



November 11, 2022

Company name SANTEC CORPORATION
Representative Mototaka Tei,
President and CEO
(Code number: 6777)

Execution of the absorption-type company split agreements concerning business successions to its wholly-owned subsidiaries through company splits (“short-form” absorption-type splits)

SANTEC has announced that SANTEC began preparations to transition to a holding company structure through a company split on April 1, 2023 (scheduled) as the effective date as stated in the "Board decision to start the preparations for transition to a holding company structure through company splits (“short-form” absorption-type splits), establishment of split preparation companies, amendment to the company name, and partial amendments to the Articles of Incorporation" released by Santec on May 16, 2022 and "Board decision to partially reschedule the company splits (“short-form” absorption-type splits)" released by Santec on August 31, 2022.

SANTEC hereby announces that its Board of Directors resolved at the Board meeting on November 11, 2022, that SANTEC has entered into the absorption-type company split agreements on the same day with the following four split preparation companies (each a Succeeding Company, and collectively the “Succeeding Companies”) as its wholly-owned subsidiaries: santec AOC Corporation, santec LIS Corporation, santec OIS Corporation, and santec Japan Corporation (Hereinafter, the absorption-type split based on this absorption-type company split agreement is referred to as the “Company Split”).

Since this company split is a company split in which the business will be transferred to a wholly owned subsidiary of SANTEC, some disclosure items are omitted.

1. Purpose of the transition to a holding company structure

”Santec Group” consists of SANTEC, four overseas subsidiaries, one overseas sub-sub-subsidiary company and one overseas sub-sub-subsidiary. The Group's main business is the development, manufacturing and sales of optical components and optical measuring instruments. In the optical communication market, which is the main business field of SANTEC Group, capital investment by telecommunications carriers is steadily increasing due to the increase in global communication traffic. The reasons for such increase include the expansion of 5G communication networks and cloud services, as well as the rapid spread of telecommuting and web conferencing due to the COVID-19 Pandemic.

In such an environment, SANTEC Group has been expanding its business activities by introducing an in-house companies system * 1 as from the fiscal year ending March 2021 with the aim of accelerating growth by returning to the venture spirit.

SANTEC has decided to start preparations for the transition to a holding company structure with the aim of further clarifying responsibilities and authorities and creating an organizational structure that promotes business through quicker and bolder decision-making.

* 1 SANTEC’s disclosure segments and In-House Companies

Disclosure segment	Name of In-house Company	Main business
Optical parts business	AOC Company (Advanced Optical Components)	Development, manufacture and sales of optical components
Optical measuring instrument business	LIS Company (Laser Instrument & System)	Development, manufacture and sales of wavelength tunable light sources and measuring instruments

	OIS Company (Optical Imaging & Sensing)	Development, manufacture and sales of OCT light sources, OCT systems, and medical equipment
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2. Summary of the Company Split

(1) Schedule of the Split

Establishment of the Split Preparation Companies	May 30, 2022
The Board of Directors meeting to approve the absorption-type company split agreements	<u>mid November, 2022 (tentative)</u>
Execution of the absorption-type company split agreement	<u>mid November, 2022 (tentative)</u>
Ordinary General Meeting of Shareholders to approve the absorption-type company split agreement	<u>late November, 2022 (tentative)</u>
Effective date of the absorption-type company split	April 1, 2023 (tentative)

(2) Method of the Company Splits

The foregoing company splits are absorption-type splits in which SANTEC is the Splitting Company, and santec AOC Corporation, santec LIS Corporation, santec OIS Corporation, and santec Japan Corporation are Succeeding Companies in the respective absorption-type splits.

(3) Details of allotments related to the Company Split

As consideration for the respective Company Splits, SANTEC will receive 900 shares of common stock newly issued by the santec AOC Corporation, 900 shares of common stock newly issued by the santec OIS Corporation, 900 shares of common stock newly issued by santec LIS Corporation, and 900 shares of common stock newly issued by santec Japan Corporation.

(4) Treatment of Share Options and Bonds with Share Options of SANTEC

Not applicable.

