

## Fiscal 2024 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: Tokyo Stock Exchange  
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Scheduled release of Fiscal 2024 First-quarter Business Report: May 14, 2024  
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 2024 (From January 1, 2024 to March 31, 2024)

(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 2024 First Quarter	13,920	(34.1)	775	(81.1)	999	(76.9)	626	(80.3)
FY 2023 First Quarter	21,116	20.4	4,106	70.2	4,324	65.3	3,174	73.7

(Note) Comprehensive income FY 2024 First Quarter ¥2,498 million [(33.3%)] FY 2023 First Quarter ¥3,744 million [1.9%]

	Net Income Per Share	Diluted Net Income Per Share
	(¥)	(¥)
FY 2024 First Quarter	17.06	17.01
FY 2023 First Quarter	84.21	83.96

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	(¥ million)	(¥ million)	%
As of March 31, 2024	95,542	81,752	85.2
As of December 31, 2023	93,398	80,346	85.6

Reference: Shareholders' Equity

As of March 31, 2024 ¥81,372 million As of December 31, 2023 ¥79,964 million

### 2. Dividends

	Dividends Per Share				
	1Q end	2Q end	3Q end	Year-end	Full Year
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2023	—	30.00	—	30.00	60.00
FY 2024	—				
FY 2024(projected)		30.00	—	30.00	60.00

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

### 3. Consolidated Outlook for the Fiscal Year Ending December 31, 2024 (From January 1, 2024 to December 31, 2024)

(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		Net Income Per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Interim term	27,440	(36.1)	1,900	(74.3)	2,000	(73.7)	1,300	(75.2)	36.06
Full Year	65,800	(15.9)	7,000	(32.4)	7,200	(34.3)	5,100	(37.6)	146.96

(Note) Changes to the latest consolidated results forecast announced: None

\*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, 2024	41,373,034 shares	As of December 31, 2023	41,921,434 shares
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(ii) Number of treasury stock at period-end

As of March 31, 2024	4,664,674 shares	As of December 31, 2023	5,215,874 shares
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(iii) Average number of outstanding shares (During the three months)

As of March 31, 2024	36,708,440 shares	As of March 31, 2023	37,698,930 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

1. 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 "(3) Explanation of the Consolidated Earnings Projections and Other Forecasts" under "1. Qualitative Information regarding Quarterly Consolidated Business Performance" on page 2.

2. The Company resolved to acquire treasury stock at its Board of Directors meeting held on May 14, 2024. The effect of this acquisition has been taken into account in the earnings per share projection for fiscal 2024. For details, please refer to the Notice Regarding Repurchase and Retirement of Own Shares released separately today (May 14, 2024).

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

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

During the first quarter of fiscal 2024, the fiscal year ending December 31, 2024, the global economy as a whole remained on a moderate recovery trend, with high inflation fueled by the monetary tightening of various central banks cooling down. There were concerns, however, about a recession in the United States and Europe stemming from persistently high interest rates. This, coupled with slowing investment due to a downturn in the Chinese real estate market and the yen's depreciation in Japan, yielded continued uncertainty in the economic situation.

In each of the major markets in which the Star Micronics Group operates, overall demand for POS printers remained weak. In addition, although demand in China for the Group's mainstay machine tools remained on a gradual recovery trend continuing from the second half of the previous fiscal year, sales in other markets remained weak.

Under these circumstances, the weak yen affected overall sales for the Star Micronics Group in the first quarter of the fiscal year under review. Due mainly to a significant decline in sales of machine tools, the Group recorded sales of ¥13,920 million, down 34.1% compared with the corresponding period of the previous fiscal year. On the profit front, operating income was down 81.1% to ¥775 million, ordinary income was down 76.9% to ¥999 million, and net income attributable to owners of parent was down 80.3% to ¥626 million.

Performance by segment was as follows:

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

Although the yen's depreciation contributed to overall performance of POS printers in the period under review, sales were down significantly, due mainly to sluggish mPOS demand. Looking at trends by geographic region, sales in the U.S. market were down substantially due to sluggish mPOS demand while sales in the European market also declined in line with lower demand. On the other hand, in the Japan market, despite steady market conditions, sales increased significantly mainly reflecting contributions from Smart Solution Technology, Inc., which was newly consolidated in the second quarter of fiscal 2023.

