August 6, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

Company name: S.T. CORPORATION
Listing: Tokyo Stock Exchange
Securities code: 4951
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	10,497	7.7	(138)	–	(24)	–	(50)	–
June 30, 2023	9,747	(7.4)	101	(47.4)	449	46.2	271	79.5

Note: Comprehensive income For the three months ended June 30, 2024: ¥121 million [(73.8)%]
For the three months ended June 30, 2023: ¥462 million [162.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	(2.25)	–
June 30, 2023	12.20	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2024	47,075	33,448	69.6	1,470.32
March 31, 2024	44,760	33,800	74.1	1,487.83

Reference: Equity
As of June 30, 2024: ¥32,769 million
As of March 31, 2024: ¥33,159 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	21.00	–	21.00	42.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		22.00	–	22.00	44.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	24,800	8.2	1,200	(12.5)	1,350	(25.4)	750	(37.9)	33.67
Fiscal year ending March 31, 2025	49,200	10.6	2,000	49.1	2,300	19.2	1,400	9.8	62.85

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – companies
Excluded: – companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: Yes

(iii) Changes in accounting estimates: Yes

(iv) Restatement: None

Note: For more details, please refer to the section of "Notes on changes in accounting policies" and "Notes on changes in accounting policies which are difficult to distinguish from changes in accounting estimates" under "(3) Notes to quarterly consolidated financial statements" of "2. Quarterly consolidated financial statements and significant notes thereto" on page 8 of the attached material.

(4) Number of issued shares (common shares)

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

As of June 30, 2024	23,000,000 shares
As of March 31, 2024	23,000,000 shares

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

As of June 30, 2024	712,760 shares
As of March 31, 2024	712,638 shares

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

Three months ended June 30, 2024	22,287,294 shares
Three months ended June 30, 2023	22,240,758 shares

Note: The Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in the number of treasury shares at the end of the period (223,400 shares as of June 30, 2024 and 223,400 shares as of March 31, 2024). Also, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares that are deducted for calculation of the average number of shares outstanding during the period (223,400 shares for the three months ended June 30, 2024, 270,400 shares for the three months ended June 30, 2023).

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements and others

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. Please refer to "(3) Explanation of consolidated earnings forecasts and other forward-looking statements" of "1. Outline of operating results, etc." on page 3 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

Method of obtaining the supplementary material on quarterly financial results

We intend to post the supplementary material on quarterly financial results to the "Investors" page of our corporate website soon after the announcement of the financial results for the three months ended June 30, 2024, on Tuesday, August 6, 2024.

○Attached Material Index

1. Outline of operating results, etc.

(1) Outline of operating results for the period under review

During the three months ended June 30, 2024, the Japanese economy showed signs of modest recovery as corporate earnings and capital investment remained steady amid ongoing improvements in employment and income. On the other hand, a sense of uncertainty about the future persists for various reasons, including the prolonged conflict between Russia and Ukraine, the risk of interest rate and exchange rate fluctuations, and sluggish consumer spending due to the stagnation of real wages caused by rising prices.

Under these conditions, the Group will concentrate on "focusing on growth driving businesses," "recovery of core businesses," "measures to prevent cost rises," and "creating a foundation to survive the ESG era" in order to enable sustainable growth under brand value management.

For the three months ended June 30, 2024, the Group's net sales amounted to 10,497 million yen (up 7.7% year on year), thanks to a significant contribution from Pet Care, which expanded its business by taking over the Nyantomo Clean Toilet business from Kao Corporation on June 3, and growth in its main categories, Air Care and Cloth Care.

As for profit, despite price increases for some items, cost increases due to higher purchase prices caused by the weak yen and higher selling, general and administrative expenses, including marketing expenses and purpose production expenses associated with the formation of the Medium-Term Management Plan resulted in an operating loss of 138 million yen (operating profit of 101 million yen in the same period of the previous year), ordinary loss of 24 million yen (ordinary profit of 449 million yen in the same period of the previous year), loss attributable to owners of parent was 50 million yen (profit attributable to owners of parent of 271 million yen in the same period of the previous year).

