

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

Securities code: 8706

Mailing Date: June 5, 2024

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 81ST ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 81st 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 Tokyo Stock Exchange (“TSE”) 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 TSE website below.

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 Wednesday, June 26, 2024 (Japan Standard Time).

PARTICULARS

1. Date and Time of the Meeting: 10:00 a.m. (JST), Thursday, June 27, 2024
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 81st Fiscal Year from April 1, 2023 to March 31, 2024 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 81st Fiscal Year from April 1, 2023 to March 31, 2024.

Matters to be resolved:

- Proposal 1: Election of seven (7) members of the Board of Directors
 - Proposal 2: Election of one (1) Corporate Auditor
 - Proposal 3: 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 if 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 reception desk will open at 9:00 a.m.
 - ◎ When 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 are made, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company's website and TSE website.
 - ◎ Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents delivered to shareholders who requested paper-based documents. Moreover, Corporate Auditors and Accounting Auditors audit documents including the following items:
 - (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

■ No gifts have been prepared for distribution at the Meeting.

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 the 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)	41,500
		(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 Sales, 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>	21,300
<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; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">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 & 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) <u>Outside</u> <u>Independent</u>	<p>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)</p>	-
<p>(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.</p>			
7	Takako Sugaya (September 20, 1972) <u>Outside</u> <u>Independent</u>	<p>October 2002 Registered as an attorney at law (Daini Tokyo Bar Association) Joined Yamada Hideo Law Office (current company name: Yamada Ozaki Law Office) 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) January 2024 Founder and representative attorney of the Sugaya Partners Law Office (current position)</p> <p>(Important status in other companies) Attorney at law (Sugaya Partners Law Office) Outside Audit & Supervisory Board Member of Faith, Inc. External Director of Lion Corporation</p>	-
<p>(Reason for proposing as a candidate for Outside Director and expected roles) Ms. Takako Sugaya 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.</p>			

- (Notes)
1. There are no special interests between each of the candidates and the Company.
 2. Kenjiro Horikawa, Sadao Yoshino, and Takako Sugaya are candidates for Outside Director.
 3. The Company has submitted notification to the Tokyo Stock Exchange that Kenjiro Horikawa, Sadao Yoshino, and Takako Sugaya have been appointed as Independent Officers as provided for by the Tokyo Stock Exchange. If their reelection is approved at the Meeting, the Company plans for their appointment as Independent Directors to continue.
 4. The Company has established the following criteria for the election of Independent Outside Directors.
 - (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 eight years, eight years, and four years, respectively, at the conclusion of the 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 same 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 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) Corporate Auditor

Among the three Corporate Auditors, the term of office of Kazuhiro Yasumura will expire at the close of the Meeting. Therefore, the Company proposes the election of one Corporate Auditor.

The Company has already obtained the consent of the Board of Auditors to elect one (1) 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 style="text-align: center;">Tsutomu Kurai (September 14, 1962)</p> <p style="text-align: center;">New appointment</p> <p style="text-align: center;">Outside</p> <p style="text-align: center;">Independent</p>	<p>April 1986 Joined Mitsui Trust and Banking Company, Limited (current company name: Sumitomo Mitsui Trust Bank, Limited)</p> <p>August 2009 General Manager of Sendai Branch, The Chuo Mitsui Trust and Banking Company, Limited (current company name: Sumitomo Mitsui Trust Bank, Limited)</p> <p>November 2011 General Manager of Stock Transfer Agency Department</p> <p>April 2012 General Manager of Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited</p> <p>April 2015 Executive Director, General Manager of Head Office No. 13 Sales Department</p> <p>April 2017 Corporate Auditor</p> <p>June 2019 Director, Member of Audit and Supervisory Committee (current position)</p>	-
<p>(Reason for proposing as a candidate for Outside Corporate Auditor)</p> <p>Mr. Tsutomu Kurai has broad knowledge based on his extensive experience at financial institutions, and has served as Member of Audit and Supervisory Committee. The Company has judged that he is expected to conduct audits from an object and neutral perspective based on his knowledge gained throughout his career, and has therefore nominated him as a candidate for Outside Corporate Auditor.</p>		

