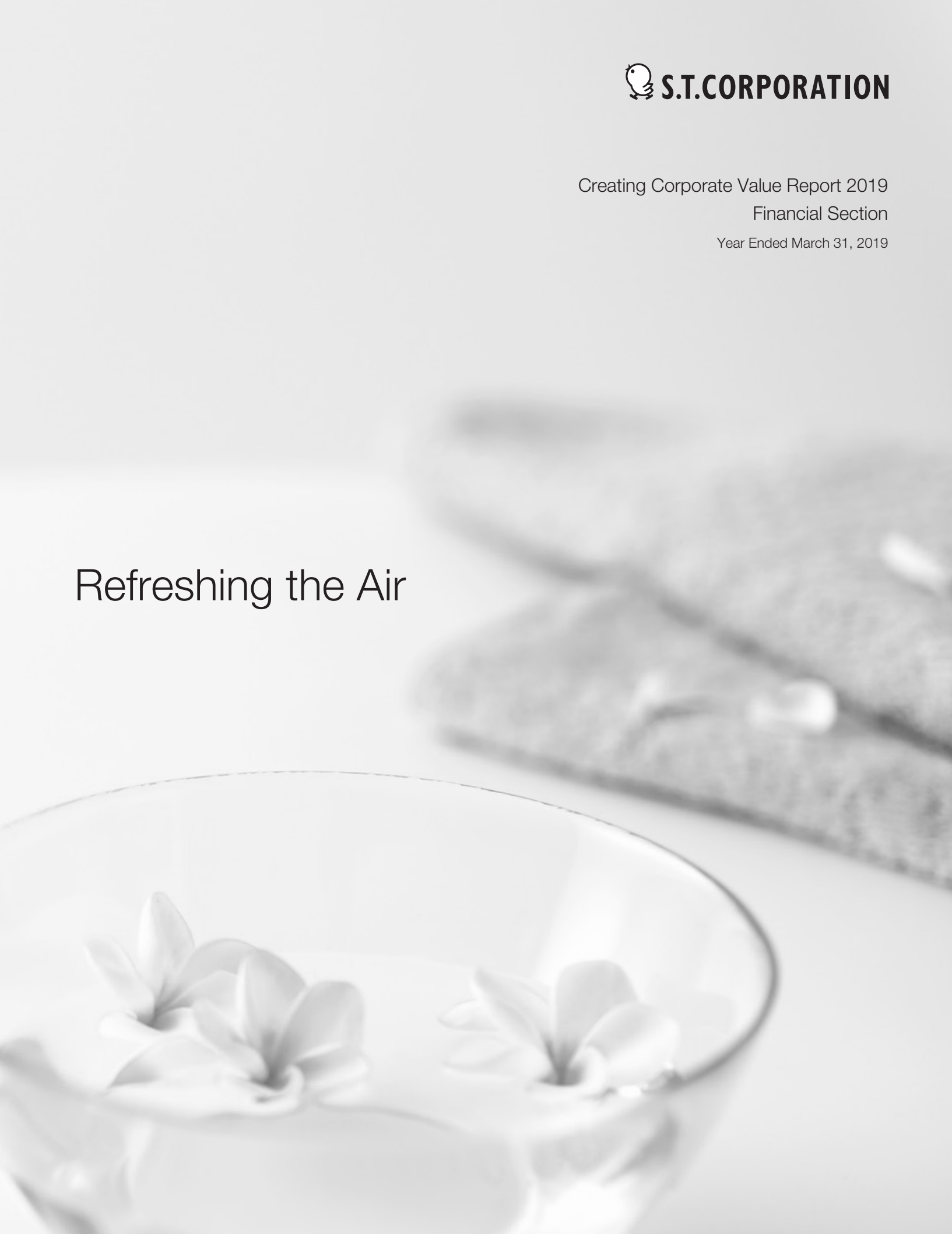


# Refreshing the Air



# Management's Discussion and Analysis

## Group Outline

The S.T. CORPORATION Group is composed of S.T. CORPORATION, seven consolidated subsidiaries, three equity method affiliated companies and other affiliated companies.

## Sales Overview

In the fiscal year ended March 31, 2019 (hereinafter called "the current year"), the Japanese economy, backed by a continuously growing world economy, showed a recovery trend due to the rebound of corporate earnings, improvement in the employment situation, and stable consumer spending. On the other hand, a sense of uncertainty about the future still remains due to restraint of capital investment because of the prolonged U.S.-China trade friction, and the economic impact of unseasonable weather.

In these circumstances, under brand value management, the S.T. Group has concentrated on 5 important points, "No. 1 share of existing businesses," "Domestic new field and new market," "Overseas business," "Thermal care," and "Creating a structure for growth" from this year, in order to expand the corporate scale.

The current year's sales stood at ¥47,782 million, down 1.7% year on year, as sales of Thermal Care (Disposable Warmers) decreased sharply due to the impact of record-breaking warm winter although sales performance of Air Care (Deodorizers and Air Fresheners) remained steady. As for the sales of each category, Air Care saw a 1.6% year-on-year growth, Hand Care 3.7%, Humidity Care 1.6%, and Home Care 1.9%, while Cloth Care saw a 2.3% year-on-year drop, and Thermal Care 20.0%.

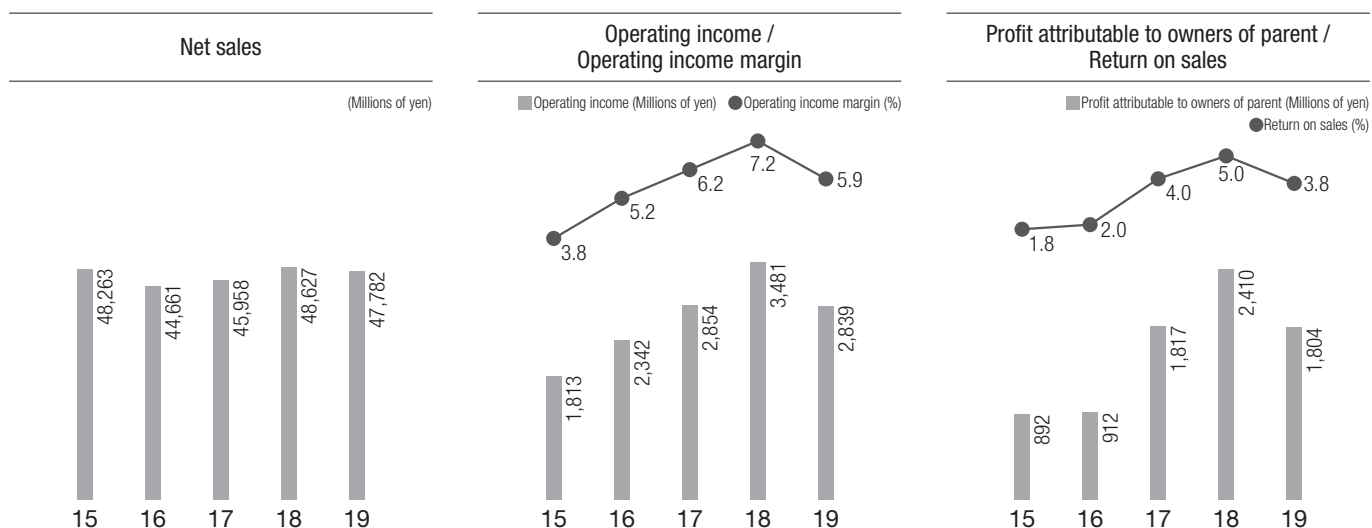
## Cost of Sales, SG&A Expenses, and Operating Income

Despite soaring purchase prices of raw materials and products and the increase in depreciation and amortization due to renewal of equipment, the cost of sales decreased 1.2% year on year to ¥28,196 million, thanks to decreases in purchasing and manufacturing costs. Also, because of increases in physical distribution costs, selling, general and administrative expenses increased 0.9% year on year to ¥16,748 million. As a result, operating income decreased 18.4% year on year to ¥2,839 million.

## Other Income (Expenses), Profit Before Income Taxes and Profit Attributable to Owners of Parent

As for other income and expenses, profit before income taxes was ¥2,710 million, down 22.1% year on year, and profit attributable to owners of parent was ¥1,804 million, down 25.2% year on year, due to the impact of the decrease in exchange gain.

Accordingly, earnings per share was ¥81.66, down from the previous year's figure: ¥109.58. The ratio of profit attributable to owners of parent to sales declined from 5.0% to 3.8%, and ROE fell from 9.0% to 6.3%.



Notes: 1. As a result of new accounting standards being applied effective from the fiscal year ended March 31, 2017, the figures for fiscal years 2016, 2017, 2018 and 2019 reflect those changes. The figures for fiscal year 2015 are as originally presented without retroactive application.  
 2. As a result of new accounting standards being applied effective from the fiscal year ended March 31, 2019, the figures for fiscal years 2018 and 2019 reflect those changes. The figures for fiscal years 2015, 2016 and 2017 are as originally presented without retroactive application.

## Financial Position

Total assets as of March 31, 2019 stood at ¥41,976 million, down ¥136 million from the end of the previous year. Among them, current assets decreased ¥937 million to ¥22,799 million, mainly because cash and time deposits declined. On the other hand, non-current assets rose ¥801 million to ¥19,177 million, mainly due to the increase of buildings and structures.

Total liabilities were ¥12,753 million, down ¥338 million from the end of the previous year, mainly because of the decrease of electronically recorded obligations. On the other hand, net assets were ¥29,223 million, up ¥201 million from the end of the previous year, mainly because of the growth of retained earnings.

Consequently, net assets per share increased from ¥1,285.01 at the end of the previous year to ¥1,295.38. In addition, equity ratio increased from 67.3% at the end of the previous year to 68.2%, indicating sound financial standing.

