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November 8, 2022

## Consolidated Financial Results for the Six Months Ended September 30, 2022 (Under Japanese GAAP)

Company name: S.T. CORPORATION  
 Listing: Tokyo Stock Exchange  
 Securities code: 4951  
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 Scheduled date to file quarterly securities report: November 14, 2022  
 Scheduled date to commence dividend payments: December 9, 2022  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None (video streaming only)

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

### 1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Six months 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	%
September 30, 2022	23,448	(0.1)	1,649	(36.2)	1,846	(32.0)	1,218	(34.0)
September 30, 2021	23,478	—	2,584	—	2,716	—	1,845	—

Note: Comprehensive income For the six months ended September 30, 2022: ¥1,275 million [(14.3)%]  
 For the six months ended September 30, 2021: ¥1,488 million [—%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	54.80	—
September 30, 2021	83.05	83.03

Notes: 1. Figures for the six months ended September 30, 2022, are the figures after applying “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and relevant ASBJ regulations. The percentage of year-on-year change is not shown.  
 2. Diluted earnings per share for the six months ended September 30, 2022, are not given since there are no dilutive shares.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2022	45,613	32,623	70.3	1,441.55
March 31, 2022	44,402	31,847	70.4	1,407.03

Reference: Equity  
 As of September 30, 2022: ¥32,061 million  
 As of March 31, 2022: ¥31,274 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, 2022	–	19.00	–	19.00	38.00
Fiscal year ending March 31, 2023	–	20.00			
Fiscal year ending March 31, 2023 (forecast)			–	20.00	40.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(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
Fiscal year ending March 31, 2023	47,500	4.5	2,550	(21.6)	2,850	(18.1)	1,900	71.3	85.48

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

Newly included: – companies

Excluded: – companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(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: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For more details, please refer to the section of “Changes in accounting policies” under “(4) Notes to quarterly consolidated financial statements” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 9 of the attached material.

(4) Number of issued shares (common shares)

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

As of September 30, 2022	23,000,000 shares
As of March 31, 2022	23,000,000 shares

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

As of September 30, 2022	759,170 shares
As of March 31, 2022	772,820 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	22,240,850 shares
Six months ended September 30, 2021	22,220,190 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

Caution regarding forward-looking statements and others

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company’s actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. Please refer to “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” of “1. Qualitative information on quarterly consolidated financial results” on page 3 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

Change in presentation of amounts

Amounts given on the Company’s quarterly consolidated financial statements and other items were previously rounded down to thousands, but starting from the first quarter of the current fiscal year and the three months ended June 30, 2022, figures are rounded down to millions.

To make comparisons easier, figures for the previous fiscal year and the six months ended September 30, 2021, have also been rounded down to millions.

Method of obtaining the supplementary material on quarterly financial results

We intend to post the supplementary material on quarterly financial results to the “Investors” page of our corporate website soon after the announcement of the financial results for the six months ended September 30, 2022, on Tuesday, November 8, 2022.

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## 1. Qualitative information on quarterly consolidated financial results

### (1) Explanation of operating results

During the six months ended September 30, 2022, the Japanese economy showed signs of recovery as the status of the novel coronavirus disease (COVID-19) improved moderately and economic and social activities started to normalize. On the other hand, a sense of uncertainty about the future persists as there are concerns surrounding the impact of energy resource and raw material price hikes, etc., on personal consumption, owing to the continuing war in Ukraine and the rapid depreciation in the yen amid widening differences in interest rates in Japan and the US.

Under these circumstances, the Group has been taking action to enable its sustainable growth under its strategy of brand value management through initiatives that involve “drastic review of the existing business profit structure,” “concentrated resources in growth areas,” “clarification of business development systems,” and “formulation and disclosure of long-term ESG strategies.”

For the six months ended September 30, 2022, the Group’s net sales amounted to 23,448 million yen (down 0.1% year on year) owing to a decline in Cloth Care sales as late summer heat resulted in seasonal wardrobe updates being pushed back, despite growth in Thermal Care shipments.

