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(Securities Code 8616)

June 11, 2021

To Our Shareholders

Tateaki Ishida
President & CEO
Tokai Tokyo Financial Holdings, Inc.
5-1 Nihonbashi 2-chome,
Chuo-ku, Tokyo, Japan

NOTICE OF CONVOCATION OF THE 109TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders

We hereby inform you that we will hold the 109th Ordinary General Meeting of Shareholders of Tokai Tokyo Financial Holdings, Inc. (the “Company”) under the schedule described below.

To prevent the spread of infections, **we would prefer you to avoid attending the meeting in person, even if you are in good health.** Instead of voting at the venue in person, please exercise your voting rights in advance, either by posting your votes or by submitting them online.

Please review the attached “Reference Documents for the Ordinary General Meeting of Shareholders” and refer to “Guidance to the Exercise of Voting Right” (omitted from this English translation) and you are requested to exercise your voting rights by 5:10 p.m. (the time when our business day ends) on Thursday, June 24, 2021, Japan time.

* Schedule

- 1. Time and Date:** 10:00 a.m. Friday, June 25, 2021, Japan time
- 2. Place:** 30F hall, Nihonbashi Takashimaya Mitsui Building
2-5-1 Nihonbashi, Chuo-ku, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 109th Fiscal Year (April 1, 2020 - March 31, 2021) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 109th Fiscal Year (April 1, 2020 - March 31, 2021)

Proposals to be resolved:

Company proposals

- Proposal No. 1:** Distribution of Retained Earnings
- Proposal No. 2:** Election of Five (5) Directors (Excluding Directors Serving on the Audit & Supervisory Committee)
- Proposal No. 3:** Election of One (1) Director Serving on the Audit & Supervisory Committee
- Proposal No. 4:** Payment of Bonuses to Directors and Other Officers
- Proposal No. 5:** The Issuance of Stock Acquisition Rights as Stock Options Granted to Directors and Employees of the Company and Its Subsidiaries

Shareholder proposals

- Proposal No. 6:** Dismissal of Four (4) Directors (Excluding Directors Serving on the Audit & Supervisory Committee)

©Webcast of meeting

This year's meeting will be live-streamed.

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- Among the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements subject to auditing when the Audit & Supervisory Committee and Accounting Auditor prepared the audit report, the following items are posted on the Company's website via the Internet in accordance with the relevant laws and regulations and Article 20 of the Company's Articles of Incorporation. Therefore, we do not include them in this Notice of Convocation.
 - (1) Business Report: Notes on Subscription Rights to Shares
 - (2) Business Report: Mechanisms for Ensuring Sound Business Practices
 - (3) Business Report: Basic Policy of Corporation Control
 - (4) Consolidated Financial Statements: Consolidated Statements of Changes in Net Assets and Notes on Consolidated Financial Statements
 - (5) Non-consolidated Financial Statements: Statement of Changes in Shareholder Equity and Notes to Non-Consolidated Financial Statements
 - In case any circumstances require us to revise the Reference Documents for the Ordinary General Meeting of Shareholders, the Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements, we will revise and post them on the Company's Web site.

Company's website <http://www.tokaitokyo-fh.jp/>

Please refer to the translated site for reference, <http://www.tokaitokyo-fh.jp/en/>

Reference Documents for the Ordinary General Meeting of Shareholders

Proposals and References

Company proposals

Proposal No. 1: Distribution of Retained Earnings

The Company's basic policy is to provide reasonable and stable dividends while enhancing retained earnings with the aim of increasing corporate value by medium- to long-term growth.

The dividend for the period under review (as shown below) reflects this policy and includes a commemorative dividend, as the Company reached its 20th anniversary on October 1, 2020.

With the interim dividend of ¥8.00 (ordinary dividend of ¥6.00 and a commemorative dividend of ¥2.00) per share already paid, the total dividend will be ¥22.00 per share.

The matter regarding Year-End Dividend

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property and the total allotment amount
¥14.00 (ordinary dividend of ¥12.00 and a commemorative dividend of ¥2.00) per share of common stock of the Company
Total amount: ¥3,477,093,214
- (3) Effective date of distribution of retained earnings
June 28, 2021

Proposal No. 2: Election of Five (5) Directors (Excluding Directors Serving on the Audit & Supervisory Committee)

All five (5) Directors (excluding Directors serving on the Audit & Supervisory Committee; this also applies to the rest of the text of this Proposal) will retire as their terms of office expire at the conclusion of this General Meeting of Shareholders. Therefore, we ask you to elect five (5) Directors.

The Board of Directors made this Proposal based on the report by the Nomination and Compensation Committee. The Audit & Supervisory Committee has determined that each candidate is suitable as a Director for the Board membership.

The candidates for directorship are as listed below.