## Capital Expenditures and Depreciation and Amortization

Capital expenditures increased from ¥1,822 million in the previous year to ¥3,060 million in the current year. Depreciation and amortization increased from ¥970 million in the previous year to ¥1,109 million in the current year.

## Cash Flows

Net cash provided by operating activities for the current year was ¥2,186 million, down ¥474 million from the previous year. This decrease is mainly due to the decrease in profit before income taxes. On the other hand, net cash used in investment activities was ¥2,305

million (in the same period of the previous fiscal year, net cash used in investment activities was ¥1,826 million). This is mainly due to the augmentation of purchase of property, plant and equipment. In addition, net cash used in financing activities was ¥628 million, as expenditure increased ¥201 million year on year. This is mainly because of the payments of dividends.

As a result, the balance of cash and cash equivalents at the end of the current year was ¥11,072 million, down ¥794 million from the end of the previous year.

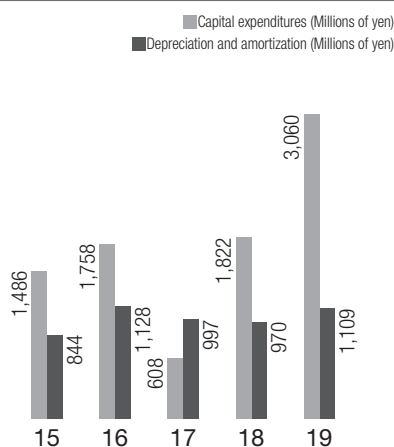
## Dividends and Return to Shareholders

Taking into consideration such factors as profit attributable to owners of parent and the need to realize shareholder returns, we decided to distribute a term-end dividend of ¥18.0 (¥36.0 for the full year, including the interim dividend, with a consolidated payout ratio being 44.1%). The company will continue to place importance on returns to shareholders.

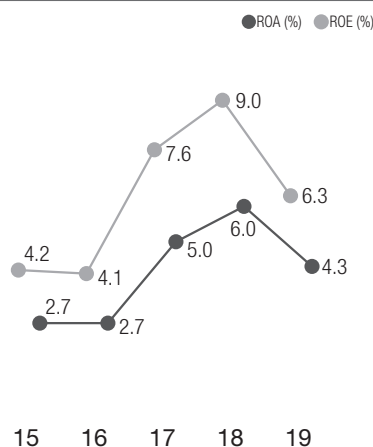
## Business and Operational Risks

Factors that could possibly impact the Group's operating results, financial position or stock prices include the following: (1) an escalation in raw materials prices; (2) the impact on manufacturing operations from natural disasters and changes in international political or other conditions; (3) sales fluctuations due to unseasonal weather; (4) and the failure of initiatives to raise new businesses. Forward-looking statements in this annual report are based on certain assumptions made by the Group as of the end of this fiscal year.

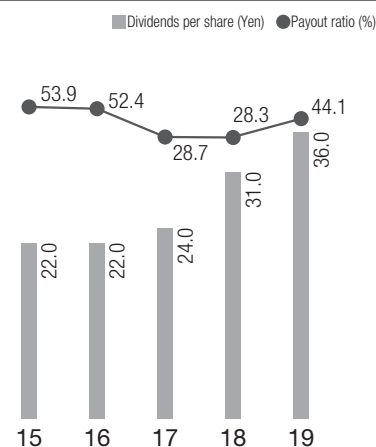
Capital expenditures /  
Depreciation and amortization



ROA / ROE



Dividends per share /  
Payout ratio



# Consolidated Balance Sheets

S.T.CORPORATION and Consolidated Subsidiaries  
March 31, 2019 and 2018

Assets	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
<b>Current assets:</b>			
Cash and time deposits (Notes 7, 11 and 17)	¥ 11,074	¥ 11,910	\$ 99,778
Trade notes and accounts receivable (Note 7)	5,281	5,430	47,581
Merchandise and finished goods	4,846	4,928	43,662
Work in process	242	251	2,177
Raw materials and supplies	800	832	7,206
Other current assets	560	390	5,044
Less - allowance for doubtful accounts	(4)	(4)	(37)
Total current assets	22,799	23,736	205,412
<b>Property, plant and equipment, at cost:</b>			
Land (Note 10)	3,411	3,418	30,735
Buildings and structures	9,314	7,523	83,916
Machinery, equipment and vehicles	7,583	6,617	68,320
Tools, furniture and fixtures	3,896	4,044	35,104
Construction in progress	190	776	1,711
Leased assets (Note 18)	753	924	6,780
Less - accumulated depreciation	(14,350)	(14,371)	(129,287)
Property, plant and equipment, net	10,797	8,931	97,279
<b>Intangible assets, net of accumulated amortization</b>	221	262	1,990
Total intangible assets	221	262	1,990
<b>Investments and other assets:</b>			
Investments in non-consolidated subsidiaries and affiliates	447	457	4,028
Investment securities (Notes 7 and 9)	6,602	7,629	59,481
Long-term loans	8	12	73
Net defined benefit asset (Notes 1 and 13)	8	9	71
Deferred tax assets other than unrealized revaluation loss on land (Note 12)	61	57	548
Other assets	1,034	1,021	9,314
Total investments and other assets	8,159	9,184	73,515
Total assets	¥ 41,976	¥ 42,112	\$ 378,197

	Millions of yen		Thousands of U.S. dollars (Note 2)
Liabilities and net assets	2019	2018	2019
<b>Current liabilities:</b>			
Trade payables (Note 7)	¥ 2,459	¥ 2,197	\$ 22,151
Electronically recorded obligations-operating (Note 7)	2,752	3,624	24,791
Short-term loans payable	519	174	4,674
Lease obligations	200	201	1,804
Other payables (Note 7)	2,939	2,570	26,484
Accrued expenses	618	560	5,569
Electronically recorded obligations-non-operating	349	51	3,145
Income taxes payable	337	632	3,036
Consumption taxes payable	11	46	96
Allowance for sales returns	106	127	956
Other current liabilities	55	58	494
Total current liabilities	<b>10,344</b>	10,241	<b>93,201</b>
<b>Long-term liabilities:</b>			
Lease obligations	95	233	860
Provision for directors' retirement and severance benefits	115	124	1,034
Provision for executive officers' incentive plan (Note 5)	74	62	669
Net defined benefit liability (Notes 1 and 13)	1,265	1,257	11,396
Deferred tax liabilities (Note 12)	544	806	4,898
Deferred tax liabilities - unrealized revaluation gain on land (Note 10)	262	262	2,362
Other non-current liabilities	53	105	481
Total long-term liabilities	<b>2,408</b>	2,849	<b>21,700</b>
<b>Net assets (Note 14):</b>			
<b>Shareholders' equity:</b>			
Common stock:			
Authorized - 96,817,000 shares in 2019 and 2018			
Issued and outstanding - 23,000,000 shares in 2019 and 2018	7,066	7,066	63,659
Capital surplus	7,068	7,068	63,680
Retained earnings	13,822	12,830	124,530
Treasury stock, at cost	(1,163)	(1,230)	(10,482)
Total shareholders' equity	<b>26,792</b>	25,734	<b>241,387</b>
<b>Accumulated other comprehensive income (loss):</b>			
Unrealized holding gain on other securities, net of taxes	2,733	3,440	24,626
Unrealized revaluation loss on land, net of taxes (Note 10)	(537)	(537)	(4,840)
Translation adjustments	(329)	(264)	(2,962)
Remeasurements of defined benefit plans	(15)	(22)	(135)
Total accumulated other comprehensive income (loss)	<b>1,852</b>	2,617	<b>16,690</b>
<b>Subscription rights</b>	<b>14</b>	19	<b>127</b>
<b>Non-controlling interests</b>	<b>565</b>	652	<b>5,093</b>
Total net assets	<b>29,223</b>	29,022	<b>263,297</b>
Total liabilities and net assets	<b>¥ 41,976</b>	¥ 42,112	<b>\$ 378,197</b>

See notes to consolidated financial statements.

# Consolidated Statements of Income

S.T.CORPORATION and Consolidated Subsidiaries  
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
<b>Net sales</b>	¥ 47,782	¥ 48,627	\$ 430,510
<b>Cost of sales (Notes 16 and 21)</b>	28,217	28,533	254,226
Gross profit before reversal of allowance for sales returns	19,566	20,094	176,284
Allowance for sales returns	106	127	956
Reversal of allowance for sales returns	127	108	1,145
Gross profit	19,587	20,075	176,473
<b>Selling, general and administrative expenses (Note 16)</b>	16,748	16,594	150,893
Operating income	2,839	3,481	25,580
<b>Non-operating income (expenses):</b>			
Interest and dividends received	114	104	1,031
Interest expense	(7)	(0)	(64)
Purchase discounts	145	152	1,303
Sales discounts	(489)	(499)	(4,410)
Share of profit of entities accounted for using equity method	14	9	130
Other, net	106	223	956
Total non-operating income (expenses)	(117)	(11)	(1,053)
Ordinary income	2,722	3,470	24,526
<b>Special gains (losses), net:</b>			
Loss on disposition of property, plant and equipment, net	(22)	(15)	(196)
Impairment loss	(0)	—	(4)
Loss on valuation of investment securities	—	(34)	—
Gain (loss) on sales of investment securities, net	10	57	90
Total special gains (losses), net	(12)	8	(110)
Profit before income taxes	2,710	3,478	24,416
<b>Income taxes (Note 12):</b>			
Current	840	1,047	7,572
Deferred	53	(27)	478
Total income taxes	893	1,021	8,050
<b>Profit</b>	1,816	2,458	16,366
<b>Profit attributable to non-controlling interests</b>	13	48	116
<b>Profit attributable to owners of parent</b>	¥ 1,804	¥ 2,410	\$ 16,250

See notes to consolidated financial statements.

