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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

August 10, 2022

Company name: Restar Holdings Corporation
 Stock exchange listing: Tokyo
 Code number: 3156
 URL: <https://www.restargp.com/>
 Representative: Tomoharu Asaka Representative Director
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 Phone: +81-3-3458-4618
 Scheduled date of filing quarterly securities report: August 12, 2022
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2022	112,552	22.8	4,067	211.0	3,673	187.4	2,236	(11.3)
June 30, 2021	91,692	33.5	1,307	28.7	1,278	18.1	2,520	238.0

(Note) Comprehensive income: Three months ended June 30, 2022: ¥ 2,025 million [(3.3)%]
 Three months ended June 30, 2021: ¥ 2,095 million [143.5%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	74.39	73.49
June 30, 2021	83.84	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2022	281,268	81,574	27.6	2,577.45
March 31, 2022	241,958	81,657	32.1	2,580.33

(Reference) Equity: As of June 30, 2022: ¥ 77,499 million
 As of March 31, 2022: ¥ 77,586 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	45.00	-	55.00	100.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		40.00	-	50.00	90.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter-end dividend for the fiscal year ended March 31, 2022 :

Ordinary dividend 40.00 yen

Commemorative dividend 5.00 yen

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2022 :

Ordinary dividend 45.00 yen

Special dividend 10.00 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	445,000	11.4	8,500	12.0	7,500	11.8	6,000	0.7	199.55

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2022: 30,072,643 shares

March 31, 2022: 30,072,643 shares

2) Total number of treasury shares at the end of the period:

June 30, 2022: 4,317 shares

March 31, 2022: 4,317 shares

3) Average number of shares during the period:

Three months ended June 30, 2022: 30,068,326 shares

Three months ended June 30, 2021: 30,068,457 shares

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

In the first quarter of the fiscal year under review, the Japanese economy showed signs of a recovery in economic activity in line with the downward trend in COVID-19 new cases. Meanwhile, the outlook for the global economy remained uncertain due to the impact on supply chains from soaring raw material prices caused by the prolonged Russian invasion of Ukraine and the lockdown in Shanghai, as well as sharp exchange rate fluctuations due to Japan-U.S. interest rate gap.

Under these circumstances, the Group strengthened its business foundation while creating synergies between businesses. We also invested in venture companies through corporate venture capital to promote the creation of new businesses with external partners. In addition, we separated the supervisory and executive functions of management to further strengthen corporate governance and deepen speedy business operations with the aim of achieving business enhancement and transformation as well as sustainable growth in the future.

(Overview of Consolidated Operating Results)

(Million yen)	Three months ended June 30, 2021	Three months ended June 30, 2022	change
Net sales	91,692	112,552	22.8%
Operating profit	1,307	4,067	211.0%
Ordinary profit	1,278	3,673	187.4%
Profit attributable to owners of parent	2,520	2,236	(11.3) %

• Performance Highlights

Net sales for the first quarter of the fiscal year under review increased. This was due to an increase in sales from the consolidation of PALTEK Corporation (“PALTEK”), and the continued strong performance in the Semiconductor and Electronic Components Business and the Procurement Business owing to firm demand for in-vehicle equipment and industrial equipment despite unsteady demand-supply conditions for semiconductors. In terms of profit, mainly owing to an increase in gross profit due to sales growth, operating profit and ordinary profit increased. Profit attributable to owners of parent decreased due to the absence of the one-time factor of recording of ¥1,709 million in extraordinary income as gain on bargain purchase relating to the consolidation of PALTEK and its affiliates in the same period of the previous fiscal year.

As a result, net sales for the first quarter under review were ¥112,552 million, up 22.8% year-on-year, operating profit was ¥4,067 million, up 211.0% year-on-year, ordinary profit was ¥3,673 million, up 187.4% year-on-year, and profit attributable to owners of parent was ¥2,269 million, down 11.3% year-on-year.

(Operating Results by Reportable Segment)

The Group has four reportable segments for the allocation of management resources and evaluation of business performance. These four segments are the Semiconductor and Electronic Components Business, the Procurement Business, the Electronic Equipment Business, and the Environmental Energy Business.

1) Semiconductor and Electronic Components Business

Reportable Segment	Business	Business Description
Semiconductor and Electronic Components Business	Devices	Sales of semiconductors, electronic components and related products in Japan and overseas; system proposals with a variety of line card combinations; provision of high-value-added solutions and technical support that excels at liquid crystal systems and overseas suppliers; design and manufacturing; LSI design development and support; and reliability test service

	EMS	Electronics manufacturing service for electronic components, modules, etc. with cutting-edge technology, procurement, production management and quality assurance at our factories
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(Million yen)	Three months ended June 30, 2021	Three months ended June 30, 2022	change
Net sales	65,828	84,025	27.6 %
Devices	59,653	78,291	31.2%
EMS	6,175	5,734	(7.1) %
Segment profit	1,597	3,835	140.1%

• Performance Overview

In the devices business, sales increased owing to sales growth from the consolidation of PALTEK and higher demand for in-vehicle equipment and industrial equipment, as well as growth associated with special demand for semiconductors. In the EMS business, sales declined, mainly due to a decrease in demand for products for use in smartphones. Segment profit increased as a result of sales growth in the devices business.

