

**Year Ended March 31, 2022 (75<sup>th</sup> Term)**

# **Financial Results Briefing**

**April 27, 2022**

**S.T. Corporation**

**Takako Suzuki, President & CEO**

The year-on-year comparisons have been estimated in accordance with the Accounting Standard for Revenue Recognition.

## ① Report on the Financial Results Summary

## ② Business Strategies for the New Fiscal Year

- **Sales and profit decreased.**
- **The mainstay business delivered satisfactory results.**
- **Revenue from the HAND Care Business dropped after the temporary rise amid the Covid-19 pandemic.**
- **The THERMAL Care Business had a impairment loss.**

# Highlights of the Business Performance inFY3/22

<Consolidated>

## Sales and profit decreased

	Consolidated	Compared to the initial forecast	Rate of increase/decrease on the premise that the new accounting standard was applied in the previous fiscal year
Net sales	¥45.4 bn.	95.7%	99.1%
Operating income	¥3.2 bn.	84.8%	96.1%
Ordinary income	¥3.4 bn.	88.5%	94.4%
Profit attributable to owners of parent	¥1.1 bn.	42.7%	46.6%
Comprehensive income attributable to owners of parent	¥200 mil.		

**Dividend: ¥38** (¥37 in the previous fiscal year)

# Highlights of the Business Performance inFY3/22

<Consolidated>

	FY3/22		Sales ratio on the premise that the new accounting standard was applied in the previous fiscal year
	Actual	Sales ratio	
Net sales	¥ <b>45.4</b> bn.	-	-
Cost of sales	¥ <b>27.6</b> bn.	<b>60.8%</b>	<b>61.7%</b>
Gross profit	¥ <b>17.8</b> bn.	<b>39.2%</b>	<b>38.3%</b>
SG&A expenses	¥ <b>1.4</b> bn.	<b>32.1%</b>	<b>31.0%</b>
Operating income	¥ <b>3.2</b> bn.	<b>7.1%</b>	<b>7.3%</b>

# Highlights of the Business Performance in FY3/22

## <Sales in each Business Category>

Business category		Sales	Composition ratio	Rate of increase/decrease on the premise that the new accounting standard was applied in the previous fiscal year
<b>AIR Care</b>	(Deodorizers/ air fresheners)	¥ <b>19.9</b> bn.	<b>44%</b>	<b>101%</b>
<b>CLOTH Care</b>	(Mothproofing agents)	¥ <b>8.2</b> bn.	<b>18%</b>	<b>99%</b>
<b>THERMAL Care</b>	(Disposable warmers)	¥ <b>4.3</b> bn.	<b>10%</b>	<b>110%</b>
<b>HAND Care</b>	(Household gloves)	¥ <b>5.8</b> bn.	<b>13%</b>	<b>88%</b>
<b>HUMIDITY Care</b>	(Dehumidifiers)	¥ <b>2.8</b> bn.	<b>6%</b>	<b>90%</b>
<b>HOME Care</b>	(Other)	¥ <b>4.2</b> bn.	<b>9%</b>	<b>108%</b>
<b>Total</b>		¥ <b>45.4</b> bn.	<b>100%</b>	<b>99%</b>

# Factors behind the Increase/Decrease in Operating Income in FY3/22

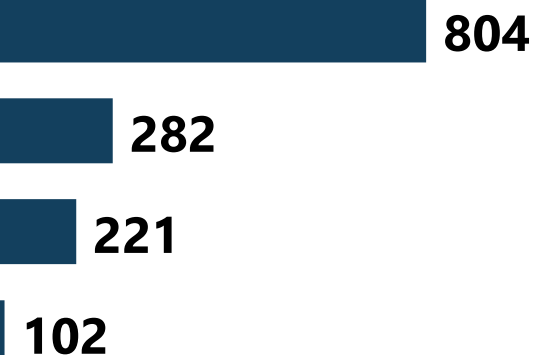
<Consolidated>

## Increase/decrease in operating income

Operating income decreased ¥130 mil.

