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August 7, 2023

Consolidated Financial Results for the Three Months Ended June 30, 2023 (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: August 10, 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(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	%
Three months ended								
June 30, 2023	9,747	(7.4)	101	(47.4)	449	46.2	271	79.5
June 30, 2022	10,521	(2.3)	192	(79.4)	307	(70.2)	151	(77.9)

Note: Comprehensive income For the three months ended June 30, 2023: ¥462 million [162.2%]
 For the three months ended June 30, 2022: ¥176 million [(66.7)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2023	12.20	–
June 30, 2022	6.80	–

Note: Diluted earnings per share are not given since there are no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2023	44,667	32,973	72.5	1,455.52
March 31, 2023	46,116	32,961	70.2	1,456.38

Reference: Equity
 As of June 30, 2023: ¥32,371 million
 As of March 31, 2023: ¥32,390 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	20.00	–	20.00	40.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		21.00	–	21.00	42.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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
Six months ending September 30, 2023	23,700	1.1	1,650	0.0	1,850	0.2	1,250	2.6	56.20
Fiscal year ending March 31, 2024	46,350	1.7	2,450	1.4	2,800	2.5	1,900	3.9	85.43

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: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (4) Number of issued shares (common shares)

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

As of June 30, 2023	23,000,000 shares
As of March 31, 2023	23,000,000 shares

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

As of June 30, 2023	759,304 shares
As of March 31, 2023	759,210 shares

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

Three months ended June 30, 2023	22,240,758 shares
Three months ended June 30, 2022	22,240,863 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.

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 three months ended June 30, 2023, on Monday, August 7, 2023.

○ Attached Material Index

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1. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the three months ended June 30, 2023, the Japanese economy showed signs of recovery as restrictions on movement within Japan due to the novel coronavirus disease (COVID-19) were lifted and economic and social activities started to normalize. On the other hand, a sense of uncertainty about the future persists due to factors including geopolitical risks from the prolonged situation in Russia and Ukraine, and inflation concerns from rising raw material and energy prices.

Under these conditions, the Group is working on “focusing on existing core business to increase profits,” “countermeasures to soaring material costs,” “continuous investment towards domains for growth,” and “creating a base to survive periods of ESG” in order to enable sustainable growth under brand value management.

For the three months ended June 30, 2023, the Group’s net sales amounted to 9,747 million yen (down 7.4% year on year) due to declines in main categories such as Air Care and Cloth Care.

As for profit, although selling, general and administrative expenses decreased due to price hikes in major product categories and curbs on marketing expenses, operating profit amounted to 101 million yen (down 47.4% year on year) due to a rise in the cost of sales ratio accompanying higher raw material prices, ordinary profit amounted to 449 million yen (up 46.2% year on year) due to insurance claim income, and profit attributable to owners of parent amounted to 271 million yen (up 79.5% year on year) due to the absence of loss on disaster that occurred in the previous fiscal year.

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 strengthening high-value added products and working to develop the overseas e-commerce business. Although sales of the Shoshu-Riki Premium Aroma Stick with an environmentally friendly water-based formula, which was added to the lineup, contributed to sales, sales of the Shoshu-Riki DEOX series declined and the Dashu-Tan series for refrigerator declined due to a slowdown in domestic food demand. Therefore, net sales were 4,761 million yen (down 5.6% year on year).

In the Cloth Care (Mothproofing Agents) category, we are focusing on hanging storage types in line with changes in storage styles and efforts to expand sales of large-volume types. Sales of existing core products, including Mushuda for Closets, Mushuda for Drawers and Clothes Cases, and Neopara Ace, declined due to bringing forward the changeover season this spring due to increased opportunities to go out, resulting in net sales of 1,563 million yen (down 15.3% year on year).

For the Thermal Care (Disposable Warmers) category, this is the time of year when there are a lot of end-of season returns, but because returns were less than expected, net sales were 188 million yen (up 19.8% year on year).

In the Hand Care (Household Gloves) category, we worked to expand sales of gloves for professional use, which are highly valued for their functionality. Sales of Family Vinyl Thin Gloves with antiviral finger tips and gloves for overseas markets declined, as demand for these gloves from heightened hygiene awareness slowed down, and net sales were 1,132 million yen (down 15.3% year on year).

In the Dehumidity Care (Dehumidifiers) category, we moved forward with a shift toward high value-added products by strengthening sales of the Bincho-tan series and Dry Pet Clear products. Despite a decline in sales volume, price increases for tank-type products contributed to net sales of 972 million yen (up 1.1% year on year).

In the Home Care (Others) category, we have been aggressively promoting efforts to expand sales of pet care products, as well as developing the Senjo-Riki and Kome-Touban brands. Although sales of ST Pet grew, sales of Senjo-Riki Ohisamano-Sentakku shoe cleaner and Shinsen-Ban, which was launched in the previous fiscal year, declined, resulting in net sales of 1,129 million yen (down 3.8% year on year).

