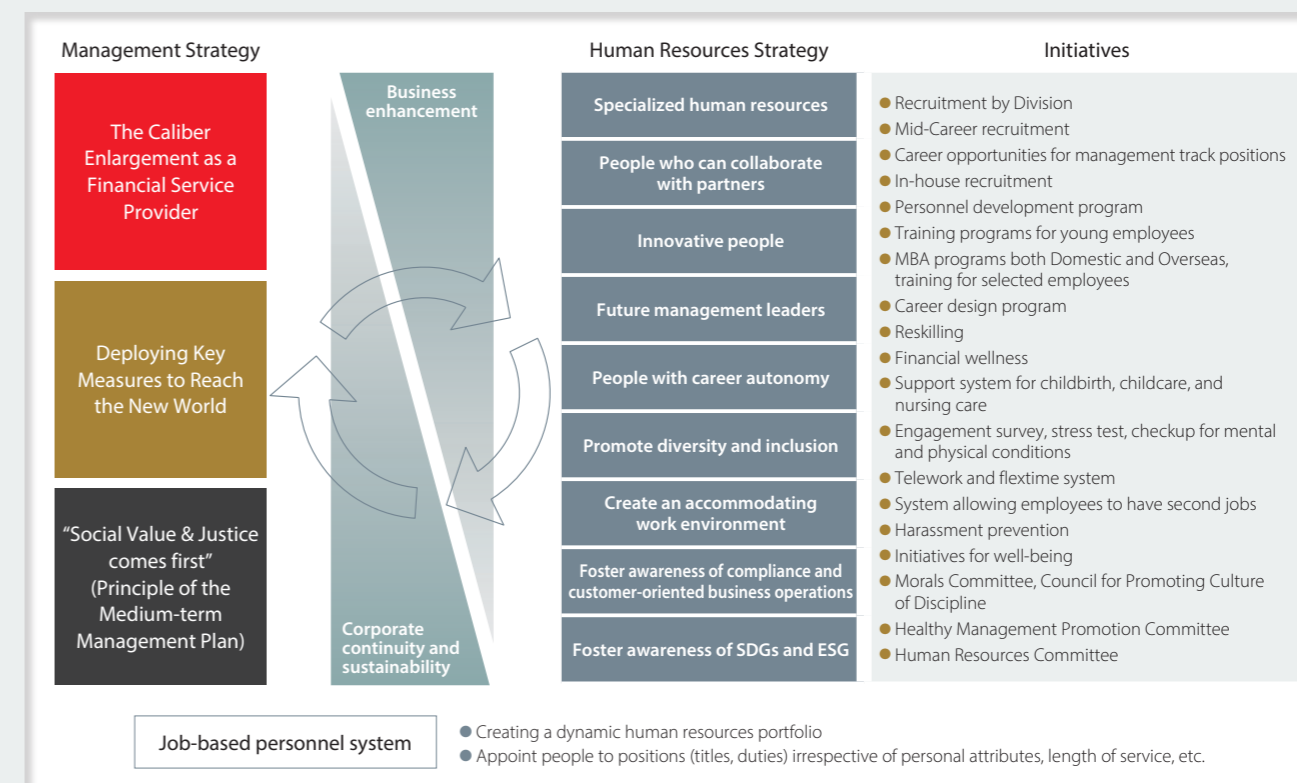
Specifically, besides the basic salary raise for the last two consecutive years, we established a program called Professional Course, which is designed to give preferential treatment to highly specialized personnel. In terms of job satisfaction, we have also operated an in-house recruitment system since 2006. This allows employees to raise their hands and choose their desired career paths. To date, we have received 859 applications, resulting in the transfer of about 300 employees. In terms of work comfort, we are promoting diversity, including empowerment of women. We also offer a career design program for all employees, which encourages them to think independently about their future career development tailoring to respective age groups. One unique system is our Humanity Enhancement Program. Here, we support the personal growth of our employees by helping them learn and pursue things seriously, even in their private lives outside of work. This includes side-job experience outside the Company and in-house internships.

Supporting the Self-realization of Our Sparkling Employees

As stated in the Group’s mission statement, we value the growth of each employee and want to remain a corporate group that supports the self-realization of employees who are unique, highly specialized, and sparkle. As head of the Human Resources Department, I will do my utmost to improve our personnel system and build a better corporate culture so that every employee can continue to shine.

Human Resources Strategy Synchronized with Our Management Strategy

To achieve the goals of our medium-term management plan, we have defined our human resources strategy based on two axes: business enhancement (from an aggressive perspective) and corporate continuity and sustainability (from a sustainability perspective).



Purposes of each strategy

Human resources strategy	Purposes
Specialized human resources	Hire and develop personnel with specialized knowledge (including DX) and know-how in each field to become financial platformers
People who can collaborate with partners	Hire and develop personnel capable of conducting alliance-related business and negotiations to achieve collaboration with Powerful Partners as set forth in the medium-term management plan
Innovative people	Hire and develop personnel who can aggressively take on the challenge of launching new businesses and reforming existing ones
Future management leaders	Develop personnel with experience in key positions, a high level of vision, and knowledge of corporate management to realize sustainable operations
People with career autonomy	Develop personnel who always pursue willingly their own career development in a changing environment
Promote diversity and inclusion	Create an environment in which a diverse workforce can play an active role to attract talented human resources and deliver innovation
Create an accommodating work environment	Create an environment that promotes flexible workstyles and psychological security to enable each individual to achieve high performance
Foster awareness of compliance and customer-oriented business operations	Foster awareness of the need to protect the values of our various stakeholders and be the financial institution of customers’ choice
Foster awareness of SDGs and ESG	Foster awareness of the need to think about the value and significance of the Company’s social existence and act accordingly to help resolve social and environmental issues through our business activities

Personnel-related KPIs

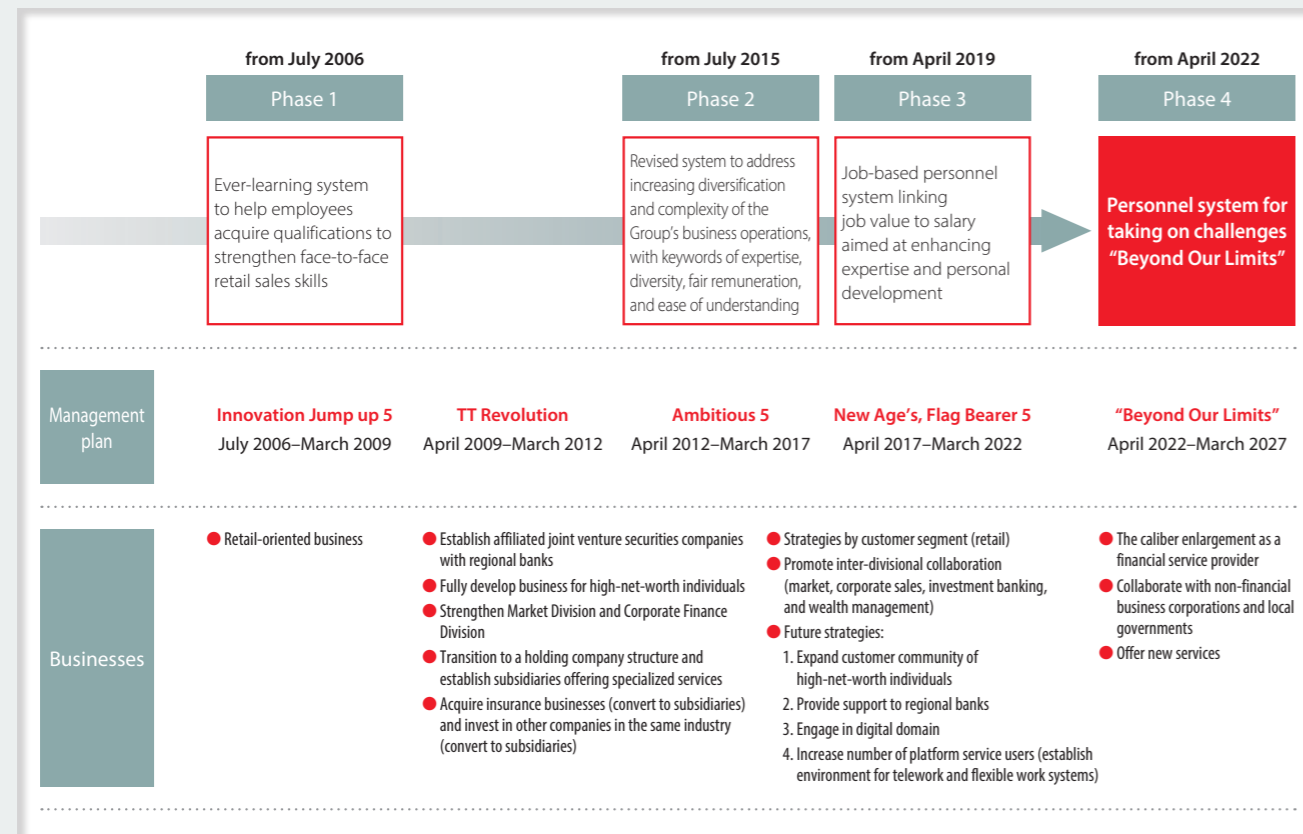
We have set KPIs for employee engagement and investment in training as non-financial KPIs in our medium-term management plan.

The employee engagement KPI is positioned as an important numerical value for detecting the gap between the Company's initiatives and employee engagement and creating a rewarding work environment. The investment in training KPI is positioned as a numerical target for developing highly specialized human resources (in such areas as DX) and all kinds of investments that encourage career autonomy for our employees. In addition to providing educational support for employee professional development, we will work to improve employee engagement.



Personnel System Changes

The Group introduced a job-based personnel system in April 2019. Going forward, we will examine and improve the existing system so we can embrace challenges "Beyond Our Limits."



Promoting Diversity, Equity, and Inclusion (DE&I)

Basic Approach

The Tokai Tokyo Financial Group stipulates respect for human rights in its Ethical Code of Conduct and emphasizes diversity and equal opportunity as a key management strategy. We respect the Universal Declaration of Human Rights, the OECD's Guidelines for Multinational Enterprises, the ILO's International Labor Standards, and the United Nations' Guiding Principles on Business and Human Rights. Accordingly, we will not engage in any discrimination or harassment on the basis of race, religion, gender, age, sexual orientation, disability, nationality, and so forth.

WEB Diversity Promotion
<https://www.tokaitokyo-fh.jp/en/sustainability/>



WEB Tokai Tokyo Financial Group's Ethical Code of Conduct
<https://www.tokaitokyo-fh.jp/en/policy/ethics.html>



DE&I Targets

Under our vision for the next 20 years, we will strive to provide fair opportunities that are not influenced by gender. For DE&I items, we have set targets for the final year of the medium-term management plan and will work hard to achieve them.

WEB Annual Securities Report for FYE March 31, 2023
<https://pdf.irpocket.com/C8616/BYER/KALE/LSJL.pdf>



Indicator	FY2022 Results	FY2026 Targets
Percentage of female employees in management positions	16.8%	21%
Percentage of male employees taking parental leave	34.0%	100% (male employees taking parental or childcare-related leave)
Wage gap between male and female employees (regular employees)	72.9%	77%

Results are calculated by adding together the figures of the two companies* listed in the "Status of Employees" section.
* The Company and Tokai Tokyo Securities Co., Ltd.

Accolades

Certified as Sports Yell Company 2023 and Tokyo Metropolitan Government Sports Promotion Company 2022

As a company that hires athletes, encourages employees to engage in sports activities, and contributes to local sports promotion, we were certified as a Sports Yell Company 2023 and a Tokyo Metropolitan Government Sports Promotion Company 2022 (for the fourth consecutive year in both recognitions).



Certified as Health and Productivity Management Organization 2023

For the fourth year in a row, we were certified as Health and Productivity Management Organization by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. Going forward, we will continue taking proactive measures to create an environment in which employees can work healthily, vigorously, and for a long time.



Practicing Sustainability Management

The Group recognizes the importance of sustainability and is committed to helping realize a sustainable society. Accordingly, we are actively addressing environmental and social issues through our business activities as a leader in the financial and capital markets.

Sustainability Initiatives

For many years, the Group has actively engaged in community-based social contribution activities. In September 2020, we announced our “SDGs Pledge” and “Materiality” (important issues that the Tokai Tokyo Financial Group should prioritize) to further promote Groupwide sustainability initiatives.

In our medium-term management plan, “Beyond Our Limits,” which started in April 2022, we defined “Social Value & Justice comes first” as a guideline for all our actions. This is based on our underlying faith that no company has existence value if it fails to pursue social value and social justice. We also set “Social Value & Justice” KPIs, including the targets of cutting CO₂ emissions from our own business in half by March 2027 (compared with the said level of fiscal 2021) and achieving net zero by 2030. In these ways, we have strengthened our sustainability-related efforts.

In April 2023, we established the SVJ Council as a forum for top management of the Company and Tokai Tokyo Securities to discuss comprehensively and regularly what direction we should take as a Group. We are also reinforcing our sustainability promotion system and further accelerating related efforts.

In addition, we have expanded and enhanced information disclosure based on various sustainability-related efforts made by the Group to date, as well as the recommendations of the

Task Force on Climate-related Financial Disclosure (TCFD), an international framework for climate-related information disclosure. As a result, the Company was included in 2022 for the first time in the FTSE Blossom Japan Sector Relative Index, compiled by global index provider FTSE Russell, and in 2023 it was included for the first time in the FTSE Blossom Japan Index, a representative ESG index that requires higher standards. With the start of our new medium-term management plan in mind, we also conducted a review of our “Materiality” in September 2023 (see next page).

