

## Fiscal 2021 First-quarter Consolidated Earnings Report (Japanese GAAP)

These financial statements have been prepared for reference in accordance with accounting principles and practices generally accepted in Japan.

Company name: Star Micronics Co., Ltd. Stock listing: First Section, Tokyo Stock Exchange  
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Scheduled release of Fiscal 2021 First-quarter Business Report: May 14, 2021  
Scheduled payment of dividends: -  
Preparation of supplementary explanatory materials for quarterly earnings report: Yes  
Quarterly earnings presentation: None

(Figures less than one million are rounded down)

### 1. Results for the First Quarter of Fiscal 2021 (From January 1, 2021 to March 31, 2021)

(1) Consolidated Operating Results (Percentages represent changes over the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
FY 2021 First Quarter	12,791	19.5	1,136	121.9	1,230	391.1	991	—
FY 2020 First Quarter	10,707	(25.2)	512	(61.6)	250	(83.7)	(122)	—
(Note) Comprehensive income	FY 2021 First Quarter		¥2,619 million [—%]		FY 2020 First Quarter		¥(742) million [—%]	

	Net Income Per Share	Diluted Net Income Per Share
	(¥)	(¥)
FY 2021 First Quarter	28.07	24.28
FY 2020 First Quarter	(3.47)	—

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	(¥ million)	(¥ million)	%
As of March 31, 2021	76,109	51,402	66.2
As of December 31, 2020	71,621	49,821	68.2

Reference: Shareholders' Equity

As of March 31, 2021 ¥50,360 million As of December 31, 2020 ¥48,840 million

### 2. Dividends

	Dividends Per Share				
	1Q end	2Q end	3Q end	Year-end	Full Year
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2020	—	28.00	—	30.00	58.00
FY 2021	—				
FY 2021 (projected)		29.00	—	29.00	58.00

(Note) Changes to the latest dividend forecast announced: None

### 3. Consolidated Outlook for the Fiscal Year Ending December 31, 2021 (From January 1, 2021 to December 31, 2021)

(Percentages represent changes over the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Interim term	27,600	31.0	2,500	299.0	2,700	343.0	2,000	—	56.62
Full Year	57,800	26.6	5,700	162.3	6,000	116.4	4,400	154.1	124.54

(Note) Changes to the latest consolidated results forecast announced: Yes

\*Note

- (1) Significant changes in subsidiaries during the period under review (changes in certain specified subsidiaries resulting in revised scope of consolidation): None  
New company: — (Company name) , Excluded company: — (Company name)
- (2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, estimates and restatement or corrections
- (i) Changes associated with revised accounting standards: None
  - (ii) Changes other than those in (i) above: None
  - (iii) Changes in accounting estimates: None
  - (iv) Retrospective restatement: None
- (4) Number of shares issued and outstanding (Common stock)

- (i) Number of shares issued and outstanding at period-end (Including treasury stock)

As of March 31, 2021	45,091,334 shares	As of December 31, 2020	45,091,334 shares
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- (ii) Number of treasury stock at period-end

As of March 31, 2021	9,787,106 shares	As of December 31, 2020	9,787,046 shares
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- (iii) Average number of outstanding shares (During the three months ended March 31)

As of March 31, 2021	35,304,268 shares	As of March 31, 2020	35,274,675 shares
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\* This quarterly earnings report is not subject to quarterly reviews.

\* Regarding the appropriate use of earnings projections and other noteworthy matters

The above projections 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. For information regarding the assumptions and other matters related to earnings projections in this report, refer to " 1. Qualitative Information regarding Quarterly Consolidated Business Performance (3) Explanation of the Consolidated Earnings Projections and Other Forecasts" page 2.

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## **1. Qualitative Information regarding Quarterly Consolidated Business Performance**

### **(1) Explanation of Consolidated Operating Results**

During the first quarter of fiscal 2021, conditions in each of the major markets in which the Star Micronics Group operates were generally sound. Despite the impact of COVID-19 and ongoing uncertainty surrounding the global economy, signs of a recovery trend emerged mainly in the manufacturing sector. At the same time, demand for POS printers was strong especially in the U.S. market with indications of a pickup in demand for the Group's mainstay machine tools in each market including China.

