

Fiscal 2025 First-Half Consolidated Earnings Report (Japanese GAAP)

These financial statements have been prepared for reference in accordance with accounting principles and practices generally accepted in Japan.

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Scheduled release of Fiscal 2025 First-half Business Report: August 13, 2025

Scheduled payment of dividends: September 8, 2025

Preparation of supplementary explanatory materials for quarterly earnings report: Yes

Quarterly earnings presentation: Yes

(Figures less than one million are rounded down)

1. Results for the First Half of Fiscal 2025 (From January 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results (Percentages represent changes over the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
FY2025 First Half	33,601	8.4	2,662	71.9	2,705	34.7	1,968	236.6
FY2024 First Half	30,986	(27.8)	1,548	(79.0)	2,008	(73.6)	584	(88.8)

(Note) Comprehensive income FY2025 First Half ¥(611) million [(-)%] FY2024 First Half ¥5,324 million [(41.6)%]

	Net Income Per Share	Diluted Net Income Per Share
	(¥)	(¥)
FY2025 First Half	53.06	52.90
FY2024 First Half	16.26	16.20

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	(¥ million)	(¥ million)	%
As of June 30, 2025	114,602	97,703	85.0
As of December 31, 2024	92,784	74,431	79.8

Reference: Shareholders' Equity

As of June 30, 2025 ¥97,360 million As of December 31, 2024 ¥74,038million

2. Dividends

(Note) Changes to the latest dividend forecast announced: None

	Dividends Per Share				
	1Q end	2Q end	3Q end	Year-end	Full Year
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2024	—	30.00	—	30.00	60.00
FY 2025	—	35.00			
FY 2025(projected)			—	35.00	70.00

(Note) Changes to the latest dividend forecast announced: None

3. Consolidated Outlook for the Fiscal Year Ending December 31, 2025 (From January 1, 2025 to December 31, 2025)

(Percentages represent changes over the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income Per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full Year	70,100	7.9	4,200	4.4	4,400	(2.6)	3,100	67.1	72.96

(Note) Changes to the latest consolidated results forecast announced: Yes

***Note**

- (1) Significant changes in subsidiaries during the period under review (changes in certain specified subsidiaries resulting in revised scope of consolidation): None
New company: — (Company name) , Excluded company: — (Company name)
- (2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, estimates and restatement or corrections
- (i) Changes associated with revised accounting standards: Yes
 - (ii) Changes other than those in (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Retrospective restatement: None

(4) Number of shares issued and outstanding (Common stock)

(i) Number of shares issued and outstanding at period-end (Including treasury stock)

As of June 30, 2025	48,481,334 shares	As of December 31, 2024	41,373,034 shares
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(ii) Number of treasury stock at period-end

As of June 30, 2025	617,167shares	As of December 31, 2024	9,556,102 shares
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(iii) Average number of outstanding shares (During the First Half)

As of June 30, 2025	37,111,128 shares	As of June 30, 2024	35,974,367 shares
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* This First-half earnings report is not subject to First-half reviews.

* Regarding the appropriate use of earnings projections and other noteworthy matters

The above projections are based on information available at the time of release of this report and certain assumptions the Company considers reasonable. The Company does not promise that these projections will be achieved. Actual results may differ materially from projections due to a variety of factors. For information regarding the assumptions and other matters related to earnings projections in this report, refer to "(3) Explanation of the Consolidated Earnings Projections and Other Forecasts" under "1. Overview of Operating Results and Financial Position " on page 2.

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1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for the First Half of the Fiscal Year Ending December 31, 2025

During the first half of fiscal 2025, the fiscal year ending December 31, 2025, the global economy as a whole exhibited a moderate recovery trend on the back of the economic stimulus measures put forward by a number of major countries. Despite the aforementioned, the economic outlook remained uncertain due to a variety of factors, including growing anxiety over the future of trade policies in the U.S. and prolonged geopolitical risks stemming from conditions in Ukraine and the Middle East.

In each of the major markets in which the Star Micronics Group operates, while demand for the Group's mainstay machine tools was weak in the domestic market, trends overseas showed signs of a recovery mainly in China with partial movement also in the U.S. and Europe. In addition, demand for POS printers continued to exhibit a positive turnaround in the mainstay U.S. market.

Under these circumstances, with the Group overall being affected by the strong yen, the Star Micronics Group recorded sales of ¥33,601 million in the first half of the fiscal year under review, up 8.4% compared with the corresponding period of the previous fiscal year. This was mainly due to the upswing in sales of both machine tools and special products. From a profit perspective, operating income jumped 71.9% year on year, to ¥2,662 million buoyed by such factors as the increase in sales. Ordinary income came in at ¥2,705 million, up 34.7%, and net income attributable to owners of parent totaled ¥1,968 million, up 236.6% compared with the corresponding period of the previous fiscal year.

Performance by segment was as follows:

Please note that the order in which reportable segments are listed has been changed effective from the current interim consolidated accounting period.

