

# Financial Results for the FY12/2024

## Overview of Consolidated Financial Results and Achievements on First Medium-Term Management Plan

STAR MICRONICS CO., LTD.

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

Code 7718

February 12, 2025

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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.

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# Financial Results for FY12/2024

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|   |                |                |
|---|----------------|----------------|
| ■ Net Sales                                   | ¥64.99 billion | 16.9% down YoY |
| ■ Operating Income                            | ¥ 4.20 billion | 61.2% down YoY |
| ■ Ordinary Income                             | ¥ 4.51 billion | 58.8% down YoY |
| ■ Net Income Attributable to Owners of Parent | ¥ 1.85 billion | 77.3% down YoY |

- ✓ In the Group's mainstay Machine Tools Segment, sales decreased and profit decreased substantially owing to delays in market recovery in the U.S. and European markets despite the impact of the weak yen.
- ✓ In the Special Products Segment, sales decreased and profit decreased substantially due to the sluggishness in the U.S. market.

# Consolidated Operating Results



(Millions of Yen)

|   |                           | FY12/2023 |                  | FY12/2024 |                  |            |
|---|---------------------------|-----------|------------------|-----------|------------------|------------|
|   |                           | Actual    |                  | Actual    |                  |            |
|   |                           | Amount    | Income Ratio (%) | Amount    | Income Ratio (%) | Change (%) |
| Sales                                       | Machine Tools             | 62,084    |                  | 51,419    |                  | (17.2)     |
|   | Special Products          | 16,111    |                  | 13,574    |                  | (15.7)     |
|   | Total                     | 78,196    |                  | 64,994    |                  | (16.9)     |
| Operating Income                            | Machine Tools             | 10,349    | 16.7             | 5,047     | 9.8              | (51.2)     |
|   | Special Products          | 1,953     | 12.1             | 885       | 6.5              | (54.7)     |
|   | Eliminations or Corporate | (1,951)   |                  | (1,911)   |                  |            |
|   | Total                     | 10,350    | 13.2             | 4,021     | 6.2              | (61.2)     |
| Ordinary Income                             |                           | 10,960    | 14.0             | 4,515     | 6.9              | (58.8)     |
| Net Income Attributable to Owners of Parent |                           | 8,175     | 10.5             | 1,855     | 2.9              | (77.3)     |

|                                       |      |     |
|---------------------------------------|------|-----|
| ROE (%)                               | 10.7 | 2.4 |
| Cash Dividends Applicable to the Year | ¥60  | ¥60 |

|               |       |         |         |
|---------------|-------|---------|---------|
| Exchange Rate | US \$ | ¥140.55 | ¥151.57 |
|               | EUR   | ¥151.98 | ¥163.94 |
|               | GBP   | ¥174.85 | ¥193.68 |

# Consolidated Business Forecast



(Millions of Yen)

|   |                           | FY12/2024 |                 | FY12/2025 Forecast |                 |          |                 |           |                 |            |
|---|---------------------------|-----------|-----------------|--------------------|-----------------|----------|-----------------|-----------|-----------------|------------|
|   |                           | Actual    |                 | 1st Half           |                 | 2nd Half |                 | Full-Year |                 |            |
|   |                           | Amount    | Income Ratio(%) | Amount             | Income Ratio(%) | Amount   | Income Ratio(%) | Amount    | Income Ratio(%) | Change (%) |
| Sales                                       | Machine Tools             | 51,419    |                 | 23,500             |                 | 31,200   |                 | 54,700    |                 | 6.4        |
|   | Special Products          | 13,574    |                 | 7,900              |                 | 8,600    |                 | 16,500    |                 | 21.5       |
|   | Total                     | 64,994    |                 | 31,400             |                 | 39,800   |                 | 71,200    |                 | 9.5        |
| Operating Income                            | Machine Tools             | 5,047     | 9.8             | 2,520              | 10.7            | 3,480    | 11.2            | 6,000     | 11.0            | 18.9       |
|   | Special Products          | 885       | 6.5             | 400                | 5.1             | 1,100    | 12.8            | 1,500     | 9.1             | 69.5       |
|   | Eliminations or Corporate | (1,911)   |                 | (1,120)            |                 | (1,180)  |                 | (2,300)   |                 |            |
|   | Total                     | 4,021     | 6.2             | 1,800              | 5.7             | 3,400    | 8.5             | 5,200     | 7.3             | 29.3       |
| Ordinary Income                             |                           | 4,515     | 6.9             | 1,900              | 6.1             | 3,400    | 8.5             | 5,300     | 7.4             | 17.4       |
| Net Income Attributable to Owners of Parent |                           | 1,855     | 2.9             | 1,600              | 5.1             | 2,400    | 6.0             | 4,000     | 5.6             | 115.6      |

|                                       |     |
|---------------------------------------|-----|
| ROE(%)                                | 2.4 |
| Cash Dividends Applicable to the Year | ¥60 |

|     |
|-----|
| 5.5 |
| ¥70 |

|               |       |         |
|---------------|-------|---------|
| Exchange Rate | US \$ | ¥151.57 |
|               | EUR   | ¥163.94 |
|               | GBP   | ¥193.68 |

|              |                               |
|--------------|-------------------------------|
| Planned Rate | Foreign Exchange Sensitivity* |
| ¥145.00      | 33million                     |
| ¥155.00      | 71million                     |
| ¥185.00      | 7million                      |

\*Foreign Exchange Sensitivity: Sensitivity of operating income to a ¥1 change in foreign exchange rates.

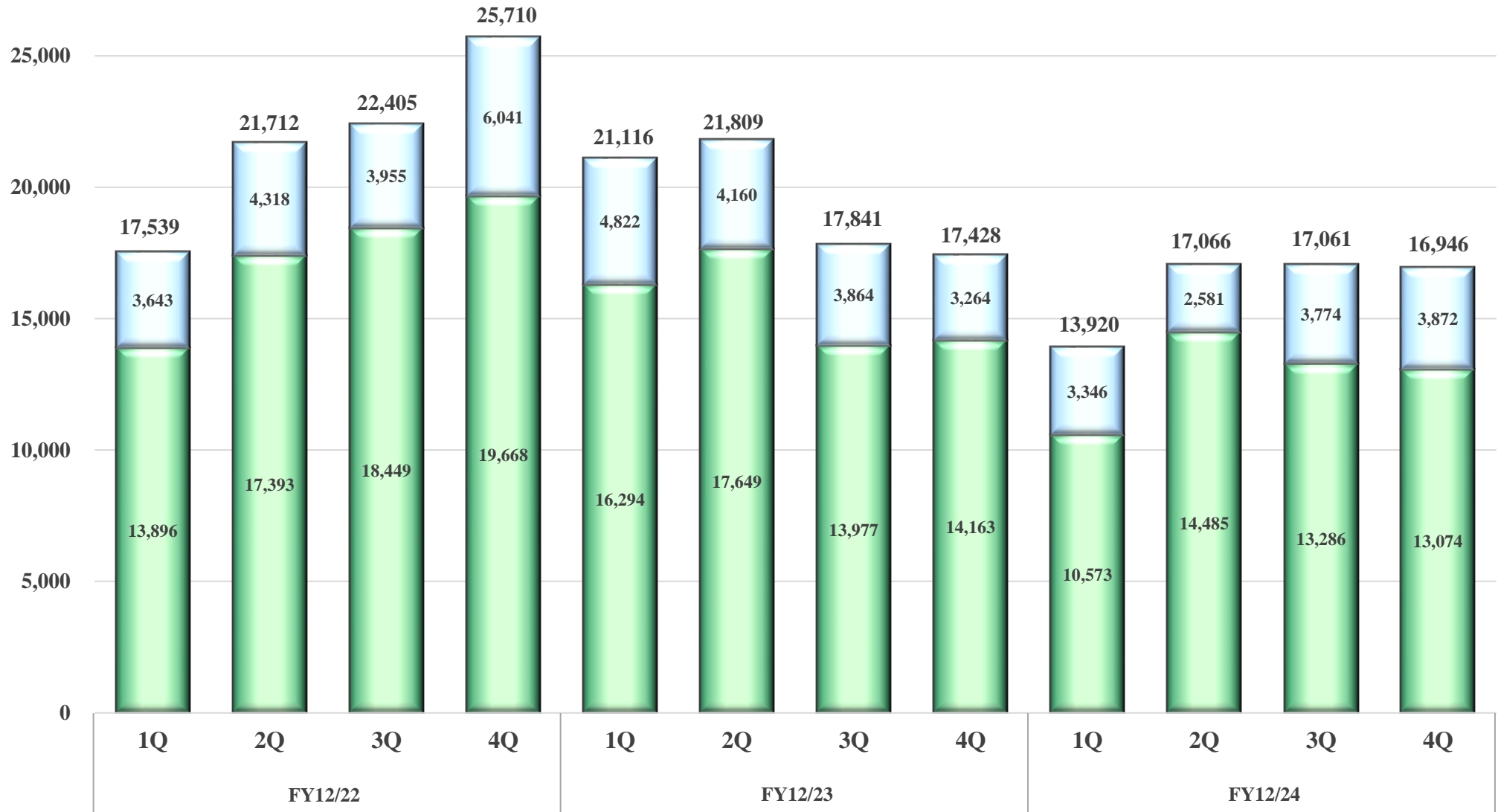
# Quarterly Information (Net Sales)



## Net Sales



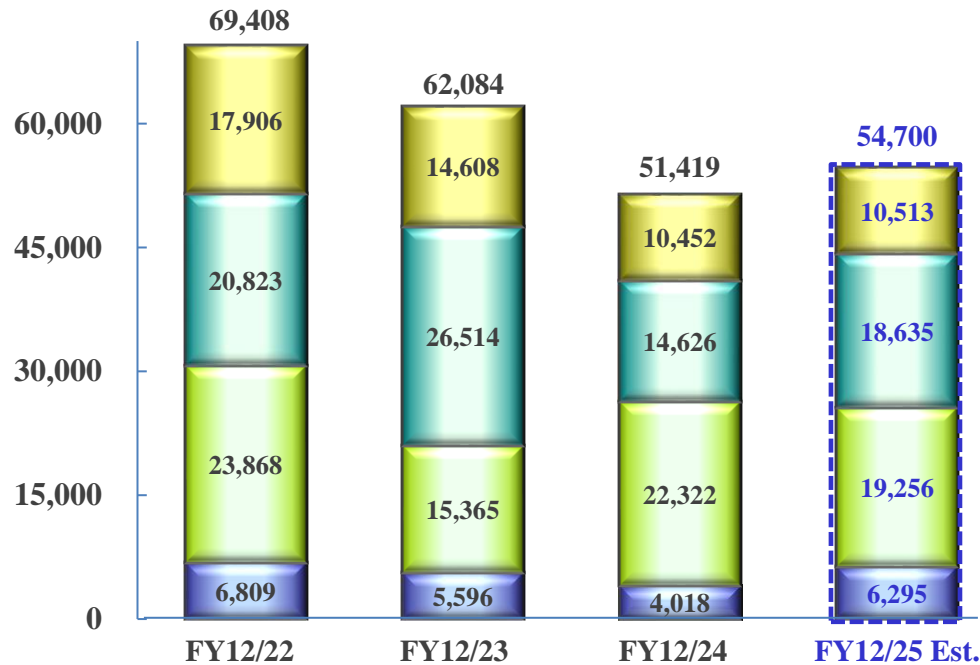
(Millions of Yen)





