

## Fiscal 2023 First-quarter Consolidated Earnings Report (Japanese GAAP)

These financial statements have been prepared for reference in accordance with accounting principles and practices generally accepted in Japan.

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Scheduled release of Fiscal 2023 First-quarter Business Report: May 12, 2023  
Scheduled payment of dividends: -  
Preparation of supplementary explanatory materials for quarterly earnings report: Yes  
Quarterly earnings presentation: None

(Figures less than one million are rounded down)

### 1. Results for the First Quarter of Fiscal 2023 (From January 1, 2023 to March 31, 2023)

(1) Consolidated Operating Results (Percentages represent changes over the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
FY 2023 First Quarter	21,116	20.4	4,106	70.2	4,324	65.3	3,174	73.7
FY 2022 First Quarter	17,539	37.1	2,412	112.2	2,615	112.5	1,827	84.4

(Note) Comprehensive income FY 2023 First Quarter ¥3,744 million [1.9%] FY 2022 First Quarter ¥3,673 million [40.3%]

	Net Income Per Share	Diluted Net Income Per Share
	(¥)	(¥)
FY 2023 First Quarter	84.21	83.96
FY 2022 First Quarter	47.42	47.17

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	(¥ million)	(¥ million)	%
As of March 31, 2023	97,387	75,337	76.9
As of December 31, 2022	99,538	73,088	73.0

Reference: Shareholders' Equity

As of March 31, 2023 ¥74,926 million As of December 31, 2022 ¥72,628 million

### 2. Dividends

	Dividends Per Share				
	1Q end	2Q end	3Q end	Year-end	Full Year
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2022	—	30.00	—	40.00	70.00
FY 2023	—				
FY 2023(projected)		30.00	—	30.00	60.00

(Note) Changes to the latest dividend forecast announced: None

Breakdown of Year-End Dividends in FY2022 Ordinary dividend ¥30.00 Special dividend ¥10.00

### 3. Consolidated Outlook for the Fiscal Year Ending December 31, 2023 (From January 1, 2023 to December 31, 2023)

(Percentages represent changes over the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income Per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Interim term	41,900	6.7	6,400	11.8	6,600	10.5	5,000	18.8	133.34
Full Year	79,500	(9.0)	10,500	(24.6)	10,800	(23.9)	8,100	(21.3)	218.58

(Note) Changes to the latest consolidated results forecast announced: None

\*Note

- (1) Significant changes in subsidiaries during the period under review (changes in certain specified subsidiaries resulting in revised scope of consolidation): None  
New company: — (Company name) , Excluded company: — (Company name)
- (2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, estimates and restatement or corrections
- (i) Changes associated with revised accounting standards: Yes
  - (ii) Changes other than those in (i) above: None
  - (iii) Changes in accounting estimates: None
  - (iv) Retrospective restatement: None

(4) Number of shares issued and outstanding (Common stock)

(i) Number of shares issued and outstanding at period-end (Including treasury stock)

As of March 31, 2023	42,465,134 shares	As of December 31, 2022	42,465,134 shares
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(ii) Number of treasury stock at period-end

As of March 31, 2023	4,766,204 shares	As of December 31, 2022	4,809,548 shares
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(iii) Average number of outstanding shares (During the three months)

As of March 31, 2023	37,698,930 shares	As of March 31, 2022	38,550,241 shares
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\* This quarterly earnings report is not subject to quarterly reviews.

\* Regarding the appropriate use of earnings projections and other noteworthy matters

The above projections are based on information available at the time of release of this report and certain assumptions the Company considers reasonable. The Company does not promise that these projections will be achieved. Actual results may differ materially from projections due to a variety of factors. For information regarding the assumptions and other matters related to earnings projections in this report, refer to "(3) Explanation of the Consolidated Earnings Projections and Other Forecasts" under "1. Qualitative Information regarding Quarterly Consolidated Business Performance" on page 2.

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## **1. Qualitative Information regarding Quarterly Consolidated Business Performance**

### **(1) Explanation of Consolidated Operating Results**

During the first quarter of fiscal 2023, the fiscal year ending December 31, 2023, conditions surrounding the global economy remained shrouded in uncertainty, despite a modest economic recovery. Amid the surge in resource prices and historic levels of inflation, the central banks of various countries have taken steps to raise interest rates in an effort to curb inflation. Concerns surrounding an economic recession are also continuing to mount owing to the incidence of financial system instability in the U.S. and Europe.

