

**Year Ending March 31, 2024 (77th Term)**

**Second Quarter**

**Financial Results Briefing**

**November 9, 2023**

**S.T. Corporation**

**Yo Kozuki, President & CEO**

## ① Report on the Financial Results Summary

## ② Full-year Earnings Forecast

- **Sales and profit decreased.**
- **Air Care business performed well, but the Cloth Care business declined.**
- **The prices of raw materials hiked and exchange rates fluctuated more considerably than expected.**
- **Marketing costs were curtailed, and the investment in businesses on which we concentrate was delayed, so SGA decreased.**

# The contents leaked from the container.



Toilet cleaner Senjo-Riki-Mokoawa

Toilet cleaner Senjo-Riki-Mokoawa (design-focused can)

### Sales and profit decreased

	Consolidated	Sales ratio	Vs. Forecast	YOY
Net sales	<b>¥22.9 bn</b>	-	<b>96.7%</b>	<b>97.7%</b>
Operating profit	<b>¥1.3 bn</b>	<b>6.0%</b>	<b>83.1%</b>	<b>83.2%</b>
Ordinary profit	<b>¥1.8 bn</b>	<b>7.9%</b>	<b>97.8%</b>	<b>98.0%</b>
Profit attributable to owners of parent	<b>¥1.2 bn</b>	<b>5.3%</b>	<b>96.7%</b>	<b>99.1%</b>
Comprehensive income attributable to owners of parent	<b>¥1.3 bn</b>			

**Dividend: ¥21** (¥20 in the previous fiscal year)

# Highlights of the Business Performance in 2Q of FY3/24

## <Consolidated>

	2Q of FY 3/24		
	Actual	Sales ratio	YoY
Net sales	¥22.9 bn	-	97.7%
Cost of Sales	¥13.9 bn	60.9%	99.4%
Gross Profit	¥8.9 bn	39.1%	95.3%
Selling, general and administrative expenses	¥7.5 bn	33.1%	97.8%
Operating profit	¥1.3 bn	6.0%	83.2%

