

# Stock Transfer Agency Services Business

In the Stock Transfer Agency Services Business, in light of demands for enhancement of initiatives to evolve from “Form” to “Substance” corporate governance reform focused on greater promotion of dialogue and provision of information between companies and institutional investors, as the “Best Partner” for clients, we provide a wide range of solutions to address the increasingly diverse and complex challenges of each company.

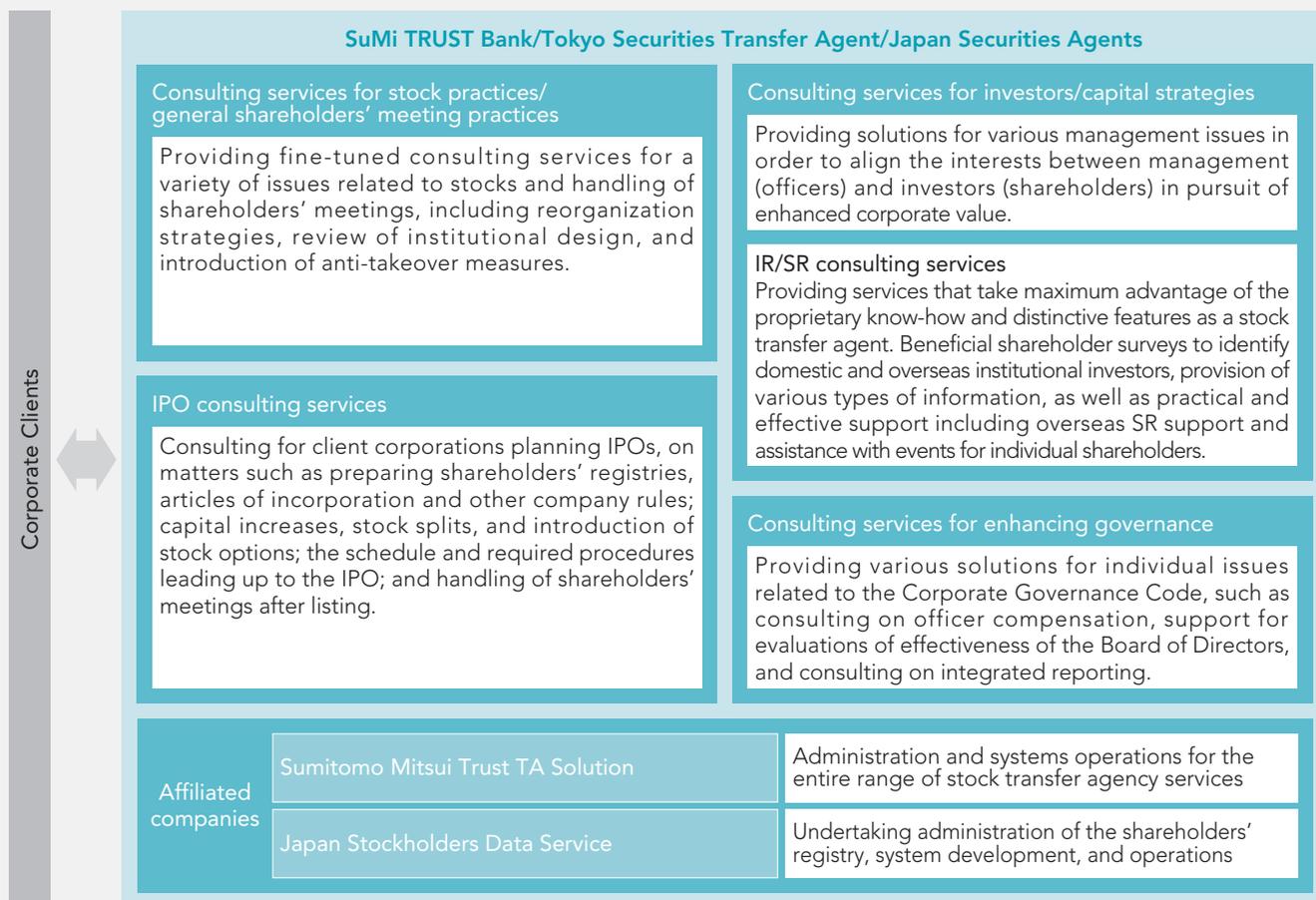


**Atsushi Kaibara**  
 Managing Executive Officer, Executive Officer  
 SuMi TRUST Holdings  
 Officer in charge of  
 Stock Transfer Agency Services Business  
 SuMi TRUST Bank

