

# Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



August 7, 2023

Company name: Toshiba Tec Corporation

Stock exchange listing: Tokyo

Code number: 6588

URL: <https://www.toshibatec.co.jp/>

Representative: Hironobu Nishikori

President and CEO

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Scheduled date of filing quarterly securities report: August 8, 2023

Scheduled date of commencing dividend payments: –

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

## 1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2023	122,374	12.0	1,287	532.3	406	–	38	–
June 30, 2022	109,299	2.1	203	(93.8)	(2,253)	–	(2,161)	–

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 2,632 million [ 78.3 %]

Three months ended June 30, 2022: ¥ 1,476 million [ (31.9)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	0.70	0.70
June 30, 2022	(39.07)	–

(Note) Diluted earnings per share for the three months ended June 30, 2022 is not presented even though the Company has issued potential shares, because basic earnings per share was net loss.

### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2023	316,781	103,679	30.7
March 31, 2023	310,692	102,206	31.0

(Reference) Equity: As of June 30, 2023: ¥ 97,339 million

As of March 31, 2023: ¥ 96,195 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	20.00	–	20.00	40.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		20.00	–	25.00	45.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	530,000	3.8	18,000	11.9	15,000	14.1	7,000	–	126.48

(Note) Revision to the financial results forecast announced most recently: Yes

### \* Notes:

#### (1) Changes in significant subsidiaries during the three months ended June 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New – (Company name: )

Exclusion: – (Company name: )

#### (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes (3) Notes to the quarterly consolidated financial statements (Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)” on page 9 of this report.

#### (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

#### (4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2023: 57,629,140 shares

March 31, 2023: 57,629,140 shares

2) Total number of treasury shares at the end of the period:

June 30, 2023: 2,280,451 shares

March 31, 2023: 2,281,668 shares

3) Average number of shares during the period:

Three months ended June 30, 2023: 55,348,889 shares

Three months ended June 30, 2022: 55,328,546 shares

• Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

• Proper use of earnings forecasts, and other special matters

(Explanation for the proper use of earnings forecasts)

Financial results forecasts are based on information currently available to the Company and certain assumptions deemed reasonable and are not intended to be the Company’s guarantee that they will be achieved. Actual results may significantly vary due to a variety of factors. For the assumptions used as the basis for the earnings forecasts and precautions regarding the use of the earnings forecasts, please refer to “1. Qualitative information on the financial results for the period under review (3) Consolidated financial results forecast and other forward-looking information” on page 4 of this report.

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## 1. Qualitative information on the financial results for the period under review

### (1) Operating results

The world economy during the three months ended June 30, 2023 picked up moderately overall, as the normalization of economic activities progressed after the COVID-19 pandemic receded. However, the outlook still remained uncertain due mainly to price rises, ongoing monetary tightening overseas, and the Russian-Ukrainian problem.

Amid such conditions, Toshiba Tec Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) have been pursuing the Basic Policy of the FY23-25 Mid-term Business Plan, “To become a global top solutions partner by generating new value through co-creation with the aim of contributing to the resolution of social issues.” Under the basic policy, the Group has focused its energy on carrying out various measures toward sustainable growth. At the same time, the Group has strived to contribute to the resolution of social issues by executing business transformation and corporate transformation.

In the three months ended June 30, 2023, net sales were ¥122,374 million (up 12% year on year) due mainly to increased sales of POS systems for the domestic market and multifunction peripherals (MFPs), and the impact of foreign exchange rates. On the profit front, profitability of MFPs improved, resulting in operating profit of ¥1,287 million (up ¥1,084 million year on year), ordinary profit of ¥406 million (ordinary loss of ¥2,253 million in the same period of the previous fiscal year), and profit attributable to owners of parent of ¥38 million (loss attributable to owners of parent of ¥2,161 million in the same period of the previous fiscal year).

Results of reportable segments for the three months ended June 30, 2023 were as follows.

#### **Retail Solutions Business Group**

The Retail Solutions Business Group handles POS systems for domestic and overseas markets, auto ID systems for domestic market, and related products. Amid a severe business environment in which intensifying competition with peers continues, the business group has worked on expanding its solution business through the global retail platform “ELERA” and strategic partnership, boosting recurring revenue business, and investing in retail innovation to expand new businesses (strengthening digital human resources, ELERA Evolution, enhancing co-creation opportunities, and strengthening partner collaboration).