# Highlights of the Business Performance in 2Q of FY 3/24

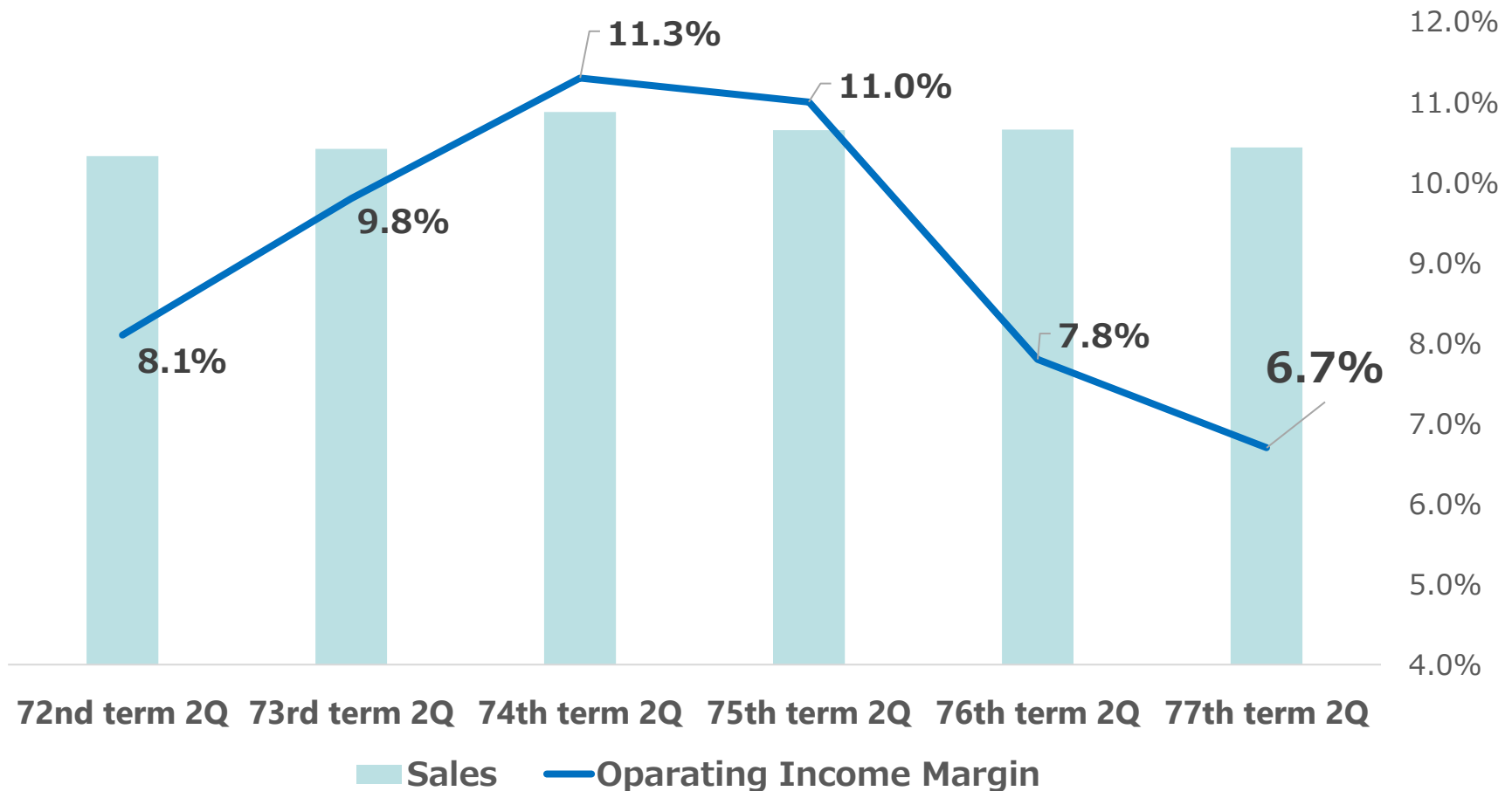
## <Sales in each Business Category>

Business Category		Sales	Composition ratio	YoY
Air Care	(Air Fresheners and Deodorizers)	¥10.7 bn	47%	100%
Cloth Care	(Mothproofing agents)	¥4.0 bn	18%	91%
Thermal Care	(Disposable warmers)	¥1.2 bn	5%	110%
Hand Care	(Household gloves)	¥2.5 bn	11%	89%
Humidity Care	(Dehumidifiers)	¥1.9 bn	8%	99%
Home Care	(Other)	¥2.4 bn	11%	103%
<b>Total</b>		<b>¥22.9 bn</b>	<b>100%</b>	<b>98%</b>