- (Notes)
1. There are no special interests between Tsutomu Kurai and the Company.
 2. Tsutomu Kurai is a candidate for Outside Corporate Auditor.
 3. Tsutomu Kurai satisfies the requirements for Independent Director 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 Director with the Exchange.
 4. Tsutomu Kurai will resign as Director, Member of Audit and Supervisory Committee of Sumitomo Mitsui Trust Bank, Limited at the end of the Ordinary General Meeting of Shareholders by Sumitomo Mitsui Trust Bank, Limited that is planned for late June 2024.
 5. If Tsutomu Kurai is elected, 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 same Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.
 6. The policies and procedures for the nomination of candidates for Corporate Auditor by the Board of Directors are as follows.
With respect to the nomination of candidates for a Corporate Auditor, the Representative Director proposes to the Board of Directors acquiring the consent of the Board of Auditors, while maintaining balance among knowledge of financial accounting, knowledge of the securities industry, and a diverse perspective of corporate management. The Board of Directors then makes a decision after its full deliberation.

Proposal 3: Election of one (1) Substitute Corporate Auditor

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 style="text-align: center;">Yasuo Tobiyama (October 4, 1947)</p> <p style="text-align: center;">Outside</p> <p style="text-align: center;">Independent</p>	<p>April 1971 Joined Tokyo Stock Exchange, Inc.</p> <p>November 2001 Executive Director of Tokyo Stock Exchange, Inc.</p> <p>June 2003 Managing Director</p> <p>December 2005 Representative Director and Senior Managing Director</p> <p>June 2007 Director of Japan Securities Clearing Corporation</p> <p>August 2007 Director and Representative Executive Officer, Senior Managing Director of Tokyo Stock Exchange, Inc. Group</p> <p>June 2009 Representative Director and President of Japan Securities Clearing Corporation</p> <p>January 2013 Administrative Officer of Japan Electric Power Exchange (part-time)</p> <p>June 2013 Advisor for Japan Securities Clearing Corporation</p>	-
<p>(Reason for proposing as a candidate for Substitute Outside Corporate Auditor)</p> <p>Mr. Yasuo Tobiyama has extensive experience with company management as a manager. 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 Yasuo Tobiyama and the Company.
 2. Yasuo Tobiyama is a candidate for Substitute Outside Corporate Auditor.
 3. Yasuo Tobiyama satisfies the requirements for Independent Director 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 Director with the Exchange.
 4. If Yasuo Tobiyama 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 same 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 and Proposal 2 are approved, the so-called skills matrix listing the skills of the directors and auditors will be as follows.

	Name	Position/role (planned)	Expertise, experience, etc. possessed by each Director and Corporate Auditor						
			Corporate manage- ment	Financial instruments business	Sales	Financial accounting	Legal/ Risk manage- ment	Information and communica- tions	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	Hiroyuki Kaneke	Standing Corporate Auditor					●		●
9	Tsutomu Kurai	Standing Outside Corporate Auditor Independent				●			●
10	Nobuo Tsukuni	Outside Corporate Auditor Independent					●		●

Excerpt from Business Report

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

(1) Basic Corporate Philosophy of 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 philosophy, it is recognized that the Kyokuto Group must be able to respond to changes in the market environment and regulatory environment in a flexible manner, and to establish a revenue base that will allow for sustainable growth.

While recognizing these issues, the Kyokuto Group dedicates itself to maximize corporate value and shareholder value by consistently implementing the newly formulated medium-term business plan. The Kyokuto Group will also 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 maintain sustainable growth of its businesses.

