

Consolidated Financial Results
for the Six Months Ended September 30, 2024
[Japanese GAAP]



November 8, 2024

Company name: Toshiba Tec Corporation

Stock exchange listing: Tokyo

Code number: 6588

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

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Scheduled date of filing quarterly securities report: November 11, 2024

Scheduled date of commencing dividend payments: December 2, 2024

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 Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(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	%
Six months ended September 30, 2024	289,172	9.7	9,473	60.3	8,512	132.4	26,608	—
September 30, 2023	263,646	8.1	5,910	(0.8)	3,663	31.6	2,163	—

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 17,715 million [169.2 %]
Six months ended September 30, 2023: ¥ 6,581 million [— %]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	502.62		502.57	
September 30, 2023	39.11		39.10	

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2024	343,412	112,035	30.7
March 31, 2024	337,509	96,236	26.1

(Reference) Equity: As of September 30, 2024: ¥ 105,352 million
As of March 31, 2024: ¥ 88,060 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, 2024	—	20.00	—	25.00	45.00
Fiscal year ending March 31, 2025	—	20.00			
Fiscal year ending March 31, 2025(Forecast)			—	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, 2025 (April 1, 2024 to March 31, 2025)

(% 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	565,000	3.1	18,000	13.5	15,000	36.3	24,000	–	453.23

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2024

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New: – (Company name:)

Exclusion: 5 companies (Company name: Toshiba Tec Information Systems (Shenzhen) Co., Ltd., Toshiba Tec (H.K.) Logistics & Procurement Ltd., Toshiba Tec Malaysia Manufacturing Sdn. Bhd., etc.)

(Note) Furthermore, the Company has one consolidated subsidiary that was established on April 1, 2024 and succeeded to the shares by ETRIA CO., LTD.

(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 (4) Notes to the quarterly consolidated financial statements (Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)” on page 11 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: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes (4) Notes to the quarterly consolidated financial statements (Changes in accounting policies)” on page 11 of this report.

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

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

September 30, 2024: 57,629,140 shares

March 31, 2024: 57,629,140 shares

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

September 30, 2024: 4,676,158 shares

March 31, 2024: 4,700,044 shares

3) Average number of shares during the period:

Six months ended September 30, 2024: 52,938,526 shares

Six months ended September 30, 2023: 55,305,451 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. Summary of consolidated business results, etc. (3) Consolidated financial results forecast and other forward-looking information” on page 5 of this report.

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1. Summary of consolidated business results, etc.

(1) Summary of consolidated business results etc. for the six months ended September 30, 2024 under review

The world economy for the six months ended September 30, 2024 picked up moderately overall. However, the outlook still remained uncertain due mainly to monetary tightening overseas, price rises, and the heightened geopolitical risks.

Amid such conditions, Toshiba Tec Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) have been pursuing the Basic Policy of the FY24-26 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 striven to strengthen the profitability of core businesses, expand new business areas, transform management, enhance human resources, and promote sustainability, etc. toward sustainable growth. In this way, the Group has strived to contribute to the resolution of social issues with the aim of becoming a global top solutions partner.

In the six months ended September 30, 2024, net sales were ¥289,172 million (up 10% year on year) due mainly to increased sales of POS systems and multifunction peripherals (MFPs), and the impact of foreign exchange rates. On the profit front, profitability of MFPs increased and the improvement in profit and loss of POS systems for the overseas markets mainly in the Americas, resulting in operating profit of ¥9,473 million (up 60% year on year), and ordinary profit of ¥8,512 million (up 132% year on year). Profit attributable to owners of parent was ¥26,608 million (up ¥24,445 million year on year) primarily due to recording Gain on change in equity and Gain on sale of businesses under extraordinary income in line with each transferring the Group's businesses related to the development and manufacturing of MFPs and auto ID systems to ETRIA CO., LTD. which is the joint venture between the Company and Ricoh Company, Ltd., and all of the inkjet head businesses of the Group to RISO Technologies Corporation, a wholly-owned subsidiary of RISO KAGAKU CORPORATION.