# Variations in sales and operating income margin in cumulative 2Q < Consolidated >

**Operating income margin declined due to the skyrocketing of raw material costs and exchange rates.**

**Before the application of standards for revenue recognition**

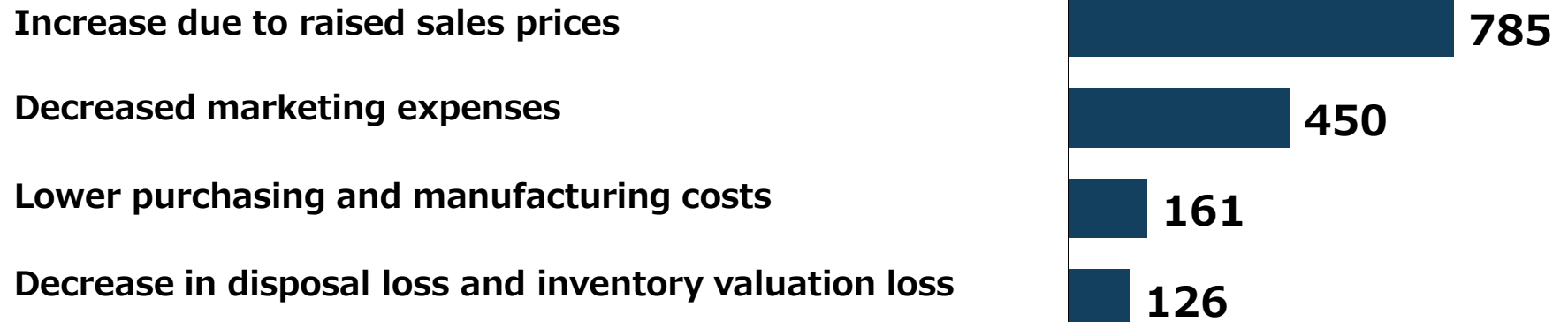




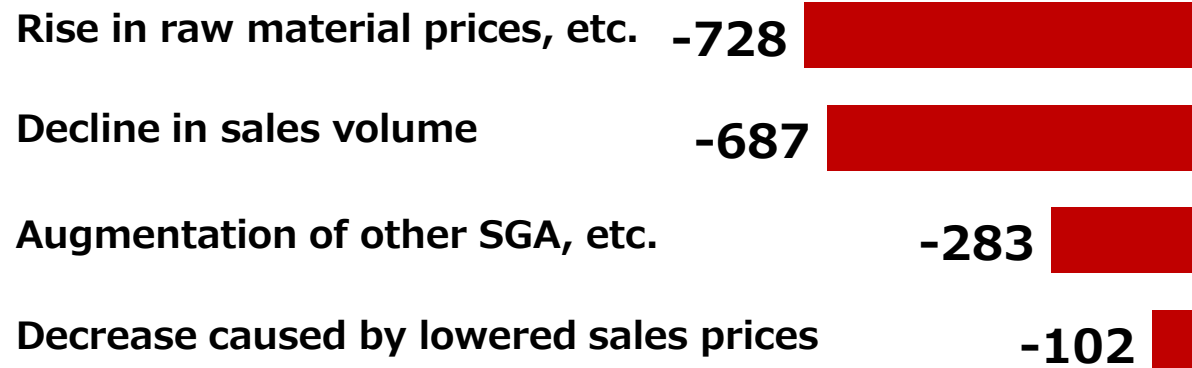
# Factors behind the Increase/Decrease in Operating Income in 2Q of FY3/24 <Consolidated>

## Increase/decrease in operating income Operating income decreased ¥270 mil.

### Factors behind Increase



### Factors behind Decrease



Unit: million yen

**To concentrate on existing core businesses to enhance profitability**

**Measures for coping with the skyrocketing of costs for raw materials**

**To continue initiatives in growing fields**

**To establish the base for surviving the ESG era**

## Products with high added value sold well.

The sales of the Premium Aroma series grew 21%.

Theme-based products and new products contributed.

Existing products, too, performed well.



