

Press Release



TOKAI TOKYO FINANCIAL HOLDINGS, INC.

5-1, NIHONBASHI 2-CHOME, CHUO-KU, TOKYO 103-6130 JAPAN

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(TSE, NSE: 8616)

October 29, 2021

Re: A Merger Between Our Consolidated Subsidiaries (Tokai Tokyo Securities and ACE Securities)

We, Tokai Tokyo Financial Holdings, Inc., (the Company, hereafter) are pleased to announce that Tokai Tokyo Securities Co., Ltd. (Tokai Tokyo Securities, hereafter) and ACE Securities Co., Ltd. (ACE Securities, hereafter), both as our wholly owned subsidiaries, decided to effect the merger (the Merger, hereafter) between themselves in the form of absorption merger with Tokai Tokyo Securities as a surviving company. Tokai Tokyo Securities passed the resolution at its Board of Directors Meeting held on October 27, whereas the Company and ACE Securities did the same at each Board of Directors Meeting held today. Please note that we have omitted some part of the disclosure concerning the Merger as per the relevant disclosure requirements since the Merger will take place between our wholly owned subsidiaries. Further, ACE Securities, which expires after the Merger, falls into a category of Specified Subsidiary of the Company.

1. The objective

We aim to both improve the customer service and increase and maintain our corporate value effectively.

2. The Outline of the Merger

(1) Schedule:

- The date of passing resolution at respective Board of Directors Meetings concerning the Merger:
at Tokai Tokyo Securities: October 27, 2021
at the Company and ACE Securities: October 29, 2021
- The date of the Merger agreement execution: October 29, 2021
- The date of approval on the Merger to be confirmed by the Shareholders' Meetings of both Tokai Tokyo Securities and ACE Securities: Sometime in March 2022 (Planned)
- Date of the Merger: May 1, 2022 (Planned)

(2) Method of the Merger:

An absorption merger wherein Tokai Tokyo Securities will be the surviving company and ACE Securities will be the absorbed company.

(3) Details of allotments relating to the Merger:

No shares or other pecuniary interests will be allocated through the Merger.

(4) Treatment of stock acquisition rights and bonds with share option of the absorbed company:

Not applicable.

3. Outline of the parties involved in the Merger (as of October 29, 2021)

	Surviving company	Absorbed company
(1) Company name	Tokai Tokyo Securities Co., Ltd.	ACE Securities Co., Ltd.
(2) Headquarters	7-1, Meieki 4-chome, Nakamura-ku, Nagoya-City, Aichi, Japan	6-11, Honmachi 2 Chome, Chuoku, Osaka City, Osaka, Japan
(3) President and Representative Director	Masataka Sato	Yoshinori Deguchi
(4) Business	Financial Instruments Business Operator	Financial Instruments Business Operator
(5) Paid-in capital	Yen 6,000,000 Thousand	Yen 8,831,125 Thousand
(6) Date of incorporation	October 8, 2008	February 21, 1931
(7) Number of shares issued	120 Thousand	4,987 Thousand
(8) End of fiscal year	March 31	March 31
(9) Major shareholders/ ownership ratio	Tokai Tokyo Financial Holdings, Inc. /100%	Tokai Tokyo Financial Holdings, Inc. /100%

4. Outline of Tokai Tokyo Securities after the Merger

(1) Company name	Tokai Tokyo Securities Co., Ltd.
(2) Headquarters	7-1, Meieki 4-chome, Nakamura-ku, Nagoya-City, Aichi, Japan
(3) President and Representative Director	Masataka Sato
(4) Business	Financial Instruments Business Operator
(5) Paid-in capital	Yen 6,000,000 Thousand
(6) Date of incorporation	October 8, 2008
(7) Number of shares issued	120 Thousand
(8) End of fiscal year	March 31
(9) Major shareholders/ ownership ratio	Tokai Tokyo Financial Holdings 100%

5. Matters constituting the ownership change of subsidiaries

(1) The reason for the change

Accompanying the execution of the Merger agreement, we and ACE Securities decided on the transfer of 43.6% share-holding equity in Maruhachi Securities Co., Ltd. (security code:8700, located at 2 Chome 4 Banchi, Shinsakaemachi, Nakaku, Nagoya City, Aichi, Japan, hereafter referred to as Maruhachi Securities) that ACE Securities currently possesses. Further decided was that the subject transfer shall be made as payment of a qualified dividend in kind to the Company. The subject decision was made by the Company at its Management Meeting held on October 25. Similarly, ACE Securities, at its Directors Meeting held today, decided on the same matter. Consequently, we, Tokai Tokyo Financial Holdings, will own directly 43.6% of outstanding shares of Maruhachi Securities, which constitutes a change to our subsidiary possession.

(2) Scheduled actions related to the change in subsidiary ownership

- Management Meeting at Tokai Tokyo Financial Holdings: October 25, 2021
- The Board of Directors Meeting of ACE Securities: October 29, 2021
- The General Meeting of Shareholders of ACE Securities: November 1, 2021 (Planned)
- Effectuation date of the payment of a dividend in kind: November 15, 2021 (Planned)

6. Other Matter:

Since the Merger takes place between the Company's wholly-owned consolidated subsidiaries, we estimate that the impact of the Merger on our consolidated financial standing would be insignificant.

(end)

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