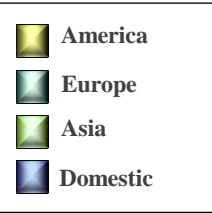
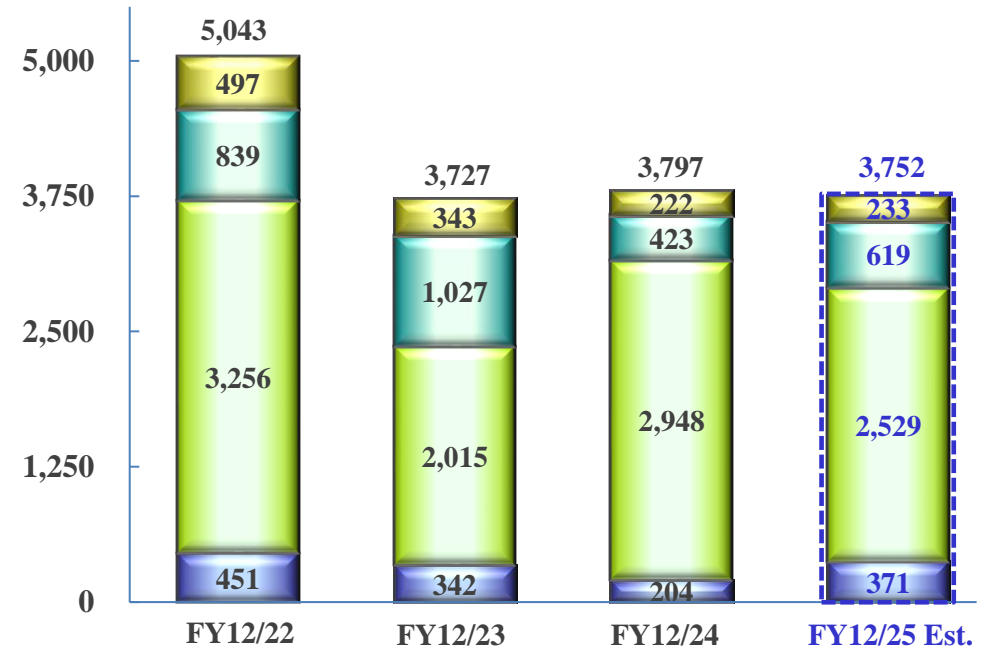
## Sales

(Millions of Yen)



## Sales Volume

(Units)



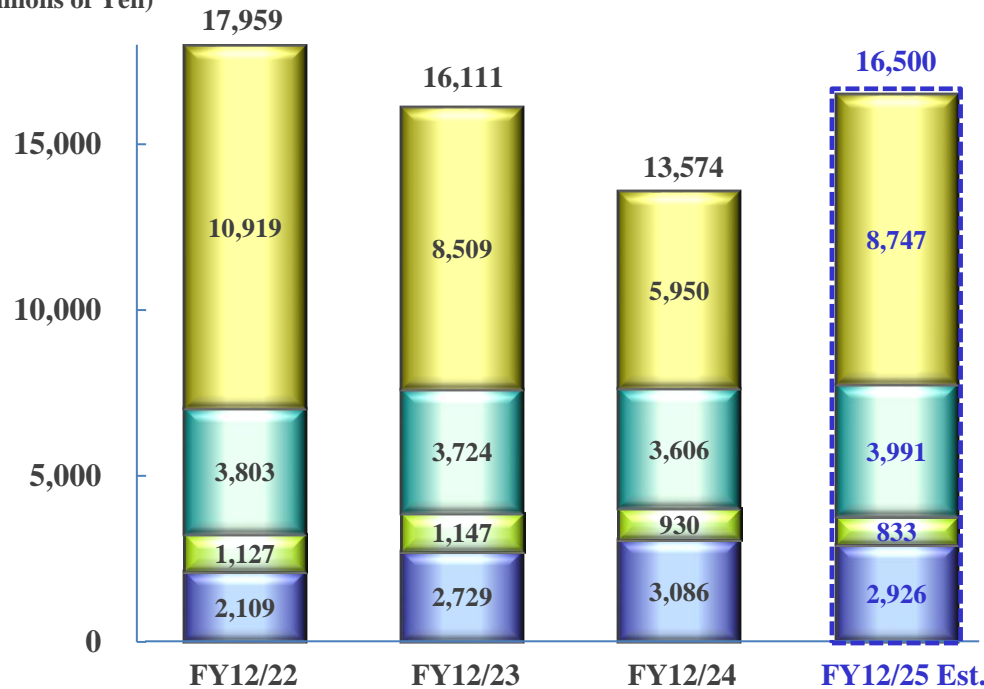
- In the U.S. market, the impact of presidential election and an ongoing cautious stance toward capital investment due to persistently high interest rates were behind the significant decrease in sales.
- Sales in the European market decreased significantly due to an ongoing weakness in overall demand.
- Sales in the Asian market increased substantially, notwithstanding the recent impact of inventory adjustments by distributors, mainly in China.
- In the Domestic market, sales declined significantly amid a lackluster performance as a whole, especially in the automotive sector.





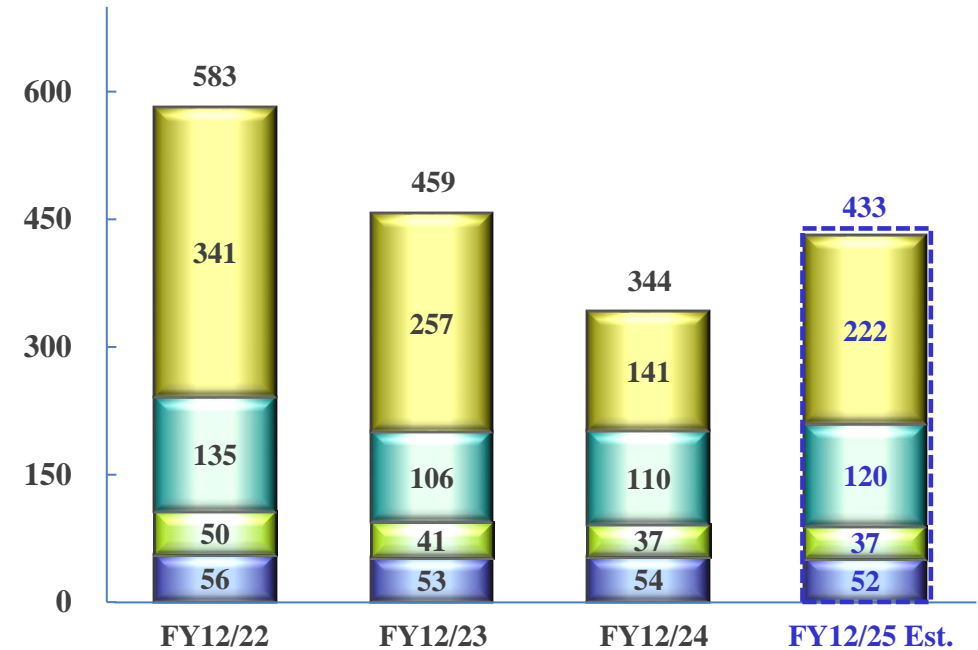
Sales

(Millions of Yen)



Sales Volume

(Thousand Units)



- Although the U.S. market rallied in the second half, with distribution inventories returning to appropriate levels, full-year sales were down sharply due to sluggish performance in the first half.
- In the European market, sales were on a par with the previous fiscal year due to the impact of the weak yen and firm market conditions.
- In the domestic market, sales increased amid steady market conditions owing to the inclusion of SST in the Company's scope of consolidation.

# Capital Investment / R&D Costs



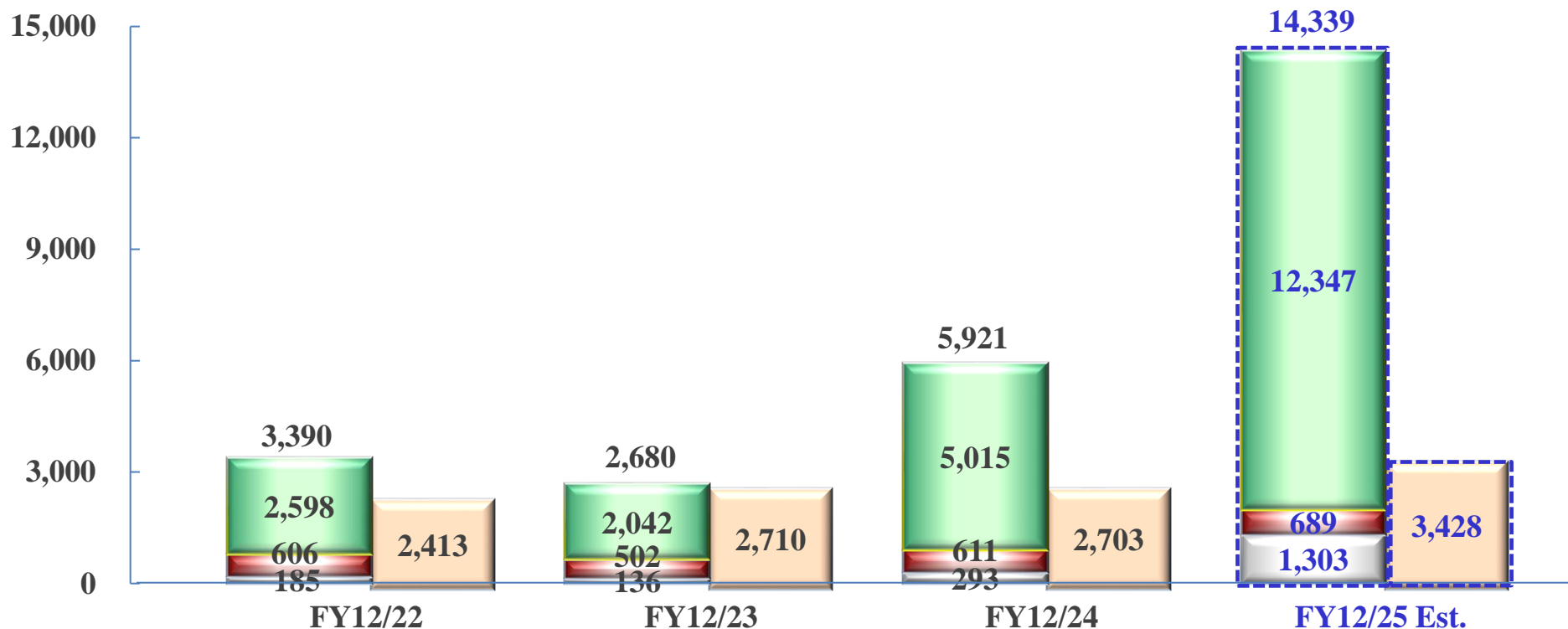
## Capital Investment



【FY12/25 Main Capital Investment Plans】

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

(Millions of Yen)



