

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 12, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 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
 Inquiries: Hisayuki Muramatsu, Director
 Telephone: +81-3-6202-0111
 Scheduled date of annual general meeting of shareholders: June 27, 2025
 Scheduled date to commence dividend payments: June 30, 2025
 Scheduled date to file annual securities report: June 26, 2025
 Preparation of supplementary material on financial results: Yes
 Holding financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2025

(from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	232,978	(0.2)	32,622	7.0	33,404	0.0	24,274	9.9
March 31, 2024	233,408	(0.2)	30,498	8.6	33,396	11.3	22,095	9.3

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥23,534 million [(6.0)%]
 For the fiscal year ended March 31, 2024: ¥25,026 million [20.8%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2025	492.15	—	14.4	10.2	14.0
March 31, 2024	444.84	—	14.5	10.8	13.1

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2025: ¥29 million
 For the fiscal year ended March 31, 2024: ¥16 million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2025	333,647	178,239	52.4	3,627.61
March 31, 2024	324,109	165,318	50.0	3,264.60

Reference: Equity
 As of March 31, 2025: ¥174,749 million
 As of March 31, 2024: ¥162,155 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	25,915	(8,769)	(15,275)	88,782
March 31, 2024	25,730	(20,772)	3,027	86,878

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	50.00	—	55.00	105.00	5,340	23.6	3.4
Fiscal year ended March 31, 2025	—	55.00	—	65.00	120.00	6,006	24.4	3.5
Fiscal year ending March 31, 2026 (Forecast)	—	65.00	—	65.00	130.00		27.3	

Fiscal year ended March 31, 2024 Breakdown of year-end dividends
 Ordinary ¥50.00 , Commemorative dividend for 55th anniversary ¥5.00

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)	214.91
Full year	250,000	7.3	35,000	7.3	34,500	3.3	23,500	(3.2)	476.45

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2025	53,998,205 shares
As of March 31, 2024	53,998,205 shares

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

As of March 31, 2025	5,826,051 shares
As of March 31, 2024	4,327,274 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	49,323,075 shares
Fiscal year ended March 31, 2024	49,670,989 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* 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.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	94,037	99,085
Accounts receivable - trade, and contract assets	20,410	14,930
Real estate for sale	3,563	8,464
Real estate for sale in process	11,967	20,770
Costs on construction contracts in progress	2,022	2,319
Prepaid expenses	2,414	2,314
Other	13,497	10,036
Allowance for doubtful accounts	(373)	(484)
Total current assets	147,540	157,435
Non-current assets		
Property, plant and equipment		
Buildings and structures	85,497	86,919
Accumulated depreciation	(28,353)	(30,640)
Buildings and structures, net	57,143	56,279
Machinery, equipment and vehicles	10,714	10,931
Accumulated depreciation	(8,729)	(8,834)
Machinery, equipment and vehicles, net	1,985	2,097
Land	75,065	73,831
Other	12,438	14,695
Accumulated depreciation	(8,460)	(9,158)
Other, net	3,978	5,537
Total property, plant and equipment	138,172	137,745
Intangible assets		
Software	2,259	2,767
Software in progress	2,061	2,324
Goodwill	652	393
Other	65	65
Total intangible assets	5,038	5,551
Investments and other assets		
Investment securities	15,834	13,920
Long-term loans receivable	309	307
Long-term prepaid expenses	929	792
Deferred tax assets	1,887	2,591
Other	14,733	15,637
Allowance for doubtful accounts	(194)	(192)
Allowance for investment loss	(143)	(143)
Total investments and other assets	33,356	32,915
Total non-current assets	176,568	176,211
Total assets	324,109	333,647

