

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

Securities Code: 8614  
(Date of Commencement of Electronic Provision Measures) May 23, 2024  
(Date of Sending Notice) May 31, 2024

To Our Shareholders:

Yoshiaki Kuwahara, President  
**Toyo Securities Co., Ltd.**  
4-7-1 Hatchobori, Chuo-ku, Tokyo

## Notice of the 102nd Annual General Meeting of Shareholders

We would like to inform you that the 102nd Annual General Meeting of Shareholders of Toyo Securities Co., Ltd. (the “Company”) will be held as described below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items subject to measures for providing information in electronic format) in electronic format, and posts this information on the Company’s website. Please access the Company’s website by using the internet address shown below to review the information.

The Company’s website:

<https://www.toyo-sec.co.jp/ir/stockholder/meeting/index.html> (in Japanese only)

The items subject to measures for providing information in electronic format are also posted on the website of the Tokyo Stock Exchange (TSE). Access the TSE website by using the internet address shown below, enter “Toyo Securities” in “Issue name (company name)” or the Company’s securities code “8614” 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].”

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

**If you are unable to attend the meeting, you may exercise your voting rights in writing (by post) or via the Internet (in Japanese only). Please take the time to refer to the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Tuesday, June 25, 2024 (JST).**

### **[When Exercising voting rights in writing (by post)]**

Please indicate your approval or disapproval of each proposal on the enclosed voting form and return the form to us so that it arrives by 5:00 p.m. on Tuesday, June 25, 2024, which is the deadline for exercising your voting rights. When exercising your voting rights in writing (by post), please refer to “How to Fill Out Your Voting Form” on page 4.

**[When exercising voting rights via the Internet (in Japanese only)]**

Please access the voting website designated by the Company (<https://evote.tr.mufg.jp/>) and follow the instructions on the screen to enter your approval or disapproval of the proposals by 5:00 p.m. on Tuesday, June 25, 2024. When exercising your voting rights via the Internet, please refer to “Exercise of Voting Rights via the Internet” on page 5.

**1. Date and time:** Wednesday, June 26, 2024, at 10:00 a.m. (JST) (Reception starts at 9:00 a.m.)

**2. Venue:** Meeting room on the fourth floor of the Head Office of the Company  
(the reception is also located on the fourth floor)  
4-7-1 Hatchobori, Chuo-ku, Tokyo

**3. Purposes of the meeting:**

**Items to be reported:**

1. Reports on the Business Report, the Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors for the 102nd fiscal year (from April 1, 2023 to March 31, 2024)
2. Reports on the Non-consolidated Financial Statements for the 102nd fiscal year (from April 1, 2023 to March 31, 2024)

**Items to be resolved:** <<Company’s Proposals>>

**Proposal No. 1** Election of 8 Directors

**Proposal No. 2** Election of 1 Corporate Auditor

<<Shareholder’s Proposals>>

**Proposal No. 3** Partial Amendment to the Articles of Incorporation (Dividends of Surplus, etc.)

**Proposal No. 4** Appropriation of Surplus

**Proposal No. 5** Partial Amendment to the Articles of Incorporation (Formulation and Disclosure of a Plan to Achieve a PBR of 1.0x or Above)

**Proposal No. 6** Partial Amendment to the Articles of Incorporation (Removal of Real Estate Leasing and Management Business)

**Proposal No. 7** Election of 5 Directors

**Proposal No. 8** Reduction of Compensation for Directors

Proposal No. 1 and Proposal No. 2 are <<Company’s Proposals>>.

Proposal No. 3 through Proposal No. 8 are <<Shareholder’s Proposals>>.

The Company’s Board of Directors disapproves of Proposal No. 3 through Proposal No. 8.

For shareholders who agree with the opinions of the Company’s Board of Directors, we request you exercise your voting rights to “Disapprove” the shareholder’s proposals.

#### 4. Items determined for convocation of General Meeting of Shareholders:

- (1) If you exercise your voting rights in writing (by post) and do not indicate “approve” or “disapprove” for any of the proposals, it will be treated as if you indicated “approve” for the Company’s proposals and “disapprove” for the shareholder’s proposals.
- (2) According to Article 20 of the Company’s Articles of Incorporation, the number of Directors is limited to no more than 9. However, under the company’s proposal (Proposal No. 1), the Company proposes the election of 8 Directors, while shareholders propose the election of 5 Directors under the shareholders’ proposal (Proposal No. 7). If all candidates from both proposals (totaling 13) are appointed, it will exceed the maximum number of Directors allowed under the Company’s Articles of Incorporation.  
Consequently, in principle, the candidates who receive the majority of votes, including those submitted in writing or electronically (via the Internet), will be elected as Directors. However, if the number of candidates receiving the majority of votes surpasses 9, the candidates with the highest number of votes will be elected, up to a maximum of 9 Directors.  
Please note that the Company will not impose a maximum limit of 9 candidates for whom affirmative votes can be cast for Proposal No. 1 and Proposal No. 7.
- (3) Please note that your online vote will prevail should you exercise your voting rights both in writing (by post) and via the Internet.
- (4) If you exercise your voting rights more than once via the Internet, only the last vote shall be deemed effective.
- (5) The proxy shall be limited to 1 other shareholder who has the voting rights of the Company. If attending the meeting by proxy, the proxy will be required to present documentary proof of his or her authority to exercise your voting rights (a letter of proxy and your voting form) and the proxy’s voting form.

- If you attend the meeting, please take the time to submit the enclosed voting form to the reception desk at the meeting.
- The document delivered to shareholders also serves as a document that contains items subject to measures for providing information in an electronic format, which is sent to shareholders who have requested a delivery of a paper-based document. Among the items subject to measures for providing information in electronic format, in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following items are not provided in the paper-based documents. Accordingly, the documents in question are part of the documents included in the scope of audits by Corporate Auditors and the Financial Auditor in preparing their respective audit reports.

- (1) Consolidated Statements of Changes in Equity
- (2) Notes to the Consolidated Financial Statements
- (3) Non-consolidated Statements of Changes in Equity
- (4) Notes to the Non-Consolidated Financial Statements

- If revisions to the items subject to measures for providing information in electronic format arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company’s website and the TSE website mentioned on page 1.
- To shareholders with physical limitations or disabilities
  - Should you need support with wheelchairs or assistance with seating arrangements, please notify us in advance.
  - As there are no restroom facilities accessible for wheelchair users, we kindly suggest that you attend to your restroom needs before your arrival at the venue.

\* The Company’s website: <https://www.toyo-sec.co.jp/ir/stockholder/meeting/index.html> (in Japanese only)

## Information on Exercise of Voting Rights

Exercise of voting rights at the Company's General Meeting of Shareholders is shareholders' important right. Please review the Reference Documents for the General Meeting of Shareholders on pages 6 to 34, and exercise your voting rights using one of the methods below.

There are 3 methods to exercise your voting rights as indicated below.

### Exercise of voting rights by attending the Annual General Meeting of Shareholders

You are kindly requested to exercise your voting rights by submitting the voting form to the reception desk at the meeting.

Date and time: **Wednesday, June 26, 2024, at 10:00 a.m. (JST)** (Reception starts at 9:00 a.m.)

### Exercise of voting rights by postal mail

You are kindly requested to indicate your vote of approval or disapproval of each proposal on the enclosed voting form, and to return the completed voting form to the Company. You do not need to affix a stamp.

Deadline for exercise of voting rights **No later than Tuesday, June 25, 2024, at 5:00 p.m. (JST)**

### Exercise of voting rights via the Internet (in Japanese only)

Please indicate whether you approve or disapprove of each proposal following the instructions on the next page.

Deadline for exercise of voting rights **All data entry to be completed no later than Tuesday, June 25, 2024, at 5:00 p.m. (JST)**

## How to Fill Out Your Voting Form

**At this Annual General Meeting of Shareholders, Shareholder's Proposals were made by one shareholder (Proposal No. 3 through Proposal No. 8). The Company's Board of Directors disapproves of the shareholder's proposals.**

**Proposal No. 1 through Proposal No. 2** are Company's Proposals.

**Proposal No. 3 through Proposal No. 8** are Shareholder's Proposals. The Company's Board of Directors **disapproves of these Proposals**. For details, please see pages 17 to 34 of this Notice of Convocation.

### Please indicate whether you approve or disapprove of each proposal.

*To mark your <b>approval</b> for all [Company's Proposals], and disapproval for all [Shareholder's Proposals]	put a circle in the box marked 賛 [Approve] for Proposals No. 1 and No. 2, and 否 [Disapprove] for Proposals No. 3 through No. 8
*To mark your <b>disapproval</b> for all [Company's Proposals], and approval for all [Shareholder's Proposals]	put a circle in the box marked 否 [Disapprove] for Proposals No. 1 and No. 2, and 賛 [Approve] for Proposals No. 3 through No. 8

Please note that your online vote will prevail should you exercise your voting rights both in writing (by post) and via the Internet. If you exercise your voting rights more than once via the Internet, only the last vote shall be deemed effective.

## Exercise of Voting Rights via the Internet (Japanese only)

### Method 1: Scanning the QR Code

You can log in to the website for the exercise of voting rights without entering the login ID or temporary password printed on the voting form.

1. Please scan the QR code® printed on the voting form.  
\* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Please follow the directions that appear on the screen to input approval or disapproval to each proposal.