# Consolidated Statements of Comprehensive Income

S.T.CORPORATION and Consolidated Subsidiaries  
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
<b>Profit</b>	¥ 1,816	¥ 2,458	\$ 16,366
<b>Other comprehensive income (Note 6)</b>			
Unrealized holding gain on other securities, net of taxes	(702)	1,060	(6,327)
Translation adjustments	(74)	117	(670)
Remeasurements of defined benefit plans, net of tax	7	3	65
Share of other comprehensive income (loss) of entities accounted for using equity method	(23)	10	(204)
Total other comprehensive income	(792)	1,191	(7,136)
<b>Comprehensive income</b>	¥ 1,024	¥ 3,649	\$ 9,229
Total comprehensive income attributable to:			
Owners of parent	1,039	3,565	9,358
Non-controlling interests	(14)	83	(128)

See notes to consolidated financial statements.

# Consolidated Statements of Changes in Net Assets

S.T.CORPORATION and Consolidated Subsidiaries  
For the Years Ended March 31, 2019 and 2018

	Millions of yen					
	Number of shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2018</b>	23,000	¥ 7,066	¥ 7,068	¥ 12,830	¥ (1,230)	¥ 25,734
Cash dividends paid by distribution of retained earnings				(802)		(802)
Profit attributable to owners of parent				1,804		1,804
Purchases of treasury stock					(1)	(1)
Disposal of treasury stock				(10)	67	58
Net changes in items other than those in shareholders' equity						
<b>Balance at March 31, 2019</b>	23,000	¥ 7,066	¥ 7,068	¥ 13,822	¥ (1,163)	¥ 26,792

	Millions of yen							
	Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 9)	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights	Non-controlling interests	Total net assets
<b>Balance at April 1, 2018</b>	¥ 3,440	¥ (537)	¥ (264)	¥ (22)	¥ 2,617	¥ 19	¥ 652	¥ 29,022
Cash dividends paid by distribution of retained earnings								(802)
Profit attributable to owners of parent								1,804
Purchases of treasury stock								(1)
Disposal of treasury stock								58
Net changes in items other than those in shareholders' equity	(707)		(65)	7	(765)	(5)	(86)	(856)
<b>Balance at March 31, 2019</b>	¥ 2,733	¥ (537)	¥ (329)	¥ (15)	¥ 1,852	¥ 14	¥ 565	¥ 29,223

	Millions of yen					
	Number of shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2017</b>	23,000	¥ 7,066	¥ 7,068	¥ 11,016	¥ (1,487)	¥ 23,662
Cash dividends paid by distribution of retained earnings				(554)		(554)
Profit attributable to owners of parent				2,410		2,410
Purchases of treasury stock					(2)	(2)
Disposal of treasury stock				(41)	259	218
Net changes in items other than those in shareholders' equity						
<b>Balance at March 31, 2018</b>	23,000	¥ 7,066	¥ 7,068	¥ 12,830	¥ (1,230)	¥ 25,734

	Millions of yen							
	Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 9)	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights	Non-controlling interests	Total net assets
<b>Balance at April 1, 2017</b>	¥ 2,379	¥ (537)	¥ (354)	¥ (25)	¥ 1,462	¥ 46	¥ 642	¥ 25,812
Cash dividends paid by distribution of retained earnings								(554)
Profit attributable to owners of parent								2,410
Purchases of treasury stock								(2)
Disposal of treasury stock								218
Net changes in items other than those in shareholders' equity	1,062		91	3	1,156	(27)	9	1,138
<b>Balance at March 31, 2018</b>	¥ 3,440	¥ (537)	¥ (264)	¥ (22)	¥ 2,617	¥ 19	¥ 652	¥ 29,022

	Thousands of U.S. dollars (Note 2)					
	Number of shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2018</b>	23,000	\$ 63,659	\$ 63,680	\$ 115,599	\$ (11,082)	\$ 231,856
Cash dividends paid by distribution of retained earnings				(7,229)		(7,229)
Profit attributable to owners of parent				16,250		16,250
Purchases of treasury stock					(8)	(8)
Disposal of treasury stock				(90)	608	518
Net changes in items other than those in shareholders' equity						
<b>Balance at March 31, 2019</b>	23,000	\$ 63,659	\$ 63,680	\$ 124,530	\$ (10,482)	\$ 241,387

	Thousands of U.S. dollars (Note 2)							
	Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 9)	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights	Non-controlling interests	Total net assets
<b>Balance at April 1, 2018</b>	\$ 30,997	\$ (4,840)	\$ (2,375)	\$ (200)	\$ 23,582	\$ 174	\$ 5,870	\$ 261,482
Cash dividends paid by distribution of retained earnings								(7,229)
Profit attributable to owners of parent								16,250
Purchases of treasury stock								(8)
Disposal of treasury stock								518
Net changes in items other than those in shareholders' equity	(6,371)		(586)	65	(6,892)	(47)	(777)	(7,716)
<b>Balance at March 31, 2019</b>	\$ 24,626	\$ (4,840)	\$ (2,962)	\$ (135)	\$ 16,690	\$ 127	\$ 5,093	\$ 263,297

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

S.T.CORPORATION and Consolidated Subsidiaries  
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 2,710	¥ 3,478	\$ 24,416
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	1,109	970	9,990
Impairment loss	0	—	4
Loss on sales of property, plant and equipment	22	15	196
Loss (gain) on sales and valuation of investment securities	(10)	(23)	(90)
Increase (decrease) in allowance for doubtful receivables	(0)	0	(3)
Increase (decrease) in net defined benefit asset and liability	14	120	124
Increase (decrease) in provision for directors' retirement and severance benefits	(9)	(3)	(83)
Increase (decrease) in provision for executive officers' incentive plan	12	22	108
Increase (decrease) in allowance for sales returns	(21)	19	(189)
Interest and dividends received	(114)	(104)	(1,031)
Interest expenses	7	0	64
Foreign exchange losses (gains)	(21)	(78)	(187)
Share of (profit) loss of entities accounted for using equity method	(14)	(9)	(130)
Changes in operating assets and liabilities:			
Receivables	127	(172)	1,144
Inventories	107	(897)	966
Payables and accrued expenses	(600)	674	(5,403)
Accrued consumption taxes	(35)	(333)	(315)
Other, net	(77)	(59)	(693)
Subtotal	3,206	3,619	28,888
Interest and dividends received	117	108	1,058
Interest paid	(7)	(0)	(62)
Income taxes paid	(1,131)	(1,066)	(10,187)
Net cash provided by operating activities	2,186	2,660	19,696
<b>Cash flows from investing activities:</b>			
Payments into deposits (more than three months)	(0)	(1)	(3)
Proceeds from withdrawal of time deposits (more than three months)	35	—	314
Purchases of property, plant and equipment	(2,313)	(1,821)	(20,836)
Proceeds from sales of property, plant and equipment	1	5	6
Purchases of investment securities	(10)	(63)	(87)
Proceeds from sales of investment securities	21	77	191
Other investments, net	(39)	(23)	(350)
Net cash used in investing activities	(2,305)	(1,826)	(20,766)
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term loans payable	347	174	3,125
Purchases of treasury stock	(1)	(2)	(8)
Proceeds from disposal of treasury stock	52	191	472
Payments of dividends	(802)	(554)	(7,229)
Payments of dividends to non-controlling interests	(72)	(74)	(649)
Other finance, net	(152)	(163)	(1,369)
Net cash used in financing activities	(628)	(428)	(5,659)
Effect of exchange rate changes on cash and cash equivalents	(47)	62	(424)
Net increase (decrease) in cash and cash equivalents	(794)	470	(7,152)
Cash and cash equivalents at beginning of year	11,866	11,396	106,909
Cash and cash equivalents at end of year (Note 17)	¥ 11,072	¥ 11,866	\$ 99,757

See notes to consolidated financial statements.



# Notes to Consolidated Financial Statements

S.T.CORPORATION and Consolidated Subsidiaries  
March 31, 2019

## 1 Summary of Significant Accounting Policies

### (a) Basis of presentation

S.T. CORPORATION (the "Company") and its domestic subsidiaries maintain their books of account in conformity with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their countries of domicile. Effective April 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18, issued by the Accounting Standards Board of Japan (ASBJ) on May 17, 2006).

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of IFRS, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically for readers outside Japan. The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information. Furthermore, certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

As permitted by Financial Instruments and Exchange Act, amounts are rounded to the nearest million. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

### (b) Scope of consolidation

(1) Number of consolidated subsidiaries:  
7 companies

(2) Names of consolidated subsidiaries:  
S.T. Trading Co., Ltd., S.T. Business Support Co., Ltd., S.T. MYCOAL CO., LTD., S.T. (Thailand) Co., Ltd., Family Glove Co., Ltd. (Taiwan), S.T. Korea Corporation (South Korea), and Shaldan (Thailand) Co., Ltd.

As S.T. MYCOAL CO., LTD was established on July 2, 2018, this company was newly included in the scope of consolidation.

(3) Name of major non-consolidated subsidiary:  
Japan Aroma Laboratory Co., Ltd.

(Reasons for exclusion from scope of consolidation)

The non-consolidated subsidiary has been excluded from the scope of consolidation because the total amounts of its assets, net sales, profit or loss (amount equivalent to equity interests), retained earnings (amount equivalent to equity interests) and other amounts are limited, and the effect on the consolidated financial statements as a whole is not significant.

### (c) Scope of application of equity-method accounting

(1) Number of affiliated companies accounted for by the equity method:  
3 companies

(2) Names of major companies:  
Shaldan (Philippines), Inc., Aekyung S.T. Co., Ltd., and NS FaFa Japan Co., Ltd.

