

# Review of the Medium-Term Management Plan

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STAR MICRONICS CO., LTD.

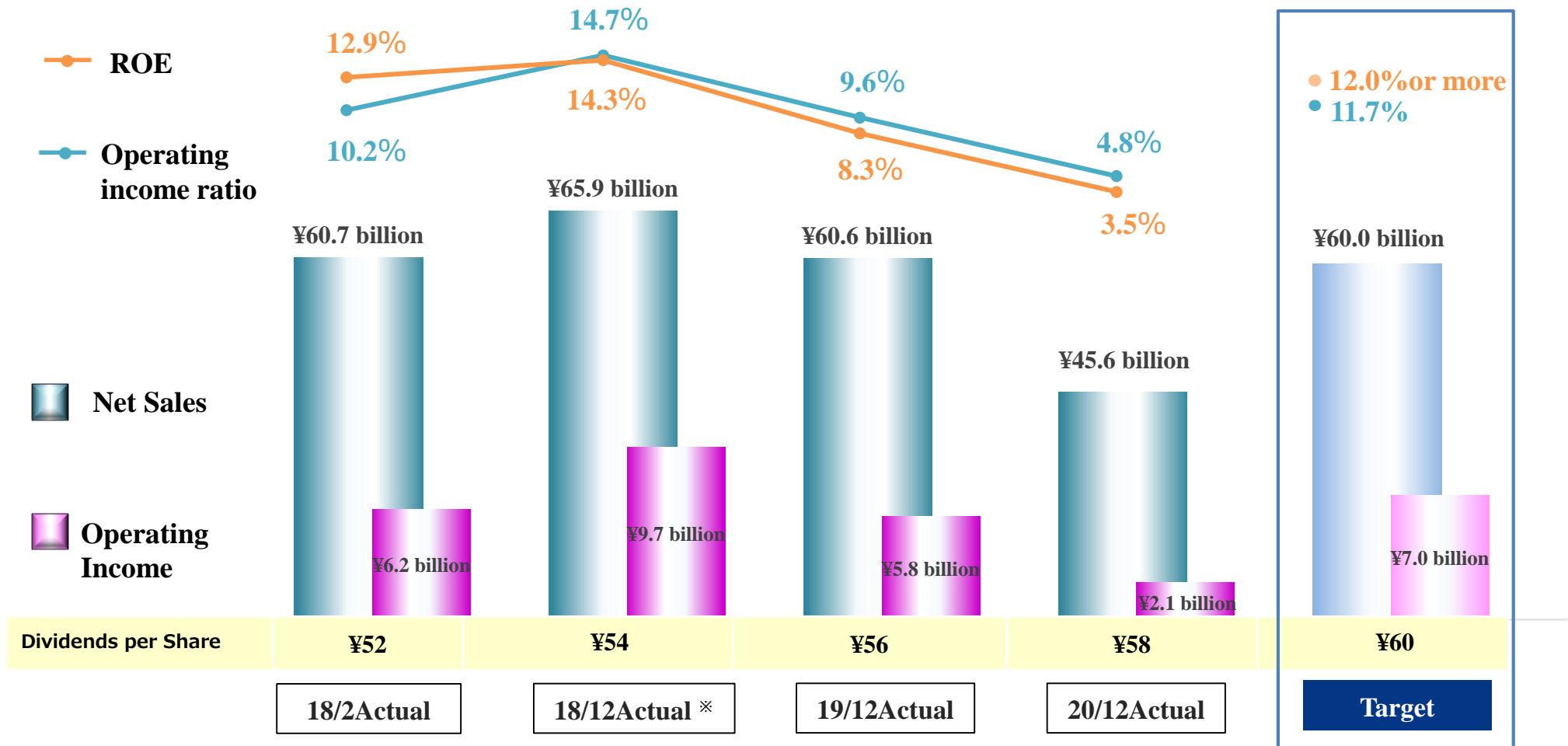
<https://www.star-m.jp>

Code 7718

# Review of the Medium-Term Management Plan 1



Achieved the quantitative targets for both net sales and operating income in the fiscal year ended December 31, 2018  
Fall short for the fiscal year under review due to such factors as declining demand attributable to COVID-19



※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.

# Review of the Medium-Term Management Plan 2



Segment	Strategies (Principal Initiatives)	Achievements and Challenges
Special Products	<ul style="list-style-type: none"> <li>■ Develop high-value-added products</li> <li>■ Reorganize sales bases in Europe in light of the U.K.'s impending withdrawal from the European Union</li> <li>■ Reduce costs by increasing supply chain efficiency</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase mCollection brand sales while expanding and upgrading the product lineup in the mPOS market</li> <li>■ Reorganization of the sales structure in Europe</li> <li>■ Commenced production in Vietnam, worked to reduce costs by expanding production</li> </ul>
Machine Tools	<ul style="list-style-type: none"> <li>■ Release a series of fixed headstock automatic lathes</li> <li>■ Develop IoT-related software</li> <li>■ Shorten lead times and reduce inventories through modular design and production</li> <li>■ Strengthen service systems in China</li> </ul>	<ul style="list-style-type: none"> <li>■ Commenced sales of an operation monitoring system, continuing to upgrade and expand IoT services</li> <li>■ Optimized modular design and production</li> <li>■ Completed construction of a new facility at the Company's Dalian Plant in China, strengthened the production structure for the China market</li> <li>■ Completed construction of the Solution Center, strengthened before- and after-sales services</li> </ul>
Precision Products	<ul style="list-style-type: none"> <li>■ Cultivate new customers and markets</li> <li>■ Streamline production and promote automation</li> <li>■ Increase operating rates utilizing IoT</li> </ul>	<ul style="list-style-type: none"> <li>■ Undertake an organizational restructure and withdraw from non-wristwatch component operations</li> </ul>
New Business	<ul style="list-style-type: none"> <li>■ M&amp;A and business alliances, etc</li> <li>■ Vibration Power Generators</li> <li>■ Cloud Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Withdraw from the vibration power generation business and review the cloud service business structure and systems</li> <li>■ Establish the New Business Planning Department</li> <li>■ Promoted consideration of new business and M&amp;As through external collaboration</li> </ul>