By stepping up our sustainability initiatives, we will continue working to resolve environmental and social issues while presenting our growth story as a group and further improving corporate value.

Sustainability Promotion Structure (Establishment of SVJ Council)



The SVJ Council has six core members: the Chairman and President of Tokai Tokyo Financial Holdings, the CHO of the General Planning Group, the Chairman and President of Tokai Tokyo Securities, and the Head of the Corporate Planning Division. Depending on the content of matters to be discussed, other related officers and representatives of relevant divisions also participate if considered necessary. Activities of the SVJ Council are reported to the Board of Directors and the Management Meeting as appropriate.

Selection for ESG indexes



These indexes were created by FTSE Russell for Japanese companies that engage in excellent ESG practices. Both represent companies that make ESG-conscious investments and are used as passive investment benchmarks for ESG investment by Japan’s Government Pension Investment Fund (GPIF), one of the world’s largest public pension funds.

Materiality Identification Process

We reviewed our materiality in September 2023. In reviewing “Materiality” at the SVJ Council, we considered not only the impact on our businesses but also the results of examinations from a wide range of perspectives such as a variety of international guidelines, SDGs, ESG evaluations, and the latest social

trends. Further, we went through the process of identifying social issues, discussing and setting priorities at the management level, exchanging opinions both inside and outside the Company, and reporting to the Board of Directors. Then, we revised the “Materiality” as you see below.



Reviewed “Materiality” (September 2023)

Priority areas	Prioritized issues	Major initiatives undertaken
Achieving good life management 	<ul style="list-style-type: none"> Support household assets formation Offer inspiring experiences Improve financial literacy by offering general public opportunities for financial education 	<ul style="list-style-type: none"> Organize various seminars and events Orque d’Or → P.22 Establish endowed and cooperative courses at universities in Nagoya and Tokyo
Innovation 	<ul style="list-style-type: none"> Respond to diversifying customer needs by deploying advanced financial services such as digital and other innovative technologies Solve social issues by supporting companies, including startups, that take on innovation Deliver products and services that facilitate the realization of a sustainable society 	<ul style="list-style-type: none"> CHEER Securities, Okane no Compass, STO Support startup businesses Drive forward ESG funds
Partnerships 	<ul style="list-style-type: none"> Support the regional economy and revitalize regional communities by expanding cooperation with regional financial institutions Respond to diverse customer needs by forming wide-ranging partnerships with those from the non-financial industry 	<ul style="list-style-type: none"> Regional revitalization through stepped-up cooperation with dominant regional banks → P.26 Digital gift certificate with premiums as a security instrument
Well-being 	<ul style="list-style-type: none"> Elevate the level of engagement Implement health management Develop a workplace environment in which diverse human resources can work with peace of mind in diverse environments (DE&I) Support employees’ special skill sharpening 	<ul style="list-style-type: none"> Job-based personnel system → P.32 Set up CHO/Health Management Council and support sports activity Encourage senior employees and female employees to take active roles in workplaces “Stop the Harassment” Pledge Increase MBA scholarship applicants and administer training dedicated to the respective employee segments concerning work experience, age, and other attributes
Green 	<ul style="list-style-type: none"> Support the realization of a green and sustainable society through financial services Reduce environmental damage by means of our own decarbonization initiatives and others 	<ul style="list-style-type: none"> SDGs Bond – underwriting and placement → P.38 Utilize recyclable energy and replace company cars with fuel-efficient vehicles → P.38 Switch to highly energy-efficient lighting and air conditioning

Addressing Climate Change (Disclosing Information in Line with TCFD Recommendations)

Governance

Tokai Tokyo Financial Group, as a financial instruments business operator, recognizes the gravity of the environmental issue including climate change as it relates to financial services. So, we laid down an environmental policy as a guiding principle, and we are implementing corporate actions that reflect our

concern about the environment.

We formulate such corporate actions after the deliberation and reporting at our Management Committee and Board of Directors Meetings.

Strategy

Awareness of Risks and Opportunities

Climate change poses both direct consequences such as direct damage to assets and indirect consequences like supply chain disruptions. Further, while the risks stated above are classified as physical risk, climate change will bring about transition risks as well such as financial and reputational risks that may arise in the shift to a decarbonized society because it may necessitate

significant revisions to wide-ranging policies and regulations. We recognize that the materialization of such risks may adversely affect the Group's performance and financial standing, depending on the nature and speed of said materialization.

		Risks	Opportunities
Risk to Be Triggered by Transitions	Policy and Regulatory Changes	<ul style="list-style-type: none"> We may suffer increased operational costs if the government tightens CO₂ emission reduction requirements or the related regulatory constraints. 	<ul style="list-style-type: none"> Cut energy costs by installing energy-saving equipment. Expand the scope of operation by taking on new business opportunities like green investment. We can pursue such new business opportunities by taking advantage of our solid business foothold in Chubu and unique alliance strategy implemented with strong regional banks.
	Impact on Market	<ul style="list-style-type: none"> Market fluctuations triggered by the sudden transition to decarbonizing society may cause our trading losses. 	<ul style="list-style-type: none"> We expect to see increased customer inflow into stocks, bonds, and investment funds associated with firms aggressively coping with climate change. Also, we expect to see an appreciation of funds betting on society's decarbonization trend. We can grow the assets under custody by targeting the impacted market.
	Technology	<ul style="list-style-type: none"> We may lose earning opportunities if we cannot differentiate ourselves from our peers or offer products and services that reflect the changing industrial structure and customer needs as decarbonization technology advances. 	<ul style="list-style-type: none"> Improved financial product development and enhanced sales capability should allow us to deliver appropriate climate change-related products and services to customers. We view the decarbonization trend as a viable opportunity that will offer meaningful investment opportunities for individual and corporate customers.
	Reputation	<ul style="list-style-type: none"> Our reputation may be damaged if we fail to meet the stakeholders' rising expectations for our climate change actions and related disclosures. 	<ul style="list-style-type: none"> Supporting companies actively engaged in environmental activities would help elevate our Company to one worthy of admiration and respect.
Physical Risk to Be Triggered by Natural Disaster		<ul style="list-style-type: none"> Massive typhoons, heavy rainfalls of disaster magnitude, and other natural disasters attributable to abnormal weather may deteriorate our business as it may: cause damage to properties of both our clients and the Company, affect our employees and disrupt our daily operations, elevate costs, and negatively impact our financial performance. 	

Scenario Analysis

Under the scenarios published by the Network for Greening the Financial System (NGFS), we conducted quantitative and qualitative analyses and assessments of the impact on the Group's finances (costs and revenues) based on the following three scenarios: Orderly-Net Zero 2050, which may minimize both transition and physical risks; Disorderly-Divergent Net Zero, which may cause maximum transition risk; and "Hot House

World-Current Policies," which may cause maximum physical risk.

Overall, the potential impact on the Group's finances was found to be limited. Nevertheless, we reaffirmed the importance of creating business opportunities and promoting measures to address expanding future investment needs in the green sector. We will continue upgrading the level of our analyses.

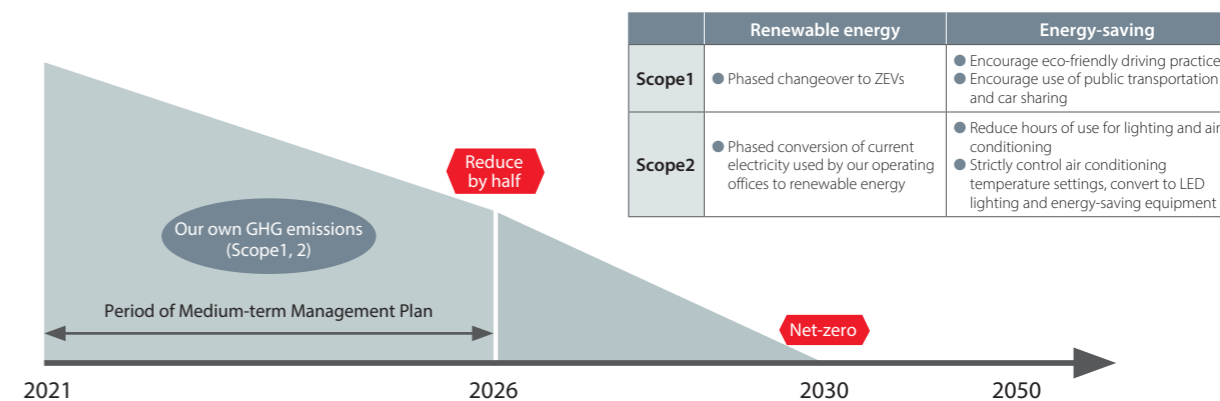
Scenario analysis overview

Assumed scenario	Network for Greening the Financial System (NGFS) <ul style="list-style-type: none"> Net Zero 2050 (orderly transition to net zero by 2050) Divergent Net Zero (disorderly transition to net zero by 2050) Scenarios based on current policies (Hot house world - Current Policies)
Analysis period	As of 2050
Method	Quantitative and qualitative analyses and assessment of impact on finances (costs and revenues)
Result	Limited impact on the Group's finances

Transition Plan (Roadmap for the Early Realization of a Decarbonized Society)

In our medium-term management plan, "Beyond Our Limits," which started in April 2022, we set "Social Value & Justice" KPIs, including cutting CO₂ emissions from our own business in half by March 2027 (compared with the level of fiscal 2021) and achieving net zero by 2030. In December 2022, we endorsed the Paris Agreement of December 2015 and the 2050 Carbon Neutral Declaration announced by the Japanese government in October 2020. We also formulated our Net Zero

GHG Emissions Declaration, which includes our commitment to realizing a decarbonized society through our business activities as a financial services provider. We will review the transition plan as appropriate based on the TCFD and other frameworks and make efforts to help the society to be decarbonized at an early stage.

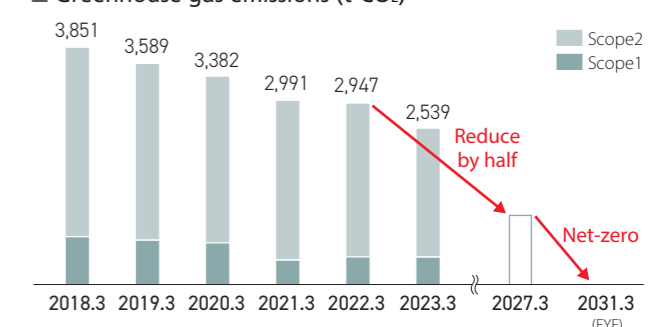


	Renewable energy	Energy-saving
Scope1	<ul style="list-style-type: none"> Phased changeover to ZEVs 	<ul style="list-style-type: none"> Encourage eco-friendly driving practices Encourage use of public transportation and car sharing
Scope2	<ul style="list-style-type: none"> Phased conversion of current electricity used by our operating offices to renewable energy 	<ul style="list-style-type: none"> Reduce hours of use for lighting and air conditioning Strictly control air conditioning temperature settings, convert to LED lighting and energy-saving equipment

Risk Management

The Management Meeting identified specific potential climate change risks and opportunities and reported its findings to the Board of Directors. In the future, we will further improve our analyses and assessments of climate change risks and develop an optimal management system to avoid and mitigate such risks.

Greenhouse gas emissions (t-CO₂)



* GHG emissions (CO₂ emissions) are summed up from the companies listed below. (The former ACE Securities was added in 2021). Tokai Tokyo Financial Holdings, Tokai Tokyo Securities, Tokai Tokyo Research Center, Tokai Tokyo Asset Management, Tokai Tokyo Investment, Tokai Tokyo Academy, Tokai Tokyo Services (including for the operations of the afore-mentioned entities at the premises of Nihombashi Takashimaya Mitsui Building, Kayabacho First Building and Midland Square), Tokai Tokyo Business Service, TT Digital Platform, CHEER Securities

Pick Up

Net Zero GHG Emissions Declaration (Formulated on December 21, 2022)

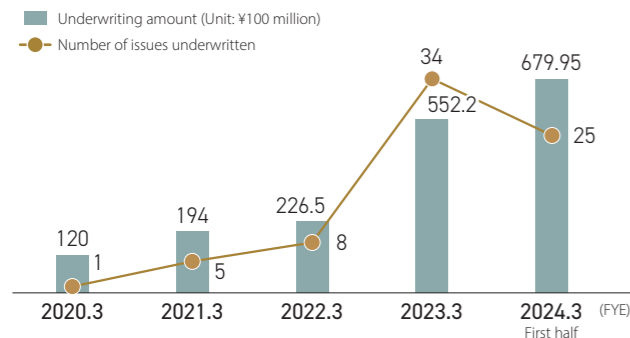
In our medium-term management plan, “Beyond Our Limits,” a five-year plan that started in April 2022, we defined “Social Value & Justice comes first” as a guideline for all our actions. Based on this, we endorsed the Paris Agreement of December 2015 and the 2050 Carbon Neutral Declaration announced by the Japanese government in October 2020. We hereby declare our commitment to the following items to help society become decarbonized at an early stage.

- ❖ Achieve net zero GHG emissions from our business by 2030
- ❖ Achieve interim target of halving GHG emissions from our business by March 2027 (compared with the level of fiscal 2021) and disclose the progress on this target as a KPI of the medium-term management plan
- ❖ Unite as a group to help society become decarbonized through our business activities as a member that assumes the role of financial services provider

Green

Increased underwriting of SDGs bonds by Tokai Tokyo Securities

The number of SDGs bond issues is increasing amid growing concern among investors and issuers about environmental and social issues. Since Tokai Tokyo Securities registered with the Ministry of the Environment’s Green Bond Issuance Promotion Platform in 2018, the Group has accelerated its efforts to provide financing for issuers and opportunities for investors to engage in solving social issues.



