

December 22, 2023

Company name: **RISO KAGAKU CORPORATION**
Listing: Tokyo Stock Exchange Prime Market
Stock code: 6413
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**Notice Regarding Acquisition of the Inkjet Head Business by the Subsidiary to be Established
by the Company through a Company Split**

RISO KAGAKU CORPORATION (the “Company”) announced that today the Company decided to enter into an agreement (the “Definitive Agreement”) with Toshiba Tec Corporation (“Toshiba Tec”) and Tec Precision Co., Ltd. (“TPI”), which is a consolidated subsidiary of Toshiba Tec, to the effect that a subsidiary to be established by the Company (the “New Subsidiary”) will acquire the inkjet head business conducted by Toshiba Tec and TPI (the “Target Business”) through a company split (an absorption-type company split) (the “Absorption-Type Company Split”).

1. Purpose of the Establishment of Subsidiary and the Absorption-Type Company Split

In the printing equipment business, which is the RISO Group’s core business, we are developing, manufacturing and selling the Company’s unique inkjet printers specializing in high-speed. The Riso Group formulated the 8th Medium-term Management Plan (RISO Vision 25), which will conclude in the fiscal year ending March 31 2025, and is pushing the medium-term management objectives of “1. Expand IJ business 2. Establish a solid customer oriented sales planning structure”.

By succeeding to the Target Business, inkjet head technology will be added to the printing system and ink technologies that the Company already possesses. The RISO Group will leverage this collective strength, and aim to efficiently operate the printing equipment business and enhance the performance and quality of its products. In addition, the RISO Group will position the sale of inkjet heads conducted by the Target Business as a new business and work toward new growth.

The Company decided that the Company will establish a subsidiary to succeed to the Target Business and that the New Subsidiary will enter into absorption-type company split agreements with Toshiba Tec and TPI respectively (collectively, the “Absorption-Type Company Split Agreements”) under which the Target Business shall be transferred to the New Subsidiary.

2. Summary of the Absorption-Type Company Split

(1) Schedule of the Absorption-Type Company Split

Decision on establishment of subsidiary	December 22, 2023 (today)
Decision on execution of the Definitive Agreement	December 22, 2023 (today)
Execution of the Definitive Agreement	December 22, 2023 (today)
Establishment of the New Subsidiary as succeeding company	April 1, 2024 (scheduled)
Execution of the Absorption-Type Company Split Agreements	(undetermined)
Effectuation of the Absorption-Type Company Split	July 1, 2024 (scheduled)

(Note) 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 Toshiba Tec and TPI.

(2) Method of the Absorption-Type Company Split

This is an absorption-type company split in which the New Subsidiary will be the succeeding company and Toshiba Tec and TPI will be the splitting companies.

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

As the consideration for the Absorption-Type Company Split, the New Subsidiary as the succeeding company will transfer money in the amount of JPY 7,120 million to Toshiba Tec and TPI.

Since the amount of money to be transferred to Toshiba Tec and TPI respectively will be fixed pursuant to the Absorption-Type Company Split Agreements, which will be executed at a later date, such amount will be disclosed at the time of such execution.

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

Not applicable.

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

There will be no change in the paid-in capital of the New Subsidiary as the succeeding company.

(6) Rights and obligations to be succeeded to by the succeeding company

The New Subsidiary as the succeeding company will succeed to the assets, liabilities, agreements, and other rights and obligations relating to the Business to the extent set forth in the Absorption-Type Company Split Agreements.

(7) Expectations concerning the performance of obligations

With respect to the obligations to be fulfilled by the New Subsidiary as the succeeding company after the effective date of the Absorption-Type Company Split, the Company sees no issues on the certainty of the fulfillment of such obligations.

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 amount of money calculated for delivery by the New Subsidiary as the succeeding company in the Absorption-Type Company Split, has been agreed as a fair and reasonable price upon consultation between the parties.