Candidate No.	Name	Current position at the Company	Attendance at Board of Directors meetings during the Fiscal Year
1	<u>Reelection</u> Tateaki Ishida	Representative Director and President	16/16
2	<u>New</u> Ichiro Goda	-	-
3	<u>New</u> Hideaki Yamane	-	-
4	<u>New</u> Tsunehiro Nakayama <u>Outside Director</u> <u>Independent Director</u>	Director (Audit & Supervisory Committee member)	12/12*
5	<u>Reelection</u> Hiroshi Fujiwara <u>Outside Director</u> <u>Independent Director</u>	Director	16/16

*Indicates attendance at the Board of Directors meetings held after assuming office on June 25, 2020.

Candidate No. 1 Tateaki Ishida (Born on January 2, 1946)



Reelection

- Type and number of the Company's shares held:
458,500 common shares
- Attendance at Board of Directors meetings during the current Fiscal Year:
16/16
- Attendance at Nomination and Compensation Committee meetings during the current Fiscal Year:
7/7

- Profile (position and responsibilities at the Company)
 - April 1968 Joined The Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
 - April 1992 President & CEO, Tokai Bank Europe plc
 - June 1994 Director, The Tokai Bank, Ltd.
 - June 1996 Managing Director, The Tokai Bank, Ltd.
 - June 1998 President, Tokai Asset Management Co., Ltd.
 - April 2001 Chairman, Tokai Bank Europe plc
 - April 2002 Chairman, UFJ International plc
 - April 2003 CEO, UFJ International plc
 - May 2004 Advisor of the Company
 - June 2004 Representative Director and Deputy President of the Company
 - March 2005 Representative Director and President of the Company
 - June 2006 Representative Director, President & CEO of the Company (current position)
 - April 2009 Representative Director, Chairman & CEO of Tokai Tokyo Securities Co., Ltd.
 - April 2019 Director, Tokai Tokyo Securities Co., Ltd. (current position)
- The candidate also takes the following important posts:
 - Director of Tokai Tokyo Securities Co., Ltd.
 - Member of the Board, Nagoya Stock Exchange
 - Chairman, Tokai Tokyo Foundation
- The reason for nomination as a candidate for Director:

Since he became President (Representative Director) of the Company in March 2005, Tateaki Ishida has fulfilled his duties as a Director appropriately by taking strong leadership to enhance the corporate value of the Company. We have determined that making the most of his rich experience, proven performance, and knowledge as a business manager will help the Company promote its management strategy and continuously enhance its corporate value. Therefore, we have determined that he is suitable as a Director of the Company and continued to choose him as a candidate for directorship.

Candidate No. 2 Ichiro Goda (Born on August 24, 1968)



New

- Type and number of the Company's shares held:
39,700 common shares

- Profile (position and responsibilities at the Company)
 - April 1992 Joined The Sanwa Bank, Ltd.
 - August 2007 Joined The Sumitomo Trust and Banking Co., Ltd.
 - January 2012 General Manager, Market Development Department, Tokai Tokyo Securities, Co., Ltd.
 - April 2015 General Manager, Strategic Planning Department of the Company
 - April 2016 Executive Officer, General Manager of Strategic Planning Department of the Company
 - October 2017 Executive Officer, Deputy Head of Strategic Planning Group of the Company
 - April 2018 Managing Executive Officer, Head of Planning & Administration Unit (Internal Control Supervisory Manager), Tokai Tokyo Securities, Co., Ltd.
 - May 2018 Managing Executive Officer, responsible for Special Missions of the Company
 - January 2019 Managing Executive Officer, Head of Planning & Administration Unit, and General Manager of Planning Department, Tokai Tokyo Securities, Co., Ltd.
 - April 2019 Representative Director and President and Head of Sales Supervisory Unit, Tokai Tokyo Securities, Co., Ltd.
 - May 2020 Representative Director and President of Tokai Tokyo Securities, Co., Ltd. (current position)
- The candidate also takes the following important posts:
 - Director of Tokai Tokyo Securities Co., Ltd. (will assume the post on June 25, 2021)
 - Director of ACE Securities, Co., Ltd. (will assume the post on June 29, 2021)
- The reason for nomination as a candidate for Director:

Ichiro Goda has demonstrated executive business acumen as president of Tokai Tokyo Securities, a subsidiary of the Company. He also boasts broad experience in the strategic affairs of the Company and its corporate group. Moreover, he has played a leading role in shaping the Company's growth strategy and has discharged the duties associated with his office. We therefore believe that he is an appropriate candidate.

