

Restar Holdings Corporation

FY 2020 (Apr 2020 – Mar 2021)

Consolidated Financial Presentation

May 12, 2021



FY 2020 (Apr 2020 – Mar 2021)
Accumulated Consolidated Financial Results



Financial Highlights

(Million yen)

(*1)

	FY 2019		FY 2020		YoY	
	(Accumulated Total)		(Accumulated Total)			
	¥	% of Net Sales	¥	% of Net Sales	Growth	% Growth
Net Sales	379,548	—	323,815	—	△55,733	△14.7%
Gross Profit	25,651	6.8%	25,122	7.8%	△529	△2.1%
SGA	19,013	5.0%	18,883	5.8%	△129	△0.7%
Operating Profit	6,637	1.7%	6,238	1.9%	△399	△6.0%
Ordinary Profit	9,025	2.4%	5,689	1.8%	△3,336	△37.0%
Profit Attributable to Owners of Parent	5,722	1.5%	4,054	1.3%	△1,668	△29.1%

Net Sales : Decrease due to the significant impact of lower demand in the Devices business and EMS business

Gross Profit : Increase through improving the product mix etc.

Operating Profit : Improving operating profit ratio with controlling SGA expenses

Ordinary Profit/Profit Attributable to Owners of Parent :

- In the previous year, investment gain on equity method (non-operating income) was appropriated
- In this term, despite gain of 3,865 million yen on sale of investment securities (extraordinary income) related to the above, profit before tax and below decrease mainly due to the impairment losses in Vegetable Factory business



Efforts to Improve the Vegetable Factory Business

< Background of the impairment >

- Demand shrunk for food services (take in/eat out), under the spread of new coronavirus infection
- Examine recoverability based on a realistic outlook by formulating production and sales plans that consider the harsh external environment
- ⇒ In accordance with the "Accounting Standard for Impairment of Fixed Assets", recorded an impairment losses of 4,580 million yen as an extraordinary loss
(The full amount of goodwill recognized at business integration on April 1, 2019, and a portion of the book value of buildings and other fixed assets)

< Major future initiatives and guiding principles >

- Efforts to expand sales channels through local production for local consumption
- Set up a pilot line equipped with some sensors for measuring cultivation environment data and establish optimal cultivation conditions by collecting and analyzing it
- Increase in customer satisfaction by improving quality and increase in sales and gross profit margin by increasing sales weight

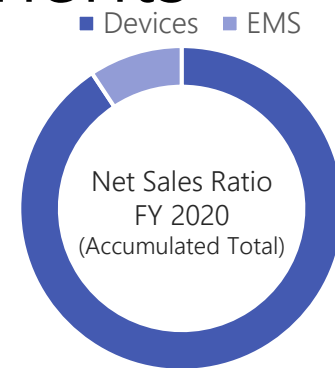


Semiconductor/Electronic Components

(*2)

(Million yen)

	FY 2019	FY 2020	YoY	
	(Accumulated Total)	(Accumulated Total)	Growth	% Growth
	¥	¥		
Net Sales	275,170	225,428	△49,742	△18.1%
Segment	4,406	6,719	2,312	52.5%
Profit and Loss				



■ Devices

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

■ EMS

Net sales decrease by the impact (additional) of changing accounting period in the previous year and lower production of parts/modules for smartphones, etc.

* Segment profit: Increase due to profit contribution from new businesses

* Hereafter, we will promote expansion of product lineup, system proposals/recurring revenue businesses and the acquisition of high value-added projects



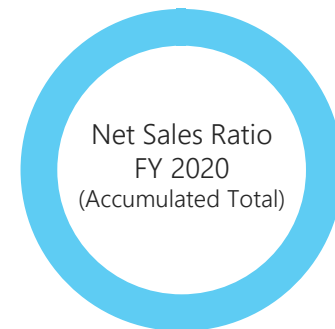
Procurement

(*3)

(Million yen)

	FY 2019	FY 2020	YoY	
	(Accumulated Total)	(Accumulated Total)	Growth	% Growth
	¥	¥		
Net Sales	73,394	72,044	△1,350	△1.8%
Segment Profit and Loss	386	△127	△514	—

■ Procurement



■ Procurement

Sales to Panasonic Group were steady, while net sales decrease due to development delays in new transactions and production adjustments

