

Financial Results for the FY2024

Second Quarter

STAR MICRONICS CO., LTD.

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

Code 7718

August 9, 2024

* 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 FY2024 Second Quarter

■ Overview of the FY2024 Second Quarter	P.2
■ Consolidated Operating Results and Business Forecast	P.3
■ Quarterly Information(Net Sales)	P.4
■ Segment Overview	
Special Products	
Second Quarter Actual	P.5
Full Fiscal Year Forecasts	P.6
Machine Tools	
Second Quarter Actual	P.7
Full Fiscal Year Forecasts	P.8
■ Capital Investment / R&D Costs	P.9
■ Balance Sheets	P.10
■ Cash Flows	P.11
■ Key Financial Indicators	P.12
■ Returns to Shareholders	P.13

Reference

■ Trends in Quarterly Machine Tool Orders	P.15
■ Performance Indicators (10-Year Data)	P.16
■ Business Segments and Products	P.17

Substantial Decreases in Sales and Profits Year on Year

■ Net Sales	¥30.98 billion	27.8% down YoY
■ Operating Income	¥1.54 billion	79.0% down YoY
■ Ordinary Income	¥2.00 billion	73.6% down YoY
■ Net Income Attributable to Owners of Parent	¥0.58 billion	88.8% down YoY

- ✓ Sales and profits decreased substantially in Special Products Segment mainly due to sluggish mPOS demand.
- ✓ Sales and profits of Group's mainstay Machine Tools Segment decreased substantially owing to sluggishness in the U.S. and European markets despite the impact of yen's depreciation.

Consolidated Operating Results and Business Forecast



(Millions of Yen)

		Second Quarter					Full Year				
		June 2023 Actual		June 2024 Actual			FY12/23 Actual		FY12/24 Revised Forecasts (Announced on August 9)		
		Amount	Income Ratio (%)	Amount	Income Ratio (%)	Change (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Change (%)
Sales	Special Products	8,982		5,927		(34.0)	16,111		13,200		(18.1)
	Machine Tools	33,943		25,059		(26.2)	62,084		54,800		(11.7)
	Total	42,926		30,986		(27.8)	78,196		68,000		(13.0)
Operating Income	Special Products	1,701	18.9	(14)	-	-	1,953	12.1	480	3.6	(75.4)
	Machine Tools	6,684	19.7	2,503	10.0	(62.5)	10,349	16.7	6,980	12.7	(32.6)
	Eliminations or Corporate	(1,005)		(940)			(1,951)		(2,060)		
	Total	7,380	17.2	1,548	5.0	(79.0)	10,350	13.2	5,400	7.9	(47.8)
Ordinary Income		7,614	17.7	2,008	6.5	(73.6)	10,960	14.0	6,000	8.8	(45.3)
Net Income Attributable to Owners of Parent		5,238	12.2	584	1.9	(88.8)	8,175	10.5	3,700	5.4	(54.7)
ROE (%)		-		-			10.7		4.9		
Cash Dividends Applicable to the Year		¥30		¥30			¥60		¥60		

					Second half Assumed Exchange Rate	Full-Year Assumed Exchange Rate	Foreign Exchange Sensitivity*
Exchange Rate	US \$	¥134.84	¥152.25	¥140.55	¥140.00	¥146.13	22 million
	EUR	¥145.76	¥164.59	¥151.98	¥155.00	¥159.80	32 million
	GBP	¥166.38	¥192.66	¥174.85	¥180.00	¥186.33	2 million

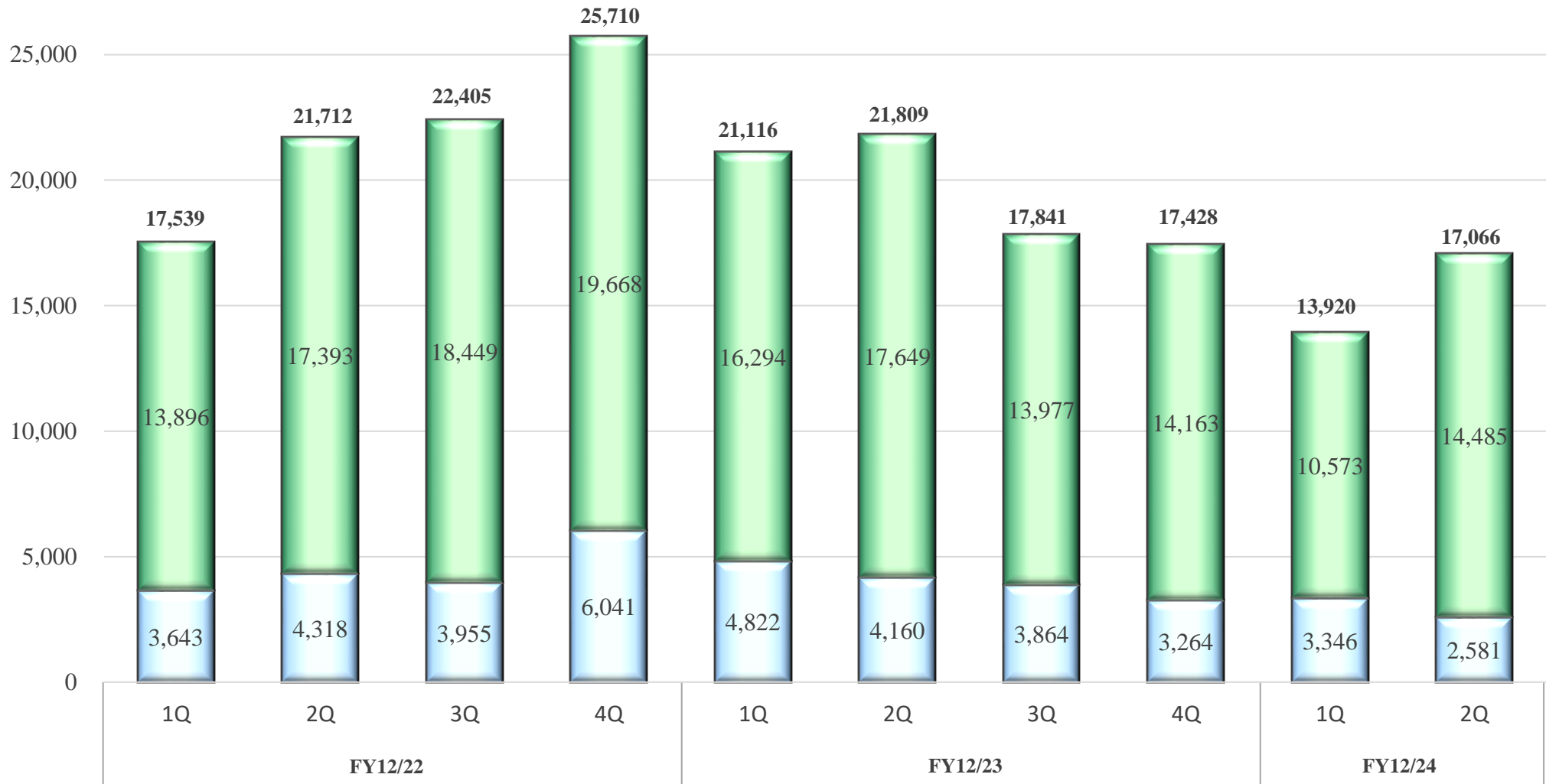
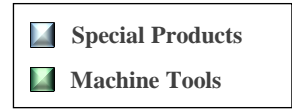
*Sensitivity of operating income to a ¥1 change in foreign exchange rates.