In each of the major markets in which the Star Micronics Group operates, demand for POS printers was generally weak. In addition, demand for the Group's mainstay machine tools in overseas markets, which had previously remained high, stalled with little or no forward momentum. Exacerbating these difficult trends, demand in Japan also failed to recover.

Under these circumstances, the Star Micronics Group reported sales of ¥21,116 million for the first quarter of the fiscal year under review, up 20.4% compared with the corresponding period of the previous fiscal year. The increase was largely due to an upswing in sales of machine tools in the U.S. and European markets. From a profit perspective, operating income climbed 70.2%, to ¥4,106 million due in large part to higher sales. Ordinary income increased 65.3%, to ¥4,324 million. Net income attributable to owners of parent grew 73.7%, to ¥3,174 million.

#### **(Special Products)**

In POS printers, mPOS demand, which had previously remained robust, stalled in the period under review. Despite this sluggish demand, sales increased. In addition to the easing of delays in the supply of products that had arisen due to difficulties in procuring components and parts as well as disruptions to logistics throughout the previous fiscal year, this upswing in sales largely reflects the impact of the yen's depreciation. Looking at trends by geographic region, sales in the U.S. and European markets grew substantially. This is mainly attributable to the successful steps taken to ensure the supply of products to meet demand. In contrast, results in Japan decreased on the back of weak sales.

Accounting for these factors, sales and profits increased substantially. In specific terms, sales grew 32.4% compared with the corresponding period of the previous fiscal year, to ¥4,822 million. Operating income jumped 77.9% year on year, to ¥1,227 million.

#### **(Machine Tools)**

Sales of CNC automatic lathes increased. Amid the overall impact of the yen's depreciation, this growth in sales was mainly due to the steady filling of backlog orders mostly in the U.S. and European markets from the previous fiscal year. By geographic region, sales increased significantly centered mainly on medical- and automotive-related products in the U.S. and European markets, respectively. Meanwhile, sales decreased substantially in the Asian market. This was largely attributable to weak sales of automotive-related products on the back of the continued cautious approach toward capital investment in China over the latter half of the previous fiscal year. On the domestic front, sales decreased due to lack of momentum outside of the mainstay automotive sector.

Accounting for each of the aforementioned factors, sales increased 17.3% compared with the corresponding period of the previous fiscal year, to ¥16,294 million. Operating income boosted 55.0%, to ¥3,405 million.

### **(2) Explanation of Financial Position**

Total assets as the end of the first quarter of the fiscal year under review stood at ¥97,387 million, a decrease ¥2,151 million compared with the end of the previous fiscal year. Despite an increase in inventories, this was mainly due to the decline in cash and deposits and trade notes and accounts receivable. Total liabilities came to ¥22,050 million, a decrease of ¥4,399 million compared with the previous fiscal year-end. This largely reflected the decline in electronically recorded obligations and income taxes payable. Total net assets increased ¥2,248 million compared with the end of the previous fiscal year, to ¥75,337 million. This was in large part due to the increase in retained earnings and foreign currency translation adjustments.

### **(3) Explanation of the Consolidated Earnings Projections and Other Forecasts**

Earnings projections remain unchanged from the projections announced on February 9, 2023.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	30,069,164	26,799,923
Trade notes and accounts receivable	22,749,935	21,547,554
Securities	34,278	2,297
Merchandise and finished goods	14,361,778	17,064,881
Work in process	6,578,912	6,336,183
Raw materials and supplies	4,146,484	4,295,725
Other	2,264,776	1,823,512
Allowance for doubtful accounts	(132,608)	(151,514)
<b>Total current assets</b>	<b>80,072,720</b>	<b>77,718,563</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,384,989	7,300,318
Machinery, equipment and vehicles, net	3,332,228	3,348,500
Tools, furniture and fixtures, net	1,350,231	1,290,836
Land	2,008,241	2,017,233
Lease assets, net	61,195	55,030
Construction in progress	215,439	220,330
Other, net	1,344,130	1,353,244
<b>Total property, plant and equipment</b>	<b>15,696,456</b>	<b>15,585,495</b>
Intangible assets		
Other	445,331	417,352
<b>Total intangible assets</b>	<b>445,331</b>	<b>417,352</b>
Investments and other assets		
Investment securities	1,131,830	1,196,885
Deferred tax assets	425,428	503,675
Net defined benefit asset	1,299,938	1,506,019
Other	466,926	459,614
<b>Total investments and other assets</b>	<b>3,324,123</b>	<b>3,666,195</b>
<b>Total non-current assets</b>	<b>19,465,910</b>	<b>19,669,043</b>
<b>Total assets</b>	<b>99,538,631</b>	<b>97,387,607</b>