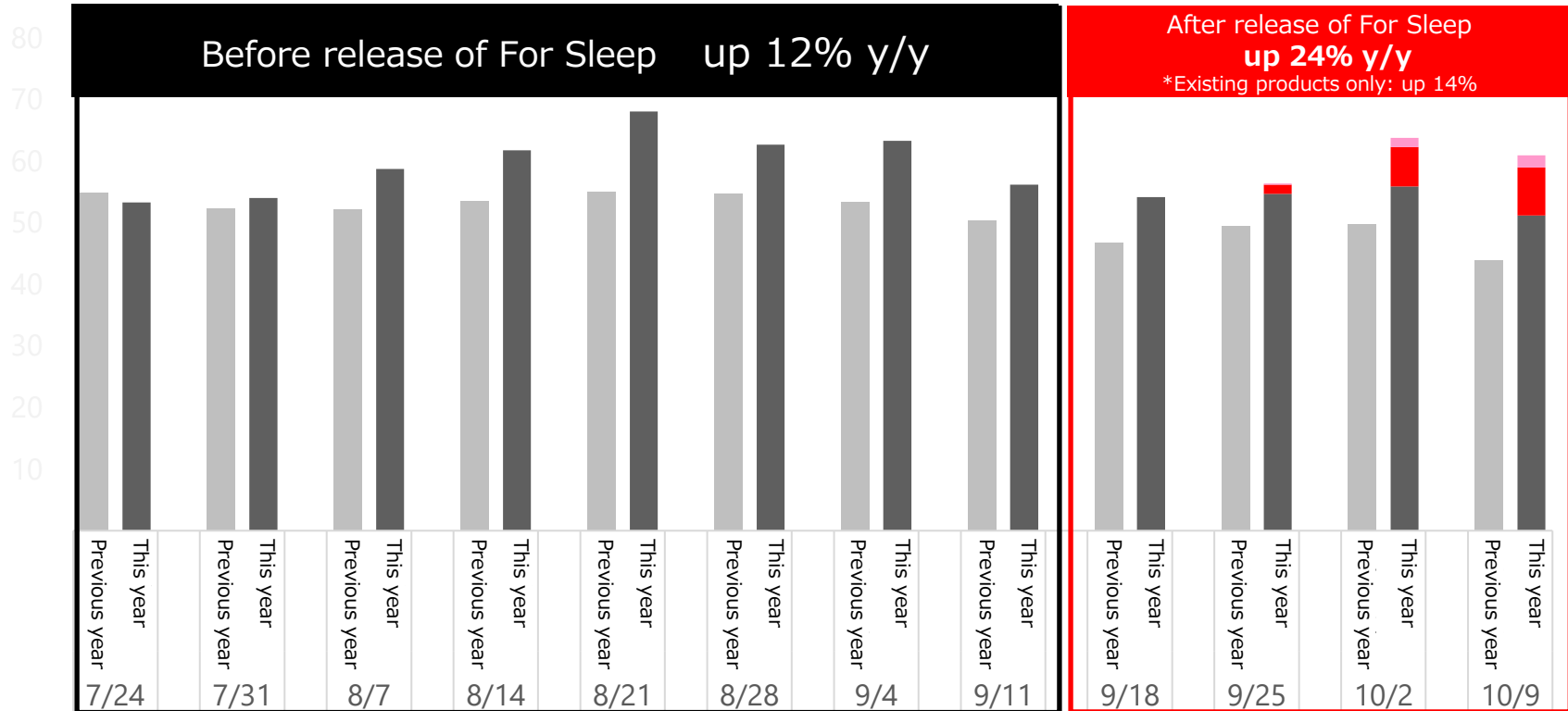
## The contribution level of "For Sleep" rose.