Quarterly Information(Net Sales)



Net Sales

(Millions of Yen)

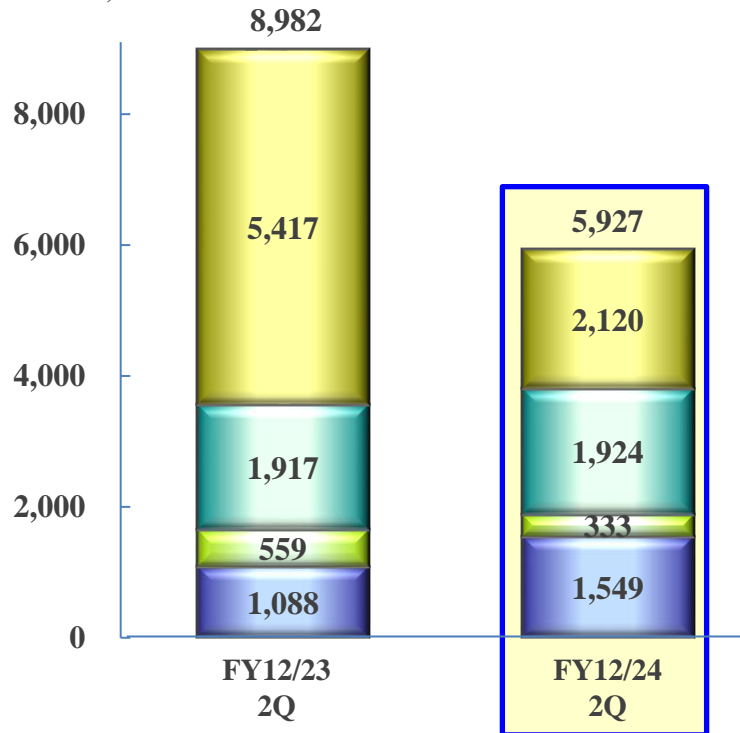


Special Products Second Quarter Actual



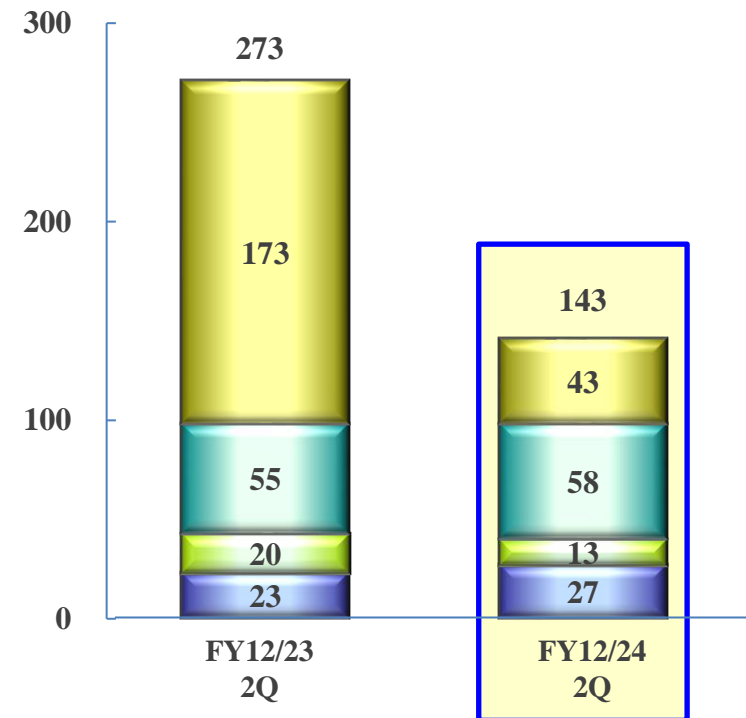
Sales

(Millions of Yen)



Sales Volume

(Thousand Units)



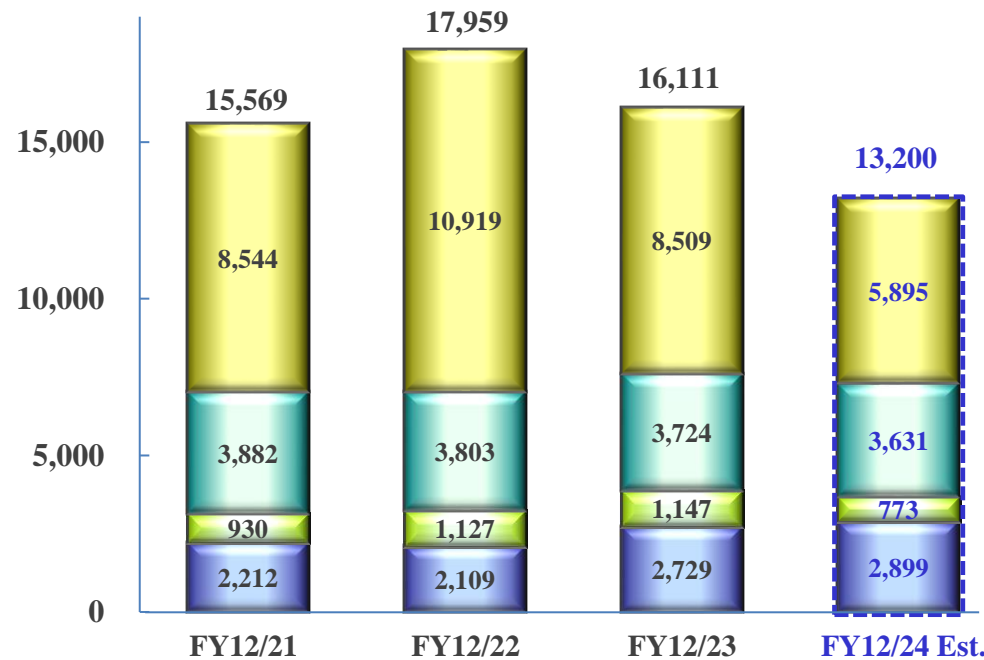
* Sales Volume are for POS printers only.

