

Financial Results for the FY2021 Second Quarter

STAR MICRONICS CO., LTD.

<https://www.star-m.jp>

Code 7718

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* The projections in this document 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.

Financial Results for the FY2021 Second Quarter

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Substantial Increases in Sales and Profits Year on Year

■ Net Sales	¥27.93 billion	32.5%	up YoY
■ Operating Income	¥2.63 billion	319.8%	up YoY
■ Ordinary Income	¥2.87 billion	371.4%	up YoY
■ Net Income Attributable to Owners of Parent	¥2.11 billion	-	YoY

- ✓ **Despite the ongoing uncertainty surrounding economic conditions attributable to COVID-19, the global economy experienced a recovery trend mainly in the manufacturing sector with upswings in both the Special Products and Machine Tools segments.**
- ✓ **Special Products robust especially in the U.S., Machine Tools-related market also recovered across a wide range of industries**

Consolidated Operating Results and Business Forecast

(Millions of Yen)

	Second Quarter					Full-Year					
	June 2020 Actual		June 2021 Actual			FY12/20 Actual		FY12/21 Revised Forecasts (Announced on August 10)			
	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Rate of Change (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Rate of Change (%)	
Net Sales	Special Products	5,830		7,457		27.9	11,720		13,570		15.8
	Machine Tools	15,245		20,472		34.3	33,949		44,530		31.2
	Total	21,076		27,930		32.5	45,670		58,100		27.2
Operating Income	Special Products	827	14.2	1,279	17.2	54.6	1,545	13.2	2,200	16.2	42.3
	Machine Tools	883	5.8	2,171	10.6	145.6	2,697	7.9	5,420	12.2	100.9
	Eliminations or Corporate	(1,084)		(820)			(2,070)		(1,820)		
Total	626	3.0	2,630	9.4	319.8	2,172	4.8	5,800	10.0	166.9	
Ordinary Income		609	2.9	2,872	10.3	371.4	2,772	6.1	6,100	10.5	120.0
Net Income Attributable to Owners of Parent		69	0.3	2,114	7.6	-	1,731	3.8	4,500	7.7	159.9
ROE (%)		-		-			3.5		8.4		
Cash Dividends Applicable to the Year		¥28		¥29			¥58		¥58		
DOE (%)		-		-			4.1		4.1		

Exchange Rate					Second half	Full-Year	Foreign
					Assumed	Assumed	Exchange
					Exchange Rate	Exchange Rate	Sensitivity※
	US\$	¥108.30	¥107.70	¥106.83	¥100.00	¥103.85	¥63million
	EUR	¥119.32	¥129.82	¥121.82	¥123.00	¥126.41	¥21million
	GBP	¥136.59	¥149.61	¥137.09	¥137.00	¥143.30	¥4million
	CHF	¥112.12	¥118.67	¥113.80	¥115.00	¥116.83	¥17million

*Following its decision to abolish the Precision Products Segment, Star Micronics undertook a revision of its business activities and reclassified its business segments in the previous fiscal year. Effective from the fiscal year under review, the Company changed and reclassified its reportable segments from the three former Special Products Segment, Machine Tools Segment, and Precision Products Segment into the two Special Products Segment and Machine Tools Segment. Amounts included in the Precision Products Segment in the segment information for the previous fiscal year are now included in the Machine Tools Segment.

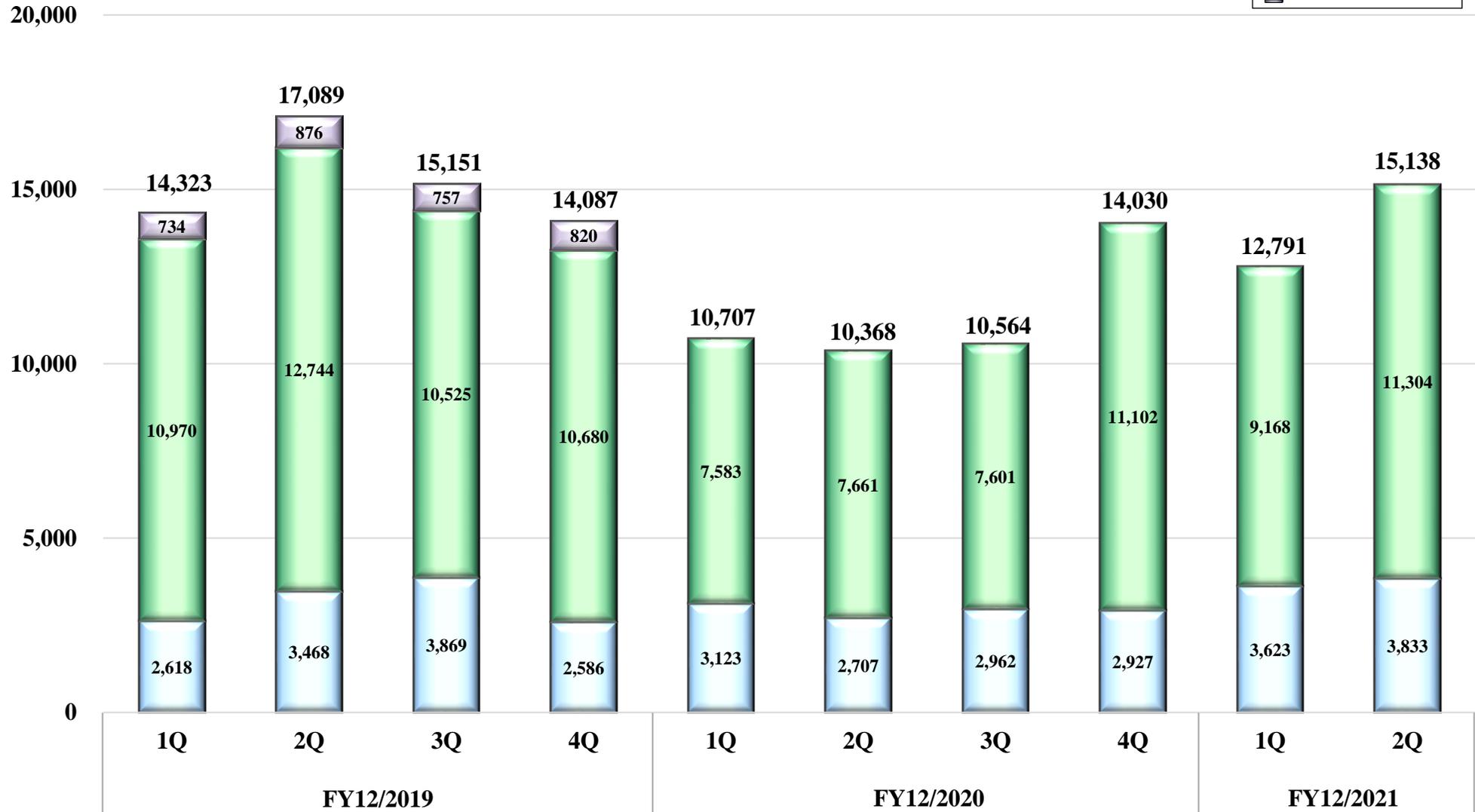
※Sensitivity of operating income to a ¥1 change in foreign exchange rates.

