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February 7, 2023

Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4951
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 Scheduled date to file quarterly securities report: February 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2022	35,664	1.1	2,263	(25.8)	2,556	(20.7)	1,666	(24.1)
December 31, 2021	35,277	–	3,049	–	3,222	–	2,195	–

Note: Comprehensive income For the nine months ended December 31, 2022: ¥1,805 million [20.5%]
 For the nine months ended December 31, 2021: ¥1,497 million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	74.94	–
December 31, 2021	98.79	98.78

Notes: 1. Figures for the nine months ended December 31, 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 nine months ended December 31, 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
December 31, 2022	45,387	32,702	70.8	1,444.60
March 31, 2022	44,402	31,847	70.4	1,407.03

Reference: Equity
 As of December 31, 2022: ¥32,129 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 “(3) Notes to quarterly consolidated financial statements” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 8 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 December 31, 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 December 31, 2022	759,200 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)

Nine months ended December 31, 2022	22,240,835 shares
Nine months ended December 31, 2021	22,222,562 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 of yen, 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 of yen.

To make comparisons easier, figures for the previous fiscal year and the nine months ended December 31, 2021, have also been rounded down to millions of yen.

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 nine months ended December 31, 2022, on Tuesday, February 7, 2023.

o Attached Material Index

1. Qualitative information on quarterly consolidated financial results	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position	3
(3) Explanation of consolidated earnings forecasts and other forward-looking statements	3
2. Quarterly consolidated financial statements and significant notes thereto.....	4
(1) Quarterly consolidated balance sheet.....	4
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income	6
Quarterly consolidated statement of income (cumulative).....	6
Quarterly consolidated statement of comprehensive income (cumulative).....	7
(3) Notes to quarterly consolidated financial statements	8
Notes on going concern assumption.....	8
Notes when there are significant changes in amounts of shareholders' equity	8
Application of specific accounting for preparing the quarterly consolidated financial statements	8
Changes in accounting policies	8
Segment information.....	8

1. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the nine months ended December 31, 2022, the Japanese economy showed signs of recovery as restrictions on movement within Japan were relaxed and economic and social activities started to normalize amid the continuous impact of the novel coronavirus disease (COVID-19). 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 confusion associated with the easing of zero-COVID measures in China.

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 nine months ended December 31, 2022, the Group’s net sales amounted to 35,664 million yen (up 1.1% year on year) owing to growth in Thermal Care despite a fall-off in Cloth Care.

As for profit, operating profit was 2,263 million yen (down 25.8% 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 2,556 million yen (down 20.7% year on year) and profit attributable to owners of parent was 1,666 million yen (down 24.1% year on year), as the share of loss (profit) of entities accounted for using equity method and foreign exchange losses (gains) 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. Shoshu-Riki Natulief Reed Diffuser for entrances and living rooms, a new product that uses authentic botanical aroma formulation and is environmentally sound using paper sticks, etc., contributed to sales thanks to digital promotion, 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, although there was a stagnant growth in sales of Shoshu-Riki for entrances and living rooms, an existing core product, and a decline in sales of Shoshu-Riki DEOX for Toilet. Therefore, net sales were 15,667 million yen (down 0.8% 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 activities targeting seasonal wardrobe updates of last spring were launched earlier than normal, and sales of existing core products, including Mushuda for Drawers and Clothes Cases and Mushuda for Closets, declined, resulting in net sales of 5,649 million yen (down 3.7% 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 and an increase in exports to overseas, net sales were 4,175 million yen (up 14.2% year on year).

In the Hand Care (Household Gloves) category, we worked to expand sales of Family gloves for home use. The selling price was revised due to a reduction in prices. In addition, growth in sales of industrial-use gloves, etc., and strong sales in overseas subsidiaries resulted in net sales of 4,373 million yen (up 2.0% 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 2,464 million yen (up 2.1% 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. The firm sales of Kome-Touban, which prevents bugs in rice, through integrated deployment of TV commercials and SNS, the launch of the system toilet series for cats that solve odor problems into the growing pet care products market, and Shinsenban, a new product that maintains the freshness of vegetables that was launched last spring, contributed to sales, resulting in net sales of 3,332 million yen (up 2.3% year on year).

Category	Net sales (Millions of yen)	Composition (%)	Year-on-year (%)
Air Care (Air Fresheners and Deodorizers)	15,667	43.9	(0.8)
Cloth Care (Mothproofing Agents)	5,649	15.8	(3.7)
Thermal Care (Disposable Warmers)	4,175	11.7	14.2
Hand Care (Household Gloves)	4,373	12.3	2.0
Humidity Care (Dehumidifiers)	2,464	6.9	2.1
Home Care (Others)	3,332	9.4	2.3
Total	35,664	100.0	1.1

(2) Explanation of financial position

Total assets as of December 31, 2022, stood at 45,387 million yen, increased by 985 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include an increase in cash and deposits of 1,633 million yen, an increase in notes and accounts receivable - trade of 876 million yen, and a decrease in merchandise and finished goods of 1,071 million yen.