- In the US market, sales decreased significantly due to sluggish mPOS demand.
- Sales in the European market were on par with the corresponding period of the previous fiscal year amid firm trends in market condition.
- In the domestic market, despite steady market conditions, sales increased significantly mainly reflecting contributions from Smart Solution Technology, Inc., which was newly consolidated in the second quarter of fiscal 2023.



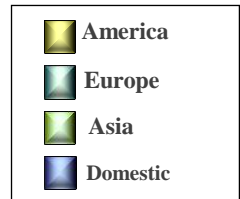
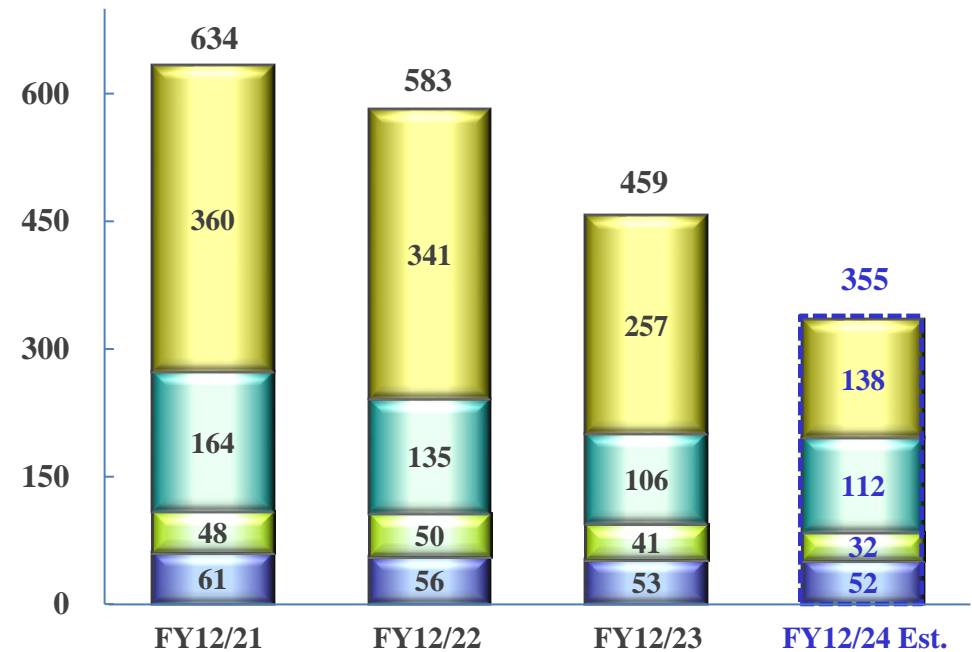
Sales

(Millions of Yen)



Sales Volume

(Thousand Units)

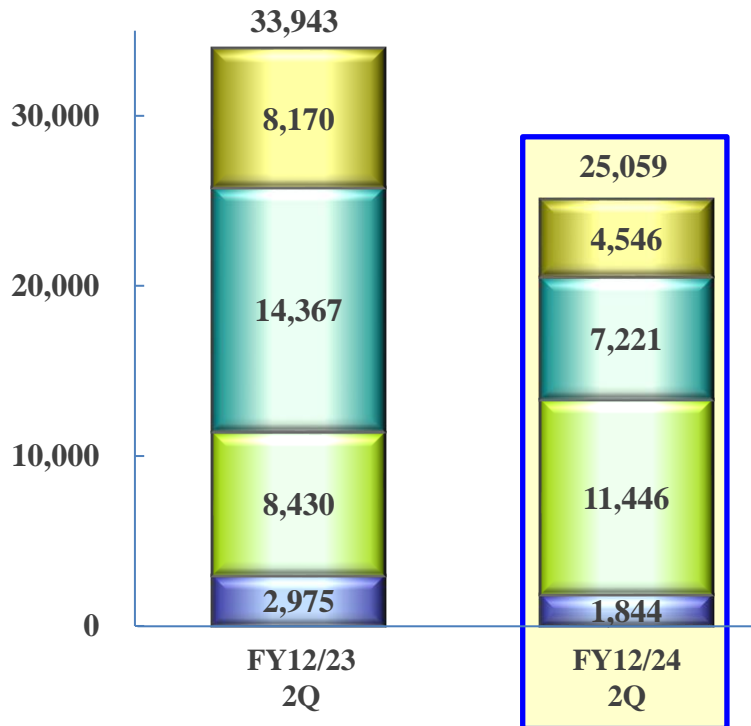


- Net sales and profits are projected to decrease substantially year on year mainly due to expectations of weak conditions in the US market.



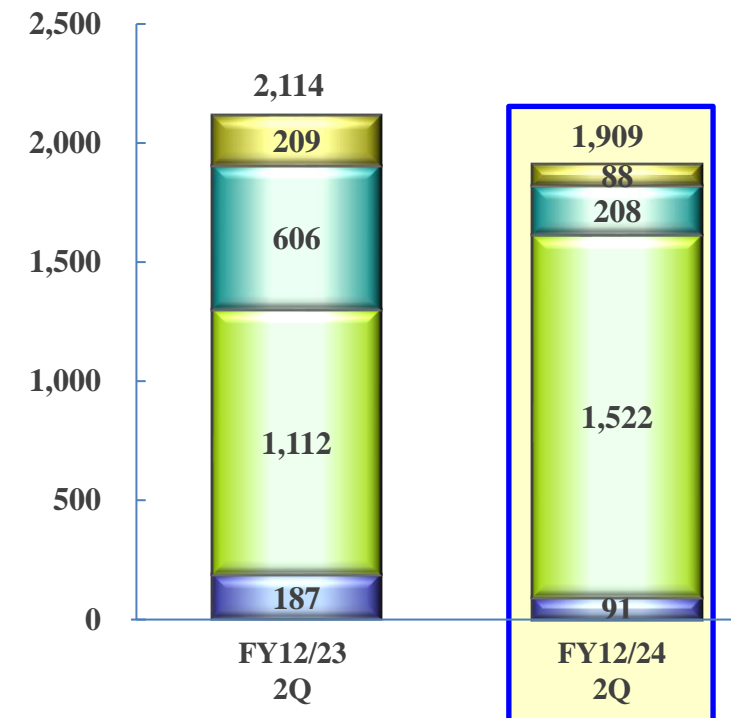
Sales

(Millions of Yen)