(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)

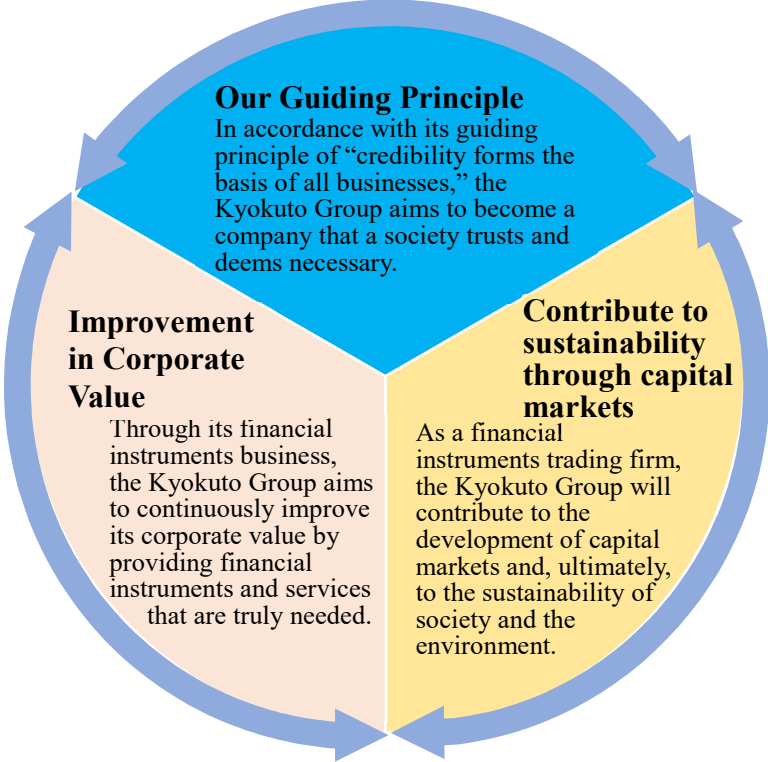
(2) Medium- to Long-term Basic Strategy

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

Furthermore, as a company listed on the Prime Market of the Tokyo Stock Exchange, the Company is 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.

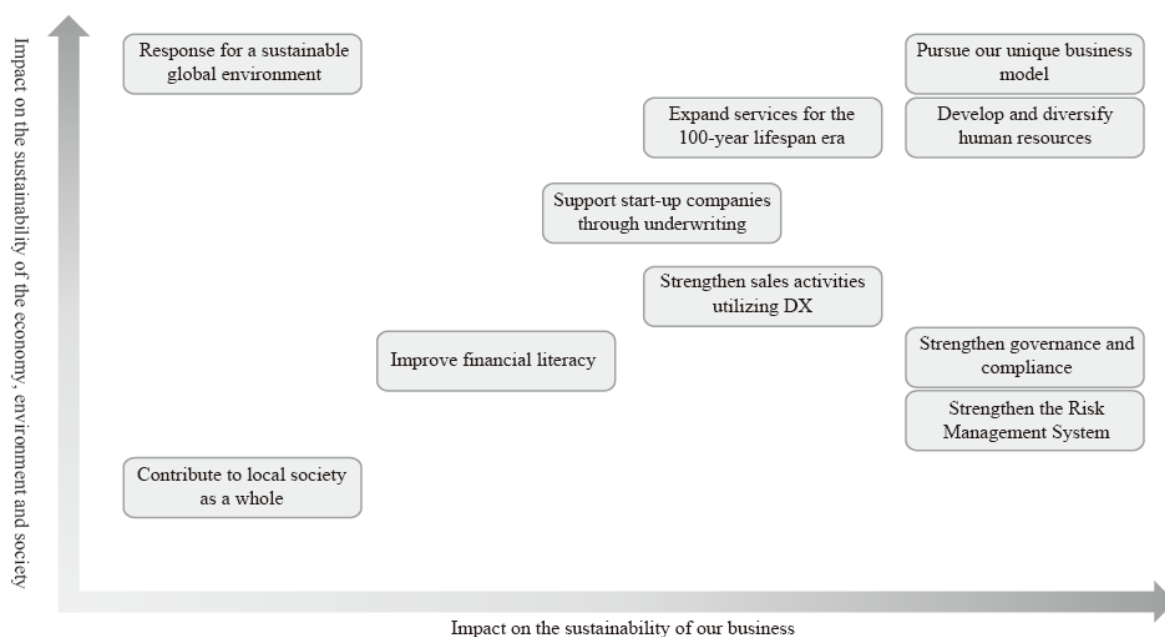
<Basic Sustainability Policy>

Based on its Corporate Philosophy, the Kyokuto Group is striving to improve sustainability through its business as a financial instruments trading firm.



