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Securities code: 8706

Mailing Date: May 30, 2023

To Shareholders with Voting Rights:

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

## NOTICE OF CONVOCATION OF THE 80TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 80th Annual General Meeting of Shareholders (the “Meeting”) of Kyokuto Securities Co., Ltd. (the “Company”) will be held as described below.

When convening the Meeting, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company’s website. Please access the Company’s website or TSE website shown below by using the internet addresses to review the information.

The Company’s website:  
<https://www.kyokuto-sec.co.jp/ir/stockholder/>

In addition to the Company’s website mentioned above, the matters subject to measures for electronic provision are also posted on the following websites.

TSE website (Listed Company Search):  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>  
(Access the TSE website, enter “Kyokuto Securities” in “Issue name (company name)” or the Company’s securities code “8706” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

In case you are unable to attend the Meeting in person, you may exercise your voting rights in writing or by electronic means (Internet). Please review the REFERENCE MATERIALS CONCERNING THE GENERAL MEETING OF SHAREHOLDERS and exercise your voting rights by 5:15 p.m. on Tuesday, June 20, 2023 (Japan Standard Time).

## PARTICULARS

1. Date and Time of the Meeting: 10:00 a.m. (JST), Wednesday, June 21, 2023
2. Place of the Meeting: 9th floor meeting room, Tokyo Shoken Kaikan  
1-5-8 Nihombashi-Kayabacho, Chuo-ku, Tokyo
3. Meeting Agenda:  
Matters to be reported:
  1. The Business Report, and the reports on Consolidated Financial Statements for the 80th Fiscal Year from April 1, 2022 to March 31, 2023 and results of the audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors.
  2. The report of non-consolidated Financial Statements for the 80th Fiscal Year from April 1, 2022 to March 31, 2023.

### Matters to be resolved:

Proposal 1: Election of seven (7) members of the Board of Directors

Proposal 2: Election of one (1) Substitute Corporate Auditor

4. Decisions on the matters relating to the convocation (instructions for exercising voting rights)
  - (1) When you exercise your voting rights, if neither approval nor disapproval of each proposal is indicated on the voting form (postal mail), the Company will deem that you indicated your approval for the proposal.
  - (2) Please note that your online vote will be treated as valid should you exercise your voting rights both in writing (by post) and via the Internet.
  - (3) If you exercise your voting rights more than once via the Internet, only the last vote shall be treated as valid.

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- ◎ The Company plans to open reception at 9:00 a.m.
  - ◎ If attending the Meeting in person, please present the voting form at the reception desk.
  - ◎ If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company's website, website for posted informational materials for the general meeting of shareholders and the TSE website.
  - ◎ For this General Meeting of Shareholders, the Company shall send paper-based documents to all shareholders as usual regardless of whether or not delivery of paper-based documents has been requested by the shareholder.
  - ◎ Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 17, paragraph (2) of the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents delivered.
    - (i) Business Report
      - Matters related to subscription rights for new shares, etc.
      - Overview of the contents of the Limited Liability Agreement
      - System to ensure the appropriate conduct of business activities
      - Overview of the status of operation of the system to ensure the appropriate conduct of business activities
      - Basic corporate philosophy on control of the Company
    - (ii) Consolidated Financial Statements
      - Notes to the Consolidated Financial Statements
    - (iii) Non-consolidated Financial Statements
      - Notes to the Non-consolidated Financial Statements

Accordingly, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements stated in the paper-based documents delivered are part of the documents

audited by the Accounting Auditor and the Board of Corporate Auditors when preparing their respective audit reports.

- The Company has discontinued the practice of providing gifts to shareholders attending the General Meeting of Shareholders. Thank you for your understanding.
- Please note that officers, administrative staff, etc. attending the General Meeting of Shareholders may participate wearing face masks.

## REFERENCE MATERIALS CONCERNING THE GENERAL MEETING OF SHAREHOLDERS

### Proposals and Matters for Reference

#### Proposal 1: Election of seven (7) members of the Board of Directors

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

The candidates are as follows.