Candidate No. 3 **Hideaki Yamane** (Born on August 7, 1962)



New

- Type and number of the Company's shares held:
68,500 common shares

- Profile (position and responsibilities at the Company)
 - April 1985 Joined The Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
 - February 2001 Head of Financial Development Office, Corporate Development Department, The Tokai Bank, Ltd.
 - July 2004 Chief Manager, Business Development Department, UFJ Bank Limited
 - May 2005 General Manager, Corporate Finance Unit, Tokai Tokyo Securities, Co., Ltd.
 - September 2005 General Manager of Investment Banking Planning Department, and General Manager of Investment Banking Sales Promotion, Tokai Tokyo Securities, Co., Ltd.
 - April 2010 General Manager of General Planning Department of the Company.
 - May 2011 Managing Director & CEO, Tokai Tokyo Investment Management Singapore Pte. Ltd.
 - April 2013 Executive Officer, Deputy Head of Business Strategy Group, the Company
 - April 2015 Managing Executive Officer, Deputy Head of Market Sales Promotion Unit, and Head of Products Division, Tokai Tokyo Securities, Co., Ltd.
 - April 2017 Senior Managing Executive Officer, Head of Global Markets Business Unit, Tokai Tokyo Securities, Co., Ltd.
 - June 2018 Deputy President (Executive Officer), ACE Securities Co., Ltd. (secondment)
 - April 2019 Representative Director, Chairman of Tokai Tokyo Securities Co., Ltd. (current position)
- The candidate also takes the following important posts:
Not Applicable
- The reason for nomination as a candidate for Director:
Hideaki Yamane has served as chairman of Tokai Tokyo Securities, a subsidiary of the Company, since April 2019. He boasts broad experience in the operations of the Company and its group, including those related to investment banking, overseas subsidiaries, and global markets. We have nominated Yamane for directorship in the belief that his experience equips him to discharge his duties, such as actively contributing to business strategies implementation that will lead to growth for the group.

Candidate No. 4**Tsunehiro Nakayama (Born on January 20, 1948))****New****Outside Director****Independent Director**

- Type and number of the Company's shares held:
None
 - Length of service as an Outside Director (at the conclusion of the General Meeting of Shareholders):
Three (3) years
 - Attendance at Board of Directors meetings during the current Fiscal Year:
12/12*
 - Attendance at Audit & Supervisory Committee meetings during the Fiscal Year:
10/10*
 - Attendance at Nomination and Compensation Committee meetings during the Fiscal Year:
5/5*
- * Indicates attendance at the meetings held after assuming office on June 25, 2020.
- Profile (position and responsibilities at the Company)

April 1971	Joined the Industrial Bank of Japan, Limited
June 1999	Executive Officer and General Manager of Corporate Banking Dept. No. 1 of the Industrial Bank of Japan, Limited
September 2000	Managing Executive Officer of Mizuho Holdings Inc.
April 2002	Managing Executive Officer of Mizuho Corporate Bank, Ltd.
April 2004	Deputy President (Representative Director) and Chief Compliance Officer of Mizuho Corporate Bank, Ltd.
April 2007	Adviser of Merrill Lynch Japan Securities Co., Ltd.
May 2007	Representative Director and Chairman of Merrill Lynch Japan Securities Co., Ltd.
November 2008	Representative Director, Chairman and President of Merrill Lynch Japan Securities Co., Ltd.
March 2009	Japan Country Executive of Bank of America Group (Additional function)
July 2010	Representative Director and Chairman of Merrill Lynch Japan Securities Co., Ltd.
June 2017	Director of Merrill Lynch Japan Securities Co., Ltd.
July 2017	Special Adviser of Merrill Lynch Japan Securities Co., Ltd.
June 2018	Director of the Company
June 2019	Director, Mitsui Fudosan Co., Ltd. (current position)
June 2020	Director of the Company (Audit & Supervisory Committee member) (current position)
 - The candidate also takes the following important post:
Director, Mitsui Fudosan Co., Ltd.
 - The reason for nomination as a candidate for Outside Director, roles expected to perform:
Tsunehiro Nakayama has many years of experience in financial management, and his achievements and insight are highly acclaimed. We are confident that Nakayama, if elected, will duly perform the role of overseeing strategic decision-making and the execution of business, drawing on his long years of experience in the management of a major bank and securities company and on his extensive financial expertise.
 - Independence
Tsunehiro Nakayama is a candidate for the post of Outside Director. Since he satisfies the "Independence Assessment Standard" for Outside Directors established by the Company, we have determined that there is no concern about his independence. We have notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent officer who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

Candidate No. 5**Hiroshi Fujiwara (Born on September 26, 1954)****Reelection****Outside Director****Independent Director**