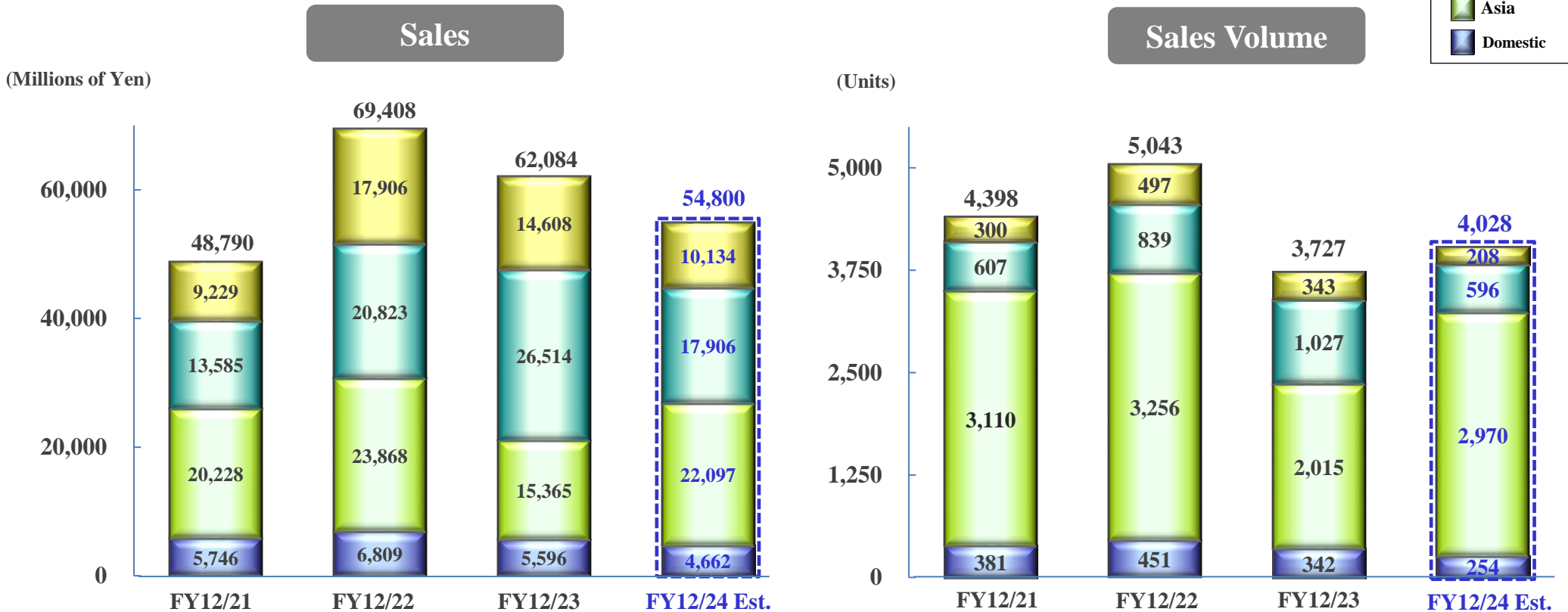


Sales Volume

(Units)



- In the US market, the continued cautious approach towards capital investment due to persistently high interest rates has led to a significant decline in sales.
- Sales in the European market decreased significantly due to ongoing weakness in overall demand in the market.
- In the Asian market, sales increased due to a turnaround in market conditions, particularly in China.
- In the domestic market, sales decreased significantly amid lackluster performance as a whole, particularly in the automotive sector.



• Amid the impact of the yen's depreciation, while the recovery of the Chinese market progresses, the recovery of the US and European markets are expected to be delayed, leading to a significant decrease in sales and profit year on year.

Capital Investment / R&D Costs

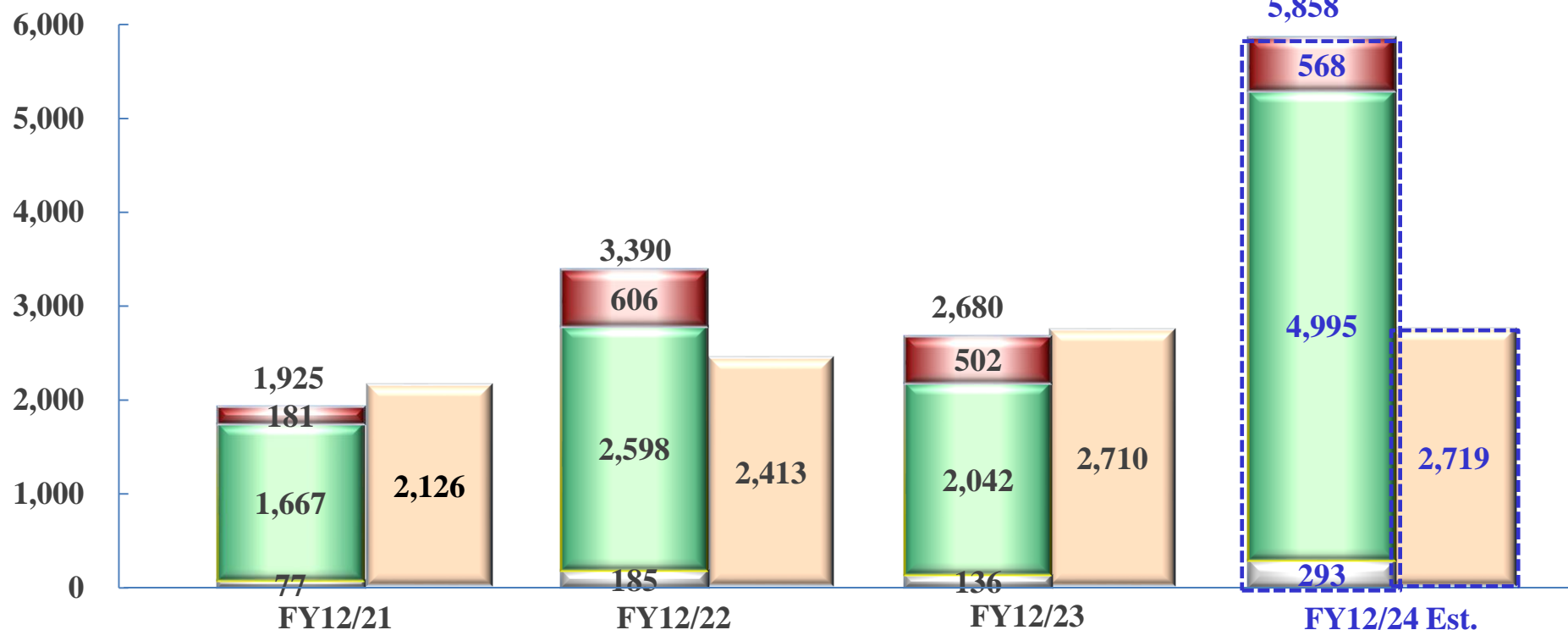


Capital Investment

【Main Capital Investment Plans】

	Breakdown
Special Products	Dies for new models, etc.
Machine Tools	Large-scale renovation of of Kikugawa Factory Construction of Europe Solution Center