(3) Name of non-consolidated subsidiary for which equity method is not applied  
The non-consolidated subsidiary to which the equity method does not apply (JAPAN AROMA LABORATORY CO., LTD) is accounted for using the cost method rather than the equity method because the total amounts of its profit or loss (amount equivalent to equity interests), retained earnings (amount equivalent to equity interests) and other amounts are limited, and the effect on the consolidated financial statements as a whole is not significant.

### (d) Accounting period

The accounting period of the Company begins on April 1 and ends on March 31 of the following year. The four overseas subsidiaries have fiscal years ending on December 31. The necessary adjustments for significant transactions, if any, during the intervening period are made on consolidation.

### (e) Translation of foreign currency transactions and financial statements

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date and the accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Foreign exchange gains and losses are credited or charged to income and translation adjustments are included in net assets.

### (f) Marketable securities and investment securities

Other securities with determinable market value are carried at market value with any changes in unrealized holding gain or loss, net of the related deferred income tax assets or liabilities, included in net assets. Other securities without determinable market value are stated at cost determined by the moving-average method and the cost of other securities sold is computed based on the moving-average method. During the years ended March 31, 2019 and 2018, the Company and its consolidated subsidiaries did not have any trading securities.

### (g) Inventories

Inventories are stated at the lower of cost or net selling value, cost being determined by the average method.

### (h) Property, plant and equipment, except for leased assets, and depreciation

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries, except for buildings (excluding structures attached to the buildings) acquired on or after April 1, 1998, and facilities attached to the buildings and structures acquired on or after April 1, 2016, is computed by the declining-balance method in conformity with the Corporation Tax Law of Japan. Depreciation of property and equipment of overseas subsidiaries and buildings (excluding structures attached to the buildings) acquired on or after April 1, 1998 and facilities attached to the buildings and structures acquired on or after April 1, 2016 of the Company and domestic subsidiaries is computed by the straight-line method.

The estimated useful lives of the major depreciable assets are as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	2 to 17 years
Tools, furniture and fixtures	2 to 20 years

### (i) Intangible assets

Intangible assets, except for leased assets, are amortized by the straight-line method. Cost of software purchased for internal use is amortized by the straight-line method over a period of mainly 5 years, the useful life applicable to commercially available software.

### (j) Leases

Non-cancelable lease transactions that transfer substantially all the risks and rewards associated with the ownership of the leased assets are accounted for as finance leases. All other lease transactions are accounted for as operating leases and related payments are charged to income as incurred.

Depreciation is computed by the straight-line method over the respective lease terms assuming a nil residual value.

### (k) Allowance for doubtful receivables

The allowance for doubtful receivables is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

## Notes to Consolidated Financial Statements

### (l) Allowance for sales returns

The allowance for sales returns is provided for losses on sales returns subsequent to the balance sheet date at an amount equivalent to that calculated based on the actual percentage of returns in prior years.

### (m) Employees' retirement and severance benefits

- (1) Method of attributing expected benefit payments to the period  
In calculating the retirement benefit obligation, the method of attributing expected benefit payments to periods is based on the benefit formula.
- (2) Amortization method of actuarial gains/losses  
Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a period of a certain number of years (5 years) which is shorter than the average remaining years of service of the employees.
- (3) Adoption of a simplified method in some consolidated subsidiaries  
Some consolidated subsidiaries adopt the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at the end of fiscal year for the calculation of net defined benefit liability and retirement benefit expenses.

### (n) Provision for directors' retirement and severance benefits

The Company has accrued provision for directors' retirement and severance benefits at the amount which would be required to be paid if all directors resigned from their positions and left the Company as of the balance sheet date in accordance with its internal regulations.

### (o) Provision for executive officers' incentive plan

The Company has established an executive officers' incentive plan trust and a provision is made at the amount required for stock awards based on the Company's internal regulations for awarding stock.

### (p) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

### (q) Cash and cash equivalents

Cash and cash equivalents in the accompanying consolidated statements of cash flows consist of cash on hand, demand deposits and liquid short-term investments with a maturity of three months or less from their respective dates of acquisition.

## 2 Basis of Translation

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The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into U.S. dollars at ¥110.99 = U.S.\$1.00, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2019. This

translation should not be construed as a representation that all amounts shown could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

## 3 Accounting Standards not yet Applied, etc.

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- Accounting Standard for Revenue Recognition (Statement No.29, March 30, 2018 issued by the Accounting Standards Board of Japan (ASBJ))
- Implementation Guidance on Accounting Standard for Revenue Recognition (Implementation Guidance No.30, March 30, 2018 issued by the ASBJ)

### (1) Summary

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) co-developed a new comprehensive revenue recognition standard and issued "Revenue from Contracts with Customers" in May 2014 (IASB: IFRS 15; FASB: Topic 606). Considering IFRS 15 will be applied from fiscal years beginning on or after January 1, 2018 and Topic 606 from fiscal years beginning after December 15, 2017, the ASBJ developed a comprehensive accounting standard on revenue recognition and issued it together with implementation guidance.

The fundamental policy for developing Accounting Standard for Revenue Recognition by the ASBJ was that the accounting standard would incorporate the fundamental principles of IFRS 15 as the starting point from the perspective of comparability of financial statements, which is the one of the benefits of achieving consistency with IFRS. If there are any matters to be taken into consideration with regard to actual practices in Japan, etc., additional alternative accounting treatments will be provided that do not impair financial statement comparability.

### (2) Scheduled date of application

The accounting standard and guidance will be applied from the beginning of the fiscal year ending March 31, 2022.

### (3) Impact of application

The Company is currently assessing the impact of applying the accounting standard and guidance on its consolidated financial statements.

## 4 Changes in Presentation

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(Changes Resulting from Adoption of the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

The Company and its domestic subsidiaries have adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018), etc. from the beginning of this fiscal year. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

As a result, on the consolidated balance sheets for the previous consolidated fiscal year, "Deferred tax assets" in "Current assets" decreased by 383 million, while "Deferred tax assets" in "Investments and other assets" increased by 45 million. Meanwhile, "Deferred tax liabilities" in "Non-current liabilities" decreased by 337 million. Compared with before the changes, total assets decreased by 337 million due to the offset of deferred tax assets and deferred tax liabilities levied on the same taxable entity.

## 5 Additional Information

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(Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts)

### (a) Board Benefit Trust (BBT)

The Company introduced a "Board Benefit Trust" with the goal of increasing awareness of the importance of contributing to further enhancing the Company's corporate value and performance over the medium-to-long-term.

#### (1) Summary

The Company awards the Company's stock to the executive officers who satisfy certain requirements based on predetermined regulations for awarding stocks. Executive officers are granted a certain number of points depending on the financial results, and upon their retirement, the officers will receive stock depending on the number of points they have accumulated.

The Company has established the Trust by contributing funds to be used for the acquisition of the Company's stock on behalf of executive officers. The Trust will acquire the Company's stock to be awarded to the executive officers in the future, and the shares are managed as trust assets.

#### (2) The Company's stock in the Trust

The Company's own stock in the Trust is recorded in treasury shares under net assets based on the book value of the shares in the Trust (excluding ancillary expenses). The book value and the number of these treasury shares in the Trust as of March 31, 2019 were ¥96 million (U.S.\$863 thousand) and 91,500 shares, respectively.

### (b) Employee Stock Ownership Plan (ESOP) Trust

The Company introduced an Employee Stock Ownership Plan (ESOP) Trust as an employee incentive plan with the aim of raising awareness of the Company's share price and strengthening financial performance.

#### (1) Summary

The Company awards the Company's stock to the employees who satisfy certain requirements based on predetermined regulations for awarding stocks.

If the Company's profit is higher than a pre-determined standard, the Company awards a certain number points to employees. Upon their retirement, employees will receive the Company's stock depending on the number of points they have accumulated.

The Company has established the Trust by contributing funds to be used for the acquisition of the Company's stock on behalf of participating employees. The Trust will acquire the Company's stock to be awarded to employees in the future, and the shares are managed as trust assets.

#### (2) The Company's stock in the Trust

The Company's own stock in the Trust is recorded in treasury shares under net assets based on the book value of the shares in the Trust (excluding ancillary expenses). The book value and the number of these treasury shares in the Trust as of March 31, 2019 were ¥126 million (U.S.\$1,132 thousand) and 120,000 shares, respectively.

## 6 Consolidated Statements of Comprehensive Income

The amount of recycling and amount of income tax effect associated with other comprehensive income for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrealized holding gain (loss) on other securities, net of taxes			
Amount recognized in the year	¥ (1,016)	¥ 1,565	\$ (9,152)
Reclassification adjustments included in the statement of income	(10)	(23)	(90)
Before income tax effect adjustment	(1,026)	1,542	(9,242)
Amount of income tax effect	323	(482)	2,915
Unrealized holding gain (loss) on other securities, net of taxes	(702)	1,060	(6,327)
Translation adjustments			
Amount recognized in the year	(74)	117	(670)
Remeasurements of defined benefit plans, net of tax			
Amount recognized in the year	1	(25)	10
Reclassification adjustments included in the statement of income	9	30	84
Before income tax effect adjustment	10	4	95
Amount of income tax effect	(3)	(1)	(29)
Remeasurements of defined benefit plans, net of tax	7	3	65
Other comprehensive income (loss) on equity method companies			
Amount recognized in the year	(19)	10	(172)
Reclassification adjustments included in the statement of income	(4)	—	(33)
Other comprehensive income (loss) on equity method companies	(23)	10	(204)
Total other comprehensive income	¥ (792)	¥ 1,191	\$ (7,136)

## 7 Financial Instruments

### (1) Current status of financial instruments

- (a) Policy in relation to financial instruments  
The Company and its consolidated subsidiaries (collectively, the "Group") raise necessary funds following capital investment plans for undertaking the manufacturing-and-selling businesses. Surplus funds of the Group are only invested in highly secure financial assets.
- (b) Details of financial instruments and related risk  
Trade receivables—trade notes and accounts receivable—are exposed to credit risk in relation to customers. In addition, receivables denominated in foreign currencies are exposed to foreign currency exchange risk.  
Investment securities, most of which are stocks of other companies with which the Group has business relationships, are exposed to market price fluctuation risk.  
Substantially all trade payables—notes and accounts payable-trade, electronically recorded obligations-operating and other payables—are payment due dates within one year. In addition, payables denominated in foreign currencies are exposed to foreign currency exchange risk.
- (c) Risk management system for financial instruments  
(Credit risk management—the risk that customers or counterparties may default)  
The Company has established a management policy whereby the Company evaluates the financial conditions of its customers and monitors

due dates and outstanding balances regularly to identify and mitigate risks of bad debts from customers who are having financial difficulties.