<Reference> Initiatives for Addressing Material Issues for Sustainability

The Company has set material issues for sustainability in order to stick to our unique business while aiming for continuous growth. The following shows details related to initiatives for addressing these material issues.



	Important Issues	Main Initiatives
Business Strategy	Pursue unique business model	<ul style="list-style-type: none"> • Sticking to the Face to Face business model • Investment in human capital, which is the core of the business model • Establishing a healthy financial base for sustainable development
	Expand services for the 100-year lifespan era	<ul style="list-style-type: none"> • Improving customer service in response to the aging population • Providing products that meet the needs of each age group
	Strengthen sales activities utilizing DX	<ul style="list-style-type: none"> • Utilizing digital tools for supporting sales staff • Providing digital services for improving customers' convenience
	Support start-up companies through underwriting	<ul style="list-style-type: none"> • Providing risk money to start-up companies that have new technologies and services
Business Foundation	Strengthen governance and compliance	<ul style="list-style-type: none"> • Thorough compliance • Establishing a corporate governance system
	Strengthen the Risk Management System	<ul style="list-style-type: none"> • Various risk management by the Risk Management Committee (including market risks, credit risk, and personnel/labor risks)
	Response for a sustainable global environment	<ul style="list-style-type: none"> • Self-investment according to ESG factors • Information disclosure according to TCFD recommendations
	Improve financial literacy	<ul style="list-style-type: none"> • Training investors so they can make investment decisions with an understanding of return/risk by sharing accurate knowledge related to finance
	Develop and diversify human resources	<ul style="list-style-type: none"> • Implementing skill improvement training according to a human resource development plan • Work style reforms
	Contribute to local society as a whole	<ul style="list-style-type: none"> • Supporting artistic activities • Contributing to society through donations

(3) Issues to be Addressed

The Company established its medium-term business plan (FY2024-FY2026) aimed at expanding its revenue base and enhancing human capital, and by steadily implementing these policies, the Company will make effort to strengthen its unique business model and improve its earnings power, and ROE of 8% to be achieved as a result.

a. Expansion of the Revenue Base

The business foundation of the Kyokuto Group involves the sale of financial products that are traded in securities markets both domestically and abroad, so it is recognized that customer base and assets under custody themselves are a major pillar of its earnings base.

Therefore, to differentiate the Kyokuto Group from other medium-size securities companies, its product lineup includes various products that cannot be provided by other companies, and the Kyokuto Group will provide its customers with responsive investment proposals according to market changes while maintaining a face-to-face sales style for having direct dialogue with customers. The Kyokuto Group will also promote sales activities throughout Japan for developing new customer base and increasing assets under custody. In addition to these efforts, the Kyokuto Group will continue to implement tools for supporting its sales activities to improve its ability to respond to customers in an easy-to-understand, kind-hearted, and courteous manner, as well as endeavor to strengthen customer follow-up service. Through such dedication, the Kyokuto Group continues to aim for improving customer satisfaction, gaining customers trust, and increasing customers' assets under custody.

Also, in the context of efficient management of shareholders' equity, the Kyokuto Group strives to promote investment in products/assets with higher potential by accurately grasping the changing business environments as well as employing a proper risk management, which will ultimately increase other revenues than those from customer-oriented businesses.