(Millions of Yen)



R&D Costs

(Millions of Yen)

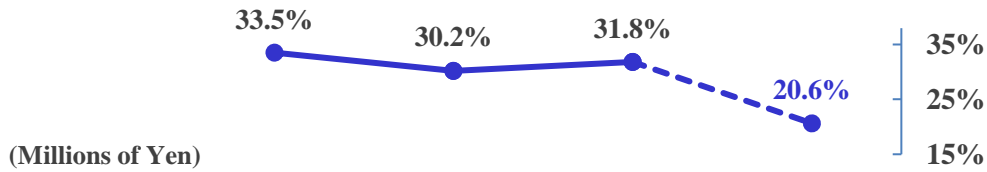
FY12/21	FY12/22	FY12/23	FY12/24 Est.
1,649	1,965	1,849	2,054

Balance Sheets

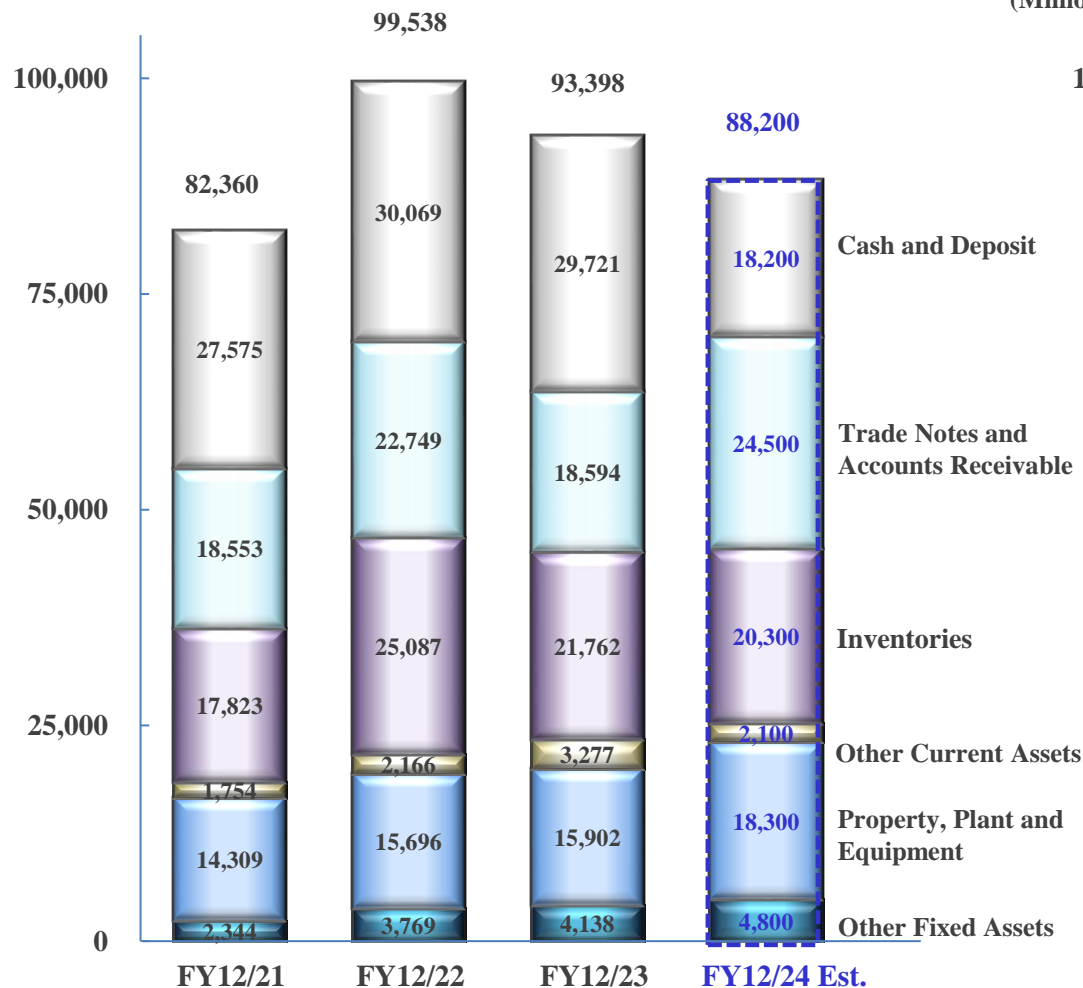


Assets

Ratio of Net Cash (to Total Assets)

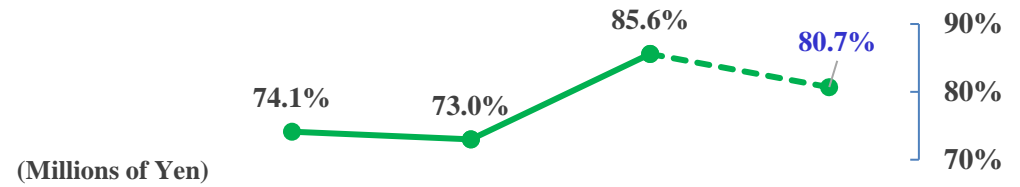


(Millions of Yen)

