



Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

August 10, 2023

Company name: Restar Holdings Corporation
 Stock exchange listing: Tokyo
 Code number: 3156
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 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, 2023 (April 1, 2023 to June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	119,563	6.2	2,755	(32.3)	1,752	(52.3)	683	(69.3)
June 30, 2022	112,552	22.8	4,072	211.4	3,678	187.8	2,230	(11.5)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 1,574 million [(23.1)%]
 Three months ended June 30, 2022: ¥ 2,048 million [(2.2)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	22.74	22.41
June 30, 2022	74.17	73.27

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2023	279,456	84,571	28.6	2,659.38
March 31, 2023	269,427	85,095	30.0	2,686.31

(Reference) Equity: As of June 30, 2023: ¥ 79,962 million
 As of March 31, 2023: ¥ 80,772 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, 2023	-	40.00	-	75.00	115.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		55.00	-	60.00	115.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	500,000	2.6	10,000	(30.7)	7,000	(41.9)	7,000	(1.2)	232.80

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023

(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: No

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, 2023: 30,072,643 shares

March 31, 2023: 30,072,643 shares

2) Number of treasury shares at the end of the period:

June 30, 2023: 4,616 shares

March 31, 2023: 4,568 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 30,068,063 shares

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

(1) Explanation of Operating Results

Forward-looking statements in the text are based on judgments made as of the end of the first quarter of the current consolidated fiscal year.

The business merger with Lavinics Co., Ltd. on April 12, 2022, was accounted for on a provisional basis in the first quarter of the previous consolidated fiscal year. Since it was finalized at the end of the previous consolidated fiscal year, comparisons and analysis with the same period of the previous consolidated fiscal year use the amounts after the revision due to the finalization of the provisional accounting treatment. Therefore, in comparing and analyzing the results with the same period of the previous year, the revised amounts due to the finalization of the provisional accounting treatment are used.

During the first quarter of the fiscal year under review, the Japanese economy has experienced a gradual normalization of economic activities, with the COVID-19 infection reclassified as a class 5 infectious disease. Personal consumption and corporate earnings show a moderate recovery, and the previously surging prices of resources, energy, and raw materials are also regaining stability. In the business environment surrounding our company, despite the easing of the semiconductor shortage and a recovery of the in-vehicle equipment market, the future remains uncertain due to, among other factors, a slowed Chinese economy, sluggish demand for PCs and smartphones, and the behavior of exchange rates in response to the implementation of monetary policies.

Under these circumstances, we are strengthening the management foundations for further growth. We are in the midst of corporate restructuring for the purpose of transitioning from a pure holding company to an operating company as of April 1, 2024, through an absorption-type merger with our wholly-owned subsidiaries. In addition, the trade name of our company will be changed to “Restar Corporation.” The management system has been refreshed, and the business offices in the Tokyo metropolitan area have been consolidated. By leveraging the strength of individual businesses and integrating assets, including various functions and customer bases, we aim to further increase corporate value.

In July 2023, we made AIT Japan Inc., a subsidiary of WPG Holdings Limited (headquarters: Taipei, Taiwan;), a consolidated subsidiary of our company, aiming to strengthen the management foundations to meet diversifying customer needs and accelerate global expansion. We will cooperate with the WPG Group to promote collaboration, with the aim of further accelerating business expansion in the global market.

(Overview of Consolidated Operating Results)

(millions of yen)	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Net sales	112,552	119,563	6.2%
Operating profit	4,072	2,755	(32.3%)
Ordinary profit	3,678	1,752	(52.3%)
Profit attributable to owners of parent	2,230	683	(69.3%)

- Performance Highlights

Consolidated net sales for the first quarter of the fiscal year under review increased. This was due mainly to an expansion of new transactions in the Procurement Business and the firm Electronic Equipment Business, owing to the improved demand-supply conditions for semiconductors, despite a decrease in sales of the EMS Business due to the sluggishness in the smartphone and tablet business. Operating profit decreased due to the difference in exchange rate trends, inventory write-downs for specific customer, allowance for doubtful accounts, and the absence of special demand year on year in the devices business, and a sales decrease in the EMS business. As a result of recording of interest expenses due to rising interest rates, ordinary profit decreased, and the profit attributable to owners of the parent also decreased.