Achieving Good Life Management

Initiatives of the Tokai Tokyo Foundation

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

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



Green

Introducing clean energy vehicles

As part of its efforts to achieve net zero emissions by 2030, the Group is systematically switching its company-owned fleet to clean energy vehicles. In fiscal 2022, we introduced Toyota Motor Corporation’s MIRAI fuel cell vehicle and C+pod ultracompact electric vehicle, which helped us reduce Scope 1 emissions. Power stored in the battery of the C+pod can also be used as an emergency power source, making it possible to help local communities in the event of a disaster.



Well-being

Groupwide SDGs events

Using a smartphone application developed in-house, we regularly hold events to promote employee health, such as walking and smoking cessation, and encourage environmentally conscious behavior, such as collection of empty contact lens cases. For example, employees had a step-count competition with management, and the serious efforts of management helped boost employee motivation. These events positively affect well-being and also stimulate communication throughout the Group as a common topic.

Corporate Governance

A Message from the Chairperson of the Board of Directors

Gather information from both Executive Directors and Outside Directors to create a level playing field for decision-making

Tsunehiro Nakayama

Outside Director, Chairperson of the Board of Directors



Achieving Governance with a “Soul”

During the five years since I became an Outside Director, I have engaged as a supervisor of management to maintain a certain distance from the internal management team. I have sought to think deeply and offer my opinions on whether matters brought to the Board are acceptable to shareholders, investors, and other stakeholders, and whether fairness is maintained.

I have also witnessed major changes in our management. In June 2021, we transitioned to a council system under Chairman Ishida and President Goda, and in the medium-term management plan, launched in April 2022, we formulated a strategy to collaborate with Powerful Partners and acquire new capabilities called New Bonanza as a challenge to reach the New World. We also restructured our organization to promote the strategy. To address these changes in management, we must also further evolve the governance of our Group.

While having a strong system is critical from a governance perspective, meeting formal requirements for appearance alone will not solve all governance tasks. It is said that “corporate governance begins and ends with the Board of Directors.” However, governance has a “soul” and will function only if a diverse and highly skilled Board of Directors can engage in discussion in an atmosphere that encourages free and vigorous exchange of opinions.

Outside Directors account for the majority of our Board of Directors, which is also chaired by an Outside Director. The same is true for the Audit & Supervisory Committee and the Nomination & Remuneration Committee, which is an advisory body to the Board of Directors. Therefore, the Group has a very progressive governance system.

A Forum for Fair Discussion

In addition to being formally progressive, our Board of Directors fosters a culture that allows participants to express their opinions without any discernment even to the Chairman and President, who have executive responsibility. I think it is a highly effective Board of Directors that has a “soul.” On the other hand, we still have unsolved tasks. Since they have a mandate from shareholders, each Director needs to know what stakeholders want. It is no surprise that the voices of today’s stakeholders are vastly

different compared with those 10 years ago, and it is vitally important that we as Directors strive to continually refine our own skills. I have 46 years of experience in the financial industry, as well as management experience at a foreign-owned securities firm. Nevertheless, I have a strong sense of concern that my own experience and knowledge may become rusty. As the Skills Matrix of the Board on page 53 shows, our Directors have a wide range of diverse skills. To fulfill the duties of their positions, however, it is important to always be in top shape through self-development and training. Additionally, we need to make more efforts to bridge the information gap between inside and Outside Directors to ensure fair discussions at Board meetings. With this in mind, our executive team holds regular study sessions to obtain internal information and knowledge as a prerequisite for discussion.

As Chairperson of the Board of Directors, I am always conscious of whether the discussions at Board meetings are fair and not self-centered. To ensure fairness, we ask Outside Directors to open proceedings at Board meetings as much as possible, so they can ask questions and receive careful explanations from the executive side. This leads to lively discussion, with explanations given and questions again made by the Outside Directors. As Chairperson of the Board of Directors, it is my important role to elicit all the necessary information from both Executive Directors and Outside Directors, and to ensure that discussions and decision-making at Board meetings are fair.

Corporate Governance

Basic Approach

The Tokai Tokyo Financial Group regards the enhancement of corporate governance as one of its most important management priorities. To this end, we are establishing a system that enables prompt decision-making and business execution. At the same time, we are strengthening and enhancing corporate governance with the aim of raising management fairness and transparency, earning the trust of all stakeholders, and continuously improving corporate value.

We also believe that collaborating with all stakeholders, including shareholders and other investors, is essential to achieving continuous improvement in corporate value.


Corporate Governance System

A distinguishing feature of our corporate governance is that it has clear delineations between the business execution function and the management supervision function. Effective June 29, 2016, we transitioned from a “Company with an Audit & Supervisory Board” to a “Company with an Audit & Supervisory Committee” to strengthen the functions of both the Board of Directors and the Audit & Supervisory Committee. The Company’s management and administrative structure for decision-making, execution, and supervision is shown in the corporate governance framework below.

Key Features of Our Corporate Governance

Organizational Framework

Under the Companies Act, we established the Audit & Supervisory Committee to strengthen the supervision of management by the Board of Directors, which enables prompt decision-making by delegating important business decisions from the Board of Directors to the Executive Directors and allows for more strategic and in-depth discussions at Board meetings. In addition, we established the Nomination & Remuneration Committee to ensure objectivity and transparency in the process of nominating candidates for the Board of Directors, as well as dismissing Directors and determining their remuneration.

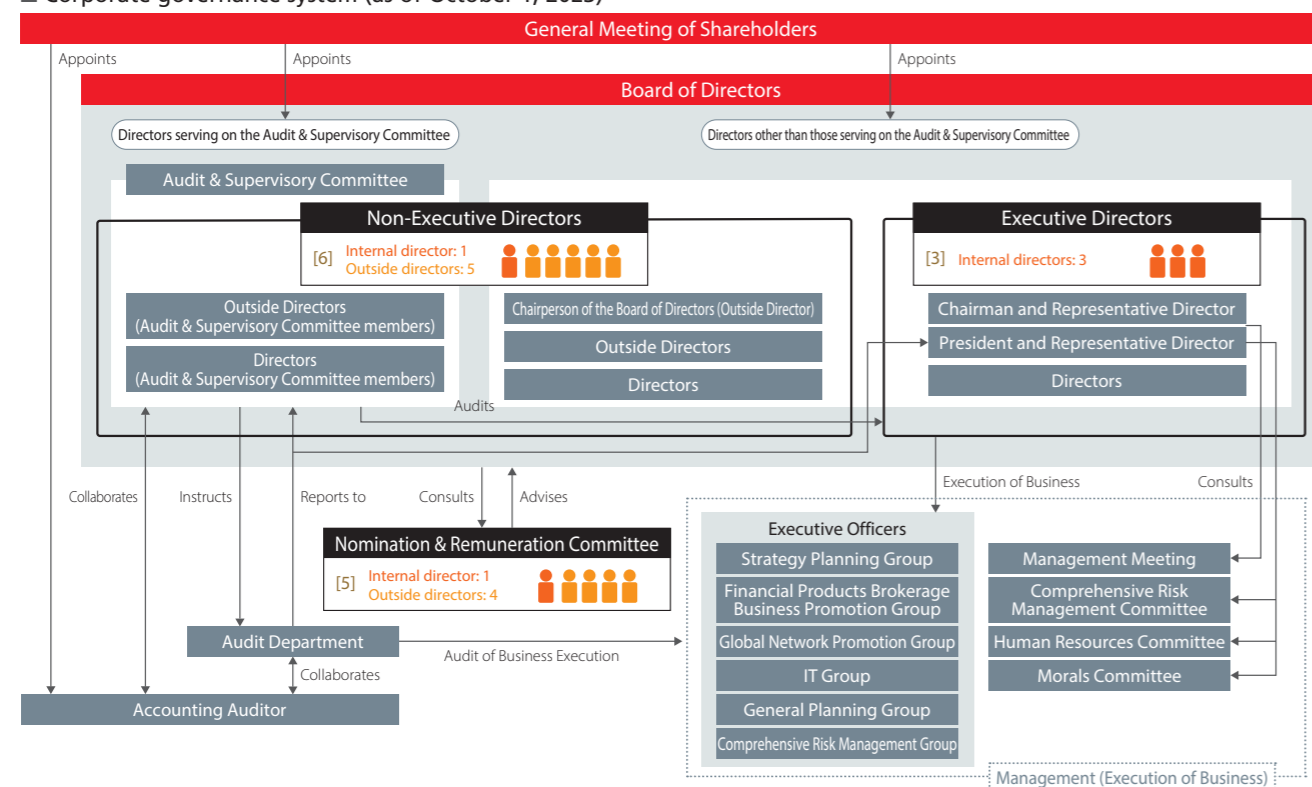
 Guidelines for Corporate Governance (Japanese only)
https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_guideline.pdf



 Corporate Governance Report
https://www.tokaitokyo-fh.jp/en/asset/pdf/corporate/governance_report.pdf



Corporate governance system (as of October 1, 2023)



History of our corporate governance

	FYE March 31, 2017 (from June 2016)	FYE March 31, 2018 (from June 2017)	FYE March 31, 2019 (from June 2018)	FYE March 31, 2020 (from June 2019)	FYE March 31, 2021 (from June 2020)	FYE March 31, 2022 (from June 2021)	FYE March 31, 2023 (from June 2022)	FYE March 31, 2024 (from June 2023)
Composition of Board of Directors (persons)	9	9	9	9	9	9	9	9
Directors (persons) * Excludes Audit & Supervisory Committee members	5	5	5	5	5	5	5	5
of which, Outside Directors (persons)	2	2	2	3	2	2	2	2
Corporate Auditors/Audit & Supervisory Committee members (persons)	4	4	4	4	4	4	4	4
of which, Outside Directors (persons)	3	3	3	3	3	3	3	3
of which, women (persons)	0	0	0	0	0	1	1	1

- FYE March 31, 2008 (from June 2007)**
 - Outside members to represent the majority of the Audit & Supervisory Committee
 - Clarified the duties of Executive Officers and Non-Executive Officers
 - Board of Directors meetings to be chaired by an Outside Director
 - Established basic policy for internal control system
- FYE March 31, 2017 (from June 2016)**
 - Transition to a Company with Audit & Supervisory Committee
 - Annual review of the effectiveness of the Board of Directors
 - Formulated guidelines on corporate governance
 - Established Nomination & Remuneration Committee
- FYE March 31, 2011 (from June 2010)**
 - Formulated Ethical Code of Conduct
- FYE March 31, 2012 (from June 2011)**
 - Established Group Compliance Hotline
- FYE March 31, 2014 (from June 2013)**
 - Outside Directors to represent the majority of the Board of Directors

Strengthening the Functions of the Board of Directors and Audit & Supervisory Committee

The Company ensures the transparency and fairness of deliberations and the effectiveness of the Board of Directors by having a majority of Outside Directors on the Board and, in principle, appointing an Outside Director as Chairperson of the Board. We currently have five Outside Directors, three of whom are members of the Audit & Supervisory Committee. As a result, the majority of both the Board of Directors and Audit & Supervisory Committee consist of Outside Directors, which enhances the checks-and-balances function.

risk-taking by Executive Directors, delegates important business execution decisions to Executive Directors, and ensures prompt decision-making and business execution.

- Main agenda items (FYE March 31, 2023) 17 meetings in total**
- Results of Analysis and Evaluation of Effectiveness of the Board of Directors in FY2022
 - Establishment of KGIs and KPIs in Medium-term Management Plan
 - Formed business alliances with Powerful Partners
 - Disclosed results of climate change scenario analysis in line with TCFD recommendations

Clarifying the Functions of Business Execution and Management Supervision

The Board of Directors consists of Executive Directors who are primarily responsible for business execution and Non-Executive Directors who are mainly responsible for supervising business execution. The roles of each are clearly defined.

Audit & Supervisory Committee

The Audit & Supervisory Committee has four members (including three outside members) and is chaired by an Outside Director. On the premise of establishing and operating an internal control system and monitoring and verifying that system, Audit & Supervisory Committee members attend meetings of the Board of Directors and other important meetings and hear reports from Directors. They also audit the status of Directors’ execution of duties by inspecting important documents, giving instructions to and receiving reports from the Audit Department, and receiving reports from the Accounting Auditor.

- Main activities (FYE March 31, 2023) 14 times in total**
- Change of Accounting Auditor based on rotation system * 110th Annual General Meeting of Shareholders
 - Formulation of audit plan by the Audit & Supervisory Committee
 - Periodic exchange of opinions with the Accounting Auditor
 - Confirmation of the status of responses to internal control issues
 - Briefing sessions for results of auditing conducted by the Audit Department

The Board of Directors

The Board of Directors has nine members: five who are not Audit & Supervisory Committee members (including two Outside Directors) and four who are Audit & Supervisory Committee members (including three Outside Directors). Meetings of the Board of Directors are chaired by an Outside Director. The Board of Directors meets once a month in principle to make decisions on important matters stipulated by laws and regulations and basic management policies, discuss agenda proposals (mainly to ensure appropriateness), and supervise the execution of business by each Director. Taking advantage of the transition to a “Company with an Audit & Supervisory Committee,” the Board of Directors has taken steps to create an environment that supports appropriate

Corporate Governance

Nomination & Remuneration Committee

The Company established the Nomination & Remuneration Committee to ensure objectivity and transparency in the process of nominating candidates for Directors, as well as dismissing Directors and determining their remuneration. The Committee discusses candidates for Directors, the remuneration system for Directors, remuneration levels, details of individual remuneration, and so forth. Here, it refers to remuneration levels in other companies in the same industry, obtained from external database providers. The Committee also reports the results of its deliberations to Chairman and Representative Director, the Board of Directors, and the Audit & Supervisory Committee.