Given that the Group operates a single segment of the daily necessities business, operating results by business category are as follows.

In the Air Care (Deodorizers and Air Fresheners) category, we have been engaging in efforts that involve strengthening high-value added products. Although sales of the mainstay Shoshu-Riki series have slowed, sales of the Shoshu-Riki Premium Aroma series increased, and Shoshu-Riki Premium Aroma For Sleep for Bedrooms, a bedroom fragrance to support the creation of a comfortable space, which was launched in the previous fiscal year, and Shoshu-Riki Compact contributed. Net sales were 4,953 million yen (up 4.0% year on year).

Pet Care (Cat Toiletries) is presented independently from Home Care (Food Care, Cleaners, etc.) category, which included the pet business in the previous period, because the importance of the pet business as a whole has increased due to the transfer of the Nyantomo Clean Toilet business. Efforts to further strengthen the Pet Care category utilizing the Nyantomo Clean Toilet brand resulted in net sales of 600 million yen, compared with net sales of 37 million yen in the same period of the previous year.

In the Cloth Care (Mothproofing Agents) category, efforts are underway to revitalize the stagnant market. Sales of existing core products such as Neopara Ace, Mushuda for Drawers and Clothes Cases, and Mushuda for Closet increased due to the postponement of the changeover season this spring to the second half of the year, resulting in net sales of 1,808 million yen (up 15.7% year on year).

In the Home Care (Food Care, Cleaners, etc.) category, efforts to expand new customers are underway, centered on food care products and the Senjo-Riki brand. Sales of Kome-Touban remained strong, and Senjo-Riki Waterless Sneaker Cleaner, a detergent for sneakers that easily wipes off bothersome stains with foam, contributed to sales of 1,108 million yen (up 1.5% year on year).

In the Humidity Care (Dehumidifiers) category, we are working to respond to changes in storage patterns. Demand for dehumidifiers was suppressed due to a review of selling prices in response to rising raw material prices and the late start of the rainy season, resulting in net sales of 949 million yen (down 2.3% year on year).

In the Thermal Care (Disposable Warmers) category, this is the time of year when there are a lot of end-of season returns. Because returns were greater than expected, net sales were -29 million yen (net sales of 188 million in the same period of the previous year).

In the Hand Care (Household Gloves) category, we are promoting efforts to revitalize the market with proposals for design and environmental responsiveness that differentiate us from our competitors. Sales of gloves for overseas markets declined 2.2% year on year to 1,107 million yen, as demand driven by greater awareness of hygiene weakened.

Category	Net sales (Millions of yen)	Composition (%)	Year-on-year (%)
Air Care (Deodorizers and Air Fresheners)	4,953	47.2	4.0
Pet Care (Cat Toiletries)	600	5.7	–
Cloth Care (Mothproofing Agents)	1,808	17.2	15.7
Home Care (Food Care, Cleaners, etc.)	1,108	10.6	1.5
Humidity Care (Dehumidifiers)	949	9.0	(2.3)
Thermal Care (Disposable Warmers)	(29)	(0.3)	–
Hand Care (Household Gloves)	1,107	10.6	(2.2)
Total	10,497	100.0	7.7

Note: Year-on-year change is the comparison with the figures after the reclassification of the Pet Care (Cat Toiletries). Year-on-year change for Pet Care (Cat Toiletries) is shown as "-" because it exceeded 1,000%.

(2) Outline of financial status for the period under review

Total assets as of June 30, 2024, stood at 47,075 million yen, an increase of 2,314 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include an increase in merchandise and finished goods of 1,666 million yen, an increase in goodwill of 4,196 million yen, and a decrease in cash and deposits of 4,067 million yen.

Liabilities were 13,626 million yen, an increase of 2,666 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include an increase in short-term borrowings of 2,003 million yen, and an increase in electronically recorded obligations - operating of 806 million yen.

Net assets were 33,448 million yen, a decline of 351 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include a decrease in retained earnings of 522 million yen, and an increase in valuation difference on available-for-sale securities of 112 million yen.