#### Candidate for Director

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

Candidate No.	Name (Date of birth)	Career summary and Current Position and Responsibilities at the Company (Important status in other companies)	Number of the Company's shares held
1	Hiroyuki Kikuchi (March 6, 1942)	April 1964      Joined Nomura Securities Co., Ltd. July 1972      Joined the Company November 1972 Vice President December 1979 President & CEO April 2012      Chairman (current position) (Important status in other companies) President & CEO of Kyokuto Property Co., Ltd.	981,458
		(Reason for proposing as a candidate for Director) Mr. Hiroyuki Kikuchi has served as Vice President, President & CEO, and Chairman, and through his strong leadership has long been responsible for the management of the Company and our group companies. His abundant experience and extensive insight are necessary for the sustainable enhancement of the Company's corporate value, and the Company has judged that he is well suited to continue as Director of the Company, and has therefore nominated him as a candidate for Director.	
2	Kazuhiro Kikuchi (February 8, 1968)	April 1990      Joined Nomura Securities Co., Ltd. March 1999      Joined the Company June 1999      Vice President April 2012      President & CEO (current position)	967,346
		(Reason for proposing as a candidate for Director) Mr. Kazuhiro Kikuchi has served as Vice President and President & CEO of the Company, and by leveraging his experience, knowledge, and leadership skills, has contributed to the expansion of the business of the Company and our group companies. His experience and judgment as a management executive are necessary for the Company's sustained improvement in corporate value, and we have determined that he is suited to continue as Director of the Company and have nominated him as a candidate for Director.	
3	Masahiro Goto (October 6, 1961)	April 1985      Joined the Company October 2002    General Manager, Osaka Branch, Headquarter, Sales March 2008      Director, Customer Asset Management Department II of Head Office June 2010      Executive Director, Director of Customer of Asset Management Department II of Head Office April 2011      Executive Director, Deputy General Manager of Headquarter Customer Sales and Director of Retail Business June 2012      Senior Executive Director, Deputy General Manager of Headquarter Customer Sales and Director of Retail Business June 2014      Senior Executive Director, Member of the Board, General Manager of Headquarter Customer Sales and Director of Retail Business June 2016      Senior Managing Director and General Manager of Headquarter Customer Sales (current position)	38,500
		(Reason for proposing as a candidate for Director) Mr. Masahiro Goto has long been involved in Customer Sales since joining the Company, and continues to oversee Customer Sales as Senior Managing Director and General Manager of Headquarter Customer, where he has promoted the expansion of the customer base and an increase in assets under custody. Based on his extensive experience and expertise to date, the Company has judged that he is suited to continue as Director of the Company and has nominated him as a candidate for Director.	

Candidate No.	Name (Date of birth)	Career summary and Current Position and Responsibilities at the Company (Important status in other companies)	Number of the Company's shares held
4	Shunzo Kayanuma (August 4, 1957)	<p>April 1980      Joined Tokyo Stock Exchange, Inc.</p> <p>June 2007      Director, Corporate Communications, Tokyo Stock Exchange, Inc.</p> <p>June 2011      Director, Global Communications, Tokyo Stock Exchange Group, Inc.</p> <p>January 2013    Director, Global Communications, Japan Exchange Group, Inc. and Director of Planning and Coordination, Listing Promotion Dept., Tokyo Stock Exchange, Inc.</p> <p>December 2013    Joined the Company Executive Director, in charge of Department of Accounting and Finance, Headquarter, Planning and Administration</p> <p>December 2014    Senior Executive Director and Deputy General Manager of Headquarter, Planning and Administration</p> <p>June 2015      Senior Executive Director, Member of the Board and General Manager of Headquarter, Planning and Administration</p> <p>June 2017      Senior Managing Director, Member of the Board and General Manager of Headquarter, Planning and Administration (current position)</p>	19,700
<p>(Reason for proposing as a candidate for Director)</p> <p>Mr. Shunzo Kayanuma used to work for the Japan Exchange Group, Inc., and has long been involved in securities exchange market operations. Currently, he is Senior Managing Director, Member of the Board and General Manager of Headquarter, Planning and Administration overseeing planning and administration. Based on his experience and expertise in market operations, the Company judged that he is suited to continue as Director of the Company and nominated him as a candidate for Director.</p>			
5	Kenjiro Horikawa (August 5, 1942)  <div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div>  <div style="border: 1px solid black; display: inline-block; padding: 2px;">Independent</div>	<p>April 1965      Joined Nikkei Inc.</p> <p>March 1996      Director and Editor-in-Chief of Tokyo Head Office</p> <p>March 1998      Managing Director and Representative of Nagoya Branch Office</p> <p>March 2000      Managing Director, Head of Editorial and Publishing</p> <p>March 2002      Executive Vice President of QUICK Corp.</p> <p>March 2004      President &amp; CEO</p> <p>March 2008      Chairman</p> <p>March 2012      Special Advisor</p> <p>March 2016      Counselor (current position)</p> <p>June 2016      Outside Director of the Company (current position)</p>	-
<p>(Reason for proposing as a candidate for Outside Director and expected roles)</p> <p>Mr. Kenjiro Horikawa has long been involved in the company management as an executive at Nikkei Inc. and QUICK Corp. He has extensive experience as a corporate executive and knowledge of finance and capital markets. Because it is expected that he will continue to draw on such experience and knowledge to supervise and advise the management team on the execution of their duties and to strengthen the functions of the Company's Board of Directors, the Company has nominated him as a candidate for Outside Director. In the event that he is elected, he will serve as a member of the Compensation Committee and will be involved in a neutral manner in the decision-making policies regarding the content of compensation, etc., for the members of the board of directors.</p>			