On account of these factors, there was a substantial decrease in segment sales and profits. Sales were down 30.6% compared with the corresponding period of the previous fiscal year, to ¥3,346 million. Operating income was down 83.1% to ¥207 million.

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

Although the weak yen contributed to overall performance of CNC automatic lathes, sales were down significantly, owing to sluggishness in the U.S. and European markets among other factors. By region, ongoing soft market conditions in the U.S. amid prolonged interest rate hikes there and ongoing weakness in overall demand in the European market were behind the substantial decrease in sales. Meanwhile, in the Asian market, China in particular saw a gradual turnaround in market conditions, fueling higher sales. In Japan, sales were down significantly amid lackluster performance as a whole, particularly in the automotive sector.

On account of these factors, there was a substantial decrease in segment sales and profits. Sales were down 35.1% compared with the corresponding period of the previous fiscal year, to ¥10,573 million. Operating income was down 68.0% to ¥1,090 million.

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

The yen's depreciation contributed to the Company's overall financial position in the first quarter of the fiscal year under review. Total assets as of the end of the quarter stood at ¥95,542 million, an increase of ¥2,143 million compared with the end of the previous fiscal year. Although trade notes and accounts receivable decreased, cash and deposits and inventories increased. Total liabilities stood at ¥13,789 million, an increase of ¥737 million compared with the previous fiscal year-end, chiefly reflecting an increase in trade notes and accounts payable. Despite the payout of dividends, total net assets increased by ¥1,406 million compared with the end of the previous fiscal year, to ¥81,752 million, due in part to an increase in foreign currency translation adjustments.

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

Earnings projections remain unchanged from the projections announced on February 9, 2024.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: Thousands of yen)

	As of December 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	29,721,934	30,608,986
Trade notes and accounts receivable	18,594,767	18,389,794
Merchandise and finished goods	14,542,598	15,139,843
Work in process	4,276,374	4,101,849
Raw materials and supplies	2,943,701	3,181,712
Other	3,475,268	3,881,304
Allowance for doubtful accounts	(197,701)	(136,537)
Total current assets	73,356,942	75,166,953
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,261,093	7,177,744
Machinery, equipment and vehicles, net	3,343,966	3,425,294
Tools, furniture and fixtures, net	1,354,520	1,291,588
Land	2,488,800	2,494,524
Lease assets, net	60,672	76,601
Construction in progress	144,002	288,808
Other, net	1,249,890	1,252,213
Total property, plant and equipment	15,902,946	16,006,774
Intangible assets		
Other	793,994	939,021
Total intangible assets	793,994	939,021
Investments and other assets		
Investment securities	662,038	700,549
Deferred tax assets	497,702	516,927
Net defined benefit asset	1,655,209	1,694,705
Other	529,711	517,612
Total investments and other assets	3,344,661	3,429,795
Total non-current assets	20,041,602	20,375,590
Total assets	93,398,545	95,542,544

(Unit: Thousands of yen)

	As of December 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	3,345,274	4,537,939
Electronically recorded obligations-operating	326,753	301,670
Current portion of long-term bank loans	28,404	22,164
Lease obligations	29,637	31,145
Income taxes payable	313,660	508,767
Contract liabilities	331,598	401,520
Provision for bonuses	896,288	514,353
Provision for directors' bonuses	—	6,000
Other	6,136,430	5,776,593
Total current liabilities	11,408,047	12,100,154
Non-current liabilities		
Long-term bank loans	8,315	3,314
Lease obligations	37,827	53,857
Net defined benefit liability	116,575	119,429
Other	1,481,359	1,512,843
Total non-current liabilities	1,644,076	1,689,445
Total liabilities	13,052,124	13,789,600
Net assets		
Shareholders' equity		
Capital stock	12,721,939	12,721,939
Capital surplus	10,948,546	10,145,215
Retained earnings	55,401,296	54,926,447
Treasury stock	(7,637,848)	(6,830,945)
Total shareholders' equity	71,433,933	70,962,656
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	167,186	205,058
Foreign currency translation adjustments	7,058,883	8,938,605
Remeasurements of defined benefit plans	1,304,441	1,265,765
Total accumulated other comprehensive income	8,530,511	10,409,429
Stock acquisition rights	274,809	280,863
Noncontrolling interests	107,166	99,995
Total net assets	80,346,421	81,752,944
Total liabilities and net assets	93,398,545	95,542,544