Consequently, equity amounted to 32,769 million yen and the equity ratio was 69.6%, down 4.5 percentage points from the end of the previous fiscal year.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts are unchanged from the forecasts for the six months ending September 30, 2024, and the fiscal year ending March 31, 2025, announced in the financial results report released on May 7, 2024.

The consolidated earnings forecasts are determined by the Company based on information available as of the date of this material's release. Actual results may differ from the forecast figures due to various factors going forward.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	13,728	9,661
Notes and accounts receivable - trade	5,982	5,670
Merchandise and finished goods	5,324	6,991
Work in process	238	225
Raw materials and supplies	865	932
Other	748	1,385
Allowance for doubtful accounts	(0)	(0)
Total current assets	26,885	24,865
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,969	3,923
Machinery, equipment and vehicles, net	1,544	1,470
Tools, furniture and fixtures, net	139	166
Land	3,609	3,613
Leased assets, net	164	180
Construction in progress	48	123
Total property, plant and equipment	9,476	9,477
Intangible assets		
Goodwill	–	4,196
Other	1,217	1,230
Total intangible assets	1,217	5,427
Investments and other assets		
Investment securities	6,201	6,359
Long-term loans receivable	42	42
Retirement benefit asset	5	5
Deferred tax assets	330	290
Other	600	606
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	7,180	7,304
Total non-current assets	17,874	22,209
Total assets	44,760	47,075

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,135	2,573
Electronically recorded obligations - operating	2,349	3,156
Short-term borrowings	454	2,457
Lease liabilities	69	69
Accounts payable - other	1,296	1,394
Accrued expenses	669	391
Income taxes payable	162	98
Accrued consumption taxes	135	31
Electronically recorded obligations - non-operating	85	21
Other	2,105	1,978
Total current liabilities	9,463	12,174
Non-current liabilities		
Lease liabilities	70	90
Deferred tax liabilities for land revaluation	195	195
Provision for retirement benefits for directors (and other officers)	12	12
Provision for share awards for directors (and other officers)	48	50
Retirement benefit liability	1,146	1,075
Other	23	28
Total non-current liabilities	1,496	1,452
Total liabilities	10,960	13,626
Net assets		
Shareholders' equity		
Share capital	7,065	7,065
Capital surplus	7,047	7,047
Retained earnings	18,280	17,758
Treasury shares	(942)	(942)
Total shareholders' equity	31,451	30,928
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,201	2,313
Revaluation reserve for land	(470)	(470)
Foreign currency translation adjustment	(38)	(16)
Remeasurements of defined benefit plans	15	13
Total accumulated other comprehensive income	1,708	1,841
Non-controlling interests	640	679
Total net assets	33,800	33,448
Total liabilities and net assets	44,760	47,075

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

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	9,747	10,497
Cost of sales	6,118	6,501
Gross profit	3,629	3,995
Selling, general and administrative expenses	3,527	4,134
Operating profit (loss)	101	(138)
Non-operating income		
Interest income	1	2
Dividend income	75	81
Purchase discounts	28	30
Insurance claim income	224	–
Other	47	29
Total non-operating income	377	143
Non-operating expenses		
Interest expenses	2	4
Share of loss of entities accounted for using equity method	5	3
Foreign exchange losses	16	15
Other	4	7
Total non-operating expenses	29	29
Ordinary profit (loss)	449	(24)
Extraordinary income		
Gain on sale of non-current assets	0	–
Total extraordinary income	0	–
Extraordinary losses		
Loss on sale and retirement of non-current assets	3	0
Total extraordinary losses	3	0
Profit (loss) before income taxes	446	(25)
Income taxes - current	2	12
Income taxes - deferred	147	(9)
Total income taxes	150	2
Profit (loss)	296	(28)
Profit attributable to non-controlling interests	24	21
Profit (loss) attributable to owners of parent	271	(50)

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit (loss)	296	(28)
Other comprehensive income		
Valuation difference on available-for-sale securities	162	112
Foreign currency translation adjustment	7	38
Remeasurements of defined benefit plans, net of tax	(2)	(1)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	166	149
Comprehensive income	462	121
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	431	82
Comprehensive income attributable to non-controlling interests	31	38

(3) Notes to quarterly consolidated financial statements

Notes on changes in accounting policies

Application of "Accounting Standard for Current Income Taxes," etc.