## R&D Costs

(Millions of Yen)

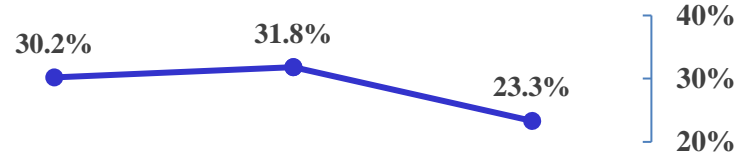
| FY12/22 | FY12/23 | FY12/24 | FY12/25 Est. |
|---------|---------|---------|--------------|
| 1,965   | 1,849   | 1,962   | 2,413        |

# Balance Sheets

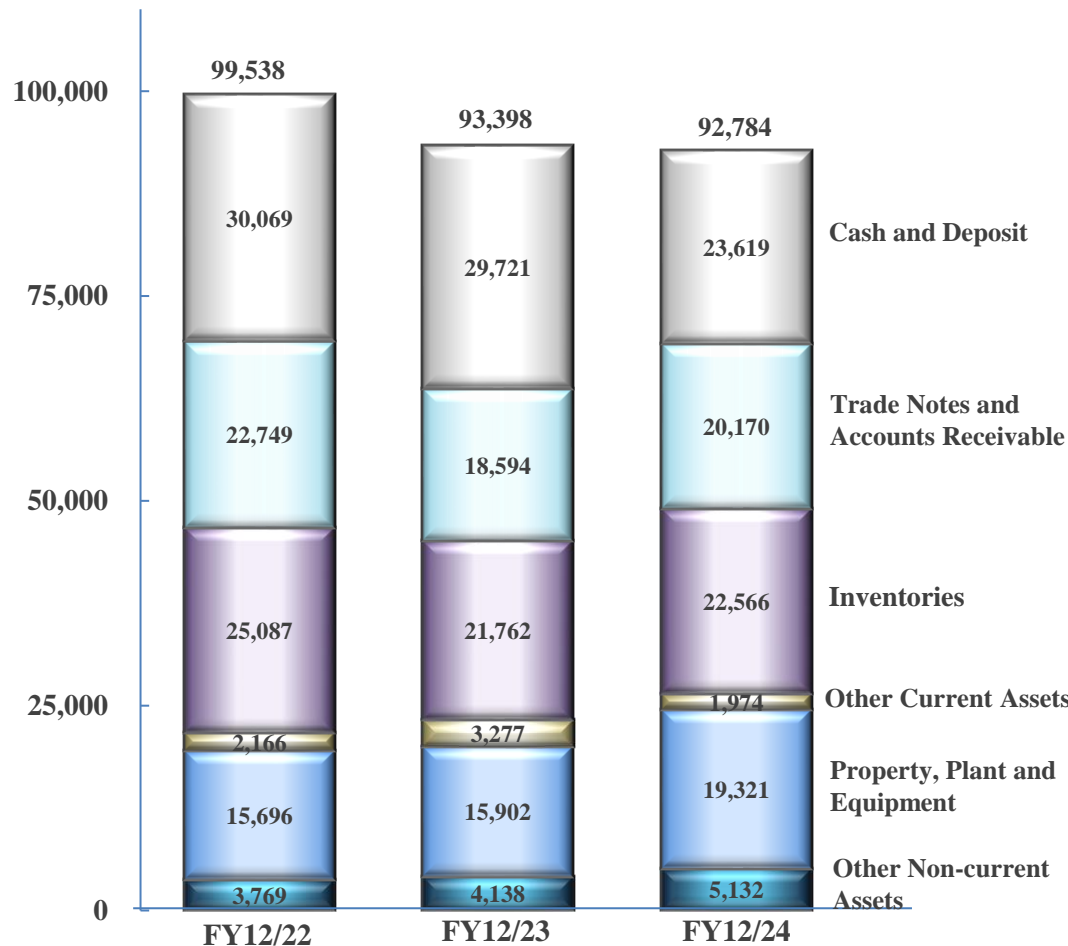


## Assets

### Ratio of Net Cash (to Total Assets)

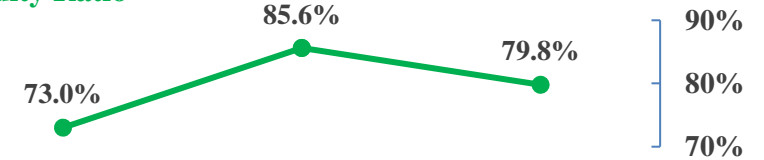


(Millions of Yen)

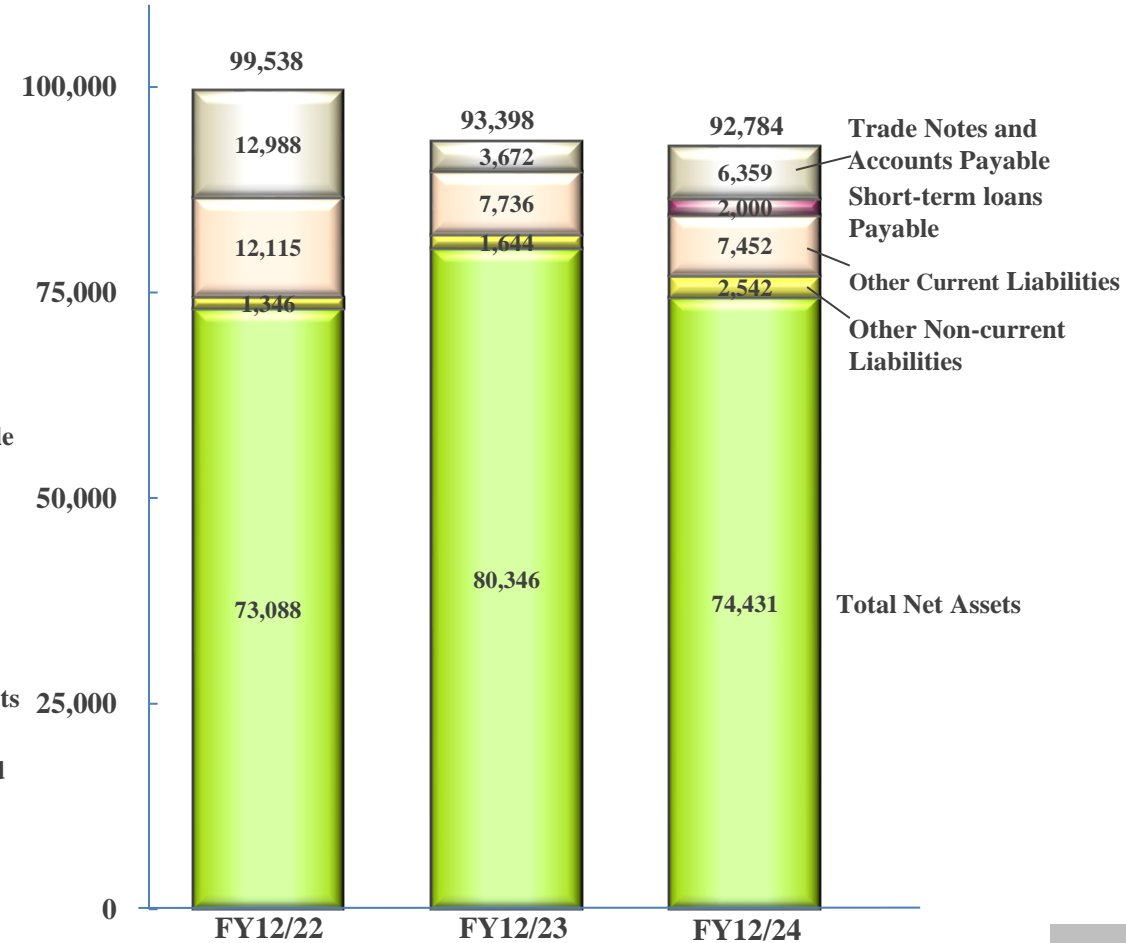


## Liabilities/Net assets

### Equity Ratio



(Millions of Yen)



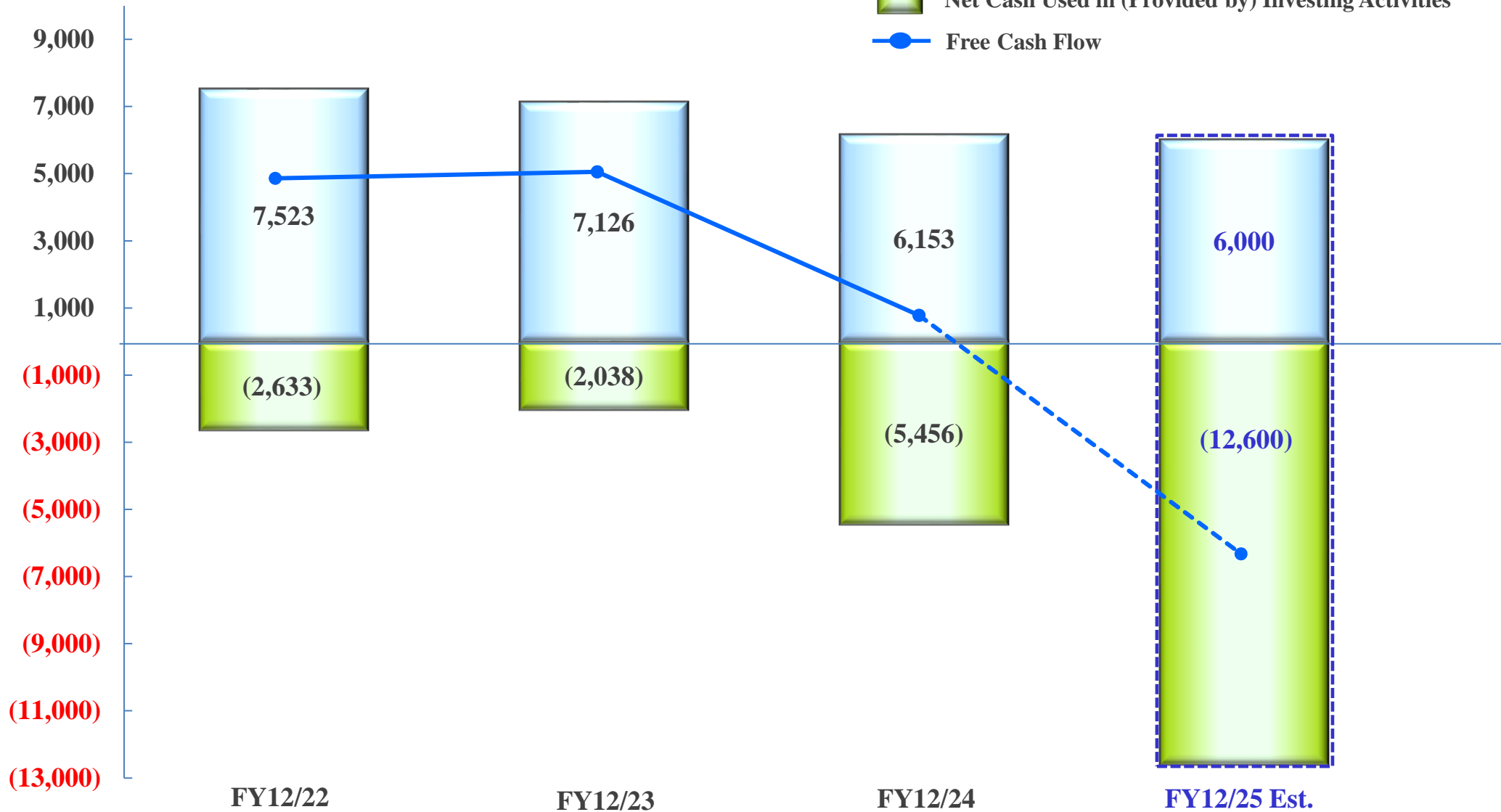
\*The estimates for the fiscal year ending December 2025 are currently under examination.