(2) Matters concerning calculation

No valuation report concerning the Absorption-Type Company Split has been obtained from a valuation institution.

(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 splitting company (Toshiba Tec (as of September 30, 2023))

(i) Name	Toshiba Tec Corporation	
(ii) Address	1-11-1 Osaki, Shinagawa-ku, Tokyo	
(iii) Title and Name of Representative	Hironobu Nishikori, Representative Director, President and Chief Executive Officer	
(iv) Main Business	Development, manufacture, sale, and maintenance services, etc., for POS systems, multifunction peripherals, Auto-ID systems, inkjet heads, and related products	
(v) Share Capital	JPY 39,970 million	
(vi) Date of Establishment	February 21, 1950	
(vii) Number of Shares Outstanding	57,629,140 shares	
(viii) Fiscal Year-end	March 31	
(ix) Number of Employees	18,973	
(x) Main Banks	Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, and The Shizuoka Bank, Ltd	
(xi) 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%	
(xii) 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, Toshiba Tec employees are scheduled to be seconded to the New Subsidiary as the succeeding company.	
	Business Relationship	N/A	
	Status as Related Party	N/A	
(xiii) 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 splitting company (TPI) (as of September 30, 2023)

(i) Name	Tec Precision Co., Ltd.		
(ii) Address	6-78 Minami-cho, Mishima-shi, Shizuoka-ken		
(iii) Title and Name of Representative	Takeshi Goto, Representative Director, President and Chief Executive Officer		
(iv) Main Business	Manufacture, etc. of inkjet heads and toner for multifunction peripherals		
(v) Share Capital	JPY 10 million		
(vi) Date of Establishment	April 1, 1981		
(vii) Number of Shares Outstanding	20,000 shares		
(viii) Fiscal Year-end	March 31		
(ix) Number of Employees	114		
(x) Main Banks	The Shizuoka Bank, Ltd.		
(xi) Major Shareholders and their Shareholding Ratios	Toshiba Tec Corporation: 100%		
(xii) 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 employees are scheduled to be seconded to the New Subsidiary as the succeeding company.		
Business Relationship	N/A		
Status as Related Party	N/A		
(xiii) 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 (New Subsidiary)

As of December 22, 2023, the overview of the New Subsidiary as the succeeding company has not been determined yet. Disclosure will be made as soon as the details are finalized.

5. Overview of the Business to be Succeeded to by the New Subsidiary

(1) Details of the business to be succeeded to by the New Subsidiary

	Toshiba Tec	TPI
Details of the business	Development, manufacture, sale, etc. of inkjet heads and related products	Manufacture, etc., of inkjet heads

(2) Operating results of the business to be succeeded to by the New Subsidiary (Fiscal year ended March 2023)

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

(Note) The above table states the figures related to the Business as recorded in the respective non-consolidated financial statements of Toshiba Tec and TPI, and does not take into account the intercompany transaction set-offs between Toshiba Tec and TPI.

(3) Asset and liability accounts to be succeeded to by the New Subsidiary and the book values thereof (as of June 30, 2023)

(i) Toshiba Tec

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

(ii) 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 Toshiba Tec and TPI, and does not take into account any offsetting of claims and obligations between Toshiba Tec 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 Reorganization Concerned

As of December 22, 2023, the New Subsidiary as the succeeding company has not been established, and therefore, the status thereof after the reorganization concerned remains undetermined. We will disclose such status as soon as the details thereof are finalized.

7. Overview of Accounting Treatment

The Absorption-Type Company Split is expected to be classified as an “acquisition” under the Accounting Standards for Business Combinations. The allocation of the acquisition costs and the amount of goodwill associated with such accounting procedures are currently being investigated in detail. We will disclose them as soon as the details thereof are finalized.

8. Future Outlook

Regarding the establishment of the New Subsidiary and the Absorption-Type Company Split, the impact thereof on the Company’s consolidated financial results for the fiscal year ending March 31, 2024 is minimal.

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