As for profit, operating profit was 1,649 million yen (down 36.2% year on year), because of a rise in procurement costs caused by yen depreciation and an increase in selling, general and administrative expenses due to strategic marketing expenses for growth, and ordinary profit was 1,846 million yen (down 32.0% year on year) and profit attributable to owners of parent was 1,218 million yen (down 34.0% year on year), as the share of profit of entities accounted for using equity method improved.

Given that the Group operates a single segment of the daily necessities business, operating results by business category are as follows.

In the Air Care (Air Fresheners and Deodorizers) category, we have been engaging in efforts that involve striving for more consistent sales of our existing mainstay products and developing high value-added products. Even though there was stagnant growth in sales of Shoshu-Riki for entrances and living rooms, an existing core product, Shoshu-Riki Natulief Reed Diffuser for entrances and living rooms, a new high value-added aromatic product, contributed to sales and sales of products with high unit price and high added value, such as Shoshu-Riki Premium Aroma for entrances and living rooms in the Premium Aroma series, were firm. Therefore, net sales were 10,711 million yen (up 0.2% year on year).

In the Cloth Care (Mothproofing Agents) category, we are strengthening the Mushuda series by updating the product lineup and are moving forward with efforts to expand sales of Mushuda mite repellent. However, sales of existing core products, including Mushuda for Drawers and Clothes Cases and Neopara Ace, declined because sales activities targeting seasonal wardrobe updates of this spring were launched earlier than normal and the late summer heat resulted in seasonal wardrobe updates being pushed back this fall, resulting in net sales of 4,436 million yen (down 7.3% year on year).

For the Thermal Care (Disposable Warmers) category, we are focusing on expanding awareness and strengthening the lineup of the existing Onpax brand. In the fall, we launched sales of the Haru-Onpax Airy (adhesive type) value-added line, which achieves a new level of “lightness” and “thinness.” Thanks mainly to an increase in sales of adhesive-type disposable warmers, net sales were 1,113 million yen (up 23.6% year on year).

In the Hand Care (Household Gloves) category, we worked to expand sales of Family gloves for home use. Although sales of industrial-use gloves, etc., grew, the selling price was revised downward, and demand driven by greater awareness of hygiene weakened, resulting in net sales of 2,888 million yen (down 0.5% year on year).

In the Humidity Care (Dehumidifiers) category, we moved forward with a shift toward high value-added products by strengthening the Bincho-tan series and Dry Pet Clear products in order to prevent them from becoming mere commodities. Thanks mainly to growth in sales of tank-type dehumidifiers, net sales were 1,940 million yen (up 1.3% year on year).

In the Home Care (Others) category, we have been aggressively promoting efforts to enter new business fields, which has included developing the Senjo-Riki and Kome-Touban brands. In addition to firm sales of Kome-Touban, which prevents bugs in rice, our entry into the growing pet care products market and the spring introduction of Shinsenban, a new product that maintains the freshness of vegetables, contributed to sales, resulting in net sales of 2,358 million yen (up 3.2% year on year).

Category	Net sales (Millions of yen)	Composition (%)	Year-on-year (%)
Air Care (Air Fresheners and Deodorizers)	10,711	45.7	0.2
Cloth Care (Mothproofing Agents)	4,436	18.9	(7.3)
Thermal Care (Disposable Warmers)	1,113	4.7	23.6
Hand Care (Household Gloves)	2,888	12.3	(0.5)
Humidity Care (Dehumidifiers)	1,940	8.3	1.3
Home Care (Others)	2,358	10.1	3.2
Total	23,448	100.0	(0.1)

## (2) Explanation of financial position

Total assets as of September 30, 2022, stood at 45,613 million yen, increased by 1,211 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include a decrease in cash and deposits of 821 million yen and an increase in notes and accounts receivable - trade of 1,998 million yen.

Liabilities were 12,990 million yen, an increase of 435 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include an increase of electronically recorded obligations - operating of 471 million yen, an increase of notes and accounts payable - trade of 461 million yen, and a decrease of accounts payable - other of 493 million yen.

Net assets were 32,623 million yen, increased by 776 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include an increase in retained earnings of 826 million yen, and a decrease in valuation difference on available-for-sale securities of 139 million yen.

