

Press Release



TOKAI TOKYO FINANCIAL HOLDINGS, INC.

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(8616; PRIME Market, PREMIER Market)

May 20, 2024

Re: Tokai Tokyo Financial Holdings Announces Granting of Stock Options (Stock Acquisition Rights)

Tokai Tokyo Financial Holdings (the Company) announces that a meeting of the Board of Directors held today decided to submit a proposal to the 112th Ordinary Shareholders' Meeting of Tokai Tokyo Financial Holdings that is to be held on June 26, 2024, seeking approval for the Board of Directors of Tokai Tokyo Financial Holdings to be empowered to determine matters relating to the offer of stock acquisition rights issued as stock options to such parties that include executive directors and employees of both Tokai Tokyo Financial Holdings and its subsidiaries in accordance with the provisions of Article 236, Article 238 and Article 239 of the Companies Act of Japan. Details are outlined below.

1. Reasons necessitating the offer of stock acquisition rights with preferential conditions;

The issuance of stock acquisition rights to the above stated parties is aimed at improving consolidated performance by providing them with the common incentive of improving the performance of the Group as a whole, while pursuing harmonization of such parties' interests with those of shareholders.

2. Maximum number of stock acquisition rights that can be determined under the power delegation by the resolution at the shareholders' meeting;

The resolution at the shareholders' meeting provides that the maximum allocatable number of stock acquisition rights will be one thousand six hundred (1,600) stock acquisition rights. In addition, the maximum issuable number of common stocks of Tokai Tokyo Financial Holdings through the exercise of the stock acquisition rights shall be one million six hundred thousand (1,600,000) shares (approximately 0.61% of outstanding shares).

However, if adjustment is made to the maximum issuable number of shares in accordance with the paragraph 4 (1) below, such maximum issuable number of shares (hereinafter, "the number of shares granted" shall be the one we get by way of multiplying the number of shares granted after adjustment by the above specified maximum number of allocatable stock acquisition rights.

3. No payment shall be required for stock acquisition rights.

4. Details of the stock acquisition rights

(1) Number of shares to be issued upon exercise of stock acquisition rights

The number of shares to be issued upon exercise of each stock acquisition right (i.e. "number of shares granted") shall be one thousand (1,000) shares of common stock of Tokai Tokyo Financial Holdings.

In the event the Company splits its common stock (including the gratis allotment of the Company's

common stock, the same being applied hereinafter) or consolidates its common stock after the allocation of stock acquisition rights, the number of shares granted under stock acquisition rights which have remained unexercised at the time of the stock split or stock consolidation will be adjusted in accordance with the following formula. Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.

$$\text{Adjusted number of shares granted} = \text{Number of shares granted before adjustment} \times \text{Ratio of split or consolidation}$$

In addition to the above, in the event of the Company's merger with another company, company split, capital reduction of the Company, or any other similar event in which adjustment of the number of shares granted is required after the allocation of the stock acquisition rights, the Company may suitably adjust the number of shares granted to the extent the Company considers reasonable.

- (2) Value of assets to be paid-in to the Company's capital at the time of exercising stock acquisition rights, or the method of calculating such value

The value of assets to be paid-in at the time of exercising stock acquisition rights shall be the amount paid per share to be issued by the exercise of the stock acquisition rights (hereinafter "the exercise price") multiplied by the number of shares granted. The exercise price shall be equal to the product of (*) the price determined by the following rule \times (multiplied by) 1.05. Any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest yen.

(*) The price determination rule: The higher price of either the average of the daily closing prices of the common stock of the Company in regular transactions at the Tokyo Stock Exchange, Inc. on each of the trading days (excluding days on which no trading is made) in the calendar month immediately prior to the month when the stock acquisition rights are allocated, or the closing price of the common stock of the Company in regular transactions at the Tokyo Stock Exchange, Inc. on the allocation date (if there is no closing price on the allocation date, the most recent closing price prior to the allocation date shall apply).

If the Company splits or consolidates its common stock after the allocation date, the exercise price is adjusted by the following formula, and any fraction of less than one (1) yen resulting from such adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

If the Company issues new shares of common stock or disposes of its treasury stocks at less than the current market price (except in the case of responding to either exercise of stock acquisition rights or request for the additional purchase of shares constituting less than one unit), then the exercise price shall be adjusted by the following formula, and any fraction of less than one (1) yen resulting from such adjustment shall be rounded up.

$$\text{Exercise price after} = \text{Exercise price} \times \frac{\text{Number of shares}}{\text{shares}} + \frac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{per share}}$$

adjustment	before adjustment	already issued	Current market price per share
Number of shares already issued + Number of shares newly issued			

In the above formula, the “number of shares already issued” means the total number of shares issued by the Company minus the number of treasury shares held by the Company. Further, if the Company disposes of its treasury stocks, the “number of shares newly issued” in the formula above shall read the “number of treasury stock disposed of,” and the “amount paid-in per share” shall read the “disposal value per share” respectively.

In addition to the foregoing, in the event of merger of the Company with another Company, company split, capital reduction of the Company, or any similar case in which adjustment of the exercise price is required after the allocation of the stock acquisition rights, the Company may suitably adjust the exercise price to the extent the Company considers reasonable.