### Method 2: Entering Login ID and Temporary Password

Voting website: <https://evote.tr.mufg.jp/>  
(in Japanese only)

1. Please access the website for exercise of voting rights.
2. Please enter the “login ID” and “temporary password” printed on your voting form and click the “Login.”
3. Please follow the directions that appear on the screen to input approval or disapproval to each proposal.

In case you need instructions for how to operate your personal computer or smartphone in order to exercise your voting rights via the Internet, please contact:

**Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division Help Desk**

**0120-173-027 (Toll free only from Japan)**

(Business hours: 9:00 a.m. – 9:00 p.m. (JST))

Institutional investors may use the Electronic Voting Platform for institutional investors operated by ICJ, Inc.

## Reference Documents for the General Meeting of Shareholders

### Company's Proposal

#### Proposal No. 1 Election of 8 Directors

The terms of office of all 8 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes the election of 8 Directors.

The candidates for Director are as follows:

Candidate No.	Name	Current positions and responsibilities in the Company	Rate of attendance at the Board of Directors meetings (fiscal year 2023)
1	Reelection Yoshiaki Kuwahara	Representative Director, President, and Executive Officer In charge of Internal Audit Division	100% (21/21)
2	Reelection Ayumu Sakurai	Director and Managing Executive Officer Head of Sales Division, also managing Information Division, Corporate Division, Sales Planning Department and Wealth Management Department	100% (21/21)
3	Reelection Mitsugu Enjoji	Director and Senior Executive Officer In charge of General Affairs Department, also managing Internal Management Division and Asia Strategy	100% (21/21)
4	Reelection Makoto Matsumoto	Director and Senior Executive Officer In charge of Human Resources Development Department, Customer Center, and Business Solution Department	100% (16/16)
5	New election Norihiro Ogawa	Executive Officer In charge of Sales Planning Department	-
6	Reelection Hidekazu Tanaka	Outside Director Independent Officer	100% (21/21)
7	Reelection Yoshio Sato	Outside Director Independent Officer	95.2% (20/21)
8	Reelection Emi Ishida	Outside Director Independent Officer	100% (21/21)

Note: The attendance of Mr. Matsumoto only covers the Board of Directors meetings held after his appointment on June 28, 2023.

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1 Reelection	<p data-bbox="336 344 531 465">Yoshiaki Kuwahara (May 9, 1961) (63 years old) Male</p> <p data-bbox="292 506 580 658">Number of years in office as Director 14 years (as of the conclusion of the General Meeting of Shareholders)</p> <p data-bbox="296 698 576 788">Rate of attendance at the Board of Directors meetings 100% (21/21)</p>	<p data-bbox="616 277 1158 344">Apr. 1985      Joined the Company July 2000      General Manager of Hamada Branch</p> <p data-bbox="616 362 1158 430">Apr. 2007      Executive Officer and Head of Sales Planning Department</p> <p data-bbox="616 439 1198 506">June 2010      Director and Head of Corporate Planning Department</p> <p data-bbox="616 515 1158 537">May 2011      Director and Head of Sales Division</p> <p data-bbox="616 546 1166 613">Apr. 2012      Managing Director and Head of Sales Division</p> <p data-bbox="616 622 1222 712">June 2014      Managing Director, Head of Sales Division, and responsible for Corporate Division and Sales Planning Department</p> <p data-bbox="616 721 1166 743">Apr. 2017      Representative Director and President</p> <p data-bbox="616 752 1222 855">Apr. 2019      Representative Director, President, Executive Officer, and in charge of Internal Audit Division (current position)</p>	38,700 shares
	<p data-bbox="284 878 448 900"><b>Special interest</b></p> <p data-bbox="284 909 1007 931">There is no special interest between Yoshiaki Kuwahara and the Company.</p> <p data-bbox="284 949 858 972"><b>Reasons for nominating him as a candidate for Director</b></p> <p data-bbox="284 981 1430 1124">Mr. Kuwahara has a breadth of experience in the Sales Department, and has served as an officer in charge of the planning departments and Head of Internal Management Division, etc. He has assumed the office of President and has been helping to improve the corporate value of the Company. Based on his past experience, capability, and track record, we believe that he has appropriate experience and capability as Director, and have re-nominated him as a candidate for Director.</p>		

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2 Reelection	<p>Ayumu Sakurai (August 9, 1963) (60 years old) Male</p> <p>Number of years in office as Director Five years (as of the conclusion of the General Meeting of Shareholders)</p> <p>Rate of attendance at the Board of Directors meetings 100% (21/21)</p>	<p>Apr. 1987      Joined The Nikko Securities Co., Ltd. (current SMBC Nikko Securities Inc.)</p> <p>Mar. 2002      General Manager of Insurance Business Division</p> <p>May 2006      President and Representative Director of Cordial Communications Inc.</p> <p>Mar. 2016      Executive Officer of The Nikko Securities Co., Ltd.</p> <p>Jan. 2018      Advisor of the Company</p> <p>Apr. 2018      Managing Executive Officer</p> <p>Apr. 2019      Senior Executive Officer</p> <p>June 2019      Director and Senior Executive Officer</p> <p>Apr. 2020      Director and Managing Executive Officer</p> <p>Jun. 2023      Director and Managing Executive Officer Head of Sales Division, also managing Information Division, Corporate Division, Sales Planning Department, and Wealth Management Department (current position)</p>	13,100 shares
		<p><b>Special interest</b> There is no special interest between Ayumu Sakurai and the Company.</p>	
		<p><b>Reasons for nominating him as a candidate for Director</b> Mr. Sakurai has extensive experience and knowledge in investment trust-related work, etc. at financial institutions for many years. He has served as an officer in charge of the sales and information departments of the Company, and developed and executed specific policies from the perspective of company-wide optimization to assure compliance and establish a customer-oriented management system. Based on his past experience and track record, we believe that he has appropriate experience and capability as Director, and have re-nominated him as a candidate for Director.</p>	



Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
<p style="text-align: center;">3 Reelection</p>	<p style="text-align: center;">Mitsugu Enjoji (September 28, 1963) (60 years old) Male</p> <p>Number of years in office as Director Two years (as of the conclusion of the General Meeting of Shareholders)</p> <p>Rate of attendance at the Board of Directors meetings 100% (21/21)</p>	<p>Apr. 1986      Joined The Nikko Securities Co., Ltd. (current SMBC Nikko Securities)</p> <p>Nov. 2004      Head of Securities Brokerage Business Operations Department</p> <p>Feb. 2007      Head of Finance Department of Nikko Cordial Corporation</p> <p>Feb. 2009      Joined Mitsubishi UFJ Securities Co., Ltd.</p> <p>Apr. 2010      Head of Financial Planning Department of Mitsubishi UFJ Securities Holdings Co., Ltd.</p> <p>Apr. 2011      Head of Financial Planning Department of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>June 2014      Executive Officer and Head of Corporate Planning Department</p> <p>June 2016      Executive Officer and Head of Compliance Management Department</p> <p>June 2017      Managing Director and Managing Executive Officer</p> <p>Managing Director and Managing Executive Officer of Mitsubishi UFJ Securities Holdings Co., Ltd.</p> <p>Outside Audit &amp; Supervisory Board Member of SHIZUGIN TM SECURITIES CO., LTD.</p> <p>Outside Director of Kabucom Securities Co., Ltd.</p> <p>June 2019      Representative Director and President of MUS Business Service Co., Ltd.</p> <p>Apr. 2022      Director</p> <p>June 2022      Director and Senior Executive Officer of the Company In charge of General Affairs Department, also managing Internal Management Division and Asia Strategy (current position)</p>	1,200 shares
	<p><b>Special interest</b> There is no special interest between Mitsugu Enjoji and the Company.</p> <p><b>Reasons for nominating him as a candidate for Director</b> Mr. Enjoji has extensive experience in finance, corporate planning, overseas division management, compliance, and internal audit divisions at major securities companies. He also has experience and capability in management accumulated by serving as President and Director of a subsidiary of the same group. We believe that he has appropriate experience and capability as Director, and have re-nominated him as a candidate for Director.</p>		

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4 Reelection	<p data-bbox="336 517 536 640">Makoto Matsumoto (February 15, 1965) (59 years old) Male</p> <p data-bbox="288 678 584 831">Number of years in office as Director One year (as of the conclusion of the General Meeting of Shareholders)</p> <p data-bbox="296 869 576 965">Rate of attendance at the Board of Directors meetings 100% (16/16)</p>	<p data-bbox="616 275 1233 1193"> Apr. 1983      Joined the Company  July 2008      Head of Electronic Share Certificates Room  Mar. 2009      Head of Administrative Management Department  May 2011      Head of Corporate Planning Department  Apr. 2016      Executive Officer in charge of Corporate Planning Department and Head of Corporate Planning Department  June 2019      Executive Officer and Head of Administration Management Division  Apr. 2020      Executive Officer in charge of Human Resources Development Department, Head of Human Resources Development Department and in charge of General Affairs Department  May 2020      Executive Officer in charge of Human Resources Development Department and General Affairs Department  Apr. 2022      Senior Executive Officer in charge of Human Resources Development Department and General Affairs Department  June 2022      Senior Executive Officer in charge of Human Resources Development Department  June 2023      Director and Senior Executive Officer In charge of Human Resources Development Department, Customer Center, and Business Solution Department (current position) </p>	6,100 shares
	<p data-bbox="284 1216 1010 1279"><b>Special interest</b> There is no special interest between Makoto Matsumoto and the Company.</p> <p data-bbox="284 1290 1430 1444"><b>Reasons for nominating him as a candidate for Director</b> Mr. Matsumoto has extensive work experience in the general affairs and planning departments, and has been helping to improve the corporate value of the Company by serving as an officer in charge of human resources and Head of Administration Management Division of the Company. Based on his past experience and track record, we believe that he has appropriate capability as Director, and have re-nominated him as a candidate for Director.</p>		

