

Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Progress Report)

April, 2026

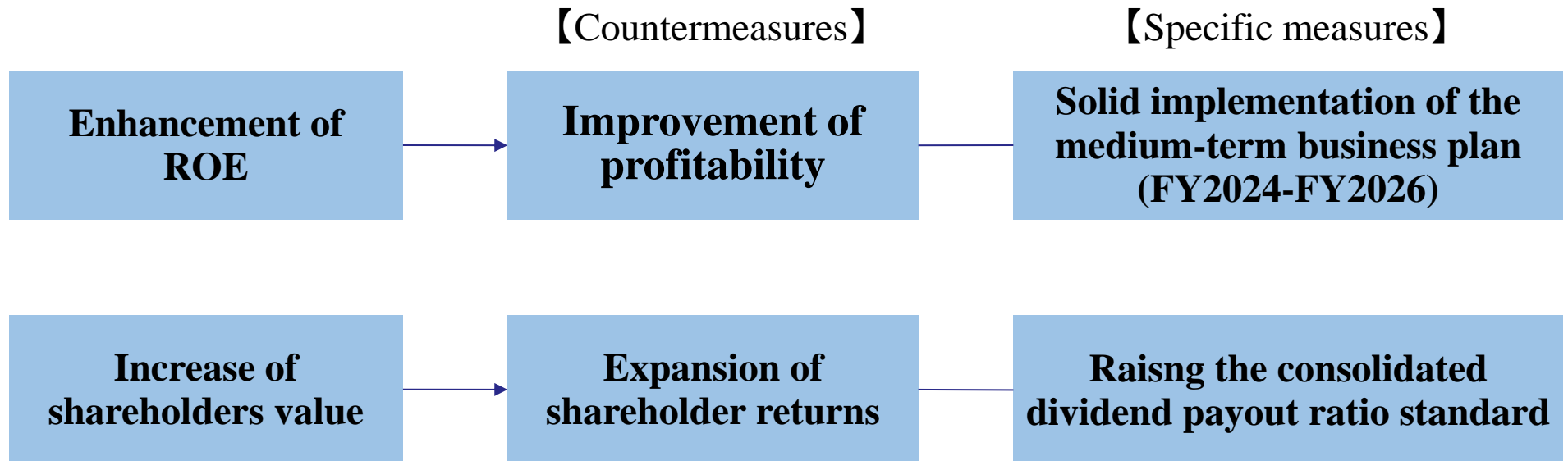
KYOKUTO SECURITIES CO., LTD.

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Initiative to enhance our corporate value

- Kyokuto Securities has been striving to attain a sustainable growth by expanding its client related businesses while maintaining the “Face to Face business model (direct and face-to-face interaction with clients)”, and also by making aggressive investments by its own capital, based on its sound financial base. In light of its earnings structure, Kyokuto Securities has decided to position ROE (Return on Equity) as an important performance indicator.
- In light of our cost of equity capital, we formulated our medium-term business plan (FY2024-FY2026) in March 2024 in order to further improve profitability over the medium to long term and achieve the ROE that exceeds our cost of equity capital, and have been steadily implementing this business plan.
- Kyokuto Securities also regards a proactive distribution of profits to its shareholders as one of its important management policies, and has set the consolidated dividend payout ratio standard for our dividend at 70% starting from the fiscal year ending March 31 2024.

