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August 8, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)

Company name: Starts Corporation Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 8850
 URL: <https://www.starts.co.jp/>
 Representative: Toyotaka Muraishi, President
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	59,415	9.9	8,345	15.3	8,192	(2.9)	5,126	(35.2)
June 30, 2024	54,043	4.9	7,240	18.1	8,434	14.6	7,914	62.9

Note: Comprehensive income For the three months ended June 30, 2025: ¥4,755 million [(37.8)%]
 For the three months ended June 30, 2024: ¥7,640 million [55.0%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	106.42	-
June 30, 2024	159.34	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	333,120	179,867	52.9	3,659.17
March 31, 2025	333,647	178,239	52.4	3,627.61

Reference: Equity
 As of June 30, 2025: ¥176,269 million
 As of March 31, 2025: ¥174,749 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	55.00	-	65.00	120.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		65.00	-	65.00	130.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Earnings Forecast of Consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	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
First half	122,500	12.5	15,700	4.2	15,700	5.7	10,600	(11.9)	220.04
Full year	250,000	7.3	35,000	7.3	34,500	3.3	23,500	(3.2)	487.83

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2025	53,998,205 shares
As of March 31, 2025	53,998,205 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2025	5,826,129 shares
As of March 31, 2025	5,826,051 shares

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2025	48,172,127 shares
Three months ended June 30, 2024	49,671,751 shares

- * Review of the attached quarterly consolidated financial statements by a certified public accountant or an audit firm: Yes (optional).

- * Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements in this document are based on information available to the Company and on certain assumptions deemed reasonable by the Company. Actual results may differ significantly from these forecasts due to various factors.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	99,085	101,251
Notes and accounts receivable - trade, and contract assets	14,930	15,070
Real estate for sale	8,464	6,180
Real estate for sale in process	20,770	22,397
Costs on construction contracts in progress	2,319	2,862
Other	12,351	10,141
Allowance for doubtful accounts	(484)	(493)
Total current assets	157,435	157,411
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	56,279	55,891
Land	73,831	73,812
Other, net	7,634	8,302
Total property, plant and equipment	137,745	138,005
Intangible assets		
Software	2,767	2,784
Software in progress	2,324	2,605
Goodwill	393	328
Other	65	65
Total intangible assets	5,551	5,784
Investments and other assets		
Investment securities	13,920	14,330
Deferred tax assets	2,591	1,515
Other	16,738	16,411
Allowance for doubtful accounts	(192)	(196)
Allowance for investment loss	(143)	(143)
Total investments and other assets	32,915	31,917
Total non-current assets	176,211	175,708
Total assets	333,647	333,120

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable-trade and accounts payable for construction contracts	20,731	17,773
Short-term borrowings	7,194	12,444
Current portion of long-term borrowings	16,226	16,269
Income taxes payable	6,820	2,092
Contract liabilities	14,523	14,604
Provision for bonuses	3,204	1,774
Other	26,814	28,198
Total current liabilities	95,514	93,155
Non-current liabilities		
Long-term borrowings	46,226	46,530
Provision for retirement benefits for directors (and other officers)	1,174	1,216
Provision for warranties for completed construction	700	702
Provision for loss on lease business	300	300
Deferred tax liabilities for land revaluation	589	589
Retirement benefit liability	276	281
Asset retirement obligations	3,405	3,396
Other	7,220	7,079
Total non-current liabilities	59,893	60,096
Total liabilities	155,408	153,252
Net assets		
Shareholders' equity		
Share capital	11,039	11,039
Capital surplus	6,564	6,564
Retained earnings	163,688	165,688
Treasury shares	(13,081)	(13,082)
Total shareholders' equity	168,210	170,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,045	2,221
Revaluation reserve for land	1,237	1,237
Foreign currency translation adjustment	884	413
Remeasurements of defined benefit plans	2,371	2,187
Total accumulated other comprehensive income	6,538	6,059
Non-controlling interests	3,489	3,598
Total net assets	178,239	179,867
Total liabilities and net assets	333,647	333,120

Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
Quarterly Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	54,043	59,415
Cost of sales	35,881	39,549
Gross profit	18,162	19,865
Selling, general and administrative expenses	10,921	11,520
Operating profit	7,240	8,345
Non-operating income		
Interest income	76	84
Dividend income	28	31
Foreign exchange gains	867	—
Reversal of allowance for doubtful accounts	0	—
Subsidy income	265	57
Surrender value of insurance policies	—	186
Other	72	92
Total non-operating income	1,310	452
Non-operating expenses		
Interest expenses	79	150
Foreign exchange losses	—	414
Provision of allowance for doubtful accounts	7	5
Other	29	36
Total non-operating expenses	116	605
Ordinary profit	8,434	8,192
Extraordinary income		
Gain on sale of non-current assets	2,809	55
Gain on sale of investment securities	0	0
Total extraordinary income	2,809	56
Extraordinary losses		
Loss on retirement of non-current assets	99	14
Other	1	6
Total extraordinary losses	101	20
Profit before income taxes	11,143	8,227
Income taxes - current	2,154	1,916
Income taxes - deferred	921	1,065
Total income taxes	3,076	2,982
Profit	8,066	5,245
Profit attributable to non-controlling interests	151	118
Profit attributable to owners of parent	7,914	5,126

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	8,066	5,245
Other comprehensive income		
Valuation difference on available-for-sale securities	(404)	167
Foreign currency translation adjustment	151	(471)
Remeasurements of defined benefit plans, net of tax	(171)	(186)
Total other comprehensive income	(425)	(489)
Comprehensive income	7,640	4,755
Comprehensive income attributable to		
Owners of parent	7,469	4,647
Non-controlling interests	171	108

Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	11,143	8,227
Depreciation	1,604	1,656
Loss (gain) on sale and retirement of property, plant and equipment	(2,709)	(41)
Increase (decrease) in allowance for doubtful accounts	21	12
Increase (decrease) in provision for bonuses	(1,379)	(1,430)
Increase (decrease) in net defined benefit asset and liability	(126)	(18)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	19	41
Interest and dividend income	(104)	(115)
Interest expenses	79	150
Foreign exchange losses (gains)	(867)	414
Decrease (increase) in trade receivables	1,514	(140)
Decrease (increase) in inventories	(4,582)	27
Increase (decrease) in trade payables	(5,547)	(2,809)
Increase (decrease) in contract liabilities	(1,228)	53
Decrease (increase) in other current assets	2,147	2,258
Increase (decrease) in other current liabilities	882	1,380
Other, net	686	(546)
Subtotal	1,552	9,120
Interest and dividends received	82	151
Interest paid	(82)	(150)
Income taxes paid	(5,667)	(6,355)
Net cash provided by (used in) operating activities	(4,114)	2,766
Cash flows from investing activities		
Payments into time deposits	(2,880)	(3,123)
Proceeds from withdrawal of time deposits	—	2,911
Purchase of property, plant and equipment	(1,995)	(2,044)
Proceeds from sale of property, plant and equipment	3,602	65
Purchase of intangible assets	(383)	(538)
Purchase of investment securities	(369)	(416)
Proceeds from sale of investment securities	355	206
Loan advances	—	(50)
Proceeds from collection of loans receivable	0	0
Other, net	(35)	302
Net cash provided by (used in) investing activities	(1,706)	(2,685)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,487	5,250
Proceeds from long-term borrowings	2,800	4,129
Repayments of long-term borrowings	(3,781)	(3,781)
Dividends paid	(2,651)	(3,035)
Purchase of treasury shares	(0)	(0)
Dividends paid to non-controlling interests	(89)	(104)
Other, net	51	(0)
Net cash provided by (used in) financing activities	1,815	2,456
Effect of exchange rate change on cash and cash equivalents	367	(402)
Net increase (decrease) in cash and cash equivalents	(3,637)	2,134
Cash and cash equivalents at beginning of period	86,878	88,782
Cash and cash equivalents at end of period	83,240	90,917