### ● Estimated sales of Premium Aroma for indoor use

DS: Intage Inc. SRI+W  
July 24 to October 15

Indicator for deodorizing fragrances (including those for cars): Estimated sales

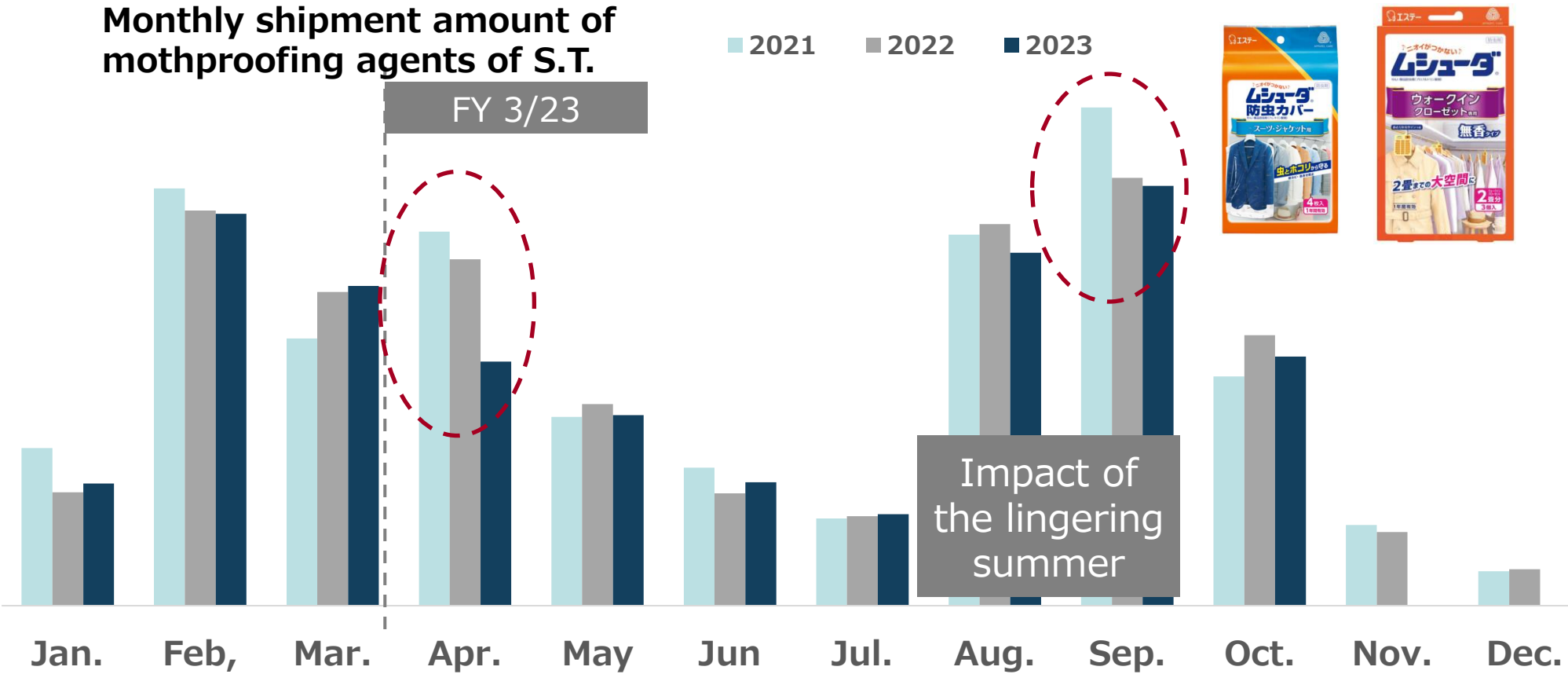
\*Excluding those for clothes, viruses, and chlorine dioxide



■ Stationary PA for rooms ■ Stationary PA For Sleep ■ Mist PA for Sleep

## Change in timing of seasonal change of clothes due to the change in the external environment

Monthly shipment amount of mothproofing agents of S.T.



Spring clothing change season  
Market 91.1% of the amount in the previous year

Fall clothing change season

The performance of Kome-Touban and cleaners remained healthy.

