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Notice of Transfer of Inkjet Head Business to RISO KAGAKU CORPORATION via Company Split (Simplified Absorption-Type Company Split)

Toshiba Tec Corporation (the “**Company**”) hereby announces that, at the Board of Directors meeting held on the date of this release, the Company resolved to conclude an agreement (the “**Definitive Agreement**”) with RISO KAGAKU CORPORATION (“**RISO KAGAKU**”) to transfer the inkjet head businesses (the “**Target Business**”) of the Company and Tec Precision Co., Ltd. (“**TPI**”), a wholly-owned subsidiary of the Company, from the Company and TPI to a subsidiary (the “**Succeeding Company**”) to be newly established by RISO KAGAKU, through the method of a company split (a simplified absorption-type company split for the Company) (collectively, the “**Absorption-Type Company Split**”).

1. Purpose of the Absorption-Type Company Split

Under the basic policy of the Mid-Term Business Plan (FY2023-FY2025) of “becoming a global top solutions partner by generating new value through co-creation with the aim of contributing to the resolution of social issues,” the Toshiba Tec Group (the “**Group**”) is focusing its efforts on implementing various measures to achieve sustainable growth while also considering the composition of its business portfolio with an eye toward future growth, implementing business transformation and corporate transformation, and striving to contribute to solving social issues.

The Target Business is a business that demonstrates the advanced manufacturing capabilities of the Group based on its technology and has been a major contributor to the Group’s growth.

However, while the Company is considering optimizing management resources through the selection and concentration of our businesses to be a global top solutions partner, the Company has judged that it requires a strong partner to expand the scope of its solutions to accelerate the business transformation of the Target Business and deliver new value.

RISO KAGAKU possesses advanced technology and development capabilities in the inkjet printer field. In addition, the Company has set forth a management policy to expand the inkjet business, and by integrating the Target Business with RISO KAGAKU, it will be possible to

effectively invest resources, and the Company believes significant growth can be expected from the additional increase in added value.

For the above reasons, in order to transfer the Target Business to RISO KAGAKU, the Company has decided that the Company and TPI will enter into absorption-type company split agreements with the Succeeding Company (collectively, the “**Absorption-Type Company Split Agreement**”), and thereby conduct the Absorption-Type Company Split to transfer the Target Business to the Succeeding Company.

2. Summary of the Absorption-Type Company Split

(1) Schedule of the Absorption-Type Company Split

	Company	TPI
Date of resolution of the Board of Directors concerning the conclusion of the Definitive Agreement	December 22, 2023 (date of this release)	December 22, 2023 (date of this release)
Date of conclusion of the Definitive Agreement	December 22, 2023 (date of this release)	December 22, 2023 (date of this release)
Date of resolution of the Board of Directors concerning the conclusion of the Absorption-Type Company Split Agreement	(TBD)	(TBD)
Date of resolution of the General Meeting of Shareholders concerning the conclusion of the Absorption-Type Company Split Agreement	-	(TBD)
Date of conclusion of the Absorption-Type Company Split Agreement	(TBD)	(TBD)
Date of establishment of the Succeeding Company	April 1, 2024 (planned)	April 1, 2024 (planned)
Effective date of the Absorption-Type Company Split	July 1, 2024 (planned)	July 1, 2024 (planned)

(Note 1) Within the Absorption-Type Company Split, the absorption-type company split that will be conducted by the Company will be a simplified absorption-type company split pursuant to Article 784, Paragraph 2 of the Companies Act, and will therefore be conducted without the Company needing to obtain approval for the absorption-type company split agreement at the General Meeting of Shareholders.

(Note 2) The above schedule is the planned schedule as of the date of this release, but it may be changed in the future upon consultation with RISO KAGAKU.

(2) Method of the Absorption-Type Company Split

The method of the absorption-type company split will be the Company and TPI as the companies splitting in the Absorption-Type Company Split, and the Succeeding Company as the

company succeeding in the Absorption-Type Company Split.

(3) Details of allotment pertaining to the Absorption-Type Company Split

The Company and TPI will receive a total amount of JPY 7,120 million in cash from the Succeeding Company as consideration for the rights and obligations to be transferred in the Absorption-Type Company Split.

The amounts to be received in cash by the Company and TPI, respectively, will be promptly disclosed after such amounts are determined in the Absorption-Type Company Split Agreement.

(4) Treatment of share acquisition rights and bonds with share acquisition rights in connection with the Absorption-Type Company Split

The Company has issued share acquisition rights, but there will be no change in the treatment thereof as a result of the Absorption-Type Company Split. In addition, the Company has not issued any bonds with share acquisition rights.

TPI has not issued any share acquisition rights or bonds with share acquisition rights.

(5) Share capital increase or decrease due to the Absorption-Type Company Split

There will be no increase or decrease in the share capital of the Company or TPI as a result of the Absorption-Type Company Split.

(6) Rights and obligations to be transferred to the Succeeding Company

Assets, liabilities, agreements and other rights and obligations related to the Target Business will be transferred to the Succeeding Company, to the extent set forth in the Absorption-Type Company Split Agreement.