Under these circumstances, the Star Micronics Group reported sales of ¥12,791 million for the first quarter of the fiscal year under review, up 19.5% compared with the corresponding period of the previous fiscal year. This increase was largely due to the upswing in sales of machine tools. From a profit perspective, operating income climbed 121.9%, to ¥1,136 million owing mainly to higher sales. Ordinary income surged 391.1%, to ¥1,230 million. Net income attributable to owners of parent totaled ¥991 million, a turnaround from the net loss attributable to owners of parent of ¥122 million incurred in the corresponding period of the previous fiscal year.

Performance by segment was as follows:

Effective from the fiscal quarter of fiscal 2021, Star Micronics has changed the classification of its reportable segments. Amounts included in the Precision Products Segment in the segment information for the previous fiscal year are now included in the Machine Tools Segment. For comparative purposes, figures for the corresponding period of the previous fiscal year have been adjusted to reflect the new segment classification.

#### **(Special Products)**

Sales of POS printers increased substantially in the U.S. market, due largely to robust sales of printers to the food delivery sector. In the European market, sales were strong, owing mainly to large orders, while sales increased due to firm demand for mPOS applications in the domestic market.

As a result, sales increased while profits grew substantially. In specific terms, sales increased 16.0% compared with the corresponding period of the previous fiscal year, to ¥3,623 million. Operating income grew substantially climbing 100.9% year on year, to ¥852 million.

#### **(Machine Tools)**

Despite favorable market conditions across a wide range of industries in the U.S. market, sales of CNC automatic lathes decreased. This reflected a variety of factors including the incidence of downtimes as a result of logistics delays. In the European market, sales increased due to robust results on the back of a recovery in the automotive industry. Turning to the Asian market, and in stark contrast to the significant restrictions placed on the Chinese economy as a result of COVID-19 during the corresponding period of the previous fiscal year, sales in China increased substantially owing to the resumption of activities and robust trends in the telecommunications, automotive, and other sectors.

Accounting for each of the aforementioned factors, profits increased on the back of a substantial upswing in sales. In specific terms, sales grew 20.9% compared with the corresponding period of the previous fiscal year, to ¥9,168 million. Operating income climbed 12.9% year on year, to ¥709 million.

### **(2) Explanation of Financial Position**

Total assets as of the end of the first quarter of the current fiscal year stood at ¥76,109 million, an increase of ¥4,487 million compared with the end of the previous fiscal year. Despite a decrease in securities, this increase was largely due to the upswing in inventories, cash and deposits. Total liabilities came in at ¥24,706 million, an increase of ¥2,906 million compared with the previous fiscal year-end. This largely reflected the upturn in trade payables and other current liabilities. Total net assets increased ¥1,580 million compared with the end of the previous fiscal year, to ¥51,402 million. This was mainly due to the increase in foreign currency translation adjustments.

### **(3) Explanation of the Consolidated Earnings Projections and Other Forecasts**

Based on results for the first quarter of the fiscal year under review and other factors, Star Micronics has revised its earnings forecasts for the first half and full fiscal year announced on February 9, 2021.

For details, please refer to the "Notice Regarding Revisions to Business Forecasts" disclosed separately on May 13, 2021.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	23,367,293	28,098,226
Trade notes and accounts receivable	14,295,774	14,868,704
Securities	1,895,760	—
Merchandise and finished goods	8,259,947	8,665,360
Work in process	3,422,980	3,632,971
Raw materials and supplies	2,440,604	2,923,291
Other	1,319,450	1,550,480
Allowance for doubtful accounts	(109,053)	(120,352)
<b>Total current assets</b>	<b>54,892,757</b>	<b>59,618,682</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,991,788	7,923,190
Machinery, equipment and vehicles, net	2,645,922	2,574,349
Tools, furniture and fixtures, net	1,035,799	1,034,913
Land	1,889,231	1,900,657
Lease assets, net	69,832	67,499
Construction in progress	3,982	59,987
Other, net	635,234	647,476
<b>Total property, plant and equipment</b>	<b>14,271,791</b>	<b>14,208,073</b>
Intangible assets		
Other	451,651	433,807
<b>Total intangible assets</b>	<b>451,651</b>	<b>433,807</b>
Investments and other assets		
Investment securities	913,965	613,990
Deferred tax assets	746,929	891,102
Other	344,735	343,934
<b>Total investments and other assets</b>	<b>2,005,630</b>	<b>1,849,026</b>
<b>Total Non-current assets</b>	<b>16,729,073</b>	<b>16,490,907</b>
<b>Total assets</b>	<b>71,621,831</b>	<b>76,109,590</b>

