

Press Release



TOKAI TOKYO FINANCIAL HOLDINGS, INC.

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(TSE, NSE: 8616)

June 27, 2018

Tokai Tokyo Financial Holdings to Acquire 20% Shares of MONEY DESIGN

We, Tokai Tokyo Financial Holdings, Inc., are pleased to announce that we entered into an Investment Agreement with MONEY DESIGN Co., Ltd. (hereafter referred to as "MONEY DESIGN") that is headquartered in Minato-ku, Tokyo, and led by Mr. Jin Nakamura, President and Representative Director. MONEY DESIGN is a company in FinTech field that operates robo advisor business under the "THEO" brand, designing and providing optimal asset management services to the clients based on the result their original algorithm analyzes at low cost.

It is our plan to enter into a Business Alliance Agreement with MONEY DESIGN in addition to the Investment Agreement after the subject investment is consummated.

1. The purpose of this investment

To achieve the medium-to-long-term growth of Tokai Tokyo Financial Group (hereafter referred to as "TTFG"), we find it an important operational requirement to offer advanced services to our customers using innovative financial technologies that predominantly emerge from FinTech area while at the same time increasing contact point with young and next-generation customers besides the one with existing customers. With this shareholding relation established, we will develop cooperative business alliance with MONEY DESIGN to expand our interaction with the young customers of MONEY DESIGN, which, as we design, ultimately improve the corporate value of MONEY DESIGN.

Furthermore, it is a part of our Great Platform strategy to make ourselves ready to offer various FinTech services including those provided by MONEY DESIGN and other services to the regional banks who are our strategic partners as well as to the securities brokerage firms who procure the platform services from us.

2. The outline of this investment

We will acquire Class E preferred stocks that MONEY DESIGN issues. The total purchase price of the subject stocks is ¥5 billion.

The investment at this time causes our equity stake in MONEY DESIGN to be 20%, and therefore, MONEY DESIGN will become our equity method affiliate. Furthermore, we plan to send one director to MONEY DESIGN.

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

3. The Profile of MONEY DESIGN

(1) Company name	MONEY DESIGN Co., Ltd.		
(2) Headquarters	1 st Floor Sankaido Building, 1-9-13, Akasaka, Minato-ku, Tokyo, Japan		
(3) Representative	Jin Nakamura, President and Representative Director		
(4) Business description	Investment Management, Investment Advisory and Agency Business / Type I Financial Instruments Business		
(5) Paid-in capital	740 million yen		
(6) Membership in associations	Japan Investment Advisers Association, Japan Securities Dealers Association, The Investment Trusts Association, Japan		
(7) Establishment	August 1, 2013		
(8) Major shareholders and their holdings (excluding potentially dilutive shares)	Mamoru Taniya 24.25%, UTEC 3 Limited Partnership 10.85%, and others		
(9) Relationship between us and MONEY DESIGN	Capital relationship	None	
	Personnel relationship	None	
	Business relationship	None	
	Status as a related party	None	
(10) Financial results of past 3 years (in thousand yen)			
Fiscal year ended	March 2016	March 2017	March 2018
Operating revenue	7,888	28,233	143,696
Operating income	-349,968	-827,229	-1,170,660
Net income	-349,688	-824,943	-2,611,283
Net assets	1,346,177	2,033,868	2,464,523

4. Time schedule

(1) Signing of the Investment Agreement	June 26, 2018
(2) Share acquisition	June 29, 2018 (planned date)

5. The predicted impact of the transaction

We estimate that the impact on our financial standing for the fiscal year ending in March 31, 2019 would be insignificant.

(end)