As a result, the Semiconductor and Electronic Components Business recorded net sales of ¥84,025 million, up 27.6% year-on-year, and segment profit of ¥3,835 million, up 140.1% year-on-year.

2) Procurement Business

Reportable Segment	Business	Business Description
Procurement Business	Procurement	Establishment of optimal supply chain management through global procurement/trading for electronics and entrustment service for procurement related operations

(Million yen)	Three months ended June 30, 2021	Three months ended June 30, 2022	change
Net sales	19,960	21,905	9.7%
Segment profit	185	661	256.3%

• Performance Overview

In the Procurement Business, sales increased as sales to the Panasonic Group remained strong, and transactions with new customers other than the Panasonic Group also increased. Segment profit increased due to improvement in gross profit resulting from the impact of success in reducing SG&A expenses.

As a result, the Procurement Business recorded net sales of ¥21,905 million, up 9.7% year-on-year, and segment profit of ¥661 million, up 256.3% year-on-year.

3) Electronic Equipment Business

Reportable Segment	Business	Business Description
Electronic Equipment Business	Electronic equipment	Video, audio, communications, and measurement solutions, design and construction, and maintenance engineering in various fields such as broadcasting, business, education, medical care/life sciences, public facilities, factory automation, security, and electronic measuring instruments
	System equipment	Development, manufacture, and sales of cashless payment terminals, security terminals and Individual Number authentication related devices that combine our basic digital and communications technologies with near-field communication (NFC) technologies, as well as wholesale of overseas cashless payment terminals

(Million yen)	Three months ended June 30, 2021	Three months ended June 30, 2022	change
Net sales	3,678	3,214	(12.6) %
Electronic equipment	3,499	2,595	(25.8) %
System equipment	178	618	246.0%
Segment loss	(206)	(376)	—

• Performance Overview

In the electronic equipment business, sales decreased as system deliveries were impacted by the lockdown in Shanghai, delays in semiconductor production, and delays in delivery of parts and materials. In the system equipment business, sales increased, mainly due to the increase in demand for entrance/exit security terminals and payment terminals for vending machines in conjunction with the gradual recovery in working at the office, as well as the increase in sales of overseas made payment terminals resulting from the consolidation of Cardservice Inc. Segment profit decreased, significantly impacted by the decrease in sales in the electronic equipment business despite improved earnings in the system equipment business.

As a result, the Electronic Equipment Business recorded net sales of ¥ 3,214 million, down 12.6% year-on-year, and segment loss of ¥376 million.

4) Environmental Energy Business

Reportable Segment	Business	Business Description
Environmental Energy Business	Energy	Community coexistence-based operation and management services for the introduction and popularization of renewable energy from our own solar power stations (in Japan and overseas) and wind power stations, etc.
	Power producer and supplier (PPS)	Electric power supply to public facilities and private-sector companies, etc. primarily using renewable energy, and electric power consulting including local production and consumption of the power for community revitalization
	Vegetable factory	Production and sale, as well as system consulting, of vegetables made in completely closed vegetable factories to commercial and retail markets including convenience stores, supermarkets, and food service chains

(Million yen)	Three months ended June 30, 2021	Three months ended June 30, 2022	change
Net sales	2,224	3,407	53.2%
Energy	990	1,192	20.5%
Power producer and supplier (PPS)	905	1,932	113.5%
Vegetable factory	329	282	(14.2) %
Segment profit	198	51	(74.0) %

• Performance Overview

In the energy business, sales increased due to growth in power generation from new solar power stations in Taiwan and wind power stations in Japan. In the power producer and supplier business, sales increased, due in part to growth in public sector demand. In the vegetable factory business, sales decreased due to a review of businesses content and other factors although supermarket sales and food service demand remained strong. Segment profit decreased, significantly impacted soaring procurement prices in the power producer and supplier business, although profit increased in the energy business.

As a result, the Environmental Energy Business recorded net sales of ¥3,407 million, up 53.2% year-on-year, and segment profit of ¥51 million, down 74.0% year-on-year.

(2) Explanation of Financial Position

Total assets at the end of the first quarter under review increased by ¥39,320 million from the end of the previous fiscal year to ¥281,279 million. This was mainly due to an increase of ¥6,389 million in cash and deposits, an increase of ¥7,662 million in accounts receivable - trade, and an increase of ¥13,462 million in inventories.