Quarterly Information(Net Sales)



Net Sales

(Millions of Yen)



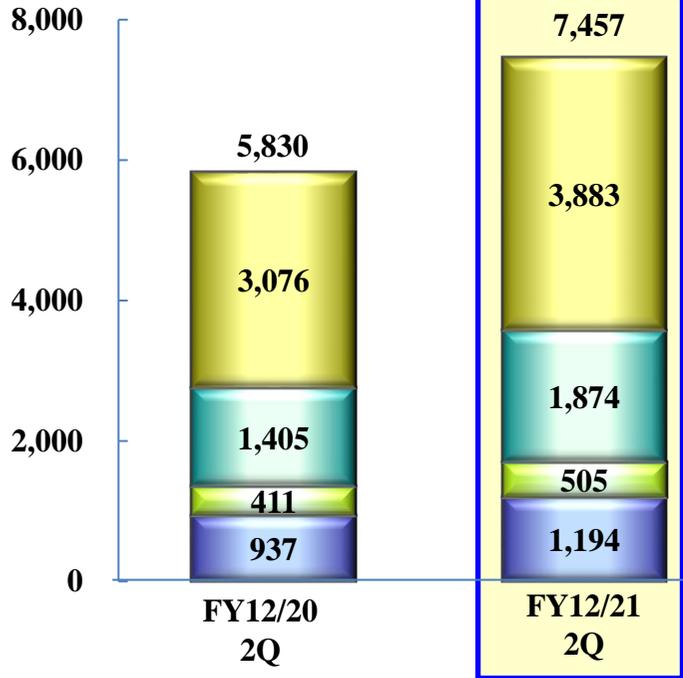
*Effective from the fiscal year ended December 31, 2020, the Precision Products Segment has been included in the Machine Tools Segment.



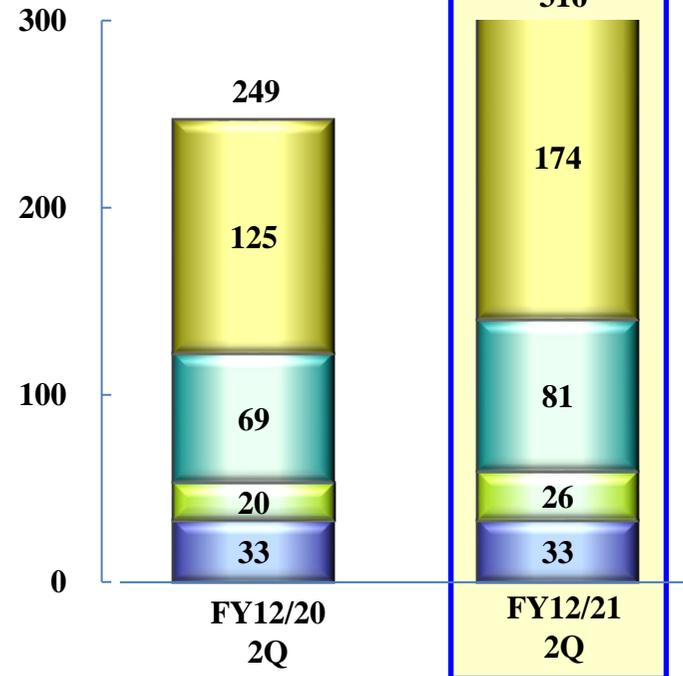
Sales

Sales Volume

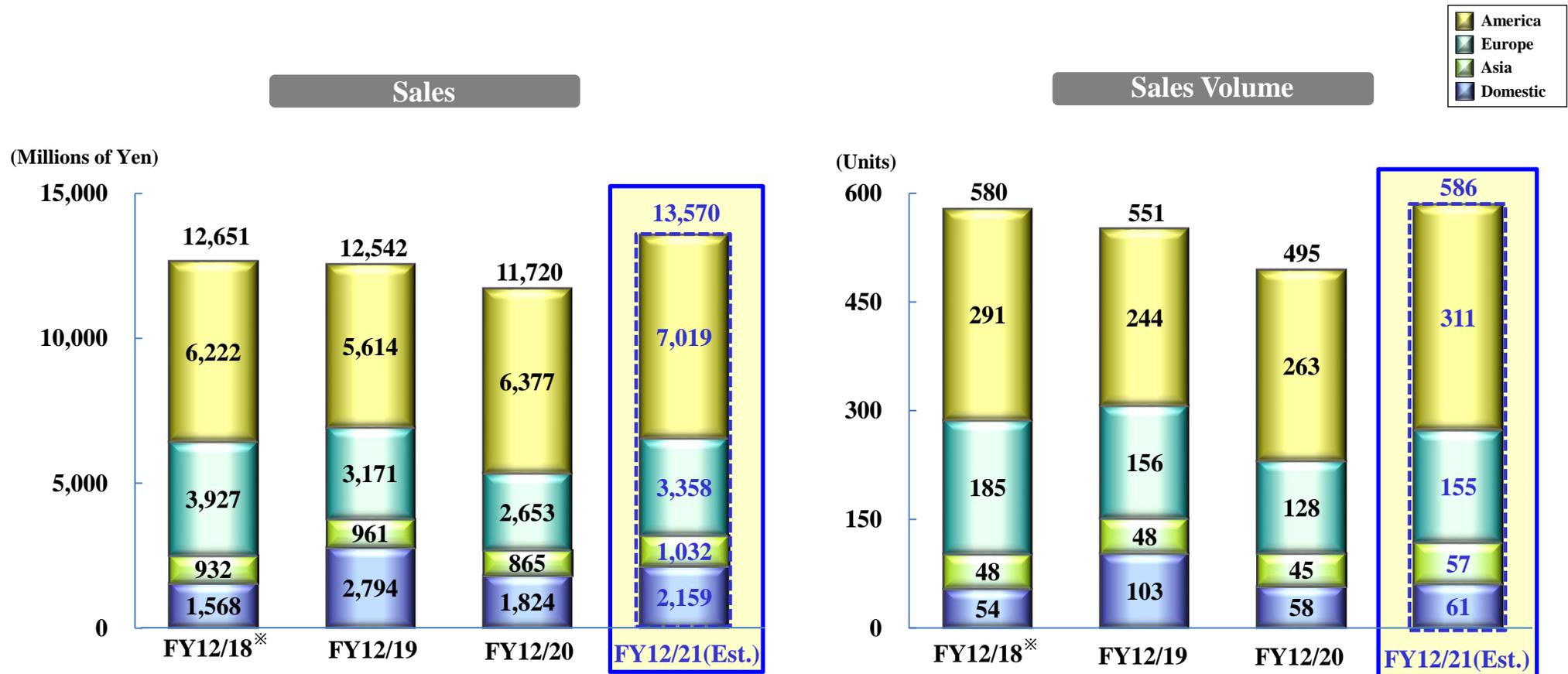
(Millions of Yen)



