



February 20, 2020

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 SENDAI CATV Co., Ltd. (Transfer to Consolidated Subsidiary)

TOKAI Holdings Corporation (hereinafter “Company”) announces that the Board of Directors held on February 20, 2020 resolved TOKAI Cable Network Corporation (Headquarters: Numazu City, Shizuoka Prefecture; Representative Director and President: Mitsuhaya Suzuki), a wholly owned subsidiary of the Company, to acquire shares of SENDAI CATV Co., Ltd. (Headquarters: Sendai City, Miyagi Prefecture; Representative Director and President: Yoshiaki Kikuchi) (hereinafter “Share Acquisition”), and transfer the company to a consolidated subsidiary as stated below.

1. Purpose of Acquisition of Shares

TOKAI Group is promoting growth strategies centered on the medium-term management plan “Innovation Plan 2020 ‘JUMP’” whose final year is FY2020. In addition to growth of existing businesses, this plan aims to accelerate the growth of the Group through leveraging. As specific strategies, active promotion of M&A and alliance investments are made to expand customer base and strengthen profitability.

Since the launch of the CATV business in Shizuoka Prefecture in 1988, TOKAI Group has continued to expand the business through M&A. As of December 31, 2019, broadcasting and communications (internet access) services are offered in six prefectures, namely Tokyo, Shizuoka, Kanagawa, Chiba, Nagano, and Okayama, the former services enjoyed by 801 thousand customers and the latter by 287 thousand customers.

SENDAI CATV Co., Ltd., whose shares will be acquired this time, is a cable television operator covering areas of Sendai City and Natori City in Miyagi Prefecture. In addition to terrestrial, BS, and CS broadcastings, services such as multi-channel broadcasting and internet access are offered to 57 thousand customers. Execution of Share Acquisition was decided under the judgment that this acquiring of shares will expand marketing areas of TOKAI Group’s CATV and lifestyle-related services in the said regions and create synergies through mutual utilization of know-hows, thus leading to the improvement of the Group’s corporate value over the mid to long term and contributing to the further development of local communities.

2. Overview of the Consolidated Subsidiary (SENDAI CATV Co., Ltd.) Transferred

(1)	Company Name	SENDAI CATV Co., Ltd.	
(2)	Location	1-15-5 Honcho, Aoba-ku, Sendai-shi, Miyagi Prefecture	
(3)	Name and position of representative	Representative Director and President Yoshiaki Kikuchi	
(4)	Business activities	CATV business and incidental business	
(5)	Capital	3.5 billion yen	
(6)	Establishment date	March 11, 1983	
(7)	Major shareholders and shareholding ratio	Dowa Kogyo Corporation	74.2%
		Dowa Keibi Corporation	13.7%
(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 for the past three years			
Accounting period	FYE3/17 (yen)	FYE3/18 (yen)	FYE3/19 (yen)
Net Assets	1,673,000,000	1,736,000,000	1,787,000,000
Total Assets	2,440,000,000	2,363,000,000	2,430,000,000
Net Assets per Share	23,909	24,810	25,533
Net Sales	1,066,000,000	1,057,000,000	1,037,000,000
Operating Profit	52,000,000	76,000,000	66,000,000
Ordinary Profit	30,000,000	64,000,000	57,000,000
Net income	25,000,000	63,000,000	50,000,000
Net Income per Share	362	900	722
Dividend per Share	-	-	-

3. Overview of Counterparty of Share Acquisition

Dowa Kogyo Corporation (Number of shares to be acquired: 51,970 shares)

(1) Company Name	Dowa Kogyo Corporation
(2) Location	4-6-1 Ichibancho, Aoba-ku, Sendai-shi, Miyagi Prefecture
(3) Name and position of representative	Representative Director and President Kazuhiro Sugai
(4) Business activities	Comprehensive building management business
(5) Capital	177.5 million yen
(6) Establishment date	March 1, 1961
(7) Relationship between the listed company and the relevant company	There is no significant capital, personal, and business relationships.

Dowa Keibi Corporation (Number of shares to be acquired: 9,600 shares)

(1) Company Name	Dowa Keibi Corporation
(2) Location	3-2-1 Chuo, Aoba-ku, Sendai-shi, Miyagi Prefecture
(3) Name and position of representative	Representative Director and President Hirotomo Takahashi
(4) Business activities	Security business
(5) Capital	212.5 million yen
(6) Establishment date	September 19, 1967
(7) Relationship between the listed company and the relevant company	There is no significant capital, personal, and business relationships.

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

(1) Number of shares held before transfer	Zero shares (Number of voting rights: zero) (Ratio of voting rights ownership: 0%)
(2) Number of shares to be acquired	61,570 shares (Number of voting rights: 61,570) (Ratio to number of shares issued: 87.9%)
(3) Acquisition Cost	Acquisition cost will not be disclosed due to the counterparty request. The cost, however, is recognized to be a fair value decided after mutual consultation based on the share value calculated by a third-party organization.
(4) Number of shares to be held after transfer	61,570 shares (Number of voting rights: 61,570) (Ratio of voting rights ownership: 87.9%)

5. Schedule

(1)	Date of resolution by Board of Directors	February 20, 2020
(2)	Contract Date	March 10, 2020 (planned)
(3)	Execution date of share transfer	March 31, 2020 (planned)

6. Future Outlook

The impact of this transaction on the Company's consolidated operating results for the fiscal year ending in March 2020 is recognized as insignificant.

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