Sales of Dashu-Tan

97.5% year on year

Sales of Kome-Touban

110.5% year on year

Sales of laundry tub cleaners

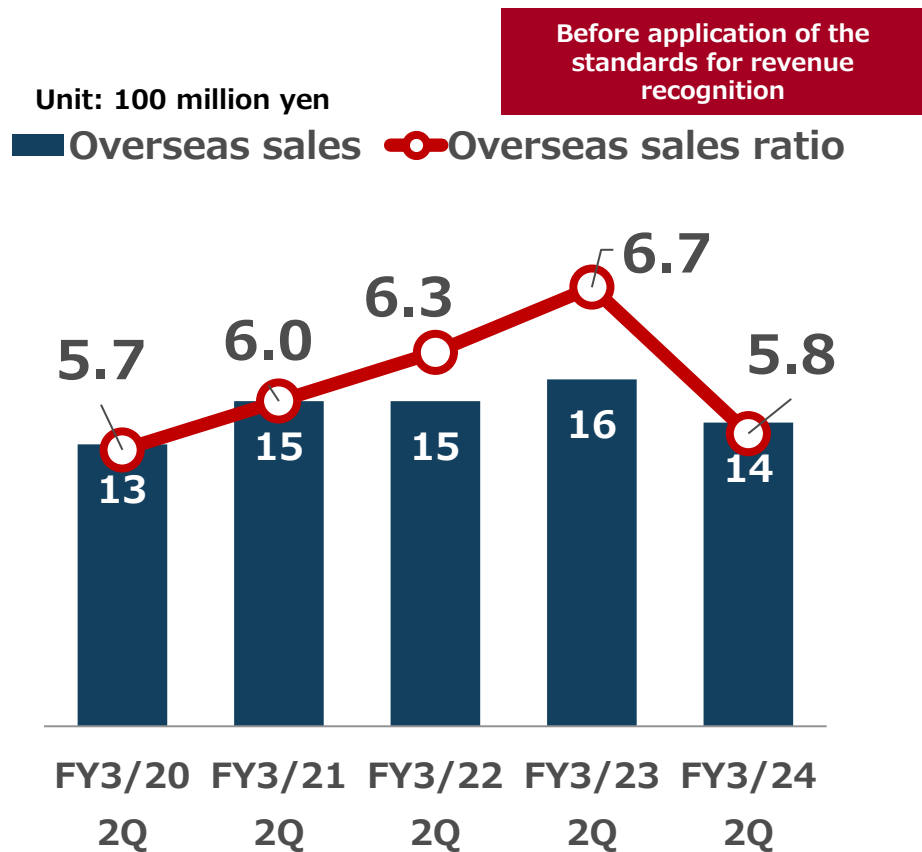
105.9% year on year



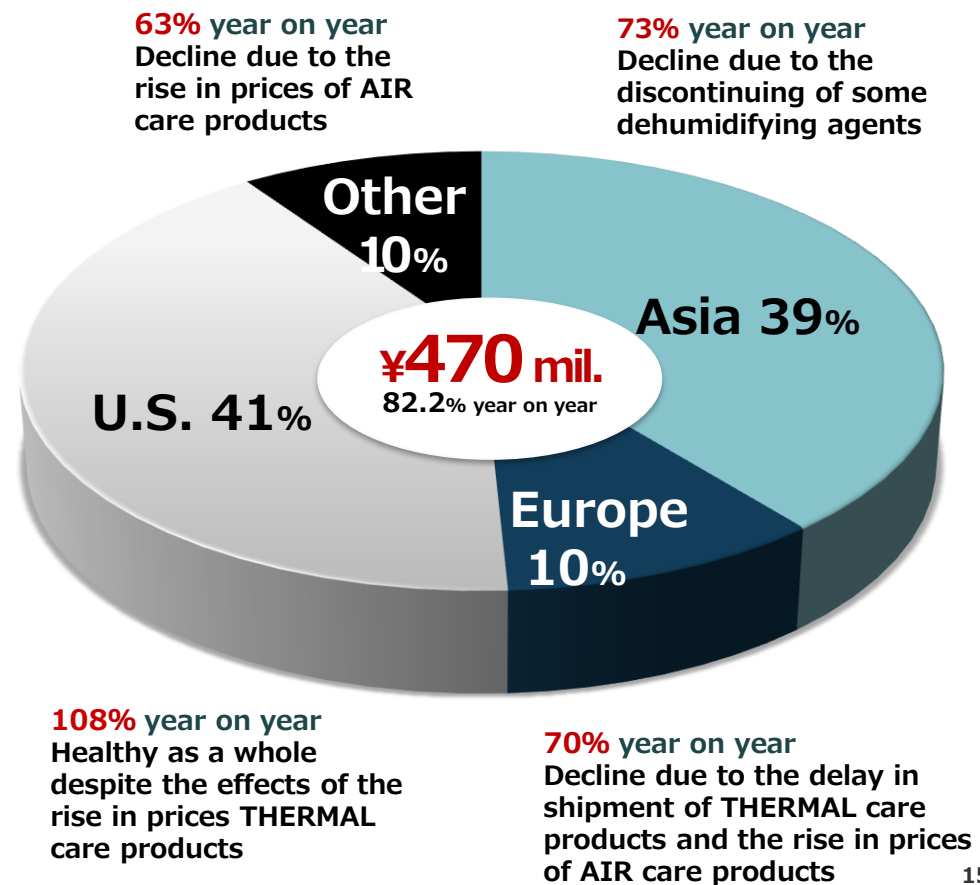
From the TV commercial of Kome-Touban

**A flagship store opened in China, and will start contributing in the second half of FY 2024.**

Variation in overseas sales (Consolidated)



Composition of overseas sales (by region)