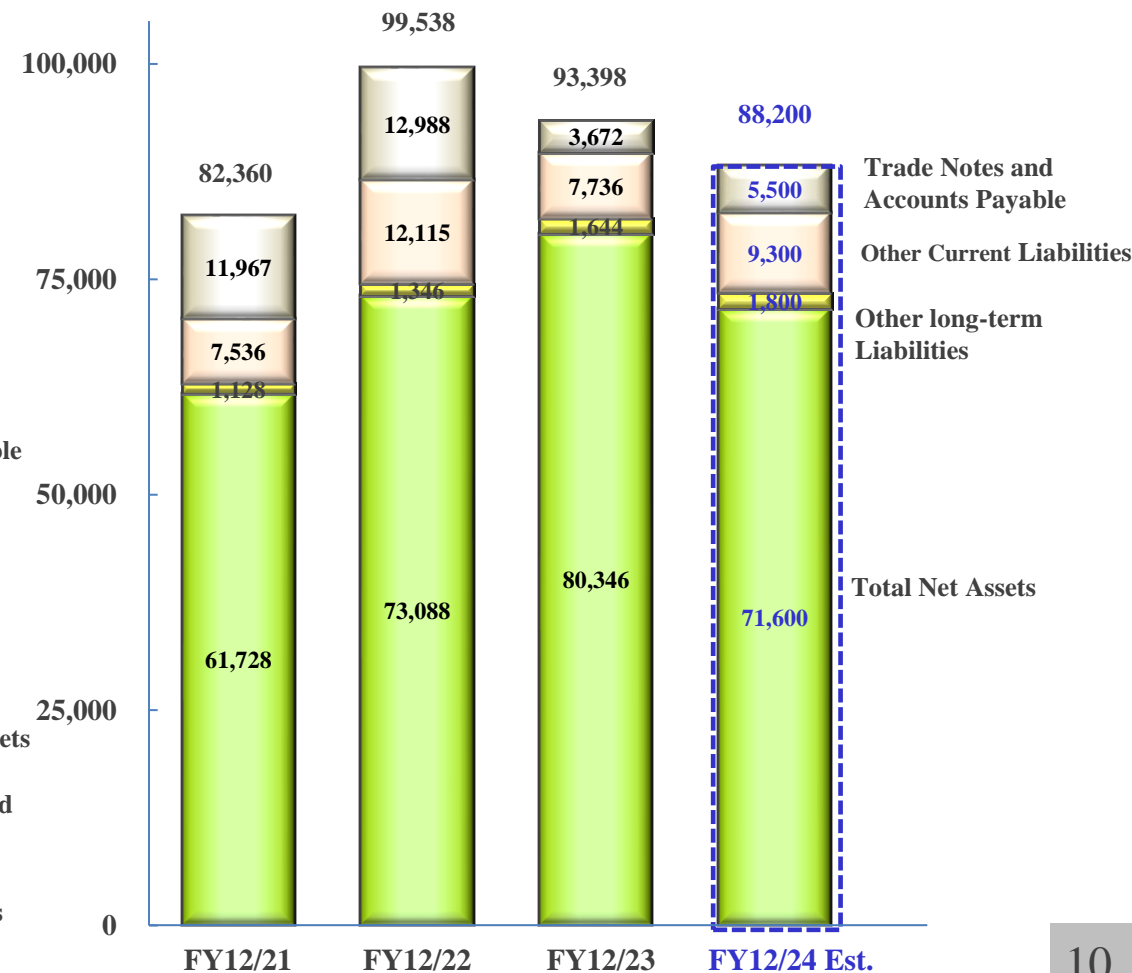


Liabilities/Net assets

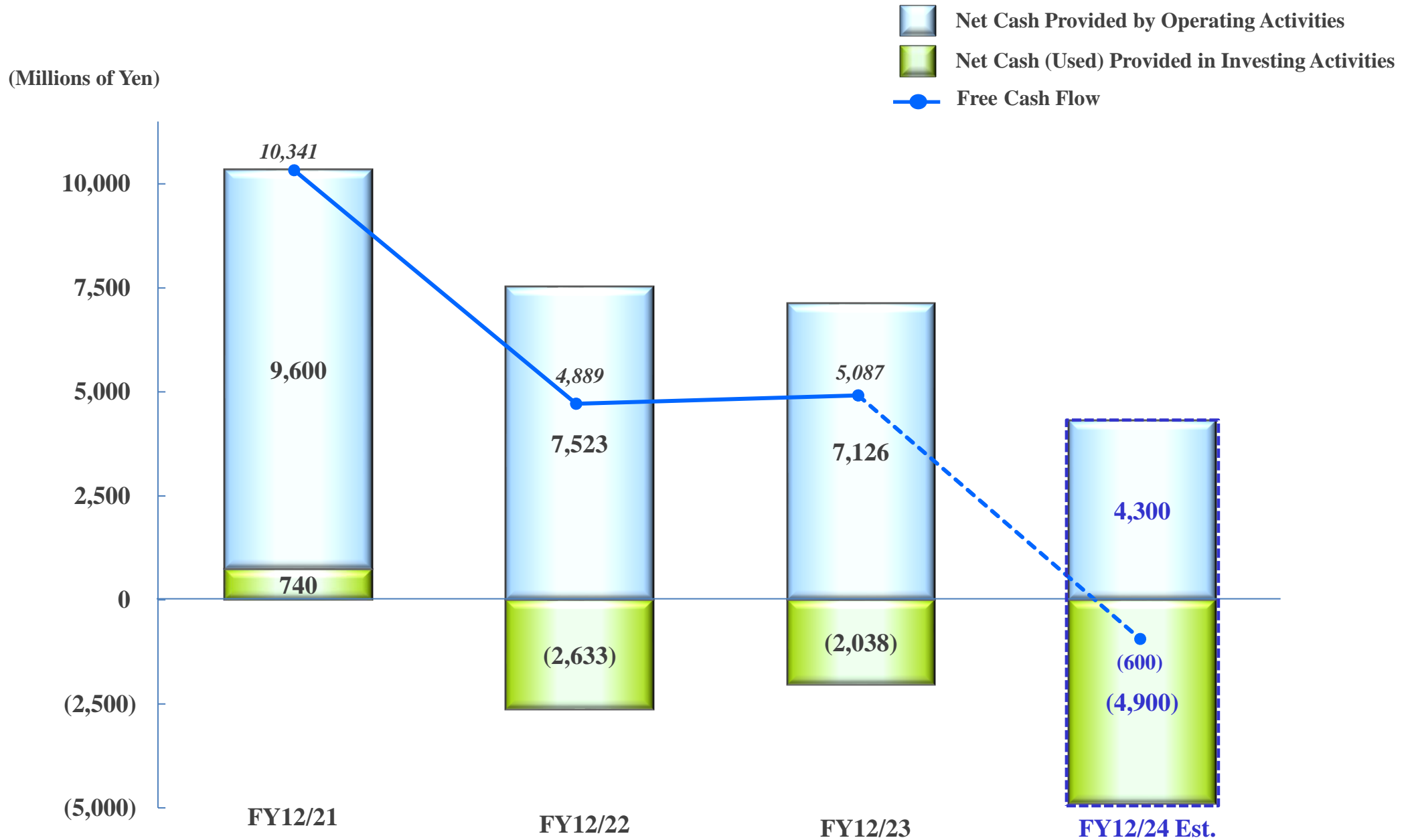
Equity Ratio