(5) Increase or decrease in capital due to the Company Split

There will be no increase or decrease in the SANTEC's capital as a result of the Company Splits.

(6) Rights and Obligations succeeded to by the Succeeding Companies

As a result of the Company Splits, the Splitting Company transfers its assets, liabilities, contract status and other rights and obligations related to the AOC Company business, LIS Company business, OIS Company business, domestic sales business, and solution business that belong to the respective Splitting Companies on the effective date, unless otherwise stipulated in the respective absorption-type split agreements.

The obligations to be succeeded by the respective Succeeding Companies are guaranteed by the Splitting Company.

(7) Possibility of fulfillment of obligations

After the Company Split, the amount of assets of each Succeeding Company is expected to exceed the amount of liabilities, so that it is expected that the respective Succeeding Companies will be able to fulfill its obligations and it is not anticipated any situation that would impede the performance of the obligations of the respective Succeeding Companies.

Therefore, SANTEC has determined that there will be no problem with the performance of the obligations of the respective Succeeding Companies after the company splits.

3. Overview of the parties to the Company Split

(1) Succeeding Companies in the absorption-type splits (as of September 30, 2022)

<santec AOC Corporation>

(1) Name	santec AOC Corporation
(2) Location	5823, Nenjozaka, Okusa-Aza, Oaza, Komaki-city, Aichi

(3) Title and name of the representative	Noboru Uehara, President and Representative Director	
(4) Main business description	Development, manufacture and sales of optical components	
(5) Capital	1 million yen	
(6) Date of establishment	May 30 , 2022	
(7) Number of shares to be issued	100 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and holding ratio	100% owned by SANTEC	
(10) Relationship between SANTEC and santec AOC Corporation	Capital relationship	As described in Item (9) above.
	Business relationship	santec AOC Corporation has not yet started business so that there are no business relationships with SANTEC.
	Personnel relationship	SANTEC dispatches a director to santec AOC Corporation.

<santec LIS Corporation>

(1) Name	santec LIS Corporation.	
(2) Location	5823, Nenjozaka, Okusa-Aza, Oaza, Komaki-city, Aichi	
(3) Title and name of the representative	Taihei Miyakoshi, President and Representative Director	
(4) Main business description	Development, manufacture and sales of wavelength tunable light sources and measuring instruments	
(5) Capital	1 million yen	
(6) Date of establishment	May 30 , 2022	
(7) Number of shares to be issued	100 shares	
(8) Fiscal year	March 31	
(9) Major shareholders and holding ratio	100% owned by SANTEC	
(10) Relationship between SANTEC and santec LIS Corporation	Capital relationship	As described in Item (9) above.
	Business relationship	santec LIS Corporation has not yet started business so that there are no business relationships with SANTEC.
	Personnel relationship	SANTEC dispatches a director to santec LIS Corporation.

<santec OIS Corporation>

(1) Name	santec OIS Corporation	
(2) Location	5823, Nenjozaka, Okusa-Aza, Oaza, Komaki-city, Aichi	
(3) Title and name of the representative	Keiji Isamoto, President and Representative Director	
(4) Main business description	Development, manufacture and sales of OCT light sources, OCT systems, and medical equipment	
(5) Capital	1 million yen	
(6) Date of establishment	May 30 , 2022	
(7) Number of shares to be issued	100 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and holding ratio	100% owned by SANTEC	
(10) Relationship between SANTEC and santec OIS Corporation	Capital relationship	As described in Item (9) above.
	Business relationship	santec OIS Corporation has not yet started business so that there are no business

		relationships with SANTEC.
	Personnel relationship	SANTEC dispatches a director to santec OIS Corporation.