(Units)

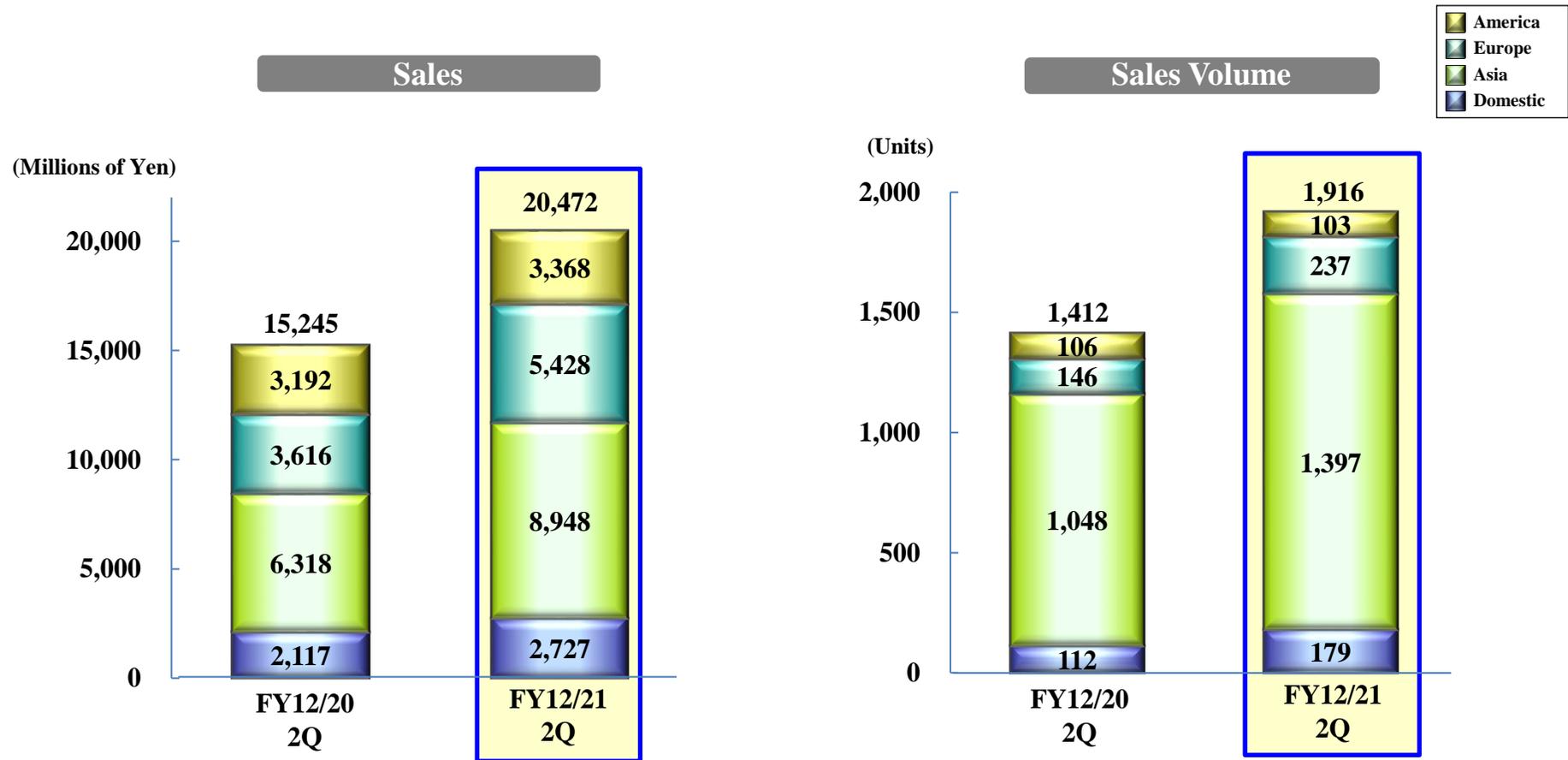


- In the U.S. market, sales increased significantly due to strong sales to the food delivery sector
- In the European market, sales increased on the back of strong sales centered on large orders
- In the domestic market, sales increased due to firm mPOS demand