### Factors behind increase

- Increase owing to the raised selling prices
- Decreases in purchasing and manufacturing costs, etc.
- Increase owing to growth of the sales quantity
- Other



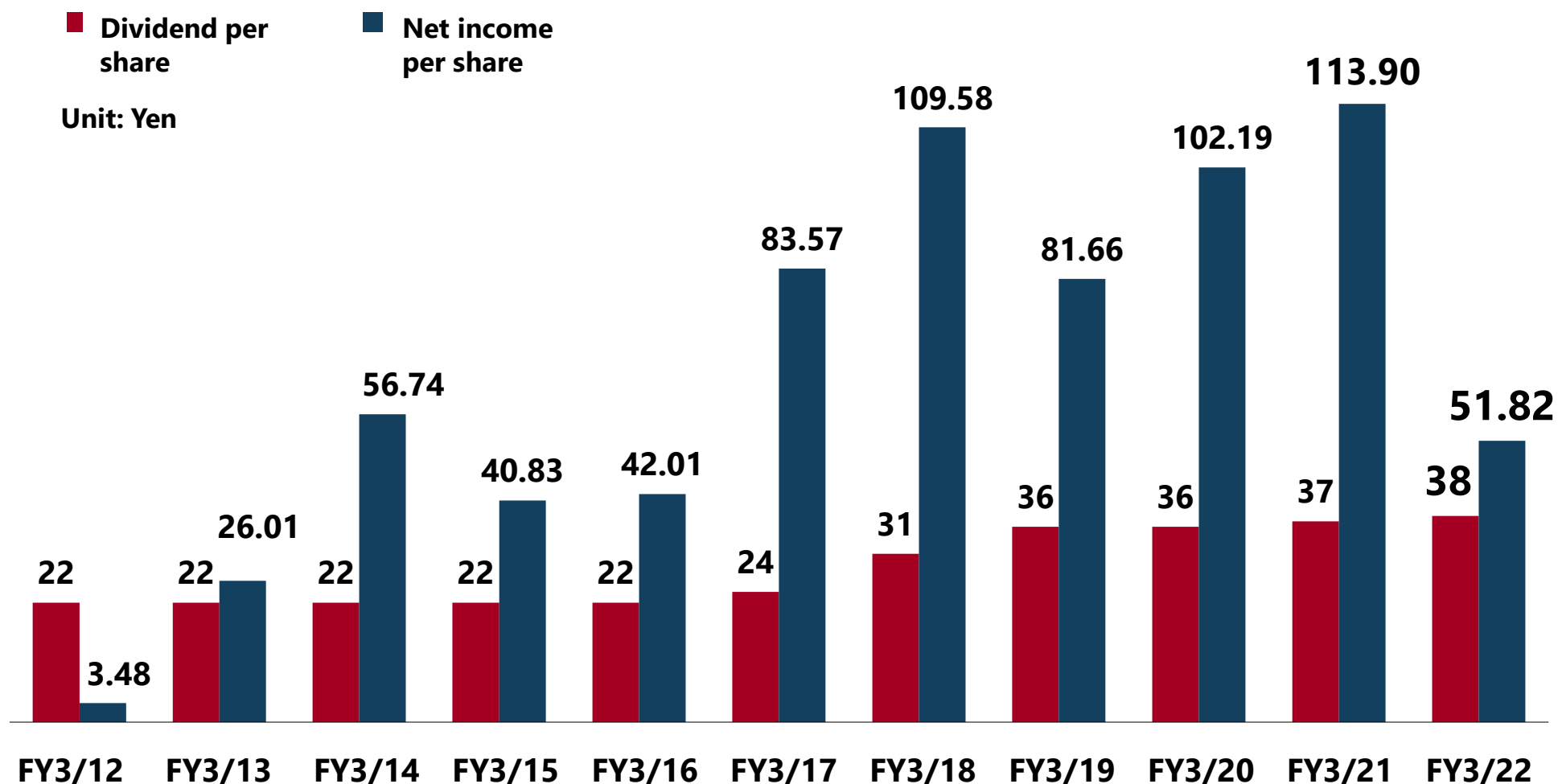
### Factors behind decrease

- Rising material costs, etc. -703
- Decrease due to selling price reduction -429
- Increase owing to a rise in marketing expenses -202
- Increases in loss on abandonment of goods, loss on valuation of inventory, etc. -207