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5 New election	Norihiro Ogawa (January 16, 1970) (54 years old) Male  Number of years in office as Director -  Rate of attendance at the Board of Directors meetings -	Apr. 1992      Joined the Company Sept. 2014      General Manager of Hamada Branch Mar. 2016      General Manager of Imabari Branch July 2017      General Manager of Hiroshima Branch Mar. 2021      Head of Business Promotion Department Apr. 2022      Executive Officer in charge of Sales Planning Department and Head of East Japan Block Apr. 2023      Executive Officer in charge of Sales Planning Department (current position)	6,800 shares
	<p><b>Special interest</b> There is no special interest between Norihiro Ogawa and the Company.</p> <p><b>Reasons for nominating him as a candidate for Director</b> Mr. Norihiro Ogawa has extensive work experience in the sales department, and has been helping to improve the corporate value of the Company by serving as a head of a block and an officer in charge of the Sales Planning Department. Based on his past experience and track record, we believe that he has appropriate capability as Director, and have nominated him as a new candidate for Director.</p>		

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned	
6 Reelection	Hidekazu Tanaka (May 10, 1958) (66 years old) Male  Outside Director  Independent Officer  Number of years in office as Director Six years (as of the conclusion of the General Meeting of Shareholders)  Rate of attendance at the Board of Directors meetings 100% (21/21)	Apr. 1981	Joined The Nomura Securities Investment Trust Sales Co., Ltd.	0 shares
		May 1997	Head of Corporate Planning Department of KOKUSAI Securities Co., Ltd.	
		July 2001	Director	
		Sept. 2002	Executive Officer of Mitsubishi Securities Co., Ltd.	
		Oct. 2005	Executive Officer of Mitsubishi UFJ Securities Co., Ltd.	
		May 2010	Executive Officer of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	
		June 2012	Managing Executive Officer Managing Executive Officer of Mitsubishi UFJ Securities Holdings Co., Ltd.	
		June 2013	Managing Director of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	
		June 2014	Outside Audit & Supervisory Board Member of SHIZUGIN TM SECURITIES CO., LTD.	
		June 2015	Director and President of MUS Business Service Co., Ltd.	
		June 2017	Director and Chairman	
		June 2018	Outside Director of the Company (current position)	
		Sept. 2018	Executive Director of SMALL WORLDS Inc.	
Sept. 2020	Director			
<p><b>Special interest</b> There is no special interest between Hidekazu Tanaka and the Company.</p> <p><b>Reasons for nominating him as a candidate for Outside Director and overview of expected role</b> Mr. Tanaka has extensive knowledge and experience in major securities companies for many years, and has experience and knowledge of management accumulated by assuming office as Director and Managing Executive Officer, etc. We expect him to provide us with adequate monitoring, supervision and advice for the execution of business of the Company from an objective viewpoint as Outside Director, and we re-nominated him as a candidate for Outside Director.</p>				

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7 Reelection	<p data-bbox="347 398 523 517">Yoshio Sato (August 25, 1949) (74 years old) Male</p> <p data-bbox="352 555 518 584">Outside Director</p> <p data-bbox="336 622 534 651">Independent Officer</p> <p data-bbox="296 689 574 745">Number of years in office as Director Two years (as of the conclusion of the General Meeting of Shareholders)</p> <p data-bbox="296 875 574 969">Rate of attendance at the Board of Directors meetings 95% (20/21)</p>	<p data-bbox="616 277 1214 306">Apr. 1973      Joined Sumitomo Life Insurance Company</p> <p data-bbox="616 322 1118 351">Apr. 1998      General Manager of Equity Dept.</p> <p data-bbox="616 367 1166 461">July 2000      Director and Senior General Manager, Corporate Relations Management Headquarters</p> <p data-bbox="616 477 1230 533">Apr. 2002      Managing Director and Managing Executive Officer</p> <p data-bbox="616 548 1150 577">July 2007      President &amp; Chief Executive Officer</p> <p data-bbox="616 593 1023 622">Apr. 2014      Chairman of the Board</p> <p data-bbox="616 638 1230 692">June 2014      Outside Audit &amp; Supervisory Board Member of Panasonic Corporation</p> <p data-bbox="616 707 1126 763">Outside Auditor of SAKATA INX CORPORATION</p> <p data-bbox="616 779 1230 835">June 2018      Outside Director of Rengo Co., Ltd. (current position)</p> <p data-bbox="616 851 1158 907">Apr. 2021      Director of Sumitomo Life Insurance Company</p> <p data-bbox="616 922 1222 952">July 2021      Senior Corporate Advisor (current position)</p> <p data-bbox="616 967 1206 1023">June 2022      Outside Director of the Company (current position)</p> <p data-bbox="616 1039 1142 1095">Mar. 2023      Outside Director of SAKATA INX CORPORATION (current position)</p>	0 shares
	<p data-bbox="284 1104 448 1133"><b>Special interest</b></p> <p data-bbox="284 1137 935 1167">There is no special interest between Yoshio Sato and the Company.</p> <p data-bbox="284 1178 1257 1207"><b>Reasons for nominating him as a candidate for Outside Director and overview of expected role</b></p> <p data-bbox="284 1211 1430 1357">Mr. Sato has extensive experience and knowledge in a major financial institution for many years, and has experience and knowledge of management accumulated by experience of assuming office as President and Chairman of the Board. We expect him to provide us with timely and adequate monitoring, supervision and advice for the execution of business of the Company from an objective viewpoint as Outside Director, and we re-nominated him as a candidate for Outside Director.</p>		

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
8 Reelection	<p>Emi Ishida (The officially registered name: Emi Yano) (December 5, 1966) (57 years old) Female</p> <p>Outside Director</p> <p>Independent Officer</p> <p>Number of years in office as Director Two years (as of the conclusion of the General Meeting of Shareholders)</p> <p>Rate of attendance at the Board of Directors meetings 100% (21/21)</p>	<p>Sept. 1989      Joined Chuo Shinko Audit Corporation</p> <p>Dec. 1993      Registered as Certified Public Accountant (CPA)</p> <p>Apr. 1995      Partner of YANO Certified Public Accounting Office (current position)</p> <p>Entered The Training and Research Institute for Court Officials of the Supreme Court</p> <p>Apr. 1997      Registered as an attorney-at-law (Tokyo Bar Association)</p> <p>Joined Hibiya Mitsuke Law Office</p> <p>Apr. 2000      Partner of Hibiya Mitsuke Law Office</p> <p>June 2006      Outside Corporate Auditor of The Musashino Bank, Ltd.</p> <p>June 2013      Outside Director of The Musashino Bank, Ltd.</p> <p>May 2015      Outside Audit &amp; Supervisory Board Member of AEON RETAIL Co., Ltd.</p> <p>Apr. 2020      External Director of TOKYO DOME CORPORATION</p> <p>July 2021      Representative of BACeLL LTA FIRM (current position)</p> <p>June 2022      Outside Director of the Company (current position)</p>	0 shares
	<p><b>Special interest</b> There is no special interest between Emi Ishida and the Company.</p> <p><b>Reasons for nominating her as a candidate for Outside Director and overview of expected role</b> Ms. Ishida leverages her high level of expertise in practice as an attorney-at-law, a tax accountant, and a certified public accountant and experience as an Outside Director and Audit &amp; Supervisory Board Member at a financial institution and business companies. We expect her to provide us with adequate monitoring, supervision and advice for the execution of business of the Company from an objective and expert viewpoint, and we re-nominated her as a candidate for Outside Director. Even though she has never been involved in the management of a company in the past except as an outside officer, the Company judges she will fulfill her duties as Outside Director based on the above reasons.</p>		

Note 1: Age, positions and responsibilities are as of the date of the Annual General Meeting of Shareholders.

Note 2: Hidekazu Tanaka is currently an Outside Director of the Company, and his tenure as Outside Director will have been six years at the conclusion of the Annual General Meeting of Shareholders.

Note 3: Yoshio Sato is currently an Outside Director of the Company, and his tenure as Outside Director will have been two years at the conclusion of the Annual General Meeting of Shareholders.

Note 4: Emi Ishida is currently an Outside Director of the Company, and her tenure as Outside Director will have been two years at the conclusion of the Annual General Meeting of Shareholders.

Note 5: The Company has entered into an agreement with Mr. Tanaka, Mr. Sato, and Ms. Ishida to limit liability for damages stipulated in Article 423, paragraph (1) of the Companies Act to the minimum liability amount stipulated in Article 425, paragraph (1) of the Companies Act. If they are reelected, we will continue the agreement with them.

Note 6: The Company has registered Mr. Tanaka, Mr. Sato, and Ms. Ishida as an independent officer as prescribed in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange. If they are reelected, we will reappoint and register them as independent officers.