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable-trade and accounts payable for construction contracts	22,198	20,731
Short-term borrowings	8,379	7,194
Current portion of long-term borrowings	14,256	16,226
Income taxes payable	6,157	6,820
Contract liabilities	13,259	14,523
Accrued expenses	1,728	1,324
Provision for bonuses	3,064	3,204
Provision for point card certificates	363	354
Deposits received from the tenant of an apartment	15,433	16,481
Other	8,774	8,653
Total current liabilities	93,615	95,514
Non-current liabilities		
Long-term borrowings	50,797	46,226
Provision for retirement benefits for directors (and other officers)	1,126	1,174
Provision for warranties for completed construction	1,176	700
Provision for loss on lease business	319	300
Deferred tax liabilities for land revaluation reserve	573	589
Retirement benefit liability	263	276
Asset retirement obligations	3,201	3,405
Other	7,716	7,220
Total non-current liabilities	65,175	59,893
Total liabilities	158,790	155,408
Net assets		
Shareholders' equity		
Share capital	11,039	11,039
Capital surplus	6,545	6,564
Retained earnings	144,836	163,688
Treasury shares	(8,173)	(13,081)
Total shareholders' equity	154,247	168,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,352	2,045
Revaluation reserve for land	1,253	1,237
Foreign currency translation adjustment	212	884
Remeasurements of defined benefit plans	3,089	2,371
Total accumulated other comprehensive income	7,908	6,538
Non-controlling interests	3,162	3,489
Total net assets	165,318	178,239
Total liabilities and net assets	324,109	333,647

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	233,408	232,978
Cost of sales	159,889	155,398
Gross profit	73,518	77,579
Selling, general and administrative expenses	43,020	44,956
Operating profit	30,498	32,622
Non-operating income		
Interest income	185	433
Dividend income	494	486
Foreign exchange gains	1,741	—
Subsidy income	266	347
Other	628	279
Total non-operating income	3,317	1,546
Non-operating expenses		
Interest expenses	233	408
Provision of allowance for doubtful accounts	44	—
Foreign exchange losses	—	232
Other	140	123
Total non-operating expenses	419	764
Ordinary profit	33,396	33,404
Extraordinary income		
Gain on sale of non-current assets	20	2,945
Gain on sale of investment securities	31	94
Other	15	—
Total extraordinary income	68	3,039
Extraordinary losses		
Loss on sale of non-current assets	2	—
Loss on retirement of non-current assets	154	358
Impairment losses	0	0
Other	27	46
Total extraordinary losses	184	405
Profit before income taxes	33,280	36,039
Income taxes - current	10,752	11,025
Income taxes - deferred	(82)	104
Total income taxes	10,670	11,129
Profit	22,609	24,909
Profit attributable to non-controlling interests	513	634
Profit attributable to owners of parent	22,095	24,274

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	22,609	24,909
Other comprehensive income		
Valuation difference on available-for-sale securities	(95)	(1,312)
Revaluation reserve for land	—	(16)
Foreign currency translation adjustment	(76)	671
Remeasurements of defined benefit plans, net of tax	2,589	(717)
Total other comprehensive income	2,417	(1,374)
Comprehensive income	25,026	23,534
Comprehensive income attributable to		
Owners of parent	24,468	22,903
Non-controlling interests	558	630

Consolidated Statements of Changes in Net Assets
Fiscal year ended March 31,2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,039	6,417	127,700	(8,173)	136,984
Changes during period					
Dividends of surplus			(4,960)		(4,960)
Profit attributable to owners of parent			22,095		22,095
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		128			128
Increase in retained earnings due to exclusion of subsidiaries from consolidation					—
Reversal of revaluation reserve for land					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	128	17,135	(0)	17,262
Balance at end of period	11,039	6,545	144,836	(8,173)	154,247

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,468	1,253	289	523	5,535	2,566	145,086
Changes during period							
Dividends of surplus					—		(4,960)
Profit attributable to owners of parent					—		22,095
Purchase of treasury shares					—		(0)
Disposal of treasury shares					—		0
Change in ownership interest of parent due to transactions with non-controlling interests					—		128
Increase in retained earnings due to exclusion of subsidiaries from consolidation					—		—
Reversal of revaluation reserve for land					—		—
Net changes in items other than shareholders' equity	(116)		(76)	2,565	2,372	596	2,969
Total changes during period	(116)	—	(76)	2,565	2,372	596	20,232
Balance at end of period	3,352	1,253	212	3,089	7,908	3,162	165,318