Consequently, equity amounted to 32,061 million yen and the equity ratio was 70.3%, decreased by 0.1 percentage points from the end of the previous fiscal year.

### Consolidated cash flows

Cash and cash equivalents as of September 30, 2022, stood at 11,019 million yen, decreased by 823 million yen from the end of the previous fiscal year.

The main contributing factors affecting the respective cash flows during the six months ended September 30, 2022 are as follows.

#### 1) Cash flows from operating activities

Net cash provided by operating activities was 420 million yen (compared with 1,842 million yen used in the same period of the previous fiscal year). The major inflows were profit before income taxes of 1,811 million yen, increase in trade payables of 888 million yen, and depreciation of 701 million yen, while the major outflows were an increase in trade receivables of 1,934 million yen, an increase in inventories of 336 million yen, and income taxes paid of 311 million yen.

#### 2) Cash flows from investing activities

Net cash used in investing activities was 889 million yen (compared with 873 million yen used in the same period of the previous fiscal year). The major outflows were purchase of property, plant and equipment of 696 million yen, and purchase of intangible assets of 170 million yen.

#### 3) Cash flows from financing activities

Net cash used in financing activities was 420 million yen (compared with 428 million yen used in the same period of the previous fiscal year). The major outflow was dividends paid of 427 million yen.

## (3) Explanation of consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts are unchanged from the forecasts for the fiscal year ending March 31, 2023 announced in the financial results report released on April 26, 2022.

The consolidated earnings forecasts are determined by the Company based on information available as of the date of this material's release. Actual results may differ from the forecast figures due to various factors going forward.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	11,887	11,066
Notes and accounts receivable - trade	5,802	7,801
Merchandise and finished goods	6,616	6,716
Work in process	187	272
Raw materials and supplies	989	1,206
Other	656	516
Allowance for doubtful accounts	(34)	(45)
Total current assets	26,105	27,534
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,209	4,144
Machinery, equipment and vehicles, net	1,728	1,809
Tools, furniture and fixtures, net	229	224
Land	3,593	3,609
Leased assets, net	202	219
Construction in progress	156	63
Total property, plant and equipment	10,120	10,070
Intangible assets		
Other	1,444	1,423
Total intangible assets	1,444	1,423
Investments and other assets		
Investment securities	5,653	5,470
Long-term loans receivable	5	4
Retirement benefit asset	7	7
Deferred tax assets	452	504
Other	613	597
Total investments and other assets	6,731	6,584
Total non-current assets	18,296	18,079
<b>Total assets</b>	<b>44,402</b>	<b>45,613</b>

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,195	2,656
Electronically recorded obligations - operating	2,835	3,307
Short-term borrowings	413	494
Lease liabilities	49	62
Accounts payable - other	1,802	1,308
Accrued expenses	685	614
Income taxes payable	423	648
Accrued consumption taxes	93	169
Electronically recorded obligations - non-operating	179	68
Other	2,023	1,881
Total current liabilities	10,700	11,213
Non-current liabilities		
Lease liabilities	94	110
Deferred tax liabilities for land revaluation	262	262
Provision for retirement benefits for directors (and other officers)	107	100
Provision for share awards for directors (and other officers)	81	76
Retirement benefit liability	1,301	1,214
Other	6	12
Total non-current liabilities	1,853	1,776
Total liabilities	12,554	12,990
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,065	7,065
Capital surplus	7,047	7,047
Retained earnings	16,978	17,804
Treasury shares	(1,020)	(1,002)
Total shareholders' equity	30,070	30,913
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,866	1,727
Revaluation reserve for land	(537)	(537)
Foreign currency translation adjustment	(177)	(90)
Remeasurements of defined benefit plans	52	48
Total accumulated other comprehensive income	1,204	1,147
Non-controlling interests	573	562
Total net assets	31,847	32,623
Total liabilities and net assets	44,402	45,613