Liabilities were 12,685 million yen, an increase of 130 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 493 million yen, an increase of notes and accounts payable - trade of 414 million yen, and a decrease of accounts payable - other of 535 million yen.

Net assets were 32,702 million yen, increased by 855 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 823 million yen.

Consequently, equity amounted to 32,129 million yen and the equity ratio was 70.8%, increased by 0.4 percentage points from the end of the previous fiscal year.

(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 December 31, 2022
Assets		
Current assets		
Cash and deposits	11,887	13,520
Notes and accounts receivable - trade	5,802	6,679
Merchandise and finished goods	6,616	5,545
Work in process	187	279
Raw materials and supplies	989	1,136
Other	656	468
Allowance for doubtful accounts	(34)	(37)
Total current assets	26,105	27,592
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,209	4,094
Machinery, equipment and vehicles, net	1,728	1,686
Tools, furniture and fixtures, net	229	189
Land	3,593	3,607
Leased assets, net	202	199
Construction in progress	156	66
Total property, plant and equipment	10,120	9,843
Intangible assets		
Other	1,444	1,393
Total intangible assets	1,444	1,393
Investments and other assets		
Investment securities	5,653	5,612
Long-term loans receivable	5	4
Retirement benefit asset	7	7
Deferred tax assets	452	327
Other	613	606
Total investments and other assets	6,731	6,557
Total non-current assets	18,296	17,795
Total assets	44,402	45,387

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,195	2,609
Electronically recorded obligations - operating	2,835	3,328
Short-term borrowings	413	492
Lease liabilities	49	62
Accounts payable - other	1,802	1,267
Accrued expenses	685	403
Income taxes payable	423	307
Accrued consumption taxes	93	294
Electronically recorded obligations - non-operating	179	10
Other	2,023	2,129
Total current liabilities	10,700	10,906
Non-current liabilities		
Lease liabilities	94	94
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	81
Retirement benefit liability	1,301	1,221
Other	6	17
Total non-current liabilities	1,853	1,778
Total liabilities	12,554	12,685
Net assets		
Shareholders' equity		
Share capital	7,065	7,065
Capital surplus	7,047	7,047
Retained earnings	16,978	17,801
Treasury shares	(1,020)	(1,002)
Total shareholders' equity	30,070	30,911
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,866	1,818
Revaluation reserve for land	(537)	(537)
Foreign currency translation adjustment	(177)	(109)
Remeasurements of defined benefit plans	52	46
Total accumulated other comprehensive income	1,204	1,217
Non-controlling interests	573	573
Total net assets	31,847	32,702
Total liabilities and net assets	44,402	45,387

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	35,277	35,664
Cost of sales	21,297	22,089
Gross profit	13,980	13,574
Selling, general and administrative expenses	10,930	11,311
Operating profit	3,049	2,263
Non-operating income		
Interest income	4	4
Dividend income	112	112
Purchase discounts	99	92
Share of profit of entities accounted for using equity method	-	3
Foreign exchange gains	-	4
Other	62	91
Total non-operating income	277	308
Non-operating expenses		
Interest expenses	3	3
Share of loss of entities accounted for using equity method	34	-
Foreign exchange losses	55	-
Depreciation of inactive non-current assets	5	4
Other	6	6
Total non-operating expenses	104	14
Ordinary profit	3,222	2,556
Extraordinary income		
Gain on sale of non-current assets	0	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	26	2
Loss on disaster	-	33
Total extraordinary losses	26	35
Profit before income taxes	3,195	2,521
Income taxes - current	721	637
Income taxes - deferred	181	148
Total income taxes	903	785
Profit	2,292	1,735
Profit attributable to non-controlling interests	97	69
Profit attributable to owners of parent	2,195	1,666

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	2,292	1,735
Other comprehensive income		
Valuation difference on available-for-sale securities	(864)	(48)
Foreign currency translation adjustment	68	120
Remeasurements of defined benefit plans, net of tax	0	(6)
Share of other comprehensive income of entities accounted for using equity method	0	3
Total other comprehensive income	(794)	69
Comprehensive income	1,497	1,805
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,357	1,680
Comprehensive income attributable to non-controlling interests	140	125

(3) 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

Nine months ended December 31, 2021 and nine months ended December 31, 2022

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