Note 7: The Company has entered into a directors and officers liability insurance policy with an insurance company, under which all of the Directors are insured. It is supposed to cover the compensation for damages, litigation costs, etc. that the insured assumes when claims for damages are made against the insured as a result of the execution of his or her duties as an officer, etc. of the Company. However, as a measure not to impair the appropriateness of the execution of duties by officers, etc., we exclude the damage claimed by illegally gaining personal interest and advantage or conducting illegal acts from the scope of the compensation. The insurance premiums are fully borne by the Company. If each candidate is appointed at the meeting, the

Company plans to include each of them as an insured person in the insurance policy and renew the said policy during their terms of office.

## Company's Proposal

### Proposal No. 2 Election of 1 Corporate Auditor

The term of office of Corporate Auditor Itsuro Ito will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes the election of 1 Corporate Auditor.

In addition, the consent of the Board of Corporate Auditors has been obtained for the submission of this proposal.

The candidate for Corporate Auditor is as follows:

Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
<p>Reelection</p> <p>Itsuro Ito (January 14, 1961) (63 years old) Male</p> <p>Outside Auditor</p> <p>Independent Officer</p> <p>Number of years in office as Corporate Auditor Four years (as of the conclusion of the General Meeting of Shareholders)</p> <p>Rate of attendance at the Board of Corporate Auditors meetings 100% (14/14)</p>	<p>Apr. 1984      Joined Mitsubishi Trust and Banking Corporation (current Mitsubishi UFJ Trust and Banking Corporation)</p> <p>Apr. 2012      Deputy General Manager of Audit Division</p> <p>Apr. 2016      General Manager of Audit Division of Mitsubishi UFJ Real Estate Services Co., Ltd.</p> <p>June 2016      Executive Officer and General Manager of Audit Division</p> <p>June 2020      Outside Corporate Auditor of the Company (current position)</p>	0 shares
<p><b>Special interest</b> There is no special interest between Itsuro Ito and the Company.</p> <p><b>Reasons for nominating him as a candidate for outside Corporate Auditor</b> Mr. Ito has extensive experience and knowledge in the compliance and credit business fields at financial institutions. Based on his past experience and track record, we expect him to provide adequate auditing of legal compliance and accounting, as well as monitoring of management and appropriate advice from an objective and neutral standpoint as an outside Corporate Auditor. Accordingly, we have re-nominated him as a candidate for outside Corporate Auditor.</p>		

Note 1: Age and positions are as of the date of the Annual General Meeting of Shareholders.

Note 2: Itsuro Ito is currently a Corporate Auditor of the Company, and his tenure as Corporate Auditor will have been four years at the conclusion of the Annual General Meeting of Shareholders.

Note 3: The Company has entered into an agreement with Mr. Ito to limit liability for damages stipulated in Article 423, paragraph (1) of the Companies Act to the minimum liability amount stipulated in Article 425, paragraph (1) of the Companies Act. If he is reappointed, we will continue the agreement with him.

Note 4: The Company has registered Mr. Ito as an independent officer as prescribed in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange. If he is reappointed, we will register him as an independent officer.

Note 5: The Company has entered into a directors and officers liability insurance policy with an insurance company, under which all of the Corporate Auditors are insured. It is supposed to cover the compensation for damages, litigation costs, etc. that the insured assumes when claims for damages are made against the insured as a result of the execution of his or her duties as an officer, etc. of the Company. However, as a measure not to impair the appropriateness of the execution of duties by officers, etc., we exclude the damage claimed by illegally gaining personal interest and advantage or conducting illegal acts from the scope of the compensation. The insurance premiums are fully borne by the Company. If Mr. Ito is appointed at the meeting, the Company plans to include him as an insured person in the insurance policy and renew the said policy during his term of office.



Shareholder’s Proposals (Proposal No. 3 through Proposal No. 8)

Proposal No. 3 through Proposal No. 8 are proposed by one (1) shareholder.

The number of voting rights held by the shareholder is 31,456.

The “Summary of the Proposal” and the “Reasons for the Proposal” below are stated in the original text that was submitted by the proposing shareholder, including written expressions and fact awareness, except for formal amendments.

The Company’s Board of Directors opposes all of the Proposals as stated below.

**Shareholder’s Proposal**

**Proposal No. 3** Partial Amendment to the Articles of Incorporation (Dividends of Surplus, etc.)

(1) Summary of the Proposal

It is proposed that Article 48 of the Articles of Incorporation of the Company be amended as follows:

(The underlines indicate the changes)

Current Articles of Incorporation	Proposed Amendments
Article 48. (Dividends of Surplus, etc.) The Company shall determine the matters listed in each item of Article 459, paragraph (1) of the Companies Act by a resolution of the Board of Directors. 2. The Company shall pay monetary dividends of surplus to shareholders or registered pledgees of shares recorded in the final shareholder registry as of March 31 of each year. <u>3. The Company shall not determine the matters listed in each item of Article 459, paragraph (1) of the Companies Act by a resolution of the General Meeting of Shareholders.</u> <u>4.</u> If dividends are not received within three full years from the date of commencement of payment, the Company shall be relieved of the obligation to make such payment. <u>5.</u> No interest shall accrue on dividends.	Article 48. (Dividends of Surplus, etc.) The Company <u>may</u> determine the matters listed in each item of Article 459, paragraph (1) of the Companies Act by a resolution of the Board of Directors. 2. The Company shall pay monetary dividends of surplus to shareholders or registered pledgees of shares recorded in the final shareholder registry as of March 31 of each year. (Deleted) <u>3.</u> If dividends are not received within three full years from the date of commencement of payment, the Company shall be relieved of the obligation to make such payment. <u>4.</u> No interest shall accrue on dividends.

(2) Reasons for the Proposal

The Company’s Articles of Incorporation currently restrict shareholders’ rights regarding dividends of surplus excessively, as only the Board of Directors has the authority to make such determinations, and the General Meeting of Shareholders cannot do so at all. There is no need to deprive shareholders of the right to make proposals regarding dividends of surplus at the General Meeting of Shareholders. Furthermore, Article 48, paragraph (3) of the Articles of Incorporation contradicts the Company’s basic philosophy stipulated in Article 2, paragraph (2) of the Company’s Corporate Governance Guidelines, which states that the Company shall “consider the interests of stakeholders, including shareholders, and cooperate appropriately with those stakeholders.”

Therefore, the Articles of Incorporation should be amended to allow dividends of surplus to be determined not only by a resolution of the Board of Directors but also by a resolution of the General Meeting of Shareholders when there is a proposal from shareholders.

(1) Opinion of the Company’s Board of Directors

The Board of Directors opposes this shareholder’s proposal.

(2) Reasons for opposition

The Company regards the return of profits to shareholders as one of its key management policies, and our basic policy for profit distribution is to return profits to shareholders through the payment of annual dividends of surplus and flexible acquisition of treasury shares, taking into consideration the overall situation of shareholders’ equity and the earnings environment, while reflecting business results for each fiscal year and giving due

consideration to the enhancement of internal reserves to establish a management foundation. In addition, the Company's Board of Directors, at its meeting held on December 26, 2022, adopted a dividend policy (hereinafter, the "Dividend Policy"), which stipulates that the dividend payout ratio on a consolidated basis shall be 60% or more, and that the Company shall also use the ratio to the distributable amount as an indicator to ensure that dividends can be paid on a continuous basis.

In order to fulfill the Dividend Policy, the amount of dividends must be determined by taking into consideration changes in the business environment surrounding the Company, the nature of the Company's business, the equitable return to shareholders, the future outlook for the Company's business performance, as well as accurate and timely financial conditions, including the results of the current fiscal year, internal reserves as a risk buffer for securities operations susceptible to changes in market conditions, and the amount available for distribution. In this regard, the above information can be obtained and analyzed most promptly, accurately, and in detail by the Board of Directors, which is dedicated to the management of the Company, and it is considered difficult to make dividend decisions that reflect the Company's situation at the General Meeting of Shareholders in a time-sensitive manner due to time constraints, etc. Therefore, the Company believes that it is appropriate for the Board of Directors to make flexible decisions on dividends, as a management decision item, instead of addressing such matters at the General Meeting of Shareholders.

In addition, from the viewpoint of pursuing a flexible capital policy, it is necessary for the Board of Directors to be able to make decisions promptly.

In light of the above, the Company's decision-making body for dividends of surplus, etc., is by resolution of the Board of Directors in accordance with the provisions of Article 459, paragraph (1) and Article 460 of the Companies Act.

In fact, since the fiscal year ended March 31, 2010, the Company has continued to pay dividends in accordance with the Dividend Policy and the above basic policy for the year-end surplus dividend for the fiscal year ended March 31, 2023, and prior to that, in accordance with the pre-change Dividend Policy and the above basic policy, and will continue to return profits to shareholders in accordance with the Dividend Policy.

Therefore, the Board of Directors opposes this shareholder's proposal.

## Proposal No. 4 Appropriation of Surplus

### (1) Summary of the Proposal

Subject to the approval of Partial Amendment to the Articles of Incorporation (Dividends of Surplus, etc.), the appropriation of surplus shall be as follows. This proposal is to be submitted independently and in addition to the proposal by the Company's Board of Directors for the appropriation of surplus at this Annual General Meeting of Shareholders, if such a proposal is made.

