

Restar Holdings Corporation

2Q FY 2020 (Apr 2020 – Sep 2020)
Consolidated Financial Presentation

November 12, 2020



2Q FY 2020 (Apr 2020 – Sep 2020)
Accumulated Consolidated Financial Results



Financial Highlights

(Million yen)

(*1)

	2Q FY 2019 (Accumulated Total)		2Q FY 2020 (Accumulated Total)		YoY	
	¥	% of Net Sales	¥	% of Net Sales	Growth	% Growth
Net Sales	202,984	—	147,320	—	△55,664	△27.4%
Gross Profit	13,347	6.6%	12,360	8.4%	△987	△7.4%
SGA	9,805	4.8%	9,347	6.3%	△457	△4.7%
Operating Profit	3,541	1.7%	3,012	2.0%	△529	△15.0%
Ordinary Profit	5,690	2.8%	2,757	1.9%	△2,932	△51.5%
Profit Attributable to Owners of Parent	4,584	2.3%	1,983	1.3%	△2,600	△56.7%

Net Sales : Decrease compared to the previous year by production below expectations on a global scale and sluggish demand among consumers

Gross Profit : Increase through improving the product mix

Operating Profit : Decline by sales decrease

Ordinary Profit/Profit Attributable to Owners of Parent :

In the previous year, investment gain on equity method (non-operating income) was appropriated

Positively created new various business schemes such as operation management of production and supply of medical gown that is a new business form outside of our existent domain

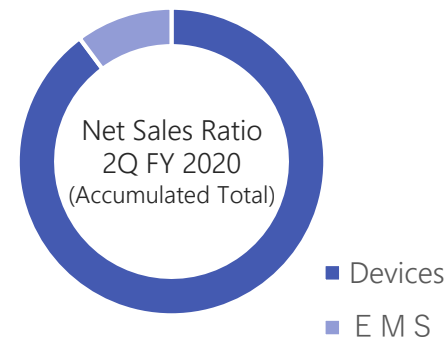


Semiconductor/Electronic Components

(Million yen)

(*2)

	2Q FY 2019	2Q FY 2020	YoY	
	(Accumulated Total)	(Accumulated Total)	Growth	% Growth
	¥	¥		
Net Sales	149,438	102,050	△47,387	△31.7%
Segment Profit	2,072	3,253	1,181	57.0%



■ Devices

- Net sales decrease due to production adjustment of automotive-related materials, shrinking demand for consumer products and so on although moderate recovery can be seen

■ EMS

- Net sales decrease by the impact (additional) of changing accounting period in the previous quarter and shrinking demand for smartphone

Segment profit

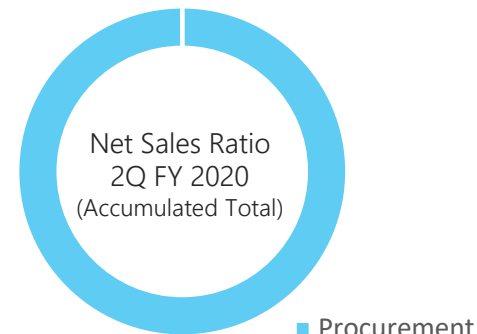
- Growth by contribution to income by starting new business and improvement of gross profit ratio

Procurement

(Million yen)

(*3)

	2Q FY 2019	2Q FY 2020	YoY	
	(Accumulated Total)	(Accumulated Total)	Growth	% Growth
	¥	¥		
Net Sales	38,053	33,077	△4,976	△13.1%
Segment Profit	150	△141	△291	—



■ Procurement

- Net sales decrease due to the impact of adjustment in the production and sales of main customers
- Segment profit decrease by a shrinkage in sales despite contribution to improvement of gross profit

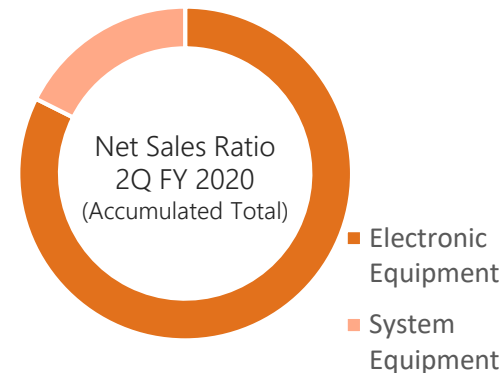
Aim for increasing the synergy between our businesses, promoting improvement of operational efficiency and developing new customers in addition to recovery of sales

Electronic Equipment

(Million yen)

(*4)

	2Q FY 2019	2Q FY 2020	YoY	
	(Accumulated Total)	(Accumulated Total)	Growth	% Growth
	¥	¥		
Net Sales	11,377	8,561	△2,815	△24.7%
Segment Profit	432	71	△360	△83.4%



