

Notice Regarding the Execution of a Share Transfer Agreement Pertaining to the Acquisition of Shares (Inclusion in the Scope of Consolidation as a Subsidiary Company)

STAR MICRONICS CO., LTD. (“STAR MICRONICS” or “the Company”) hereby announces that it will enter into a share transfer agreement on January 5, 2023. The decision to enter into this agreement follows a resolution by the Board of Directors to acquire shares of Smart Solution Technology, Inc. (“SST”) and include it in the Company’s scope of consolidation as a subsidiary at a meeting held on December 27, 2022. Brief details are presented as follows.

1. Rationale for the acquisition of shares

The STAR MICRONICS Group is currently taking steps to carry out its First Medium-Term Management Plan 2022-2024 with the aim of realizing its Vision for 2030, and is proactively investing management resources in a bid to expand existing businesses and create new businesses. From a business expansion and growth perspective, strengthening software capabilities for the control of hardware, and systems (IoT) capabilities for communicating and linking with hardware, on a Groupwide basis, is of particular importance. As far as the Store DX domain in the Special Products Segment, the Production DX domain in the Machine Tools Segment, and the Logistics DX domain, which is identified as a new business are concerned, improving software and systems development capabilities are also indispensable for future growth.

Guided by its corporate philosophy of Technology to Culture, SST pursues technologies that enrich the touch points of society and is engaged in the creation of solutions that integrate the virtual world of mobile communication and the Internet with the real world of businesses, stores, and users. SST is engaged in the Smart terminal business focusing largely on the provision of the PitTouch series of Smart terminals via time and attendance application vendors and system integrators as well as O2O*¹ solutions including Zeetle CS, a sales promotion service for stores that utilizes a proprietary audio communication technology. In addition to the design and development of hardware, SST also boasts outstanding technology development capabilities across such wide-ranging fields as software development to control hardware, systems development to provide and operate various services, and mobile application development for use with smartphones.

By drawing on SST’s advanced technological capabilities and including the company within the Group, STAR MICRONICS is working to improve its overall DX capabilities, accelerate the creation of new businesses in each DX domain, and build a new business segment that will serve as a third pillar with future potential in concert with SST. Moreover, STAR MICRONICS expects a high degree of synergy between SST’s products and services and the Company’s Special Products Segment owing to similarities with its Smart terminal solution business model, commonalities with O2O solution end users, and other factors. By combining STAR MICRONICS’ global supply chain, sales network, and solid quality assurance system with SST’s advanced technological products and services, positive steps will be taken to strengthen the businesses of both companies.

Going forward, every effort will be made to contribute to the sustainable development of society through the mutual use of management resources and inherent strengths as well as the growth of both companies.

*¹ O2O: Online to Offline. A business strategy that encourages customers from Internet-based (online) channels to undertake purchases at locations outside the Internet (offline channels including brick and mortar stores) or an initiative that influences offline purchasing behavior through online information contact.

2. Outline of the subsidiary (SST)

Company name	Smart Solution Technology, Inc.		
Location	1-15 Kagurazaka, Shinjuku-ku, Tokyo		
Representative's title and name	Susumu Yamakawa Representative Director, President		
Business activities	Touch point solution business (1) Development and sale of the PitTouch series of proprietary Smart terminals (2) Development and sales of Zeetle CS, a sales promotion service for stores, and TrustSound, an authentication service using proprietary audio communication technology		
Paid-in capital	¥52 million		
Date of establishment	December 27, 2012		
Major shareholders and shareholding ratios	Susumu Yamakawa 400,000 shares (47.34%) 17 others 445,000 shares (52.66%)		
Relationship between STAR MICRONICS and SST	Capital	There is no capital relationship to be noted.	
	Personnel	There are no personnel relationships to be noted.	
	Business	There is no business relationship to be noted.	
Financial results and financial position of SST over the most recent three years			
Fiscal year	FY ended March 31, 2020	FY ended March 31, 2021	FY ended March 31, 2022
Net assets (Millions of yen)	601	639	694
Total assets (Millions of yen)	857	974	1,043
Net sales (Millions of yen)	1,165	916	890
Operating income (Millions of yen)	204	46	81
Ordinary income (Millions of yen)	248	52	80
Net income (Millions of yen)	163	37	54

3. Acquisition price

The acquisition will be undertaken at a price calculated based on a valuation by an independent third party. At the request of SST, the amount will not be disclosed.

4. Schedule

Date of resolution by the Board of Directors	December 27, 2022
Date of share transfer agreement execution	January 5, 2023
Date of share acquisition and transfer	April 6, 2023 (planned)

5. Outlook

As a result of the share acquisition, SST will be included in STAR MICRONICS' scope of consolidation as a subsidiary effective April 6, 2023. Plans are then in place to integrate all of SST's business into the Company's Special Products Segment. STAR MICRONICS will promptly announce details of the impact of the share acquisition on the consolidated business results of the Group as matters requiring disclosure arise.