#### i) Type of asset distributed as dividend

Cash

#### ii) Matters concerning the allocation of assets distributed as dividends and the total amount thereof

¥36 minus the amount of dividend per share of the Company's common stock proposed by the Company's Board of Directors at this Annual General Meeting of Shareholders and approved at this Annual General Meeting (if the Company's Board of Directors does not propose the appropriation of surplus at this Annual General Meeting of Shareholders, the amount shall be ¥36)

#### iii) Matters concerning the allocation of assets distributed as dividends and the total amount thereof

The amount of dividend per share of the Company's common stock as stated in ii) (the total dividend shall be calculated by multiplying the amount of dividend per share by the total number of the Company's issued and outstanding common shares (excluding treasury shares) as of March 31, 2024)

#### iv) Effective date of the dividends of surplus

The date of this Annual General Meeting of Shareholders

#### v) Start date of dividend payment

The date three weeks after the following business day of this Annual General Meeting of Shareholders

### (2) Reasons for the Proposal

I propose to increase the dividend payout ratio as one of the specific measures to aim for a PBR of 1.0x or above. The Company's equity ratio was 51.6% for the fiscal year ended March 31, 2023, and it has maintained a high level of around 50% even before that. Moreover, the Company's capital adequacy ratio for the securities business stood at 624% for the fiscal year ended March 31, 2023, and has remained at a level of around 600% in the preceding years, indicating a high level. As such, it can be said that the Company holds an excessive amount of cash assets.

As stated in the Reasons for the Proposal for "Partial Amendment to the Articles of Incorporation (Removal of Real Estate Leasing and Management Business)," the Company has not effectively used its assets and has continued to record losses since starting the real estate leasing business. We believe that the Company should return the assets to shareholders instead of meaninglessly reducing them.

Therefore, the proposing shareholder suggests a dividend of ¥36 per share, equivalent to a DOE of 8%, for the fiscal year ended March 31, 2024. Furthermore, the proposing shareholder believes that the total dividend amount for the remaining period of the medium-term management plan, from the fiscal year ended March 31, 2024, to the fiscal year ending March 31, 2026, should be equivalent to a DOE of 8%.

As of December 2023, the Company's net assets amounted to ¥36,239 million. Even if the Company allocates cash equivalent to ¥8,700 million, equivalent to three years of ¥2,900 million, which is an approximation of the total dividend amount when assuming a DOE of 8%, the Company's net assets will remain at approximately ¥27,500 million, maintaining an equity ratio of 40% and a capital adequacy ratio of approximately 425%. There will be no issues with the execution of securities business or customer protection, and it is well within an acceptable range.

By increasing dividends, the Company can expect a positive effect on its stock price, which can serve as one of the specific measures to achieve a PBR of 1.0x or above.

(1) Opinion of the Company's Board of Directors

The Board of Directors opposes this shareholder's proposal.

(2) Reasons for opposition

Although the proposing shareholder states that the Company holds an excessive amount of cash assets as the reason for its proposal, it is the Company's basic policy to distribute profits to shareholders after comprehensively considering the conditions of shareholders' equity and the earnings environment, while reflecting the business results of each fiscal year and taking into consideration the need for sufficient internal reserves to establish a management foundation as described in (2) on page 17.

In particular, in accordance with the "Comprehensive Guidelines for Supervision of Securities Companies" II-2 published by the Financial Services Agency, we believe that since the business of securities firms is easily affected by changes in the market environment, it is necessary to maintain sufficient internal reserves and cash reserves to withstand losses even in the event of a decline in revenues due to sudden changes in market conditions or a drop in the value of held assets. In the sixth Medium-term Management Plan titled "MOTTO ZUTTO...TOMONI to YOU (revised in October 2023)" (hereinafter, the "Medium-Term Management Plan") announced on October 30, 2023, we aim to increase stable earnings, mainly from investment trust agency remunerations, by building up the balance of equity investment trusts to 417.0 billion yen by the end of March 2026. The New NISA initiative is central to our efforts to achieve this goal. The New NISA is creating a trend from savings to investment, which is a great step forward for the Company. At the same time, we are working to widen our reach to high-net-worth individuals and to expand our IFA business, with the aim of achieving our balance target as soon as possible.

On the other hand, in order to continue stable management based on the need for internal reserves attributable to the fact that the Company's line of business is easily swayed by changes in the market environment, the Company, as stated in (2) on page 17, decided at the Board of Directors meeting held on December 26, 2022 to set the dividend payout ratio on a consolidated basis at 60% or more with respect to dividends from surplus. In addition, the Company decided on the Dividend Policy to ensure that it can continue to pay dividends by using the ratio of dividend payout ratio to the distributable amount as an indicator. On this basis, the Company has actually paid dividends in accordance with the Dividend Policy since the year-end surplus dividend for the fiscal year ended March 31, 2023, and will pay a dividend of 10 yen per share (payout ratio: 61.1%) for the fiscal year ended March 31, 2024. This dividend payout ratio is in line with the average level of other companies of similar size in the same industry.

In contrast, this shareholder's proposal requests a dividend of 36 yen per share, which is not only contrary to the Dividend Policy, but also undermines the Company's internal reserves that should be secured as a securities company. Therefore, we cannot help but view such a proposal as being rooted in a short-term perspective that is at odds with our policy of returning profits to stakeholders with the aim of increasing our corporate value over the medium to long term and, consequently, it is our belief that it will not lead to an increase in our Group's corporate value over the medium to long term.

Therefore, the Board of Directors opposes this shareholder's proposal.

Although the shareholder's proposal document states that "the Company holds an excessive amount of cash assets" we would like to add that the Company does not have excess assets and is providing appropriate shareholder returns.

**Proposal No. 5** Partial Amendment to the Articles of Incorporation (Formulation and Disclosure of a Plan to Achieve a PBR of 1.0x or above)

(1) Summary of the Proposal

It is proposed that Article 49 be newly established in the Articles of Incorporation of the Company as follows:

(The underlines indicate the changes)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>Article 49 (Formulation and Disclosure of a Plan to Achieve a PBR of 1.0x or above)</u></p> <p><u>The Company shall conduct an analysis and evaluation of the Company's cost of capital, capital profitability, and market evaluation thereof.</u></p> <p><u>2. If the PBR (the value calculated by dividing the stock price of the Company's common stock by the Company's consolidated net assets per share (the value calculated in accordance with the Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4), excluding treasury shares from the total number of issued shares, etc.) as of the final trading day on the Tokyo Stock Exchange during the Company's previous fiscal year) is less than 1.0x, the Board of Directors shall formulate a management plan (including specific numerical targets and quantitative effect forecasts) that is reasonably deemed necessary to achieve a PBR of 1.0x or above, and shall disclose it through the Tokyo Stock Exchange's timely disclosure information transmission system by the announcement date of the second quarter financial results of the current fiscal year.</u></p> <p><u>3. The Board of Directors shall engage in management practices that are mindful of the cost of capital and stock prices, in accordance with the plan outlined in the preceding paragraph, and shall actively participate in dialogues with shareholders.</u></p>

(2) Reasons for the Proposal

The Tokyo Stock Exchange (hereinafter referred to as "TSE") requested all listed companies on the Prime Market and Standard Market, as of the end of March 2023, to formulate and disclose a plan to achieve capital profitability that exceeds the cost of capital, along with the current evaluation, in an easy-to-understand manner for investors. Additionally, it was pointed out that a PBR of less than 1.0x suggests that investors do not highly value a company's growth potential, even if it achieves capital profitability that exceeds the cost of capital.

The Company has not disclosed any such plan as requested by the TSE as of April 24, 2024, despite the fact that its PBR has been less than 1.0x since the appointment of President Kuwahara. As a securities company deeply involved in the securities market, the Company must set an example, and failing to respond to the TSE's request is negligent.

Therefore, the proposing shareholder suggests newly establishing the provisions as described above in the Articles of Incorporation to clarify the formulation and disclosure of a plan to achieve capital profitability that exceeds the cost of capital and aims for a PBR of 1.0x or above, along with the current evaluation, in an easy-to-understand manner for investors, and to conduct management based on the plan.

Furthermore, the Company's plan to aim for a PBR of 1.0x or above needs to be specific. The Company's current medium-term management plan lacks explanations and specificity in many aspects. For instance, the medium-term management plan was revised in October 2023, citing the COVID-19 pandemic and the conflict between Russia and Ukraine as reasons for the revision. However, related press releases do not explain how these events

specifically affected the Company. Such an explanation leaves room for suspicion that the Company simply extended the deadline because it was unlikely to achieve the goals by the original deadline, conveniently using the COVID-19 pandemic and the conflict as reasons, and raised the target figures due to the expected improvement in market conditions and the government's implementation of the expanded NISA policy. It is also questionable that the medium-term management plan does not provide explanations with specific figures. Although there is a target of ¥13.5 billion for operating revenue, which is considered to refer to sales revenue, not operating profit, the expected figures for selling, general and administrative expenses are not shown, and the expected net profit is not indicated. With this description, it is not understandable why the Company can claim that it will achieve an ROE of 5%.

The medium-term management plan should be revised again. Also, in light of this revision, the plan to aim for a PBR of 1.0x or above should be formulated and disclosed with specific details, including numerical targets and projections of the quantitative effects of measures to achieve them.

(1) Opinion of the Company's Board of Directors

The Board of Directors opposes this shareholder's proposal.

(2) Reasons for opposition

We have long endeavored to properly assess the cost of capital and formulate medium-term management plans based on this information. At the same time, we deeply understand the importance of dialogue with our shareholders, and we have strived to enhance the disclosure of information.