# Cash Flows

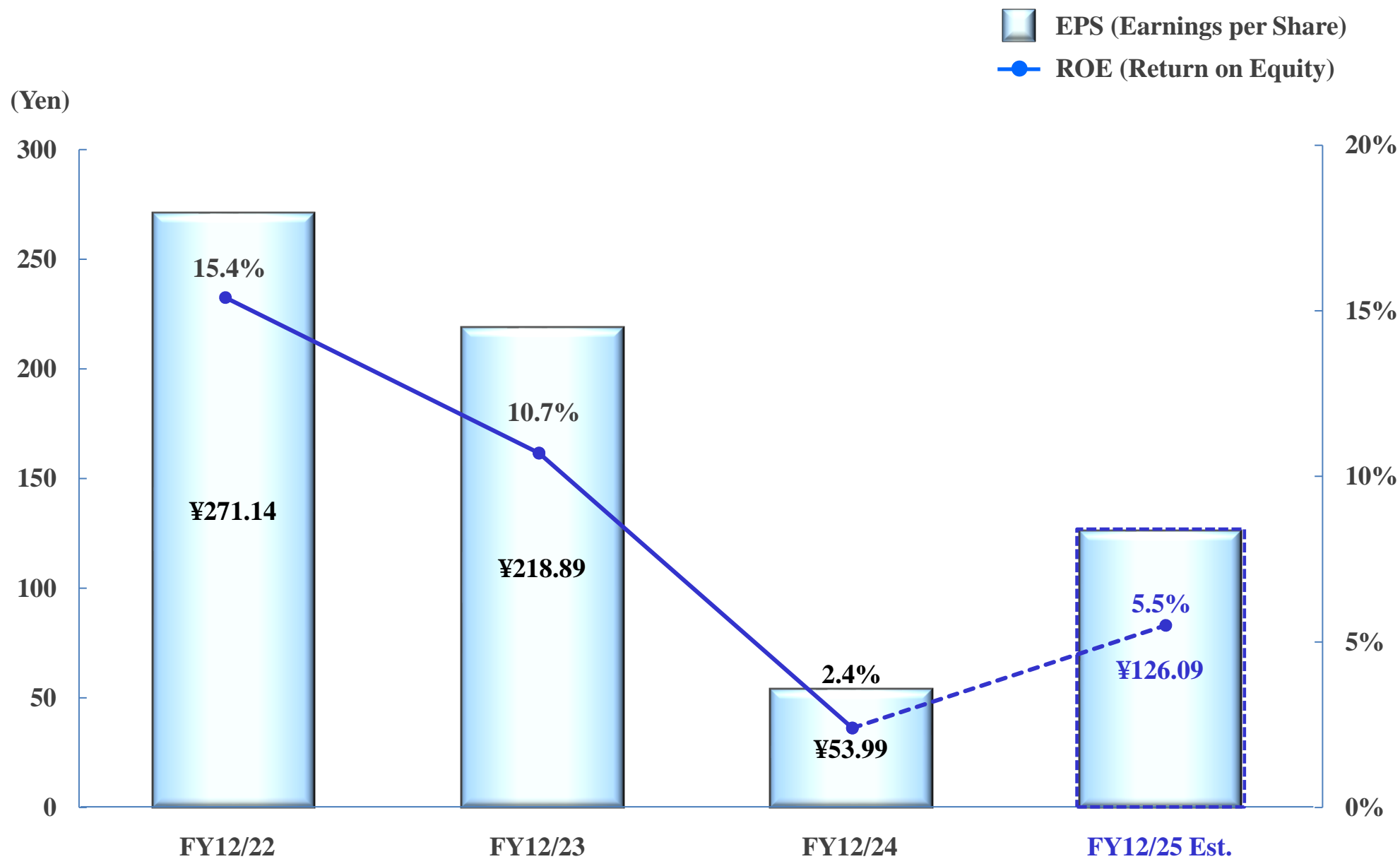


(Millions of Yen)

- Net Cash Provided by Operating Activities
- Net Cash Used in (Provided by) Investing Activities
- Free Cash Flow



# Key Financial Indicators



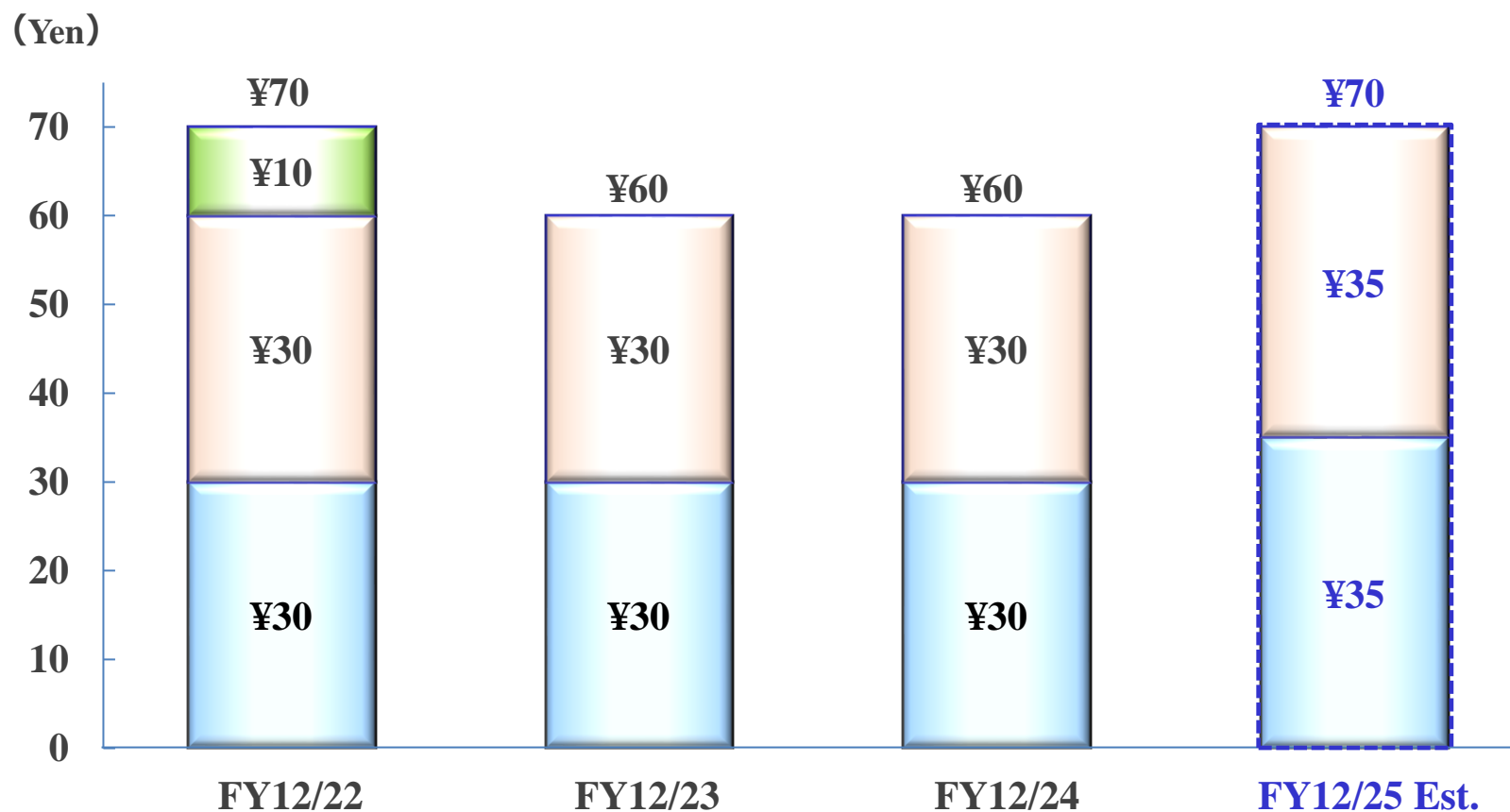
# Returns to Shareholders



## < Shareholder Return Policy > From FY12/25

- Progressive Annual Dividend : ¥70 or more
- Total Payout Ratio : 50% or more

- Special Dividend per Share
- Year-end Dividend per Share
- Interim Dividend per Share



| Total Payout Ratio | FY12/22 | FY12/23 | FY12/24 | FY12/25 Est. |
|--------------------|---------|---------|---------|--------------|
|                    | 44.6%   | 51.6%   | 63.5%   | 50% or more  |