As for the interim dividend, as a result of comprehensive consideration of the above-mentioned financial results, business environment, and other factors, the Company will pay an interim dividend of ¥20 per share, as forecasted at the time of the announcement of financial results for the fiscal year ended March 31, 2024 on May 10, 2024.

Results of reportable segments for the six months ended September 30, 2024 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 customer base etc. for the expansion of new business areas in addition to expanding its solution business through the global retail platform “ELERA” and strategic partnership, boosting recurring revenue business and maintenance services (BPO) covering not only our equipment but also IT equipment of other companies.

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 revisions of product prices and maintenance service prices, and special demand related to the redesigned banknotes, despite continued harsh conditions reflecting soaring raw material prices, rising prices, and other factors.

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

Sales of auto ID systems for the domestic market decreased, due to a decline in sales of high-end model, although strong sales of portable printers and other products mainly to specific customers.

As a result, net sales of the Retail Solutions Business Group were ¥164,866 million (up 10% year on year). Operating profit of the business group was ¥1,510 million (up 68% year on year), reflecting the fact that profit and loss of POS systems for overseas markets improved mainly in the Americas, although the profit of POS systems for the domestic market was essentially unchanged from the six months ended September 30, 2023, but decreased due to the negative impact of foreign exchange rates.

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 work style reforms and office DX promotion and intensifying competition with peers continue, the business group focused on strengthening the profitability of core businesses and worked on developing the MFPs solutions business, the auto ID solutions business, and customer support business.

Furthermore, the Company transferred the Group's business of the development and manufacturing of MFPs and auto ID systems to ETRIA CO., LTD., effective from July 1, 2024. And the Company transferred all of the Group's business of the inkjet head to RISO Technologies Corporation, effective from July 1, 2024. Sales division of MFPs and auto ID systems are not included in the transfer to ETRIA CO., LTD., and there has been no change in the sales structure of the Group. Therefore, there is only minor impact on sales in the six months ended September 30, 2024. On the other hand, for inkjet heads, the sales revenue to inkjet heads have not been included in the sales of the Group since July 1, 2024, as all of the businesses including the sales division have been transferred to RISO Technologies Corporation.

Sales of MFPs increased as a result of strong sales overseas and the impact of foreign exchange rates.

Sales of auto ID systems for overseas markets increased as a result of increased sales in all regions and the impact of foreign exchange rates.

Sales of inkjet heads decreased due to the fact that all of the businesses were transferred to RISO Technologies Corporation on July 1, 2024, as mentioned above.

As a result, net sales of the Workplace Solutions Business Group were ¥126,494 million (up 9% year on year). Operating profit for the business group was ¥7,962 million (up 59% year on year) due to the increase in net sales, effects of structural reform and structural transformation implemented so far, and the impact of foreign exchange rates, 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) Summary of consolidated financial condition etc. for the six months ended September 30, 2024 under review

1) Analysis of financial condition

Assets at the six months ended September 30, 2024 increased by ¥5,903 million from the end of the previous fiscal year to ¥343,412 million. This was mainly because “Other” in current assets increased by ¥7,767 million and investment securities in investments and other assets increased by ¥24,260 million although cash and deposits, notes and accounts receivable - trade, and contract assets, merchandise and finished goods and raw materials and supplies in current assets decreased by ¥8,476 million, ¥6,086 million, ¥2,590 million and ¥4,098 million, respectively.

Liabilities decreased by ¥9,895 million from the end of the previous fiscal year to ¥231,377 million. This was mainly because notes and accounts payable – trade and “Other” in current liabilities declined by ¥1,111 million and ¥9,781 million, respectively, and retirement benefit liability in non-current liabilities declined by ¥2,961 million, although current portion of long-term borrowings and income taxes payable in current liabilities increased by ¥1,238 million and ¥2,294 million, respectively, and long-term borrowings in non-current liabilities increased by ¥1,033.