- Type and number of the Company's shares held:
None
 - Length of service as an Outside Director (at the conclusion of the General Meeting of Shareholders):
Two (2) years
 - Attendance at Board of Directors meetings during the current Fiscal Year:
16/16
- Profile (position and responsibilities at the Company)
 - April 1977 Joined IBM Japan, Ltd.
 - December 1977 Joined Hitachi Engineering Co., Ltd.
 - February 1985 Joined ASCII Corporation
 - February 1987 Transferred to Graphics Communication Technologies Inc. Appointed as executive director and General Manager of Research and Development Division
 - September 1988 Appointed as a visiting research scientist of Bell Communications Research (Bellcore) of the US.
 - March 1993 Transferred to Graphics Communication Laboratories Inc. Appointed as an executive director and General Manager of Research and Development Division
 - June 1993 Appointed as a director of ASCII Corporation
 - April 1996 Guest Professor at Keio University (Science and technologies)
 - December 1996 Established Internet Research Institute, Inc. as Director and CEO (current position)
 - April 2012 Chairman of the Board, President, Chief Executive Officer, Representative Director of Broadband Tower, Inc. (current position)
 - December 2017 Director of CHANGE, Inc. (current position)
 - June 2018 Director of SKY Perfect JSAT Holdings Inc. (current position)
 - June 2019 Director of the Company (current position)
 - The candidate also takes the following important posts:
Chairman of the Board, President, Chief Executive Officer, Representative Director of Broadband Tower, Inc.
Director of CHANGE, Inc.
Director of SKY Perfect JSAT Holdings Inc.
Director and CEO of Internet Research Institute, Inc.
 - The reason for nomination as a candidate for Outside Director, roles expected to perform:
Hiroshi Fujiwara has many years of experience in leading systems-related businesses, and his achievements and insight are highly acclaimed. We are confident that Fujiwara, if reelected, will continue to perform the role of overseeing strategic decision-making and the execution of business, drawing on his extensive expertise in system development.
 - Independence
Hiroshi Fujiwara is a candidate for the post of Outside Director. Since he satisfies the "Independence Assessment Standard" for Outside Directors established by the Company, we have determined that there is no concern about his independence. We have notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent officer who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

- (Notes)
1. Each candidate for directorship has no special interests with the Company.
 2. In the above lists, for dates up to March 2009, “the Company” indicates Tokai Tokyo Securities Co., Ltd., the Company’s trade name at the time. For April 2009 and later dates, “the Company” indicates Tokai Tokyo Financial Holdings, Inc., the current trade name.
 3. In its Articles of Incorporation, the Company stipulates that it may enter into an agreement with its Directors (excluding those who are an Executive Director and the like) to limit their liability for compensation to the Company for damage to a certain extent. Based on this clause, in accordance with the provisions of Article 427 Paragraph 1 of the Companies Act, the Company has concluded an agreement with Tsunehiro Nakayama and Hiroshi Fujiwara to limit their liability for compensation for damage as stipulated in Article 423 Paragraph 1 of the Act (“limited liability agreement”). The Company intends to continue this limited liability agreement if their nomination is approved. The outline of the agreement is as follows.
 - If the Director (excluding those who are an Executive Director and the like) is liable for compensating the Company for the damage caused by negligence of his/her duties, he/she shall compensate up to the sum of amounts as stipulated in Article 425 Paragraph 1 Items 1(c) and 2.
 - Limited liability as referred to the above shall be accepted only if the Director (excluding those who are an Executive Director and the like) performs his/her duties with a good manager’s care and does not make a grave mistake when he/she is found liable for compensation.
 4. The Company and most of its subsidiaries use directors and officers liability insurance (D&O), as specified in Article 430 Paragraph 3 Item 1 of the Companies Act, in order to 1) ensure that each officer can fully discharge the responsibilities of his or her office and to 2) attract talent. The D&O provides coverage for directors (including those serving on the relevant company’s audit and supervisory committee or equivalent body), members of the audit and supervisory committee or equivalent body, and executive officers. The above candidates will be insured under the D&O if they are elected as proposed.

The D&O provides indemnification for losses in cases where an insured officer is held liable, or becomes subject to legal action, for alleged wrongful acts in their official capacity. However, the D&O excludes, among other things, losses arising from intentional illegal acts. In effect, the insured party does not pay premiums. All premiums on the policy (including for any special provisions) are paid by the company concerned, with some exceptions.

If the above candidates are elected as proposed, their D&O coverage will be renewed during their incumbency, on July 1, 2021.

Proposal No. 3: Election of One (1) Director Serving on the Audit & Supervisory Committee

Tsunehiro Nakayama, currently a non-executive director (Director Serving on the Audit & Supervisory Committee), will resign from this office at the conclusion of this General Meeting of Shareholders in order to become an executive director. To fill the vacancy, the Company proposes the election of one non-executive director (Director Serving on the Audit & Supervisory Committee).

Nakayama's replacement will serve out the remainder of Nakayama's term, pursuant to the Company's Articles of Incorporation.

The Board of Directors resolved to submit the proposal upon the recommendation of the Nomination and Compensation Committee and with the consent of the Audit & Supervisory Committee.

The candidates for directorship are as listed below.

Name	Current position at the Company	Attendance at Board of Directors meetings and Audit & Supervisory Committee meetings during the Fiscal Year
<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 10px;">New</div> <div style="flex-grow: 1;">Ayako Ikeda</div> <div style="border: 1px solid black; padding: 2px; margin-left: 10px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; margin-left: 10px;">Independent</div> </div>	-	-

Candidate**Ayako Ikeda (Born on December 5, 1959)**

**New****Outside Director****Independent**

- Type and number of the Company's shares held:
None

- Profile (position and responsibilities at the Company)
 - April 1984 Admitted to the Daini Tokyo Bar Association, admitted to Harago Law Office (now Harago & Partners Law Office)
 - January 1990 Admitted to Steptoe & Johnson LLP, USA
 - April 1991 Admitted to practice in New York State
 - September 1992 Admitted to Hamada & Matsumoto (now Mori Hamada & Matsumoto)
 - April 2002 Professor (civil disputes) at The Legal Training and Research Institute of Japan
 - April 2006 Deputy Secretary General of the Japan Federation of Bar Associations
 - April 2015 Executive Director of the Japan Federation of Bar Associations
Vice President of the Daini Tokyo Bar Association