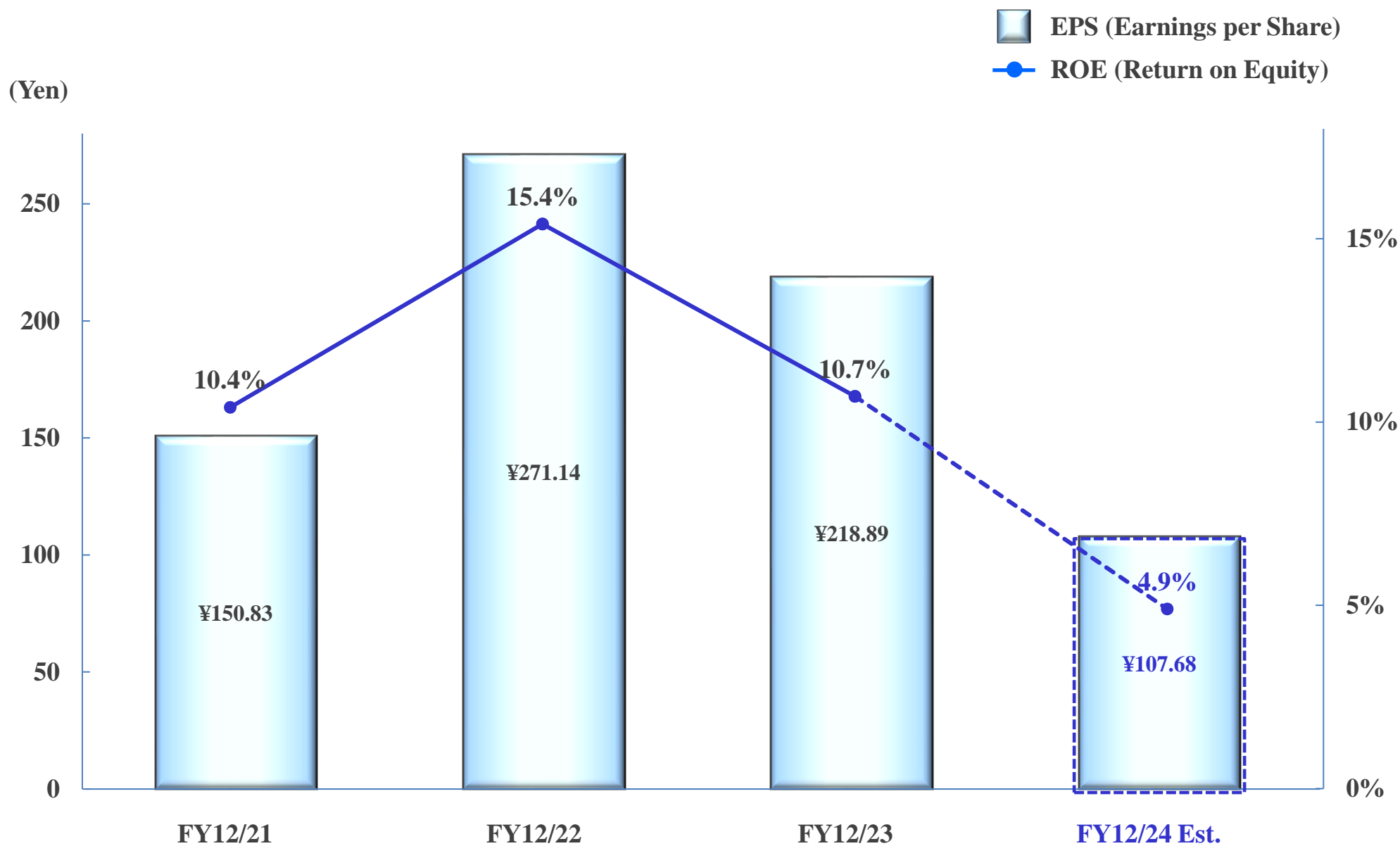
(Millions of Yen)



Cash Flows

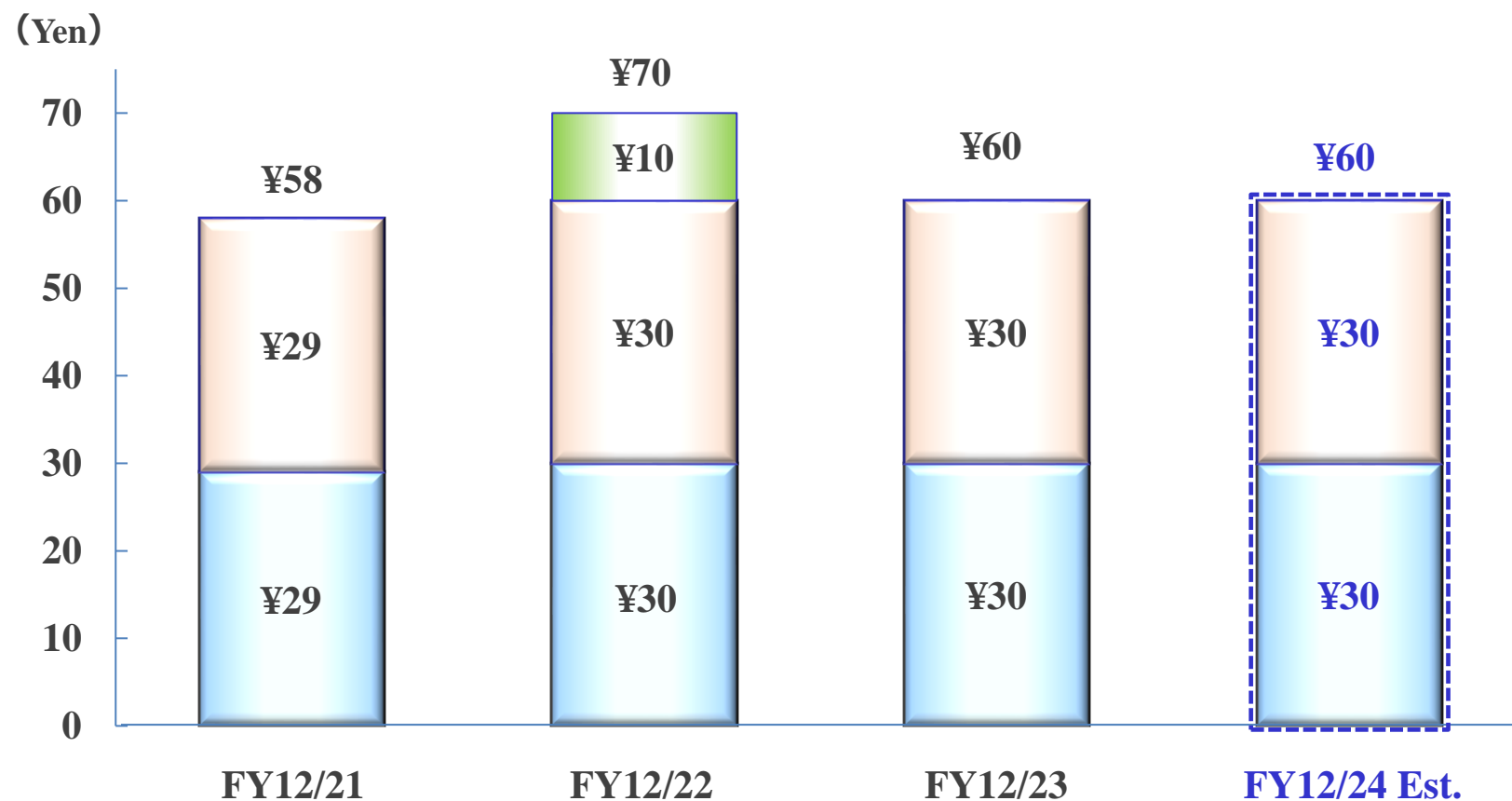
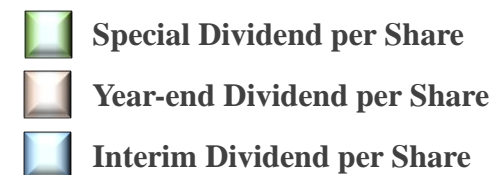