Net assets increased by ¥15,799 million from the end of the previous fiscal year to ¥112,035 million. This was primarily due to an increase in retained earnings owing to the recording of profit attributable to owners of parent of ¥26,608 million, although retained earnings decreased by ¥1,323 million owing to the payment of dividends, and foreign currency translation adjustment and non-controlling interests decreased by ¥6,587 million and ¥1,487 million, respectively.

2) Status of cash flows

An overview of cash flows for the six months ended September 30, 2024 is as follows.

Net cash provided by operating activities was ¥6,975 million (compared with an inflow of ¥6,774 million in the same period of the previous fiscal year). That is the result of profit before income taxes of ¥35,364 million, depreciation and amortization of ¥8,872 million and decrease in inventories of ¥6,087 million, whereas gain on change in equity of ¥21,151 million, gain on sale of businesses of ¥5,654 million, income taxes paid of ¥3,456 million, "Other" of ¥12,567 million, etc.

Net cash used in investing activities was ¥3,432 million (compared with an outflow of ¥6,364 million in the same period of the previous fiscal year), reflecting purchase of property, plant and equipment of ¥8,289 million, purchase of intangible assets of ¥1,578 million and others, partly offset by proceeds from sale of businesses of ¥6,436 million.

As a result of the above, free cash flow amounted to an inflow of ¥3,543 million (compared with an inflow of ¥410 million in the same period of the previous fiscal year).

Net cash used in financing activities was ¥2,002 million (compared with an outflow of ¥3,885 million in the same period of the previous fiscal year), reflecting repayments of long-term borrowings of ¥3,158 million, repayments of finance lease liabilities of ¥2,126 million, and dividends paid of ¥1,322 million, partly offset by proceeds from long-term borrowings of ¥5,553 million.

As a result of the above, the balance of Group funding at the six months ended September 30, 2024 (cash and cash equivalents in the quarterly consolidated statement of cash flows) was ¥40,105 million, reflecting decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation of ¥9,848 million, partly offset by its increase of ¥1,372 million from the end of the previous fiscal year.

(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, 2025 announced on August 8, 2024 as follows.

Revision to consolidated financial results forecasts for the fiscal year ending March 31, 2025

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (Yen)
Previously announced forecast (A)	565,000	18,000	15,000	20,000	377.86
Revised forecast (B)	565,000	18,000	15,000	24,000	453.23
Change (B)-(A)	—	—	—	4,000	75.37
Change (%)	—	—	—	20.0	19.9
Reference: results of the previous fiscal year (ended March 31, 2024)	548,135	15,854	11,004	(6,707)	(123.92)

Revision to consolidated sales forecasts by segment for the fiscal year ending March 31, 2025

(Million yen)

	Previously announced forecast (A)	Revised forecast (B)	Change (B) - (A)	Change (%)	Reference: results of the previous fiscal year (ended March 31, 2024)
Retail Solutions	323,000	329,000	6,000	1.9	311,004
Workplace Solutions	246,000	240,000	(6,000)	(2.4)	241,631
Eliminations	(4,000)	(4,000)	—	—	(4,500)
Net sales	565,000	565,000	—	—	548,135

Revision to consolidated operating profit forecasts by segment for the fiscal year ending March 31, 2025

(Million yen)

	Previously announced forecast (A)	Revised forecast (B)	Change (B) - (A)	Change (%)	Reference: results of the previous fiscal year (ended March 31, 2024)
Retail Solutions	8,000	8,000	—	—	2,251
Workplace Solutions	10,000	10,000	—	—	13,602
Operating profit	18,000	18,000	—	—	15,854

Net sales remain unchanged from the previously announced forecast. Meanwhile, net sales of the Retail Solutions Business Group has been revised upward mainly due to forecast increasing net sales for domestic market, whereas that of the Workplace Solutions Business Group has been revised downward mainly due to the impact of exchange rates. Operating profit and ordinary profit remain unchanged from the previously announced forecast. Profit attributable to owners of parent has been revised upward mainly due to increase Gain on change in equity. Based on these factors, we have revised our consolidated financial results forecasts for the fiscal year ending March 31, 2025 as stated above.