(7) Expectations concerning the performance of obligations

The Company judges that there will be no problems concerning the certainty of the performance of obligations that are to be performed by the Succeeding Company on or after the effective date of the Absorption-Type Company Split.

3. Basis for the Details of the Allotment Pertaining to the Absorption-Type Company Split

(1) Basis and reason for details of the allotment

The parties concerned have agreed to conduct an allotment for the Absorption-Type Company Split as described above as a result of repeated earnest discussions, comprehensively taking into consideration factors such as the earnings status and future prospects of the Target Business to be split from the Company and TPI through the Absorption-Type Company Split.

(2) Matters concerning calculation

The Company and TPI have not obtained a valuation report from a valuation institution for the Absorption-Type Company Split.

(3) Expectations for delisting and reasons thereof

Not applicable.

(4) Measures to ensure fairness

Not applicable.

(5) Measures to avoid conflicts of interest

Not applicable.

4. Overview of the Companies Involved in the Absorption-Type Company Split

(1) Overview of the company splitting in the absorption-type company split (i.e., the Company) (as of September 30, 2023)

(1) Name	Toshiba Tec Corporation	
(2) Address	1-11-1, Osaki, Shinagawa-ku, Tokyo	
(3) Title and Name of Representative	Hironobu Nishikori, Representative Director, President and Chief Executive Officer	
(4) Main Business	Development, manufacture, sale, and maintenance services for POS systems, multifunction peripherals, Auto-ID systems, inkjet heads, and related products, etc.	
(5) Share Capital	JPY 39,970 million	
(6) Date of Establishment	February 21, 1950	
(7) Number of Shares Outstanding	57,629,140 shares	
(8) Fiscal Year-end	March 31	
(9) Number of Employees	18,973	
(10) Main Banks	Sumitomo Mitsui Banking, MUFG Bank, Resona Bank, Sumitomo Mitsui Trust Bank, The Shizuoka Bank	
(11) Major Shareholders and their Shareholding Ratios	Toshiba Corporation	50.27%
	The Master Trust Bank of Japan, Ltd. (Trust account)	6.98%
	Morgan Stanley MUFG Securities Co., Ltd.	5.96%
	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.)	2.47%
	Custody Bank of Japan, Ltd. (Trust account)	2.24%
	Digital Garage, Inc.	1.91%
	BNYMSANV RE GCLB RE JP RD LMGC (Standing proxy: Citibank, N.A., Tokyo Branch)	1.48%
	Toshiba Tec Employees Shareholding Association	1.41%

	The Dai-ichi Life Insurance Company, Limited	1.38%	
	MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1.24%	
(12) Relationship with the Companies Involved			
Capital Relationship	N/A		
Personnel Relationship	N/A (Note) On and after the effective date of the Absorption-Type Company Split, the Company plans to second employees from the Company to the Succeeding Company.		
Business Relationship	N/A		
Status as Related Party	N/A		
(13) Financial Position and Operating Results for the Last Three Years (JPY million)			
	Fiscal Year Ended March 2021	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023
Consolidated Net Assets	109,862	117,662	102,206
Consolidated Total Assets	289,313	310,256	310,692
Consolidated Net Assets per Share	JPY 1,867.01	JPY 2,023.35	JPY 1,738.02
Consolidated Net Sales	405,694	445,317	510,767
Consolidated Operating Profit	8,263	11,566	16,078
Consolidated Ordinary Profit	7,193	10,197	13,149
Profit (loss) Attributable to Owners of Parent	7,126	5,381	(13,745)
Basic Earnings (loss) per Share	JPY 129.55	JPY 97.68	JPY (248.37)
Dividend per Share	JPY 20	JPY 40	JPY 40

(2) Overview of the company splitting in the absorption-type company split (i.e., TPI) (as of September 30, 2023)

(1) Name	Tec Precision Co., Ltd.
(2) Address	6-78 Minami-cho, Mishima-shi, Shizuoka-ken
(3) Title and Name of Representative	Takeshi Goto, Representative Director, President and Chief Executive Officer
(4) Main Business	Manufacture of inkjet heads and toner for multifunction peripherals, etc.
(5) Share Capital	JPY 10 million

(6) Date of Establishment	April 1, 1981		
(7) Number of Shares outstanding	20,000 shares		
(8) Fiscal Year-end	March 31		
(9) Number of Employees	114		
(10) Main Banks	The Shizuoka Bank		
(11) Major Shareholders and their Shareholding Ratios	Toshiba Tec Corporation: 100%		
(12) Relationship with the Companies Involved			
Capital Relationship	N/A		
Personnel Relationship	N/A (Note) On and after the effective date of the Absorption-Type Company Split, TPI plans to second employees from TPI to the Succeeding Company.		
Business Relationship	N/A		
Status as Related Party	N/A		
(13) Financial Position and Operating Results for the Last Three Years (JPY million)			
	Fiscal Year Ended March 2021	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023
Net Assets	6	121	113
Total Assets	1,412	1,457	1,244
Net Assets per Share	JPY 308	JPY 6,100	JPY 5,697
Net Sales	3,477	3,941	3,520
Operating Profit	58	135	73
Ordinary Profit	368	136	77
Profit (loss)	96	115	(8)
Basic Earnings (loss) per Share	JPY 4,836	JPY 5,792	JPY (403)

(3) Overview of the Succeeding Company

As of December 22, 2023, the Succeeding Company has not been established, and therefore its overview has not yet been determined. The overview of the Succeeding Company will be promptly disclosed after the details thereof are determined.