The Nomination & Remuneration Committee shall have at least four members, one of whom shall be the Chairman

and Representative Director and a majority of whom shall be Outside Directors. In principle, the chair of the Committee shall be an Outside Director. Currently, the Committee consists of one Internal Director (Chairman and Representative Director) and four Outside Directors.

Main items discussed (FYE March 31, 2023) 7 times in total

- Payment of bonuses to Directors for FYE March 31, 2022
- Amount of bonus to individual Directors for FYE March 31, 2022
- Monthly remuneration for Directors and Directors serving as Audit & Supervisory Committee members for FYE March 31, 2023
- Granting of the 14th stock options to Executive Directors of the Company and Tokai Tokyo Securities

Reasons for Appointment of Outside Directors

Tsunehiro Nakayama

Mr. Nakayama has served for many years as a corporate executive at financial institutions and is highly regarded for his achievements and insights. He has a wealth of experience and insights as an executive at major banks and securities companies and has deep knowledge and expertise about the financial industry. We are confident that he will play a full role as an Outside Director in making decisions on important management matters and supervising the execution of the Company's business operations.

Kazumasa Miyazawa

Mr. Miyazawa has served for many years as a digital-related corporate executive and is highly regarded for his achievements and insights. He has extensive experience and expertise in companies offering digital-related services. We are confident that he will continue using these attributes to play a full role as an Outside Director in making decisions on important management matters and supervising the execution of the Company's business operations.

Keisuke Inoue

Mr. Inoue has served for many years as a corporate executive at financial institutions and is highly regarded for his achievements and insights. He has also served as a member of the Company's Audit & Supervisory Committee since June 2016, supervising

the Company's management. We are confident that he will continue providing the Company with proactive opinions on overall management from an objective perspective and will also play a role in supervising and auditing management.

Joichi Yamazaki

Mr. Yamazaki served in various high capacities at the Ministry of Finance (including 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 regarded for his achievements and insights. We are confident that he will continue utilizing his experience to play a full role in supervising and auditing of the Company's management.

Ayako Ikeda

Ms. Ikeda has served for many years as an attorney and has a wealth of experience, insights, and expertise. Although she does not have direct experience in corporate business execution, she has served on numerous committees in the public sector. As a legal expert, she has played a full role in strengthening the effectiveness of the decision-making and supervisory functions of the Board of Directors from an independent standpoint of management. We are confident that she will continue providing us with proactive opinions on overall management from an objective perspective and also play a role in supervising and auditing management.

Board Effectiveness Analysis and Evaluation (FYE March 31, 2023)

Review Process

To confirm that the Board of Directors is diverse, appropriately structured and enables Directors to fulfill their roles, we conducted a self-assessment survey of all Directors using anonymous questionnaires. Based on the results of the survey, all of the Directors had vigorous discussions, the results of which were deliberated by the Board of Directors.

Findings

As a result of our analysis and evaluation, we concluded that the Board of Directors is performing effectively for each item, as well as overall.

Since 2007, we have emphasized the role of Outside Directors in the composition of the Board of Directors. For example, we have appointed an Outside Director as Chairperson of the Board


of Directors, and five of the nine Directors are currently serving as Outside Directors (all meeting our independence criteria). In addition, many respondents expressed the opinion that the expertise and experience of each Director ensured proper diversity of the Board from the governance perspective. In the operation of the Board of Directors, matters delegated to the Executive Directors were found to be implemented within an appropriate scope. Regarding discussions at Board meetings, for example, one respondent noted that it was meaningful that all Directors had the opportunity to participate in discussions on formulating medium-term management plans, setting numerical targets, and the future governance structure, and that various opinions were exchanged, which helps improve the effectiveness of Board meetings. With regard to the expected roles and actions of Outside Directors, we believe that, in light of the diverse comments and advice received from them, the management supervision function is sufficiently fulfilled.

On the other hand, some matters were found to require further attention. First is the need to create opportunities for Non-Executive Directors to learn more about initiatives of the entire Group, including subsidiaries, and to ensure more time for in-depth discussions to address the Group's expanding operations and dramatic changes in the business environment. Second, in response to the increasing sophistication of initiatives related to sustainability (ESG) in the future, we need to further expand functions and ensure deliberations. Third, there is also a need for more opportunities for free exchange of opinions among Directors outside of Board meetings.

Remuneration System for Directors

The Company has established the Nomination & Remuneration Committee to ensure the objectivity and transparency of the process for determining the remuneration for Directors. The Committee reports to the Chairman and Representative Director, the Board of Directors, and the Audit & Supervisory Committee on the policy, calculation method, and remuneration levels for Directors by referencing relevant data available from external database providers. Remuneration for Directors consists of fixed remuneration and performance-linked

To maintain and evolve the superior governance system we have established, the Board of Directors will use the results of this analysis and evaluation to continue making improvements as necessary to reinforce its functions and further enhance its effectiveness.

 Analysis and assessment of the effectiveness of the Board of Directors in FYE Mar. 2022 (Japanese only)
https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_outline.pdf



Succession planning

As part of the Group's succession planning, we changed the positions of Representative Directors in June 2021 based on the opinions of outside experts and Outside Directors, as well as discussions in the Nomination & Remuneration Committee and consideration of management stability and continuity. At the same time, the position of CEO was abolished, and the Company changed to a new management structure under the joint leadership of Tateaki Ishida (Chairman and Representative Director) and Ichiro Goda (President and Representative Director). As it implements various strategies, the Group will significantly expand its business base and diversify its business operations. With this in mind, we decided on the need to increase the depth of our management structure to enhance business decision-making quality.

In April 2023, Naoko Kitagawa became the first female president of Tokai Tokyo Securities. Going forward, we will rejuvenate the management structure of the entire Group and work to create new financial businesses from multifaceted perspectives.

remuneration. Furthermore, performance-linked remuneration consists of bonuses, which provide short-term incentives based on recent Company performance, and stock options, which reflect performance over the medium to long term.

For Executive Directors, 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.

Corporate Governance

Calculation Method of Performance-linked Remuneration

Bonuses

Bonuses are designed to reflect consolidated performance in the short term as measured by return on equity and take into account divisional and individual performance evaluations.

Stock Options

The purpose of granting stock options is to align the interests of Directors with those of shareholders while providing an incentive to all the Directors to improve Groupwide performance over the medium to long term, with an ultimate view to uplifting consolidated performance.

■ Total 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	
Directors (excluding Audit & Supervisory Committee Members) (of whom Outside Directors)	5 (2)	210 (30)	— (—)	2 (—)	213 (30)
Directors (Audit & Supervisory Committee Members) (of whom Outside Directors)	4 (3)	62 (42)	(—) (—)	— (—)	62 (42)
Total (of whom Outside Directors)	9 (5)	272 (72)	— (—)	2 (—)	275 (72)

* Figures in parentheses denote the number of Outside Directors and payment amounts.

* In light of its business performance in the year under review, the Company decided not to pay executive bonuses (performance-linked monetary remuneration).

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

Policies and Procedures for Appointing Directors

Nomination

The Board of Directors selects candidates for Directors (excluding those serving as Audit & Supervisory Committee members) who have the knowledge, experience, and social credibility necessary to practice business management properly, fairly, and efficiently, and who can help improve the Company's supervisory function, in accordance with established criteria for selecting Director candidates. With respect to candidates for Directors who are Audit & Supervisory Committee members, the Company appoints persons who have the knowledge, experience, and social credibility necessary to properly, fairly, and efficiently audit the execution of duties by Directors who are not Audit & Supervisory Committee members. Before nominating an Outside Director candidate, the Board considers, in addition to the above criteria, whether the person fulfills the Company's independence criteria. Although Outside Directors constitute a majority of all Directors, the Company established the Nominating & Remuneration Committee to ensure objectivity and transparency in the decision-making process for nominating Director candidates.

As per the above policy, the Board of Directors makes decisions on the nomination of Directors (excluding those serving as Audit & Supervisory Committee members) after examining the opinion of the Nominating & Remuneration Committee.

The Board of Directors makes decisions on the nomination of Directors who are members of the Audit & Supervisory Committee after examining the opinion of the Nominating & Remuneration Committee and after obtaining the approval of the Audit & Supervisory Committee.

Dismissal

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 makes decisions on proposals to dismiss Directors (excluding those serving as Audit & Supervisory Committee members) after soliciting and considering the opinion of the Nominating & Remuneration Committee. In addition, the Board of Directors makes decisions on proposals to dismiss Directors who are members of the Audit & Supervisory Committee after examining the opinion of the Nominating & Remuneration Committee and after obtaining the approval of the Audit & Supervisory Committee.

Strategic Equity Holdings

The Company's policy on strategic equity holdings and the exercise of voting rights on such holdings is set forth in the "Policy on Strategic Equity Holdings" section of its Corporate Governance Guidelines. The rationale for keeping such holdings is examined on a regular basis in light of holding purpose and cost of capital. If the rationale for holding them is deemed unacceptable, the Company will reduce them by putting them up for sale.

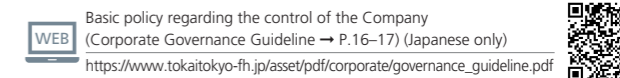
■ Number of the arrangements and their carrying value

Category	As of March 31, 2022		As of March 31, 2023	
	Number of issuers under the arrangements	Carrying value (millions of yen)	Number of issuers under the arrangements	Carrying value (millions of yen)
Unlisted issuer	44	4,620	46	3,407
Others	81	6,404	77	6,176

Basic Policy regarding the Control of the Company

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

In conjunction with this, the Company formulated and disclosed its "Basic Policy on Control of the Company" (basic policy on persons who control decisions on the Company's financial and business policies).



Stakeholder Dialogue

Investors

For analysts and institutional investors, we held briefings on financial results (May and November 2022), as well as one-on-one meetings. To secure opportunities for monitoring investor feedback, we held briefings for individual investors and conducted a shareholder survey.

Employees

The management holds morning meetings (televised debates on a weekly basis) to share topical information and also runs an employee suggestion program.

Customers

Subsidiary, Tokai Tokyo Securities offers various kinds of seminars to suit its customers' preferences and lifestyles. As for online seminars, we provide on-demand streaming exclusively for customers, as well as live seminars that anyone can attend, providing the latest investment information, including on market trends and stocks to focus on. We are also gradually resuming branch seminars, creating opportunities for face-to-face meetings with customers to provide information and discuss their asset management needs.

Local Communities

We are expanding activities within the Group related to "regional revitalization." As part of its regional contribution activities, Tokai Tokyo Securities holds pitch events and study sessions through its Open Innovation College program in Chubu and Tokyo. This provides study opportunities based on open innovation concept together with Corporate Executives and people from universities, and serves as a forum for industry, government, and academia to learn about trends in open innovation and exchange ideas. It also sponsors cultural and artistic events, such as a shogi tournament and Ghibli Park, as well as soccer, basketball, and other professional sports teams in the Chubu region. In addition, Tokai Tokyo Digital Platform, supports the business of digital gift certificates issued by local governments, while Tokai Tokyo Investment works with local medical institutions to support startups.

Compliance/Risk Management

Basic Approach

The Tokai Tokyo Financial Group regards compliance as its most important management issue and has established a system to ensure the appropriateness of its operations. It also established fundamental standards, such as the Basic Compliance Policy and the Ethical Code of Conduct, and we are working to enforce them properly.

As per the Risk Management Rules, the Group has defined the departments responsible for each risk category and comprehensively manages the overall risk of the Company and its subsidiaries. It also established the Comprehensive Risk Management Committee to engage in deliberations and planning concerning risk management policy and matters deemed necessary for management methods and risk management practices. The results of the deliberations are reported to the Board of Directors together with proposals.

Compliance Framework

To ensure effective compliance with laws and regulations, the Group established the Comprehensive Risk Management Committee to offer opinions about measures to be taken, as well as the Comprehensive Risk Management Department, which specializes in supervising, monitoring, and providing guidance on compliance. To maintain and improve the effectiveness, expertise, and suitability of anti-money laundering and measures to block money inflow to terrorists, we established the Anti-Money Laundering Department to enhance Groupwide compliance-related efforts.

Our Ethical Code of Conduct stipulates that all corrupt acts, including bribery, will not be tolerated. We are strengthening management systems to prevent bribery and other corrupt acts consistently throughout the Group.

 [Basic Compliance Policy for the Group](https://www.tokaitokyo-fh.jp/en/policy/compliance.html)
https://www.tokaitokyo-fh.jp/en/policy/compliance.html



 [Ethical Code of Conduct for the Group](https://www.tokaitokyo-fh.jp/en/policy/ethics.html)
https://www.tokaitokyo-fh.jp/en/policy/ethics.html



Risk Management Framework

In accordance with the Basic Risk Management Policy and the Risk Management Rules, the Group has defined the departments responsible for each risk category and comprehensively manages risks faced by the Company and other Group members. We also established the Comprehensive Risk Management Committee to engage in deliberations and planning concerning risk management policy, risk management methods, and the matters deemed necessary for risk management practices. The results of the deliberations are reported to the Board of Directors together with proposals.