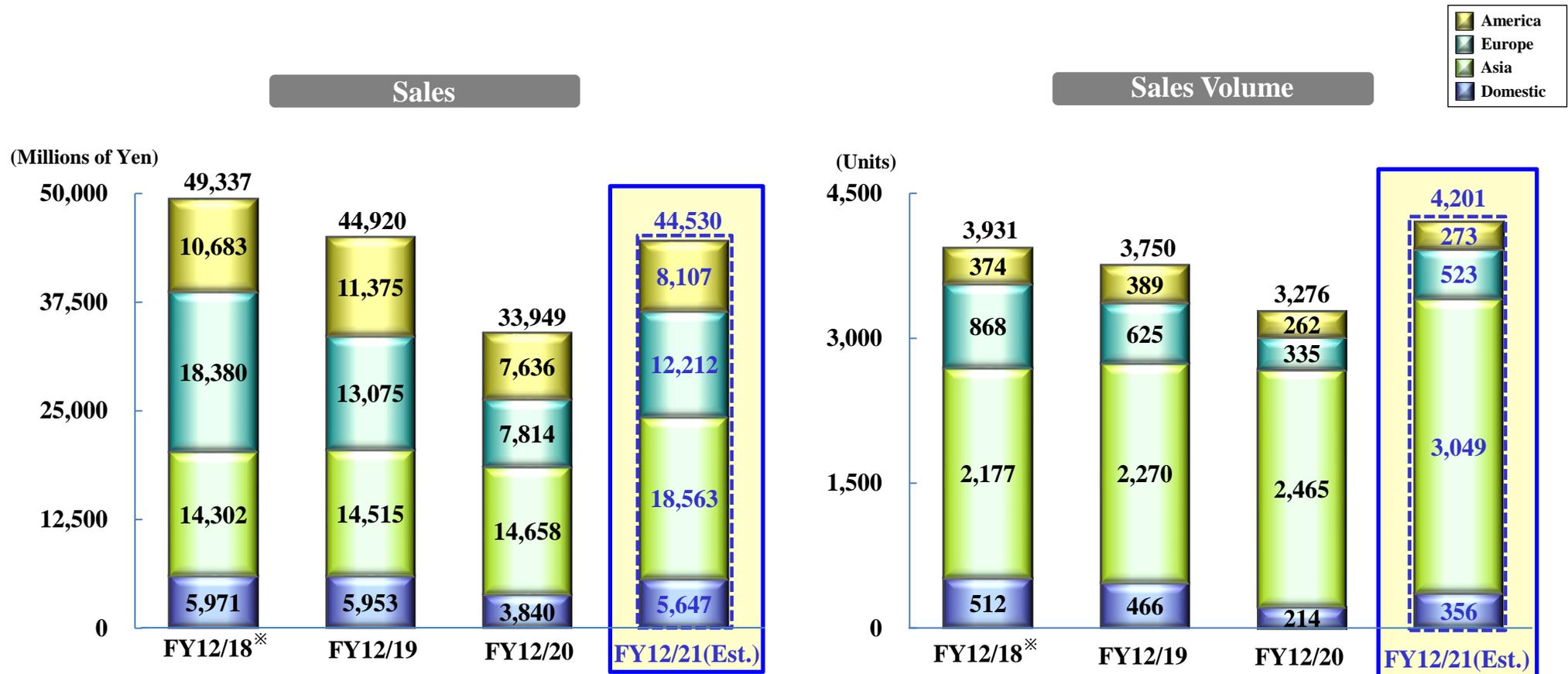
• As far as earnings forecasts for the full fiscal year are concerned, despite robust demand in the food delivery and other sectors, a variety of factors including the status of such electronic parts procurement as semiconductors continue to cloud the future. Therefore, at present, projections are based on the previous forecast and reflect actual results for the first half of the fiscal year under review.

*The consolidated fiscal period for the fiscal period ended December 31, 2018 is based on and presented for a 10-month period for the Company and consolidated subsidiaries in Japan and a 12-month period for overseas consolidated subsidiaries.



- In the U.S. market, despite favorable conditions across a wide range of industries, sales were held to the same level as the corresponding period of the previous fiscal year due to logistics delays and other factors
- In the European and domestic markets, sales increased owing to the recovery in automotive-related products and strong sales
- In the Asian market, sales increased substantially on the back of robust sales of mainly telecommunications- and automotive-related products in China

* Effective from the fiscal year ended December 31, 2020, the Precision Products Segment has been included in this Segment (domestic sales).



• As far as earnings forecasts for the full fiscal year are concerned, despite signs of a recovery across a wide range of industries and a brisk order environment, a variety of factors including the status of component procurement and logistics delays continue to cloud the future. Therefore, at present, projections are based on the previous forecast and reflect actual results for the first half of the fiscal year under review.

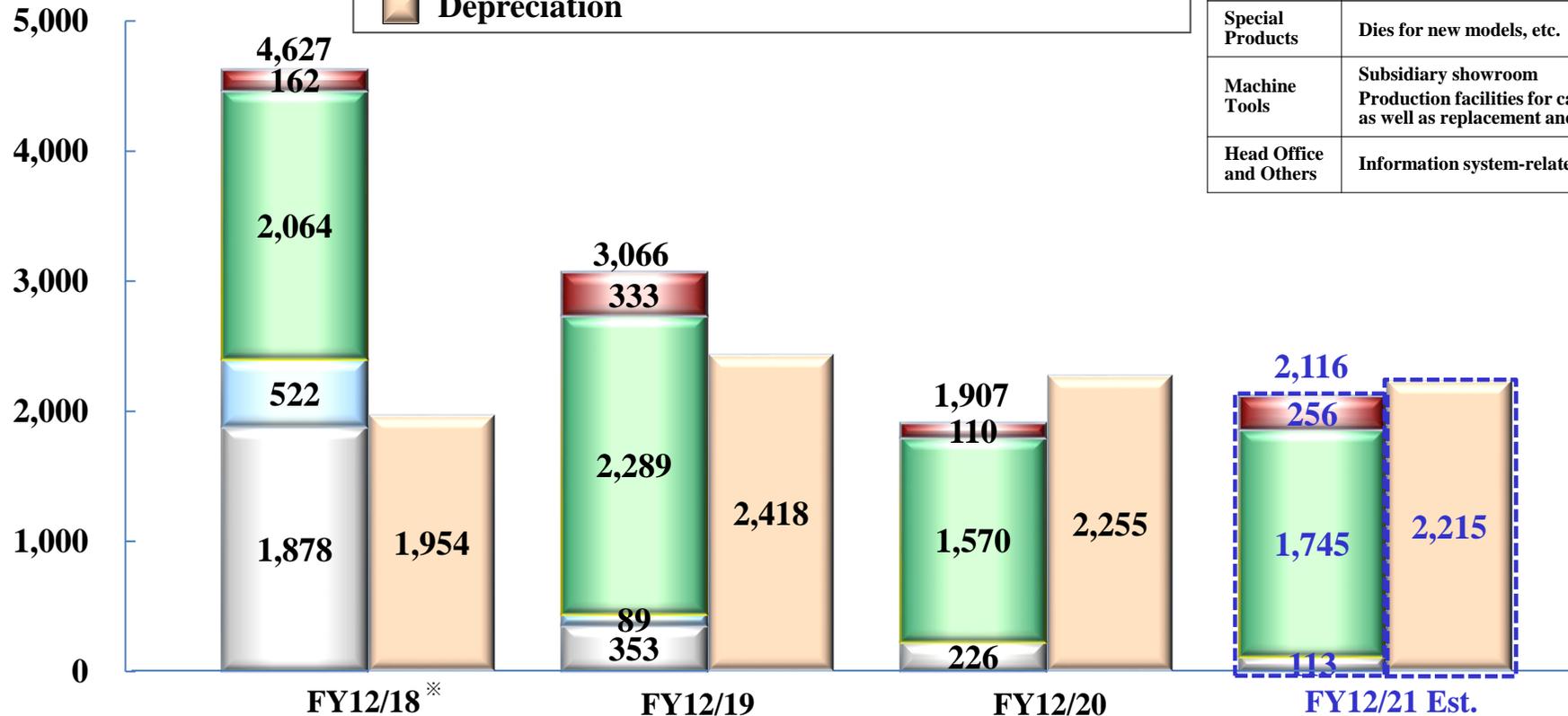
* Effective from the fiscal year ended December 31, 2020, the Precision Products Segment has been included in this Segment (domestic sales).