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment prescribed in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of Paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Guidance on the 2022 Revised Accounting Standard"). These changes in accounting policies have no impact on the quarterly consolidated financial statements.

The Guidance on the 2022 Revised Accounting Standard, which revises the treatment of gains or losses on sales of subsidiaries' stocks and other securities arising from sales between consolidated companies that are deferred for tax purposes in consolidated financial statements has been applied from the beginning of the first quarter of the current fiscal year. The change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the previous fiscal year have been prepared on a retrospective basis. The change in accounting policy has no effect on the quarterly consolidated financial statements of the previous quarter or the consolidated financial statements of the previous fiscal year.

Notes on changes in accounting policies which are difficult to distinguish from changes in accounting estimates

Change in the depreciation method for property, plant and equipment

Previously, the Company and its domestic consolidated subsidiaries depreciated property, plant and equipment using the declining-balance method (except for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method), while foreign consolidated subsidiaries mainly used the straight-line method based on the accounting standards of the countries concerned. However, effective from the first quarter of the current fiscal year, the Company and its domestic consolidated subsidiaries have adopted the straight-line method.

In drawing up the S.T. Group Medium-Term Management Plan "SMILE 2027," we reviewed and examined the use of property, plant and equipment in light of changes in the business environment and a review of management policies. As a result of this review, the straight-line method of depreciation was deemed to be more reasonable and to more appropriately reflect the business conditions of the Group, as the equal allocation of acquisition costs over the useful life of the assets is consistent with the actual use of the assets, and because production facility operating conditions are expected to remain stable going forward.

As a result, compared with the previous method, depreciation decreased by 29 million yen, operating loss decreased by 5 million yen, and ordinary loss and loss before income taxes decreased by 5 million yen each in the first quarter of the current fiscal year.

Notes on specific accounting for preparing the quarterly consolidated financial statements

No important matter to be stated.

Notes on segment information

Three months ended June 30, 2023 and three months ended June 30, 2024

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

Notes when there are significant changes in amounts of shareholders' equity

Not applicable.

Notes on going concern assumption

Not applicable.

Notes on quarterly consolidated statement of cash flows

Quarterly consolidated statement of cash flows for the three months ended June 30, 2024 is not prepared. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the fiscal year under review are as follows.

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	304	289
Amortization of goodwill	–	35

Notes on business combinations

Business acquisition

At a meeting of the Board of Directors held on December 6, 2023, the Company resolved to acquire the business related to Kao Corporation's "Nyantomo Clean Toilet," a system toilet for cats, and concluded a business transfer agreement with the company on December 11, 2023.

As a result, the business was transferred on June 3, 2024 pursuant to this agreement.

1. Overview of business acquisition

(1) Name of the company to which the business will be transferred and the content of its business

(i)	Name of counterparty company	Kao Corporation
(ii)	Description of business to be transferred	Manufacture and sale of cat toilet products, cat chip products, cat sheet products, cat mat products, cat urine test kit products, and related businesses developed under the "Nyantomo Clean Toilet" system toilet for cats.

(2) Purpose of the business acquisition

With the transition to a new structure following the change of president in June 2023, the Company has formulated a new growth plan, the "100-Day Plan." As part of this plan, we have identified "Kaori x Wellness x Global" as our medium- to long-term strategic theme. Going forward, we intend to develop the pet care business as a core business in the wellness domain.

The "Nyantomo Clean Toilet" brand's product creation and activities, which are based on cat-friendly design, have received strong support from customers who take a pet-first perspective, and we believe there to be a strong affinity with our pet care business, which aims "to provide a comfortable living space with pets through air."