# Reference

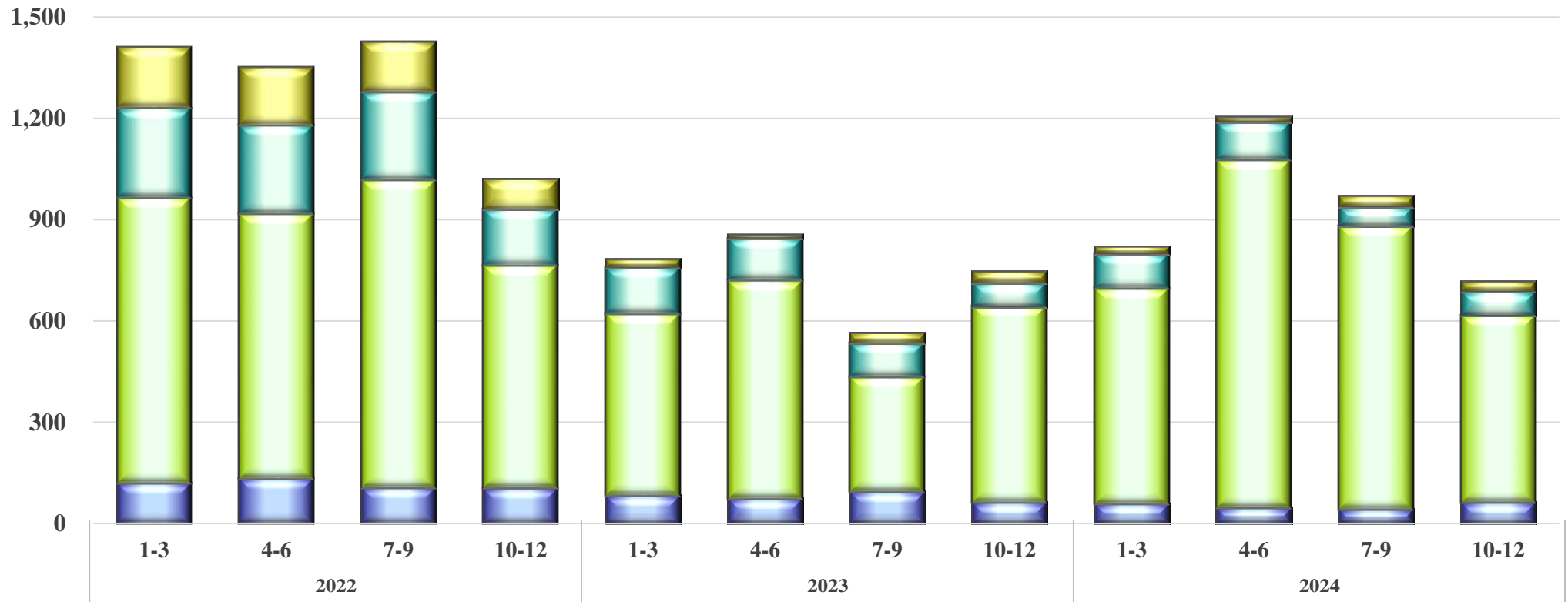
# Trends in Quarterly Machine Tool Orders



(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          | 7-9        | 10-12      |
| <b>America</b>  | 179          | 171          | 149          | 87           | 24         | 10         | 30         | 33         | 23         | 14           | 32         | 76         |
| <b>Europe</b>   | 265          | 261          | 260          | 168          | 138        | 125        | 102        | 71         | 102        | 112          | 58         | 98         |
| <b>Asia</b>     | 848          | 785          | 911          | 660          | 538        | 646        | 339        | 581        | 638        | 1033         | 840        | 431        |
| <b>Domestic</b> | 118          | 133          | 106          | 104          | 83         | 74         | 94         | 62         | 58         | 45           | 41         | 47         |
| <b>Total</b>    | <b>1,410</b> | <b>1,350</b> | <b>1,426</b> | <b>1,019</b> | <b>783</b> | <b>855</b> | <b>565</b> | <b>747</b> | <b>821</b> | <b>1,204</b> | <b>971</b> | <b>652</b> |



# Performance Indicators (10-Year Data)



|                 | Net Sales<br>(Millions of Yen) | Operating<br>Income<br>(Millions of Yen) | Income<br>Ratio(%) | Ordinary<br>Income<br>(Millions of Yen) | Income<br>Ratio(%) | Net Income<br>Attributable<br>to Owners<br>of Parent<br>(Millions of Yen) | Income<br>Ratio(%) | EPS<br>(Yen) | ROE<br>(%) | Dividends<br>per Share<br>(Yen) |
|-----------------|--------------------------------|--|--------------------|---|--------------------|---|--------------------|--------------|------------|---------------------------------|
| 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       | 64,994                         | 4,021                                    | 6.2                | 4,515                                   | 6.9                | 1,855   | 2.9                | 53.99        | 2.4        | 60.00                           |
| FY12/2025(Est.) | 71,200                         | 5,200                                    | 7.3                | 5,300                                   | 7.4                | 4,000   | 5.6                | 126.09       | 5.5        | 70.00                           |

\*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 Cash dividends applicable to the year ending December 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

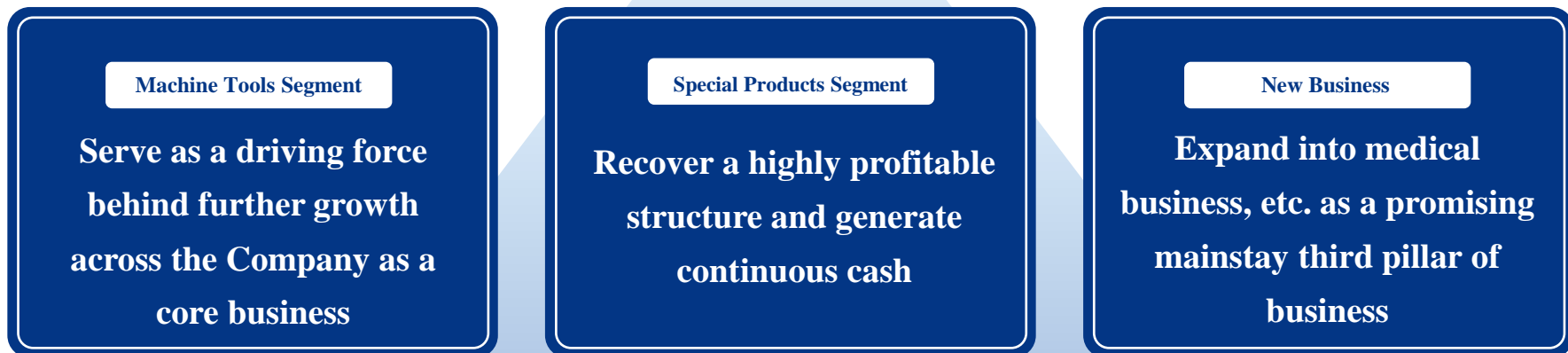


CNC Swiss Type Automatic Lathe  
SB-20RII

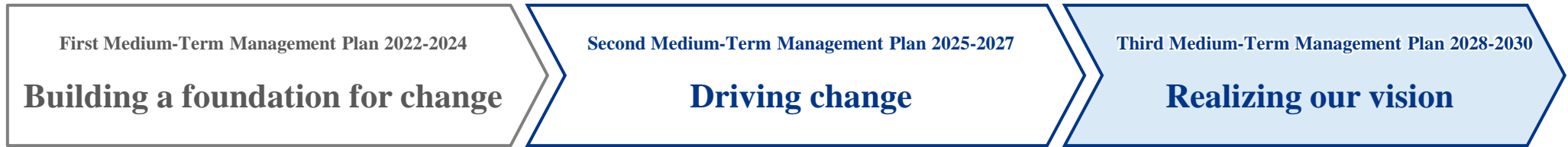
# Achievements on First Medium-Term Management Plan “Building a Foundation for Change”

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Drawing on its corporate philosophy and the management base, human resource systems, and R&D capabilities that underpin its multi-business structure, Star Micronics is targeting net sales of ¥100.0 billion and operating income of ¥20.0 billion.



- Diverse management team in which each individual exhibits characteristics that exemplify the Company's action guidelines
- Environment in which all employees can maximize their potential regardless of gender, age, or race
- R&D capabilities to continuously create unique technologies



|                                 | First Medium-Term Management Plan 2022-2024  | Second Medium-Term Management Plan 2025-2027   | Third Medium-Term Management Plan 2028-2030  |
|---------------------------------|--|--|--|
| <b>Machine Tools Segment</b>    | <ul style="list-style-type: none"> <li>Strengthen the production system</li> <li>Delve into HW technologies</li> <li>Promote the adoption of SW technology</li> </ul>  | <ul style="list-style-type: none"> <li>Expand into medical field</li> <li>Enhance services to boost customer satisfaction</li> <li>Strengthen SW technologies</li> </ul>   | <ul style="list-style-type: none"> <li>Establish a position as a leading manufacturer of automatic lathes</li> </ul>   |
| <b>Special Products Segment</b> | <ul style="list-style-type: none"> <li>Make deeper inroads into the mPOS/FD delivery market</li> <li>Uncover peripheral areas</li> <li>Strengthen SW technologies through various measures including M&amp;As</li> </ul> | <ul style="list-style-type: none"> <li>Commercialize peripheral areas</li> <li>Nurture the service business into an earnings stream using SW technology</li> </ul>         | <ul style="list-style-type: none"> <li>Become a total solution provider for store operations</li> </ul>  |
| <b>New Business</b>             | <ul style="list-style-type: none"> <li>Uncovering and planning of commercialization of new segments mainly through M&amp;As</li> </ul>   | <ul style="list-style-type: none"> <li>Enter the medical business</li> <li>In addition to utilizing in-house resources, accelerate open innovation activities</li> </ul>   | <p>New business domains</p> <ul style="list-style-type: none"> <li>Target net sales of ¥10.0 billion</li> <li>Target operating income of ¥1.5 billion</li> </ul> |
| <b>System Maintenance</b>       | <ul style="list-style-type: none"> <li>Strengthen the management platform</li> <li>Strengthen R&amp;D structures and systems</li> <li>Reform human resource systems</li> </ul>   | <ul style="list-style-type: none"> <li>Strengthen governance framework</li> <li>Reform the corporate culture based on new human resource structures and systems</li> </ul> | <ul style="list-style-type: none"> <li>Continue to strengthen the management platform</li> </ul>   |

\*FD: Food Delivery, HW: Hardware, SW: Software

|                          | First Medium-Term Management Plan<br>2022-2024<br><b>Building a foundation<br/>                     for change</b>  | First Medium-Term Management Plan<br>2022-2024<br><b>Achievements</b>  |
|--------------------------|---|--|
| Machine Tools Segment    | <ul style="list-style-type: none"> <li>Strengthen the production system</li> <li>Delve into HW technologies</li> <li>Promote the adoption of SW technology</li> <li>Development of Indian market</li> </ul>     | <ul style="list-style-type: none"> <li>Expanded production capabilities (Renovation of domestic factories/ Expansion of production capabilities at overseas factory)</li> <li>Promoted development of HW/SW technology</li> <li>Established sales subsidiary at India</li> </ul> |
| Special Products Segment | <ul style="list-style-type: none"> <li>Make deeper inroads into the mPOS/FD market</li> <li>Uncover peripheral areas</li> <li>Strengthen SW technologies through various measures including M&amp;As</li> </ul> | <ul style="list-style-type: none"> <li>Expanded sales of label printer</li> <li>Conducted demonstration experiment of new product other than printers</li> <li>Strengthened development capabilities of SW technology and promoted building revenue model</li> </ul>             |
| New Business             | <ul style="list-style-type: none"> <li>Uncovering and planning of commercialization of new segments mainly through M&amp;As</li> </ul>  | <ul style="list-style-type: none"> <li>Continuous activities in the DX business domain</li> <li>Planned strategies of the entry into a medical business and acquired a specialist in the medical field</li> <li>Started collaboration with startups</li> </ul>                   |
| System Maintenance       | <ul style="list-style-type: none"> <li>Strengthen the management platform</li> <li>Strengthen R&amp;D structures and systems</li> <li>Reform human resource systems</li> </ul>                                  | <ul style="list-style-type: none"> <li>Strengthened business management systems</li> <li>Established Development Headquarters</li> <li>Put in place a new human resource structure and systems</li> </ul>  |