Unit: Million yen

## Toward continuously stable dividend payment

\*Payout ratio: 73.5%





## High-value added products yielded satisfactory results

**High-value added products for home use produced satisfactory results.**

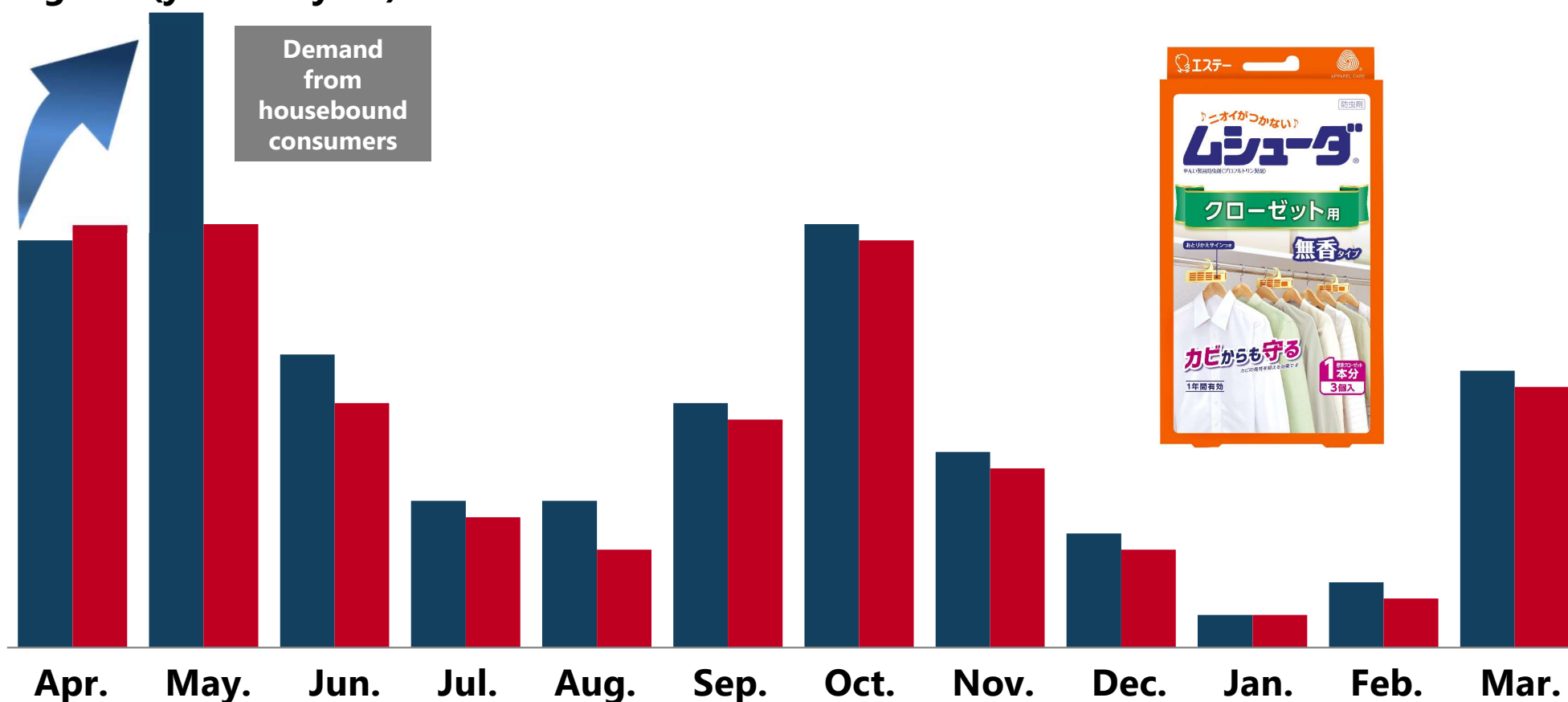
**Products for vehicles and industrial use started to follow a recovery trend.**



**Business performance was on a par with that in an average year  
because demand from housebound consumers subsided**

**Scale of the market of mothproofing  
agents (year-on-year)**

■ FY3/21 ■ FY3/22



Source: Data on mothproofing agents (excluding ones for dolls) (based on an estimated sales scale and amount) by INTAGE Inc. SRI+

## Business performance was affected by a decrease in people's hygiene awareness and price fluctuations

Scale of the market of household gloves (year-on-year)