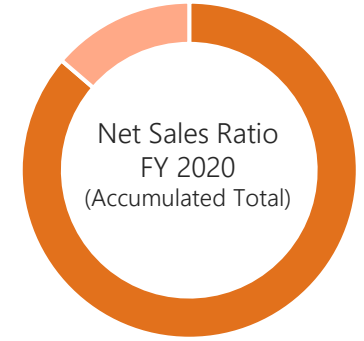
* Segment profit: Decrease mainly due to foreign exchange impact

* We will promote various initiatives to further expand procurement functions, with anticipating recovery in demand from major customers



Electronic Equipment

- Electronic Equipment
- System Equipment



(*4)

(Million yen)

	FY 2019	FY 2020	YoY	
	(Accumulated Total)	(Accumulated Total)	Growth	% Growth
	¥	¥		
Net Sales	22,871	20,085	△2,785	△12.2%
Segment Profit and Loss	1,060	818	△241	△22.8%

■ Electronic Equipment

Sales growth in education-related products due to revitalized capital investment by demand increase for online lectures. On the other hand, sales decrease due to a shrinkage of capital investment in broadcasting stations and corporations, and a reduction for rental needs by a contraction of events

■ System Equipment

Net sales maintained with the preceding FY by steady growth in businesses related to cashless terminals for payment

- * Segment profit: Decrease due to lower sales and higher expenses from upfront investments
- * We will promote high value-added business using video, audio, communications, and contactless technology (payment and authentication terminals), acquire new projects, and strengthen nationwide development of problem-solving solutions for educational institutions and local governments

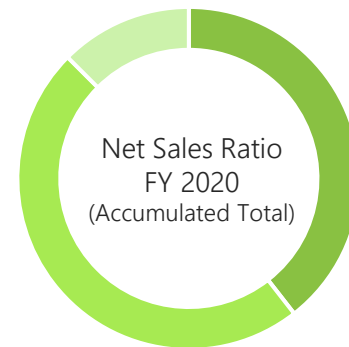
Environmental Energy

■ Energy ■ PPS ■ Vegetable Factory

(*5)

(Million yen)

	FY 2019	FY 2020	YoY	
	(Accumulated Total)	(Accumulated Total)	Growth	% Growth
	¥	¥		
Net Sales	10,889	9,370	△1,518	△13.9%
Segment Profit and Loss	580	△344	△925	—



■ Energy

Domestic and overseas solar power generation and domestic wind power generation remained strong, while component sales declined

■ Power producer and supplier

Sales decrease mainly to public-sector customers, but we continued to minimize the risk of market fluctuations

■ Vegetable Factory

Sales decrease by shrinking demand for food services (take in/eat out), despite full-scale adoption by convenience stores

* Segment loss: Factors behind the decrease in net sales, the rise in the purchase price of new electricity, and the decline in unit prices to sell and increase in costs in the Vegetable Factory business

* We will continue to promote various developments aimed at revitalizing the renewable energy sector, while striving to expand new customers and to improve efficiency in logistics and production in the Vegetable Factory business



Consolidated Balance Sheet

(Million yen)

	As of March 31, 2020	As of March 31, 2020
Assets		
Current Assets	133,937	146,133
Non-current Assets	63,116	44,252
Total Assets	197,053	190,385
Liabilities and Net Assets		
Current Liabilities	103,432	94,095
Non-current Liabilities	19,852	20,031
Net Assets	73,768	76,258
Total Liabilities and Net Assets	197,053	190,385
Capital Adequacy Ratio	35.7%	38.6%



Cash Flows

(For the fiscal year ended March 31,2021)

(Million yen)

Cash and Cash Equivalents at Beginning of Period	21,195
■ Cash Flows from Operating Activities	20,198
> Main factors : Decrease in trade receivables, inventories, and increase in trade payables	
■ Cash Flows from Investing Activities	13,440
> Main factors : Proceeds from sale of shares of subsidiaries and associates, and purchase of property, plant and equipment	
■ Cash Flows from Financing Activities	△15,337
> Main factors : Net decrease in short-term borrowings, proceeds from long-term borrowings, and dividends paid	
■ Effect of Exchange Rate Change on Cash and Cash Equivalents and others	706
Cash and Cash Equivalents at End of Period	40,203



FY2021 Full-Year Forecast

(Million yen)

	FY 2020 (Accumulated Total)	FY 2021 Full-Year Forecast	YoY
	¥	¥	
Net Sales	323,815	350,000	108.1%
Operating Profit	6,238	6,500	104.2%
Ordinary Profit	5,689	7,000	123.0%
Profit Attributable to Owners of Parent	4,054	5,000	123.3%

- Aiming to become the “Electronics Value Platformer”, we will further promote synergies among businesses, proactive co-creation with external partners, diverse business development, expansion of technological domains, and sustainable scale expansion
- Continue structural reforms in each business, and accelerate promotion of aggressive growth strategies and new business expansion, including business alliances, etc.
- Further development of various initiatives directly related to solving social issues (IoT business, promotion of renewable energy, stable supply of food, regional development, etc.)