Category	Net sales (Millions of yen)	Composition (%)	Year-on-year (%)
Air Care (Air Fresheners and Deodorizers)	4,761	48.9	(5.6)
Cloth Care (Mothproofing Agents)	1,563	16.0	(15.3)
Thermal Care (Disposable Warmers)	188	1.9	19.8
Hand Care (Household Gloves)	1,132	11.6	(15.3)
Dehumidity Care (Dehumidifiers)	972	10.0	1.1
Home Care (Others)	1,129	11.6	(3.8)
Total	9,747	100.0	(7.4)

(2) Explanation of financial position

Total assets as of June 30, 2023, stood at 44,667 million yen, a decrease of 1,449 million yen from the end of the previous fiscal year. The decrease is mainly attributable to factors that include a decrease in cash and deposits of 1,918 million yen, a decrease in notes and accounts receivable - trade of 844 million yen, and an increase in merchandise and finished goods of 1,452 million yen.

Liabilities were 11,693 million yen, a decrease of 1,461 million yen from the end of the previous fiscal year. The decrease is mainly attributable to factors that include a decrease in income taxes payable of 541 million yen, a decrease in other current liabilities of 476 million yen, and a decrease in accrued expenses of 303 million yen.

Net assets were 32,973 million yen, up 12 million yen from the end of the previous fiscal year.

Consequently, equity amounted to 32,371 million yen and the equity ratio was 72.5%, increased by 2.3 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 six months ending September 30, 2023, and the fiscal year ending March 31, 2024, announced in the financial results report released on May 8, 2023.

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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	14,149	12,231
Notes and accounts receivable - trade	6,079	5,235
Merchandise and finished goods	5,956	7,408
Work in process	200	173
Raw materials and supplies	1,109	1,055
Other	692	684
Allowance for doubtful accounts	(33)	(27)
Total current assets	28,154	26,760
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,050	4,069
Machinery, equipment and vehicles, net	1,611	1,623
Tools, furniture and fixtures, net	136	123
Land	3,599	3,601
Leased assets, net	180	194
Construction in progress	76	68
Total property, plant and equipment	9,655	9,681
Intangible assets		
Other	1,358	1,274
Total intangible assets	1,358	1,274
Investments and other assets		
Investment securities	5,795	6,021
Long-term loans receivable	4	2
Retirement benefit asset	6	6
Deferred tax assets	557	339
Other	585	581
Total investments and other assets	6,947	6,951
Total non-current assets	17,962	17,906
Total assets	46,116	44,667

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,883	2,753
Electronically recorded obligations - operating	3,151	3,230
Short-term borrowings	497	508
Lease liabilities	62	70
Accounts payable - other	1,222	1,351
Accrued expenses	619	315
Income taxes payable	646	104
Accrued consumption taxes	209	30
Electronically recorded obligations - non-operating	20	36
Other	2,082	1,605
Total current liabilities	11,394	10,007
Non-current liabilities		
Lease liabilities	79	89
Deferred tax liabilities for land revaluation	262	262
Provision for retirement benefits for directors (and other officers)	100	100
Provision for executive officer's incentive plan	86	88
Retirement benefit liability	1,216	1,123
Other	15	21
Total non-current liabilities	1,760	1,686
Total liabilities	13,155	11,693
Net assets		
Shareholders' equity		
Share capital	7,065	7,065
Capital surplus	7,047	7,047
Retained earnings	17,928	17,750
Treasury shares	(1,002)	(1,003)
Total shareholders' equity	31,038	30,859
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,974	2,137
Revaluation reserve for land	(537)	(537)
Foreign currency translation adjustment	(119)	(120)
Remeasurements of defined benefit plans	34	32
Total accumulated other comprehensive income	1,352	1,512
Non-controlling interests	570	602
Total net assets	32,961	32,973
Total liabilities and net assets	46,116	44,667

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	10,521	9,747
Cost of sales	6,363	6,118
Gross profit	4,157	3,629
Selling, general and administrative expenses	3,965	3,527
Operating profit	192	101
Non-operating income		
Interest income	1	1
Dividend income	74	75
Purchase discounts	30	28
Insurance claim income	–	224
Other	49	47
Total non-operating income	155	377
Non-operating expenses		
Interest expenses	1	2
Share of loss of entities accounted for using equity method	4	5
Foreign exchange losses	27	16
Other	7	4
Total non-operating expenses	40	29
Ordinary profit	307	449
Extraordinary income		
Gain on sale of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	3
Loss on disaster	31	–
Total extraordinary losses	31	3
Profit before income taxes	275	446
Income taxes - current	(30)	2
Income taxes - deferred	111	147
Total income taxes	81	150
Profit	193	296
Profit attributable to non-controlling interests	42	24
Profit attributable to owners of parent	151	271

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	193	296
Other comprehensive income		
Valuation difference on available-for-sale securities	(66)	162
Foreign currency translation adjustment	47	7
Remeasurements of defined benefit plans, net of tax	(2)	(2)
Share of other comprehensive income of entities accounted for using equity method	3	(0)
Total other comprehensive income	(17)	166
Comprehensive income	176	462
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	116	431
Comprehensive income attributable to non-controlling interests	60	31

(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.

Segment information

Three months ended June 30, 2022 and three months ended June 30, 2023

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