(Unit: Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	4,509,373	6,141,826
Electronically recorded obligations-operating	1,266,992	2,132,836
Short-term loans payable	2,500,000	2,500,000
Current portion of convertible bonds	8,006,666	8,002,666
Lease obligations	28,657	27,465
Income taxes payable	370,143	389,365
Provision for bonuses	694,602	391,792
Provision for directors' bonuses	—	9,000
Other	3,157,642	3,872,002
Total current liabilities	20,534,078	23,466,957
Non-current liabilities		
Lease obligations	47,608	46,442
Net defined benefit liability	706,621	674,802
Other	511,556	518,659
Total non-current liabilities	1,265,786	1,239,904
Total liabilities	21,799,865	24,706,861
<b>Net assets</b>		
Shareholders' equity		
Capital stock	12,721,939	12,721,939
Capital surplus	13,058,502	13,058,502
Retained earnings	38,297,686	38,229,662
Treasury stock	(12,076,639)	(12,076,732)
Total shareholders' equity	52,001,489	51,933,371
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,210	56,633
Foreign currency translation adjustments	(3,352,302)	(1,795,055)
Remeasurements of defined benefit plans	163,982	165,152
Total accumulated other comprehensive income	(3,161,109)	(1,573,269)
Stock acquisition rights	428,914	449,641
Noncontrolling interests	552,672	592,983
Total net assets	49,821,965	51,402,728
Total liabilities and net assets	71,621,831	76,109,590

**(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**

(Quarterly Consolidated Statement of Income)

(First three-month period)

(Unit: Thousands of yen)

	First three-month period from January 1, 2020 to March 31, 2020, of FY2020	First three-month period from January 1, 2021 to March 31, 2021, of FY2021
Net sales	10,707,401	12,791,980
Cost of sales	6,795,291	8,308,492
Gross profit	3,912,110	4,483,488
Selling, general and administrative expenses	3,399,839	3,346,567
Operating income	512,270	1,136,921
Non-operating income		
Interest income	40,088	43,474
Rent income	10,616	10,204
Miscellaneous income	53,300	70,270
Total non-operating income	104,005	123,949
Non-operating expenses		
Interest expense	4,591	5,421
Loss on valuation of investment securities	181,090	—
Foreign exchange loss-net	151,392	14,013
Miscellaneous loss	28,586	10,615
Total non-operating expenses	365,661	30,050
Ordinary income	250,614	1,230,820
Extraordinary income		
Gain on sales of non-current assets	32,275	7
Total extraordinary income	32,275	7
Extraordinary losses		
Loss on disposal of non-current assets	7,492	12,150
Total extraordinary losses	7,492	12,150
Income before income taxes	275,398	1,218,677
Income taxes-current	127,044	359,930
Income taxes-deffered	262,122	(142,480)
Total income taxes	389,166	217,449
Net income (loss)	(113,767)	1,001,228
Net income attributable to noncontrolling interests	8,516	10,123
Net income (loss) attributable to owners of the parent	(122,284)	991,104

(Quarterly Consolidated Statement of Comprehensive Income)  
(First three-month period)

(Unit: Thousands of yen)

	<b>First three-month period from January 1, 2020 to March 31, 2020, of FY2020</b>	<b>First three-month period from January 1, 2021 to March 31, 2021, of FY2021</b>
Net income (loss)	(113,767)	1,001,228
Other comprehensive income		
Valuation difference on available-for-sale securities	(73,978)	29,423
Foreign currency translation adjustments	(558,802)	1,592,312
Remeasurements of defined benefit plans	(1,871)	1,169
Share of other comprehensive income of entities	5,525	(4,877)
Total other comprehensive income	(629,126)	1,618,028
Comprehensive income	(742,893)	2,619,257
(Total comprehensive income attributable to:)		
Owners of parent	(732,118)	2,578,945
Noncontrolling interests	(10,775)	40,311

**(3) Notes to Quarterly Consolidated Financial Statements**

**(Note on Going Concern Assumption)**

Not applicable

**(Note on Significant Changes in Shareholders' Equity Accounts)**

Not applicable