■ Electronic Equipment

- Sales increase in the fields of medical and education
- On the other hand, net sales decrease in shrinking demand of measuring equipment/broadcast equipment for enterprises and delay in capital investment by large customers

■ System Equipment

- Net sales growth by the steady increase of demand of cashless payment terminal (contactless IC terminal) and so on

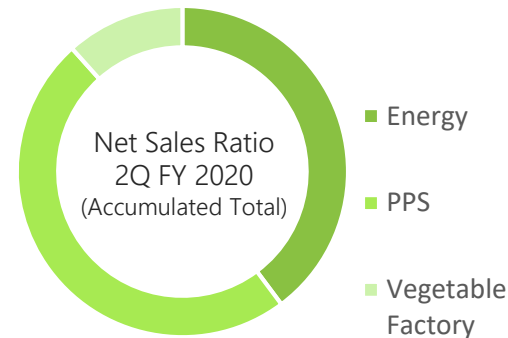
Aim for recovery from the second half by starting business project of digitalization in public-sector organizations/enterprises and developing business for new normal

Environmental Energy

(Million yen)

(*5)

	2Q FY 2019		2Q FY 2020		YoY	
	(Accumulated Total)		(Accumulated Total)		Growth	% Growth
	¥		¥			
Net Sales	5,658		5,181		△477	△8.4%
Segment Profit	562		220		△341	△60.8%



■ Energy

- Net sales increase by power generation and sales in our new solar power plants both within and outside Japan as a contributory factor despite shrinking demand of panel sales

■ Power producer and supplier

- Net sales decrease slightly due to shrinking demand of electric power for offices in private enterprises

■ Vegetable Factory

- Net sales decrease slightly due to temporary decline in consumption for metropolitan area although for convenience store is developing

In Environmental Energy, promote diversifying and developing business domain, and work for encouraging renewable energy
In Vegetable Factory, aim for improving production efficiency more with putting quality first

Consolidated Balance Sheet

(Million yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current Assets	133,937	118,817
Non-current Assets	63,116	65,177
Total Assets	197,053	183,994
Liabilities and Net Assets		
Current Liabilities	103,432	91,017
Non-current Liabilities	19,852	18,294
Net Assets	73,768	74,682
Total Liabilities and Net Assets	197,053	183,994
Capital Adequacy Ratio	35.7%	38.9%



Cash Flows

(For the six months ended September 30,2019)

(Million yen)

Cash and Cash Equivalents at Beginning of Period	21,195
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■ Cash Flows from Operating Activities	7,146
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> Main factors : Decrease in trade payables, trade receivables and profit before tax

■ Cash Flows from Investing Activities	△2,438
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> Main factors : Purchase of shares of subsidiaries and associates
and property, plant and equipment

■ Cash Flows from Financing Activities	△6,530
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> Main factors : Dividends paid and net decrease in short-term borrowings

■ Effect of Exchange Rate Change on Cash and Cash Equivalents	△127
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Cash and Cash Equivalents at End of Period	19,244
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Revision to the Consolidated Financial Forecast

(Million yen)

(*6)	Previous Forecast	Current Forecast	% Growth
	(Released on August 12, 2020)	(Released on November 12, 2020)	
	¥	¥	
Net Sales	350,000	350,000	—
Operating Profit	6,000	6,000	—
Ordinary Profit	6,000	6,000	—
Profit Attributable to Owners of Parent	5,000	8,000	60.0%

(Main reason for revisions)

- Proceeds from sale of investment securities of approximately 3.5 billion yen is expected to be recognized (as extraordinary income) in FY 2020 consolidated accounting period by sale of common shares of Ryoyo Electro Corporation we own, as "Announcement on the results of accepting tender offer for treasury shares of Ryoyo Electro Corporation" announced on October 15, 2020.



Revision to Dividends Forecast

Revision to the forecast for dividends per share, 70 yen announced on May 13, 2020

⇒ To 85 yen per share 15 Yen special dividend is added

(2nd quarter-end 35 Yen, year-end 35 Yen, year-end special 15 Yen)

	Annual Dividends (Yen)		
Period	2nd quarter-end	Year-end	Total
Previous Forecast (Announced on May 13, 2020)	35.00	35.00	70.00
Current Forecast (Announced on November 12, 2020)	35.00	35.00 <u>(Special dividend) 15.00</u>	85.00

< Shareholder Return Policy and Growth Strategy >

We keep aim for return to our shareholders by considering purchase of treasury shares, dividends increase and so on while regarding finance stability as important in unpredictable outlook.