The consolidated subsidiaries perform equivalent management procedures as the Company.

(Market risk management—the risk arising from fluctuations in exchange rates and interest rates)

The Company uses forward exchange contract transactions with the aim of avoiding risk related to fluctuation in future foreign exchange.

For investment securities, the Company periodically confirms the market value of such financial instruments and reports to the director in charge. The Company reviews the status of these investments on a continuing basis.

(Liquidity risk management—the risk that the Group may not be able to meet its payment obligations on the schedule dates)

The Company manages liquidity risk by means of preparing monthly financial plans.

- (d) Supplementary explanation of items relating to the fair value of financial instruments

The fair value of financial instruments is based on their quoted market prices if available. If there are no market prices available, fair value is reasonably estimated. Because estimation of fair values incorporates variable factors, adopting different assumptions can change the value.

## (2) Estimated fair value of financial instruments

The carrying value of financial instruments recognized on the consolidated balance sheets as of March 31, 2019 and 2018, the estimated fair value of such items and the differences between them are shown below. Financial instruments for which fair value is extremely difficult to estimate are not included in the following table.

Year ended March 31, 2019	Millions of yen		
	Carrying value	Fair value	Difference
a Cash and time deposits	¥ 11,074	¥ 11,074	—
b Trade notes and accounts receivable	5,281	5,281	—
c Investment securities	6,547	6,547	—
Assets	¥ 22,902	¥ 22,902	—
a Trade payables	¥ 2,459	¥ 2,459	—
b Electronically recorded obligations-operating	2,752	2,752	—
c Other payables	2,939	2,939	—
Liabilities	¥ 8,150	¥ 8,150	—

Year ended March 31, 2018	Millions of yen		
	Carrying value	Fair value	Difference
a Cash and time deposits	¥ 11,910	¥ 11,910	—
b Trade notes and accounts receivable	5,430	5,430	—
c Investment securities	7,574	7,574	—
Assets	¥ 24,914	¥ 24,914	—
a Trade payables	¥ 2,197	¥ 2,197	—
b Electronically recorded obligations-operating	3,624	3,624	—
c Other payables	2,570	2,570	—
Liabilities	¥ 8,391	¥ 8,391	—

Year ended March 31, 2019	Thousands of U.S. dollars		
	Carrying value	Fair value	Difference
a Cash and time deposits	\$ 99,778	\$ 99,778	—
b Trade notes and accounts receivable	47,581	47,581	—
c Investment securities	58,984	58,984	—
Assets	\$ 206,344	\$ 206,344	—
a Trade payables	\$ 22,151	\$ 22,151	—
b Electronically recorded obligations-operating	24,791	24,791	—
c Other payables	26,484	26,484	—
Liabilities	\$ 73,426	\$ 73,426	—

Notes: 1. Method of estimating the fair value of financial instruments and other matters relating to investment securities

### Assets

a. Cash and time deposits and b. Trade notes and accounts receivable

Because these items are settled over the short term, the fair value and carrying value are nearly equivalent. Therefore, the relevant carrying value is used.

c. Investment securities

Stocks are valued at the exchange trading price. Bonds are valued at the exchange trading price or at the price provided by the financial institutions offering these securities. For information on securities classified by purpose of holding, please refer to the "Investment Securities" section of the notes to the financial statements.

### Liabilities

a. Trade payables, b. Electronically recorded obligations-operating and c. Other payables

Because these items are settled over the short term, the fair value and carrying value are nearly equivalent. Therefore, the relevant carrying value is used.

2. Financial instruments for which fair value is extremely difficult to determine

	Carrying value		Thousands of U.S. dollars
	Millions of yen		
	2019	2018	2019
Unlisted equity securities	¥ 55	¥ 55	\$ 497

Because the fair value of these financial instruments is extremely difficult to determine, given that no quoted market price is available, they are not included in the above table.

## Notes to Consolidated Financial Statements

3. Redemption schedule for receivables and other securities with maturity dates at March 31, 2019 and 2018 are summarized as follows:

Year ended March 31, 2019	Millions of yen			
	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	¥ 11,073	¥ —	—	—
Trade notes and accounts receivable	5,281	—	—	—
Investment securities				
Other	—	100	—	—
Total	¥ 16,354	¥ 100	—	—

Year ended March 31, 2018	Millions of yen			
	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	¥ 11,908	—	—	—
Trade notes and accounts receivable	5,430	—	—	—
Investment securities				
Other	100	—	—	—
Total	¥ 17,439	—	—	—

Year ended March 31, 2019	Thousands of U.S. dollars			
	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	\$ 99,767	\$ —	—	—
Trade notes and accounts receivable	47,581	—	—	—
Investment securities				
Other	—	901	—	—
Total	\$ 147,348	\$ 901	—	—

## 8 Derivatives

The Company and its consolidated subsidiaries had no derivative instruments outstanding at March 31, 2019 and 2018.

## 9 Investment Securities

### (1) Other securities

The acquisition cost and related carrying value of other securities with a determinable market value at March 31, 2019 and 2018 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Acquisition cost	¥ 2,616	¥ 2,618	\$ 23,570
Carrying value	6,547	7,574	58,984
Total unrealized gain	3,933	4,963	35,440
Total unrealized loss	(3)	(7)	(25)

At March 31, 2019 and 2018, unlisted stocks (whose carrying value was ¥55 million (U.S.\$497 thousand) and ¥55 million, respectively) are not included in the above table because their fair value is extremely difficult to determine, given that no quoted market price is available.

## (2) Sales of other securities

(Year ended March 31, 2019)

	Millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
(1) Stocks	¥ 21	¥ 10	—
(2) Bonds			
a Government bonds	—	—	—
b Corporate bonds	—	—	—
c Others	—	—	—
(3) Other securities	—	—	—
Total	¥ 21	¥ 10	—

(Year ended March 31, 2018)

	Millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
(1) Stocks	¥ 77	¥ 57	—
(2) Bonds			
a Government bonds	—	—	—
b Corporate bonds	—	—	—
c Others	—	—	—
(3) Other securities	—	—	—
Total	¥ 77	¥ 57	—

(Year ended March 31, 2019)

	Thousands of U.S. dollars		
	Proceeds from sales	Gain on sales	Loss on sales
(1) Stocks	\$ 191	\$ 90	—
(2) Bonds			
a Government bonds	—	—	—
b Corporate bonds	—	—	—
c Others	—	—	—
(3) Other securities	—	—	—
Total	\$ 191	\$ 90	—

## (3) Impairment of investment securities

There were no significant impairment losses on investment securities to be recorded for the years ended March 31, 2019.

The Company recognized impairment loss on investment securities of ¥34 million for the year ended March 31, 2018.

## 10 Land Revaluation

In accordance with the Land Revaluation Law (Proclamation No. 34 dated March 31, 1998), land used for business activities was revalued at March 31, 2002. The revaluation difference, net of taxes, is stated as "Unrealized revaluation loss on land, net of taxes" in net assets. Deferred tax liabilities arising from this revaluation difference are presented separately from

deferred tax liabilities for other temporary differences in the accompanying consolidated balance sheets. The market value of the land as of March 31, 2019 and 2018 decreased by ¥433 million (U.S.\$3,902 thousand) and ¥463 million, respectively, after the revaluation.

## 11 Pledged Assets

Pledged assets at March 31, 2019 and 2018 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Time deposits	¥ 5	¥ 5	\$ 43

Time deposits were pledged as collateral mainly for leased office space at March 31, 2019 and 2018.