Implementation of Management that is Conscious of Cost of Capital and Stock Price

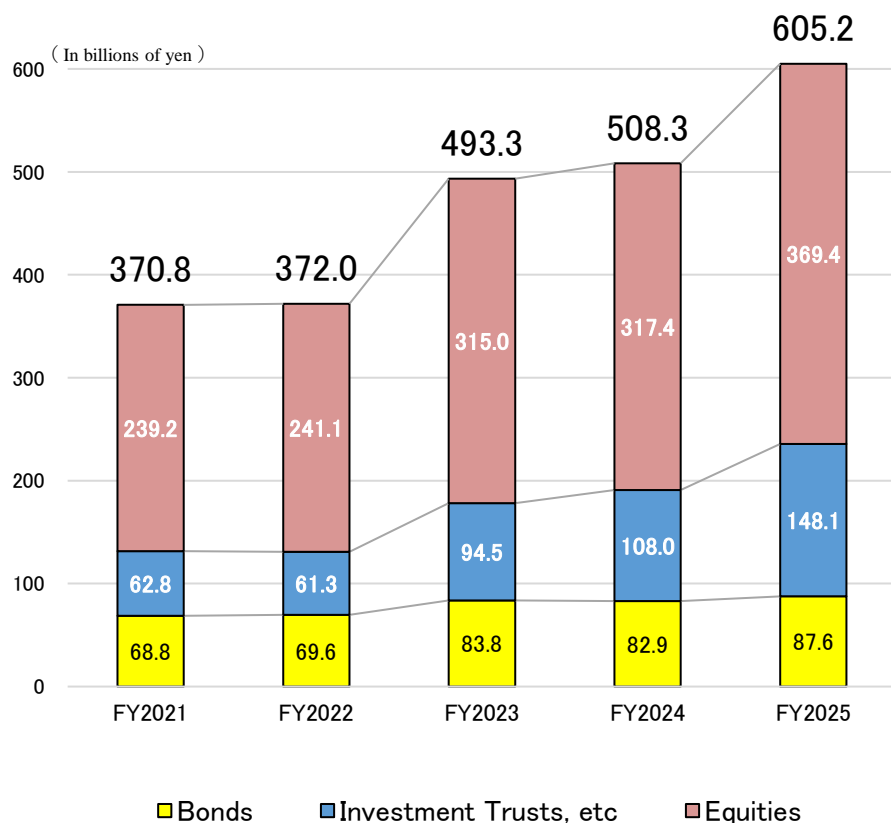


Progress Status of Improvement of Earnings Power

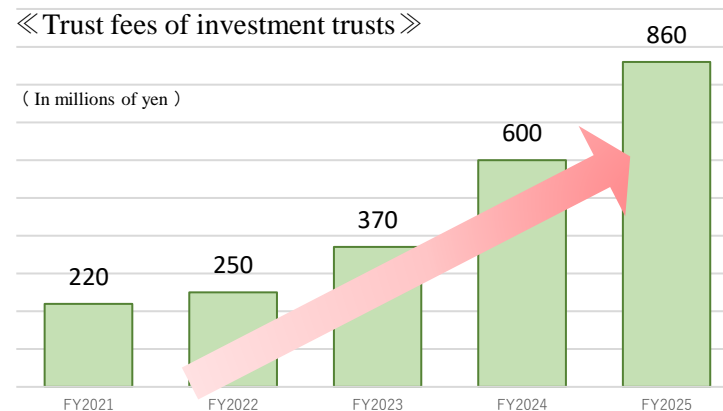
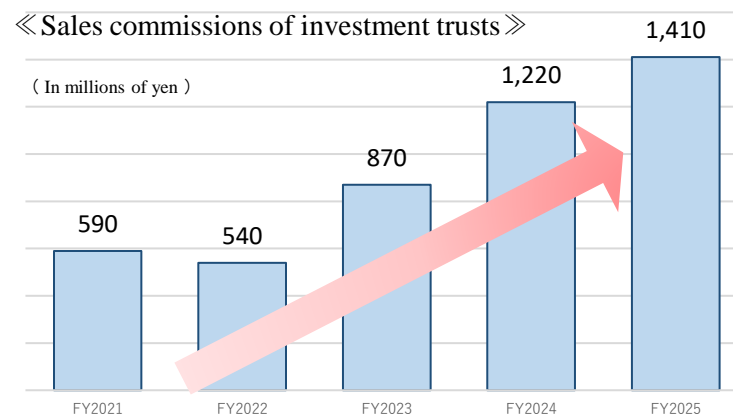
(1) Expansion of client-related business

