

Year Ended May 26, 2023 (76th Term)

Financial Results Briefing

May 9, 2023

S.T. Corporation

Takako Suzuki, President & CEO



Report on the Financial Results Summary for the 76th Term

- **Net sales grew from the previous year, although the sales of the core business fell below the forecast.**
- **Operating profit dropped.**
The increase in product prices could not cover the rise in ratio of cost of sales due to the skyrocketing of costs and the loss on valuation of inventory.
- **Profit increased.**
In the previous year, there was an impact of extraordinary losses.

Net sales and profit increased

	Consolidated	Sales ratio	Vs. Forecast	YOY
Net sales	¥45.6 bn	-	95.9%	100.2%
Operating profit	¥2.4 bn	5.3%	94.7%	74.3%
Ordinary profit	¥2.7 bn	6.0%	95.8%	78.4%
Profit attributable to owners of parent	¥1.8 bn	4.0%	96.2%	164.9%
Comprehensive income attributable to owners of parent	¥2.0 bn			

Dividend: ¥40 (¥38 in the previous fiscal year)

Highlights of the Business Performance in FY3/23

<Consolidated>

	FY3/23		
	Actual	Sales ratio	YOY
Net sales	¥45.6 bn	-	100.2%
Cost of sales	¥28.6 bn	62.8%	103.5%
Gross profit	¥17.0 bn	37.2%	95.2%
Selling, general and administrative expenses	¥14.5 bn	31.9%	99.9%
Operating profit	¥2.4 bn	5.3%	74.3%

Highlights of the Business Performance in FY3/23

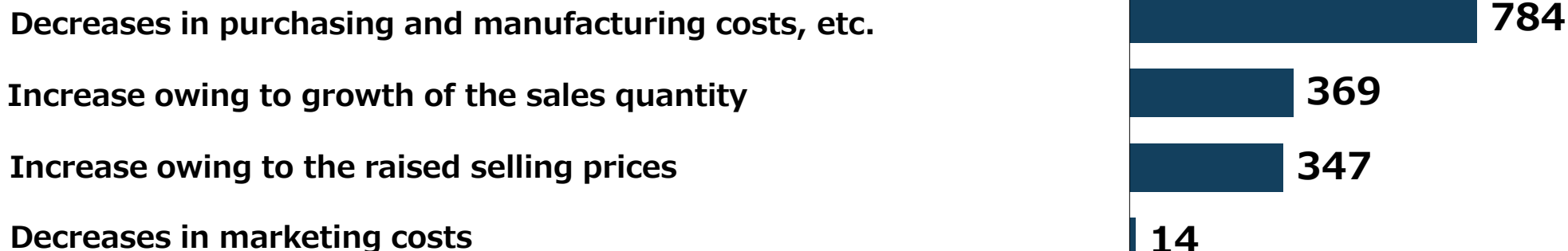
<Sales in each Business Category>

Business category		Sales	Composition ratio	YOY
Air Care	(Air Fresheners and Deodorizers)	¥19.8 bn	43%	99%
Cloth Care	(Mothproofing Agents)	¥8.0 bn	18%	97%
Thermal Care	(Disposable Warmers)	¥4.7 bn	10%	108%
Hand Care	(Household Gloves)	¥5.8 bn	13%	100%
Humidity Care	(Dehumidifiers)	¥3.0 bn	7%	105%
Home Care	(Other)	¥4.3 bn	9%	102%
Total		¥45.6 bn	100%	100%