- The candidate also takes the following important posts:
Senior Counsel at Mori Hamada & Matsumoto

- The reason for nomination as a candidate for Outside Director, roles expected to perform
Ayako Ikeda offers extensive experience in legal affairs, having had a long career as an attorney. Although she has never engaged directly in executive business leadership, Ikeda has held numerous public roles. We are confident that Ikeda, if elected, will draw on her legal expertise and duly perform the role of overseeing strategic decision-making and the execution of business from a standpoint independent from the management.

- Independence
Ayako Ikeda is a candidate for the post of Outside Director. Since she satisfies the "Independence Assessment Standard" for Outside Directors established by the Company, we have determined that there is no concern about her independence. We also plan to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange that she is an independent officer who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

- (Notes)
1. The candidate for directorship has no special interests with the Company.
 2. In its Articles of Incorporation, the Company stipulates that it may enter into an agreement with its Directors (excluding those who are an Executive Director and the like) to limit their liability for compensation to the Company for damage to a certain extent. Based on this clause, if the nomination of Ayako Ikeda is approved, the Company plans to conclude a limited liability agreement with her. The outline of the agreement is as follows.
 - If the Director (excluding those who are an Executive Director and the like) is liable for compensating the Company for the damage caused by the negligence of his/her duties, he/she shall compensate up to the sum of amounts as stipulated in Article 425 Paragraph 1 Items 1(c) and 2.
 - Limited liability as referred to the above shall be accepted only if the Director (excluding those who are an Executive Director and the like) performs his/her duties with a good manager's care and does not make a grave mistake when he/she is found liable for compensation.
 3. The Company and most of its subsidiaries use directors and officers liability insurance (D&O), as specified in Article 430 Paragraph 3 Item 1 of the Companies Act, in order to 1) ensure that each officer can fully discharge the responsibilities of his or her office and to 2) attract talent. The D&O provides coverage for directors (including those serving on the relevant company's audit and supervisory committee or equivalent body), members of the audit and supervisory committee or equivalent body, and executive officers. The above candidate will be insured under the D&O if she is elected as proposed.

The D&O provides indemnification for losses in cases where an insured officer is held liable for, or becomes subject to legal action for, alleged wrongful acts in their official capacity. However, the D&O excludes, among other things, losses arising from intentional illegal acts.

In effect, the insured party does not pay premiums. All premiums on the policy (including for any special provisions) are paid by the company concerned, with some exceptions.

If the above candidate is elected as proposed, her D&O coverage will be renewed during her incumbency, on July 1, 2021.

Proposal No. 4: Payment of Bonuses to Directors and Other Officers

The Company proposes to pay to three (3) executive directors, who were incumbent at the end of the period of review, a total of ¥57,092,000 in bonuses in view of the Company's performance in the period under review and in accordance with (5) Notes on Variable Pay for Directors on page 42 of the Business Report.

Proposal No. 5: The Issuance of Stock Acquisition Rights as Stock Options Granted to Directors and Employees of the Company and Its Subsidiaries

We, the Company, seek the Shareholders' approval for the Board of Directors to issue stock acquisition rights, without consideration, as stock options (hereinafter referred to as the "Stock Acquisition Rights") to be granted to the Executive Directors and employees of the Company and its subsidiaries, and to be empowered to determine the matters relating to the subscription offer of such stock acquisition rights, in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act of Japan.

As stipulated in (6) Notes on Stock Options for Directors on page 42 of the Business Report, the total amount of remuneration as stock options granted to Executive Directors of the Company will be the amount equal to the total number of the subject stock acquisition rights allocated multiplied by the fair value per stock acquisition right calculated at the date of allocation of the subject stock acquisition rights. Currently, the said total amount stays within the ¥300 million per year approved by a resolution of the 104th Ordinary General Meeting of Shareholders as the amount of remuneration for Directors (excluding the Directors serving on the Audit & Supervisory Committee).

If Proposal No. 2, Election of Five (5) Directors (Excluding Directors Serving on the Audit & Supervisory Committee), and Proposal No. 3, Election of One (1) Director Serving on the Audit & Supervisory Committee, are approved as originally proposed, Proposal No. 5 will apply to the three (3) Executive Directors of the Company.

- (1) Reasons necessitating the subscription offer of the Stock Acquisition Rights with preferential conditions

The issuance of the Stock Acquisition Rights without consideration to the above stated parties is aimed at improving consolidated performance by providing them with the common incentive of improving the performance of the Group, as a whole, while pursuing harmonization of such parties' interests with those of shareholders.