■ FY3/21

■ FY3/22



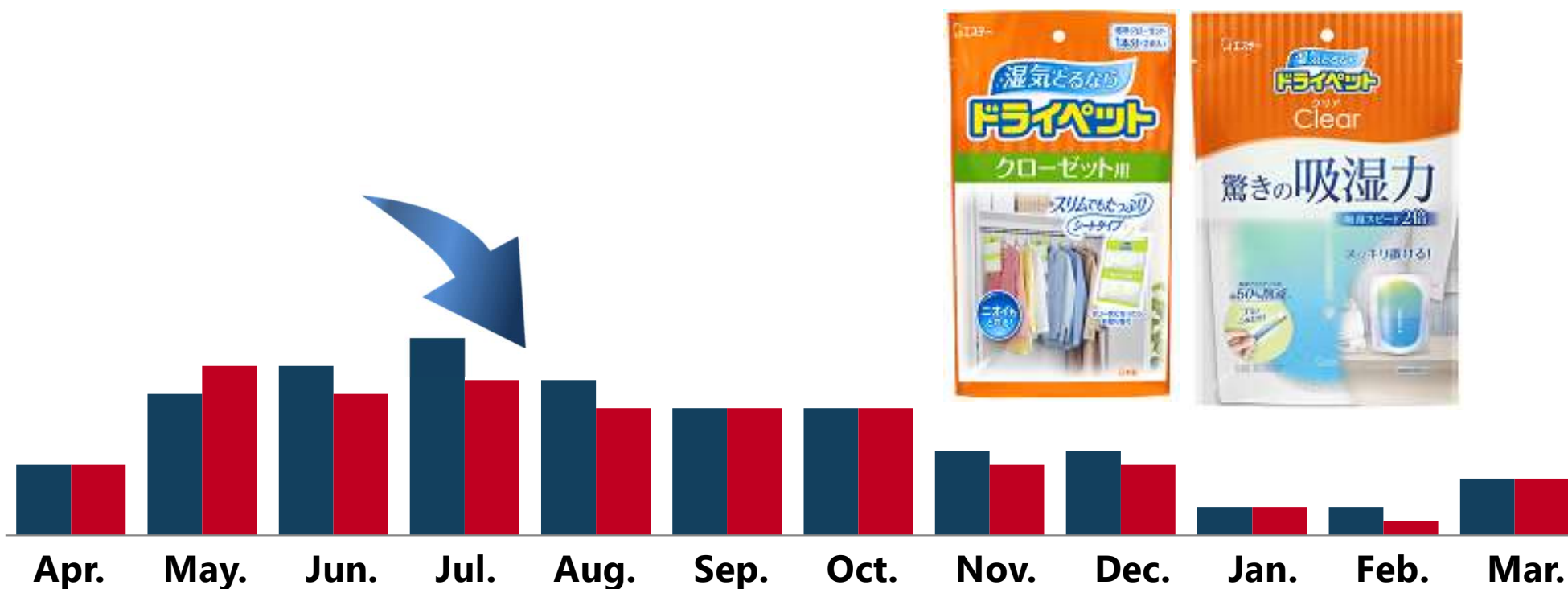
Source: Data on household gloves (based on an estimated sales scale and amount) by INTAGE Inc. SRI+

## Business performance was affected by low rainfall in the rainy season

Market scale of dehumidifiers  
(year-on-year)

■ FY3/21

■ FY3/22



Source: Data on dehumidifiers (based on an estimated sales scale and amount) by INTAGE Inc. SRI+

