



July 19, 2019

To whom it may concern

TOKAI Holdings Corporation
Katsuhiko Tokita, President & CEO
(Code No. 3167 Tokyo Stock Exchange First Section)

Notice of Acquisition of Shares of AM's Brain Inc. (Transfer to Consolidated Subsidiary)

TOKAI Holdings Corporation (hereinafter "TOKAI Holdings") announces that TOKAI Communications Corporation (Headquarters: Shizuoka City, Shizuoka Prefecture; President & CEO: Yasuhiro Fukuda; hereinafter "TOKAI COM"), a wholly owned subsidiary of TOKAI Holdings, has concluded a share purchase agreement to acquire shares of AM's Brain Inc. (Headquarters: Kita-ku, Okayama City, Okayama Prefecture; President & Representative Director: Takahito Ishida; hereinafter "AM's Brain") (hereinafter "Share Acquisition"), and transferred the company to a consolidated subsidiary as stated below.

1. Purpose of Acquisition of Shares

Speed of environmental changes and technological innovation surrounding the field of information and communications are significant these days. In particular, digitization of companies have brought about business model reforms, and customers' needs have also become more diversified and complicated. To respond to them and to achieve sustainable growth, promotion of digital transformation (DX)* is becoming important. Under such circumstance, TOKAI COM offers wide range of services in the field of information and communications, from individuals to corporates, as a one-stop service company expanding as a triumvirate of networks, data centers, and system development. Optimum solutions to corporate customers are provided by utilizing the company-owned data centers and fiber-optic networks, actively proceeding with advanced technologies such as cloud computing, AI, and IoT against the backdrop of technology and know-how cultivated over the years.

AM's Brain, through AM's Unity Inc. (Headquarters: Kita-ku, Okayama City, Okayama Prefecture; President & Representative Director: Takahito Ishida; hereinafter "AM's Unity") which is its subsidiary, is carrying out information service business in Okayama Prefecture with entrusted development of software and system operation and maintenance as its core. By making use of know-how and resources obtained through business development in the region over the years, AM's Brain has established stable business results.

Execution of Share Acquisition was decided this time under the judgement that, mutual utilization of business resources of TOKAI COM and AM's Brain will strengthen the development structure of the information and communications business, create synergies mainly in the company-owned data center in Okayama Prefecture, and thus lead to the medium-to-long term improvement of corporate values of both companies. Going forward, by leveraging the strengths of the two companies and further expanding the business areas, diversified customer needs will be responded with promptness and flexibility, and promotion of digital transformation (DX) supported with a view toward sustainable growth of the two.

* Digital Transformation (DX)

Use of data and digital technologies by companies to respond to the intense environmental changes in business; products, services, business models, as well as business itself, organization, process, and corporate culture are reformed based on the needs of customers and society to establish competitive predominance.

2. Overview of AM's Brain Inc. and AM's Unity Inc.

(1)	Company Name	AM's Brain Inc.		
(2)	Location	1201-1 Kitanagase, Kita-ku, Okayama City, Okayama Prefecture		
(3)	Name and position of representative	President & Representative Director Takahito Ishida		
(4)	Business activities	Entrusted development and sales of software		
(5)	Capital	10 million yen		
(6)	Establishment date	April 1989		
(7)	Major shareholders and shareholding ratio (as of July 17, 2019)	Akira Matsumoto	89%	
		Junichi Matsumoto	10%	
		Takahito Ishida	1%	
(8)	Relationship between the listed company and the relevant company	Capital relationship	Not applicable	
		Personal relationship	Not applicable	
		Business relationship	Not applicable	
(9)	Business results and financial condition of the relevant company of the latest three years			
	Accounting period	FYE3/17 (yen)	FYE3/18 (yen)	FYE3/19 (yen)
	Net Assets	31,000,000	30,000,000	30,000,000
	Total Assets	34,000,000	33,000,000	33,000,000
	Net Assets per Share	154,000	152,000	150,000
	Net Sales	0,000	0,000	0,000
	Operating Profit	(4,663,000)	(433,000)	(176,000)
	Ordinary Profit	43,398,000	(329,000)	(164,000)
	Net income	(40,230,000)	(536,000)	(235,000)
	Net income per Share	(201,000)	(3,000)	(1,000)
	Dividend per Share	-	-	-

(1)	Company Name	AM's Unity Inc.		
(2)	Location	1201-1 Kitanagase, Kita-ku, Okayama City, Okayama Prefecture		
(3)	Name and position of representative	Chairman & Representative Director Akira Matsumoto President & Representative Director Takahito Ishida		
(4)	Business activities	Entrusted development of software, system operation and maintenance		
(5)	Capital	10 million yen		
(6)	Establishment date	March 2007		
(7)	Major shareholders and shareholding ratio (as of July 17, 2019)	AM's Brain Inc.	100%	
(8)	Relationship between the listed company and the relevant company	Capital relationship	Not applicable	
		Personal relationship	Not applicable	
		Business relationship	Not applicable	
(9)	Business results and financial condition of the relevant company of the latest three years			
	Accounting period	FYE12/16 (yen)	FYE12/17 (yen)	FYE12/18 (yen)
	Net Assets	177,000,000	184,000,000	190,000,000
	Total Assets	199,000,000	204,000,000	206,000,000
	Net Assets per Share	177,000	184,000	190,000
	Net Sales	188,000,000	209,000,000	180,000,000
	Operating Profit	(19,000,000)	11,000,000	(7,000,000)
	Ordinary Profit	(1,000,000)	11,000,000	9,000,000
	Net income	(1,000,000)	6,000,000	6,000,000
	Net income per Share	(1,000)	6,000	6,000
	Dividend per Share	-	-	-

3. Overview of Counterparty of Share Acquisition

(1) Name	Akira Matsumoto, Junichi Matsumoto
(2) Address	Kurashiki City, Okayama Prefecture; Kurashiki City, Okayama Prefecture
(3) Relationship between listed company and relevant individual	There is no significant capital, personal, and business relationships to be noted.

4. Number of Shares to be Acquired and Number of Shares Held Before and After Transfer

(1) Number of shares held before transfer	Zero share (Number of voting rights: zero) (Ownership ratio: 0%)
(2) Number of shares acquired	198 shares (Number of voting rights: 198) (Ratio to number of shares issued: 99%)
(3) Number of shares held after transfer	198 shares (Number of voting rights: 198) (Ownership ratio: 99%)

5. Schedule

(1) Contract Date	June 27, 2019
(2) Share subscription execution date	July 18, 2019

6. Future Outlook

TOKAI Holdings acknowledges that impact of this matter to the consolidated financial results for the fiscal year ending in March 2020 is insignificant.

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