The decision to take over the business was made based on the judgment that the combination of the brand power of "Nyantomo Clean Toilet" and the deodorant technology of S.T. Pet would produce synergistic effects and lead to further enhancement of brand value and business development.

This will accelerate the development of the pet care business, and expand and nurture it as a core business within our growth strategy.

(3) Date of business acquisition

June 3, 2024

(4) Legal form of business acquisition

Business acquisition in consideration for cash

2. Period of results of the acquired company included in the quarterly consolidated statement of income (cumulative)

From June 3, 2024 to June 30, 2024

3. Acquisition cost of the business to be acquired and breakdown by type of consideration

		(Millions of yen)
Consideration for acquisition	Cash	4,683
Acquisition cost		4,683

4. Details and amounts of major acquisition-related expenses

Advisory fees, etc. 145 million yen

5. Amount of goodwill recognized, the reason for recognition, and the method and period of amortization

(1) Amount of goodwill recognized

4,231 million yen

Calculation of the amount of goodwill is tentative because the fair value of the identifiable assets has not yet been determined and the allocation of acquisition costs has not been completed as of the end of the first quarter of the current fiscal year.

(2) Reason for recognition

This is the excess earning power expected from future business development.

(3) Method and period of amortization

Straight-line method over ten years

6. Amounts of assets acquired and liabilities assumed on the date of the business combination, and the major components thereof

   Not finalized at the present moment.

Notes on significant post-balance sheet events

Business combination by acquisition

On July 1, 2024, the Company conducted a business combination through a partial exchange of shares (the "Partial Share Exchange"), with the Company as the parent company through exchange of shares and Shaldan Co., Ltd., as the subsidiary company through exchange of shares.

1. Overview of business combination

   (1) Name of acquired company and its business content

Name of acquired company	Shaldan Co., Ltd.
Business content	Non-life insurance agency, real estate leasing, etc.

   (2) Main reason for business combination

   Improve the Company's shareholder structure and the liquidity of the Company's shares

   (3) Date of business combination

   July 1, 2024

   (4) Legal form of business combination

   Delivery of shares in exchange for shares of the Company

   (5) Name of company after business combination

   No change.

   (6) Ratio of voting rights to be acquired

Ratio of voting rights held before the business combination	–%
Ratio of voting rights after the acquisition	100.0%

   (7) Main reason for deciding the acquiring company

   Because the Company received shares of Shaldan Co., Ltd., in exchange for shares issued by the Company.

2. Share delivery ratio by share type and method of calculation

   (1) Share exchange ratio by share type

   20.41 shares of common shares of the Company were allocated for each share of common shares of Shaldan Co., Ltd.

   (2) Number of shares delivered

   4,163,640 shares

   (3) Method used to calculate the share exchange ratio

   In considering the partial share exchange ratio for the Partial Share Exchange, with the aim of ensuring the fairness and appropriateness, the Company selected KPMG FAS Co., Ltd., a third-party institution independent of the Company and Shaldan Co., Ltd., and obtained a report on calculation of partial share exchange ratio as of May 17, 2024. Referring to these calculation results, the Company comprehensively considered and conducted repeated analyses on the status of assets and liabilities of Shaldan Co., Ltd., its current situation and future prospects and other factors. As a result, the Company decided that the partial share exchange ratio specified in the above (1) would be appropriate, not undermining the interest of the Company's shareholders, as it is within the partial share exchange ratio range calculated by KPMG FAS Co., Ltd.

3. Acquisition cost for the acquired company

	(Millions of yen)
Market value of the Company's common shares delivered on the date of business combination	6,549
Acquisition cost	6,549

4. Details and amounts of major acquisition-related expenses

Advisory fees, etc.	42 million yen

5. Amount of goodwill recognized, the reason for recognition, and the method and period of amortization

   Not finalized at the present moment.

6. Amounts of assets acquired and liabilities assumed on the date of the business combination, and the major components thereof

   Not finalized at the present moment.

Absorption-type merger of wholly owned subsidiary

On July 29, 2024 (by written resolution of the Board of Directors pursuant to Article 370 of the Companies Act), the Company resolved to merge with its wholly owned subsidiary Shaldan Co., Ltd., by absorption (the "Merger"), with an effective date of September 27, 2024.

