

# Press Release



## TOKAI TOKYO FINANCIAL HOLDINGS, INC.

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

*Note: This English translation is for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail. We assume no responsibility for this translation or for direct, indirect or any other form of damage arising from the translation.*

(8616; PRIME Market, PREMIER Market)

December 11, 2023

### **Re: Capital contribution in kind to Money Design, our equity method affiliate, and subsequent changes in ownership structure of Tokai Tokyo Financial Group members.**

We, Tokai Tokyo Financial Holdings, Inc., are pleased to announce that we decided today on the capital contribution in kind (hereafter referred to as “the Capital Contribution”) to Money Design Co., Ltd., (hereafter referred to as “Money Design”) our equity method affiliate. We will transfer the shares of Tokai Tokyo Asset Management Co., Ltd. (Hereafter referred to as “Tokai Tokyo Asset Management”) we own to Money Design as capital contribution in kind.

Further, we will receive from Tokai Tokyo Wealth Consulting Co., Ltd. the stocks of Tokai Asset Management they currently own by the time the Capital Contribution will be effected. Tokai Tokyo Wealth Consulting Co., Ltd. is our wholly-owned subsidiary.

#### 1. The rationale for the Capital Contribution

Since we admitted Money Design into our group as an equity method affiliate in June 2018, we have been making endeavors to deliver better asset management products to customers through the two channels within our group, namely, Tokai Tokyo Asset Management and Money Design.

Since Money Design became our equity method affiliate, we have been trying to increase the touching point with potential customers of young and next generation. Actually, we started offering a new robotic-advisor service to the customers of CHEER Securities, our wholly owned subsidiary, which is what we call “Omakase Management” on August 21 this year.

In the meantime, Tokai Tokyo Asset Management, engages in developing and placing private investment trust products, in addition to fund wraps, to the customers of respective Joint Venture security brokerage companies established jointly by Tokai Tokyo Securities Co., Ltd, and regional banks.

Under these circumstances, we consider that the captioned equity transfer by having Money Design absorb Tokai Tokyo Asset Management would make it possible to complement each other between two entities by sharing the resources each has nurtured. So, we believe that the Capital Contribution would serve to raise our group’s asset management competence, which then enables us to provide services of better quality and ultimately to increase our corporate value. This is the rationale for the Capital

Contribution we implement this time.

Also, we consider that the Capital Contribution conforms to the government’s policy of upgrading the asset management competence and improving the governance level and structure as the prerequisite to become a nation preeminent in asset management. The reason is that the independence of asset management function would be further enhanced by exercising the Capital Contribution. Therefore, we believe that strengthening the governance through Capital Contribution should help us to build our business infrastructure to fulfill “customer first operation.”

2. Profile of the subsidiary as of December 11, 2023

(1)	Name of the company	Tokai Tokyo Asset Management Co., Ltd.	
(2)	Location	1 -17-21 Shinkawa, Chuo-Ku, Tokyo	
(3)	Names and titles of representatives	Masahiko Murakami, Representative Director and President Masamichi Takahashi, Representative Director and Deputy President	
(4)	Line of business	Asset Management, Investment Advisory and Agency and Type II Financial Instrument Business	
(5)	Capital	50 million Yen	
(6)	Date of incorporation	July 28, 2005	
(7)	Equity owners and ownership shares before Capital Contribution	Tokai Tokyo Financial Holdings, Inc. (69.1%) Tokai Tokyo Wealth Consulting Co., Ltd. (30.9%)	
(8)	The relation between the listed company and the subject company	Capital relation	We hold 69.1% of voting right of the subject company and 30.9% thereof indirectly.
		Personnel relation	Currently, two Directors and one Executive Officer of our company assume the positions of Outside Director, and one Advisor of our company assumes the position of an Auditor all besides their respective duties at our company.
		Business relation with our company	We are under the contractual relationship of Management Consulting Agreement with the subject company
(9)	Equity Owner and its share of ownership after the Capital Contribution	Money Design Co., Ltd. (100%)	

3. The profile of the equity method affiliate, which is the receiving party of the Capital Contribution.( As of December 11, 2023)

(1) Name of the company	Money Design Co., Ltd.	
(2) Location	13 <sup>th</sup> Floor Kioi Tower, Tokyo Garden Terrace Kioicho, 1-3 Kioicho, Chiyoda-Ku, Tokyo	
(3) Name and title of representatives	President and Representative Director Ryoichi Yamabe	
(4) Line of business	Investment Management Business, Investment Advisory and Agency Business, Defined Contribution Pension Plan Management Business	
(5) Capital	100 million Yen	
(6) Date of incorporation	August 1, 2013	
(7) Equity owners and ownership shares before Capital Contribution	Tokai Tokyo Financial Holdings, Inc. 20.0%, Tani Iemori 19.7%	
(8) The relation between the listed company and the subject company	Capital relation	We currently hold 20% of the voting right of the subject company.
	Personnel relation	Currently, one Executive Officer of our company assumes the position of Director of the subject company besides his duty at our company.
	Business relation with our company	We, as a group, are selling Investment Trusts the subject company manages. The subject company engages in managing discretionary investment management service, “Omakase Management” which our subsidiary, CHEER Securities Inc. provides.

4. The changes in our ownership status before and after the exercise of Capital Contribution with regard to the shares of the equity method affiliate, the recipient of the Capital Contribution

(1) Number of shares we hold before the exercise of the Capital Contribution	168,010 shares (Voting right share of the subject company : 20.0%)
(2) Allocated number of shares by the Capital Contribution	21,565 shares
(3) Number of shares after the Capital Contribution	189,575 shares (Voting right share of the subject company : 22.0%)

5. Schedule

(1) The date when the decision was made	December 11, 2023
(2) Signing date of the contract	December 11, 2023
(3) The date when the capital contribution will be made	December 29, 2023 (subject to change)

6. Future Outlook

The impact of the Capital Contribution on the Company's consolidated financial results is expected to be minimal. However, we will promptly disclose any material impact that becomes apparent.

(end)

Contact: +81-(0)3-3517-8618, Corporate Communications, Tokai Tokyo Financial Holdings, Inc