As a result, net sales for the first quarter of the fiscal year under review were ¥119,563 million, up 6.2% year-on-year, operating profit was ¥2,755 million, down 32.3% year-on-year, ordinary profit was ¥1,752 million, down 52.3% year-on-year, and profit attributable to owners of parent was ¥683 million, down 69.3% 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.

Effective from the first quarter of the fiscal year under review, the business segments to be included as reportable have been changed, and comparisons and analysis for the first quarter of the fiscal year under review are based on the new segments. The segment to which Vitec WPG Limited (located in Hong Kong) belongs has been changed from "Procurement Business" to "Semiconductor and Electronic Components 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, including liquid crystal systems and overseas products; 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

(millions of yen)	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Net sales	85,062	81,755	(3.9%)
Devices	79,328	78,820	(0.6%)
EMS	5,734	2,935	(48.8%)
Segment profit	3,889	1,748	(55.0%)

- Performance Overview

In the devices business, sales declined slightly due to a decrease in sales for servers and office equipment, although sales for industrial equipment and in-vehicle devices grew. In the EMS business, despite the expansion of the business for in-vehicle displays, sales declined due to the sluggishness in the mainstay smartphone/tablet business. Segment profit decreased due to the difference in exchange rate trends, in addition to inventory write-downs and allowance for doubtful accounts, and the absence of special demand year on year in the devices business, and a sales decrease in the EMS business.

As a result, the Semiconductor and Electronic Components Business recorded net sales of ¥81,755 million, down 3.9% year-on-year, and segment profit of ¥1,748 million, down 55.0% year-on-year.

2) Procurement Business

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

(millions of yen)	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Net sales	20,868	30,099	44.2%
Segment profit	612	474	(22.4%)

- Performance Overview

In the procurement business, sales increased due to the expansion of new and existing transactions. Segment profit decreased due to the difference in exchange rate trends.

As a result, the Procurement Business recorded net sales of ¥30,099 million, up 44.2% year-on-year, and segment profit of ¥474 million, down 22.4% year-on-year.

3) Electronic Equipment Business

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

(millions of yen)	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Net sales	3,214	3,960	23.2%
Electronic equipment	2,595	3,199	23.3%
System equipment	618	761	23.1%
Segment loss	(376)	(258)	—

- Performance Overview

In the electronic equipment business, sales increased mainly owing to a recovery in demand for public events, and an increase in demand for video and sound equipment and ICT-related equipment following the relocation and renovation of offices. In the system equipment business, sales increased owing to an increase in sales of overseas-made payment terminals and access control terminals for offices, following the recovery of the component procurement of supply chain. Segment profit improved due to higher sales.

As a result, the Electronic Equipment Business recorded net sales of ¥3,960 million, up 23.2% year-on-year, and segment loss of ¥258 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 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

(millions of yen)	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Net sales	3,407	3,747	10.0%
Energy	1,192	1,166	(2.2%)
Power producer and supplier (PPS)	1,932	2,319	20.0%
Vegetable factory	282	262	(7.2%)
Segment profit	51	1,165	—

- Performance Overview

In the energy business, power generation from solar power stations in Japan and overseas remained firm. In the PPS business, sales increased owing mainly to the contribution of owned power sources. In the vegetable factory business, sales declined slightly

due to lower-than-expected sales of new products in mass production, though business to supermarkets expanded. Segment profit increased owing to a sales increase in the PPS business and the firm energy business.

As a result, the Environmental Energy Business recorded net sales of ¥3,747 million, up 10.0% year-on-year, and segment profit of ¥1,165 million, a 22.8-fold increase from the previous year.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year under review increased by ¥10,028 million from the previous fiscal year to ¥279,456 million. This was mainly due to a decrease of ¥703 million in cash and deposits, an increase of ¥1,585 million in accounts receivable - trade, an increase of ¥892 million in electronically recorded monetary claims – operationg, an increase of ¥921 million in merchandise and finished goods, an increase of ¥4,316 million in accounts receivable-other included in other current assets, an increase of ¥787 million in machinery, equipment, and an increase of ¥609 million in construction-in-progress assets, etc.

Liabilities increased by ¥10,552 million from the end of the previous fiscal year to ¥194,884 million. This was mainly due to a decrease of ¥368 million in notes and accounts payable - trade, and an increase of ¥10,762 million in short-term borrowings.