The reference exchange rates used in the consolidated financial results forecast for the fiscal year ending March 31, 2025 are ¥149.29 to the US dollar and ¥161.14 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, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	48,592	40,116
Notes and accounts receivable - trade, and contract assets	86,520	80,434
Merchandise and finished goods	43,206	40,616
Work in process	2,749	1,829
Raw materials and supplies	12,734	8,636
Other	31,227	38,994
Allowance for doubtful accounts	(1,458)	(1,324)
Total current assets	223,572	209,303
Non-current assets		
Property, plant and equipment	48,239	44,263
Intangible assets		
Goodwill	357	232
Other	11,212	11,283
Total intangible assets	11,569	11,515
Investments and other assets		
Investment securities	10,586	34,846
Other	43,948	43,880
Allowance for doubtful accounts	(408)	(396)
Total investments and other assets	54,126	78,330
Total non-current assets	113,936	134,109
Total assets	337,509	343,412

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	65,845	64,734
Short-term borrowings	2,871	3,058
Current portion of long-term borrowings	3,696	4,934
Income taxes payable	5,245	7,539
Other	98,147	88,366
Total current liabilities	175,807	168,633
Non-current liabilities		
Long-term borrowings	11,533	12,566
Retirement benefit liability	28,037	25,076
Other	25,894	25,101
Total non-current liabilities	65,465	62,744
Total liabilities	241,272	231,377
Net assets		
Shareholders' equity		
Share capital	39,970	39,970
Capital surplus	950	1,110
Retained earnings	31,145	56,254
Treasury shares	(13,382)	(13,315)
Total shareholders' equity	58,683	84,021
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,013	405
Deferred gains or losses on hedges	46	(265)
Foreign currency translation adjustment	23,330	16,743
Minimum pension liability adjustments	(320)	(233)
Remeasurements of defined benefit plans	5,307	4,680
Total accumulated other comprehensive income	29,376	21,330
Share acquisition rights	19	14
Non-controlling interests	8,156	6,668
Total net assets	96,236	112,035
Total liabilities and net assets	337,509	343,412

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
Quarterly Consolidated Statement of Income (For the six months)

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	263,646	289,172
Cost of sales	157,719	174,133
Gross profit	105,927	115,039
Selling, general and administrative expenses	100,016	105,566
Operating profit	5,910	9,473
Non-operating income		
Interest income	207	205
Dividend income	60	62
Gain on valuation of derivatives	—	2,540
Share of profit of entities accounted for using equity method	—	614
Other	132	442
Total non-operating income	401	3,865
Non-operating expenses		
Interest expenses	275	645
Loss on valuation of derivatives	697	—
Foreign exchange losses	475	3,442
Other	1,198	738
Total non-operating expenses	2,647	4,825
Ordinary profit	3,663	8,512
Extraordinary income		
Gain on change in equity	—	21,151
Gain on sale of investment securities	10	320
Gain on sale of businesses	—	5,654
Total extraordinary income	10	27,126
Extraordinary losses		
Loss on sale of investment securities	9	3
Loss on valuation of investment securities	80	1
Restructuring cost	280	269
Total extraordinary losses	369	275
Profit before income taxes	3,304	35,364
Income taxes	919	8,862
Profit	2,385	26,501
Profit (loss) attributable to non-controlling interests	221	(106)
Profit attributable to owners of parent	2,163	26,608