Capital Investment / R&D Costs



Capital Investment

(Millions of Yen)



【Main Capital Investment Plans】

	Breakdown
Special Products	Dies for new models, etc.
Machine Tools	Subsidiary showroom Production facilities for capacity expansion as well as replacement and maintenance
Head Office and Others	Information system-related, etc.

R&D Costs

(Millions of Yen)

FY12/18※	FY12/19	FY12/20	FY12/21 Est.
1,469	1,679	1,470	1,654

* Effective from the fiscal year ended December 31, 2020, the Precision Products Segment has been included in this Segment .

Balance Sheets

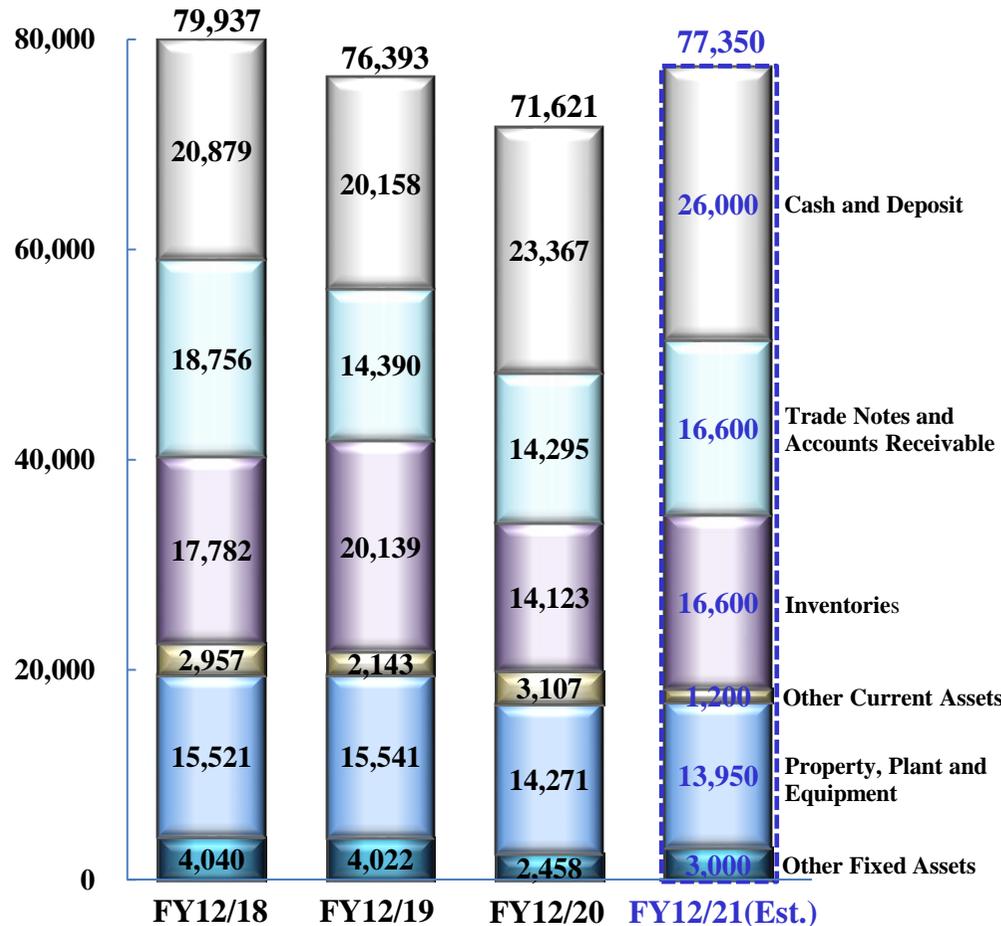


Assets

Ratio of Net Cash (to Total Assets)



(Millions of Yen)