\*FD: Food Delivery, HW: Hardware, SW: Software

**Operating cash flow was achieved despite significant changes in the external environment**  
**Human resource investment was actively promoted, including raising the target in the second year**  
 (from 50,000 yen/person to 100,000 yen/person)

| KPI  | Target<br>(Next three-year cumulative/average) | FY12/2023<br>Actual | Backgrounds  |
|--|--|---------------------|--|
| Operating cash flow<br>(cumulative)                                  | ¥20.0 billion<br>– ¥25.0 billion               | ¥20.8 billion       | Due to appropriate working capital management despite a decline in business performance.   |
| Operating income<br>per employee<br>(consolidated)                   | ¥6.00 million                                  | ¥5.67 million       | Because the expected demand recovery in some regions in the second half of FY2024 was delayed, resulting in a larger than expected decline in performance. |
| ROE  | 10.0% or more                                  | 9.5%                |  |
| Ratio of R&D expenses<br>to net sales                                | 5.0%   | 2.5%                | In the first medium-term, priority was given to business development mainly through M&A.   |
| Education and training<br>outlays per employee<br>(non-consolidated) | ¥100 thousand*                                 | ¥86 thousand        | Reviewed the contents and methods of implementation for the final year of the first medium-term.   |

\*To accelerate human capital investments aimed at enhancing corporate value, we have revised the target amount from ¥50 thousand to ¥100 thousand, effective from FY12/2023.

## ■ First Medium-Term Management Plan

### 2022-2024 KPIs

|                              | Target<br>(3year<br>average) | FY12/2023<br>Actual | FY12/2024<br>Actual | Actual<br>(3year average) |
|------------------------------|------------------------------|---------------------|---------------------|---------------------------|
| ROA                          | 15.0%                        | 15.4%               | 7.5%                | 14.1%                     |
| Operating<br>income<br>ratio | 15.0%                        | 16.7%               | 9.8%                | 14.7%                     |



CNC Swiss Type Automatic  
Lathe SD-26 type S



CNC Swiss Type Automatic  
Lathe SP-20



CNC Swiss Type Automatic  
Lathe SB-20R11

### Principal Initiatives

1. Globally expand the Company's solution center  
Establish solution centers in Europe and Asia, building a user support system in collaboration with Japan
2. Enhance the development of mechanical technology and before/after-sales service support software
3. Expand production capacity through 3 manufacturing bases  
(1) Undertake a large-scale renovation of domestic factories  
(2) Increase floor area at the Company's Dalian factory  
(3) Upgrade and expand facilities and equipment at the Company's factory in Thailand
4. Sales promotion at Indian market

### First Medium-Term (2022-2024) Achievements

1. Start of operation of Asian solution center  
Start of construction of European solution center
2. Promotion of new mechanical technology development (for medical use, etc.), development of processing quotation support software, and start of digital content provision
3. Expanded production capacity through three manufacturing bases  
(1) Large-scale renovation of domestic factories  
(Start of construction of Kikugawa South Factory/  
Planning of Makinohara Factory)  
(2) Increased floor area at the Company's Dalian factory  
(3) Upgraded and expanded facilities and equipment at the Company's factory in Thailand
4. Established sales subsidiary in India



# (1) Machine Tools Segment: Globally Expand the Company's Solution Center

## Establish Solution Centers in Japan, Europe, and Asia Reinforce sales by enhancing before/after-sales services



Scheduled to open in 2025  
\*Image is for illustrative purposes only

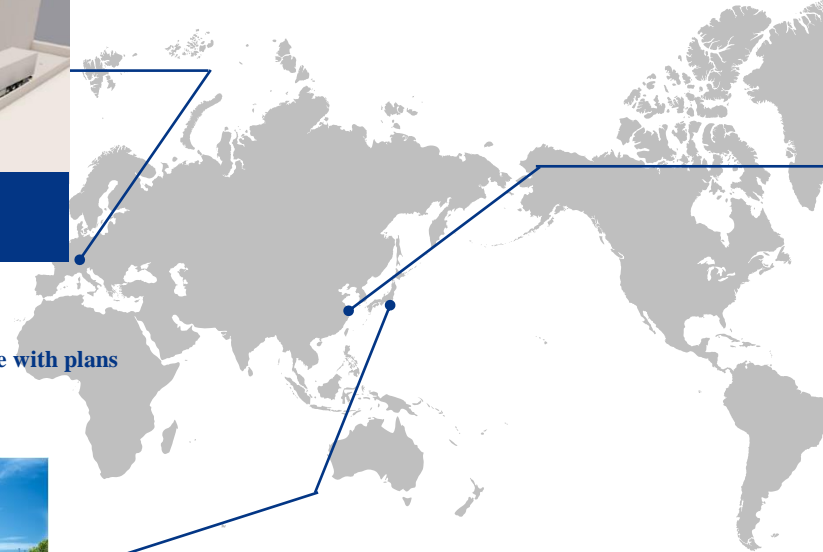
- European Solution Center  
Zurich, Switzerland / Star Micronics AG  
Progress: under construction, essentially in line with plans



- Asian Solution Center  
Shanghai, China / Shanghai Xingang Machinery Co., Ltd.  
Completed in September 2023



- Solution Center  
Kikukawa, Shizuoka, Japan / Star Micronics  
Completed in July 2020



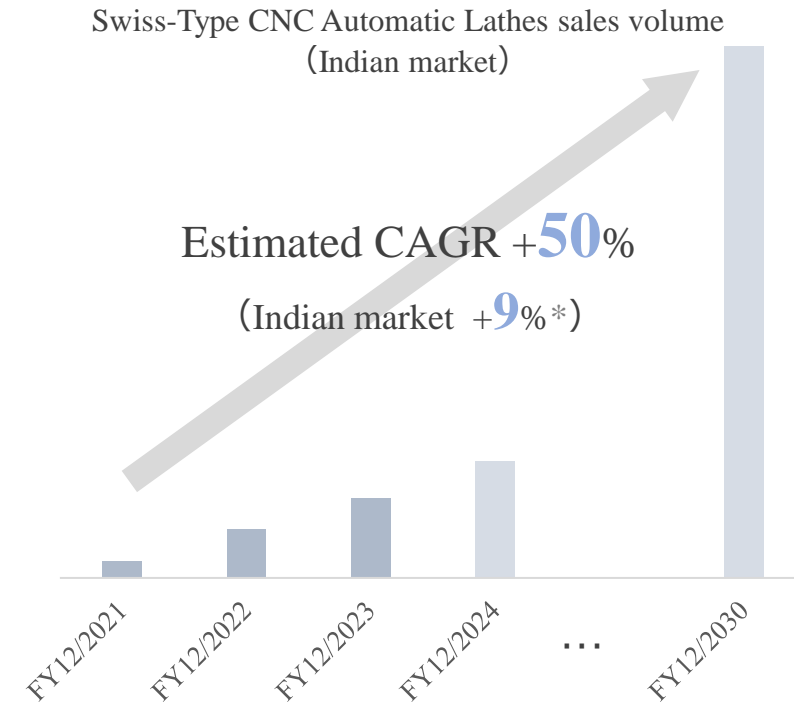
### [Features of Solution Centers]

- Displays of state-of-the-art machinery  
New product presentations and private shows in person and online
- Sales support through processing technology and maintenance seminars for agents and engineers
- Providing optimal solutions such as test processing and operator training to enhance customer satisfaction
- Building a user support system in collaboration with each solution center

## (1) Machine Tools Segment: Development of Indian market

**Establish sales subsidiary at Bengaluru, Karnataka, India**

**Reinforce sales by enhancing technical support system and development of sales distributors**



### <Points for developing the Indian market>

- The global machine tools market is projected to expand at an average annual rate of 4.1%\* through to 2032. Against this backdrop, the Indian market is especially promising with expected to exceed this average at 9.4% by 2030.  
\* Source: The International Market Analysis Research and Consulting Group
- The Swiss type CNC automatic lathe market in India is in a phase of user expansion, with growth anticipated across various sectors, particularly in the medical-related fields
- Promoting the spread of Swiss type CNC automatic lathes by providing technical support for sales agents and operator training
- Establish an optimal sales and service network to cover the vast Indian market.

## Building a production system to become “leading manufacturer of automatic lathe”

▶ Both phase 1 and phase 2 are essentially in line with plans

### Create new value and inherit technologies

through the fusion of cutting-edge technology and master craftsmen’s skills



2022 >>> 2030

#### Phase1 : Kikugawa South Factory (tentative)

Investment purpose: Enhance production capacity of core parts  
Total project cost: Approx. ¥10 billion  
Start of operations: November, 2025

#### Phase2 : Makinohara Factory (tentative)

Investment purpose: Enhance production capacity (machine body assembly)  
Total project cost: Approx. ¥5 billion  
Start of operations: July, 2026

#### Phase3 : Kikugawa North Factory (tentative)

Investment purpose: Smart logistics (improve profitability and efficiency)  
Total project cost: Under consideration  
Start of operations: Under consideration (2029 target)

## Cutting-edge factory that takes on the production of core parts for automatic lathes, pursuing efficiency and environmental performance through DX

### Overview (plan)

Name : Kikugawa South Factory (tentative)

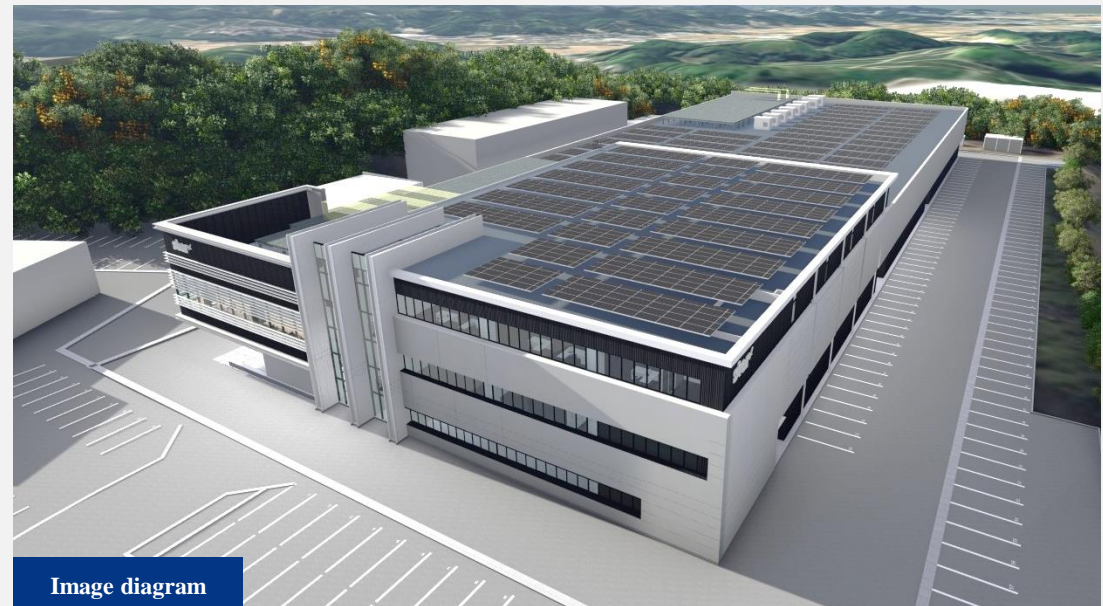
Location : Kikugawa City, Shizuoka Prefecture