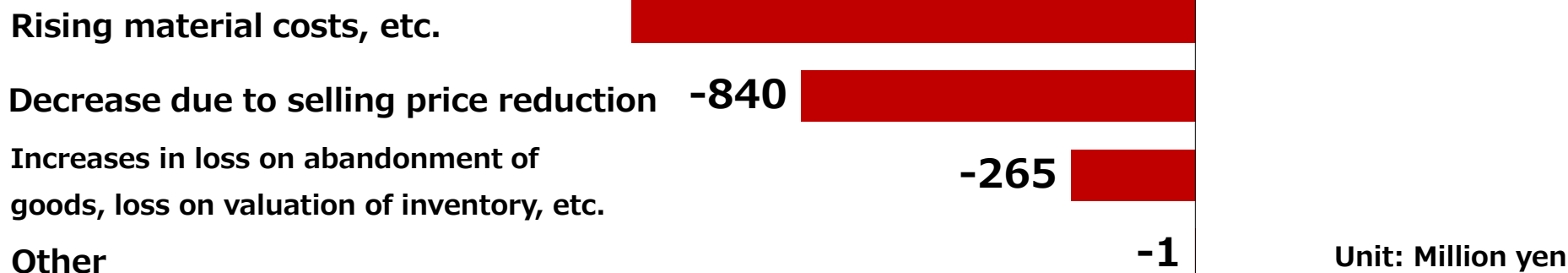
Factors behind the Increase/Decrease in Operating Profit in FY3/23 <Consolidated>

Increase/decrease in operating profit Operating profit decreased ¥835 mil.

