

Notice Regarding Business Forecasts for the Full Fiscal Year and Revision to the Fiscal Year-End Dividend Forecast

With regard to earnings forecasts for the fiscal year ending December 31, 2020 previously stated as yet to be determined in “Notice Regarding Revisions to Business Forecasts” announced on May 14, 2020, STAR MICRONICS CO., LTD. (“the Company”) is making the following notification. In addition, at a Board of Directors’ meeting held on August 11, 2020, the Company has resolved to amend the year-end dividends forecast for the year ending December 31, 2020, as follows.

1. Revision of Consolidated Business Forecasts for Full-year Fiscal 2020 (January 1, 2020 to December 31, 2020)

	Net Sales (Millions of yen)	Operating Income (Millions of yen)	Ordinary Income (Millions of yen)	Net Income Attributable to Owners of Parent (Millions of yen)	Net Income Per Share (Yen)
Previous Forecasts: A	–	–	–	–	–
Revised Forecasts: B	41,000	650	700	100	2.83
Change: B-A	–	–	–	–	
Change: B vs. A (%)	–	–	–	–	
(For reference) Results for the previous fiscal year (the year Ended December 31, 2019)	60,651	5,817	6,161	4,053	113.72

2. Rationale

On May 14, 2020, STAR MICRONICS Group temporarily withdrew its earnings forecasts, and stated that its outlook was yet to be determined on account of the difficulties in reasonably estimating the degree of impact on the full-year results due to the spread of COVID-19. However, the Company has determined that it will announce its estimation based on information available at the present time.

The economic environment in which the Group operates has become one of extreme severity due to the stagnation of economic activities in the global economy resulting from the spread of the COVID-19 pandemic. As this situation continues, economic activities in countries around the world are resuming in incremental steps, although only a gradual recovery is projected.

Given such a situation, with the assumption that falling demand in the Group’s key markets will continue throughout the current consolidated fiscal year, projections are for net sales and profit as above.

The exchange rates from the third quarter are premised on this outlook, and are set for 105 yen to the U.S. dollar and 120 yen to the euro.

*Figures less than one million yen are rounded down. The results forecast is created based on the information available at the time of disclosure, and actual results may vary in accordance with a variety of factors, such as the timing of COVID-19 containment. In the event that there is a significant variation, the Company will promptly again amend its results forecast.

3. Revision of Year-end Dividend Forecast

	Annual Dividend		
	2Q end	Year-end	Full year
Previous Forecast (Announced on February 13, 2020)	¥	¥	¥
	32.00 (Standard cash dividends 28.00) (Commemorative dividends 4.00)	60.00 (Standard cash dividends 56.00) (Commemorative dividends 4.00)	
Revised Forecast		28.00 (Standard cash dividends 28.00) (Commemorative dividends 0.00)	56.00 (Standard cash dividends 56.00) (Commemorative dividends 0.00)
Actual Dividend for Fiscal 2020	28.00 (Standard cash dividends 28.00)		
Actual Dividend for Fiscal 2019	28.00 (Standard cash dividends 28.00)	28.00 (Standard cash dividends 28.00)	56.00 (Standard cash dividends 56.00)

4. Rationale

The Company positions the return and distribution of profits to shareholders as an important management priority. The Company intends to implement the basic policy while taking into consideration dividend on equity (DOE) and total consolidated payout ratio of at least 50% that includes the repurchase of own shares. With the impact of the spread of COVID-19, and given the above earnings forecasts, we regret that for the fiscal year ending December 31, 2020, the Company will forgo payment of a four-yen commemorative dividend, and will set its year-end dividends at 28 yen. As a result, combined with the interim dividends of 28 yen, the annual dividends for the current fiscal year will amount to 56 yen.

5. Response to and status of COVID-19

The STAR MICRONICS Group undertakes various measures to ensure the health and safety of its employees and other related parties as a priority. In addition to wearing of masks at each of its operating locations, the Group implemented such measures as the use of disinfectants and social distancing at employee cafeterias and meeting rooms.

The current status of each business segment is presented as follows.

Business Segment	Region	Status
Special Products	U.S.	<ul style="list-style-type: none"> All sales subsidiary employees are working from home except for those in charge of shipping and receiving.
	Europe	<ul style="list-style-type: none"> Sales subsidiary employees in the U.K. are working from home, with the exception of those in charge of shipping and receiving, ordering, and management.
	Asia	<ul style="list-style-type: none"> In connection with the Group's electronics manufacturing services, operations in China are to a certain extent taking place at reduced manpower levels due to production adjustments. Production resumed in Malaysia in early May and in late June had returned to a normal level of operations. There are no difficulties with parts procurement. Sales subsidiary operations in Thailand are underway including telecommuting.
	Japan	<ul style="list-style-type: none"> In addition to telecommuting, Tokyo sales subsidiary operations had been underway at the Shizuoka head office, but from late June both telecommuting and operations at the Tokyo office (Shimbashi, Minato-ku, Tokyo) have been taking place.
Machine Tools	U.S.	<ul style="list-style-type: none"> Approximately 50% of sales subsidiary employees had been telecommuting, but from late July the rate of those coming into the office had risen to approximately 75%.
	Europe	<ul style="list-style-type: none"> Swiss sales subsidiary operations have been conducted on a restricted basis and engineers, warehouse staff and others are reporting to work at the minimum extent possible. Germany and France sales subsidiaries are operating on a restricted basis, along with the utilization of telecommuting. The U.K. sales subsidiary is operating based on telecommuting.
	Asia	<ul style="list-style-type: none"> Production adjustments are being made at the Group's Dalian factory in China through furloughing in line with falling demand. The Group has not experienced any particular problems with logistics or the procurement of parts. The Group's sales subsidiary in Shanghai, China is operating as normal. Production adjustments are being made at the Group's Nakhon Ratchasima factory in Thailand through furloughing in line with falling demand. The Group has not experienced any particular problems with logistics or the procurement of parts. Sales subsidiary operations in Thailand are underway as usual.
	Japan	<ul style="list-style-type: none"> In response to falling demand, the Kikugawa Plant adjusted production from April to June, as had production subsidiaries, from April to August. Sales office operations in Japan are operating as usual.
Precision Products	Japan	<ul style="list-style-type: none"> While the Group's Hokkaido Plant is capable of operating as normal, certain adjustments are being made to machinery operations to reflect reduced demand.