- Steady increase in client's assets under custody and accounts of remote customers
- Increasing sales of investment trusts (increase in sales commissions and trust fees) in addition to bond sales, which have been our specialty

【Clients' assets under custody】



【Sales commissions and trust fees of investment trusts】



Progress Status of Improvement of Earnings Power

(2) Proactive investment in equity (Expansion of revenues other than from client-related business)

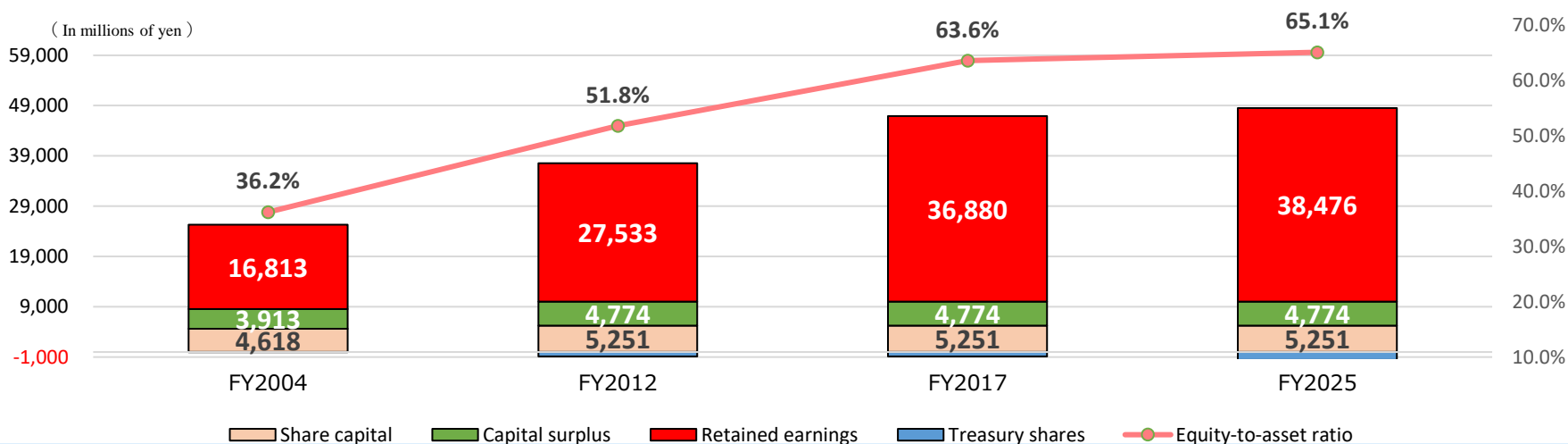
- Promoting aggressive investment in equity while maintaining financial soundness under a proper risk management
- Continuously improve equity efficiency through efficient management of equity

【Non-clients-Related Revenues】

(In millions of yen)	FY2021	FY2022	FY2023	FY2024	FY2025
Dividend income (Non-operating income)	439	816	745	918	727
Gain on sale of investment securities (Extraordinary income)	1,415	1,313	2,779	3,608	3,128
Outstanding balance of investment securities	16,588	20,013	31,649	28,903	26,168

【Shareholders' Equity】

- Since our listing on the Tokyo Stock Exchange in April 2005, Kyokuto Securities has continued to achieve stable growth and maintain highly sound level of shareholders' equity.



