

Notice Regarding the Establishment of a Subsidiary

STAR MICRONICS CO., LTD. (“STAR MICRONICS” or “the Company”) resolved to establish a sales subsidiary in its Special Products Segment in Japan at a meeting of its Board of Directors held today (July 11, 2018). Brief details are as follows.

1. Reason for Establishing the Subsidiary

Currently, the scale of point-of-sale (POS) printers in the Special Products Segment in Japan is expanding due to the increased use of mPOS* devices. Looking ahead, the market is expected to expand even further on the back of the reduction in tax rates associated with the increase in the consumption tax rate and other factors including increased inbound demand in the lead-up to the 2020 Tokyo Olympic Games. Under these circumstances, STAR MICRONICS has decided to establish a subsidiary in order to develop new businesses that extend beyond existing boundaries. Over and above the sale of POS printers, this new subsidiary will handle a broad range of peripheral devices that are capable of addressing the diverse demand and requirements of customers while undertaking such other activities as the upgrade and expansion of solution services including software.

* mPOS (mobile Point of Sales): mPOS is a Point of Sales system using smartphones, tablets or wireless devices, which can be introduced at a lower cost and more easily compared with conventional POS systems that require dedicated POS terminals or PCs.

2. Overview of the Subsidiary to be Established

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| (1) Name: | Star Marketing Japan Co., Ltd. |
| (2) Address: | 3-3-13 Shimbashi, Minato-ku, Tokyo |
| (3) Representative: | Takayuki Aoki, President and Representative Director
(Senior Executive Officer and General Manager Special Products Segment) |
| (4) Business Activities: | Sale of POS printers and peripheral devices |
| (5) Capital: | ¥20 million |
| (6) Date of Establishment: | July 25, 2018 (planned) |
| (7) Balance Date: | December 31 |
| (8) Ownership: | 100% of the equity owned by STAR MICRONICS |

3. Outlook

Plans are in place to transfer the Company’s Special Products Segment sales business in Japan by way of a company spin-off (absorption-type split) to the newly established subsidiary. STAR MICRONICS will disclose details of the company spin-off and all other relevant information after the spin-off in a timely manner as and when determined.

4. Impact on STAR MICRONICS’ Business Performance

The impact on the Company business performance in the fiscal year ending December 31, 2018 is expected to be minimal.