**Selling prices were raised,  
but cost of sales ratio rose more than expected.**

## Cost of sales ratio

**59.9%**

**(2Q of FY 3/23)**



**60.9%**

**(2Q of FY 3/24)**

**The product mix worsened.  
The costs for raw materials have soared.  
The exchange rate has fluctuated.**



## Measures for coping with the rise in costs for raw materials and exchange rate fluctuations

Rise in prices of products

Efforts to reduce costs

Sales expansion of high-priced and high value-added products



① Report on the Financial Results Summary

② Full-year Earnings Forecast

**To concentrate on existing core businesses and improve profitability**

**Measures for coping with the skyrocketing of costs for raw materials**

**To continue initiatives in growing fields**

**To establish the base for surviving the ESG era**

To concentrate on existing core businesses and improve profitability (AIR care)

To become offensive with new high value-added products

To develop Premium Aroma For Sleep

To release new high value-added products and theme-based products



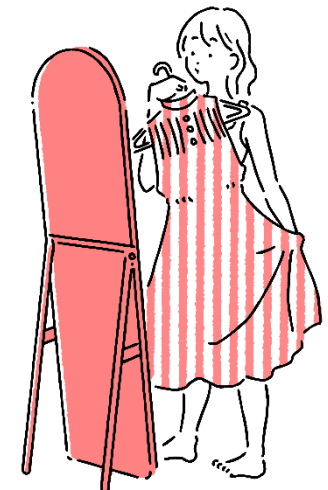
To concentrate on existing core businesses and improve profitability (CLOTH Care)

To enhance measures for promoting the purchase of new products, to catch up

We will meet the demand in the late fall of 2023.

Mass communication × Digital technology × In-store promotion in the spring of 2024

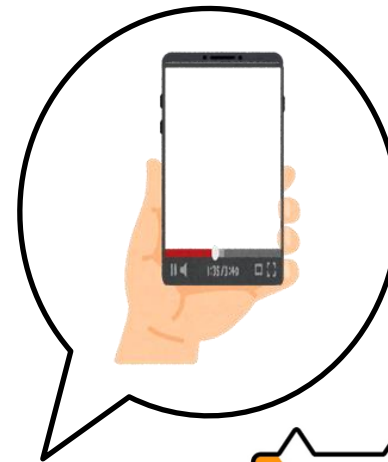
Release of new products for light users



To develop pet animal business,  
which belongs to a growing field

To popularize products and attract new customers

To enrich the lineup of dedicated deodorizing agents



Project for  
supporting cats in  
shelters

## More measures to offset the augmentation of costs

SKU reduction × Product mix improvement

Rise in prices of some products from Feb. next year

Measures for reducing costs



**To realize business administration  
for improving corporate value to survive the ESG era**

**To fortify the structure for product development**

**To promote management focused on human capital**

**To strengthen the governance structure**

**To develop a structure for sustainability-oriented  
management**

**Data-driven management**



## Sales and profit will increase

	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%

## To put staff's aspirations into the medium-term plan



Mid-career workers × Career employees  
Young employees × Senior employees  
= **New ideas through synergy**

Sectional meetings under specific themes  
= **Acceleration of inter-section cooperation**

Wisdom in our company × Utilization of external resources  
= **Accumulation of know-how**

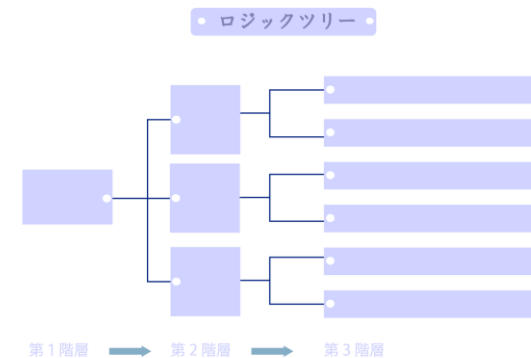


## To utilize the corporate culture unique to S.T.

To discuss the meanings of existence of our company, involving all employees

Ideal state in the medium/long term

Action plans based on our business portfolio strategy



**Endeavor cheerfully and  
vigorously!**



**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.