- (2) Maximum number of Stock Acquisition Rights that may be determined under the power delegation by the resolution at the Shareholders' Meeting

The resolution at the Shareholders' Meeting provides that the maximum allocatable number of the Stock Acquisition Rights will be 1,500. In addition, the maximum issuable number of common stocks of Tokai Tokyo Financial Holdings through the exercise of the Stock Acquisition Rights shall be 1,500,000 shares (approximately 0.58% of outstanding shares).

However, if an adjustment is made to the Number of Shares Granted in accordance with Paragraph (4) 1) below, such maximum issuable number of shares shall be the number by multiplying the Number of Shares Granted after adjustment by the above specified maximum number of allocatable stock acquisition rights.

- (3) No payment shall be required for the Stock Acquisition Rights discussed here.

(4) Details of the Stock Acquisition Rights

1) Number of shares to be issued upon exercise of the Stock Acquisition Rights

The number of shares to be issued upon exercise of each of the Stock Acquisition Rights (hereinafter the “Number of Shares Granted”) shall be 1,000 shares of common stock of the Company.

In the event the Company splits its common stock (including the gratis allotment of the Company’s common stock, the same being applied hereinafter) or consolidates its common stock after the allocation of the Stock Acquisition Rights, the number of shares granted under the Stock Acquisition Rights which have remained unexercised at the time of the stock split or stock consolidation will be adjusted in accordance with the following formula.

Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.

Adjusted Number of Shares Granted = Number of Shares Granted before adjustment × Ratio of split or consolidation

In addition to the above, in the event of the Company’s merger with another company, a company split, a capital reduction of the Company, or any other event in which adjustment of the Number of Shares Granted is similarly required after the allocation of the Stock Acquisition Rights, the Company may suitably adjust the number of shares granted to the extent the Company considers reasonable.

2) The value of assets to be paid-in to the Company’s capital at the time of exercising the subject Stock Acquisition Rights, or the method of calculating such a value

The value of assets to be paid-in at the time of exercising the Stock Acquisition Rights shall be the amount paid per share to be issued by the exercise of the Stock Acquisition Rights (hereinafter “the Exercise Price”) multiplied by the Number of Shares Granted. The Exercise Price shall be equal to the product of (*) the price determined by the following rule × (multiplied by) 1.05. Any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest yen.

(*) The price determination rule: The higher price of either the average of the daily closing prices of the common stocks of the Company in regular transactions at the Tokyo Stock Exchange, Inc. on each of the trading days (excluding days on which no trading is made) in the calendar month immediately prior to the month in which the Stock Acquisition Rights are allocated, or the closing price of the common stocks of the Company in regular transactions at the Tokyo Stock Exchange, Inc. on the allocation date (if there is no closing price on the allocation date, the most recent closing price prior to the allocation date shall apply).

If the Company splits or consolidates its common stock after the allocation date, the exercise price is adjusted by the following formula, and any fraction of less than one (1) yen resulting from such adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

If the Company issues new shares of common stock or disposes of its treasury stocks at less than the current market price (except in the case of responding to either exercise of stock acquisition rights or request for the additional purchase of shares constituting less than one unit), then the Exercise Price shall be adjusted by the following formula, and any fraction of less than one (1) yen resulting from such adjustment shall be rounded up.

$$\begin{array}{r} \text{Exercise} \\ \text{Price after} \\ \text{adjustment} \end{array} = \begin{array}{r} \text{Exercise} \\ \text{Price before} \\ \text{adjustment} \end{array} \times \frac{\begin{array}{r} \text{Number of} \\ \text{shares already} \\ \text{issued} \end{array} + \frac{\begin{array}{r} \text{Number of shares} \\ \text{newly issued} \end{array} \times \begin{array}{r} \text{Amount paid-in} \\ \text{per share} \end{array}}{\begin{array}{r} \text{Current market price per share} \\ \hline \text{Number of shares already issued} + \text{Number of shares newly issued} \end{array}}$$

In the formula above, “Number of shares already issued” is the remaining number when the total number of treasury stock of the Company is subtracted from the total number of outstanding shares of the Company. Further, if the Company disposes of its treasury stocks, “Number of shares newly issued” in the formula above shall read “Number of treasury stock disposed of,” and “Amount paid-in per share” shall read “Disposal value per share” respectively.

In addition to the foregoing, in the event of a merger of the Company with another company, a company split, a capital reduction of the Company, or any similar case in which adjustment of the Exercise Price is required after the allocation of the Stock Acquisition Rights, the Company may suitably adjust the Exercise Price to the extent the Company considers reasonable.

3) Exercise period for the Stock Acquisition Rights

Five (5) years from the first day of the month following the month that is two (2) years after the Stock Acquisition Rights are allocated.

4) Matters concerning the capital and capital reserve increased by the issuance of shares upon the exercise of the Stock Acquisition Rights.