To address disasters and other emergencies, we are developing and implementing a plan for comprehensive and systematic disaster prevention, emergency solutions, and recovery measures by clarifying the sections and departments responsible for respective actions in accordance with the Basic Crisis Management Policy and the Rules for Managing Disasters and Other Crises. We also established the Comprehensive Risk Management Department, which specializes in supervising, monitoring, and providing guidance on these various risks.

In addition, the Comprehensive Risk Management Department has established a contact point to receive any whistleblowing from anyone from any Group company.

Three Lines of Defense for Risk Management

Based on the concept of “three lines of defense,” the Group is working to strengthen its risk management system by identifying, assessing, and monitoring risks.

First Line Operating Departments

These departments are responsible for identifying, assessing, and managing risks, both before and after the fact. Through risk assessments and compliance workshops, they take the initiative in recognizing (identifying and assessing) various risks in our business operations.

Second Line Comprehensive Risk Management Department and Administrative Departments of Group Companies

These departments support our first-line risk management. They work closely with the business units to ensure that risks are properly identified and managed.

Third Line Audit Department

This department independently verifies and assesses whether the first and second lines of defense are functioning effectively.

Business Risk

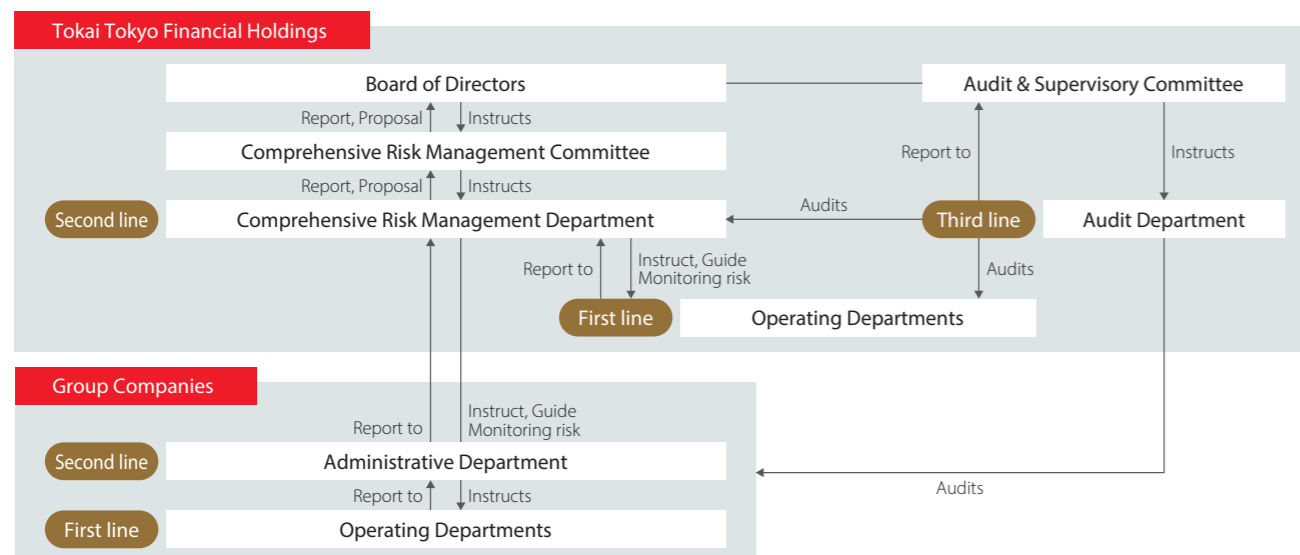
Below is a list of major risks that management recognizes as having the potential to materially affect the financial position, operating results, and cash flows of the Group in the context of business operations and accounting. Please note that the

Group’s operating performance and financial position may be significantly impacted by risks that the management has not yet identified or deemed significant.

Major risks

- Economic and market risk
- Regulatory risk
- Competition risk
- Counterparty risk
- Funding risk
- System risk
- Operational risk
- Information security risk
- Disaster risk
- Litigation risk
- Human resources shortage risk
- Overseas business risk
- Reputational risk
- Risk arising from policies and system of risk management
- Business expansion risk
- Pandemic risk
- Climate change risk

 [Annual Securities Report for FYE March 31, 2023](https://pdf.irpocket.com/C8616/BYER/KALE/LSJL.pdf)
https://pdf.irpocket.com/C8616/BYER/KALE/LSJL.pdf



Tokai Tokyo Securities' Risk Management Framework

Tokai Tokyo Securities established a Market & Credit Risk Committee and a Finance & Accounting Committee. It also formulated related rules and established a system to manage, analyze, and report market risk, credit risk, and liquidity risk.

To ensure management and financial soundness, the Board of Directors has set a minimum capital adequacy ratio that Tokai Tokyo Securities has to maintain as part of their basic policy fulfillment of risk management routines.

Category of Risk	Initiatives
Market risk management	Based on the Risk Management Rules, the risk controlling department, which is independent from the trading department, controls risk by calculating potential risks, positions, and profits and losses on a daily basis.
Credit risk management	Based on its Risk Management Rules, the Company manages losses that may occur due to the non-fulfillment of contracts by transaction counterparties and keeps them within predetermined limits. In addition, in accordance with the Credit Risk Rules, the Company examines the financial soundness of counterparties for each individual transaction and sets and manages credit risk limits for each counterparty.
Liquidity risk management for funding	Based on the Liquidity Risk Management Rules, the departments in charge of financing monitor and appropriately manage the Company's cash position on a daily basis. They also make contingency countermeasure plans to deal with financial market volatility and present monthly funding forecasts to the Finance & Accounting Committee.



We will do our best to continue growing “Beyond Our Limits.”

Kazumasa Miyazawa

Outside Director



Keisuke Inoue

Outside Director and Chairperson of Audit & Supervisory Committee



Ayako Ikeda

Outside Director



Joichi Yamazaki

Outside Director

In this section, four of our Outside Directors discussed the Group’s efforts to strengthen governance, improve the effectiveness of the Board of Directors, and ensure sustainable growth in the future.

Mission as an Outside Director

Inoue I have a long history of experience working for a life insurance company and have also spent 20 years in an asset management company. As an Outside Director of the Company for the past seven years, I have tried to express my views from my perspective as an institutional investor and/or a shareholder. The Tokai Tokyo Financial Group is currently analyzing issues from a variety of perspectives and striving for sound management. In my role as supervisor of management, I always ask myself whether the path we are taking will allow us to move forward steadily while consolidating our position, and I try to express my opinion at meetings of the Board of Directors. This stance has not changed over the past seven years.

Yamazaki I have a lot of experience in the Ministry of

Finance and as a corporate auditor. It is three years since I joined the Company as an Outside Director, but I have been assuming the role of an Audit & Supervisory Committee member as well. At Board of Directors meetings, I meticulously check for any violations of laws, regulations, or the Articles of Incorporation and give very detailed advice to the Board of Directors. As a Director of the Company, meanwhile, I always try to view agenda items with a dispassionate eye and speak my mind. At our Board meetings, Directors with diverse skills bring a variety of perspectives to the table. Personally, I try to express my views from a different point of view compared with those expressed by other Directors.

Ikeda Based on my 40-year career as a lawyer, I have had a lot to say from that perspective during my two years as an Outside Director of the Company. Nevertheless, I try to

I always try to express my opinion at meetings asking myself whether the path we are taking will allow us to move forward steadily (by Inoue)



express my opinions from fundamental perspectives rather than technically from an individual legal perspective. Discussions in the normal course of legal work or at a bar association are very different from management-related discussions made at Board meetings. It is refreshing and very productive for me to listen to the opinions of people who have been involved in management for a long time. In discussions about management that do not require legal judgment, I try to express my frank opinions as I feel about each issue.

Miyazawa I was appointed as an Outside Director of the Company in June 2023. I joined an electronics company as a new graduate and have about 30 years of experience in that field. In the latter part of my career, I was deeply involved in the so-called FinTech area, which is the IT using segment of the financial industry. Since my expertise is in IT, I like to offer my opinions on how to make the best use of IT and incorporate it into the Group’s services. Listening to my three fellow Outside Directors, I am reminded once again of the diversity of our Board. I will work together with you all to ensure that the Group’s management moves in the right direction.

Effectiveness of the Board of Directors

Ikeda Discussions at Board of Directors’ meetings are very lively, and I feel that the Board is operating very effectively. The number of Board members is not too high, giving each person ample time to express his or her opinions. This high level of effectiveness is supported by preliminary briefings held prior to Board meetings. At the briefings, the secretariat explains background information required for facilitating in-depth discussion at the Board meeting. As a member of the Audit & Supervisory Committee, I also attend meetings of that committee, where we have active discussions. I have a favorable impression that the Company is sincerely addressing the various issues it faces.

Yamazaki We have adopted a company with an Audit & Supervisory Committee as our institutional design, and I believe this is working very well. My belief is backed by the

strong desire of Chairman Ishida and President Goda, who spearhead the Company’s business execution, to strengthen governance. At Board of Directors’ meetings, for example, when Executive Officers provide detailed descriptions of agenda proposals, Chairman Ishida often provides supplementary explanations. He speaks honestly and frankly about the actual situation and background in the field, as well as his own thoughts on each matter. With this kind of information, we can then engage in truly in-depth discussion.

Inoue I share with both of you the recognition that active discussions always develop at Board meetings. Including the preliminary briefing, we usually allocate three and a half hours for the secretariat’s explanation and Board’s discussion. As Mr. Yamazaki pointed out, I believe that the reason why our Board meetings are so active is that they are committed to keeping everything transparent. Members bring both good and bad stories to the table, and in the end Chairman Ishida gives his honest supplementary comments. Internal and Outside Directors then discuss and draw conclusions. This setup enables us to fully discuss important resolutions stipulated by the Companies Act.

Miyazawa I’ve only been an Outside Director for a short time, so this is more like a first impression, but I think our Board meetings are very open and designed to allow candid discussions. In general, corporate governance has multiple elements, including diversity, information disclosure, risk management, compliance, and dialogue with shareholders. Our Board of Directors discusses these elements thoroughly, and as you all have said, it is doing a very good job. Currently, I also attend meetings with the Heads of Company Divisions where I offer advice and insights, and I would very much like to utilize knowledge gained at those meetings to benefit discussions at our Board meetings.

Governance and Board Operations: Challenges and Responses

Inoue A company is only as good as its people, so it is



Despite repeated failures and successes, the Group is always on the move. Herein lies our appeal. (by Yamazaki)

extremely important to nurture our people in order to provide high-quality services to our customers. To this end, I try very hard to remain informed and offer my opinions. The biggest challenge for the governance of the Group is to understand the business operations of Tokai Tokyo Securities, which is a key Group company, and how to make governance effective. Even from the parent company's perspective, consideration must be given to the independence of the subsidiary's Audit & Supervisory Committee. To ensure effective Group governance, however, it is also important to understand the situation of our subsidiaries. In this regard, we are making efforts to strengthen Group governance by having the Audit & Supervisory Committee chairperson and his counterparts exchange information and holding cross-Group training sessions for Outside Directors, which is a great idea, while also respecting the independence of Tokai Tokyo Securities.

Miyazawa I only have limited experience as an Outside Director, but I can empathize with Mr. Inoue's point regarding the difficulty in understanding the situation of Group companies. In addition to the operational status of Tokai Tokyo Securities, I personally do not have a good grasp of the status of our affiliated joint venture companies.

Communication is also important here, so I urge the Company to be more creative and share more information with Outside Directors.

Yamazaki Another issue with the operation of the Board of Directors is the flip-side of what we were talking about earlier. A great deal of time is spent on the preliminary briefings and in-depth discussions at Board meetings. For Outside Directors who do not have specialized financial knowledge, it is very valuable to receive basic information required for discussion at Board meetings in advance. Gaining knowledge about derivatives is one example. On the other hand, it is also important to narrow down the agenda items to be discussed at Board meetings.

Ikeda I can empathize with the issues you have pointed out. I feel that the Group is still in the stage of searching for solutions for various issues and devising them through extensive discussions. In terms of governance, we are currently engaging in discussions on how to make the existing structure function better and build up our organization. Many challenges remain, of course, but I personally believe it is the best to adopt a sincere attitude toward achieving solutions.



We will work together to ensure that the Group's management moves in the right direction. (by Miyazawa)



I want our shareholders to understand that we are a corporate group that is not afraid of such challenges and is determined to embrace them. (by Ikeda)

Sustainable Management and Future Expectations

Miyazawa As Mr. Inoue said earlier, the key is human resources. We value the growth of our employees, and our mission is to support their self-realization, so we expect great achievements from them. In addition, the Company has clearly stated that it boldly takes on new business challenges "Beyond Our Limits" using DX as a tool. Here, management has set out a clear policy and is working to instill it among all Group employees. This is one of the major attractions of our Group that sets us apart from major financial companies. In the future, it will be important to make solid progress in achieving these goals and highlight that progress both internally and externally. While risks are inherent in any new venture, it is also important to carefully explain our progress to investors and continue building relationships of trust.

Ikeda Our management team is committed to the concept of "Social Value & Justice come first." Our Group employees support this concept and keep it in mind on a daily basis, as exemplified in their reports to the Board of Directors. I believe that instilling this commitment to "Social Value & Justice" without being obsessed with immediate profits will lead to truly sustainable business activities. I'm sure we will face challenges as we pursue new businesses, but I want our shareholders and other stakeholders to understand that we are a corporate group that is not afraid of such challenges and is determined to embrace them.

Yamazaki Corporate attitudes toward the environment have really changed a lot compared with 20 years ago. In the past, many companies were skeptical about the idea of individual efforts to reduce environmental impacts, but now many companies are seriously working on this, and they are required to disclose sustainability-related information in their securities reports. A serious commitment to sustainability will lead to business opportunities. Our management is deeply aware of this and is working hard to address it.