Factors behind increase



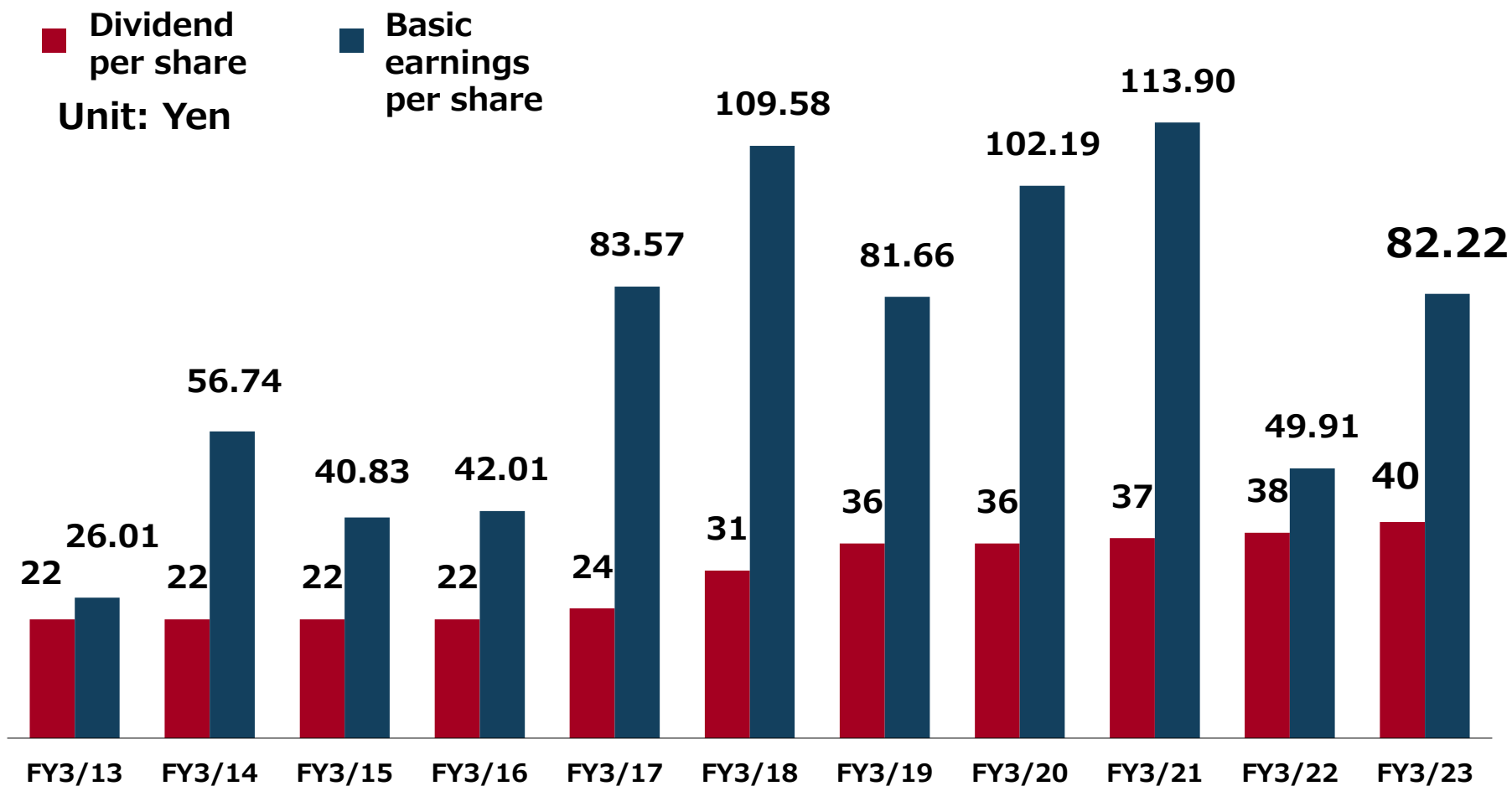
Factors behind decrease



Unit: Million yen

Toward continuously stable dividend payment

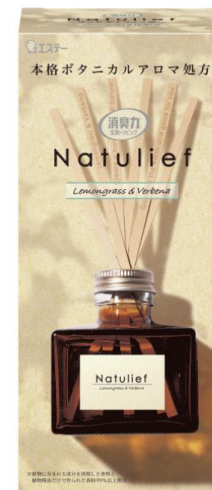
*Payout ratio: 48.6%



Existing products did not sell well,
but products with high added value sold well.

Sales of products with high added value grew.

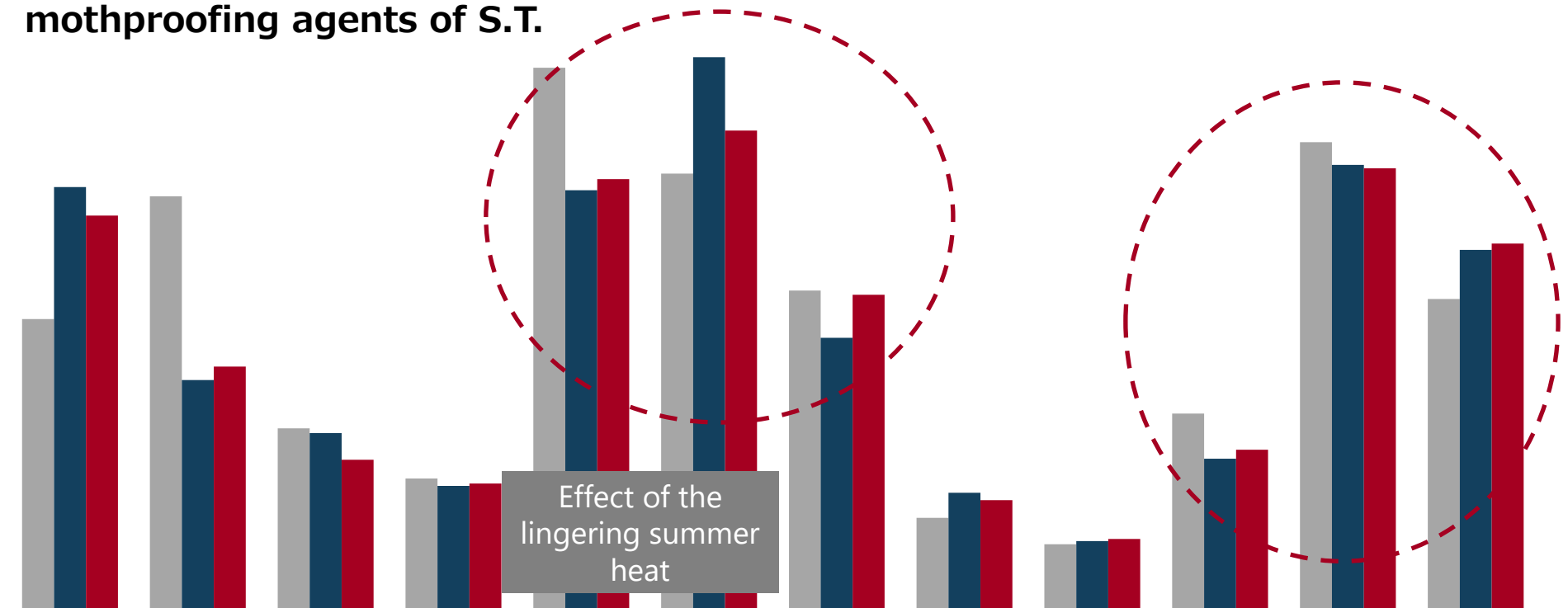
New products contributed.