Sales of POS systems for the domestic market increased due to efforts to expand sales mainly of self-checkout systems, payment terminals, and smart receipts, as well as efforts to revise selling prices, despite continued harsh conditions reflecting soaring raw material prices, rising prices, and other factors.

Sales of POS systems for overseas markets increased due to the impact of foreign exchange rates, an increase in sales in the Americas, and other factors.

Sales of auto ID systems for the domestic market decreased, primarily because sales of mid-range and high-end barcode printers declined, offsetting the overall growth in the number of units sold thanks to strong sales of entry models and mobile printers to specific customers.

As a result, net sales of the Retail Solutions Business Group were ¥69,124 million (up 9% year on year). The business group recorded operating loss of ¥828 million (operating profit of ¥72 million in the same period of the previous fiscal year) due to deterioration in profit and loss of the POS systems for the domestic market caused by the impact of foreign exchange rates and a deterioration in profit and loss of POS systems for the overseas market.

#### **Workplace Solutions Business Group**

The Workplace Solutions Business Group handles multifunction peripherals (MFPs) for domestic and overseas markets, auto ID systems for overseas markets, inkjet heads for domestic and overseas markets, and related products. Amid a severe business environment in which the declining printing volume due to post-COVID-19 work style reforms and office DX promotion and intensifying competition with peers continue, the business group focused on increasing basic earnings power of core business. At the same time,

the business group worked on developing the auto ID business, document and data solutions, and customer support business in order to expand business in growth areas.

Sales of MFPs increased due to the impact of foreign exchange rates in addition to increased sales in the Americas, Europe, and other regions as a result of focusing on raising selling prices, supplying high-performance models, and other efforts.

Sales of auto ID systems for overseas markets declined as a result of decreased sales in the Americas, Europe, Asia, and other overseas regions.

Sales of inkjet heads decreased due mainly to decreased sales to overseas customers.

As a result, net sales in the Workplace Solutions Business Group were ¥54,475 million (up 16% year on year). Operating profit for the business group soared to ¥2,115 million (up ¥1,984 million year on year) due to the increase in net sales resulting from recovery from product supply disruptions, the increased selling prices and other factors and effects of structural reform and structural transformation implemented so far, etc.

(Note) An auto ID system is a system that uses hardware and software devices to recognize and manage data content by automatically scanning barcode and RFID tag data.

## (2) Financial condition

Assets at the end of the first quarter of the fiscal year ending March 31, 2024 increased by ¥6,089 million from the end of the previous fiscal year to ¥316,781 million. This was mainly because merchandise and finished goods, group deposits paid, and “Other” in current assets increased by ¥7,748 million, ¥5,093 million, and ¥2,204 million, respectively, and property, plant and equipment in non-current assets and “Other” in investments and other assets increased by ¥861 million and ¥1,817 million, respectively, although cash and deposits, and notes and accounts receivable - trade, and contract assets in current assets declined by ¥8,038 million and ¥3,801 million, respectively.

Liabilities increased by ¥4,615 million from the end of the previous fiscal year to ¥213,101 million. This was mainly because notes and accounts payable - trade and “Other” in current liabilities and retirement benefit liability in non-current liabilities increased by ¥1,950 million, ¥2,152 million, and ¥202 million, respectively.

Net assets increased by ¥1,473 million from the end of the previous fiscal year to ¥103,679 million. This was primarily due to an increase in foreign currency translation adjustment of ¥2,373 million, and an increase in retained earnings owing to the recording of profit attributable to owners of parent of ¥38 million, although retained earnings decreased owing to the payment of dividends of ¥1,106 million.

(3) Consolidated financial results forecast and other forward-looking information

The Company revised its consolidated financial results forecast for the fiscal year ending March 31, 2024 announced on May 11, 2023 as follows.

**Revision to consolidated financial results forecasts for the fiscal year ending March 31, 2024**

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (Yen)
Previously announced forecast (A)	520,000	18,000	15,000	7,000	126.48
Revised forecast (B)	530,000	18,000	15,000	7,000	126.48
Change (B)–(A)	10,000	–	–	–	–
Change (%)	1.9	–	–	–	–
Reference: results of the previous fiscal year (ended March 31, 2023)	510,767	16,078	13,149	(13,745)	(248.37)

**Revision to consolidated sales forecasts by segment for the fiscal year ending March 31, 2024**

(Million yen)