## 12 Income Taxes

At March 31, 2019 and 2018, the tax effect of the temporary differences which gave rise to a significant portion of the deferred tax assets (excluding deferred taxes on unrealized revaluation loss on land) was as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Deferred tax assets:			
Accrued employees' bonuses	¥ 129	¥ 119	\$ 1,159
Allowance for sales returns	33	39	296
Accrued business taxes	37	55	334
Loss on valuation of inventories	32	21	288
Net defined benefit liability	386	377	3,476
Accrued payable due to transfer to defined contribution pension plan	31	46	277
Provision for directors' retirement and severance benefits	36	38	320
Provision for executive officers' incentive plan	23	19	207
Write-downs of securities	64	65	574
Impairment loss	46	46	417
Tax loss carryforwards	118	43	1,063
Other	139	145	1,252
Gross deferred tax assets	1,073	1,015	9,665
Valuation allowance for tax loss carryforwards	(117)	—	(1,050)
Valuation allowance for the total of future deductible temporary differences etc.	(170)	—	(1,531)
Valuation allowance	(286)	(162)	(2,581)
Total deferred tax assets	786	852	7,085
Deferred tax liabilities:			
Deferred gain on sales of property	(11)	(12)	(102)
Net defined benefit asset	(2)	(10)	(22)
Undistributed earnings of controlled foreign companies	(60)	(61)	(541)
Unrealized holding gain on other securities, net of taxes	(1,195)	(1,519)	(10,770)
Total deferred tax liabilities	(1,269)	(1,602)	(11,435)
Net deferred tax liabilities	¥ (483)	¥ (749)	\$ (4,351)

At March 31, 2019 and 2018, net deferred tax liabilities were included in the following items in the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Non-current assets - deferred tax assets	¥ 61	¥ 57	\$ 548
Non-current liabilities - deferred tax liabilities	(544)	(806)	(4,898)

Amounts of tax loss carryforward and related deferred tax assets by tax loss carryforward for the year end March 31, 2019, were as follows:

Year ended March 31, 2019	Millions of yen						Total
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	After five years	
Tax loss carryforwards	—	—	—	¥ 43	¥ 74	¥ 1	¥ 118
Valuation allowance	—	—	—	(43)	(74)	—	(117)
Deferred tax assets	—	—	—	—	—	1	1

Year ended March 31, 2019	Thousands of U.S. dollars						Total
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	After five years	
Tax loss carryforwards	—	—	—	\$ 386	\$ 664	\$13	\$ 1,063
Valuation allowance	—	—	—	(386)	(664)	—	(1,050)
Deferred tax assets	—	—	—	—	—	13	13

Note: Figures for tax loss carryforward were the amounts multiplied by effective statutory tax rate.



A reconciliation of the statutory tax rates to the Company's effective tax rates for the years ended March 31, 2019 and 2018 is summarized as follows:

	2019	2018
Japanese statutory tax rate	31.00%	31.00%
Permanent differences, such as entertainment expenses, etc.	0.67	0.54
Permanent differences, such as dividend income	(0.36)	(0.24)
Tax credit	(2.09)	(2.87)
Undistributed earnings of controlled foreign companies	(0.05)	(0.33)
Equity in loss of affiliates	(0.16)	(0.08)
Increase in valuation allowance	4.58	0.23
Consolidation adjustment of subsidiary stock valuation loss	(3.07)	—
Other	2.45	1.09
Effective tax rate	32.97%	29.34%

(Changes in Presentation)

"Increase in valuation allowance," which had been included in "Other, net" for the previous fiscal year was presented separately for the fiscal year ended March 31, 2019 due to an increase in materiality. In order to reflect this change in presentation, the breakdown table of tax rate differences for the previous fiscal year was reclassified.

As a result of this change, "Other, net" of 1.32% which was presented in the previous fiscal year was bifurcated into "Increase in valuation allowance" of 0.23% and "Other, net" of 1.09% in the above breakdown table of tax rate differences for the previous fiscal year.

### 13 Employees' Retirement and Severance Benefits

The Company and its consolidated subsidiaries have defined benefit plans for payments of employees' retirement (either funded or unfunded), the Company and some consolidated subsidiaries have a defined contribution pension plan.

The Group pays a pension or lump sum based on length of service and salary in the defined benefit corporate pension plan.

In unfunded retirement benefit plans, the Company pays a lump sum

based on length of service and salary as a retirement benefit.

Some consolidated subsidiaries adopt the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end for the calculation of net defined benefit liability and retirement benefit expenses.

#### (1) Defined benefit plans

Adjustments of beginning and ending balance of retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥ 1,362	¥ 1,318	\$ 12,274
Service cost	67	68	603
Interest cost	10	10	91
Actuarial gain or loss	(3)	10	(25)
Payment of retirement benefits	(76)	(50)	(684)
Other	(4)	6	(34)
Balance at the end of the year	¥ 1,357	¥ 1,362	\$ 12,225

Adjustments of beginning and ending balance of plan assets

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥ 114	¥ 220	\$ 1,029
Expected return on plan assets	1	2	13
Actuarial loss	(2)	(15)	(15)
Payment of retirement benefits	(14)	(22)	(127)
Decrease due to transfer of retirement benefit obligation to defined contribution pension plan	—	(71)	—
Balance at the end of the year	¥ 100	¥ 114	\$ 900

## Notes to Consolidated Financial Statements

Adjustments of ending balance of retirement benefit obligations and plan assets, and net defined benefit asset and liability on consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Funded retirement benefit obligations	¥ 92	¥ 105	\$ 829
Plan assets	(100)	(114)	(900)
	(8)	(9)	(71)
Unfunded retirement benefit obligations	1,265	1,257	11,396
Net defined benefit asset and liability on consolidated balance sheet	1,257	1,248	11,325
Net defined benefit liability	1,265	1,257	11,396
Net defined benefit asset	(8)	(9)	(71)
Net defined benefit asset and liability on consolidated balance sheet	¥ 1,257	¥ 1,248	\$ 11,325

The following table summarizes the components of net retirement benefit expenses:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Service cost	¥ 67	¥ 68	\$ 603
Interest cost on benefit obligation	10	10	91
Expected return on plan assets	(1)	(2)	(13)
Amortization of actuarial loss	9	30	84
Extraordinary additional retirement payments	47	35	424
Net retirement benefit expenses	¥ 132	¥ 140	\$ 1,189

Remeasurements of defined benefit plans, before tax, in the consolidated statements of comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Actuarial gain (loss)	¥ 10	¥ 4	\$ 95

Remeasurements of defined benefit plans, before tax, in the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrecognized actuarial gain (loss)	¥ 22	¥ 32	\$ 195

Plan assets

(a) Plan assets

The fair value of plan assets, by major category, as a percentage of total plan assets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
General accounts	100.0%	100.0%	100.0%
Total	100.0	100.0	100.0

(b) Calculation method of expected long-term rate of return on plan assets

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in the actuarial calculation

The main assumptions used in the actuarial calculation (presented as a weighted average) are as follows:

	2019	2018
Discount rate	0.8%	0.8%
Expected rate of return on plan assets	1.3%	1.3%

### (2) Other retirement benefits

Contributions to the defined contribution pension plans of the Company and its consolidated subsidiaries for the years ended March 31, 2019 and 2018 amounted to ¥130 million (U.S.\$1,175 thousand) and ¥128 million, respectively.

## 14 Net Assets

The Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Capital surplus and the legal reserve are not available for the distribution of dividends but may be used to reduce or eliminate a deficit or may be transferred to stated capital. At March 31, 2019, the legal reserve of the Company included in retained earnings amounted to ¥550 million (U.S.\$4,954 thousand).

The maximum amount which the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company and in accordance with the Corporation Law of Japan.

## 15 Amounts per Share

Net assets per share as of March 31, 2019 and 2018 were ¥1,295.38 (U.S.\$11.67) and ¥1,285.01, respectively. Basic earnings per share for the years ended March 31, 2019 and 2018 was ¥81.66 (U.S.\$0.74) and

¥109.58, respectively.

Diluted earnings per share for the years ended March 31, 2019 and 2018 was ¥81.34 (U.S.\$0.73) and ¥108.85, respectively.

The basis for the calculation of basic earnings per share and diluted earnings per share for the years ended March 31, 2019 and 2018 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Basic earnings per share:			
Profit attributable to owners of parent	¥ 1,804	¥ 2,410	\$ 16,250
Amount not attributable to shareholders of common stock	—	—	—
Amount attributable to shareholders of common stock	1,804	2,410	16,250
Weighted-average number of shares outstanding (Millions of shares)	22	22	—
Diluted earnings per share:			
Adjustments to profit attributable to owners of parent	—	—	—
Increase in number of shares outstanding (Millions of shares)	0	0	—
(Subscription rights to shares)	(0)	(0)	—
Shares having an anti-dilutive effect (Millions of shares)	—	—	—

The basis for calculation of total net assets per share as of March 31, 2019 and 2018 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Total net assets per share:			
Total net assets	¥ 29,223	¥ 29,022	\$ 263,297
Deductions:	579	671	5,220
Subscription rights	14	19	127
Non-controlling interests	565	652	5,093
Amounts attributable to shareholders of common stock	28,644	28,351	258,077
Number of shares outstanding at year end (Millions of shares)	22	22	—

## 16 Major Expenses

Major expenses included in selling, general and administrative expenses for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Sales promotion expenses	¥ 3,355	¥ 3,494	\$ 30,229
Advertising costs	2,821	2,896	25,413
Salaries	2,363	2,241	21,292
Shipment and storage expenses	1,562	1,507	14,077
Provision for employees' retirement and severance benefits	215	218	1,938
Provision for executive officers' incentive plan	18	25	164
Provision of allowance for doubtful accounts	—	0	—

Research and development expenses included in general and administrative expenses and cost of sales for the years ended March 31, 2019 and 2018 amounted to ¥643 million (U.S.\$5,793 thousand) and ¥596 million, respectively.

## 17 Cash and Time Deposits

A reconciliation of cash and cash equivalents in the accompanying consolidated statements of cash flows to cash and time deposits in the accompanying consolidated balance sheets at March 31, 2019 and 2018 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash and time deposits	¥ 11,074	¥ 11,910	\$ 99,778
Time deposits with a maturity in excess of three months	(20)	(56)	(183)
Other current assets (*)	18	12	161
Cash and cash equivalents	¥ 11,072	¥ 11,866	\$ 99,757

(\*) These represent the Company's contributions of funds to a bank in order to establish the "Board Benefit Trust (BBT)" and "Employee Stock Ownership Plan (ESOP) Trust."

## 18 Leases

(Finance leases)

Leased assets included in property, plant and equipment are buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures in the daily necessities segment. Leased assets included in intangible assets are software.

(Operating leases)

The Company and its consolidated subsidiaries had no significant operating leases at March 31, 2019 and 2018.