Despite repeated failures and successes, the Group is always on the move. Herein lies our appeal. I hope we will continue moving and highlighting that appeal.

Inoue We are a very ambitious group that upholds the concept of "Social Value & Justice come first." As Ms. Ikeda and Mr. Yamazaki have said, if we adopt a sincere approach to our daily work, we can find new business opportunities. As I mentioned earlier, the key to the Group's sustainable growth is the recruitment and development of human resources. To become a corporate group that attracts and nurtures talented people, we need to create a sound corporate culture. This is the responsibility of the Board of Directors. It has been a long time since the advocate was initially made to promote a shift in mindset from saving to investing. With the new NISA program set to begin in January 2024, now is the time for the Group to lead the market as a service provider in this field. I hope that we will continue confronting the challenge of reaching the New World and making changes in the financial industry.

Members of the Board (As of June 28, 2023)

At Tokai Tokyo Financial Holdings, an Outside Director has been appointed Chairperson of the Board Directors since 2007, and Outside Directors have accounted for the majority of Directors since 2014. In light of the governance role that the Board will play in achieving the goals of our medium-term management plan, “Beyond Our Limits,” which started in 2022, we have restructured the skills required (“Main professional background” part of the “Committee membership” matrix) to better reflect key strategies and measures we wish to implement. This resulted in the addition of two new skills: “Finance & Economy” and “Sustainability.”

1 Tateaki Ishida

Chairman and Representative Director (Attendance at Board of Directors meetings during the fiscal year under review: 17/17)
Apr. 1968 Joined The Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
Apr. 1992 President & CEO, Tokai Bank Europe plc
Jun. 1994 Director, The Tokai Bank, Ltd.
Jun. 1996 Managing Director, The Tokai Bank, Ltd.
Jun. 1998 President, Tokai Asset Management Co., Ltd.
Apr. 2001 Chairman, Tokai Bank Europe plc
Apr. 2002 Chairman, UFI International plc
Apr. 2003 CEO, UFI International plc
May 2004 Advisor of the Company
Jun. 2004 Deputy President & Representative Director of the Company
Jun. 2005 President and Representative Director of the Company
Jun. 2006 President & CEO and Representative Director of the Company
Apr. 2009 Chairman & CEO and Representative Director of Tokai Tokyo Securities Co., Ltd.
Apr. 2019 Director of Tokai Tokyo Securities Co., Ltd. (current position)
Jun. 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: 17/17)
Apr. 1992 Joined The Sanwa Bank, Ltd.
Aug. 2007 Joined The Sumitomo Trust and Banking Co., Ltd.
Jan. 2012 Joined Tokai Tokyo Securities Co., Ltd.
Apr. 2014 General Manager, Markets Planning Department of Tokai Tokyo Securities Co., Ltd.
Apr. 2015 General Manager, Strategic Planning Department of the Company
Apr. 2016 Executive Officer, General Manager of Strategic Planning Department of the Company
Oct. 2017 Executive Officer, Deputy Head of Strategic Planning Group of the Company
Apr. 2018 Managing Executive Officer, Head of Planning & Administration Unit (Internal Control Supervisory Manager), Tokai Tokyo Securities, Co., Ltd.
May 2018 Managing Executive Officer, responsible for Special Missions of the Company
Jan. 2019 Managing Executive Officer, Head of Planning & Administration Unit, and General Manager of Planning Department, Tokai Tokyo Securities, Co., Ltd.
Apr. 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.
Jun. 2021 Director of Tokai Tokyo Securities Co., Ltd. (current position)
Jun. 2021 President and Representative Director of the Company (current position)

3 Masanori Hayashi

Deputy President and Director * Newly appointed
Apr. 1984 Joined Maruman Securities Co., Ltd.
Apr. 2000 Transferred to Tokai Maruman Securities
Appointed as General Manager, Operation Department
Mar. 2006 General Manager, Wealth Management Department of the Company
Apr. 2009 General Manager, Retail Strategy Department of the Company
Apr. 2010 General Manager of Sales Planning Department, Tokai Tokyo Securities, Co., Ltd.
May 2011 General Manager, General Planning Department of the Company
Apr. 2012 Deputy Head of East Japan Regional Unit, Tokai Tokyo Securities, Co., Ltd.
Apr. 2013 Executive Officer, Deputy Head of Planning & Administration Unit
Oct. 2013 Managing Executive Officer of Tokai Tokyo Academy Co., Ltd.
Apr. 2014 Executive Officer, Deputy Head of Planning & Administration Unit of Tokai Tokyo Securities, Co., Ltd.
Apr. 2015 Managing Executive Officer, Deputy Head of Planning & Administration Unit of Tokai Tokyo Securities, Co., Ltd.
Apr. 2016 Managing Executive Officer, the Head of Corporate Sales Division of Tokai Tokyo Securities, Co., Ltd.
Apr. 2017 Deputy President & Representative Director of Hamagin Tokai Tokyo Securities Co., Ltd.
May 2020 Senior Managing Executive Officer, responsible for Special Missions of the Company
Jun. 2020 President and CEO, Money Compass Japan Co., Ltd. and 3.0 Securities Preparatory Co., Ltd.
Apr. 2021 Senior Managing Executive Officer, the Head of Human Resources Planning Group
Oct. 2022 Senior Managing Executive Officer, the Head of General Planning Group
Apr. 2023 Deputy President, the Head of General Planning Group
Jun. 2023 Deputy President and Director, the Head of General Planning Group (current position)

4 Tsunehiro Nakayama

Outside Director (Attendance at Board of Directors meetings during the fiscal year under review: 17/17)
Apr. 1971 Joined the Industrial Bank of Japan, Limited
Jun. 1999 Executive Officer and General Manager of Corporate Banking Dept. No. 1 of the Industrial Bank of Japan, Limited
Sep. 2000 Managing Executive Officer of Mizuho Holdings Inc.
Apr. 2002 Managing Executive Officer of Mizuho Corporate Bank, Ltd.
Apr. 2004 Deputy President (Representative Director) and Chief Compliance Officer of Mizuho Corporate Bank, Ltd.
Apr. 2007 Advisor of Merrill Lynch Japan Securities Co., Ltd.
May 2007 Chairman and Representative Director of Merrill Lynch Japan Securities Co., Ltd.
Nov. 2008 Chairman, President, and Representative Director of Merrill Lynch Japan Securities Co., Ltd.
Mar. 2009 Chairman, President, and Representative Director of Merrill Lynch Japan Securities Co., Ltd.
Japan Country Executive of Bank of America Group (Additional function)
Jul. 2010 Chairman and Representative Director of Merrill Lynch Japan Securities Co., Ltd.
Jun. 2017 Director of Merrill Lynch Japan Securities Co., Ltd.
Jul. 2017 Special Adviser of Merrill Lynch Japan Securities Co., Ltd.
Jun. 2018 Director of the Company
Jun. 2019 Director, Mitsui Fudosan Co., Ltd. (current position)
Jun. 2020 Director (Audit & Supervisory Committee member) of the Company
Jun. 2021 Director of the Company (current position)

5 Kazumasa Miyazawa

Outside Director * Newly appointed
Apr. 1980 Joined Sony Corporation
Apr. 1997 General Manager, Planning Unit of IT Business Department, Sony Corporation of America
Apr. 1999 General Manager, General Planning Unit of Card Business Department, Sony Corporation
Jan. 2001 Managing Executive Officer, Chief Strategy Officer, Bitwallet Service Group
Oct. 2006 Lector of Engineering for management system, Tokyo Institute of Technology (current position)
Jan. 2010 Executive Officer, General Manager of Planning Department, Rakuten Edy, Inc.
Jan. 2017 Chief Operating Officer of SORAMITSU Japan
Apr. 2020 Chief Executive Officer of SORAMITSU Japan (current position)
Director of Digital Platformer Corporation
Oct. 2021 Director of ReNet Soramitsu Financial Technology Co., Ltd. (current position)
Jun. 2023 Director of the Company (current position)

Committee Membership

Name	Title / role	Committees				Main professional background							
		Audit & Supervisory Committee	Nomination & Remuneration Committee	Comprehensive Risk Management Committee	Human Resources Committee	Business Administration	Overseas Assignment	Legal	Financial Accounting	Finance Economics	Administration	ICT	Sustainability
Tateaki Ishida	Chairman and Representative Director		●	●	●	●	●		●	●		●	●
Ichiro Goda	President and Representative Director			●	●	●		●	●			●	●
Masanori Hayashi	Deputy President and Director			●	●	●			●				●
Tsunehiro Nakayama	Outside Director Chairperson of the Board of Directors		●			●	●		●	●			
Kazumasa Miyazawa	Outside Director		●			●	●				●	●	
Tetsuji Oono	Director	●						●	●				
Keisuke Inoue	Outside Director Chairperson of the Audit & Supervisory Committee	●				●		●		●			
Joichi Yamazaki	Outside Director	●	●					●		●	●		●
Ayako Ikeda	Outside Director	●	●					●	●				

6 Tetsuji Oono

Director, Audit & Supervisory Committee Member (Attendance at Board of Directors meetings during the fiscal year under review: 17/17)
Apr. 1983 Joined Maruman Securities Co., Ltd.
Dec. 1992 Joined Maruman Finance Co., Ltd.
Aug. 1996 Joined Central Capital Co., Ltd.
Jul. 2000 Joined the Company
Jul. 2003 General Manager of Investment Banking Department, Nagoya, the Company
Apr. 2007 General Manager of Corporate Solution Department of the Company
Apr. 2009 General Manager of Corporate Finance Department, Nagoya, Tokai Tokyo Securities, Co., Ltd.
Apr. 2010 General Manager of Headquarters Sales Promotion Department; Section Head of Headquarters Sales Promotion Section, Tokai Tokyo Securities, Co., Ltd.
Apr. 2012 General Manager of General Planning Department of the Company
Apr. 2013 General Manager of Corporate Sales Department (First), Tokai, Tokai Tokyo Securities, Co., Ltd.
Apr. 2014 General Manager of Corporate Sales Department, Tokyo, Tokai Tokyo Securities, Co., Ltd.
Apr. 2015 General Manager of Financial Planning Department of the Company
General Manager of Finance Department, Tokai Tokyo Securities, Co., Ltd.
Apr. 2017 Executive Officer, General Manager of Financial Planning Department of the Company
General Manager of Finance Department, Tokai Tokyo Securities, Co., Ltd.
Apr. 2019 Managing Executive Officer, Deputy Head of General Planning Group, General Manager of General Planning Department of the Company
May 2020 Advisor of the Company
Jun. 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: 17/17)
Apr. 1973 Joined Sumitomo Life Insurance Company
Jul. 1999 Director of Sumitomo Life Insurance Company
Oct. 2001 Managing Director of Sumitomo Life Insurance Company
Apr. 2002 Managing Director and Managing Executive Officer, Sumitomo Life Insurance Company
Jun. 2002 President and CEO, Sumitomo Life Investment Co., Ltd.
Dec. 2002 President and CEO, Sumitomo Mitsui Asset Management Company, Limited
Jul. 2007 Senior Managing Executive Officer and Representative Director, Sumitomo Life Insurance Company
Apr. 2009 Executive Vice President, Mitsui Life Insurance Co., Ltd.
Jun. 2009 Deputy Director-General of the Planning and Coordination Bureau (in charge of the Supervision Bureau), Financial Services Agency
Apr. 2012 Executive Advisor, Sumitomo Life Insurance Company
Jul. 2013 Head of Azabu Economic Research Institute
Apr. 2016 Part-time Advisor of the Company
Jun. 2016 Director of the Company (Audit & Supervisory Committee member) (current position)
Sep. 2017 Audit & Supervisory Board Member, Cardiff Assurances Risques Divers Japan (current position)
Apr. 2021 Director, Etoile Kaito & Co., Inc.

8 Joichi Yamazaki

Outside Director, Audit & Supervisory Committee member (Attendance at Board of Directors meetings during the fiscal year under review: 17/17)
Apr. 1978 Joined Ministry of Finance (MOF)
May 1985 Deputy Director of the Government Debt Division, Financial Bureau, MOF
Jan. 1995 Counselor at the Embassy of Japan in Korea
Jul. 1997 Director of the Bond Market Office, Securities Market Division, Securities Bureau, MOF
Dec. 1998 Director of the Financial Crisis Management Division, Executive Bureau, Financial Reconstruction Commission
Jul. 2000 Director, Budget Bureau (in charge of budgets for the Ministry of Land, Infrastructure, Transport and Tourism, and the Ministry of the Environment), MOF
Dec. 2005 Deputy Director-General of the Planning and Coordination Bureau (in charge of the Supervision Bureau), Financial Services Agency
Jul. 2009 Director-General of the Tokai Local Finance Bureau
Jul. 2010 Director-General of the Kinki Local Finance Bureau
Jul. 2011 Vice President, the National Printing Bureau
Jul. 2012 Principal of the National Tax College
Feb. 2013 Left the MOF
Mar. 2013 Audit & Supervisory Board Member of the Norinchukin Bank
Dec. 2018 Advisor of Somo Japan Insurance Inc.
May 2019 Full-time Audit & Supervisory Board Member of Somo Japan DC Securities Inc.
Jun. 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: 17/17)
Apr. 1984 Admitted to the Daini Tokyo Bar Association, admitted to Harago Law Office (now Harago & Partners Law Office)
Jan. 1990 Admitted to Steptoe & Johnson LLP, USA
Apr. 1991 Admitted to practice in New York State
Sep. 1992 Admitted to Hamada & Matsumoto (now Mori Hamada & Matsumoto) (current position)
Apr. 2002 Professor (civil disputes) at The Legal Training and Research Institute of Japan
Apr. 2006 Deputy Secretary General of the Japan Federation of Bar Associations
Apr. 2015 Executive Director of the Japan Federation of Bar Associations
Vice President of the Daini Tokyo Bar Association
Jun. 2021 Director of the Company (Audit & Supervisory Committee member) (current position)



* Attendance at Board of Directors meetings indicates attendance in the fiscal year under review (April 1, 2022, to March 31, 2023).

