

Notice regarding Organizational Restructure of the Precision Products Segment

STAR MICRONICS CO., LTD. (“STAR MICRONICS” or “the Company”) today announced that it had decided to reorganize the Precision Products Segment following a meeting of the Company’s Board of Directors held on December 26, 2019. Brief details are provided as follows.

1. Rationale

Set up as a foundation business, the Precision Products Segment has continued to engage in the manufacture and sale of wristwatch components since the Company’s inauguration in 1947. Moving forward, the Segment expanded into the non-wristwatch component domain from the mid 1990’s servicing the automobile, medical care, and related fields.

In recent years, however, trends in non-wristwatch component profitability have exhibited a steady decline (non-wristwatch component sales projected to come in at approximately ¥1.5 billion for the fiscal year ending December 31, 2019) with little or no prospect of a recovery in the future. Taking these factors into consideration, STAR MICRONICS has in principle decided to withdraw from the non-wristwatch component field and to focus on the manufacture and sale of wristwatch components while at the same time streamlining the organization of its ongoing operations in a bid to reduce fixed expenses thereby working to improve profitability.

2. Overview of the Reorganization

STAR MICRONICS has progressively reorganized the operations of its overseas manufacturing subsidiaries since last year. In addition, the Company plans to discontinue the Precision Products Division effective March 31, 2020 and to consolidate the manufacture and sale of wristwatch components as the core activity of the Precision Products Segment into Micro Sapporo Company (Ishikari City, Hokkaido), a wholly owned subsidiary.

3. Impact on Business Results

The impact of the aforementioned on the Company’s consolidated financial results for the fiscal year ending December 31, 2019 will be nominal.