(3) Exercise period for the stock acquisition rights

Five (5) years from the first day of the month following the month that is two years after the stock acquisition rights are allocated.

(4) Matters concerning the capital and additional capital reserve increased by the issuance of shares upon exercise of stock acquisition rights.

(i) The amount of capital to be increased by the issuance of shares upon exercise of stock acquisition rights shall be the half of the maximum limit of capital increase, as calculated in accordance with the provisions of Article 17, Paragraph 1 of the Company Accounting Regulation, and any fraction of less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen.

(ii) The amount of capital reserve to be increased by the issuance of shares upon exercise of stock acquisition rights shall be the amount obtained by deducting the capital to be increased, as provided in (i) above, from the maximum limit of capital increase, as also provided in (i) above.

(5) Restriction on the transfer of stock acquisition rights

Any transfer of stock acquisition rights requires the approval of the Board of Directors of the Company.

(6) Measures to be taken in the event of reorganization such as merger or company split

In the event of the Company engaging in absorption-type merger (limited to cases where the Company does not survive after merger), consolidation-type merger, company split and other reorganizations (hereinafter referred to as the “Reorganization Actions;” excluding stock transfer and stock exchange), the Company shall issue the stock acquisition rights of the company that is described in provisions of (a) through (e) of Item 8 of Paragraph 1 of Article 236 of the Companies Act of Japan (hereinafter the “Reorganized Company), to each holder of stock acquisition rights remaining at the time the Reorganization Actions become effective (hereinafter the “Remaining Stock Acquisition Rights”), based on the conditions described below. The above stated issuance is, however, effected only when statements of the issuance of the stock acquisition rights of the Reorganized Company have been made in absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, or incorporation-type company split

plan in accordance with the conditions given below.

- (i) Number of new stock acquisition rights of the Reorganized Company to be issued;
Same as the number of stock acquisition rights that are held by the holder of remaining stock acquisition rights shall be issued.
- (ii) Type of shares of the Reorganized Company to be issued upon the exercise of stock acquisition rights;
Common stocks of the Reorganized Company.
- (iii) Number of shares of the Reorganized Company to be issued upon the exercise of stock acquisition rights;
The number shall be determined after the reasonable adjustment is made by taking into account the conditions of Reorganization Actions and other factors (hereinafter “the Number of Shares after the succession”). Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.
- (iv) Exercise period for the stock acquisition rights
The exercise period shall be from either the commencement date of the exercise period for the stock acquisition rights as described in (3) above, or the effective date of the Reorganization Actions, whichever is later, to the final day of the exercise period for the stock acquisition rights as described in (3) above.
- (v) Matters concerning the capital reserve increased by the issuance of shares upon exercise of stock acquisition rights
Decisions shall be made in accordance with (4) above.
- (vi) Value of assets to be paid-in at the time of exercising stock acquisition rights
The value shall be the exercise price, as described in (2) above, that has been adjusted in a reasonable manner by taking into account the conditions of Reorganization Actions and other factors, multiplied by the number of shares after the succession.
- (vii) Other conditions of exercise of stock acquisition rights and reasons for acquisition of stock acquisition rights
Decisions shall be made in accordance with (7) and (9) below.
- (viii) Restriction on the transfer of stock acquisition rights
Any transfer of stock acquisition rights requires the approval of the Board of Directors of the Reorganized Company.

(7) Reasons for acquisition of stock acquisition rights

In the event that the stock acquisition rights are not transferred to a new company in accordance with the provisions of an agreement concerning an absorption-type merger (limited to cases where the Company does not survive after merger), consolidation-type merger, company split, stock transfer or stock exchange, etc. (includes company split agreement, stock transfer plan, etc.) or the resolution so made by the Shareholders’ Meeting, the Company shall be able to acquire the stock acquisition rights free of payment on the date to be determined separately by its Board of Directors.

(8) Any fractions of less than one (1) share of the number of shares to be issued to the holder of stock acquisition right who has exercised stock acquisition rights shall be disregarded.

(9) Other conditions of exercise of stock acquisition rights

- (i) Holders of stock acquisition rights shall be in the position of directors or employees (including those who are seconded to the Company or its subsidiaries) of the Company or its

subsidiaries at the time of exercising stock acquisition rights, excluding cases where such positions are relinquished due to proper reasons including retirement after the full term service completion, mandatory retirement, and resignation or retirement at the request of the Company or its any subsidiary.

- (ii) If any one of the cases below applies, the holder of stock acquisition right shall be ineligible to exercise the unexercised stock acquisition right:
 - (a) When a holder is dismissed by the resolution of the shareholders' meeting of the Company or its any one of the subsidiaries, or dismissed on disciplinary grounds, or when they resign or retire for personal reasons;
 - (b) When a holder is given a court sentence of imprisonment or greater severity;
 - (c) When a holder files a petition for bankruptcy or civil rehabilitation proceedings, or when a holder is subject to petition for seizure, provisional seizure, preservation, or provisional disposition, or is subject to coercive collection.

(end)