<santec Japan Corporation>

(1) Name	santec Japan Corporation	
(2) Location	5823, Nenjozaka, Okusa-Aza, Oaza, Komaki-city, Aichi	
(3) Title and name of the representative	Taisei Kaneshiro, President and Representative Director	
(4) Main business description	Domestic sales business and solution business	
(5) Capital	1 million yen	
(6) Date of establishment	May 30 , 2022	
(7) Number of shares to be issued	100 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and holding ratio	100% owned by SANTEC	
(10) Relationship between SANTEC and santec Japan Corporation	Capital relationship	As described in Item (9) above.
	Business relationship	santec Japan Corporation has not yet started business so that there are no business relationships with SANTEC.
	Personnel relationship	SANTEC dispatches a director to santec Japan Corporation.

(2) Splitting Company

(1) Name	SANTEC CORPORATION	
(2) Location	5823, Nenjozaka, Okusa-Aza, Oaza, Komaki-city, Aichi	
(3) Title and name of the representative	Mototaka Tei, President and Representative Director	
(4) Main business description	Development, manufacture and sale of optical components and optical measuring instruments	
(5) Capital	4,978 million yen	
(6) Date of establishment	August 25, 1979	
(7) Number of shares to be issued	11,961,100 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and holding ratio (As of September 30, 2022)	Kowa Corporation	33.98%
	Gens Global Corporation	7.11%
	Daikou Tei	4.21%
	Chrono Source Corpoation	4.21%
	Custody Bank of Japan (trust account)	3.25%
(10) Financial condition and operating results for the most recent fiscal year	Net assets	11,882 million yen
	Total assets	16,200 million yen
	Net Assets Per Share	1,010.37 yen
	Sales amount	8,890 million yen
	Operating profit	1,642 million yen
	Ordinary profit	1,948 million yen
	Net Income Attributable to Owners of Parent	1,656 million yen
Net income per share	140.87 yen	

(Note)

1. As of April 1, 2023, the name of the Splitting Company will be changed to “santec Holdings Corporation”.
2. The description of the shareholding ratio in the major shareholders and shareholding ratio (as of September 30, 2022) indicates the ratio of the number of shares held to the total number of issued

shares of the SANTEC.

3. As of September 30, 2022, SANTEC owns 200,601 shares of treasury stock (1.68% of the total number of issued shares).

4. Business overview of the division to be split

(1) Business contents of divisions to be split

Succeeding Companies	Business of division to be split
santec AOC Corporation	AOC Company business
santec LIS Corporation	LIS Company business
santec OIS Corporation	OIS Company business
santec Japan Corporation	Domestic sales business, and solution business

(2) Operating results of divisions to be split (fiscal year ending March 31 2022)

Division to be split	Sales
AOC Company business	3,079 million yen
LIS Company business	5,672 million yen
OIS Company business	- million yen
Domestic sales business, and solution business	138 million yen

(3) Items and amounts of assets and liabilities to be split (as of September 30, 2022)

<santec AOC Corporation>

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	1,418 million yen	Current liabilities	514 million yen
Fixed assets	540 million yen	Fixed liabilities	0 million yen
Total	1,959 million yen	Total	514 million yen

<santec LIS Corporation>

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	786 million yen	Current liabilities	384 million yen
Fixed assets	150 million yen	Fixed liabilities	0 million yen
Total	937 million yen	Total	388 million yen

<santec OIS Corporation>

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	1,208 million yen	Current liabilities	589 million yen
Fixed assets	144 million yen	Fixed liabilities	0 million yen
Total	1,353 million yen	Total	589 million yen

<santec Japan Corporation>

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	650 million yen	Current liabilities	11 million yen
Fixed assets	1 million yen	Fixed liabilities	0 million yen
Total	651 million yen	Total	11 million yen

(Note) The foregoing amounts are calculated based on the balance sheet as of September 30, 2022. The actual amounts of assets and liabilities to be succeeded will be adjusted reflecting the operations up to the effective date of the splits.

5. Status of SANTEC after the Company Splits

Santec will change its trade name to “Santec Holdings Corporation” on the effective date. There will be no changes in the location of the head office, the title and name of the representative, the amount of capital, and the fiscal year-end of SANTEC.

6. Future outlook

As all the succeeding companies in the absorption-type splits are wholly-owned subsidiaries of SANTEC, the impact on consolidated results will be minor.