**(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, 2023 to March 31, 2023, of FY2023	First three-month period from January 1, 2024 to March 31, 2024, of FY2024
Net sales	21,116,786	13,920,077
Cost of sales	12,016,795	8,559,623
Gross profit	9,099,991	5,360,453
Selling, general and administrative expenses	4,993,363	4,585,061
Operating income	4,106,627	775,392
Non-operating income		
Interest income	72,069	84,764
Foreign exchange gain	83,085	123,020
Rent income	10,434	10,386
Miscellaneous income	62,212	14,732
Total non-operating income	227,802	232,904
Non-operating expenses		
Interest expense	7,379	7,399
Miscellaneous loss	2,164	1,332
Total non-operating expenses	9,544	8,732
Ordinary income	4,324,885	999,564
Extraordinary income		
Gain on sales of non-current assets	5,972	2,994
Gain on revision of retirement benefit plan	203,002	—
Total extraordinary income	208,975	2,994
Extraordinary losses		
Loss on disposal of non-current assets	1,054	1,756
Total extraordinary losses	1,054	1,756
Income before income taxes	4,532,806	1,000,801
Income taxes-current	1,479,652	445,407
Income taxes-deferred	(122,926)	(56,293)
Total income taxes	1,356,726	389,114
Net income	3,176,079	611,687
Net income(loss) attributable to noncontrolling interests	1,368	(14,630)
Net income attributable to owners of the parent	3,174,711	626,317

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

(Unit: Thousands of yen)

	<b>First three-month period from January 1, 2023 to March 31, 2023, of FY2023</b>	<b>First three-month period from January 1, 2024 to March 31, 2024, of FY2024</b>
Net income	3,176,079	611,687
Other comprehensive income		
Valuation difference on available-for-sale securities	42,797	37,872
Foreign currency translation adjustments	631,800	1,902,383
Remeasurements of defined benefit plans	(82,937)	(38,675)
Share of other comprehensive income of entities	(22,815)	(15,203)
Total other comprehensive income	568,844	1,886,376
Comprehensive income	3,744,924	2,498,064
(Total comprehensive income attributable to:)		
Owners of parent	3,743,014	2,505,235
Noncontrolling interests	1,909	(7,171)



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

(Note on Going Concern Assumption)

Not applicable

(Note on Significant Changes in Shareholders' Equity Accounts)

Pursuant to a resolution of the Board of Directors held on November 20, 2023, the Company retired 548,400 shares of treasury stock on January 31, 2024. As a result, both capital surplus and treasury stock decreased by ¥802,857 thousand in the first quarter of the fiscal year under review, leaving capital surplus at ¥10,145,215 thousand and treasury stock at ¥6,830,945 thousand at the end of the quarter.

(Significant Subsequent Events)

STAR MICRONICS CO., LTD. ("the Company") resolved, at its Board of Directors' meeting held on May 14, 2024, to repurchase its own shares, pursuant to the provision of the Company's Articles of Incorporation in accordance with the provision of Article 459, Paragraph 1 of the Companies Act. Brief details are presented as follows.

#### 1. Reason for Repurchase

In the Medium-Term Management Plan announced on February 9, 2022, we set out a roadmap to achieve the Group's Vision for 2030. In line with this roadmap, we are steadily implementing initiatives in the first Medium-Term Management Plan covering the three years from FY12/2022 to FY12/2024, which has been positioned as a period for "building a foundation for change."

Against this backdrop, we reviewed the Group's capital adequacy and capital structure, taking into account the cyclical nature of the Group's earnings and future planned investments in growth, in line with our Action to Implement Management that is Conscious of Cost of Capital and Stock Price, announced on February 9, 2024. As a result, we have decided to conduct a share buyback to implement a flexible capital policy, improve capital efficiency, and enhance shareholder returns, while also maintaining the necessary financial base to implement our growth strategy.

#### 2. Matters regarding Repurchase

##### (1) Class of Shares to be Repurchased

Common stock of the Company

##### (2) Total Number of Shares which may be Repurchased

Up to 6,000,000 shares(16.33% of the total issued shares (excluding treasury stock))

##### (3) Total Repurchase Price of Shares

Up to ¥10 billion

##### (4) Repurchase Period

From May 15, 2024 to May 14, 2025

##### (5) Repurchase Method

Market purchase at the Tokyo Stock Exchange(including through an off-auction own share repurchase transaction (ToSTNeT-3) )