(Machine Tools)

Sales of CNC automatic lathes increased mainly in the U.S. and Chinese markets. Looking at trends by geographical region, orders and sales saw a temporary improvement in the U.S. following the presidential election in November last year, resulting in higher sales. At the same time, sales in the Asian market increased, centered on China, owing to the government's measures aimed at expanding domestic demand and an upswing in new component processing needs. In Japan, sales increased amid lackluster market conditions. Meanwhile, sales in the European market declined owing to a variety of factors, including sluggish trends in major countries centered on Germany.

Accounting for each of these factors, sales in the Machine Tools segment climbed 3.2% compared with the corresponding period of the previous fiscal year, to ¥25,870 million. From a profit perspective, operating income increased substantially, growing 25.4% compared with the corresponding period of the previous fiscal year, to ¥3,139 million.

(Special Products)

Sales of POS printers increased mainly in the U.S. market. By geographical segment, sales in the U.S. market increased substantially as distribution inventories returned to appropriate levels from the second half of the previous fiscal year and demand for mPOS remained firm. Meanwhile, sales decreased owing to such factors as sluggish trends in the ability to capture large-lot orders in the European market and generally weak market conditions in Japan.

Based on each of the aforementioned, sales in the Special Products segment increased 30.4% year on year to ¥7,731 million, while operating income jumped substantially to ¥794 million, compared with an operating loss of ¥14 million in the corresponding period of the previous fiscal year.

(2) Over of Financial Position for the First Half of the Fiscal Year Ending December 31, 2025

Total assets as of the end of the first half of the fiscal year under review stood at ¥114,602 million, an increase of ¥21,817 million compared with the end of the previous fiscal year. This was largely due to the increase in cash and deposits as well as property, plant and equipment. Total liabilities stood at ¥16,899 million, a decrease of ¥1,454 million compared with the previous fiscal year-end. Despite the increase in trade notes and accounts payable, this downturn was mainly attributable to the decrease in short-term borrowings. Total net assets increased ¥23,272 million compared with the end of the previous fiscal year, to ¥97,703 million, due to a variety of factors, including upswings in capital stock and capital surplus following the issuance of new shares through third-party allotment.

(3) Explanation of the Consolidated Earnings Projections and Other Forecasts

As far as earnings projections are concerned, STAR MICRONICS CO., LTD. revised its business results forecasts for the full fiscal year previously announced on February 12, 2025 after taking into account such factors as operating results for the first half of the fiscal year under review. For details, please refer to the press release titles "Notice Regarding Differences between Business Results Forecasts and Financial Results for the First Half of the Fiscal Year Ending December 31, 2025 and Revisions to Full Fiscal Year Earnings Forecasts" issued separately today (August 12, 2025).

2. Interim Consolidated Financial Statements and Major Notes

(1) Interim Consolidated Balance Sheet

(Unit: Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	23,619,570	35,455,317
Trade notes and accounts receivable	20,170,101	21,959,452
Merchandise and finished goods	14,169,299	14,439,051
Work in process	4,714,009	5,804,254
Raw materials and supplies	3,683,213	3,319,861
Other	2,089,074	4,585,503
Allowance for doubtful accounts	(115,494)	(101,677)
Total current assets	68,329,773	85,461,761
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,086,884	7,394,520
Machinery, equipment and vehicles, net	3,420,113	3,188,206
Tools, furniture and fixtures, net	1,488,769	1,337,791
Land	2,491,261	2,712,615
Lease assets, net	53,595	53,646
Construction in progress	3,553,245	8,024,797
Other, net	1,227,754	1,017,082
Total property, plant and equipment	19,321,624	23,728,661
Intangible assets		
Other	1,257,955	1,232,301
Total intangible assets	1,257,955	1,232,301
Investments and other assets		
Investment securities	903,529	1,149,830
Deferred tax assets	432,566	426,058
Net defined benefit asset	2,053,971	2,130,231
Other	485,216	473,495
Total investments and other assets	3,875,284	4,179,615
Total non-current assets	24,454,865	29,140,578
Total assets	92,784,638	114,602,340

(Unit: Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Trade notes and accounts payable	5,827,719	6,758,134
Electronically recorded obligations-operating	532,489	436,073
Short-term borrowings	2,000,000	—
Current portion of long-term bank loans	8,315	—
Lease obligations	22,495	22,543
Income taxes payable	540,901	455,548
Contract liabilities	534,935	267,486
Provision for bonuses	696,107	1,011,777
Provision for directors' bonuses	—	17,339
Other	5,648,525	5,683,511
Total current liabilities	15,811,490	14,652,414
Non-current liabilities		
Lease obligations	37,243	37,138
Net defined benefit liability	425,853	426,678
Other	2,078,972	1,782,845
Total non-current liabilities	2,542,070	2,246,662
Total liabilities	18,353,560	16,899,077
Net assets		
Shareholders' equity		
Capital stock	12,721,939	25,221,980
Capital surplus	10,171,152	16,435,538
Retained earnings	55,127,327	46,853,394
Treasury stock	(16,481,370)	(1,067,400)
Total shareholders' equity	61,539,049	87,443,512
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	149,641	129,233
Foreign currency translation adjustments	11,248,444	8,749,256
Remeasurements of defined benefit plans	1,101,414	1,038,365
Total accumulated other comprehensive income	12,499,500	9,916,855
Stock acquisition rights	284,436	240,017
Noncontrolling interests	108,091	102,877
Total net assets	74,431,078	97,703,263
Total liabilities and net assets	92,784,638	114,602,340