Our initiative in future

Conclusion of Capital and Business Alliance Agreement with PALTEK Corporation and Commencement of Tender Offer

We have entered into a capital and business alliance agreement with PALTEK Corporation and plans to acquire the common stock of PALTEK through a tender offer as follows

① Purpose of the Capital and Business Alliance Agreement

To build and maintain a partnership based on mutual trust, and to enhance the corporate value of both companies

② Details of the alliance

- (i) Expansion of global businesses, (ii) Expansion of domestic business and improvement of business efficiency,
- (iii) Strengthen competitiveness of mutually owned proprietary businesses,
- (iv) Improving productivity through operational efficiency, (v) Strengthening the management base for growth

③ Outline of the Tender Offer

Period of the Tender Offer: April 12, 2021 to May 27, 2021

Price of the Tender Offer: 680 yen per share of common stock

Number of Share Certificates, Etc. to be Purchased: estimated 10,954,016 shares

(minimum 7,293,700 shares, maximum N/A)



Dividends Policy

Focus on financial stability based on consolidated full-year forecasts

- Improve a return to our shareholders by considering purchase of treasury shares, dividends payment
- Continue to review appropriate capital allocation along with positive strategic investment
- Keep aim for increasing enterprise value through improvement of capital efficiency and expansion of profit

Period	Dividends per share (¥)		
	2nd quarter-end	Year-end	Total
Dividends Forecast (May 12,2021)	40.00	45.00	85.00 (Ordinary dividend 85.00)
Reference: results for FY 2020	35.00	50.00 (Ordinary dividend 35.00) (Special dividend 15.00)	85.00 (in the plan) (Ordinary dividend 70.00) (Special dividend 15.00)



Electronics Value Platformer

Solving our customers' issues by electronics

Create an innovative
business

Information × Technology
Improve added value

Businesses Synergies

Various business
activities

1. Develop and manufacture card reader with facial recognition
~ Aim to gain a market share for medical institutions and pharmacies nationwide

2. Solving social issues through business activities
~ Our efforts for sustainable development of the world

1. Develop and manufacture card reader with facial recognition

Aim to gain a market share for medical institutions and pharmacies nationwide by leveraging our advanced product development capabilities in such areas as contactless IC cards and face recognition technology



Compact and space-saving Design
(Design may be subject to change)

Card reader with facial recognition 『Hi-CARA』

The Ministry of Health, Labor and Welfare plans to begin operation of the use of My Number cards for health insurance cards by October 2021 at the latest. Canon Marketing Japan Inc. will be responsible for sales/support and will provide the system to medical institutions and pharmacies nationwide via the portal site of the Social Insurance Medical Fee Payment Fund from June 2021. This product will enable online confirmation of insurance eligibility*, contributing to streamlining the operations of medical institutions and pharmacies and reducing their workload.

*Online confirmation of insurance eligibility based on the IC chip information of the My Number card or the number sign of the health insurance card

Here is the press release (in Japanese) about this business > > <https://www.restargp.com/news/2256/>

2. Initiatives for Local Governments

Solving various issues in one-stop through the Group's comprehensive effort



Touch Parliamentary Broadcast System

Implemented in 100 municipalities nationwide



Telework Support System

Experience in set-up meeting rooms for different purposes



Mega Solar/Wind Power Generation

Over 50 locations nationwide



Vegetable Factory

In operation at five plants nationwide

We offer various proposals to meet the needs of local governments and communities

Resident Life and Safety



Parliamentary management
Crime prevention solution
ICT introduction

Disaster Prevention and Crisis Management



Resilience
Disaster mitigation solution
Crisis Management
Infection control solution

Industrial Promotion



Employment Creation
Live use of recreational land
Clean energy

Notes for the report on Consolidated Financial Presentation:

- (1) Amortization of goodwill and amortization of intangibles by merger are included in FY 2019 and 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 FY 2019 and 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 FY 2019 and FY 2020 (Accumulated Total).
- (4) Amortization of goodwill by merger are included in FY 2019 and FY 2020 (Accumulated Total).
- (5) Amortization of goodwill and amortization of intangibles by merger are included in FY 2019 and FY 2020 (Accumulated Total).



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.



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Disclaimer

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