- (i) The amount of capital to be increased by the issuance of shares upon the exercise of the Stock Acquisition Rights shall be the half of the maximum limit of capital increase, as calculated in accordance with the provisions of Paragraph 1, Article 17 of the Ordinance on Accounting of Companies, and any fraction of less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen.
- (ii) The amount of capital reserve to be increased upon the issuance of shares through the exercise of the Stock Acquisition Rights shall be the amount obtained by deducting the capital to be increased, as provided in (i) above, from the maximum limit of capital increase, as also provided in (i) above.

5) Restriction on the obtainment of Stock Acquisition Rights through transfer

Any obtainment of Stock Acquisition Rights through transfer requires the approval of the Board of Directors of the Company.

6) Measures to be taken in the event of reorganization such as merger or company split;

In the event of the Company engaging in absorption-type merger (limited to cases where the Company does not survive after the merger), consolidation-type merger, company split and other reorganizations (hereinafter collectively referred to as the “Reorganization Actions” excluding stock transfer and stock exchange), the Company shall issue the stock acquisition rights of the company as described in provisions (a) through (e) of Item 8 of Paragraph 1 of Article 236 of the Companies Act of Japan (hereinafter the “Reorganized Company”) to each holder of the Stock Acquisition Rights remaining at the time the Reorganization Actions become effective (hereinafter the “Remaining Stock Acquisition

Rights”), based on the conditions described below. The above stated issuance is, however, effected only when statements of the issuance of the stock acquisition rights of the Reorganized Company have been made in absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, or incorporation-type company split plan in accordance with the conditions given below.

- (i) Number of new stock acquisition rights of the Reorganized Company to be issued; The same number as the stock acquisition rights held by the holder of Remaining Stock Acquisition Rights then shall be issued.
- (ii) Type of shares of the Reorganized Company to be issued upon the exercise of the stock acquisition rights; Common stocks of the Reorganized Company.
- (iii) Number of shares of the Reorganized Company to be issued upon the exercise of stock acquisition rights; The number shall be determined after reasonable adjustment is made by considering the conditions of Reorganization Actions and other factors (hereinafter “the Number of Shares after the succession”). Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.
- (iv) Exercise period for the stock acquisition rights; The exercise period shall be from either the commencement date of the exercise period for the Stock Acquisition Rights as described in 3) above, or the effective date of the Reorganization Actions, whichever is later, to the final day of the exercise period for the Stock Acquisition Rights as described in 3) above.
- (v) Matters concerning the capital and capital reserve to be increased by the issuance of shares through exercise of stock acquisition rights; Decisions shall be made in accordance with 4) above.
- (vi) Value of assets to be paid-in as capital at the time of exercising stock acquisition rights; The value shall be the Exercise Price, as described in 2) above, that has been adjusted in a reasonable manner by taking into account the conditions of the Reorganization Actions and other factors, multiplied by the number of shares after the succession.
- (vii) Other conditions of exercise of stock acquisition rights and reasons for acquisition of stock acquisition rights; Decisions shall be made in accordance with 7) and 9) below.
- (viii) Restriction on the transfer of stock acquisition rights; Any obtainment of stock acquisition rights through transfer requires approval of the Board of Directors of the Reorganized Company.

7) Reasons for acquisition of the Stock Acquisition Rights;

In the event that the Stock Acquisition Rights are not transferred to the new company in accordance with the provisions of an agreement concerning an absorption-type merger (limited to cases where the Company does not survive after merger), consolidation-type merger, company split, stock transfer or stock exchange, etc. (includes company split agreement, stock transfer plan, etc.) or the resolution so made by the Shareholders’ Meeting, the Company shall be able to acquire the Stock Acquisition Rights free of payment on a date to be determined separately by its Board of Directors.

- 8) Any fractions of less than one (1) share of the number of shares to be issued to the holder of the Stock Acquisition Rights who has exercised the Stock Acquisition Rights shall be disregarded.

- 9) Other conditions for the exercise of the Stock Acquisition Rights;
- (i) Holders of the Stock Acquisition Rights shall be in the position of Directors or Employees (including those who are seconded to the Company or its subsidiaries) of the Company or its subsidiaries at the time of exercising the Stock Acquisition Rights, excluding cases where such positions are relinquished due to proper reasons including retirement after the full term service completion, mandatory retirement, and resignation or retirement at the request of the Company or any of its subsidiaries.
 - (ii) If any one of the cases below applies, the holder of the Stock Acquisition Rights shall be ineligible to exercise any unexercised Stock Acquisition Rights:
 - (a) When a holder is dismissed by the resolution of the shareholders' meeting of the Company or any one of its subsidiaries, or dismissed on disciplinary grounds, or when they resign or retire for personal reasons;
 - (b) When a holder is given a court sentence of imprisonment without work or greater severity;
 - (c) When a holder files a petition for bankruptcy or civil rehabilitation proceedings, or when a holder is subject to petition for seizure, provisional seizure, preservation, or provisional disposition, or is subject to coercive collection.

Shareholder proposal

Proposal No. 6 has been proposed by a single shareholder. The shareholder holds 380 voting shares (representing 0.015% of voting stock).

The statement in “Reason(s) for Proposal” was made by the shareholder and, despite some stylistic editing, it faithfully represents the shareholder’s perspective. It has been translated here from the edited version.