Furthermore, the relationship between the Company and RISO KAGAKU is as follows.

Capital Relationship	N/A
Personnel Relationship	N/A
Business Relationship	The Company sells inkjet heads to RISO KAGAKU, etc.
Status as Related Party	N/A

5. Details of the Business to be Split

(1) Details of the business of the division to be split

Company: Development, manufacture and sale of inkjet heads and related products, etc.

TPI: Manufacture of inkjet heads, etc.

(2) Operating results of divisions to be split (fiscal year ended March 2023)

	Company	TPI
Net Sales	JPY 5,114 million	JPY 2,379 million
Operating Profit	JPY 1,016 million	JPY 15 million

(Note) The information above shows the figures for the Target Business in the non-consolidated financial statements of the Company and TPI, and does not take into account the elimination of internal transactions between the Company and TPI.

(3) Asset and liability accounts to be split and the book values thereof (as of June 30, 2023)

Company

Assets		Liabilities	
Current Assets	JPY 2,261 million	Current Liabilities	JPY 1,488 million
Non-current Assets	JPY 859 million	Non-current Liabilities	JPY 507 million
Total	JPY 3,121 million	Total	JPY 1,995 million

TPI

Assets		Liabilities	
Current Assets	JPY 786 million	Current Liabilities	JPY 581 million
Non-current Assets	JPY 101 million	Non-current Liabilities	-
Total	JPY 887 million	Total	JPY 581 million

(Note) The information above has been calculated based on data as of June 30, 2023. The actual amounts of assets and liabilities to be split will be determined after the items of assets and liabilities to be split in the absorption-type split agreement to be concluded at a later date and will be a figure that takes into account the increase or decrease up to the effective date. In addition, the information above shows the figures for the Target Business in the non-consolidated financial statements of the Company and TPI, and does not take into account any offsetting of claims and obligations between the Company and TPI or the elimination of any unrealized gains. Furthermore, the above amounts include assets and liabilities covered by the Target Business.

6. Status after the Absorption-Type Company Split

(1) Status of the companies splitting in the absorption-type company split after the Absorption-Type Company Split

	Company	TPI
(1) Name	Toshiba Tec Corporation	TPI Corporation
(2) Address	1-11-1, Osaki, Shinagawa-ku, Tokyo	6-78 Minami-cho, Mishima-shi, Shizuoka-ken
(3) Title and Name of Representative	Hironobu Nishikori, Representative Director, President and Chief Executive Officer	Takeshi Goto, Representative Director, President and Chief Executive Officer
(4) Main Business	Development, manufacture, sale, and maintenance services for POS systems and related products, etc. Sale, maintenance services for multifunction peripherals, Auto-ID systems, and related products, etc. (Note)	Manufacture of toner for multifunction peripherals, etc.
(5) Share Capital	JPY 39,970 million	JPY 10 million
(6) Fiscal Year-end	March 31	March 31
(7) Net Assets	Not confirmed at this time.	Not confirmed at this time.
(8) Total Assets	Not confirmed at this time.	Not confirmed at this time.

(Note) As announced in “Notice regarding Business Partnership between Ricoh Co., Ltd., and Toshiba Tec Corporation by necessary procedures such as Company Split (Simplified Absorption-Type Company Split), and the conclusion of a Business Integration Agreement and a Shareholders Agreement related to the integration of MFPs’ development and manufacturing” disclosed on May 19, 2023 (and partially updated and corrected on July 19, 2023, August 24, 2023, and November 24, 2023), the Company's businesses related to the development and manufacture of multifunction peripherals, Auto-ID systems, and related products, etc., will be transferred from the Company to Ricoh Technologies Co., Ltd., effective on a specific date between April 1, 2024 and June 30, 2024 (planned), to be separately determined.

(2) Status of the Succeeding Company after the Absorption-Type Company Split

As of December 22, 2023, the Succeeding Company has not been established, and therefore its status after the Absorption-Type Company Split has not yet been determined. The status of the Succeeding Company after the Absorption-Type Company Split will be promptly disclosed after the details thereof are determined.

7. Overview of Accounting Treatment

The accounting treatment will be implemented in accordance with the “Accounting Standards for Business Combinations” (ASBJ Statement No. 21, January 16, 2019), and the “Implementation Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), etc.

8. Future Outlook

The impact of the Absorption-Type Company Split on the Company's consolidated business results for the fiscal year ending March 2024 is negligible.