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

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	2,385	26,501
Other comprehensive income		
Valuation difference on available-for-sale securities	(311)	(607)
Deferred gains or losses on hedges	(16)	(311)
Foreign currency translation adjustment	4,691	(7,436)
Minimum pension liability adjustment	49	87
Remeasurements of defined benefit plans, net of tax	(217)	(447)
Share of other comprehensive income of entities accounted for using equity method	—	(70)
Total other comprehensive income	4,196	(8,785)
Comprehensive income	6,581	17,715
Comprehensive income attributable to		
Owners of parent	5,822	18,562
Non-controlling interests	759	(846)

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	3,304	35,364
Depreciation and amortization	8,352	8,872
Increase (decrease) in allowance for doubtful accounts	(76)	(91)
Interest and dividend income	(268)	(267)
Interest expenses	275	645
Share of loss (profit) of entities accounted for using equity method	—	(614)
Loss (gain) on sale of investment securities	(1)	(316)
Loss (gain) on valuation of investment securities	80	1
Loss (gain) on change in equity	—	(21,151)
Restructuring cost	280	269
Gain on sale of businesses	—	(5,654)
Decrease (increase) in trade receivables	6,690	3,382
Decrease (increase) in inventories	1,002	6,087
Increase (decrease) in trade payables	(2,589)	384
Increase (decrease) in retirement benefit liability	(1,261)	(3,157)
Other, net	(2,107)	(12,567)
Subtotal	13,682	11,185
Interest and dividends received	262	263
Interest paid	(324)	(550)
Income taxes paid	(3,534)	(3,456)
Income taxes refund	346	13
Payment for extra retirement payments	(257)	(479)
Payments for loss on litigation	(3,400)	—
Net cash provided by (used in) operating activities	6,774	6,975
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,849)	(8,289)
Proceeds from sale of property, plant and equipment	219	18
Purchase of intangible assets	(1,437)	(1,578)
Purchase of investment securities	(412)	(509)
Proceeds from sale of investment securities	87	488
Payments into time deposits	(0)	(0)
Proceeds from sale of businesses	—	6,436
Net decrease (increase) in short-term loans receivable	(3)	2
Long-term loan advances	(0)	—
Proceeds from collection of long-term loans receivable	0	0
Other, net	31	—
Net cash provided by (used in) investing activities	(6,364)	(3,432)
Cash flows from financing activities		
Proceeds from long-term borrowings	9,584	5,553
Repayments of long-term borrowings	(1,200)	(3,158)
Purchase of treasury shares	(8,742)	(3)
Dividends paid	(1,106)	(1,322)
Dividends paid to non-controlling interests	(132)	(187)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(757)
Repayments of finance lease liabilities	(2,287)	(2,126)
Net cash provided by (used in) financing activities	(3,885)	(2,002)
Effect of exchange rate change on cash and cash equivalents	4,251	(169)
Net increase (decrease) in cash and cash equivalents	776	1,372
Cash and cash equivalents at beginning of period	43,815	48,581
Decrease in cash and cash equivalents resulting	—	(9,848)
Cash and cash equivalents at end of period	44,591	40,105

(4) 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, 2025 including the six months ended September 30, 2024 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 18 of the Implementation Guidance on Accounting Standard for Semi-annual Financial Reporting (ASBJ Guidance No. 32, March 22, 2024).

Income taxes - deferred are included in income taxes.

Changes in accounting policies

Application of Accounting Standard for Current Income Taxes

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan ("ASBJ") Standard No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") from the beginning of the fiscal year ending March 31, 2025.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). Additionally, this change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the fiscal year ending March 31, 2025. This change in accounting policies was applied retrospectively. Hence, the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year have been modified retrospectively. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year.