## Business Outline

Our Stock Transfer Agency Services Business works as an “agent of record for listed companies” provided for in the Companies Act and undertakes stock-related services on behalf of clients. We offer shareholder list management services that allow our clients to increase their administrative efficiency and rationalize their administration and various comprehensive consulting services as follows.

- 1) “Consulting services for matters related to stock and shareholders’ meetings” to support clients’ handling of stock-related matters through our abundant practical experience and advanced expertise
- 2) “IPO consulting services” to provide practical support for clients pursuing initial public offerings
- 3) “Consulting on investor and capital strategies” to support clients’ investor strategies, capital strategies, and public relations activities (IR/SR)
- 4) “Consulting on governance enhancement” to support clients’ efforts to enhance initiatives related to governance



Financial Results Summary

Net business profit before credit costs increased primarily due to an increase in the number of shareholders under administration and an increase in various consulting fees.

Net business profit before credit costs increased by ¥0.7 billion year on year to ¥16.2 billion on a non-consolidated basis\*1, and by ¥0.7 billion year on year to ¥17.1 billion on a consolidated basis\*2, due to an increase in recurring fees and commissions received due to an increase in the number of shareholders under administration, as well as an increase in various consulting fees.

\*1 SuMi TRUST Bank (non-consolidated)

\*2 SuMi TRUST Holdings (consolidated)

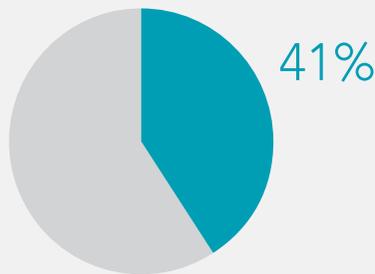
Trend of Net Business Profit before Credit Costs



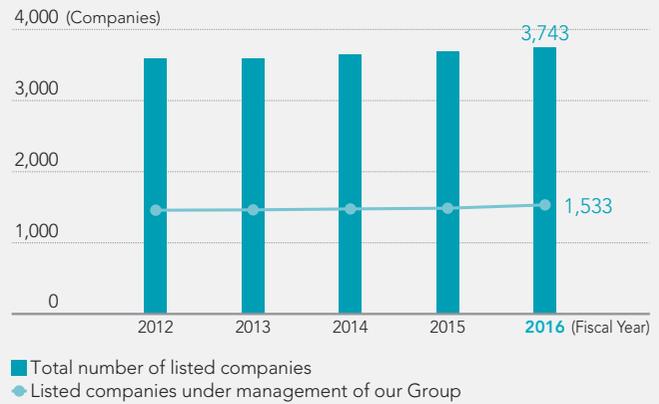
Financial Highlights

Listed companies under management: 1,533 (consolidated), 41% market share

New company listings by clients grew steadily amid an active IPO market, and new entrustments from existing listed companies were also strong. As a result, we are further expanding our client base, which is among the top in the industry.

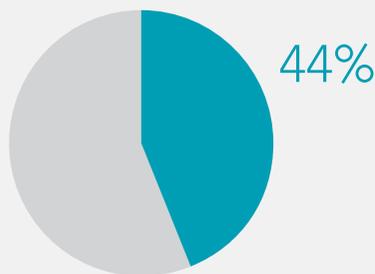


Number of Listed Companies under Management



Shareholders under administration: 25.22 million (consolidated), 44% market share

We have solidified our top position in the industry for the number of shareholders under administration, backed by steady expansion in the field of individual stock investment and listed companies focusing on measures to increase individual shareholders amid the trend "from savings to asset formation," coupled with growth in the number of entrusted companies.