Also, we will work harder increasing enterprise value through improvement of capital efficiency and expansion of profit by reviewing capital allocation continuously and appropriately among shareholder return and positive investments in rationalization and strategy for our future growth.



Notes for the report on Consolidated Financial Results:

- (1) Amortization of goodwill and amortization of intangibles by merger are included in 2Q FY 2019 and 2Q FY 2020 (Accumulated Total). A foreign subsidiaries' financial period are changed from December 31, 2018, to March 31, 2019 : consolidated financial performance in FY 2019 includes these subsidiaries' between January and March.
- (2) Amortization of goodwill and amortization of intangibles by merger are included in 2Q FY 2019 and 2Q FY 2020 (Accumulated Total). A foreign subsidiaries' financial period are changed from December 31, 2018, to March 31, 2019 : consolidated financial performance in FY 2019 includes these subsidiaries' between January and March.
- (3) Amortization of goodwill and amortization of intangibles by merger are included in 2Q FY 2019 and 2Q FY 2020 (Accumulated Total).
- (4) Amortization of goodwill and amortization of intangibles by merger are included in 2Q FY 2019 and 2Q FY 2020 (Accumulated Total).
- (5) Amortization of goodwill and amortization of intangibles by merger are included in 2Q FY 2019 and 2Q FY 2020 (Accumulated Total).
- (6) The consolidated financial forecast is disclosed based on currently available information.



Business Topics



Electronics Value Platformer

Solving our customers' issues by electronics

Create an innovative
business

Information × Technology
Improve added value

Businesses Synergies

Various business
activities

1. Expansion of high value-added product lineup for new structural society
~Promote innovation, personnel saving and operational efficiency improvement
2. Work for the low carbon society
~Initiatives of Energy Business in Restar Group

Expansion of high value-added product lineup for new structural society

Promote innovation, personnel saving and operational efficiency improvement

Event-based Sensor

PROPHESSEE Sensor
CenturyArks On-board camera



AI

Inspur Server
DMP algorithm



Other high value-added
product lineup of Restar

X



Building cooperative relationship
with partners/Select algorithm
and hardware depends on issues
of markets and customers



Co-creation Partners

Technical support for
operation and introduction
such as verification etc. by
cooperation with Restar

New structural society

Industry 4.0 / Society 5.0 etc.



Road

Recognize things,
car and human

Plant

Inspection/
Control quality

Hospital

Watch human action

Lab

Analyze data/
Develop study

File Server in Office

High-speed processing/Low latency

Work for the low carbon society

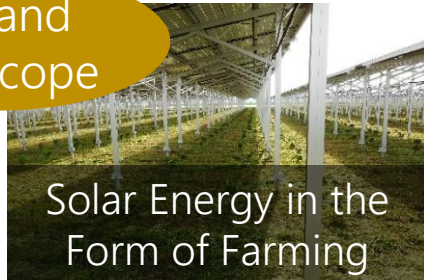
■ Initiatives of Energy Business (as of the end of October)



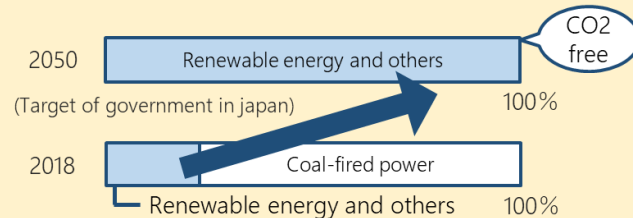
〈For consumers〉

- Promote local production and consumption of energy by utilizing “Expire FIT” energy (collaboration with Local Government)
⇒ **Contribution for regional power company to use renewable energy**
- Supply energy produced in our plant for enterprises trying to introduce environmental initiatives such as RE100 etc.
⇒ **Support enterprises reducing CO2**

Expand
the Scope



【*Reference】 The composition of power sources in Japan



Contribution to realizing “sustainable distributed energy system society” and “low carbon society” through expansion and spread of renewable energy towards “environmental/energy issues”



*Reference from “Japan’s 2050 Carbon Neutral Declaration” announced by Renewable Energy Institute.

Management Principles of the Restar Group

Mission

We help society evolve by leveraging information and technology to create and deliver new value and services.

Vision

We aim to be “The Electronics Value Platformer” that accommodates all manner of stakeholder needs.
“Global (in view and scale)” “ Social Contribution”
“Collaboration and Innovation”

Value

- Through collaboration, we reflect diverse points of view as we create new cultures and values.
- Through innovative ideas and passion, we take on challenges and aim for higher targets.
- By expanding our business arena to encompass the entire world, we contribute to sustainable social evolution.



< Investor Relations Contact >

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Disclaimer

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