Fiscal year ended March 31,2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,039	6,545	144,836	(8,173)	154,247
Changes during period					
Dividends of surplus			(5,456)		(5,456)
Profit attributable to owners of parent			24,274		24,274
Purchase of treasury shares				(4,907)	(4,907)
Disposal of treasury shares					—
Change in ownership interest of parent due to transactions with non-controlling interests		18			18
Increase in retained earnings due to exclusion of subsidiaries from consolidation			36		36
Reversal of revaluation reserve for land			(0)		(0)
Net changes in items other than shareholders' equity					—
Total changes during period	—	18	18,852	(4,907)	13,963
Balance at end of period	11,039	6,564	163,688	(13,081)	168,210

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,352	1,253	212	3,089	7,908	3,162	165,318
Changes during period							
Dividends of surplus					—		(5,456)
Profit attributable to owners of parent					—		24,274
Purchase of treasury shares					—		(4,907)
Disposal of treasury shares					—		—
Change in ownership interest of parent due to transactions with non-controlling interests					—		18
Increase in retained earnings due to exclusion of subsidiaries from consolidation					—		36
Reversal of revaluation reserve for land					—		(0)
Net changes in items other than shareholders' equity	(1,307)	(16)	671	(717)	(1,369)	326	(1,042)
Total changes during period	(1,307)	(16)	671	(717)	(1,369)	326	12,920
Balance at end of period	2,045	1,237	884	2,371	6,538	3,489	178,239

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	33,280	36,039
Depreciation	6,096	6,740
Impairment losses	0	0
Loss (gain) on sale and retirement of property, plant and equipment	136	(2,586)
Increase (decrease) in allowance for doubtful accounts	(40)	109
Increase (decrease) in provision for bonuses	74	140
Increase (decrease) in net defined benefit asset and liability	(3,764)	(130)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	75	47
Interest and dividend income	(680)	(919)
Interest expenses	233	408
Foreign exchange losses (gains)	(1,741)	232
Decrease (increase) in accounts receivable - trade, and contract assets	(4,235)	5,480
Decrease (increase) in inventories	(3,786)	(14,152)
Increase (decrease) in trade payables	3,306	(1,494)
Increase (decrease) in contract liabilities	499	1,065
Increase (decrease) in accrued consumption taxes	(458)	(273)
Decrease (increase) in other current assets	(3,176)	3,774
Increase (decrease) in other current liabilities	1,886	845
Other, net	7,454	598
Subtotal	35,159	35,924
Interest and dividends received	674	834
Interest paid	(237)	(434)
Income taxes paid	(9,866)	(10,409)
Net cash provided by (used in) operating activities	25,730	25,915
Cash flows from investing activities		
Payments into time deposits	(1,250)	(3,436)
Proceeds from withdrawal of time deposits	887	348
Purchase of property, plant and equipment	(16,019)	(7,401)
Proceeds from sale of property, plant and equipment	79	3,797
Purchase of intangible assets	(1,856)	(1,772)
Purchase of investment securities	(3,600)	(1,397)
Proceeds from sale of investment securities	1,398	1,413
Loan advances	(31)	(34)
Proceeds from collection of loans receivable	36	39
Purchase of insurance funds	(313)	(272)
Other, net	(101)	(55)
Net cash provided by (used in) investing activities	(20,772)	(8,769)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	405	(1,000)
Proceeds from long-term borrowings	24,300	13,762
Repayments of long-term borrowings	(16,921)	(16,549)
Dividends paid	(4,952)	(5,457)
Dividends paid to non-controlling interests	(62)	(387)
Purchase of treasury shares	(0)	(4,907)
Payments from withdrawal of investments deposits in silent partnership	—	(848)
Other, net	259	112
Net cash provided by (used in) financing activities	3,027	(15,275)
Effect of exchange rate change on cash and cash equivalents	569	33
Net increase (decrease) in cash and cash equivalents	8,555	1,904
Cash and cash equivalents at beginning of period	78,485	86,878
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(162)	—
Cash and cash equivalents at end of period	86,878	88,782