Number of Shareholders under Administration



## Target Business Model

We seek to be our clients' "Best Partner," offering solutions from a cross-business perspective in response to management issues in investor and capital strategies, which are becoming increasingly important due to changes in the external environment, with the strong relationship we have cultivated as our clients' "Best Partner" for stock-related matters.

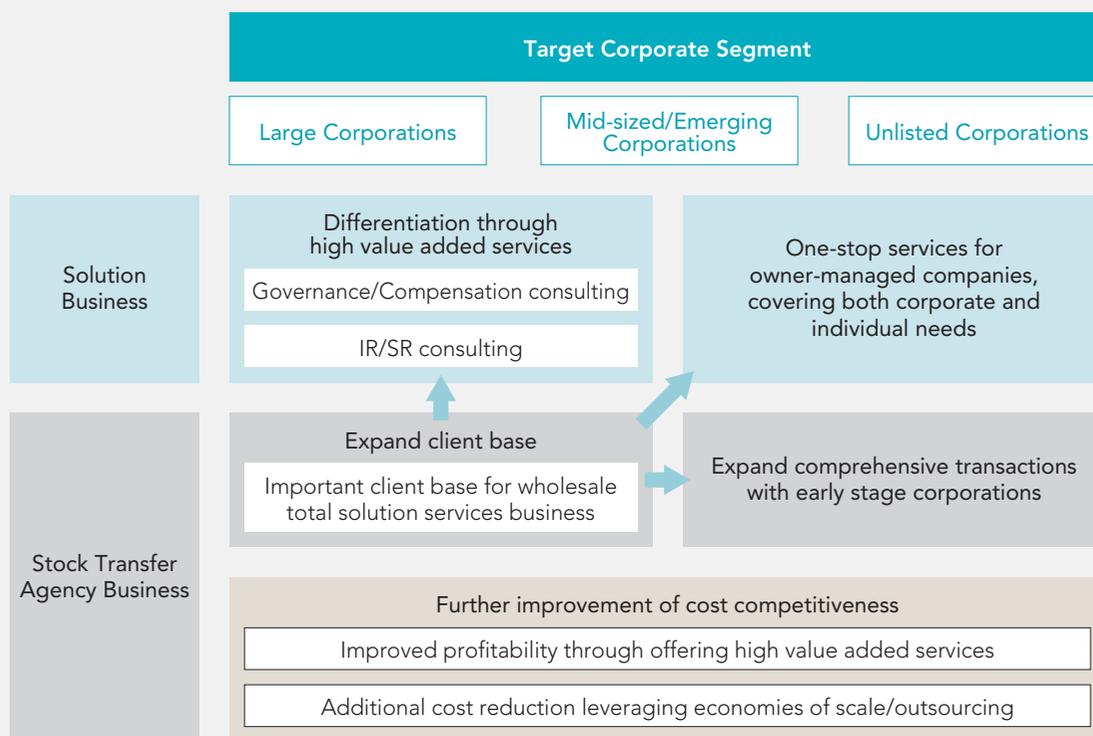
The environment surrounding companies has changed considerably since the establishment of the Stewardship Code and the Corporate Governance Code, and client needs are expanding beyond stock-related matters and support for shareholders' meetings to include enhancement of governance, ESG measures, and consulting on incentive compensation. Furthermore, clients are asking for stronger initiatives to evolve from "form" to "substance" corporate governance reform than in the past, and the related needs at each company are becoming diverse and complex.

The SuMi TRUST Group contributes to the further improvement of clients' enterprise value and market value by providing

optimal, high-quality solutions to management issues in investor and capital strategies, which are becoming increasingly important due to changes in the external environment.