Proposal No. 6: Dismissal of Four (4) Directors (Excluding Directors Serving on the Audit & Supervisory Committee)

1. Proposal

- (1) It is proposed that Masahide Kawamoto be dismissed as Representative Director and Deputy President.
- (2) It is proposed that Masataka Sato be dismissed as Representative Director and Deputy President.
- (3) It is proposed that Ichiro Mizuno be dismissed as Director.
- (4) It is proposed that Hiroshi Fujiwara be dismissed as Director.

2. Reason(s) for Proposal

- (1) Why Masahide Kawamoto should be dismissed as Representative Director and Deputy President
 - 1) The full-year dividend for FY 2018 was 38 yen. In FY 2019, it was 16 yen. For FY 2020, the dividend was down to a mere 8 yen. Kawamoto shares responsibility for the stingy shareholder returns.
 - 2) Kawamoto shares responsibility for the Company posting operating losses since FY 2019, when operating income turned negative for the first time in eight years.
 - 3) As a director, Kawamoto bears management liability for the recent decline in the Company’s stock price.
 - 4) Kawamoto shares responsibility for condoning the CEO’s 16-year reign.
 - 5) In FY 2020, net sales hit a five-year low of ¥61,694 million, while gross profit hit a five-year low of ¥48,382 million. As Chief Information Officer, Kawamoto bears management liability for the above.
- (2) Why Masataka Sato should be dismissed as Representative Director
 - 1) Over the FY 2016–2020 period, performance indicators (full-year cash and cash equivalents, retained earnings, total net sales, net income, and return on assets) peaked in FY 2018. Operating cash flow was at its lowest in FY 2019, because of the huge cost of relocating the Tokyo office to its present location. This strategic investment represented poor value for money, and shareholders bore the brunt in the terms of share price and dividends. Sato has failed to give shareholders a full account of why the Company posted an OCF of minus ¥72,751 million for FY 2019.
 - 2) The drop in stock price and dividends represents a failure of business leadership and cannot be blamed on the effects of the coronavirus alone. Sato bears management liability for this in his capacity as Supervisor of the General Planning Group, Strategy Planning Group, and Digital Strategy Group.
- (3) Why Ichiro Mizuno should be dismissed as Director
 - 1) Mizuno shares responsibility for condoning the CEO’s 16-year reign
 - 2) Regarding net income over the FY 2016–2020 period, Net income was ¥12,424 million in FY 2016, ¥11,991 million in FY 2017, ¥25,397 million in FY 2018, ¥1,079 million in FY 2019, and ¥2,763 million in FY 2020. At a time of growing controversy over retained

earnings, the Company persists in short-changing shareholders with meagre dividends and low stock prices. The shareholders cannot accept a system of profligate spending exemplified by the relocation of the Tokyo office. The Company should be managed in more balanced way. Mizuno has failed to step up and show his mettle as Chairperson of the Board of Directors. He shares responsibility for the failure to ensure good, balanced management that investors (shareholders) demand.

3) Mizuno has accomplished nothing as an officer in charge of compliance. In this role, he was expected to draw on his long business career and drive forward a transformation from a broad standpoint, but there is no evidence that he has done so. He has also turned a blind eye to the long reign of the CEO.

(4) Why Hiroshi Fujiwara should be dismissed as Director

- 1) The full-year dividend for FY 2018 was 38 yen. In FY 2019, it was 16 yen. For FY 2020, the dividend was down to a mere 8 yen. Fujiwara shares responsibility for the stingy shareholder returns.
- 2) Fujiwara shares responsibility for condoning the CEO's 16-year reign.
- 3) Fujiwara's career and professional qualifications have in no way benefitted the Company's stock price or dividends. The Company's corporate group consists of 27 subsidiaries and 12 affiliates. Although the Company has a 2,534 (424)-strong workforce, this is a time of global economic uncertainty. If a leadership had a good strategic vision, then the stock price and dividend would be high, regardless of the company's size. In the year under review, as was the case in the previous year, the management's effort to transform the organization ended in disappointment; it failed to turn around performance or bring forth a compelling strategic vision.
- 4) There is growing controversy over retained earnings. Against this backdrop, the Companies Act was revised on March 1, 2021. Despite this trend, there is no transparency in the bonuses paid to directors, meaning that we cannot tell if these payments represent value for money.

The Board of Directors' Opinion on Proposal No. 6

1. Board of Directors' Opinion

The Board of Directors objects to the proposal.

2. Reason for Objection

The four directors have, since assuming their office, duly performed their roles of strategic decision-making and the oversight of business execution. In these roles, they have drawn on their extensive professional expertise and devoted their efforts to growing the organization and strengthening its operating base.

On this basis, the Board of Directors believes that all four directors remain fit for the office of Director, and thus opposes the proposal to dismiss them.

The Audit & Supervisory Committee, likewise, believes that all four directors remain fit for the office of Director, and thus opposes the proposal to dismiss them.

(end)