Healthy as a whole, although shipment was delayed.

Monthly shipment amount of mothproofing agents of S.T.

■ 2020 ■ 2021 ■ 2022



Effect of the lingering summer heat

Apr. May Jun.
Spring wardrobe change season (Feb.-Jun.)
99% year on year

Aug. Sep. Oct. Nov.
Fall wardrobe change season (Aug.-Nov.)
98% year on year

Jan. Feb. Mar.
Spring wardrobe change season (Feb.-Mar.)
101% year on year

The demand for hygiene subsided, and we concentrated on products for professional use.

The sales of products related to COVID-19 subsided. Gloves for professional use contributed.



Demand for products that make home chores easier remained healthy.

Sales of Dashu-Tan: **102.0%** year on year

Sales of Kome-Touban: **111.9%** year on year

Sales of laundry tub cleaners: **109.1%** year on year

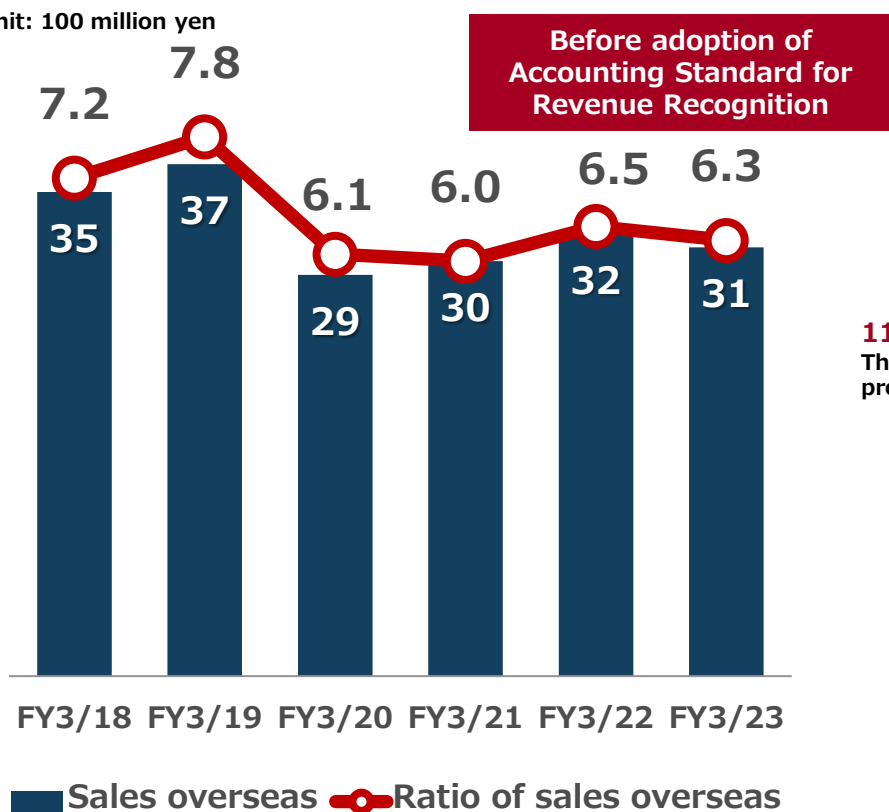


Overseas sales declined, due to the strategic withdrawal from business of selling gloves in Europe

Variation in overseas sales (consolidated)

Composition of overseas sales (by region)