## 19 Segment Information

### (1) Summary of Reporting Segments

Segment information for the years ended March 31, 2019 and 2018 is omitted as the Group operates as a single segment.

### (2) Calculation method of sales, profits or losses, and other items by reportable segment

Information on the calculation method is omitted as the Group operates as a single segment.

### (3) Information on the amounts of sales, income, and other items by reportable segments

Information on the amounts of sales and other items for the years ended March 31, 2019 and 2018 is omitted as the Group operates as a single segment.

#### (4) Related Information

##### (a) Information by products and services

Year ended March 31, 2019	Millions of yen					
	Air Care	Cloth Care	Thermal Care	Hand Care	Others	Total
Sales to third parties	¥ 20,809	¥ 9,109	¥ 5,147	¥ 5,776	¥ 6,942	¥ 47,782

Year ended March 31, 2018	Millions of yen					
	Air Care	Cloth Care	Thermal Care	Hand Care	Others	Total
Sales to third parties	¥ 20,479	¥ 9,323	¥ 6,435	¥ 5,569	¥ 6,821	¥ 48,627

Year ended March 31, 2019	Thousands of U.S. dollars					
	Air Care	Cloth Care	Thermal Care	Hand Care	Others	Total
Sales to third parties	\$ 187,481	\$ 82,072	\$ 46,372	\$ 52,040	\$ 62,545	\$ 430,510

##### (b) Information by geographical segment

(Sales)

Geographical segment information is not presented as overseas sales were less than 10% of consolidated net sales for the years ended March 31, 2019 and 2018.

(Property, plant and equipment)

Geographical segment information is not presented as the amount of property, plant and equipment in Japan exceeded 90% of the total of property, plant and equipment at March 31, 2019 and 2018.

##### (c) Information by major customers

Customers	Sales			Related segment
	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	
PALTAC CORPORATION	¥ 16,730	¥ 17,741	\$ 150,730	Daily necessities
ARATA CORPORATION	¥ 10,753	¥ 10,074	\$ 96,881	Daily necessities

## 20 Related Party Transactions

(Years ended March 31, 2019 and 2018)

Not applicable

## 21 Inventory Valuation Loss Included in Cost of Sales

Inventory valuation loss write-downs below cost to net selling value are included in cost of sales and amounted to ¥352 million (U.S.\$3,171 thousand) and ¥151 million for the years ended March 31, 2019 and 2018, respectively.

## 22 Note to Consolidated Statements of Changes in Net Assets

Shares in issue and outstanding and treasury stock at March 31, 2019 and 2018 were as follows:

(Year ended March 31, 2019)

Number of shares in issue and outstanding:	
Common stock	23,000 thousand
Number of shares held in treasury:	
Common stock	888 thousand

Note: Details of the change in the number of shares of treasury stock are as follows:

Increase due to purchase of shares less than standard unit:	0 thousand
Decrease due to the exercise of stock options:	44 thousand
Decrease due to issuance of treasury shares by the stock benefit trust (BBT):	6 thousand

The common stock owned by the Trust (212 thousand shares) is included in the number of shares held in treasury stock.

Subscription rights at March 31, 2019 were as follows:

Subscription rights for stock options	¥14 million (U.S.\$127 thousand)
---------------------------------------	----------------------------------

Dividends paid from retained earnings for the year ended March 31, 2019 were as follows:

Resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of directors' meeting held on May 21, 2018	¥ 401	¥ 18	March 31, 2018	June 5, 2018
Board of directors' meeting held on October 30, 2018	401	18	September 30, 2018	December 7, 2018

Dividends for which the record date was in the year ended March 31, 2019 and the effective date is in the year ending March 31, 2020 were as follows:

Resolution	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Board of directors' meeting held on May 20, 2019	¥ 402	Retained earnings	¥ 18	March 31, 2019	June 4, 2019

(Year ended March 31, 2018)

Number of shares in issue and outstanding:	
Common stock	23,000 thousand
Number of shares held in treasury:	
Common stock	937 thousand

Note: Details of the change in the number of shares of treasury stock are as follows:

Increase due to purchase of shares less than standard unit:	0 thousand
Decrease due to the exercise of stock options:	184 thousand
Decrease due to issuance of treasury shares by the stock benefit trust (BBT):	2 thousand

The common stock owned by the Trust (217 thousand shares) is included in the number of shares held in treasury stock.

Subscription rights at March 31, 2018 were as follows:

Subscription rights for stock options	¥19 million
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Dividends paid from retained earnings for the year ended March 31, 2018 were as follows:

Resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of directors' meeting held on May 22, 2017	¥ 265	¥ 12	March 31, 2017	May 31, 2017
Board of directors' meeting held on October 30, 2017	289	13	September 30, 2017	December 8, 2017

Dividends for which the record date was in the year ended March 31, 2018 and the effective date was in the year ended March 31, 2019 were as follows:

Resolution	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Board of directors' meeting held on May 21, 2018	¥ 401	Retained earnings	¥ 18	March 31, 2018	June 5, 2018

## 23 Stock Option Plans

At March 31, 2019, the Company had stock option plans, which were approved at the annual general meetings of the shareholders and by the Board of Directors. Details of these stock option plans are summarized as follows:

Date of approval	Number of shares granted	Eligible participants	Exercisable period
June 17, 2011	35,000	7 employees	Aug 2, 2013 – Aug 1, 2018
June 15, 2012	130,000	3 officers and 8 employees	Aug 2, 2014 – Aug 1, 2019
June 14, 2013	130,000	2 officers and 10 employees	Aug 2, 2015 – Aug 1, 2020
June 17, 2014	175,000	6 officers and 11 employees	Aug 2, 2016 – Aug 1, 2021

The option price per share was determined on the date the options were granted based on an established formula for determining option prices. The options are exercisable during the above periods provided that the recipients are still directors, officers or employees of the Company or its subsidiaries.

### Description of stock options

	2012	2013	2014	2015
Grantees	7 employees	3 officers and 8 employees	2 officers and 10 employees	6 officers and 11 employees
Type of stock	Common stock	Common stock	Common stock	Common stock
Number of stock options granted (*)	35,000	130,000	130,000	175,000
Grant date	August 1, 2011	August 1, 2012	August 1, 2013	August 1, 2014
Condition for exercise	Working from August 1, 2011 to August 1, 2013	Working from August 1, 2012 to August 1, 2014	Working from August 1, 2013 to August 1, 2015	Working from August 1, 2014 to August 1, 2016
Working period	August 1, 2011 to August 1, 2013	August 1, 2012 to August 1, 2014	August 1, 2013 to August 1, 2015	August 1, 2014 to August 1, 2016
Exercisable period	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)

(\*) Number of stock options in the column "Number of stock options granted" has been converted into the equivalent numbers of shares.

Stock option activity during the year ended March 31, 2019 was as follows:

### Number of shares

	2012	2013	2014	2015
Non-vested Outstanding at beginning of year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	—	—
Outstanding at end of year	—	—	—	—
Vested Outstanding at beginning of year	3,000	6,000	70,000	99,000
Vested during the year	—	—	—	—
Exercised during the year	3,000	3,000	22,000	16,000
Forfeited during the year	—	—	—	—
Outstanding at end of year	—	3,000	48,000	83,000

### Price of stock options

	Yen			
	2012	2013	2014	2015
Exercise price	¥ 976	¥ 946	¥ 1,066	¥ 1,059
Weighted-average market price	2,737	1,952	2,530	1,862
Fair value per option on grant date	¥ 194	¥ 153	¥ 117	¥ 97

The fair value of each stock option grant was estimated at the grant date using the Black-Scholes option pricing model.

### Method of estimating exercised stock options

The Company estimated the number of exercised stock options based on the actual number of forfeitures because it is difficult to estimate the number of stock options which will be forfeited in the future.

## 24 Significant Subsequent Events

The Company aims to strengthen its production capacity for global expansion, which is a medium-term and long-term strategy in the disposable warmer business, and also to improve the production efficiency accompanying its sales expansion in the domestic market. Regarding the acquisition of the disposable warmer business of MYCOAL CO., LTD, we entered into a business transfer agreement with MYCOAL CO., LTD on December 18, 2017, and took over it on April 1, 2019.

### (1) Outline of business acquisition

- (a) Name the company and description of business involved in the business acquisition.
- Name of transferor company: MYCOAL CO., LTD
  - Description of businesses: Manufacturing, development and distribution of pocket heater and thermal products

- (b) Primary reason for business acquisition

The Group has positioned the "corresponding to the social structure change" as one of the direction of the growth under the management policy "brand value management".

Given the importance of securing healthy living, which is a social issue in recent years, the Group acquired the disposable warmer business of MYCOAL CO., LTD with which the Group had previously engaged in sales business partnerships.

MYCOAL CO., LTD from which the Group has acquired the disposable warmer business, has excellent technology and had consistently manufactured and sold Pocket heater and thermal products under the concept of "for thermal insulation and health" since its establishment in 1904.

The main products "On-Packs" of disposable Pocket heater have received support from a wide range of customers as light and thin, soft and comfortable Pocket heater products.

With the acquisition of this business, by leveraging the product development and marketing capabilities of the Group, we aim further to expand the scope of operations in domestic and overseas markets and to improve corporate value while improving our profitability.

- (c) Date of the business acquisition  
April 1, 2019
- (d) Legal form of the business acquisition  
Business transfer for cash
- (e) Name of company after the business acquisition  
No change
- (f) Primary basis for deciding upon the company acquired  
This is because the Company acquired the Pocket heater business for cash.