* 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.

History of Value Creation

Forming a unique, comprehensive financial group and providing value that meets the needs of the times

Since its establishment, the Group has accurately grasped the trends and changes of the times and the diverse needs of its customers. Based on this, we have created a comprehensive financial group with a unique business model that includes forming joint venture brokerage affiliations with regional banks. Leveraging the financial capabilities that we have cultivated, we aim to further expand and grow our businesses to provide the value to society while enhancing our corporate value.

Social Trends and the Group's History

2000–2003

- Insolvency resolution initiated by Financial Supervisory Agency
- Bank of Japan's zero interest rate policy lifted

Strengthened alliances with regional banks

Established and developed joint venture securities companies through joint investment with regional banks with strong business and customer bases

2008–2011

- Global financial crisis
- Postal privatization law enacted
- First payoff initiated

Strengthened overseas connections

Expanded our overseas network to enhance development of products, procurement methods, and information provision

2016–2019

- Consumption tax raised (10%)
- Bank card loan problem
- Start of new "Reiwa" era

Toward digitalization

Promoted digitalization to achieve sustainable growth and improve services in line with changing business conditions, including rapid technological advancements and new workstyles



2000.10

Tokyo Securities (surviving company) and Tokai Maruman Securities merge to form Tokai Tokyo Securities

2004–2007

- Japan Post established
- Kyoto Protocol announced
- Subprime loan problem

2009.4

Transition to new structure; Tokai Tokyo Financial Holdings established

2012–2015

- Start of NISA introduction
- Consumption tax raised (8%)
- Paris Agreement adopted

Appeal to high-net-worth individuals

Developed the Orque d'or brand to provide unparalleled services to high-net-worth customers, transcending the traditional concept of finance

2020–2023

- COVID-19 pandemic
- Tokyo Olympics
- Migration to WEB 3.0

Consolidated subsidiaries

Oct. 2000

Following merger with Tokai Maruman Securities, four entities, namely, Tokai Tokyo Research Institute, Utsunomiya Securities (now Tochigin Tokai Tokyo Securities, an equity-method affiliate), Tokai Tokyo Services, and Tokai Tokyo Investment Management, all became affiliated companies

Jul. 2005

Tokai Tokyo Finance & Real Estate (now Tokai Tokyo Asset Management) founded

Jun. 2007

Tokai Tokyo-Sumishin Wealth Partners & Consulting (now Tokai Tokyo Wealth Consulting) founded

Jan. 2010

Acquired all shares in Toyota Financial Services Securities Corporation, which in April of the same year merges with Tokai Tokyo Securities (surviving company)

Jan. 2011

Tokai Tokyo Finance & Real Estate (surviving company) and Tokai Tokyo Investment Management merge and change trading name to Tokai Tokyo Asset Management

Apr. 2006

Tokai Tokyo Investment Co., Ltd., founded

Jul. 2008

Tokai Tokyo Business Service founded

Mar. 2011

Tokai Tokyo Academy founded

Sep. 2016

ACE Securities acquired as an equity-method affiliate

Mar. 2017

ETERNAL acquired as a subsidiary

Jul. 2019

Asset Management Platform Preparatory (now Tokai Tokyo Digital Platform) founded

Apr. 2021

ACE Securities and Maruhachi Securities acquired as subsidiaries

Apr. 2017

Takagi Securities acquired as a subsidiary

Sep. 2019

Tokai Tokyo Securities (surviving company) and Takagi Securities merge

May 2022

Tokai Tokyo Securities (surviving company) and ACE Securities merge

Sep. 2017

Pinnacle acquired as a subsidiary

Dec. 2018

Pinnacle TT Solution founded

Nov. 2019

3.0 Securities Preparatory (now CHEER Securities) founded

Investments in affiliated companies, development of joint ventures with regional banks

Oct. 2007

YM Securities opened (Yamaguchi Financial Group)

May 2010

Nishi-Nippon City Tokai Tokyo Securities opened (Nishi-Nippon Financial Holdings)

Sep. 2013

Senshu Ikeda Tokai Tokyo Securities opened (Senshu Ikeda Holdings)

Jan. 2017

Hokuhoku Tokai Tokyo Securities opened (Hokuhoku Financial Group)

Jun. 2018

Money Design acquired as an equity-method affiliate

Nov. 2008

Hamagin Tokai Tokyo Securities opened (Bank of Yokohama)

Aug. 2015

All Nippon Asset Management founded as an equity-method affiliate

Apr. 2017

Tochigin Tokai Tokyo Securities (formerly Utsunomiya Securities) becomes a joint venture securities company (Tochigi Bank)

Jun. 2019

Juroku Tokai Tokyo Securities opened (Juroku Financial Group)

Overseas subsidiaries

Oct. 2000

Following merger with Tokai Maruman Securities, Tokai Tokyo Securities (Asia) becomes a subsidiary

Jan. 2007

Tokai Tokyo Securities Europe founded

Mar. 2011

Tokai Tokyo Investment Management Singapore founded

Feb. 2008

Tokai Tokyo Securities (USA) founded

Mar. 2015

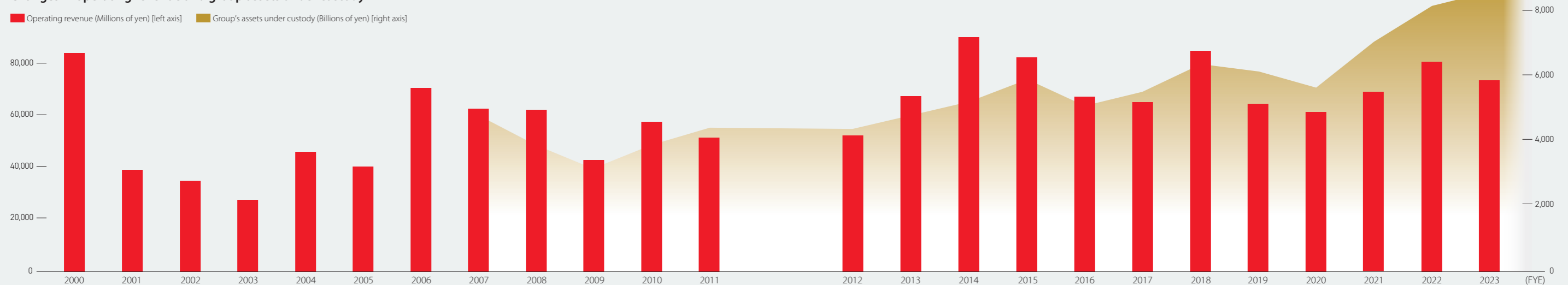
Phillip Tokai Tokyo Investment Management (now an equity-method affiliate) founded

May 2016

Tokai Tokyo Global Investments founded

Changes in operating revenue and group assets under custody

■ Operating revenue (Millions of yen) [left axis] ■ Group's assets under custody (Billions of yen) [right axis]



Eleven-Year Financial and Non-Financial Summary

	FYE	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023
Consolidated statement of income (Millions of yen)												
Commission received		36,659	54,939	44,082	34,267	26,934	35,907	28,954	29,172	31,173	37,575	32,929
Brokerage commission		9,995	26,301	19,016	16,538	12,930	17,415	10,729	12,239	13,936	13,929	11,758
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors		720	921	779	883	738	811	1,247	702	1,076	1,333	1,112
Fee for offering, secondary distribution and solicitation for selling and others for professional investors		19,763	21,149	18,105	10,481	6,916	7,844	6,951	6,519	6,461	9,939	6,900
Other fees received		6,180	6,567	6,180	6,363	6,349	9,836	10,025	9,710	9,700	12,372	13,157
Net trading income* ¹		28,301	32,775	35,427	30,329	35,737	45,095	32,179	29,510	34,008	33,998	31,287
Stocks		7,943	10,484	16,732	11,691	13,779	22,227	15,401	14,010	22,369	16,185	13,630
Bonds and Forex		20,358	22,291	18,695	18,638	21,957	22,867	16,778	15,499	11,639	17,813	17,656
Financial revenue* ¹		2,893	2,831	3,190	2,987	2,741	4,258	3,638	3,011	4,180	9,401	9,165
Total operating revenue		67,854	90,547	82,700	67,584	65,412	85,261	64,772	61,694	69,362	80,975	73,383
Financial expenses		1,900	1,865	1,325	1,306	1,684	2,342	2,219	1,926	2,321	2,726	3,784
Net operating revenue		65,954	88,682	81,374	66,277	63,728	82,919	62,553	59,767	67,041	78,249	69,598
Selling, general and administrative expenses* ²		50,702	58,434	56,303	53,634	54,230	65,472	62,945	60,591	57,355	68,368	66,438
Personnel expenses		26,188	28,971	28,002	24,888	25,336	31,110	29,544	27,827	27,501	32,320	30,836
Operating profit		15,252	30,248	25,071	12,643	9,497	17,446	(391)	(823)	9,685	9,881	3,159
Non-operating income* ²		2,405	3,420	3,522	2,765	3,935	3,693	1,712	1,971	3,234	3,341	4,219
Share of profit of entities accounted for using equity method		838	1,708	1,669	948	2,058	1,963	—	—	1,591	1,179	—
Non-operating expenses		337	262	69	111	163	200	388	446	371	243	1,033
Share of loss of entities accounted for using equity method		—	—	—	—	—	—	61	94	—	—	749
Ordinary profit		17,320	33,405	28,524	15,297	13,269	20,939	932	700	12,548	12,979	6,346
Profit before income taxes		17,812	35,307	28,896	17,925	16,195	31,742	1,528	3,049	12,827	17,828	6,099
Profit attributable to owners of parent		11,273	23,243	18,499	12,423	11,990	25,397	1,079	2,763	9,094	13,150	1,953
Consolidated balance sheets (Millions of yen)												
Total current assets		591,911	580,345	415,327	525,258	688,551	902,103	1,323,532	1,043,541	1,342,676	1,505,707	979,880
Trading products		203,401	224,158	198,053	259,234	292,495	388,099	657,524	422,351	588,098	529,440	272,917
Total non-current assets		38,150	36,924	42,778	43,290	53,884	62,429	67,544	69,772	73,893	75,523	76,139
Total assets		630,061	617,270	458,106	568,548	742,435	964,533	1,391,076	1,113,313	1,416,569	1,581,231	1,056,020
Total current liabilities		499,388	466,243	282,986	388,658	510,399	704,507	1,137,726	853,507	1,143,073	1,254,845	754,508
Trading products		93,955	76,593	70,125	137,111	192,454	281,709	546,499	341,416	379,293	444,613	235,926
Total non-current liabilities		8,088	7,808	17,379	24,245	74,357	84,564	88,431	98,781	100,176	140,114	119,474
Total liabilities		507,664	474,340	300,755	413,344	585,206	789,683	1,226,776	952,908	1,243,884	1,395,663	874,672
Total net assets		122,397	142,929	157,351	155,204	157,229	174,849	164,300	160,404	172,684	185,568	181,348
Consolidated statement of cash flows (Millions of yen)												
Cash flows from operating activities		79,020	(14,701)	37,746	12,302	2,944	19,332	(72,750)	10,945	(73,074)	5,672	107,307
Cash flows from investing activities		1,767	5,452	(2,214)	(775)	(8,507)	(588)	(9,615)	(6,686)	(12,397)	(23,011)	(18,620)
Cash flows from financing activities		(75,863)	1,864	(18,937)	(21,829)	35,864	(1,617)	39,695	18,227	104,805	32,355	(57,593)
Cash and cash equivalents at the end of the period		48,491	39,141	56,039	44,615	72,043	89,204	46,274	63,201	81,950	98,442	130,423
ROE, per share data, and non-financial information												
Net income per share (Yen)		42.74	87.68	69.51	46.92	45.73	97.27	4.18	11.04	36.62	52.94	7.85
Net assets per share (Yen)		461.12	528.26	579.91	580.16	593.47	668.18	625.05	630.24	666.65	694.86	679.99
Return on equity (ROE)		9.7%	17.7%	12.6%	8.1%	7.8%	15.5%	0.6%	1.7%	5.6%	7.8%	1.1%
Dividend per share (Yen)		16.00	32.00	34.00	28.00	26.00	38.00	16.00	8.00	22.00	24.00	16.00
Assets under custody (Tokai Tokyo Financial Group) (Billions of yen)		4,870.2	5,298.9	5,995.5	5,178.4	5,610.5	6,477.7	6,248.6	5,741.9	7,170.9	8,299.0	8,664.6
Non-financial information												
Number of employees (Year-end) (Consolidated)		2,178	2,214	2,353	2,391	2,483	2,753	2,861	2,534	2,442	2,847	2,747
Percentage of women in management positions (Year-end) (Tokai Tokyo Financial Holdings, Tokai Tokyo Securities) (%)* ³			13.0%	15.2%	17.6%	21.0%	22.2%	23.9%	13.3%	13.4%	14.5%	16.8%
Training expenses (including commissions to Tokai Tokyo Academy) (Millions of yen)		381	433	479	493	547	622	727	604	534	527	589
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%	93.9%
CO ₂ emissions (Tokai Tokyo Securities) (t-CO ₂)			4,310	3,938	3,671	3,499	3,243	3,009	2,851	2,699	2,642	2,811

*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, 2023

Consolidated Financial Results of Operation

(Millions of yen)

	Mar. 2022	Mar. 2023
Operating revenue	80,975	73,383
Net operating revenue	78,249	69,598
Operating profit	9,881	3,159
Ordinary profit	12,979	6,346
Profit attributable to owners of parent	13,150	1,953
Return on equity (ROE) (%)	7.8	1.1

In FYE March 2023, operating revenue amounted to ¥73,383 million, down 9.4% year on year. For the period, net operating revenue declined 11.1%, to ¥69,598 million, operating profit fell 68.0%, to ¥3,159 million, and ordinary profit decreased 51.1%, to ¥6,346 million. Profit attributable to owners of parent (after deducting income taxes and others) declined 85.1%, to ¥1,953 million.