	Previously announced forecast (A)	Revised forecast (B)	Change (B) – (A)	Change (%)	Reference: results of the previous fiscal year (ended March 31, 2023)
Retail Solutions	307,000	310,000	3,000	1.0	296,951
Workplace Solutions	218,000	226,000	8,000	3.7	217,672
Eliminations	(5,000)	(6,000)	(1,000)	20.0	(3,857)
Net sales	520,000	530,000	10,000	1.9	510,767

**Consolidated operating profit forecasts by segment for the fiscal year ending March 31, 2024**

(Million yen)

	Previously announced forecast (A)	Revised forecast (B)	Change (B) – (A)	Change (%)	Reference: results of the previous fiscal year (ended March 31, 2023)
Retail Solutions	11,000	11,000	–	–	9,196
Workplace Solutions	7,000	7,000	–	–	6,882
Operating profit	18,000	18,000	–	–	16,078

Net sales of the Retail Solutions Business Group and Workplace Solutions Business Group have been revised upward due mainly to the impact of exchange rate. On the other hand, operating profit, ordinary profit, and profit attributable to owners of parent of the Group remain unchanged from the previously announced forecast. Based on these factors, we have revised our consolidated financial results forecasts for the fiscal year ending March 31, 2024 as stated above.

The reference exchange rates used in the consolidated financial results forecast for the fiscal year ending March 31, 2024 are ¥132.71 to the US dollar and ¥143.46 to the euro.

\* Financial results forecasts are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended to be the Company's guarantee that they will be achieved. Actual results may significantly vary due to a variety of factors.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	42,687	34,649
Group deposits paid	1,137	6,230
Notes and accounts receivable - trade, and contract assets	74,293	70,492
Merchandise and finished goods	37,616	45,364
Work in process	5,967	5,745
Raw materials and supplies	11,884	12,656
Other	28,173	30,377
Allowance for doubtful accounts	(1,185)	(1,273)
<b>Total current assets</b>	<b>200,575</b>	<b>204,242</b>
Non-current assets		
Property, plant and equipment	45,173	46,034
Intangible assets		
Goodwill	557	522
Other	10,528	10,306
<b>Total intangible assets</b>	<b>11,086</b>	<b>10,829</b>
Investments and other assets		
Other	54,266	56,083
Allowance for doubtful accounts	(408)	(408)
<b>Total investments and other assets</b>	<b>53,857</b>	<b>55,674</b>
<b>Total non-current assets</b>	<b>110,117</b>	<b>112,538</b>
<b>Total assets</b>	<b>310,692</b>	<b>316,781</b>

(Million yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	54,167	56,117
Short-term borrowings	1,779	2,001
Income taxes payable	5,177	4,571
Other	89,421	91,573
Total current liabilities	150,546	154,264
Non-current liabilities		
Long-term borrowings	2,581	3,186
Retirement benefit liability	28,722	28,924
Other	26,636	26,725
Total non-current liabilities	57,940	58,837
Total liabilities	208,486	213,101
Net assets		
Shareholders' equity		
Share capital	39,970	39,970
Capital surplus	902	903
Retained earnings	40,017	38,949
Treasury shares	(4,695)	(4,693)
Total shareholders' equity	76,195	75,131
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,525	1,422
Deferred gains or losses on hedges	(40)	(5)
Foreign currency translation adjustment	18,131	20,504
Minimum pension liability adjustments	(212)	(165)
Remeasurements of defined benefit plans	595	451
Total accumulated other comprehensive income	19,999	22,208
Share acquisition rights	43	38
Non-controlling interests	5,966	6,301
Total net assets	102,206	103,679
Total liabilities and net assets	310,692	316,781



## (2) Quarterly Consolidated Statement of Income and Comprehensive Income

## Quarterly Consolidated Statement of Income (For the three months)

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	109,299	122,374
Cost of sales	66,775	73,109
Gross profit	42,524	49,264
Selling, general and administrative expenses	42,320	47,977
Operating profit	203	1,287
Non-operating income		
Interest income	54	92
Dividend income	55	59
Foreign exchange gains	203	891
Other	90	121
Total non-operating income	405	1,164
Non-operating expenses		
Interest expenses	112	134
Loss on valuation of derivatives	1,050	1,172
Foreign withholding tax	1,249	–
Other	449	737
Total non-operating expenses	2,862	2,044
Ordinary profit (loss)	(2,253)	406
Extraordinary income		
Gain on sale of investment securities	–	6
Total extraordinary income	–	6
Extraordinary losses		
Restructuring cost	22	158
Total extraordinary losses	22	158
Profit (loss) before income taxes	(2,275)	254
Income taxes	256	135
Profit (loss)	(2,531)	119
Profit (loss) attributable to non-controlling interests	(369)	80
Profit (loss) attributable to owners of parent	(2,161)	38