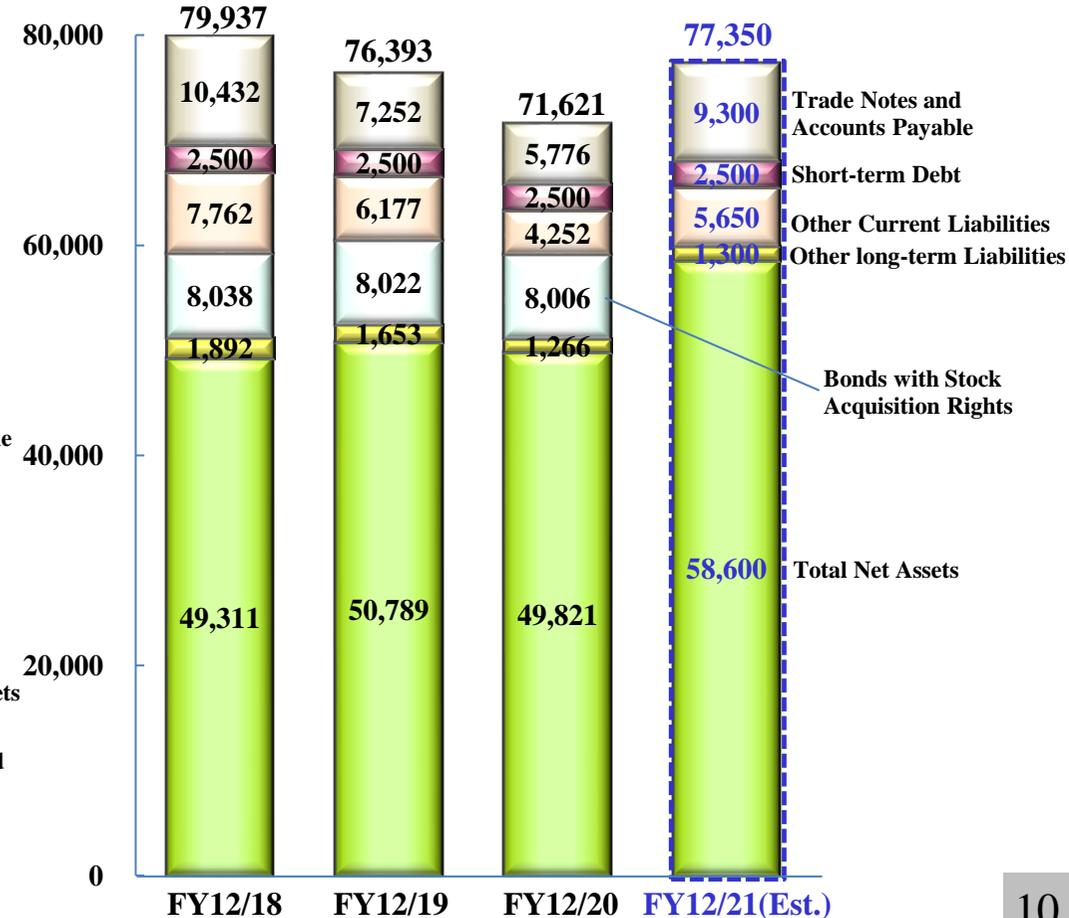


Liabilities/Net assets

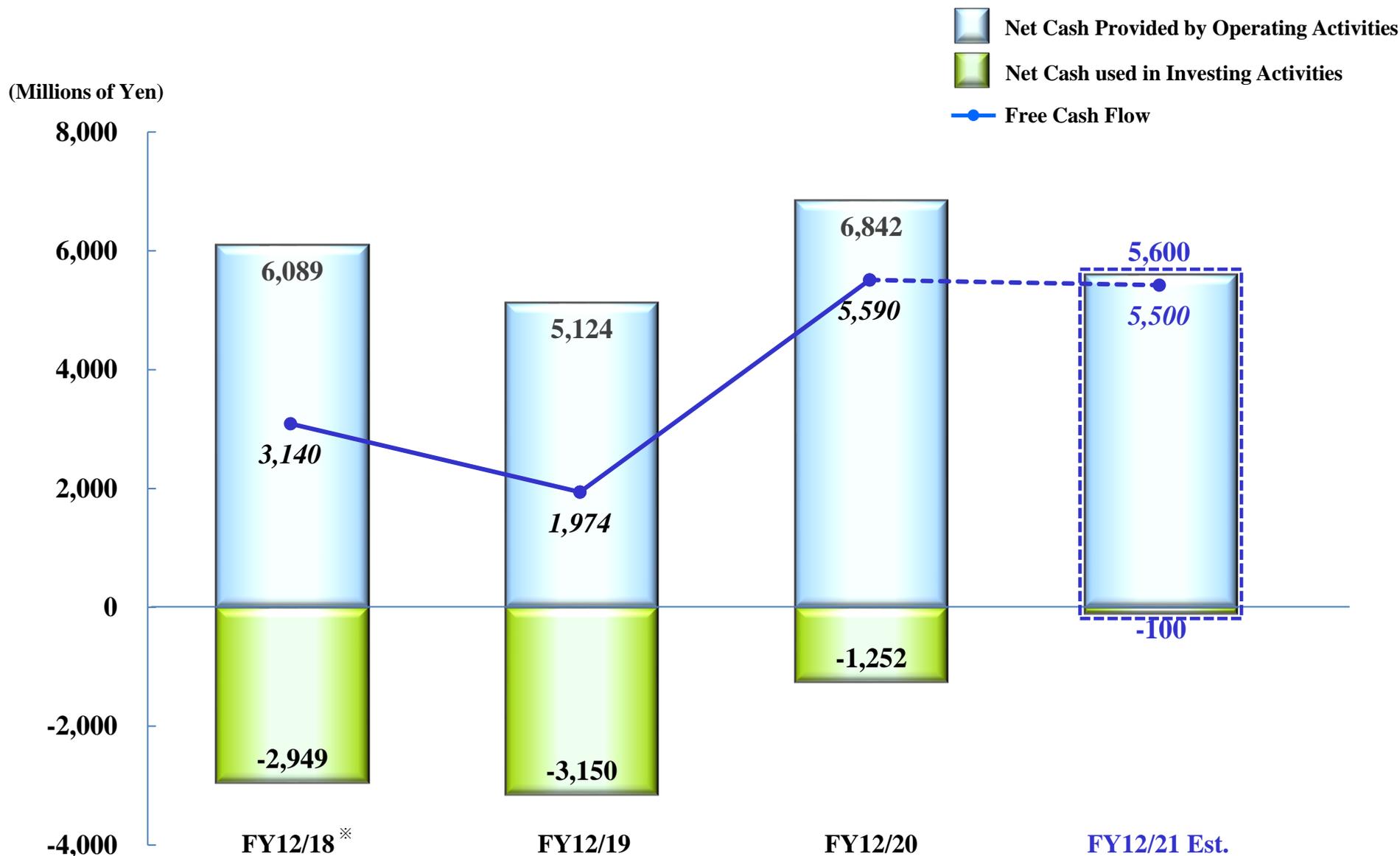
Equity Ratio



(Millions of Yen)