Trading-related expenses decreased 5.3% year on year, to ¥12,428 million. Personnel expenses declined 4.6%, to ¥30,836 million, real estate expenses decreased 1.9%, to ¥7,585 million, and office expenses edged down 0.1%, to ¥8,635 million. As a result, selling, general and administrative expenses declined 2.8%, to ¥66,438 million.

Among non-operating income, we reported a ¥2,166 million gain on valuation of investment securities and dividend income of ¥1,153 million. As a result, non-operating income climbed 26.3%, to ¥4,219 million. Among non-operating expenses, we posted ¥749 million in share of loss of entities accounted for using equity method. As a result, non-operating expenses jumped 323.6%, to ¥1,033 million.

For the year, we recorded total extraordinary profit of ¥177 million and total extraordinary losses of ¥423 million.

Breakdown of Operating Revenue

(Millions of yen)

	Mar. 2022	Mar. 2023
Commission received	37,575	32,929
Net trading income	33,998	31,287
Financial revenue	9,401	9,165

(Commission Received)

During the fiscal year under review, total commissions amounted to ¥32,929 million, down 12.4% from a year earlier.

(1) Brokerage commission

Total brokerage commission earned by the Group declined 15.6%, to ¥11,758 million. This included ¥11,018 million in brokerage commission on stock, down 16.9% year on year.

(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 ¥1,112 million, down 16.6% from a year earlier. Under this category, commission earned by the handling of stock decreased 29.5%, to ¥510 million, while commission on bonds declined 1.3%, to ¥602 million.

(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 fell 30.6%, to ¥6,900 million. Under this category, fees from beneficiary certificates decreased 30.8%, to ¥6,873 million.

(4) Other fees received

Other fees received totaled ¥13,157 million, up 6.3% year on year. Under this category, agency commissions from investment trusts decreased 8.9%, to ¥5,331 million, and insurance commissions increased 23.2%, to ¥4,550 million.

(Net Trading Income)

Net trading income decreased 8.0%, to ¥31,287 million. Under this category, stock trading income decreased 15.8%, to ¥13,630 million, and trading of bonds and foreign exchanges (primarily from foreign currency-denominated bonds and structure bonds) decreased 0.9%, to ¥17,656 million.

(Net Financial Revenue)

Net financial revenue decreased 19.4%, to ¥5,381 million. Under this category, financial revenue totaled ¥9,165 million, down 2.5% year on year, while financial expenses increased 38.8%, to ¥3,784 million.

Consolidated Financial Position

	Mar. 2022	Mar. 2023
Net assets (Millions of yen)	1,581,231	1,056,020
Total assets (Millions of yen)	185,568	181,348
Equity ratio (%)	10.9	16.0
Book value per share (BPS) (Yen)	694.86	679.99

(Assets)

At FYE March 2023, total assets amounted to ¥1,056,020 million, down ¥525,211 million from a year earlier. For the year, total current assets decreased ¥525,826 million, to ¥979,880 million. Within current assets, trading products declined ¥256,523 million, to ¥272,917 million, and loans secured by securities decreased ¥247,474 million, to ¥304,108 million. Total non-current assets edged up ¥615 million, to ¥76,139 million, mainly due to a ¥1,717 million increase in investment securities, to ¥45,923 million.

(Liabilities)

Total liabilities at FYE March 2023 amounted to ¥874,672 million, down ¥520,990 million from a year earlier. Of this total, total current liabilities decreased ¥500,336 million, to ¥754,508 million, mainly due to a ¥208,686 million decrease in trading products, to ¥235,926 million, and a ¥180,600 million decrease in borrowing secured by securities, to ¥146,125 million. Total non-current liabilities declined ¥20,640 million, to ¥119,474 million, mainly due to a ¥6,606 million decrease in bonds payable, to ¥21,979 million, and a ¥13,800 million decline in long-term borrowings, to ¥93,500 million.

(Net Assets)

In the period under review, total net assets amounted to ¥181,348 million, down ¥4,220 million from a year earlier. Under this category, retained earnings decreased ¥3,515 million, to ¥111,064 million.

Cash Flows

(Millions of yen)

	Mar. 2022	Mar. 2023
Cash flows from operating activities	5,672	107,307
Cash flows from investing activities	(23,011)	(18,620)
Cash flows from financing activities	32,355	(57,593)

Net cash flow provided by operating activities amounted to positive ¥107,307 million. Main factors were ¥6,099 million in profit before income taxes, a ¥256,523 million year-on-year decrease in trading products (assets) and a ¥247,474 million decrease in loans secured by securities. By contrast, there was a ¥208,686 million decrease in trading products (liabilities) and a ¥180,600 million decrease in borrowings secured by securities.

Net cash flow from investing activities totaled negative ¥18,620 million. Main factors included ¥24,847 million in short-term loan advances, ¥2,577 million in purchase of intangible assets, ¥2,491 million in purchase of investment securities, and ¥9,439 million in proceeds from collection of short-term loans receivable.

Net cash flow from financing activities was negative ¥57,593 million. Main factors included a ¥43,833 million net decrease in short-term borrowings and ¥5,455 million in dividends paid.

As a result of the above, cash and cash equivalents as FYE March 2023 totaled ¥130,423 million, up ¥31,933 million from a year earlier.

Dividends

	Mar. 2022	Mar. 2023
Net income per share (EPS) (Yen)	52.94	7.85
Dividend per share (portion accounted for by interim dividend per share) (Yen)	24.00 (10.00)	16.00 (8.00)
Dividends payout ratio (consolidated) (%)	45.3	203.8
Dividend on net assets ratio (consolidated) (%)	3.5	2.3

The Group's main business is the trading of financial instruments, and earnings in this business are highly susceptible to market trends. Accordingly, our basic policy for profit distribution is to pay stable and appropriate dividends to shareholders while striving to increase retained earnings.

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

The Company paid a year-end regular dividend of ¥8.00 per share, bringing total annual dividends to ¥16.00 per share (including the interim dividend). As a result, the consolidated dividend payout ratio for the year was 203.8%.

Share Information

Share Information (As of March 31, 2023)

Stock code:	8616
Stock exchange listings:	Tokyo Stock Exchange (Prime) and Nagoya Stock Exchange (Premier)
Shareholder registry administrator:	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Number of shares authorized:	972,730,000
Number of shares issued:	260,582,115
Number of shareholders:	72,027
Trading unit of shares:	100

Major Shareholders (Top 10) (As of March 31, 2023)

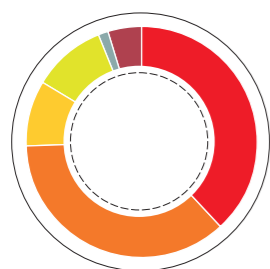
	Number of Shares Held	Ownership Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,822,400	11.18%
MUFG Bank, Ltd.	12,016,853	4.83%
Mitsui Sumitomo Insurance Co., Ltd.	7,283,798	2.93%
Toyota Financial Services Corporation	7,280,000	2.92%
The Bank of Yokohama, Ltd.	7,014,553	2.82%
Custody Bank of Japan, Ltd. (Trust Account)	6,857,900	2.75%
Nippon Life Insurance Company	5,611,890	2.25%
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	4,082,400	1.64%

* 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 11,626,798 shares of treasury stock.

Shareholder Breakdown

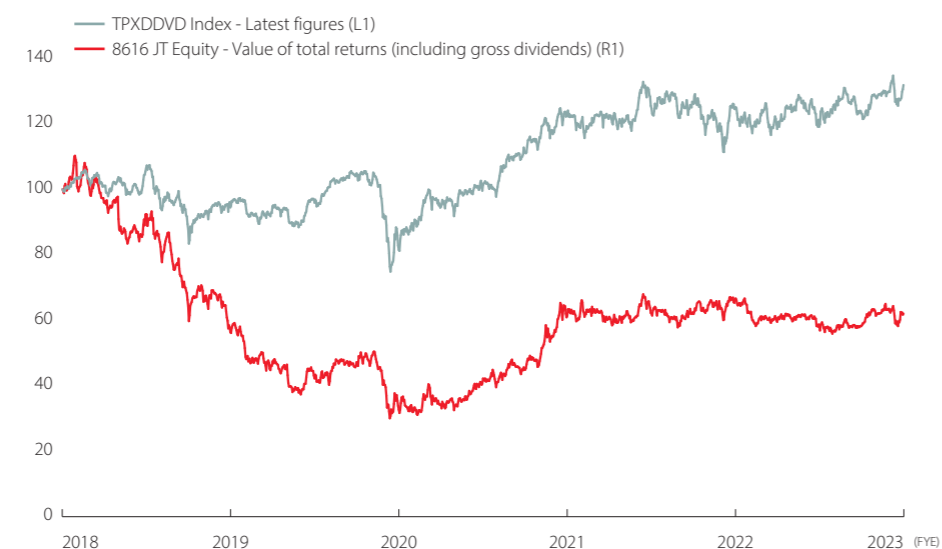
(As of March 31, 2023)



Individuals and others	38.19%
Financial institutions	36.40%
Other domestic corporations	9.15%
Foreign corporations	10.17%
Securities firms	1.63%
Treasury stock	4.46%

* 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 2018 to March 2023



* 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, 2023)

Company name	Tokai Tokyo Financial Holdings, Inc.
Date of incorporation	June 19, 1929
Paid-in capital	¥36,000,000,000
Number of employees	175 (Does not include 47 temporary employees and 5 dispatched workers)
Number of employees (consolidated)	2,747 (Does not include 14 investment advisors and asset advisors as combined, 506 temporary employees, and 67 dispatched workers)
Address of head office	Nihonbashi Takashimaya Mitsui Building, 5-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-6130

Principal Subsidiaries

Company Name	Head Office	Main Business
Tokai Tokyo Securities Co., Ltd.* ¹	7-1, Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi	Financial instruments business
CHEER Securities Inc.* ²	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	Financial instruments business
Maruhachi Securities Co., Ltd.* ³	4 Shinsakae-machi 2-chome, Naka-ku, Nagoya-shi, Aichi	Financial instruments business
Tokai Tokyo Research Institute Co., Ltd.	19-30, Aoi 1-chome, Higashi-ku, Nagoya-shi, Aichi	Financial instruments business and research on economic conditions and corporate performance
Tokai Tokyo Asset Management Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	Financial instruments business
Tokai Tokyo Investment Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	Creation and management of funds, self-financed investment
Tokai Tokyo Wealth Consulting Co., Ltd.	5-28, Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi	Consulting on handling of testamentary trusts, inheritance property, especially for wealthy clients
Tokai Tokyo Academy Co., Ltd.	4-18, Toyo 2-chome, Koto-ku, Tokyo	Education and training
Tokai Tokyo Services Co., Ltd.	13-8, Aoi 1-chome, Higashi-ku, Nagoya-shi, Aichi	Transfer agent, merchandising, printing, real-estate rental management, insurance agency
Tokai Tokyo Business Service Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	Outsourced back-office operations for securities companies and others
Tokai Tokyo Digital Platform Co., Ltd.* ⁴	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.
ETERNAL Co., Ltd.	20-19, Minamiaoyama 4-chome, Minato-Ku, Tokyo	Insurance agency
Mebius Co., Ltd.	1-8, Minamihonmachi 2-chome, Chuo-ku, Osaka-shi, Osaka	Insurance agency
Pinnacle Inc.	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	M&A advisory
Pinnacle TT Solution Inc.	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	M&A advisory, cross-border advisory
MAfolova Inc.	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	M&A matching platform service operation
Tokai Tokyo Securities (Asia) Limited	15/F, 33 Des Voeux Road Central, Central, Hong Kong	Securities business
Tokai Tokyo Securities Europe Limited	4th Floor, Salisbury House, London Wall, London, EC2M 5QQ, United Kingdom	Securities business
Tokai Tokyo Securities (USA), Inc.	3 Columbus Circle, Suite 1715, New York, NY	Researching U.S. companies and collecting information on the overall U.S. market
Tokai Tokyo Investment Management Singapore Pte. Ltd.	60 Anson Road #13-03, Mapletree Anson, Singapore 079914	Asset management
Tokai Tokyo Global Investments Pte. Ltd.	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 November 12, 2021, 3.0 Securities Preparatory Co., Ltd. changed its name to CHEER Securities Inc.

*³ On April 16, 2021, Maruhachi Securities Co., Ltd. became a consolidated subsidiary from an equity-method affiliate.

*⁴ On October 25, 2021, Money Compass Japan Co., Ltd. changed its name to Tokai Tokyo Digital Platform Co., Ltd.