Quarterly Consolidated Statement of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit (loss)	(2,531)	119
Other comprehensive income		
Valuation difference on available-for-sale securities	(552)	(103)
Deferred gains or losses on hedges	(88)	34
Foreign currency translation adjustment	4,884	2,676
Minimum pension liability adjustment	(29)	47
Remeasurements of defined benefit plans, net of tax	(205)	(143)
Total other comprehensive income	4,008	2,512
Comprehensive income	1,476	2,632
Comprehensive income attributable to		
Owners of parent	1,397	2,247
Non-controlling interests	79	384

(3) Notes to the quarterly consolidated financial statements

**Notes on going concern assumption**

Not applicable

**Notes in the event of significant amount changes in shareholders' equity**

Not applicable

**Accounting policies adopted specially for the preparation of quarterly consolidated financial statements**

**Calculation of tax expenses**

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting for profit before income taxes for the consolidated fiscal year ending March 31, 2024 including the first quarter under review and multiplying profit before income taxes by the estimated effective tax rate.

Provided, however, that if calculation using the estimated effective tax rate turns out to be significantly unreasonable, calculations are made pursuant to Paragraph 15 (Method of using the statutory effective tax rate) of the Implementation Guidance on Tax Effect Accounting for Interim Financial Statements (Accounting Standards Board of Japan (ASBJ) Guidance No. 29, February 16, 2018), according to the provisions of Paragraph 19 of the Implementation Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14, March 31, 2020).

Income taxes - deferred are included in income taxes.

**Segment information, etc.****I Three months ended June 30, 2022**

Amounts of net sales, profit or loss by reportable segment

(Million yen)

	Reportable segments			Adjustment	Consolidated amount (Note)
	Retail Solutions	Workplace Solutions	Total		
Net sales					
Sales to external customers	63,421	45,878	109,299	–	109,299
Intersegment sales and transfers	13	895	909	(909)	–
Total	63,435	46,774	110,209	(909)	109,299
Segment profit	72	131	203	–	203

(Note) Segment profit corresponds with operating profit in the quarterly consolidated statement of income.

**II Three months ended June 30, 2023**

Amounts of net sales, profit or loss by reportable segment

(Million yen)

	Reportable segments			Adjustment	Consolidated amount (Note)
	Retail Solutions	Workplace Solutions	Total		
Net sales					
Sales to external customers	69,068	53,305	122,374	–	122,374
Intersegment sales and transfers	55	1,170	1,225	(1,225)	–
Total	69,124	54,475	123,600	(1,225)	122,374
Segment profit (loss)	(828)	2,115	1,287	–	1,287

(Note) Segment profit (loss) corresponds with operating profit in the quarterly consolidated statement of income.

**\*Supplementary information**

	Three months ended June 30, 2022	Three months ended June 30, 2023
Average exchange rate (Yen to the US dollar)	126.51	135.79
Average exchange rate (Yen to the euro)	136.75	147.93

## **Significant subsequent events**

### **Purchase of Treasury Shares and Tender Offer for Treasury Shares**

At a meeting held on August 7, 2023, the Board of Directors of the Company resolved to acquire its own shares and conduct a tender offer for its treasury shares as a specific acquisition method in accordance with the provisions of the Company's Articles of Incorporation under the provisions of Article 459, Paragraph 1 of the Companies Act (Act No. 86 of 2005; as amended).

For further details, please refer to the Notice Regarding Purchase of Treasury Shares and Tender Offer for Treasury Shares announced on August 7, 2023.

### **Borrowing Funds**

The Company plans to borrow funds for the purpose of the tender offer of treasury stock as follows.

- |                      |   |
|----------------------|---|
| 1. Lender            | Sumitomo Mitsui Banking Corporation                   |
| 2. Use of funds      | Appropriation of funds required for tender offer, etc |
| 3. Date of borrowing | September 27, 2023 (scheduled)                        |
| 4. Repayment date    | September 27, 2026                                    |
| 5. Repayment method  | 6 installments every 6 months                         |
| 6. Interest rate     | TIBOR + spread  |
| 7. Security          | Unsecured   |
| 8. Loan amount       | 9,000 million yen (Maximum amount)                    |