(2) Interim Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Interim Consolidated Statement of Income)

(First half period)

(Unit: Thousands of yen)

	First half period from January 1, 2024 to June 30, 2024, of FY2024	First half period from January 1, 2025 to June 30, 2025, of FY2025
Net sales	30,986,591	33,601,891
Cost of sales	19,961,796	20,432,092
Gross profit	11,024,795	13,169,799
Selling, general and administrative expenses	9,476,044	10,507,508
Operating income	1,548,751	2,662,290
Non-operating income		
Interest income	158,197	129,138
Foreign exchange gain	262,001	95,400
Rent income	20,582	20,784
Miscellaneous income	42,873	140,974
Total non-operating income	483,655	386,297
Non-operating expenses		
Interest expense	17,038	24,401
Share issuance costs	—	278,144
Miscellaneous loss	6,735	41,022
Total non-operating expenses	23,773	343,568
Ordinary income	2,008,632	2,705,019
Extraordinary income		
Gain on sales of non-current assets	4,134	11,841
Total extraordinary income	4,134	11,841
Extraordinary losses		
Loss on disposal of non-current assets	80,593	44,385
Total extraordinary losses	80,593	44,385
Income before income taxes	1,932,174	2,672,475
Income taxes-current	730,391	814,675
Income taxes-deferred	631,717	(125,917)
Total income taxes	1,362,108	688,758
Net income	570,065	1,983,717
Net income(loss) attributable to noncontrolling interests	(14,884)	14,734
Net income attributable to owners of parent	584,950	1,968,983

(Interim Consolidated Statement of Comprehensive Income)
(First half period)

(Unit: Thousands of yen)

	First half period from January 1, 2024 to June 30, 2024, of FY2024	First half period from January 1, 2025 to June 30, 2025, of FY2025
Net income	570,065	1,983,717
Other comprehensive income		
Valuation difference on available-for-sale securities	51,166	(20,407)
Foreign currency translation adjustments	4,776,437	(2,524,910)
Remeasurements of defined benefit plans	(77,351)	(63,049)
Share of other comprehensive income of entities	3,739	13,092
Total other comprehensive income	4,753,991	(2,595,275)
Comprehensive income	5,324,056	(611,558)
(Total comprehensive income attributable to:)		
Owners of parent	5,320,845	(613,662)
Noncontrolling interests	3,211	2,104

(3) Notes to Interim Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

Application of the Accounting Standard for Current Income Taxes, etc.

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standard of 2022”), etc. since the beginning of the six-month period ended June 30, 2025.

With regard to the revision concerning where to recognize current income taxes (taxes on other comprehensive income), the Company has followed the transitional treatments provided for in the proviso clause of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatments provided for in proviso clause of paragraph 65-2(2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the “Revised Implementation Guidance of 2022”). This change in accounting policies has no impact on the Interim consolidated financial statements.

As for the revision related to the change in the treatment in consolidated financial statements of tax deferral of gain on sale of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Revised Implementation Guidance of 2022 since the beginning of the six months ended June 30, 2025. This change in accounting policies has been applied retrospectively, and the interim consolidated financial statements for the six-month period ended June 30, 2024 and the consolidated financial statements for the fiscal year ended December 31, 2024 have been restated accordingly. This change in accounting policies has no impact on the Interim consolidated financial statements for the six-month period ended June 30, 2024 or the consolidated financial statements for the fiscal year ended December 31, 2024.

(Note on Significant Changes in Shareholders' Equity Accounts)

In accordance with a resolution passed by the Board of Directors during a meeting held on May 14, 2024, the Company acquired 93,000 shares of its own common stock over the period between January 1, 2025 to January 17, 2025. In addition, the Company cancelled 9,000,000 shares of treasury stock on April 21, 2025 and newly issued 16,108,300 shares of common stock through a third party allotment on May 27, 2025 pursuant to a resolution passed by the Board of Directors during a meeting held on April 7, 2025. Taking into account the negative other capital surplus balance following the aforementioned cancellation of treasury stock, STAR MICRONICS CO., LTD. set its other capital surplus balance at zero by deducting the negative amount from retained earnings. As a result, capital stock increased ¥12,500,040 thousand, capital surplus climbed ¥ 6,254,449 thousand, retained earnings decreased ¥ 9,288,408 thousand, and treasury stock fell ¥15,358,806 thousand during the interim period of the fiscal year ending December 31, 2025. Taking each of the aforementioned into consideration, the balance of capital stock, capital surplus, retained earnings, and treasury stock stood at ¥25,221,980 thousand, ¥16,435,538 thousand, ¥46,853,394 thousand, and ¥1,067,400 thousand, respectively, as of June 30, 2025.

(Note on Going Concern Assumption)

Not applicable