Segment information

I Six months ended September 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	149,555	114,090	263,646	—	263,646
Intersegment sales and transfers	81	2,274	2,355	(2,355)	—
Total	149,637	116,365	266,002	(2,355)	263,646
Segment profit	899	5,010	5,910	—	5,910

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

II Six months ended September 30, 2024

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	164,823	124,349	289,172	—	289,172
Intersegment sales and transfers	43	2,145	2,188	(2,188)	—
Total	164,866	126,494	291,360	(2,188)	289,172
Segment profit	1,510	7,962	9,473	—	9,473

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

Business combinations

Business divestiture

Absorption-Type Company Split for the business succession related to development and manufacturing of multifunction peripherals (MFPs), etc.

On July 1, 2024, the Company transferred the Group business related to development and manufacturing of MFPs and auto ID systems businesses to ETRIA CO., LTD. pursuant to an Absorption-Type Company Split Agreement that the Company concluded with ETRIA CO., LTD. (formerly Ricoh Technologies Company, Ltd. and renamed ETRIA CO., LTD. on July 1, 2024) on February 6, 2024. In accordance with this change, the Company transferred the shares of six of our consolidated subsidiaries to ETRIA CO., LTD. The Company received the delivery of shares of ETRIA Co., Ltd. as consideration for the Absorption-Type Company Split as described below, as a result of this, ETRIA CO., LTD. became an equity-method affiliate of ours.

1. Overview of business divestiture

(1) Name of the divested company

ETRIA CO., LTD.

(2) Details of the divested business

Development, manufacturing of MFPs, Auto ID systems, and those related products

(3) Main reasons for the divestiture

This is because of strengthening the competitiveness and business foundation of manufacturing in the office printing field and realizing joint planning and development of new on-site solutions utilizing the technologies and resources of both the Company and Ricoh Company, Ltd.

(4) Date of business divestiture

July 1, 2024

(5) Overview of other transactions including legal forms

(a) Method of the Absorption-Type Company Split

The Absorption-Type Company Split is the Company as the company splitting in the Absorption-Type Company Split, and ETRIA CO., LTD. as the company succeeding in the Absorption-Type Company Split.

(b) Details of the allotment related to the Absorption-Type Company Split

In exchange for the Absorption-Type Company Split, the Company received 45 common shares newly issued by ETRIA CO., LTD.

(c) Other details of Absorption-Type Company Split Agreement

Rights and obligations to be succeeded

Assets, liabilities, agreements and other rights and obligations related to the above divested businesses were transferred to ETRIA Co., Ltd. from the Company, to the extent set forth in the Absorption-Type Company Split Agreement.

2. Overview of accounting treatment performed

(1) Amount of gain or loss on transfer

Gain on change in equity ¥21,151 million

(2) Fair carrying amount of assets and liabilities related to the transferred business and major breakdown thereof

Current assets ¥36,892 million

Non-current assets ¥6,267 million

Total assets ¥43,159 million

Current liabilities ¥18,570 million

Non-current liabilities ¥2,665 million

Total liabilities ¥21,235 million

(3) Accounting treatment

The accounting treatment is implemented in accordance with the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), and the “Implementation Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

3. Reportable segments that included the divested business

Workplace Solutions Business Group

4. Estimated amount of profit and loss pertaining to the divested business, reported on the quarterly consolidated statement of income (For the six months)

Net sales ¥169 million

Operating profit ¥2,201 million

(Note) The sales division of the divested businesses is not included in the transfer to ETRIA CO., LTD., and there has been no change in the sales structure. Therefore, the net sales and operating profit amounts above do not have a direct impact on the consolidated financial results of the Company, including the impact of the business transfer. In net sales, the external sales of six consolidated subsidiaries of the Company for which the shares have been transferred to ETRIA CO., LTD. are noted. In operating profit, the amounts are noted after summing up the profits and losses of the consolidated subsidiaries subject to the divested businesses and after necessary eliminating in consolidation.

Transfer of the inkjet head businesses

On July 1, 2024, the Company transferred all of the inkjet head businesses of the Group to RISO Technologies Corporation pursuant to an Absorption-Type Company Split Agreement that the Company and Tec Precision Co., Ltd. (hereinafter referred to as “TPI”) each concluded with RISO Technologies Corporation, on April 23, 2024.