**(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**  
**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	23,478	23,448
Cost of sales	13,522	14,045
Gross profit	9,956	9,402
Selling, general and administrative expenses	7,371	7,752
Operating profit	2,584	1,649
Non-operating income		
Interest income	3	3
Dividend income	77	76
Purchase discounts	68	63
Share of profit of entities accounted for using equity method	–	2
Other	56	76
Total non-operating income	206	223
Non-operating expenses		
Interest expenses	2	2
Share of loss of entities accounted for using equity method	22	–
Foreign exchange losses	42	14
Other	7	8
Total non-operating expenses	74	26
Ordinary profit	2,716	1,846
Extraordinary income		
Gain on sale of non-current assets	–	0
Gain on reversal of share acquisition rights	0	–
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	20	1
Loss on disaster	–	33
Total extraordinary losses	20	34
Profit before income taxes	2,696	1,811
Income taxes - current	772	528
Income taxes - deferred	17	10
Total income taxes	789	539
Profit	1,906	1,272
Profit attributable to non-controlling interests	61	53
Profit attributable to owners of parent	1,845	1,218

**Quarterly consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,906	1,272
Other comprehensive income		
Valuation difference on available-for-sale securities	(546)	(139)
Foreign currency translation adjustment	121	139
Remeasurements of defined benefit plans, net of tax	0	(4)
Share of other comprehensive income of entities accounted for using equity method	7	7
Total other comprehensive income	(417)	3
Comprehensive income	1,488	1,275
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,381	1,162
Comprehensive income attributable to non-controlling interests	107	113

**(3) Quarterly consolidated statement of cash flows**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,696	1,811
Depreciation	549	701
Amortization of goodwill	48	–
Loss on disaster	–	33
Gain on reversal of share acquisition rights	(0)	–
Loss (gain) on sale and retirement of non-current assets	20	1
Increase (decrease) in allowance for doubtful accounts	13	11
Increase (decrease) in retirement benefit liability	(16)	(103)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	–	(6)
Increase (decrease) in provision for share awards for directors (and other officers)	6	(5)
Interest and dividend income	(81)	(80)
Interest expenses	2	2
Foreign exchange losses (gains)	29	(50)
Share of loss (profit) of entities accounted for using equity method	22	(2)
Decrease (increase) in trade receivables	(2,152)	(1,934)
Decrease (increase) in inventories	(1,584)	(336)
Increase (decrease) in trade payables	(295)	888
Increase (decrease) in accrued consumption taxes	(334)	76
Other, net	(161)	(352)
<b>Subtotal</b>	<b>(1,240)</b>	<b>654</b>
Interest and dividends received	81	80
Interest paid	(2)	(2)
Income taxes refund (paid)	(680)	(311)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,842)</b>	<b>420</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(556)	(696)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(266)	(170)
Purchase of investment securities	(49)	(5)
Other, net	(1)	(17)
<b>Net cash provided by (used in) investing activities</b>	<b>(873)</b>	<b>(889)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(0)	30
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	23	–
Dividends paid	(425)	(427)
Other, net	(25)	(23)
<b>Net cash provided by (used in) financing activities</b>	<b>(428)</b>	<b>(420)</b>
Effect of exchange rate change on cash and cash equivalents	65	66
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,079)</b>	<b>(823)</b>
Cash and cash equivalents at beginning of period	11,831	11,843
<b>Cash and cash equivalents at end of period</b>	<b>8,752</b>	<b>11,019</b>

**(4) Notes to quarterly consolidated financial statements**

**Notes on going concern assumption**

Not applicable.

**Notes when there are significant changes in amounts of shareholders' equity**

Not applicable.

**Application of specific accounting for preparing the quarterly consolidated financial statements**

No important matter to be stated.

**Changes in accounting policies**

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) (hereinafter, "Fair Value Measurement Accounting Standard Implementation Guidance") from the beginning of the first quarter of the current fiscal year, and decided to apply new accounting standards set forth in the Fair Value Measurement Accounting Standard Implementation Guidance prospectively in accordance with the transitional treatment provided for in paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance.

The application of the above guidance does not have any impact on the quarterly consolidated financial statements.

**Segment information**

Six months ended September 30, 2021 and six months ended September 30, 2022

This information is omitted as the Group operates the daily necessities segment as a single segment.