**Demand for hygiene products and products for eating at home continued to be healthy**

**Sales of Dashu-Tan**

**98.3%** year on year

**Sales of Kome-Touban**

**103.5%** year on year

**Sales of laundry tub cleaners**

**123.8%** year on year

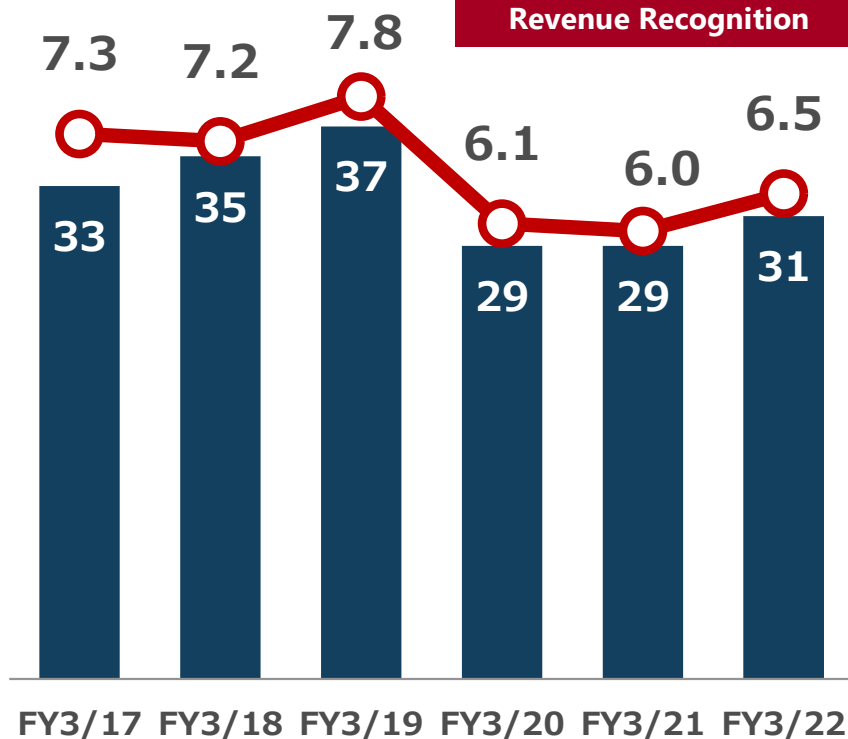


## Business grew in Thailand and China amid structural reform

### Variation in overseas sales (Consolidated)

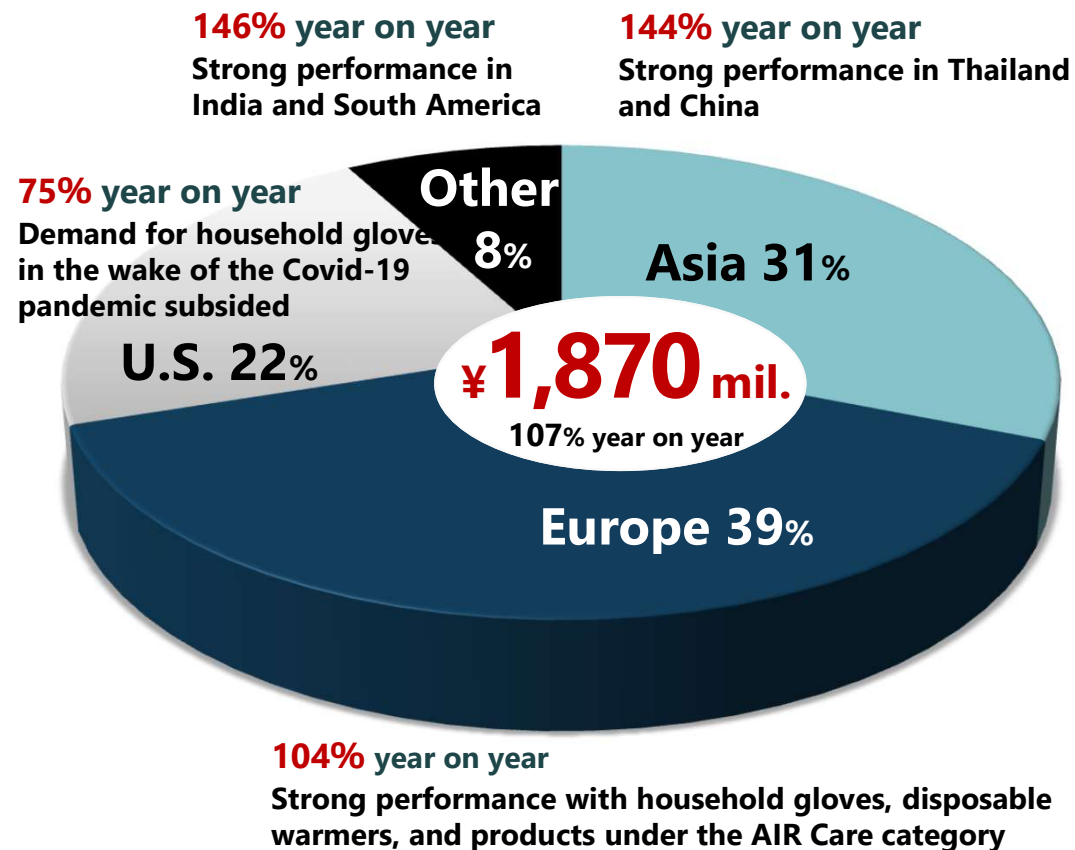
Unit: 100 million yen

Before adoption of  
Accounting Standard for  
Revenue Recognition



■ Sales overseas    ● Ratio of sales overseas

### Composition of overseas sales (by region)



### Cost of sales ratio improved

## Cost of sales ratio

**61.7%**

**(FY3/21)**

**Cost of sales ratio on the premise  
that the new standard was applied**



**60.8%**

**(FY3/22)**

**Costs of Shoshu-Riki, products under the THERMAL Care category, and Kome-Touban went down.**



## The existing businesses delivered powerful performance while the new businesses did not achieve the forecast performance