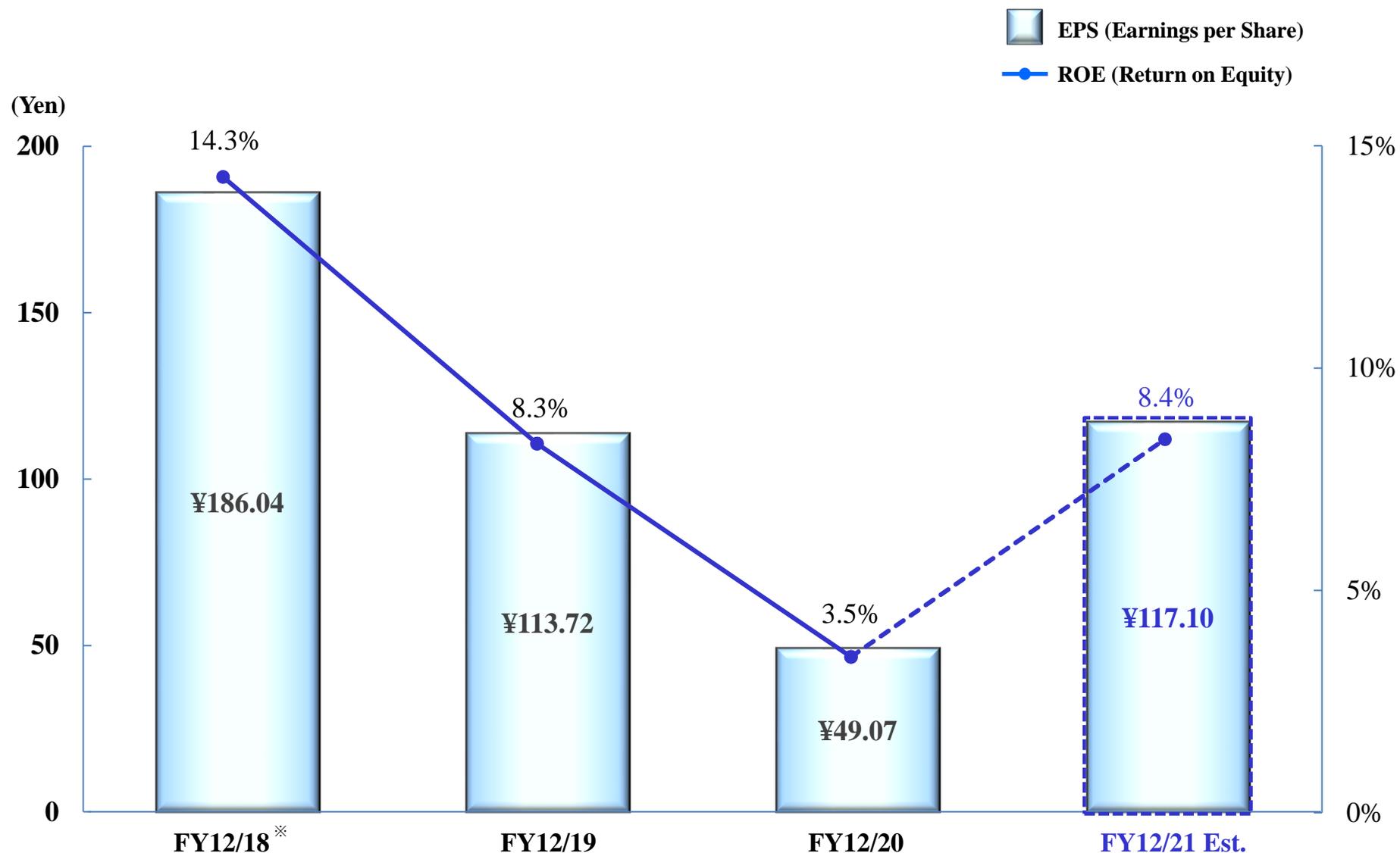


Cash Flows



※The consolidated fiscal period for the fiscal period ended December 31, 2018 is based on and presented for a 10-month period for the Company and consolidated subsidiaries in Japan and a 12-month period for overseas consolidated subsidiaries.

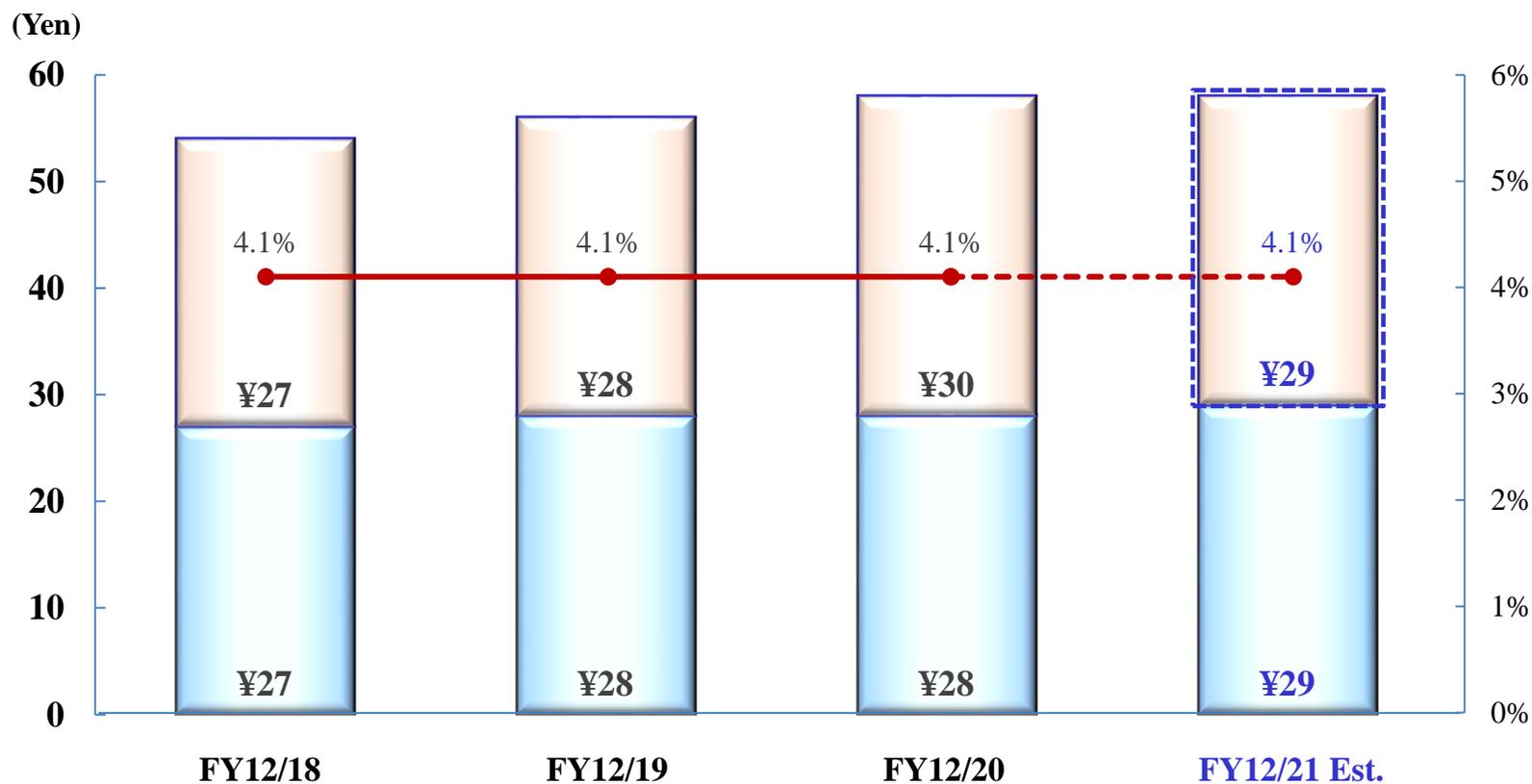
Key Financial Indicators



*The consolidated fiscal period for the fiscal period ended December 31, 2018 is based on and presented for a 10-month period for the Company and consolidated subsidiaries in Japan and a 12-month period for overseas consolidated subsidiaries.