Key Financial Indicators



< Shareholder Return Policy > From the fiscal year ending December 2022 onwards

- **Annual Dividend : ¥60 or more** (progressive)
- **Total Payout Ratio : 50% or more**



Total Payout Ratio	79.3%	44.6%	51.6%	50% or more
---------------------------	--------------	--------------	--------------	--------------------

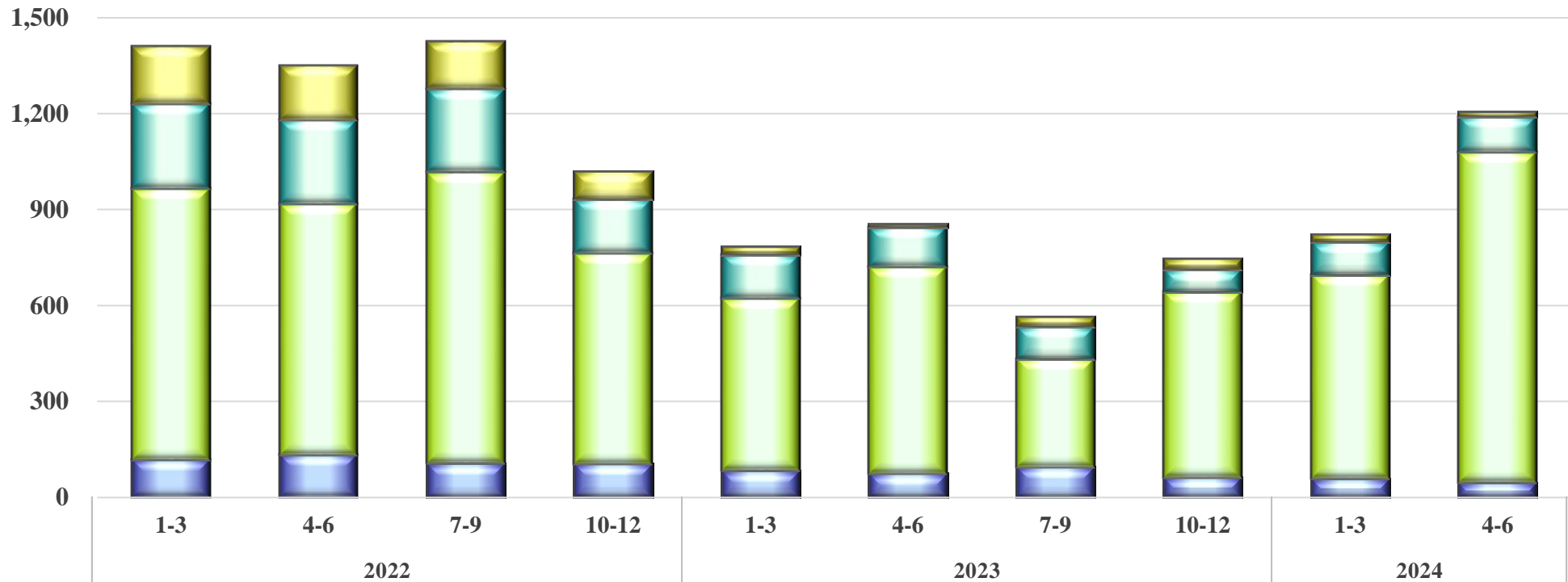
Reference

Trends in Quarterly Machine Tool Orders



(Ordered Unit)

(Units)



	2022				2023				2024	
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6
America	179	171	149	87	24	10	30	33	23	14
Europe	265	261	260	168	138	125	102	71	102	112
Asia	848	785	911	660	538	646	339	581	638	1,033
Domestic	118	133	106	104	83	74	94	62	58	45
Total	1,410	1,350	1,426	1,019	783	855	565	747	821	1,204

Performance Indicators (10-Year Data)



	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Income Ratio(%)	Ordinary Income (Millions of Yen)	Income Ratio(%)	Net Income Attributable to Owners of Parent (Millions of Yen)	Income Ratio(%)	EPS (Yen)	ROE (%)	Dividends per Share (Yen)
FY2/2015	50,957	5,476	10.7	6,150	12.1	4,695	9.2	111.36	9.8	44.00
FY2/2016	54,457	5,735	10.5	5,206	9.6	3,720	6.8	87.98	7.4	46.00
FY2/2017	48,937	3,606	7.4	3,583	7.3	3,181	6.5	81.77	6.9	48.00
FY2/2018	60,772	6,210	10.2	7,015	11.5	5,780	9.5	155.68	12.9	52.00
FY12/2018※1	65,939	9,712	14.7	9,570	14.5	6,795	10.3	186.04	14.3	54.00
FY12/2019	60,651	5,817	9.6	6,161	10.2	4,053	6.7	113.72	8.3	56.00
FY12/2020	45,670	2,172	4.8	2,772	6.1	1,731	3.8	49.07	3.5	58.00
FY12/2021	64,360	7,415	11.5	7,795	12.1	5,740	8.9	150.83	10.4	58.00
FY12/2022※2	87,368	13,925	15.9	14,199	16.3	10,298	11.8	271.14	15.4	70.00
FY12/2023	78,196	10,350	13.2	10,960	14.0	8,175	10.5	218.89	10.7	60.00
FY12/2024(Est.)	68,000	5,400	7.9	6,000	8.8	3,700	5.4	107.68	4.9	60.00

※1 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.

※2 Dividends per share for the fiscal period ended December 31, 2022 includes a special dividend of ¥10 per share.

Special Products



Cash Drawer and Receipt Printer
mPOP



POS Printer
TSP100IV series



Label Printer
mC-Label series



Peripheral Equipment



Contactless IC card Reader
PitTouch Pro3 series

Machine Tools



CNC Swiss Type Automatic Lathe
SP-20



CNC Swiss Type Automatic Lathe
SD-26 type S



CNC Swiss Type Automatic Lathe
SL-10