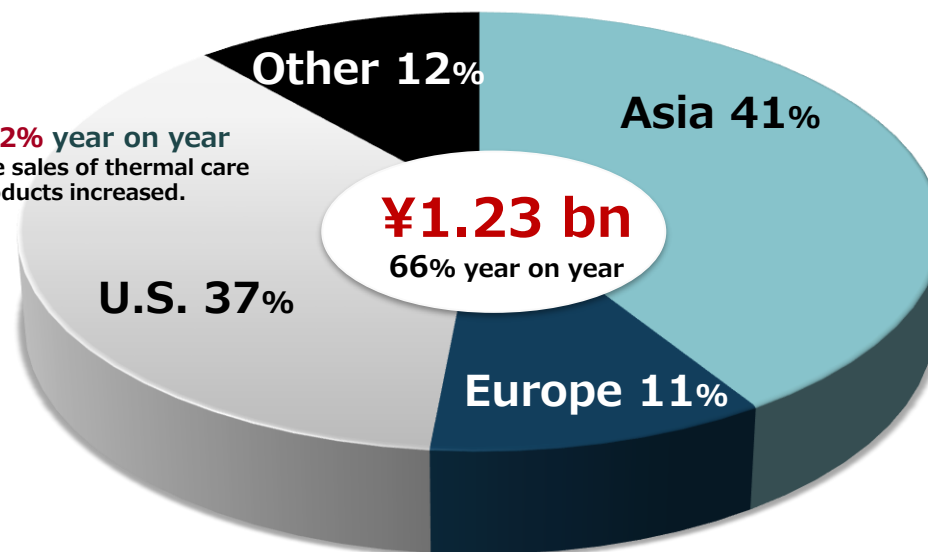
Unit: 100 million yen



88% year on year
The sales in South America grew, but the sales in other regions declined.

88% year on year
The sales in Taiwan and Southeast Asia were healthy. The sales in China, Hong Kong, etc. were sluggish.

112% year on year
The sales of thermal care products increased.



18% year on year
Dropped considerably from the previous year, due to the withdrawal from the business of selling gloves.

Cost of sales ratio rose more steeply than expected.

Cost of sales ratio

60.8%

(FY3/22)



62.8%

(FY3/23)

Skyrocketing of raw material prices, exchange rate fluctuations, and decrease of selling prices of gloves

Measures for offsetting the augmentation of costs

Improvement through the optimization of our product lineup

Price hikes for some products from Jan.

Efforts to reduce costs



Greetings from the new president Kozuki

To concentrate on the existing core business and increase profitability

Measures for coping with the skyrocketing of costs

To continue initiatives for growing domains

To develop the foundation for surviving the ESG era

The largest share in the domestic Air Care market

To meet emerging demand with products developed under certain themes

To communicate with customers by combining TV, digital media, and selling spaces

To expand growing sales channels, such as EC



To meet the emerging demand
for Cloth Care

To respond to diverse purchase behavior

To reel in and develop new users



Response to the rise in raw material prices and fluctuations in exchange rates

To raise product prices

To reduce costs

To promote products with high prices and
high added value



For mid-term growth

B2B: Concentration on Air Care products and improvement in revenues from gloves

Overseas: To focus on EC in China and Thailand

New: To develop a new Air Care business and a new brand of Clear Forest

**To improve corporate value
in order to survive the ESG era**

To strengthen the system for developing products

To focus on human capital in business administration

To fortify the system for corporate governance

To conduct data-driven management

Factors behind the Increase/Decrease in Operating Profit in FY 3/24 <Consolidated>

Operating profit grew 30 million yen thanks to the increase of revenues, despite the investment for growth.

Factors behind increase

Raised selling prices

1,747

Reduction in the cost

764

Fluctuation in sales quantity

127

Effects of composition of sales quantity
on sales: -1,091
on costs: +1,218

Factors behind decrease

Increase in raw materials cost

-1,073

Sales deduction (such as rebates)

-258

Increase in marketing expenses

-193

Other

-1,078

(labor cost, commissions, R&D costs, research cost, etc.)

Unit: Million yen

Increase in net sales and profit

	Consolidated	YOY
Net sales	¥46.3 bn	101.7%
Operating profit	¥2.4 bn	101.4%
Ordinary profit	¥2.8 bn	102.5%
Profit attributable to owners of parent	¥1.9 bn	103.9%

Estimated dividend: ¥42

***Payout ratio: 49.2%**



S.T. Corporation <https://www.st-c.co.jp/>

[Notes on the business forecasts] The items included in this material are based on a variety of premises, and do not assure or guarantee that the numerical forecasts and policies herein will be realized.