Returns to Shareholders

- Total Payout Ratio : 50% or more
- Target DOE : 4.5% or more



Total Payout Ratio	FY12/18	FY12/19	FY12/20	FY12/21 Est.
	55.2%	73.8%	118.2%	50% or more

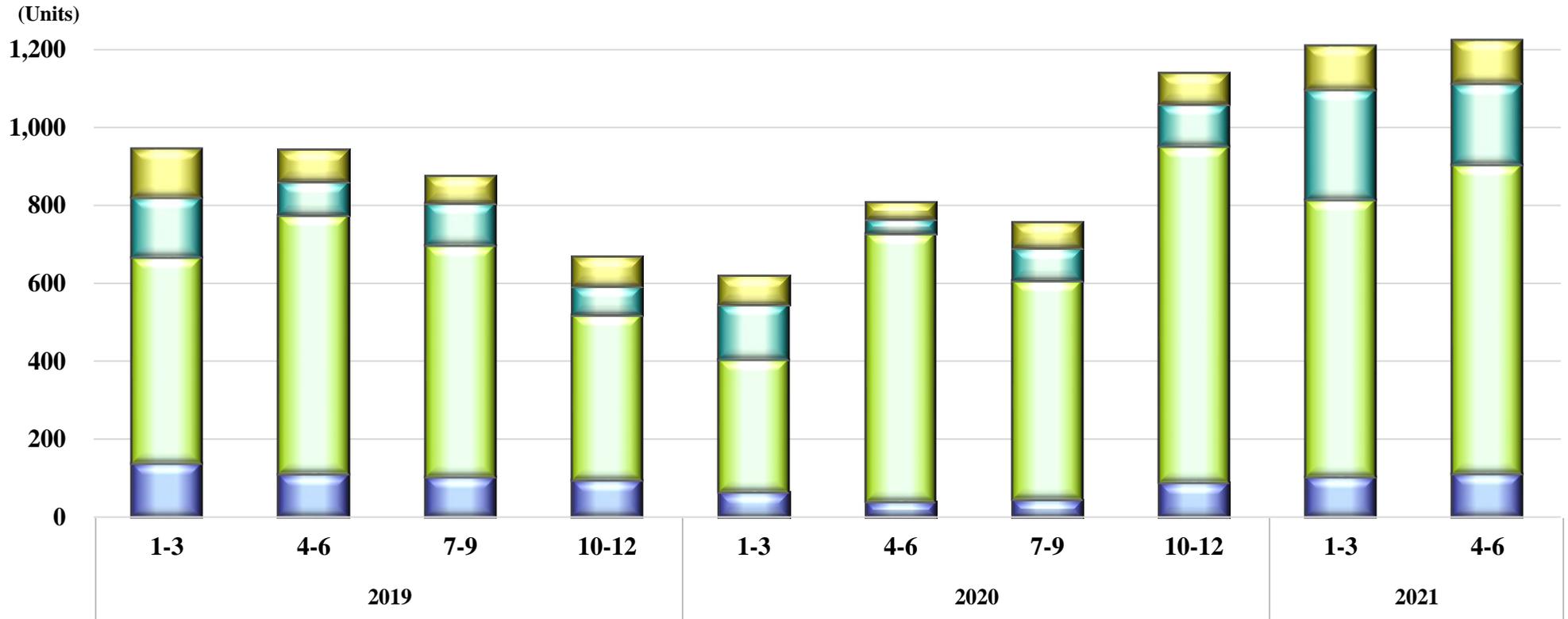
Reference

Trends in Quarterly Machine Tool Orders



(Ordered Unit)

■ America
 ■ Europe
 ■ Asia
 ■ Domestic



	2019				2020				2021	
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6
America	127	82	71	76	74	44	67	80	114	111
Europe	153	87	108	75	142	37	83	110	282	208
Asia	529	666	595	425	340	690	563	863	712	793
Domestic	137	109	102	93	63	38	44	88	102	111
Total	946	944	876	669	619	809	757	1,141	1,210	1,223

Performance Indicators (10-Year Data)



	Net Sales	Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		EPS	ROE	DOE	Dividends per Share
	(Millions of Yen)	(Millions of Yen)	Income Ratio(%)	(Millions of Yen)	Income Ratio(%)	(Millions of Yen)	Income Ratio(%)	(Yen)	(%)	(%)	(Yen)
FY2/12	41,654	3,952	9.5	4,025	9.7	2,426	5.8	56.94	6.7	3.0	26.00
FY2/13	37,858	1,579	4.2	2,254	6.0	2,299	6.1	54.66	6.0	3.3	30.00
FY2/14	43,481	2,606	6.0	3,219	7.4	1,143	2.6	27.17	2.7	3.4	34.00
FY2/15	50,957	5,476	10.7	6,150	12.1	4,695	9.2	111.36	9.8	3.9	44.00
FY2/16	54,457	5,735	10.5	5,206	9.6	3,720	6.8	87.98	7.4	3.9	46.00
FY2/17	48,937	3,606	7.4	3,583	7.3	3,181	6.5	81.77	6.9	4.1	48.00
FY2/18	60,772	6,210	10.2	7,015	11.5	5,780	9.5	155.68	12.9	4.3	52.00
FY12/18※	65,939	9,712	14.7	9,570	14.5	6,795	10.3	186.04	14.3	4.1	54.00
FY12/19	60,651	5,817	9.6	6,161	10.2	4,053	6.7	113.72	8.3	4.1	56.00
FY12/20	45,670	2,172	4.8	2,772	6.1	1,731	3.8	49.07	3.5	4.1	58.00
FY12/21(Est.)	58,100	5,800	10.0	6,100	10.5	4,500	7.7	117.10	8.4	4.1	58.00

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Special Products



Cash Drawer and Receipt Printer
mPOP



POS Printer
mC-Print series



POS Printer
TSP100III series

Machine Tools



CNC Swiss Type Automatic Lathe
SR-32JIII type B



CNC Swiss Type Automatic Lathe
SX-38 type B



CNC Swiss Type Automatic Lathe
SB-16III