Candidate No.	Name (Date of birth)	Career summary and Current Position and Responsibilities at the Company (Important status in other companies)	Number of the Company's shares held
6	Sadao Yoshino (June 19, 1944)  <div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div>  <div style="border: 1px solid black; display: inline-block; padding: 2px;">Independent</div>	April 1967    Joined Tokyo Stock Exchange, Inc. May 1999    Executive Officer November 2001    Managing Director of Tokyo Stock Exchange, Inc. June 2002    Representative Director and Senior Managing Director December 2005    Advisor of Japan Securities Settlement Co., Ltd. June 2007    Representative Director and Managing Senior Executive Officer of HEIWA REAL ESTATE CO., LTD. June 2010    President & CEO June 2013    Director and Advisor June 2015    Advisor June 2016    Outside Director of the Company (current position) July 2017    Advisor of HEIWA REAL ESTATE CO., LTD. (current position)	-
		(Reason for proposing as a candidate for Outside Director and expected roles) Mr. Sadao Yoshino has long been involved in corporate management as a management executive at Tokyo Stock Exchange, Inc. and HEIWA REAL ESTATE CO., LTD. and has extensive experience in business activities closely related to the securities market, including serving as a member of government and related organizations. He has extensive experience as a corporate executive and knowledge of finance and capital markets. Because it is expected that he will continue to draw on such experience and knowledge to supervise and advise the management team on the execution of their duties and to strengthen the functions of the Company's Board of Directors, the Company has nominated him as a candidate for Outside Director. In the event that he is elected, he will serve as a member of the Compensation Committee and will be involved in a neutral manner in the decision-making policies regarding the content of compensation, etc., for the members of the board of directors.	
7	Takako Sugaya (September 20, 1972)  <div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div>  <div style="border: 1px solid black; display: inline-block; padding: 2px;">Independent</div>	October 2002    Registered as an attorney at law (Daini Tokyo Bar Association) Joined Yamada Hideo Law Office (current company name: Yamada Ozaki Law Office) (current position) June 2007    Outside Audit & Supervisory Board Member of Faith, Inc. (current position) March 2019    External Director of Lion Corporation (current position) June 2020    Outside Director of the Company (current position) (Important status in other companies) Attorney at law (Yamada Ozaki Law Office) Outside Audit & Supervisory Board Member of Faith, Inc. External Director of Lion Corporation	-
		(Reason for proposing as a candidate for Outside Director and expected roles) Ms. Takako Sugaya has no past experience of being involved in corporate management other than as an outside director or outside corporate auditor, but she has extensive experience and expertise as a lawyer as well as long-time experience as an outside director and outside corporate auditor of other companies. Because it is expected that she will continue to draw on such experience and knowledge to supervise and advise the management team on the execution of their duties and to strengthen the functions of the Company's Board of Directors, the Company has nominated her as a candidate for Outside Director. In the event that she is elected, she will serve as a member of the Compensation Committee and will be involved in a neutral manner in the decision-making policies regarding the content of compensation, etc., for the members of the board of directors.	

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

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



Proposal 2: Election of one (1) Substitute Corporate Auditor

Since the election of Hiroaki Fujita as a Substitute Corporate Auditor, which was approved at the 79th Annual General Meeting of Shareholders held on June 22, 2022, is effective until the beginning of this Meeting, the Company proposes the election of one Substitute Corporate Auditor in case the number of Corporate Auditors provided for by law is not sufficient.

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

The candidate is as follows.

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

- (Notes)
1. There are no special interests between Hiroaki Fujita and the Company.
  2. Hiroaki Fujita is a candidate for Substitute Outside Corporate Auditor.
  3. Hiroaki Fujita satisfies the requirements for Independent Officer as provided for by the Tokyo Stock Exchange, and if he is appointed as a Corporate Auditor, the Company will register him as an Independent Officer with the Exchange.
  4. If Hiroaki Fujita assumes office as a Corporate Auditor, the Company will enter into an agreement with him pursuant to Article 427, paragraph (1) of the Companies Act to limit his liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.