Against this backdrop, in our Medium-term Management Plan announced on October 30, 2023, we set a goal of achieving stable operating revenue of 13.5 billion yen or more by the fiscal year ending March 31, 2026, and in the fiscal year ended March 31, 2024, our Group's operating revenue, ordinary profit, and net income attributable to owners of parent have all improved significantly.

Thus far, the Company has been formulating and disclosing management plans aimed at increasing corporate value through medium- and long-term growth, and through these efforts, the Company will continue to focus on achieving a PBR of 1.0x or above.

In response, the proposing shareholder, making reference to the Tokyo Stock Exchange's request for the formulation and disclosure of plans that aim for a PBR of 1.0x or above, proposes to establish a provision in the Articles of Incorporation to the effect that a management plan including specific numerical targets and quantitative effect forecasts shall be formulated and disclosed through the timely disclosure information transmission system operated by the Tokyo Stock Exchange by the announcement date of the second quarter financial results.

However, if the Articles of Incorporation are established as described above, the contents and timing of the management plan to be formulated by the Company will be standardized by the Articles of Incorporation, which are the fundamental norms of the Company, and even the method and timing of its announcement will be uniformly and systematically determined. The Company believes that such a response is not necessarily in line with the requirements of the Tokyo Stock Exchange and is not appropriate because it would constrain the ability to take appropriate actions in response to the company's situation.

The Company intends to continue its efforts to improve its corporate value over the medium to long term, but as the proposing shareholder points out, the Company has not achieved its goal of a PBR of 1.0x or above at this point in time. Therefore, the Company will review the Medium-term Management Plan and will formulate a new specific management plan to achieve a PBR of 1.0x or above in the future, and disclose this plan promptly.

Therefore, the Board of Directors opposes this shareholder's proposal.

**Proposal No. 6** Partial Amendment to the Articles of Incorporation (Removal of Real Estate Leasing and Management Business)

(1) Summary of the Proposal

It is proposed that Article 2 of the Articles of Incorporation of the Company be amended as follows:

(The underlines indicate the changes)

Current Articles of Incorporation	Proposed Amendments
<p>Article 2 (Purpose)</p> <p>The purpose of the Company shall be to engage in the following businesses:</p> <p>1. Financial instruments business as stipulated in the Financial Instruments and Exchange Act</p> <p><u>2. Real estate leasing and management business</u></p> <p><u>3. Any business incidental or related to the preceding items</u></p>	<p>Article 2 (Purpose)</p> <p>The purpose of the Company shall be to engage in the following businesses:</p> <p>1. Financial instruments business as stipulated in the Financial Instruments and Exchange Act</p> <p>(Deleted)</p> <p><u>2. Any business incidental or related to the preceding items</u></p>

(2) Reasons for the Proposal

Although the Company was able to secure profits in the fiscal year ended March 31, 2024 due to the improvement in market conditions, it had repeatedly recorded losses and continued to reduce its net assets until the fiscal year ended March 31, 2023. Despite the struggles in its core financial instruments business, the Company acquired a rental property located in Naka-ku, Hiroshima City, Hiroshima Prefecture (hereinafter referred to as the “Property”) for ¥2,587 million in March 2022. At the 100th Annual General Meeting of Shareholders held on June 28, 2022, the Company proposed and obtained approval for an amendment to the Articles of Incorporation to add “real estate leasing and management business” to the purpose of the business.

However, in the fiscal year ended March 31, 2023, the year following the purchase of the Property, the Company recorded a massive impairment loss of ¥888 million on the Property. Moreover, the profit and loss from the leasing business related to the Property was a loss of ¥2 million in the consolidated fiscal year ended March 31, 2022 and a loss of ¥21 million in the consolidated fiscal year ended March 31, 2023.

The proposing shareholder has been questioning the circumstances surrounding the acquisition of the Property and has requested to inspect and copy the minutes of the Board of Directors’ meetings. Despite repeatedly asking questions to the Company, the proposing shareholder has not received a reasonable response that convinces them of the appropriateness of the management’s decision to acquire the Property.

Furthermore, it is my understanding that the officer in charge of the General Affairs Department, who oversees property management including branches not related to the real estate leasing business, is currently responsible for the execution of operations related to the Property. Additionally, there is no mention of the real estate leasing business in the “Business Overview” section of the Company’s Annual Securities Report for the fiscal year ended March 31, 2023.

Based on the above, it is evident that the Company lacks the ability and willingness to carry out the real estate leasing business. Continuing this business under these circumstances is expected to result in ongoing losses, reduction of net assets, and impairment of shareholder value. Therefore, we propose to remove “real estate leasing and management business” from the purpose of the business in the Articles of Incorporation in order to withdraw from the real estate leasing business.

(1) Opinion of the Company’s Board of Directors

The Board of Directors opposes this shareholder proposal.

(2) Reasons for opposition

The Company’s core business is the financial instruments business. However, because the performance of the financial instruments business is vulnerable to external factors such as market conditions, the Company believes that it is necessary to secure a stable revenue source other than its core business in order to maintain the stability and continuity of its business.

Based on this belief, we proposed a partial amendment to our Articles of Incorporation at our 100th Annual General Meeting of Shareholders held on June 28, 2022, and obtained the approval of our shareholders to add real estate leasing and management business to our business purposes. The Company believes that there has been no change in the need for the Company's real estate leasing and management business between the time when shareholders gave their approval for the partial amendment to the Articles of Incorporation at the said shareholders' meeting and the present time.

The proposing shareholder also points out that the Company lacks the capacity and motivation to conduct real estate leasing business, but as a real estate leasing business utilizing real estate for lease in Hiroshima City (hereinafter, the "Real Estate"), which commenced operations in April 2023, the Company was able to secure about 90% of the tenant contracts (including subscriptions) as of March 31, 2024, including the portion currently used by our Hiroshima Branch. In addition to fulfilling the investment objective of earning stable operating revenues, it has also resulted in a reduction in rent and other expenses paid by the former Hiroshima Branch as a tenant.

The proposing shareholder states that one of the reasons for its proposal is that an impairment loss was recorded for the Real Estate, but we would like to add that the impairment of the Real Estate is due to the fact that, although the Real Estate was not subject to impairment on a non-consolidated basis as a real estate leasing business, the company-wide impairment was allocated within the grouping based on accounting rules and, as a result, a so-called impairment loss was recorded for the Real Estate, which reduces the book value for accounting purposes, and no actual loss on sale was incurred.

Therefore, the Board of Directors opposes this shareholder's proposal.



## **Proposal No. 7** Election of 5 Directors

### (1) Summary of the Proposal

It is proposed that Mr. Ryunosuke Yamaguchi, Mr. Yasuyuki Noguchi, Mr. Takashi Otake, Mr. Yoshinari Arimitsu, and Mr. Atsuhiko Yamagata be elected as Directors.

### (2) Reasons for the Proposal

The Company's Directors have been conspicuously disregarding shareholders, as they do not sincerely respond to questions from the proposing shareholder and lack explanations to shareholders. The Company has continued this closed management style that rejects opinions from outside.

Furthermore, under the leadership of Representative Director Kuwahara, who assumed the position of Representative Director in April 2017 and has been leading management together with Director Okada, who became Managing Director in April 2017 and Senior Managing Director in April 2018, the Company has recorded significant net losses (all comprehensive income) of ¥4.1 billion in the fiscal year ended March 31, 2019, ¥1.9 billion in the fiscal year ended March 31, 2020, and ¥3.8 billion, including an impairment loss of ¥2.3 billion on newly purchased rental properties, in the fiscal year ended March 31, 2023. As a result, the Company's net assets, which were ¥41,145 million in March 2017, decreased by approximately ¥7.0 billion to ¥34,200 million in the fiscal year ended March 31, 2023. The current management team can no longer be expected to enhance shareholder value.

Moreover, Outside Directors have neglected the failures of the management team and have failed to fulfill their supervisory responsibilities over the management, perpetuating a state of governance failure.

Therefore, the proposing shareholder opposes all of the Company's proposals for the election of Directors and proposes in this Proposal to newly elect 5 Directors to replace all of the current Directors.

The Director candidates proposed in this Proposal have extensive experience and personal connections in financial institutions and can demonstrate their management skills based on their expert knowledge, which we believe will contribute to the enhancement of the Company's shareholder value. The career summaries of each candidate are as follows:

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Ryunosuke Yamaguchi (July 22, 1981)	<p>Apr. 2004      Joined Kanazawa Branch of Alphix Co., Ltd.</p> <p>Oct. 2008      Joined Institutional Investor Sales Division of Mizuho Securities Co., Ltd.</p> <p>July 2011      Joined Japan Equity Sales Division, Tokyo Branch of BNP Paribas Securities Japan Limited</p> <p>July 2014      Joined Equity Sales Division, Tokyo Branch of Citigroup Global Markets Japan Inc. Vice President</p> <p>Apr. 2017      Concurrently served in Sales Trading Division</p> <p>July 2018      Joined Japan Equity Sales Division of Merrill Lynch Japan Securities Co., Ltd. Director</p> <p>Aug. 2022      Established RYC partners Inc. Representative Director (current position)</p>	0 shares
<p><b>Reasons for nominating him as a candidate for Director</b></p> <p>Mr. Ryunosuke Yamaguchi has extensive work experience in wholesale operations at major domestic and overseas securities companies, after gaining experience in retail sales. He possesses a breadth of experience in various aspects of the securities business and deep knowledge of financial and capital policies. Moreover, he has a track record of using his wide-ranging personal connections to develop unique financial products and solve various problems related to clients' corporate management. We believe that his high level of knowledge and execution ability can contribute to the development of new revenue bases for the Company and the enhancement of corporate value through financial strategies, and have nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Yasuyuki Noguchi (February 9, 1980)	<p>Apr. 2002      Joined MUFG Bank, Ltd.</p> <p>Aug. 2007      Joined Morgan Stanley Japan Securities Executive Director</p> <p>Nov. 2019      Representative Director of FEEL JAPAN Co., Ltd.</p> <p>June 2020      Established PE&amp;P Co., Ltd. Representative Director (current position)</p> <p>Oct. 2022      Outside Director of Vector Inc.</p>	0 shares
<p><b>Reasons for nominating him as a candidate for Director</b></p> <p>Mr. Yasuyuki Noguchi has served for many years as an executive at a foreign-affiliated securities company, overseeing the structuring of financial products and promoting and managing sales to various financial institutions, including securities companies. He is expected to contribute to strengthening the retail business through the expansion of financial products. Furthermore, Mr. Noguchi has experience in corporate management at several companies and has served as an Outside Director for a listed company. We believe that his deep insight and extensive experience in corporate governance will contribute to enhancing the corporate value of the Company, and have nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Takashi Otake (August 10, 1959)	Apr. 1982      Joined Sendai Branch of KOKUSAI Securities Co., Ltd.	0 shares
		June 1989      Joined Tokyo Branch of Baring Securities Limited	
		Jan. 1998      General Manager of Domestic Sales Division	
		Apr. 2002      Joined Morgan Stanley Japan Securities General Manager of Sales in charge of Financial Institutions and Public Pension Funds	
		Oct. 2006      General Manager of Sales in charge of Medium-sized Listed Companies and General Manager in charge of Pension Fund Sales	
		Apr. 2009      General Manager of Pension Fund Sales and General Manager in charge of Financial Institution Relations	
		July 2017      General Manager in charge of Equity Solutions Division of Mizuho Securities Co, Ltd.	
		Apr. 2019      General Manager in charge of Institutional Investor Sales Division	
<p><b>Reasons for nominating him as a candidate for Director</b></p> <p>Mr. Takashi Otake has experience in retail sales and has held key positions at major domestic and foreign securities companies. He possesses extensive knowledge of financial products and has abundant experience and connections as a manager at financial institutions. As the Company continues to develop its business for sustainable growth, we believe that his experience and expertise will enable him to provide accurate suggestions and contribute to the construction of a new revenue base, and have nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	Yoshinari Arimitsu (December 2, 1977)	Apr. 2000      Joined Nomura Securities Co., Ltd. May 2005      Joined Credit Suisse Securities (Japan) Limited Aug. 2012      Joined Epic Partners Investments Co., Ltd. Apr. 2017      Representative Director of Arimitsu Corporation (current position)	0 shares
<p><b>Reasons for nominating him as a candidate for Director</b></p> <p>Mr. Yoshinari Arimitsu has deep insight into the securities industry and capital markets through his many years of experience in stock trading at securities companies, as a fund manager at a fund, and his subsequent experience in company management. We believe that he can contribute to the formulation of measures to enhance the corporate value of the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	Atsuhiko Yamagata (March 22, 1979)	2001      Joined IBM Japan, Ltd. 2006      Graduated from Keio University Law School 2008      Graduated from the Academy of American and International Law (Dallas, Texas, USA) 2009      Joined Law Office Hironaka 2015      Graduated from Hitotsubashi University Business School of International Corporate Strategy 2015      Established Maverick Law Firm 2017      Outside Auditor of All About, Inc. (current position) 2020      Established Mimura Komatsu Yamagata Law Firm	0 shares
<p><b>Reasons for nominating him as a candidate for Director</b></p> <p>As a lawyer, Mr. Atsuhiko Yamagata has handled cases mainly involving litigation, crisis management, wealth management, and intellectual property law. He has a wide-ranging career, having served as a director of a public interest incorporated association and as a part-time lecturer at a university. We expect to receive advanced legal advice from him. He is particularly well-versed in wealth management operations and has the qualification as a Certified Public Tax Accountant, giving him extensive knowledge in finance and accounting. We believe that he is the right person to strengthen the governance function, and have nominated him as a candidate for Director.</p>			

(1) Opinion of the Company's Board of Directors

The Board of Directors opposes this shareholder's proposal based on the report of the Nominating and Compensation Committee, which has been established as an advisory body to the Board of Directors.

(2) Reasons for opposition

- (i) Implementation of a medium-term management plan under the management structure proposed by the Company will lead to maximization of the Company's corporate value.

The proposing shareholder cites as one of the reasons for this proposal that the Company has experienced a significant net loss since April 2017 and that the current management team cannot be expected to increase shareholder value. In this regard, the Company, as pointed out by the proposing shareholder, had recorded a net loss from the fiscal year ended March 31, 2017 to the fiscal year ended March 31, 2023, partly owing to trade friction between the U.S. and China and the spread of COVID-19.

However, taking into account negative changes in the environment, such as the prolonged social unrest caused by COVID-19 and heightened geopolitical risks in the conflict between Russia and Ukraine, as well as positive changes in the environment, such as the government's policy to expand the NISA, on October 30, 2023, we revised our medium-term management plan "MOTTO ZUTTO... TOMONI to YOU," which ends in the fiscal year ending March 31, 2025, and set a goal of achieving stable operating revenue of 13.5 billion yen or more by the fiscal year ending March 31, 2026. Under such a plan, the Group's operating revenue, ordinary profit, and net income attributable to owners of parent all improved significantly during the fiscal year ended March 31, 2024.

Therefore, we believe that the implementation of this medium-term management plan by the Director candidates proposed by the Company, who understand the management policies of the Group, will maximize the Company's corporate value and the common interests of shareholders.

- (ii) The Board of Directors consisting of the Company's proposed Director candidates is the most suitable composition.

The Company's policy is to select Directors from a broad and diverse pool of talent that meets the following criteria. The selection, evaluation, and assignment of Directors are deliberated by the Nominating and Compensation Committee, which is comprised of a majority of Independent Outside Directors, and are resolved by the Board of Directors based on the committee's report.

- Possess a full understanding of our social mission as a financial instruments business operator, and possess

a wealth of knowledge and experience that will contribute to the sustainable growth of the Company and the enhancement of its corporate value over the medium to long term

- Possess good character, insight, ability and high ethical standards
- The President of the Company must be a person who is capable of practicing management based on the management philosophy at a high level
- Independent Outside Directors must meet the “Criteria for Independence of Outside Officers” established by the Company and be expected to fulfill the roles, etc., specified below
  - Provide advice on management policies and management improvements from the perspective of promoting the Company’s sustainable growth and enhancing its corporate value over the medium to long term, based on their own knowledge and expertise
  - Supervise management through key decisions of the Board of Directors
  - Oversee conflicts of interest between the Company and related parties
  - Appropriately reflect the views of minority shareholders and other stakeholders in the Board of Directors, from a position independent of other Directors and controlling shareholders

The Company has also selected the candidates to be presented to this General Meeting of Shareholders in accordance with the above policy and process, and the composition of the Company's Board of Directors as a whole is deemed most suitable in terms of balance, diversity, and scope of knowledge, experience, and abilities. The skill matrix of each candidate proposed by the Company is as follows.

	Corporate management	Finance	Taxation and accounting	Legal affairs/ compliance	Sales/ marketing	IT
Yoshiaki Kuwahara	○		○	○	○	
Ayumu Sakurai	○	○			○	
Mitsugu Enjoji	○		○	○		
Makoto Matsumoto	○		○		○	○
Norihiro Ogawa				○	○	
Hidekazu Tanaka (outside)	○	○		○		
Yoshio Sato (outside)	○	○		○		
Emi Ishida (outside)		○	○	○		

On the other hand, upon receipt of the shareholder’s proposal from the proposing shareholder, the Company, in a letter dated April 26, 2024 to the proposing shareholder, requested that the said shareholder send a questionnaire (the “Questionnaire”) to Mr. Ryunosuke Yamaguchi, Mr. Yasuyuki Noguchi, Mr. Takashi Otake, Mr. Yoshinari Arimitsu and Mr. Atsuhiko Yamagata, who are seeking election as Directors of the Company, including questions regarding the specific skills and experience each candidate possesses. However, the proposing shareholder has refused our request to send the Questionnaire to each of the candidates on the unreasonable grounds that the candidates for the shareholder proposal are “independent” from the proposing shareholder and that no “certain relationship” exists between the proposing shareholder and the candidates for the shareholder proposal. Therefore, although the proposing shareholder claims that the Director candidates in the shareholder proposal “have abundant experience and personal connections at financial institutions and are capable of demonstrating management skills based on their specialized knowledge,” the specific details of the skills and experience possessed by each candidate in the shareholder proposal are unknown, and it cannot be determined whether they have sufficient expertise or qualifications in light of the Company's business type and management environment, etc.

(iii) The management policy of the Company after the election of the Director candidates proposed by the proposing shareholder is unknown.

The number of Directors in our Articles of Incorporation is limited to nine (9) (Article 20 of our Articles of Incorporation), and the proposing shareholder proposes the election of five (5) Directors in the shareholder’s proposal. If this agenda item is approved, said five Directors proposed by the proposing shareholder will form a majority of the maximum nine Directors in our company and, therefore, the proposing shareholder, through

the Director candidates proposed by the shareholder, will have substantial decision-making authority in the Company's Board of Directors, and will effectively take control of the Company's management.