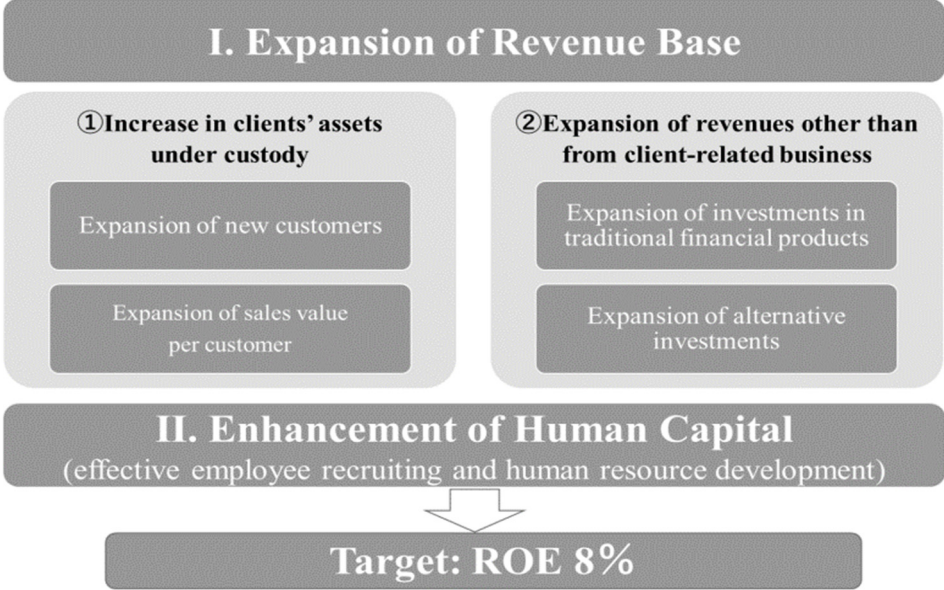
b. Enhancement of Human Capital

The Kyokuto Group believes that the factors that distinguish its corporate value from those of other companies are both its brand "trust of our customers" and its know-how in providing "unique 'in season' financial products." Based on these, the Kyokuto Group believes that a continuous effort to enhance human capital is most important for further improving earnings power by responding to future changes in the business environment in a flexible manner. In harmony with this concept, the Kyokuto Group will formulate a plan for developing human resources, and will develop core personnel with the advanced skills necessary for providing its own unique financial services.

The Kyokuto Group will organize in-house systems to improve the motivation of employees and to maintain an environment that allows all employees to work at a high level of performance. Furthermore, in order for the Kyokuto Group to achieve sustainable growth and development in harmony with changes in the times and environment, it will implement measures for retaining and cultivating necessary personnel from a medium- to long-term perspective.

By promoting such efforts, the Kyokuto Group will be able to strengthen human capital, which is the basis for improving its earnings power.

<Overview of the Medium-Term Business Plan>



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

As part of efforts to increase shareholder value, the Company consider it one of its important management policies to return profits to its shareholders aggressively. Therefore, it was decided that profit distribution to shareholders is increased starting from the fiscal year ended March 2024 to improve shareholder value.

<New Dividends Policy>

To increase profit distribution to shareholders, based on the current Company capital, the Company decided to increase the consolidated dividends payout ratio standard from 50% to 70%. The following is the new dividends policy.

[Dividends Policy]

The dividends amount shall be determined based either a consolidated dividends payout ratio of 70% or a consolidated dividend on equity ratio (DOE) of 2%, whichever of the calculated values is higher, 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 the Company's basic corporate philosophy of paying dividends twice a year as interim and year-end dividends, the Articles of Incorporation stipulate that the Company may pay dividends from surplus, etc. by a resolution of the meeting of the Board of Directors rather than by a resolution at the General Meeting of Shareholders pursuant to Article 459, paragraph (1) and Article 460, paragraph (1) of the Companies Act.

For the year-end dividend for the current fiscal year, the Company has adopted the aforementioned criteria for the amount calculated according to the consolidated dividend payout ratio. It was resolved at the meeting of the Board of Directors held on April 25, 2024 to pay a dividend of 80 yen per share (annual dividend of 110 yen per share in conjunction with the interim dividend of 30 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	78 th Fiscal Year (April 1, 2020 to March 31, 2021)	79 th Fiscal Year (April 1, 2021 to March 31, 2022)	80 th Fiscal Year (April 1, 2022 to March 31, 2023)	81 st Fiscal Year (April 1, 2023 to March 31, 2024)
Interim dividend	20 yen	20 yen	15 yen	30 yen
Year-end dividend	30	20	15	80
Annual dividend	50	40	30	110