Liabilities increased by ¥39,370 million from the end of the previous fiscal year to ¥199,671 million. This was mainly due to an increase of ¥7,161 million in notes and accounts payable - trade and an increase of ¥28,441 million in short-term borrowings.

Net assets decreased by ¥49 million from the end of the previous fiscal year to ¥81,607 million. This was mainly due to profit attributable to owners of parent of ¥2,269 million and dividends from retained earnings of ¥1,653 million.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of June 30,2022
Assets		
Current assets		
Cash and deposits	33,438	39,828
Notes receivable - trade	454	693
Accounts receivable - trade	79,318	86,981
Electronically recorded monetary claims - operating	5,068	5,748
Contract assets	392	498
Merchandise and finished goods	51,751	65,214
Work in process	1,097	1,459
Raw materials and supplies	1,554	1,792
Other	13,362	20,881
Allowance for doubtful accounts	(913)	(995)
Total current assets	185,525	222,101
Non-current assets		
Property, plant and equipment		
Leased assets	15,152	15,321
Accumulated depreciation	(6,626)	(6,831)
Leased assets, net	8,525	8,490
Other	18,337	20,134
Total property, plant and equipment	26,862	28,624
Intangible assets		
Goodwill	6,618	6,962
Other	4,743	4,666
Total intangible assets	11,362	11,628
Investments and other assets		
Investment securities	4,566	5,169
Deferred tax assets	1,454	1,482
Bad debts	10,675	11,921
Long-term prepaid expenses	8,662	8,603
Other	4,635	3,470
Allowance for doubtful accounts	(11,786)	(11,723)
Total investments and other assets	18,207	18,924
Total non-current assets	56,432	59,177
Total assets	241,958	281,279

(Million yen)

	As of March 31,2022	As of June 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,581	58,743
Short-term borrowings	75,305	103,746
Current portion of long-term borrowings	1,184	968
Lease liabilities	1,233	1,288
Income taxes payable	1,891	1,422
Contract liabilities	133	171
Provision for bonuses	1,065	599
Other provisions	206	-
Other	6,744	11,121
Total current liabilities	139,346	178,060
Non-current liabilities		
Long-term borrowings	7,805	8,533
Lease liabilities	7,757	7,644
Deferred tax liabilities	2,070	2,127
Retirement benefit liability	359	413
Other provisions	90	90
Other	2,872	2,802
Total non-current liabilities	20,954	21,610
Total liabilities	160,301	199,671
Net assets		
Shareholders' equity		
Share capital	4,383	4,383
Capital surplus	36,651	36,377
Retained earnings	33,747	34,363
Treasury shares	(8)	(8)
Total shareholders' equity	74,773	75,115
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	371	220
Deferred gains or losses on hedges	192	292
Foreign currency translation adjustment	2,278	1,837
Remeasurements of defined benefit plans	(30)	(25)
Total accumulated other comprehensive income	2,812	2,325
Share acquisition rights	65	81
Non-controlling interests	4,005	4,084
Total net assets	81,657	81,607
Total liabilities and net assets	241,958	281,279

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Net sales	91,692	112,701
Cost of sales	85,452	102,506
Gross profit	6,240	10,195
Selling, general and administrative expenses	4,932	6,094
Operating profit	1,307	4,100
Non-operating income		
Interest income	13	31
Dividend income	12	17
Share of profit of entities accounted for using equity method	33	31
Gain on investments in silent partnerships	98	80
Other	69	120
Total non-operating income	227	280
Non-operating expenses		
Interest expenses	152	273
Loss on sale of receivables	-	48
Foreign exchange losses	69	313
Other	35	39
Total non-operating expenses	257	675
Ordinary profit	1,278	3,706
Extraordinary income		
Surrender value of insurance policies	-	42
Gain on bargain purchase	1,709	-
Total extraordinary income	1,709	42
Extraordinary losses		
Special survey costs, etc.	-	148
Total extraordinary losses	-	148
Profit before income taxes	2,987	3,599
Income taxes	545	1,301
Profit	2,441	2,298
Profit (loss) attributable to non-controlling interests	(79)	28
Profit attributable to owners of parent	2,520	2,269

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Profit	2,441	2,298
Other comprehensive income		
Valuation difference on available-for-sale securities	(179)	(150)
Deferred gains or losses on hedges	1	97
Foreign currency translation adjustment	(168)	(756)
Remeasurements of defined benefit plans, net of tax	(0)	2
Total other comprehensive income	(346)	(807)
Comprehensive income	2,095	1,490
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,179	1,782
Comprehensive income attributable to non-controlling interests	(84)	(291)