Total floor area : Approx. 13,700 sqm

Total project cost : Approx. ¥10 billion

Start of construction : July 2024

Start of operations : November 2025



### <Investment purpose>

- Improve profitability by increasing in-house production rate and expanding productions of core components
- Smart logistics (improve profitability and efficiency)
- Obtain ZEB certification by pursuing environmentally friendly design

## The latest factory that takes on the production of the cutting-edge models and create high added value for the Star Micronics Group

### Overview (plan)

Name : Makinohara Factory (tentative)

Location : Makinohara City, Shizuoka Prefecture

Total floor area : Approx. 9,100 sqm

Total project cost : Approx. ¥5 billion

Start of construction : May 2025

Star of operations : July 2026



### <Investment purpose>

- Core factory for manufacturing leading-edge product models, mainly for medical-related fields
- Enhance domestic production capacity (50 units/month => 100 units/month)
- Strengthen ability to respond to geopolitical risks (Strengthening three manufacturing base system)

## ■ First Medium-Term Management Plan

### 2022-2024 KPIs

|                              | Target<br>(3year average) | FY12/2023<br>Actual | FY12/2024<br>Actual | Actual<br>(3year average) |
|------------------------------|---------------------------|---------------------|---------------------|---------------------------|
| ROA                          | 20.0%                     | 13.0%               | 6.5%                | 15.3%                     |
| Operating<br>income<br>ratio | 18.0%                     | 12.1%               | 6.5%                | 13.2%                     |



Cash Drawer and  
Receipt Printer mPOP



Contactless IC card Reader  
PitTouch Pro3 series



POS Printer  
TSP100IV series



Label Printer  
mC-Label series



Peripheral Equipment

### Principal Initiatives

1. Explore and expand sales of products other than printers used in stores
2. Strengthen cloud-related technologies with an eye to external alliances
3. Optimize production and logistics through reorganization of EMS partners

### First Medium-Term (2022-2024) Achievements

1. Launched and expanded sales of new products that meets customer needs  
Conducted demonstration experiment of products other than printers
2. Promoted enhancing development capabilities and building the subscription model for Star Micronics Cloud Service (SMCS)
3. Preparations for optimizing the production and logistics system, including the reorganization of EMS partners, are almost complete

## Create new business value that contributes to improve business efficiency of customers

### Principal Initiatives

Planning and commercializing new business mainly through M&A

### Target

Considering the revenue model for new services and transitioning to the execution phase

### DX Business Domains

| Business Domain | Value Provided/ Business Process   | 2022-2024 Achievements   |
|-----------------|--|--|
| Logistics DX    | Provide systems to improve the efficiency of small and medium-sized warehousing and distribution operating processes | Formulated a business plan based on hearings from prospective customers, and commenced development of an inventory optimization analysis system    |
| Store DX        | Provide hardware and software (systems) that improves the efficiency of store operations                             | Included Smart Solution Technology, Inc. (SST) in the Company's scope of consolidation as a wholly owned subsidiary and promoted Store DX services |
| Production DX   | Provide new services related to the Machine Tools Segment  | Developed processing quotation support software and piloted operations in Machine Tools Segment  |

### Medical fields (Started in-depth discussion from FY2024)

● Released in September 2024

**Investing in medical device startup companies**  
Start of consideration of **entry into the Medical Business**



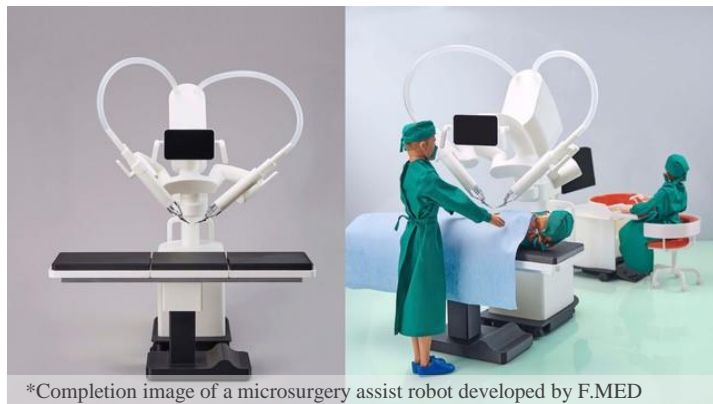
### Achievements

- Planned strategies of the entry into a medical business
- Acquired a medical specialist
- Started value creation activities through collaboration with startups

(3) New Business: Start of Consideration of Entry into the Medical Business

# Investing in medical device startup companies

## Start of consideration of entry into the Medical Business



\*Completion image of a micro-surgery assist robot developed by F.MED

- **June 2024**  
Invested in F.MED Co., Ltd., a developer of micro-surgery assist robots



- **September 2024**  
Invested in Mu Lab, Ltd., a company that uses in-house technology to develop small, high-torque reducers for use in robot joints, as well as high-precision hands to be attached to the tips of robots



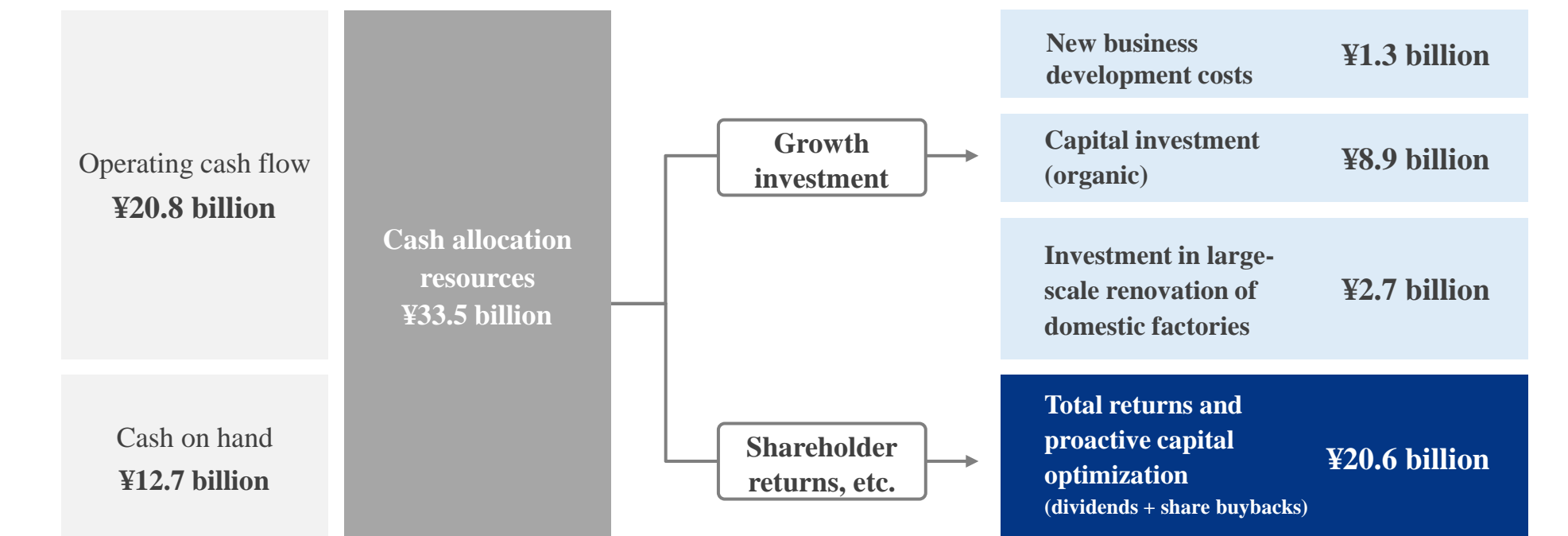
\*Robot hand using a small reducer

\*For details, please refer to “Notice regarding Start of Consideration of Entry into the Medical Business” announced on September 27, 2024.



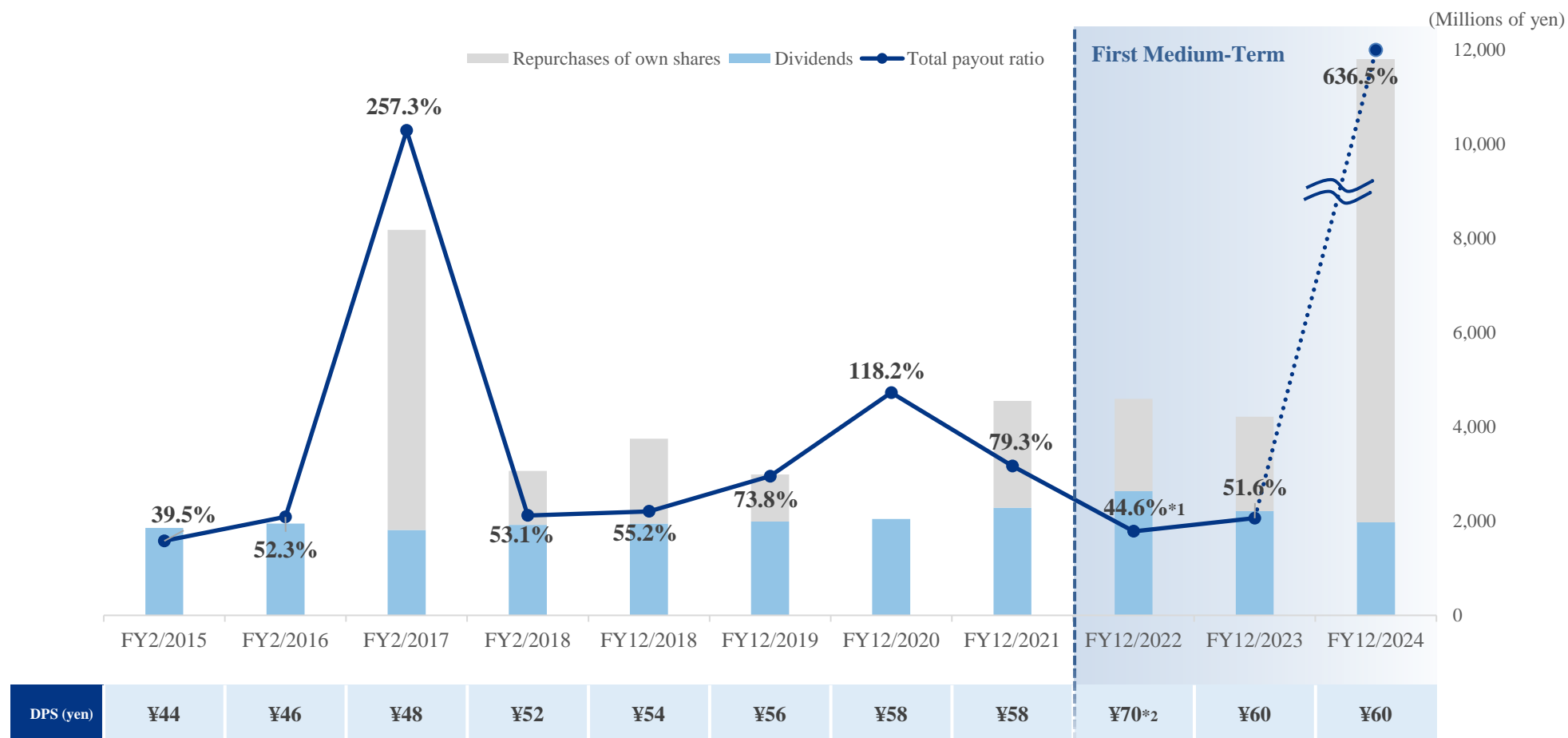
Allocated ¥12.9 billion for growth investments and 20.6 billion yen for shareholder returns, etc., utilizing operating cash flow and cash on hand accumulated over the 3years of the medium-term management plan