Progress Status of Enhancement of Shareholder's returns

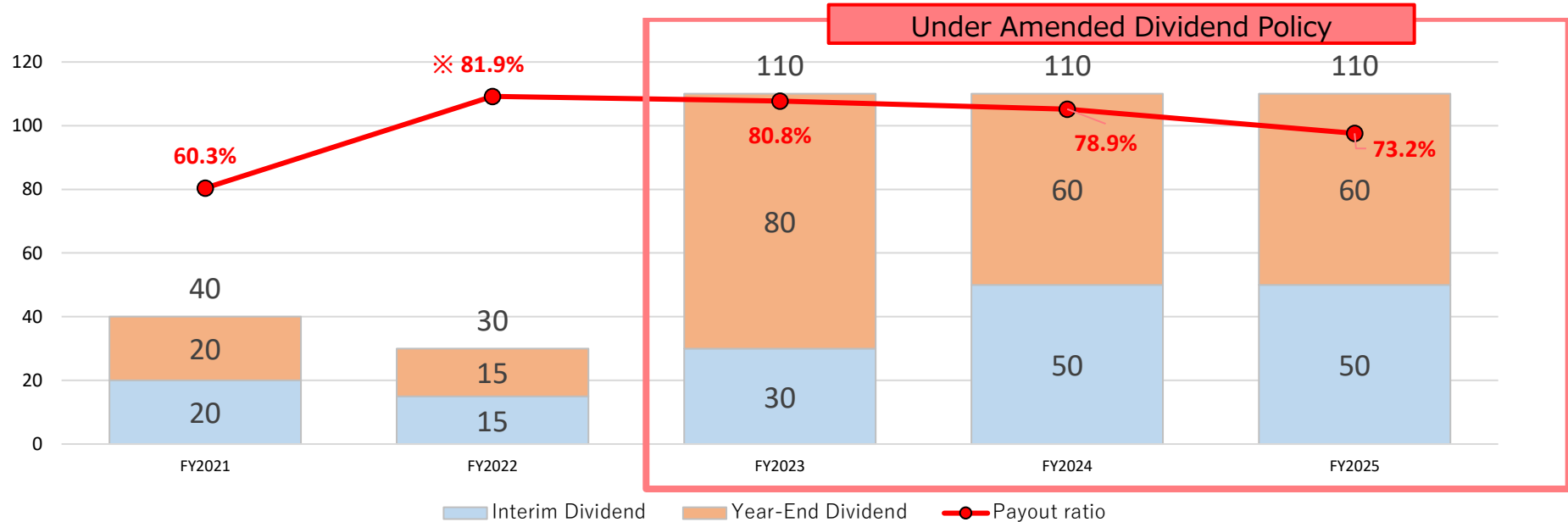
- As part of efforts to increase shareholder value, Kyokuto Securities considers it one of its important management policies to return profits to its shareholders aggressively, therefore it was decided to enhance shareholders' returns starting from the fiscal year ended March 31 2024 in order to improve shareholder value.
- In the fiscal year ending March 31, 2026, Kyokuto Securities will carry out the shareholders' return based on the following dividend policy.

【Revised Dividend Payout Policy】

The amount of dividend will be determined, based on the higher of a consolidated dividend payout ratio of 70% or a consolidated dividend on equity ratio (DOE) of 2% as well as by comprehensively evaluating such factors as its equity capital level, medium- to long-term performance trends, stock price and others.

【Dividends】

- The consolidated dividend payout ratio standard have been increased from the current 50% to 70%. (Effective from the fiscal year ending March 31, 2024)