1. Overview of business divestiture

(1) Name of the divested company

RISO Technologies Corporation

(2) Details of the divested business

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

TPI: Manufacture of inkjet heads, etc.

(3) Main reasons for the divestiture

This is because it will be possible to effectively invest resources by integration of the above divested businesses with the RISO KAGAKU CORPORATION, and the Company believes significant growth can be expected from the additional increase in added value.

(4) Date of business divestiture

July 1, 2024

(5) Overview of other transactions including legal forms

(a) Method of the Absorption-Type Company Split

The method of the Absorption-Type Company Split is the Company and TPI as the companies splitting in the Absorption-Type Company Split, and the RISO Technologies Corporation as the company succeeding in the Absorption-Type Company Split.

(b) Details of the allotment related to the Absorption-Type Company Split

The Company and TPI received a total amount of ¥6,436 million in cash from the RISO Technologies Corporation as consideration for the rights and obligations to be transferred in the Absorption-Type Company Split. The amounts of money that the Company and TPI each receive is ¥6,114 million and ¥322 million.

(c) Other details of Absorption-Type Company Split Agreement

Rights and obligations to be succeeded

Assets, liabilities, agreements and other rights and obligations related to the above divested businesses were transferred to RISO Technologies Corporation from the Company, to the extent set forth in the Absorption-Type Company Split Agreement.

2. Overview of accounting treatment performed

(1) Amount of gain or loss on transfer

Gain on sale of businesses

(i) Toshiba Tec ¥5,473 million

(ii) TPI ¥180 million

(2) Fair carrying amount of assets and liabilities related to the transferred business and major breakdown thereof

(i) Toshiba Tec

Current assets ¥314 million

Non-current assets ¥1,143 million

Total assets ¥1,457 million

Current liabilities ¥- million

Non-current liabilities ¥507 million

Total liabilities ¥507 million

(ii) TPI

Current assets ¥43 million

Non-current assets ¥101 million

Total assets ¥144 million

Current liabilities ¥- million

Non-current liabilities ¥- million

Total liabilities ¥- million

(3) Accounting

The difference between the consideration received from the transfer and the amount equivalent to shareholders' equity related to the transferred business is recognized as Gain on sale of businesses.

3. Reportable segments that included the divested business

Workplace Solutions Business Group

4. Estimated amount of profit and loss pertaining to the divested business, reported on the quarterly consolidated statement of income (For the six months)

The information was omitted due to immateriality.

Significant subsequent events

Not applicable

3. Supplementary information

(1) Changes in information about financial results

[Consolidated]

(Million yen)

Description	For the six months ended September 30, 2022	For the six months ended September 30, 2023	For the six months ended September 30, 2024	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024	For the fiscal year ending March 31, 2025 (Forecast)
Net sales	243,869	263,646	289,172	510,767	548,135	565,000
Year-on-year change	112%	108%	110%	115%	107%	103%
Operating profit	5,955	5,910	9,473	16,078	15,854	18,000
Year-on-year change	138%	99%	160%	139%	99%	114%
Ordinary profit	2,783	3,663	8,512	13,149	11,004	15,000
Year-on-year change	90%	132%	232%	129%	84%	136%
Profit (loss) attributable to owners of parent	(6,370)	2,163	26,608	(13,745)	(6,707)	24,000
Year-on-year change	—	—	—	—	—	—
Basic earnings (losses) per share (Yen)	(115.12)	39.11	502.62	(248.37)	(123.92)	453.23
Number of consolidated subsidiaries	67	66	61	67	66	Undecided
Average exchange rate (Yen to the US dollar)	131.59	139.93	153.94	135.11	143.81	149.29
Average exchange rate (Yen to the euro)	138.21	152.78	166.50	140.86	156.27	161.14