### (2) Cost of acquisition of the acquired business and the breakdown thereof by acquisition price

	Millions of yen	Thousands of U.S. dollars
Consideration for acquisition – Cash	¥ 1,774	\$ 15,983
Acquisition cost (*)	¥ 1,774	\$ 15,983

(\*) As for the consideration for acquisition, the above amount is a provisional amount because price adjustment clause is attached in the business transfer agreement.  
As the price adjustment is expected in the future, the final acquisition costs will change.

### (3) Details and amount of major acquisition-related costs

Fee and commissions paid to advisors ¥8 million (U.S.\$71 thousand)

### (4) Amount of goodwill recognized, reason for recognition of goodwill and method and period for amortization

It is not determined at this time.

### (5) Detail of assets acquired and liabilities assumed at the acquisition date:

It is not determined at this time.



# Report of Independent Auditors



Ernst & Young ShinNihon LLC  
Hibiya Mitsui Tower, Tokyo Midtown Hibiya  
1-1-2 Yurakucho, Chiyoda-ku  
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100  
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ey.com

## Independent Auditor's Report

The Board of Directors  
S.T.CORPORATION

We have audited the accompanying consolidated financial statements of S.T.CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of S.T.CORPORATION and its consolidated subsidiaries as at March 31, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

June 18, 2019  
Tokyo, Japan

Ernst & Young ShinNihon LLC

# Five-Year Financial Summary

S.T. CORPORATION and Consolidated Subsidiaries  
Years Ended March 31

	Millions of yen (Except per share data and ratios)					Thousands of U.S. dollars (Except per share data and ratios)
	2019	2018	2017	2016	2015	2019
<b>For the Year</b>						
Net sales	¥ 47,782	¥ 48,627	¥ 45,958	¥ 44,661	¥ 48,263	\$ 430,510
Cost of sales	28,196	28,552	27,473	27,294	28,235	254,037
Selling, general and administrative expenses	16,748	16,594	15,630	15,025	18,216	150,893
Operating income	2,839	3,481	2,854	2,342	1,813	25,580
Profit before income taxes	2,710	3,478	2,751	1,703	1,536	24,416
Profit attributable to owners of parent	1,804	2,410	1,817	912	892	16,250
Capital expenditures	3,060	1,822	608	1,758	1,486	27,571
Depreciation and amortization	1,109	970	997	1,128	844	9,990
R&D expenses	643	596	611	536	513	5,793
Cash flows from operating activities	2,186	2,660	5,150	2,481	2,137	19,696
Cash flows from investing activities	(2,305)	(1,826)	(622)	(624)	(1,768)	(20,766)
Free cash flow	(119)	835	4,529	1,857	369	(1,069)
Cash flows from financing activities	(628)	(428)	(640)	(876)	(614)	(5,659)
<b>At Year-End</b>						
Total current assets	¥ 22,799	¥ 23,736	¥ 22,467	¥ 19,708	¥ 20,221	\$ 205,412
Property, plant and equipment, net	10,797	8,931	8,001	8,659	8,110	97,279
Total assets	41,976	42,112	38,458	34,924	33,785	378,197
Total current liabilities	10,344	10,241	9,666	8,781	9,008	93,201
Total long-term liabilities	2,408	2,849	2,980	2,648	2,176	21,700
Total net assets	29,223	29,022	25,812	23,496	22,600	263,297
Cash and cash equivalents	11,072	11,866	11,396	7,552	6,585	99,757
Number of shares issued (Thousands)	23,000	23,000	23,000	23,000	23,000	
Treasury stock (Thousands)	888	937	1,123	1,301	1,149	
Number of employees (People)	948	952	890	860	859	
<b>Per Share</b> (Yen and U.S. dollars)						
Profit attributable to owners of parent	¥ 81.66	¥ 109.58	¥ 83.57	¥ 42.01	¥ 40.83	\$ 0.74
Dividends	36.00	31.00	24.00	22.00	22.00	0.32
Net assets	1,295.38	1,285.01	1,148.41	1,049.58	1,001.84	11.67
Stock price	1,892	2,286	1,809	1,114	1,021	17.05
<b>Ratios (%)</b>						
Operating income margin	5.9	7.2	6.2	5.2	3.8	
Profit before income taxes/net sales	5.7	7.2	6.0	3.8	3.2	
Return on sales	3.8	5.0	4.0	2.0	1.8	
ROA	4.3	6.0	5.0	2.7	2.7	
ROE	6.3	9.0	7.6	4.1	4.2	
Equity ratio	68.2	67.3	65.3	65.2	64.8	

Notes: 1. U.S. dollar amounts are translated from yen for convenience only, at the rate of ¥110.99 = U.S.\$1.00, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2019.

2. As a result of new accounting standards being applied effective from the fiscal year ended March 31, 2017, the figures for fiscal years 2016, 2017, 2018 and 2019 reflect those changes. The figures for fiscal year 2015 are as originally presented without retroactive application.

3. As a result of new accounting standards being applied effective from the fiscal year ended March 31, 2019, the figures for fiscal years 2018 and 2019 reflect those changes. The figures for fiscal years 2015, 2016 and 2017 are as originally presented without retroactive application.

4. The stock prices listed are as of the end of the fiscal year ended in March.

5. ROA = Profit attributable to owners of parent divided by average total assets for the fiscal year.

6. ROE = Profit attributable to owners of parent divided by average total equity (total net assets minus subscription rights less non-controlling interests in consolidated subsidiaries) for the fiscal year.

# Investor Information

As of March 31, 2019

## Corporate Data

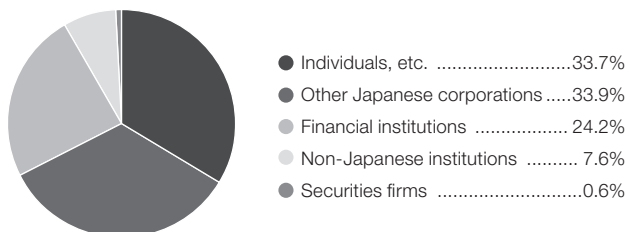
Company Name	S.T. CORPORATION
Headquarters	4-10, Shimo-ochiai 1-chome, Shinjuku-ku, Tokyo 161-8540, Japan
Establishment	August 31, 1948
Common Stock	¥7,065,500,000
Fiscal Year-end	March 31
Shares Issued and Outstanding	23,000,000
Listed Stock Exchange	Tokyo Stock Exchange, First Section
Shareholders	14,994
Registered Transfer Agent	Mizuho Trust & Banking Co., Ltd.
Accounting Auditors	Ernst & Young ShinNihon LLC
Annual Shareholders' Meeting	Middle of June each year
Employees	Consolidated: 948 Non-consolidated: 435 (Excluding part-time and temporary employees)
Contact	Kouichi Yoshizawa, Public Relations Department
E-mail	ir@st-c.co.jp
Telephone	+81-3-3367-6115
Facsimile	+81-3-3367-6320

## Group Companies

- S.T. Trading Co., Ltd.
- S.T. Business Support Co., Ltd.
- S.T. MYCOAL CO., LTD.
- S.T. (Thailand) Co., Ltd.
- Family Glove Co., Ltd. (Taiwan)
- S.T. Korea Corporation (South Korea)
- Japan Aroma Laboratory Co., Ltd.
- Shaldan (Thailand) Co., Ltd.

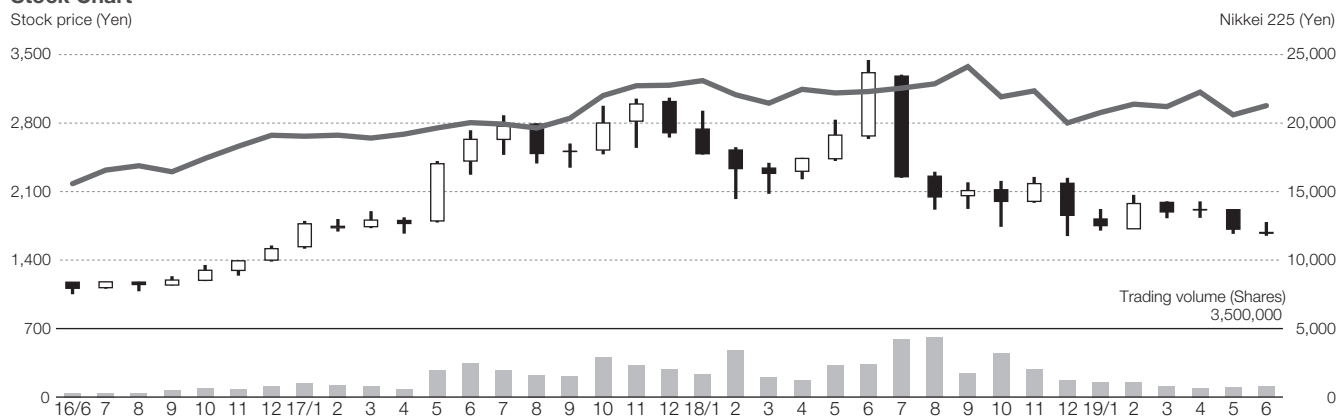
## Major Shareholders

	Thousands of shares	% of total
Shaldan Co., Ltd.	5,587	25.0
Nippon Life Insurance Company	1,336	6.0
TCSB (Mizuho Bank)	884	4.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	673	3.0
Takashi Suzuki	673	3.0
Japan Trustee Services Bank, Ltd. (Trust Account)	633	2.8
FUMAKILLA LIMITED	541	2.4
MUFG Bank, Ltd.	524	2.3
Kanichi Suzuki	500	2.2
Takako Suzuki	488	2.2



Note: The Company holds treasury stock of 676 thousand shares as of March 31, 2019; however, it is excluded from the list of major shareholders shown above.

## Stock Chart





4-10, Shimo-ochiai 1-chome, Shinjuku-ku, Tokyo 161-8540, Japan  
<https://www.st-c.co.jp/english/company/>