※For FY2022, DOE standard ratio(2%) was applied

Status for the fiscal year ending March 2026

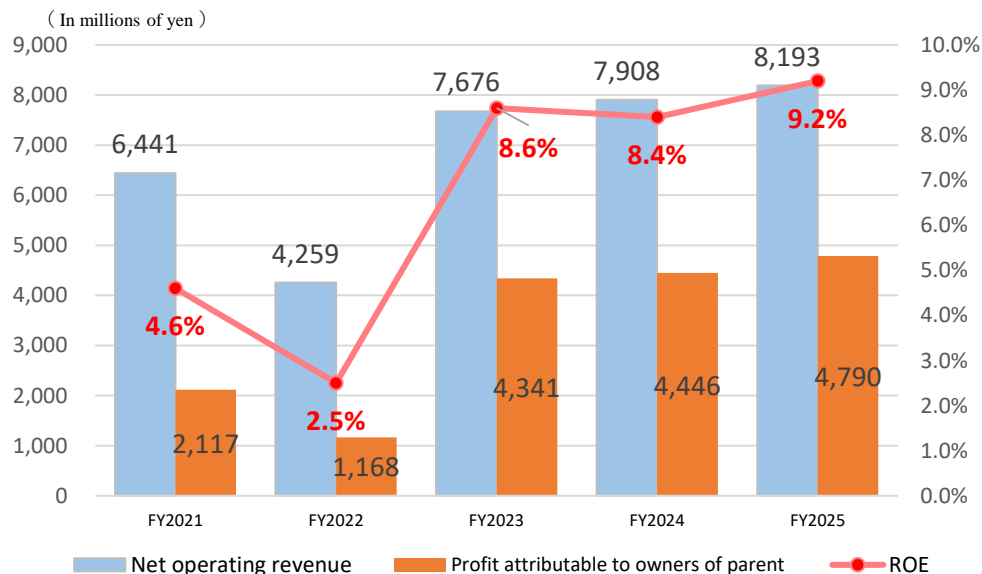
- Maintained high profitability through steady implementation of the medium-term business plan and a tailwind from the active securities market.
- Although PBR (Price Book-value Ratio) was above 1x at times during the period, the ratio was below 1x at the end of the fiscal year ended March 2026.
- The company's most recent ROE was 9.2%, exceeding the cost of shareholders' equity at 8.9%.

【Method of calculation for cost of shareholders' equity based on CAPM】

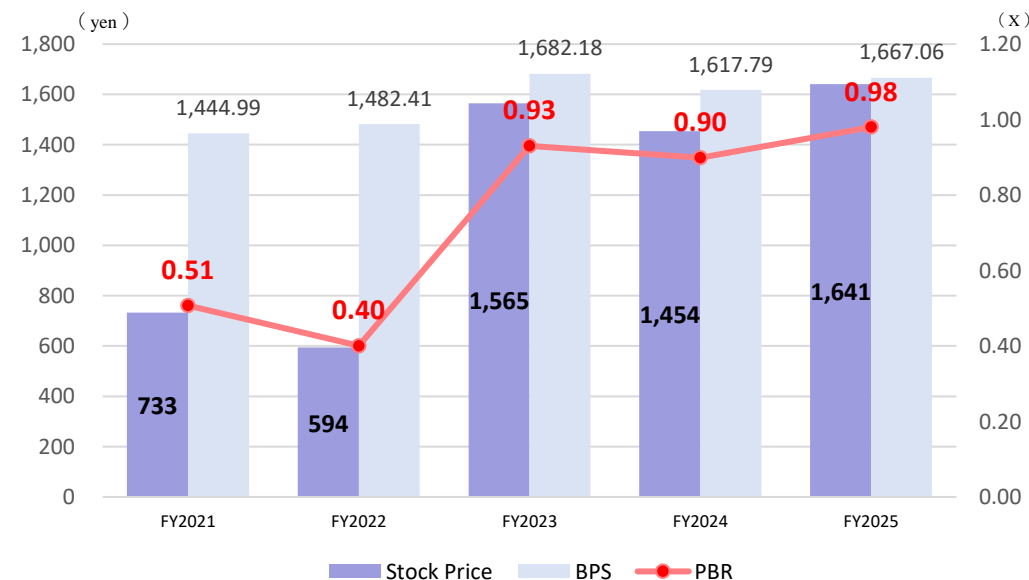
Cost of shareholders' equity	=	Risk free rate	+	β	\times	Risk premium
8.9% (as of the end of March 2026)		10 year Government Bond Yield		β based on the daily return for the past 5 years		Difference between the overall stock market yield* and the risk-free rate

*It is annualized based on TOPIX Total Return Index annual data for the past 25 years (excluding the year 2008 due to the Lehman Shock)

【Financial Results】



【Trends in Share Price and PBR】



Future initiatives to enhance corporate value

(1) Enhancing competitive advantages to improve profitability (ROE)

In FY2025, Kyokuto Securities conducted Customer Experience (the CX indicator *) surveys aimed at upgrading our earnings base to enhance medium-to-long-term corporate value and sustainable growth.