■ Actual Cash Allocation (FY12/2022–FY12/2024)



## Commit to achieve a total payout ratio of 50% or more including the repurchases of own shares, based on a progressive annual dividend of ¥60 or more per share

\*Please refer to page 4 of the attachment "Notice on Action to Implement Management That is Conscious of Cost of Capital and Stock Price" announced on February 12, 2025.



\*1 In FY12/2022, the Company was unable to repurchase its own shares and the total payout ratio fell below 50% due to the acquisition of SST, an existing wholly owned subsidiary

\*2 Including a special dividend

The Star Micronics Group aims to help bring about a sustainable society and enhance corporate value by putting into practice the core concept of the Company and employees growing together and contributing to society.

- Guided by a longer-term vision for the Group, we will provide society with new value created using our proprietary technologies.
- We will draw on the global network we have built up over the years to address common issues facing society worldwide.
- We will realize fair and highly transparent management through dialogue and cooperation with all of our stakeholders.

## ■ Initiatives to Address Material Issues

|                         | Material Issues   | Targets  | 2022-2024 Achievements   | SDGs |
|-------------------------|---|--|--|------|
| <b>E</b><br>Environment | <ul style="list-style-type: none"> <li>• Addressing climate change by reducing CO2 emissions</li> <li>• Creating environmentally friendly products</li> </ul> | <ul style="list-style-type: none"> <li>• Reducing greenhouse gas emissions</li> <li>• Promoting disclosure under TCFD and other frameworks</li> <li>• Creating new businesses and products leveraging proprietary technologies</li> </ul>      | <ul style="list-style-type: none"> <li>• Built an emissions data management system</li> <li>• Switch to renewable energy at domestic factories</li> <li>• Expression of support for the TCFD and disclosure of related information</li> <li>• Announcement of new models in the Special Products Segment and implementation of new functions in the Machine Tools Segment</li> </ul>                                   |      |
| <b>S</b><br>Society     | <ul style="list-style-type: none"> <li>• Fostering and utilizing diverse human resources</li> </ul>   | <ul style="list-style-type: none"> <li>• Setting targets for women in management and monitoring progress; career training and support</li> <li>• Expanding and sustaining education and training programs for global HR development</li> </ul> | <ul style="list-style-type: none"> <li>• Female manager ratio (2024: 4.4%)</li> <li>• Formulation of a roadmap for the advancement of women</li> <li>• Completion of preparations for the introduction of a new personnel system and a new personnel salary system</li> <li>• Promotion of reskilling, such as expansion of public offering training, and efforts for autonomous human resource development</li> </ul> |      |
| <b>G</b><br>Governance  | <ul style="list-style-type: none"> <li>• More rigorous corporate governance</li> </ul>  | <ul style="list-style-type: none"> <li>• Building a more fair and transparent governance framework by addressing Corporate Governance Code guidelines</li> </ul>   | <ul style="list-style-type: none"> <li>• Disclosure of the Board of Directors' skills matrix</li> <li>• Continued enhancement of the Board of Directors' diversity</li> <li>• Continued enhancement of transparency and objectivity by the Nomination and Compensation Committee</li> <li>• Disclosure of sustainability information</li> </ul>  |      |

Addressing  
Climate  
Change

## Progress of environmental materiality

### 1 Responding to climate change by reducing CO2 emission

| Target   | 2022-2024 Achievements  |
|--|---|
| <ul style="list-style-type: none"> <li>Reduction of greenhouse gas emissions</li> <li>Promotion of disclosure based on TCFD framework</li> </ul> | <ul style="list-style-type: none"> <li>Built an emissions data management system and started operation throughout the Group, including all consolidated subsidiaries</li> <li>Switched to renewable energy at the Kikugawa factory</li> <li>Acquired both ZEB certification and CASBEE S Rank certification which are indicators of energy-saving performance, at the Kikugawa South factory*1</li> <li>Expressed support for the TCFD recommendations and made disclosures based on recommendations</li> </ul> |

### 2 Creation of environmentally friendly products

| Target   | 2022-2024 Achievements  |
|--|---|
| <ul style="list-style-type: none"> <li>Creation of new businesses and products using proprietary technology</li> </ul> | <ul style="list-style-type: none"> <li>Special Products Segment                             <ul style="list-style-type: none"> <li>- Launched 2 printer models compatible with linerless label paper</li> <li>- Deplasticization of packaging materials for 4 models</li> </ul> </li> <li>Machine Tools Segment                             <ul style="list-style-type: none"> <li>- Developed the ECO mode function to reduce power consumption and completed installation on 13 models</li> <li>- Exhibited technology proposals to reduce power used in coolant and pneumatic equipment at JIMTOF</li> </ul> </li> </ul> |



Use cases of TSP100IV SK



SD-26 equipped with ECO mode function

\* 1 Please refer to the July 12, 2024 announcement, [“Kikugawa South Factory Becomes First Building in Shizuoka Prefecture to Receive Both ZEB and CASBEE S Rank Certifications”](#)

## Building an environment in which all employees can maximize their potential regardless of gender, age, or race

### 1 Constructing new human resource systems

| Strategy   | 2022-2024 Achievements  |
|--|---|
| <ul style="list-style-type: none"> <li>Rolling out a system for professionals (specialist training)</li> <li>Rolling out a benefit framework commensurate with roles and responsibilities</li> </ul> | <ul style="list-style-type: none"> <li>Implemented an extension of the retirement age and a reform of the retirement pension system</li> <li>Preparation for the implementation of a new personnel system and a new personnel payroll system</li> </ul> |

### 2 Enhancing diversity

| Strategy   | 2022-2024 Achievements  |
|--|---|
| <ul style="list-style-type: none"> <li>Enhancing women's empowerment (KPI: 10% or more women in managerial positions* by 2030)<br/>*Equivalent to or above the position of subsection leader</li> <li>Fostering a corporate climate and changing awareness (manager training, developing flexible and diverse working styles, etc.)</li> </ul> | <ul style="list-style-type: none"> <li>Female manager ratio (2024: 4.4%)</li> <li>Formulation of a roadmap for the advancement of women</li> <li>Expansion of leave systems that contribute to flexible working styles</li> </ul> |

### 3 Reinforcing education and training programs: Developing employee autonomy, global human resource

| Strategy  | 2022-2024 Achievements   |
|---|--|
| <ul style="list-style-type: none"> <li>Enhancing upskilling and reskilling initiatives</li> <li>Strengthening global human resource development (establishing a medium- to long-term HR development cycle)</li> <li>Increasing education and training outlays per employee</li> </ul> | <ul style="list-style-type: none"> <li>Expansion of public offering training</li> <li>Establishment of a side job system</li> <li>Review of global human resource requirements</li> <li>Education and training outlays per employee (2024: 101,000 yen)</li> </ul> |

The Group strives to achieve appropriate, efficient management with a view to the sustained enhancement of corporate value and the realization of a sustainable society, and to distribute the results of these efforts appropriately to shareholders and other stakeholders. Based on this policy, we are pursuing the following measures.

● **Further reinforcing the supervisory function of the Board of Directors**

| Strategy  | 2022-2024 Achievements  |
|---|---|
| <ul style="list-style-type: none"> <li>Further enhancing deliberations by the Board of Directors regarding the direction and management strategies of the Group</li> </ul>  | <ul style="list-style-type: none"> <li>As the narrowing down of meeting agenda is still insufficient, we will continue to review it</li> </ul>  |
| <ul style="list-style-type: none"> <li>In light of the Company’s Management Policy and strategies, realizing a governance structure for the whole Board of Directors that ensures a proper balance of gender and other aspects of diversity and requisite skills</li> </ul> | <ul style="list-style-type: none"> <li>Since the appointment of a female director at the General Meeting of Shareholders held in March 2022, diversity, including gender, has been continuously ensured</li> <li>Disclosure of the Board of Directors' skills matrix</li> </ul> |
| <ul style="list-style-type: none"> <li>Continuing to strengthen a highly transparent and objective governance framework by maintaining a composition of the Board of Directors with a majority of independent outside directors</li> </ul>                                  | <ul style="list-style-type: none"> <li>Maintain a majority of independent outside directors on the Board of Directors</li> </ul>  |
| <ul style="list-style-type: none"> <li>Making effective use of the Nomination and Compensation Committee to further enhance the transparency and objectivity of procedures related to the nomination and compensation of directors and executive officers</li> </ul>        | <ul style="list-style-type: none"> <li>Held 4 board committee meetings annually and continuously ensured transparency and fairness in the process of nominating and determining the compensation of directors and executive officers</li> </ul>                                 |

● **Constructing a fair, transparent governance framework through proactive, appropriate disclosure**

| Strategy  | 2022-2024 Achievements  |
|---|---|
| <ul style="list-style-type: none"> <li>Active disclosure of non-financial information (sustainability initiatives, etc.)</li> </ul> | <ul style="list-style-type: none"> <li>Began disclosing sustainability information in our Annual Securities Report for the fiscal year ended December 2023</li> <li>Preparing for the issuance of an Integrated Report and a Sustainability Report (Integrated report is scheduled to be issued in 2025)</li> </ul> |
| <ul style="list-style-type: none"> <li>Ongoing efforts to proactively disclose information in English</li> </ul>                    | <ul style="list-style-type: none"> <li>Continuous disclosure of timely disclosure documents in both English and Japanese</li> </ul>   |