In addition, we offer strong backup for the realization of IPOs through measures such as providing corporate and individual solutions for owner-managed companies as well as legal consulting services to clients pursuing IPOs from the preparation stage. We are also focusing on making a contribution to regional revitalization through cooperation with local financial institutions to support IPOs by regional companies. We intend to achieve the top share of entrustments from newly listed companies as a result of these initiatives.

By building further stronger relationships with our clients and establishing our position as their "Best Partner" through these activities, we will achieve sustainable expansion of our client base and an unshakeable status as the leading company in the stock transfer agency services market.



## Profit Targets of Midterm Management Plan

While we are already No. 1 in the industry in terms of the number of shareholders under administration, we are also focusing on expanding our number and share of listed companies under management, with the aim of achieving the top position in the industry in terms of both shareholders and companies under management. We are also seeking to expand consulting fees by providing clients with solutions to management issues in investor and capital strategies. Moreover, through measures such as using FinTech to create systems related to routine administration, we will reduce costs by streamlining operations while continually increasing consolidated substantial gross business profit before credit costs.

## Topics for Future Focus

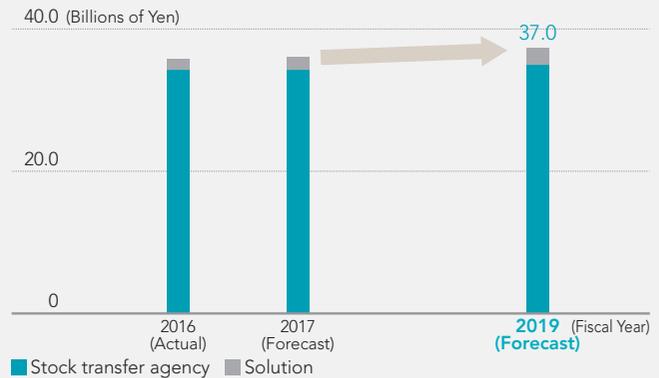
### Providing Solutions

The establishment of the Corporate Governance Code has prompted listed companies to aim for greater transparency in management from the perspective of investors, and the establishment of the Stewardship Code has led institutional investors to step up efforts to exercise voting rights in the interests of beneficiaries, through measures such as dialogue with companies.

Given these changes in the external environment, we recognize that the provision of governance enhancement measures and IR/SR services, which are focus areas of the SuMi TRUST Group, are becoming even more important, and we will further enhance our solutions for these issues as our clients' "Best Partner."

Against the backdrop of such trends among companies and institutional investors, studies are underway to examine revision of laws and regulations encouraging further promotion of dialogue and provision of information. The SuMi TRUST Group is carrying out verification and making proposals from various angles in order to put in place a structure that can fully address such reforms of the systems. As an industry leader, we will continue to provide optimal solutions for our clients, while contributing broadly to socio-economic development.

Growth Image of Consolidated Substantial Gross Business Profit



### Publications

We strive to distribute a variety of information and publish books to allow those in management and those responsible for practical matters to deepen their understanding of stock-related matters and general meeting of shareholders.

We regularly publish the "News on Stock Transfer Agency Services," which provides information concerning legal system reforms and practical business trends, and "Shoken Daiko Consulting Bucho no Me" ("Viewpoint of the General Manager of the Stock Transfer Agency Business Advisory Department") on topics related to stock and general meeting of shareholders strategies that management personnel should know. In addition, we also issue a number of practical guides such as "Kabushiki Jitsumu/Kabunushi Soukai no Point 2017" ("Key points on stock-related matters and general meeting of shareholders 2017"), "Sugu Wakaru! Kabushiki Jitsumu no Point" ("Easy to understand key points on stock-related matters"), and "Kabushiki Jitsumu no Iroha" ("ABCs of stock-related matters") (all edited by the Stock Transfer Agency Business Advisory Department of SuMi TRUST Bank), and the "Shokai/Kabushiki Jitsumu Gaido Bukku" ("Guidebook to stock-related matters: Detailed explanation") (edited by Tokyo Securities Transfer Agent Co., Ltd.). We will continue striving to be recognized as the "Best Partner" of our clients by providing them with up-to-date information.