(Unit: Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	8,369,767	8,745,818
Electronically recorded obligations-operating	4,618,781	1,695,503
Lease obligations	26,484	26,297
Income taxes payable	2,417,312	1,427,081
Contract liabilities	965,914	1,072,191
Provision for bonuses	1,550,218	916,137
Provision for directors' bonuses	—	15,000
Other	7,155,653	6,873,456
Total current liabilities	25,104,131	20,771,487
Non-current liabilities		
Lease obligations	41,207	34,632
Net defined benefit liability	100,988	103,839
Other	1,204,176	1,140,645
Total non-current liabilities	1,346,371	1,279,117
Total liabilities	26,450,503	22,050,604
<b>Net assets</b>		
Shareholders' equity		
Capital stock	12,721,939	12,721,939
Capital surplus	11,710,490	11,710,233
Retained earnings	49,849,455	51,516,975
Treasury stock	(6,608,499)	(6,546,268)
Total shareholders' equity	67,673,385	69,402,879
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	107,591	150,389
Foreign currency translation adjustments	3,366,425	3,974,869
Remeasurements of defined benefit plans	1,481,466	1,398,528
Total accumulated other comprehensive income	4,955,484	5,523,787
Stock acquisition rights	351,712	300,880
Noncontrolling interests	107,545	109,455
Total net assets	73,088,128	75,337,002
<b>Total liabilities and net assets</b>	<b>99,538,631</b>	<b>97,387,607</b>

**(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**

(Quarterly Consolidated Statement of Income)

(First three-month period)

(Unit: Thousands of yen)

	First three-month period from January 1, 2022 to March 31, 2022, of FY2022	First three-month period from January 1, 2023 to March 31, 2023, of FY2023
Net sales	17,539,989	21,116,786
Cost of sales	11,097,112	12,016,795
Gross profit	6,442,876	9,099,991
Selling, general and administrative expenses	4,030,170	4,993,363
Operating income	2,412,705	4,106,627
Non-operating income		
Interest income	29,390	72,069
Foreign exchange gain	224,762	83,085
Rent income	10,412	10,434
Miscellaneous income	13,734	62,212
Total non-operating income	278,300	227,802
Non-operating expenses		
Interest expense	8,074	7,379
Loss on transport accident	56,136	—
Miscellaneous loss	10,901	2,164
Total non-operating expenses	75,112	9,544
Ordinary income	2,615,893	4,324,885
Extraordinary income		
Gain on sales of non-current assets	1,420	5,972
Gain on revision of retirement benefit plan	—	203,002
Total extraordinary income	1,420	208,975
Extraordinary losses		
Loss on disposal of non-current assets	1,388	1,054
Total extraordinary losses	1,388	1,054
Income before income taxes	2,615,925	4,532,806
Income taxes-current	613,150	1,479,652
Income taxes-deferred	160,168	(122,926)
Total income taxes	773,318	1,356,726
Net income	1,842,607	3,176,079
Net income attributable to noncontrolling interests	14,657	1,368
Net income attributable to owners of the parent	1,827,949	3,174,711

(Quarterly Consolidated Statement of Comprehensive Income)  
(First three-month period)

(Unit: Thousands of yen)

	<b>First three-month period from January 1, 2022 to March 31, 2022, of FY2022</b>	<b>First three-month period from January 1, 2023 to March 31, 2023, of FY2023</b>
Net income	1,842,607	3,176,079
Other comprehensive income		
Valuation difference on available-for-sale securities	3,293	42,797
Foreign currency translation adjustments	1,823,190	631,800
Remeasurements of defined benefit plans	(1,132)	(82,937)
Share of other comprehensive income of entities	5,986	(22,815)
Total other comprehensive income	1,831,338	568,844
Comprehensive income	3,673,945	3,744,924
(Total comprehensive income attributable to:)		
Owners of parent	3,640,758	3,743,014
Noncontrolling interests	33,186	1,909



**(3) Notes to Quarterly Consolidated Financial Statements**

**(Note on Going Concern Assumption)**

Not applicable

**(Note on Significant Changes in Shareholders' Equity Accounts)**

Not applicable

**(Changes in Accounting Policies)**

(Application of "Implementation Guidance on Accounting Standard for Fair Value Measurement")

The Company began applying the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revision issued on June 17, 2021) at the beginning of the first quarter of the fiscal year under review. Accordingly, the Company will apply the new accounting policies stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement in the future in accordance with the transitional handling stipulated in Section 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

Application of this guidance has no impact on quarterly consolidated financial statements.