In addition, the proposing shareholder clearly states that it “opposes the election of all Directors on the Company's proposal and proposes the election of five new Directors to replace all Directors in this proposal,” and it is clearly intended that the Company's Board of Directors be composed solely of the Director candidates proposed by the shareholder. It is, thus, evident that the proposing shareholder intends the Company's Board of Directors to be composed solely of the Director candidates in the shareholder’s proposal.

Therefore, in the “Guidelines for Corporate Takeovers - Enhancing Corporate Value and Securing Shareholders’ Interests –“ published by the Ministry of Economy, Trade and Industry on August 31, 2023, it clearly states “when making a request to convene a shareholders meeting to replace a number of Directors for the purpose of acquiring corporate control, it is advisable for the acquirer requesting for the meeting to furnish shareholders with a summary of the purpose of the request, the person requesting the meeting (and the persons, if any, who have agreed with the person requesting for the meeting on the acquisition or disposal of shares, or the exercise of rights as shareholders), the basic management strategy after the proposal is approved, and other appropriate information at least to the same extent as that contained in the tender offer registration statement.” Based on this, (i) in a letter dated April 25, 2024, to the proposing shareholder, while highlighting the above facts, we asked for the basic management policies of the Company (including but not limited to management policy, business plan, capital policy and dividend policy) after the shareholder proposal is approved, and (ii) in a letter dated April 26, 2024, to the proposing shareholder, we sent the Questionnaire to the Director candidates in the shareholder proposal, and asked the candidates to answer the following questions: (a) what are your views on the current status and challenges of the Group and the industry in which the Group operates; (b) what are your views on the future prospects of the Group and the industry in which the Group operates, and what policies should the Company adopt; and (c) what are your views on the contents and feasibility of the Medium-term Management Plan, and what, if any, measures to enhance corporate value will be taken in place of this Medium-term Management Plan? However, the proposing shareholder has refused to respond regarding the basic management policies of the Company or to send the Questionnaire to the Director candidates of the shareholder proposal due to unreasonable reasons such as that the proposing shareholder does not intend to acquire management control of the Company, and the Director candidates of the shareholder’s proposal are independent from the proposing shareholder, and even if the shareholder’s proposal is approved, the said proposal does not mean that the proposing shareholder will acquire the management control of the Company.

Thus, the proposing shareholder, while making this shareholder proposal that would effectively seize control of the Company's management, makes contradictory claims, such as that it has no intention to be involved in the Company's management, and does not indicate any basic policy for the Company's management. Given this, it is difficult to believe that the proposing shareholder is seriously considering the management of the Company, and it cannot be determined that the election of each candidate in the shareholder proposal to the Company's Board of Directors will contribute to the enhancement of the Company's corporate value.

Based on the above, the Board of Directors opposes this shareholder’s proposal.



## **Proposal No. 8**      Reduction of Compensation for Directors

### (1) Summary of the Proposal

Subject to the approval of the Company's proposal for the election of Directors, the upper limit of the monthly remuneration and bonuses for Directors from June 2024 until the expiration of their terms of office shall be set at a total of ¥118 million.

### (2) Reasons for the Proposal

As stated in the Reasons for the Proposal for Proposal No. 7 "Election of 5 Directors," the Company's main management team has continued to impair the Company's shareholder value, as evidenced by the decrease in net assets by approximately ¥7.0 billion from ¥41,145 million in March 2017 to ¥34,200 million in the fiscal year ended March 31, 2023, during the period when Representative Director Kuwahara and Director Okada have been leading the management.

In contrast, the total remuneration for Directors (excluding Outside Directors) since the appointment of Representative Director Kuwahara, from the fiscal year ended March 31, 2018 to the fiscal year ended March 31, 2023, amounts to ¥957 million, with a total remuneration per person of ¥157 million.

We believe that this level of remuneration does not align with the management responsibility for the ¥7.0 billion decreases in shareholder value. As a shareholder, the proposing shareholder has repeatedly inquired with the current management team about their policy on management responsibility, including a reduction in executive remuneration. However, the Company's responses were extremely vague, such as "it is possible depending on future performance," "it is naturally possible," and "it is determined through appropriate deliberation." Moreover, the Company stated that it has not established any standards or ideas regarding cases where management responsibility should be taken.

This situation implies that the current management team, who continue to receive high remuneration despite such significant losses, lack the intention to take management responsibility themselves and are incapable of improving this point on their own.

AIZAWA SECURITIES GROUP CO., LTD., an industry peer, reduced the remuneration of its Representative Director by 40% to clarify management responsibility in response to the deterioration of its business performance in the fiscal year ended March 31, 2023. Therefore, assuming that the Company will continue to nominate the current management team, including Representative Director Kuwahara and Director Okada, as candidates for Directors, I propose to set the upper limit of monthly remuneration and bonuses for Directors in fiscal year 2024 at ¥118 million, with the aim of reducing the remuneration of Directors other than Outside Directors by approximately 30% from the perspective of clarifying their management responsibility for past business performance. This upper limit is proposed based on the fact that the total amount of remuneration paid to Directors (excluding Outside Directors) in the fiscal year ended March 31, 2023 was ¥147 million, a 30% reduction of which is ¥103 million, and that the total amount of remuneration for Outside Directors in the fiscal year ended March 31, 2023 was ¥5 million per person.

### (1) Opinion of the Company's Board of Directors

The Board of Directors opposes this shareholder's proposal based on the report of the Nominating and Compensation Committee, which has been established as an advisory body to the Board of Directors.

### (2) Reasons for opposition

The Company's remuneration for Directors, excluding Outside Directors, consists of monthly fixed remuneration, bonuses linked to performance in a single fiscal year, and stock-based compensation linked to shareholder value (Directors' Compensation BIP Trust), while that for Outside Directors consists of monthly remuneration and Directors' Compensation BIP Trust. Of these, bonus amounts are determined in conjunction with net income, with the payment of bonuses contingent on the recording of profits in both consolidated operating profit and net income attributable to owners of parent, as well as the payment of year-end dividends. Under the Directors' Compensation BIP Trust, the number of shares to be allocated to each Director is determined according to the number of points granted, and one of these points is performance-linked points based on the degree of achievement of coefficient targets set as management indicators.

Thus, under the Company's compensation system, short-term performance is appropriately reflected in bonuses and medium- to long-term performance is appropriately reflected in the Directors' Compensation BIP Trust, so

compensation is not excessive in light of performance. In fact, no bonuses were paid for the fiscal years ended March 31, 2019, 2020, 2022, and 2023 due to poor performance.

The proposing shareholder also requests a reduction in the maximum monthly remuneration as well as bonuses, but we believe that the monthly remuneration is determined based on comprehensive consideration in accordance with the position, evaluation, etc. In addition, we believe that the amount is necessary and reasonable to make management decisions with a sense of responsibility for the Company's corporate value and a high level of ethics as a Director of a financial institution with the due care of a prudent manager.

The above compensation structure is determined based on the report of the Nominating and Compensation Committee, ensuring transparency, fairness, and objectivity, which enables us to fulfill our accountability to our shareholders.

Therefore, the Board of Directors opposes this shareholder proposal.

<Reference>

**Skill Matrix of the Directors after the General Meeting of Shareholders**

If the candidates listed in this Notice of Convocation are elected as proposed, the skill matrix of the Directors will be as follows.

(Skill Matrix of the Directors)

	Name	Corporate management	Finance	Taxation and accounting	Legal affairs/compliance	Sales/marketing	IT
Candidates proposed by the Company	Yoshiaki Kuwahara	●		●	●	●	
	Ayumu Sakurai	●	●			●	
	Mitsugu Enjoji	●		●	●		
	Makoto Matsumoto	●		●		●	●
	Norihiro Ogawa				●	●	
	Hidekazu Tanaka (outside)	●	●		●		
	Yoshio Sato (outside)	●	●		●		
	Emi Ishida (outside)		●	●	●		
Candidates proposed by the shareholder	Ryunosuke Yamaguchi	Skills possessed are unknown					
	Yasuyuki Noguchi						
	Takashi Otake						
	Yoshinari Arimitsu						
	Atsuhiko Yamagata						

Note 1: As for the candidates proposed by the shareholder, the names are translated based on assumed pronunciations, since how to read their names is unknown.

Note 2: As for the candidates proposed by the shareholder, it is unclear what level of skills they possess, so the skill matrix is left blank.

<Reference>

**Reduction in Cross Shareholdings**

The Company is working on a plan to reduce its cross shareholdings as of the end of the fiscal year ended March 31, 2022 (listed stocks) of ¥8,296 million by ¥4,148 million, equivalent to 50%, by the end of March 2025.

This initiative is based on Principle 1-4 of Japan's Corporate Governance Code, and the Company aims to reduce the ratio of cross shareholdings to consolidated net assets in the fiscal year ending March 31, 2025 to below 10%.

The cumulative amount of cross shareholdings sold from April 2022 to March 2024 is ¥2,807 million (a reduction of ¥2,546 million converted to market value at the end of the fiscal year ended March 31, 2022). The ratio of cross shareholdings to consolidated net assets (as of the end of March 2024) is 7.6%. Furthermore, during the fiscal year ended March 31, 2024, the Company changed the purpose of holding Japan Exchange Group, Inc. shares from "non-investment purpose" to "investment purpose."