Net assets decreased by ¥524 million from the end of the previous fiscal year to ¥84,571 million. This was mainly due to profit attributable to owners of the parent of ¥683 million, dividends from retained earnings of ¥2,255 million, an increase of ¥290 million in foreign currency translation resereve adjustment, and an increase of ¥292 million in valuation difference on tradable securities.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	32,987	32,284
Notes receivable - trade	387	576
Accounts receivable - trade	79,450	81,035
Electronically recorded monetary claims - operating	8,235	9,128
Contract assets	58	77
Merchandise and finished goods	73,062	73,983
Work in process	883	1,340
Raw materials and supplies	1,263	1,411
Other	14,791	19,944
Allowance for doubtful accounts	(303)	(328)
Total current assets	210,816	219,454
Non-current assets		
Property, plant and equipment		
Leased assets	15,704	15,820
Accumulated depreciation	(7,426)	(7,678)
Leased assets, net	8,278	8,141
Other	19,439	20,701
Total property, plant and equipment	27,717	28,842
Intangible assets		
Goodwill	6,165	6,002
Other	4,503	4,368
Total intangible assets	10,669	10,370
Investments and other assets		
Investment securities	5,779	5,906
Deferred tax assets	1,510	1,557
Bad debts	12,310	13,366
Long-term prepaid expenses	8,580	8,753
Other	4,023	4,534
Allowance for doubtful accounts	(11,979)	(13,330)
Total investments and other assets	20,224	20,788
Total non-current assets	58,611	60,001
Total assets	269,427	279,456

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	53,921	53,553
Short-term borrowings	85,409	96,172
Current portion of long-term borrowings	3,652	3,696
Lease liabilities	1,354	1,577
Income taxes payable	1,393	1,244
Contract liabilities	69	211
Provision for bonuses	1,281	683
Provision for bonuses for directors (and other officers)	40	47
Other	15,316	15,890
Total current liabilities	162,439	173,077
Non-current liabilities		
Long-term borrowings	9,036	9,085
Lease liabilities	7,314	6,921
Deferred tax liabilities	1,971	2,204
Retirement benefit liability	515	578
Other	3,054	3,017
Total non-current liabilities	21,892	21,807
Total liabilities	184,331	194,884
Net assets		
Shareholders' equity		
Share capital	4,383	4,383
Capital surplus	36,095	33,841
Retained earnings	37,976	38,810
Treasury shares	(8)	(8)
Total shareholders' equity	78,446	77,026
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	631	923
Deferred gains or losses on hedges	1	13
Foreign currency translation adjustment	1,721	2,012
Remeasurements of defined benefit plans	(28)	(13)
Total accumulated other comprehensive income	2,325	2,936
Share acquisition rights	113	120
Non-controlling interests	4,210	4,488
Total net assets	85,095	84,571
Total liabilities and net assets	269,427	279,456

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

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	112,552	119,563
Cost of sales	102,379	109,674
Gross profit	10,173	9,889
Selling, general and administrative expenses	6,100	7,133
Operating profit	4,072	2,755
Non-operating income		
Interest income	31	53
Dividend income	17	16
Insurance claim income	37	126
Share of profit of entities accounted for using equity method	31	27
Gain on investments in silent partnerships	80	88
Other	83	47
Total non-operating income	280	359
Non-operating expenses		
Interest expenses	273	867
Loss on sale of receivables	48	268
Foreign exchange losses	313	3
Other	39	222
Total non-operating expenses	675	1,362
Ordinary profit	3,678	1,752
Extraordinary income		
Surrender value of insurance policies	42	-
Gain on sale of investment securities	-	28
Total extraordinary income	42	28
Extraordinary losses		
Special survey costs, etc.	148	-
Total extraordinary losses	148	-
Profit before income taxes	3,571	1,780
Income taxes	1,313	1,056
Profit	2,258	724
Profit attributable to non-controlling interests	28	40
Profit attributable to owners of parent	2,230	683

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

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	2,258	724
Other comprehensive income		
Valuation difference on available-for-sale securities	(150)	292
Deferred gains or losses on hedges	96	14
Foreign currency translation adjustment	(156)	529
Remeasurements of defined benefit plans, net of tax	1	14
Total other comprehensive income	(209)	850
Comprehensive income	2,048	1,574
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,863	1,293
Comprehensive income attributable to non-controlling interests	184	281