END

(Reference)

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

In the event that the Proposal 1 is approved, the so-called skills matrix listing the skills of the directors and auditors will be as follows.

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

## Excerpt from Business Report

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

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

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

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

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

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

#### (2) Medium- to Long-term Basic Strategy

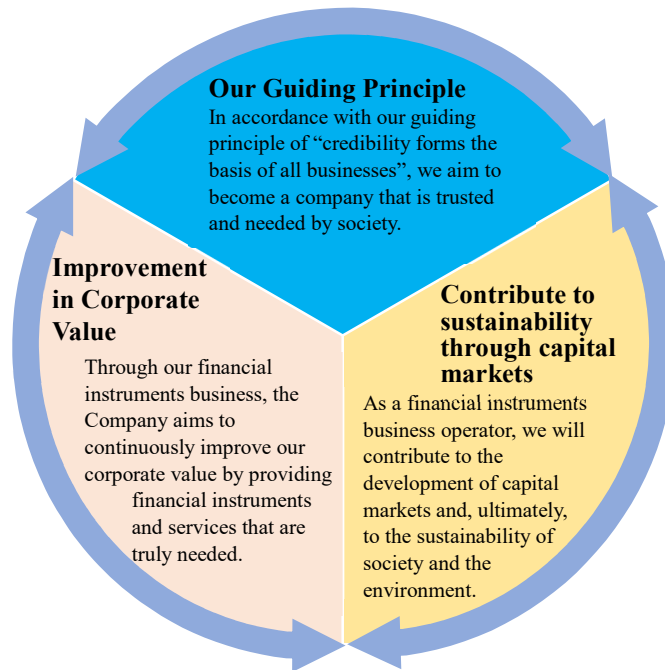
##### a. Basic Approach

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

Furthermore, as a company listed on the Prime Market of the Tokyo Stock Exchange, we are carrying out efforts to engage in the corporate management that places emphasis on capital costs and share prices to enhance corporate value, and promote dialogue with shareholders, while striving to build a higher standard of corporate governance system.

[Sustainability Basic Corporate Philosophy]

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



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

(3) Issues to be Addressed

a. Pursue unique business model

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

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

b. Diversify human resources and investment in human capital

We believe that the factors that differentiate the Kyokuto Group’s corporate value from that of our competitors are our brand “trust of our customers” and our own know-how in providing “unique ‘in season’ financial products.” We believe that continuous enhancement of our human capital is quite important to achieve sustainable growth of our business with flexibly responding to future changes in the business environments by leveraging the abovementioned our brand and know-how.

For this purpose, we will proactively improve our policies and systems that allows for the securement of human resources with diverse experience, skills and attributes, the promotion of core talent, the acquisition of skills necessary for the Company’s services, and the provision of diverse work styles.

We believe that such investment in human capital will ultimately contribute to maximizing benefits for our customers.

c. Response to changes in the regulatory environment

We will respond appropriately to revisions of laws and regulations, etc. in order to ensure customer-oriented business conduct, and respond even more closely to our customers’ needs. The Kyokuto Group will even more thoroughly implement the “Policy for Customer-oriented Business Conducts” and all executives and employees will conduct business activities based on higher financial knowledge and ethical standards.

d. Contribute to society as a whole

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

e. Respond to a sustainable global environment

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

Also, by using the framework of the Task Force on Climate-related Financial Disclosures (TCFD), we will fully analyze the risks and opportunities that climate change poses to the Kyokuto Group’s business activities and, based on this analysis, formulate a business strategy related to climate change that will lead to the sustainable development of the Kyokuto Group and society as well.

(4) Policy on Determination of Dividends from Surplus, etc.

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

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

For the year-end dividend for the current fiscal year, we have adopted the aforementioned criteria for consolidated dividend on equity ratio (DOE). It was resolved at the Meeting of the Board of Directors held on April 27, 2023 to pay a dividend of 15 yen per share (annual dividend of 30 yen per share in conjunction with the interim dividend of 15 yen per share that has already been paid).

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

Item	77th (April 1, 2019 to March 31, 2020)	78th (April 1, 2020 to March 31, 2021)	79th (April 1, 2021 to March 31, 2022)	80th (April 1, 2022 to March 31, 2023)
Interim dividend	15 yen	20 yen	20 yen	15 yen
Year-end dividend	15	30	20	15
Annual dividend	30	50	40	30