*The CX indicator is measured in accordance with Nomura Research Institute, Ltd.'s CXMM® (trademark of Nomura Research Institute, Ltd.)

CX Survey Results:

- CX Score: 6.52 (Up from 5.51 in the FY2022 survey)
- Confirmed that the company's "courteous and attentive service" in face-to-face sales is highly rated by customers, serving as a core strength that underpins the competitive advantage.

Human Capital

"Courteous and Attentive Service" → responsiveness and proposal capabilities of each employee are the source of our competitive advantage.

【Specific initiatives for the future】

- Promoting talent development plans to enhance responsiveness and proposal capabilities to customer needs.
- Improving sales administrative efficiency to focus on high-value-added proposal activities.
- Advancing responsiveness and proposal capabilities through customer data analysis and utilization.



- Strengthening our competitive advantage and enhancing profitability by providing value-added advice to customers.



- Sustainable growth and medium- to long-term corporate value enhancement



Future initiatives to enhance corporate value

(2) Dialogue with the capital market

【Status of Dialogue with Shareholders and Investors for the Fiscal Year Ending March 31, 2026】

Shareholders and investors engaged in dialogue	Fund managers and analysts of domestic and foreign investment management companies	Main subjects of the dialogue and matters of interest to shareholders	<ul style="list-style-type: none"> • Business model, business strategy (differentiation strategy from competitors) • Recent business performance, forecast for next fiscal year • Status of response to TSE request (PBR below 1x, etc.) • Mid-term business plan, dividend policy, plans for share buyback • Status of compliance system
Main Correspondent	Department in charge of investor relations, including executive officers		
Number of interviews	10 times		

【Specific initiatives for the future】

- Proactively engaging in dialogue with shareholders and investors through initiatives such as online information session on financial results briefings

- Enhanced trust and valuation in capital markets through deep insight of stakeholders and investors into our management policies and growth strategies

- Enhancing medium- to long-term corporate value through higher shareholder value.

【Reference】 Trends in Key Financial Indicators

	FY2021	FY2022	FY2023	FY2024	FY2025
Stock Price (High)	920 yen	748 yen	1,824 yen	1,734 yen	1,902 yen
Stock Price (Low)	721 yen	560 yen	587 yen	1,180 yen	1,123 yen
Stock Price (Closing Price)	733 yen	594 yen	1,565 yen	1,454 yen	1,641 yen
Dividends	40 yen	30 yen	110 yen	110 yen	110 yen
Dividend Payout Ratio	60.3%	81.9%	80.8%	78.9%	73.2%
PBR	0.50 x	0.40 x	0.93 x	0.90 x	0.98 x
ROE	4.6%	2.5%	8.6%	8.4%	9.2%
Cost of shareholders' equity	3.3%	2.3%	7.4%	8.6%	8.9%

Summary of Medium-Term Business Plan (2024-2026)

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

I. Expansion and Enhancing of Revenue Base

① Increase in clients' assets under custody

Expansion of new customers

Expansion of sales value per customer

② Expansion of revenues other than from client-related business

Expansion of investments in traditional financial products

Expansion of alternative investments

Further promoting courteous and attentive customer service (high CX indicator)
Improving sales administrative efficiency and analytical capabilities to solve customer challenges

II. Enhancement of Human Capital

(Effective employee recruiting and human resource development)

III. Ensuring compliance

(Based on the belief that providing financial services to customers in a fair and honest manner)

Target: ROE 8%