(2) Changes in reportable segment information

[Consolidated net sales]

(Million yen)

Description	For the six months ended September 30, 2023	For the six months ended September 30, 2024	For the fiscal year ended March 31, 2024	For the fiscal year ending March 31, 2025 (Forecast)
Retail Solutions Business Group	149,637	164,866	311,004	329,000
Year-on-year change	103%	110%	105%	106%
Workplace Solutions Business Group	116,365	126,494	241,631	240,000
Year-on-year change	116%	109%	111%	99%
Subtotal	266,002	291,360	552,635	569,000
Elimination	(2,355)	(2,188)	(4,500)	(4,000)
Total	263,646	289,172	548,135	565,000
Year-on-year change	108%	110%	107%	103%

(Note) Net sales for each business include "Intersegment sales and transfers."

[Consolidated operating profit]

(Million yen)

Description	For the six months ended September 30, 2023	For the six months ended September 30, 2024	For the fiscal year ended March 31, 2024	For the fiscal year ending March 31, 2025 (Forecast)
Retail Solutions Business Group	899	1,510	2,251	8,000
Operating profit margin	0.6%	0.9%	0.7%	2.4%
Workplace Solutions Business Group	5,010	7,962	13,602	10,000
Operating profit margin	4.3%	6.3%	5.6%	4.2%
Total	5,910	9,473	15,854	18,000
Operating profit margin	2.2%	3.3%	2.9%	3.2%

(3) Changes in net sales by destination market

[Changes in net sales by destination market / Consolidated]

(Million yen)

Description	For the six months ended September 30, 2022	For the six months ended September 30, 2023	For the six months ended September 30, 2024	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Japan	85,066	93,173	105,823	174,524	198,972
Percentage of consolidated net sales	35%	35%	37%	34%	36%
Americas	85,914	94,538	107,799	183,988	194,329
Percentage of consolidated net sales	35%	36%	37%	36%	36%
Europe	44,971	47,359	54,512	94,948	99,482
Percentage of consolidated net sales	18%	18%	19%	19%	18%
Other	27,915	28,574	21,037	57,304	55,350
Percentage of consolidated net sales	12%	11%	7%	11%	10%
Total	243,869	263,646	289,172	510,767	548,135
Percentage of consolidated net sales	100%	100%	100%	100%	100%

(4) Changes in proportion of overseas production by value

[Changes in proportion of overseas production by value / Consolidated]

Description	For the six months ended September 30, 2022	For the six months ended September 30, 2023	For the six months ended September 30, 2024	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Overseas ratio	81%	74%	69%	73%	74%

(5) Changes in resource inputs

[Increase in property, plant and equipment and intangible assets / Consolidated]

(Million yen)

Description	For the six months ended September 30, 2022	For the six months ended September 30, 2023	For the six months ended September 30, 2024	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024	For the fiscal year ending March 31, 2025 (Forecast)
Consolidated	7,694	8,707	14,865	17,550	21,926	23,000
Year-on-year change	115%	113%	171%	118%	125%	105%

[Research and development expenses / Consolidated]

(Million yen)

Description	For the six months ended September 30, 2022	For the six months ended September 30, 2023	For the six months ended September 30, 2024	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024	For the fiscal year ending March 31, 2025 (Forecast)
Consolidated	11,885	14,665	12,685	24,531	29,820	25,000
Net sales ratio	4.9%	5.6%	4.4%	4.8%	5.4%	4.4%
Year-on-year change	105%	123%	86%	112%	122%	84%

[Number of employees at the end of the fiscal year / Consolidated]

(Persons)

Description	For the six months ended September 30, 2022	For the six months ended September 30, 2023	For the six months ended September 30, 2024	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024	For the fiscal year ending March 31, 2025 (Forecast)
Consolidated	18,557	18,973	15,876	18,906	19,093	16,000
Year-on-year change	(142)	416	(3,097)	367	187	(3,093)