Policy for FY3/22	Major approaches	Progress
Solidify the revenue structure of the existing businesses	AIR Care: Occupy the largest share	Enriched Shoshu-Riki Premium Aroma and DEOX
	CLOTH Care: Maximize profit	Focused on the mite-proofing agent market
Enhance resources for growth engines	Overseas: Focus on Asia	Launched Shoshu-Riki Premium Aroma
	B2B: Strengthen S.T. PRO	Had difficulty in delivering satisfactory business performance with household gloves and industrial products
	E-commerce: Develop products for exclusive sale and marketing methods	Expanded products for exclusive sale
	THERMAL Care: Develop year-round products and markets for the products	Faced an environment of intensifying competition
Enter and grow new business fields and markets	Clear Forest: Create new businesses	Launched S.T. Pet
	Market of industrial disinfectants: Enhance approaches to take	Business performance with industrial products started to follow a recovery trend
	Futuristic AIR Care products: Start development	Started a project



## **Drastic revision of strategies**

**The trend of warm winter continued.**

**Overseas business operation stagnated due to the Covid-19 pandemic.**

**Development of new products was behind schedule.**

**Competition in the markets in Japan intensified.**

**Toward an organizational structure  
that thoroughly pursues the customer first policy**

**Unify marketing strategies designed for Japan and overseas.**

**Increase the power of creating markets that will open up the future.**

**Strengthen the governance and risk management systems.**

**To become  
a general marketing company**

① Report on the Financial Results Summary

② Business Strategies for the New Fiscal Year

**Drastic reform of the revenue structure of the existing businesses**

**Concentration of resources on growth areas**

**Clarification of a business development system**

**Formulation and disclosure of long-term ESG strategies**

## AIR Care: No. 1 global growth

**Enhance high-value added products**

**Continuously strengthen area marketing**



## CLOTH Care: Taking in new demand

Satisfy diversifying storage styles

Grow neighboring categories



## Selection and concentration

**Review unprofitable and slow-growth products**

**Reallocate resources to growing areas**

**Enhance the business investment system**





## Enhancement of the power of creating markets for opening up the future

**Newly establish a new business development department**

**New industrialization process**

**Marketing investment for market creation**





**For improving corporate value  
over the medium and long term**

**Launch a corporate value creation department**

**Formulate more strategic long-term ESG strategies**

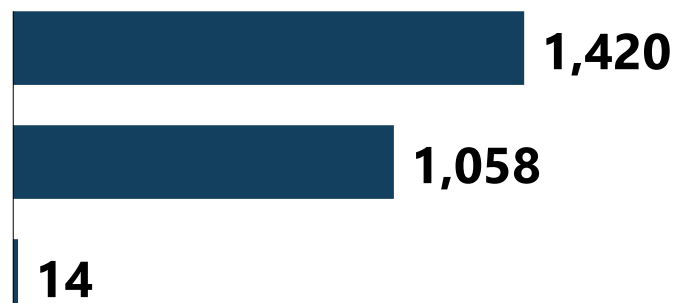
**Strategize personnel affairs for realizing the strategies**

**Air Refreshing Action 2030**

### Operating income will decrease by 670 million yen due to an increased investment for growth

#### Factors behind increase

- Increase owing to an increase in the sales quantity, etc.
- Reduction in the cost
- Raised selling prices



#### Factors behind decrease

- Increase in raw materials cost
- Sales deduction (such as rebates)
- Increase in marketing expenses
- Other

-727

-507

-353

-1,576

(such as system-related depreciation cost, examination/research cost, labor cost, and activity cost)

Unit: Million yen

## The First Year of Rebirth <Groundwork>

	Consolidated	YOY
<b>Net sales</b>	<b>¥47.5 bn.</b>	<b>104.5%</b>
<b>Operating income</b>	<b>¥2.5 bn.</b>	<b>79.2%</b>
<b>Ordinary income</b>	<b>¥2.8 bn.</b>	<b>82.6%</b>
<b>Profit attributable to owners of parent</b>	<b>¥1.9 bn.</b>	<b>165.0%</b>

**Estimated dividend: ¥40**

**\*Payout ratio: 46.8%**

**To become  
a company loved by  
stakeholders**



**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.**