1. Purpose of the merger

   Effective as of July 1, 2024, the share issuance (the "Share-for-Share Exchange") was completed, making the Company the parent company through share issuance and Shaldan Co., Ltd., the subsidiary company through share issuance, and Shaldan Co., Ltd., became a wholly owned subsidiary of the Company. On the other hand, Shaldan Co., Ltd., which became a subsidiary of the Company, holds a considerable number of the Company's shares, and this merger is being conducted in response to the requirement that the Company's shares held by Shaldan Co., Ltd., which has become a subsidiary of the Company, be disposed of at a reasonable time (Article 135, Paragraph 3 of the Companies Act).

2. Overview of the Merger

   (1) Schedule of the merger

Board of Directors resolution approving the merger (Shaldan Co., Ltd.)	July 26, 2024
Board of Directors resolution approving the merger (S.T. CORPORATION)	July 29, 2024
Date of conclusion of the merger agreement	July 29, 2024
Scheduled date of merger (effective date)	September 27, 2024

   Since the Merger falls under the category of a simplified merger as stipulated in Article 796, Paragraph 2 of the Companies Act for the Company and a short-form merger for the absorbed company as stipulated in Article 784, Paragraph 1 of the same act, neither company will hold a general shareholders' meeting to approve the absorption merger agreement.

   (2) Method of merger

   Absorption-type merger where the Company is the surviving company, and Shaldan Co., Ltd. is the disappearing company

   (3) Description of allotment concerning the merger

   As the Merger is an absorption-type merger with a wholly owned subsidiary of the Company, the Merger will not involve allotments of new shares or money, etc.

   (4) Handling of the disappearing company's share acquisition rights and bonds with share acquisition rights

   Not applicable.

3. Overview of the companies involved in the Merger (as of March 31, 2024)

	Surviving company in the absorption-type merger	Disappearing company in the absorption-type merger
(1) Name	S.T. CORPORATION	Shaldan Co., Ltd.
(2) Address	4-10, Shimoochiai 1-chome, Shinjuku-ku, Tokyo, Japan	4-10, Shimoochiai 1-chome, Shinjuku-ku, Tokyo, Japan
(3) Title and name of representative	Yo Kozuki, President & CEO	Manabu Ibaraki, Representative Director
(4) Description of business	Development, manufacture and sales of daily necessities	Non-life insurance agency, real estate leasing, etc.
(5) Amount of share capital	¥7,065 million	¥51 million
(6) Date of establishment	August 1948	June 1981

	Surviving company in the absorption-type merger		Disappearing company in the absorption-type merger	
(7) Number of issued shares	27,163,640 shares		204,000 shares	
(8) Fiscal year end	End of March		End of February	
(9) Major shareholders and shareholding ratio	The Master Trust Bank of Japan (Trust Account)	7.85%	S.T. CORPORATION	100.00%
	Kanichi Suzuki	7.14%		
	Nippon Life Insurance Company	6.34%		
	Takako Suzuki	4.99%		
	Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	4.19%		
	Takashi Suzuki	3.16%		
	FUMAKILLA LIMITED	2.57%		
	Chizuko Mikami	2.56%		
	Suzuki Seiichi Shoten Ltd.	2.51%		
	MUFG Bank, Ltd.	2.49%		
(10) Financial position and operating results for the most recent fiscal year				
Fiscal year end	Fiscal year ended March 31, 2024 (consolidated)		Fiscal year ended February 29, 2024 (non-consolidated)	
Net assets	¥33,800 million		¥1,918 million	
Total assets	¥44,760 million		¥3,388 million	
Net assets per share	¥1,487.93		¥9,404.46	
Net sales	¥44,472 million		–	
Operating profit (loss)	¥1,341 million		¥(15) million	
Ordinary profit	¥1,930 million		¥196 million	
Profit attributable to owners of parent	¥1,274 million		¥168 million	
Basic earnings per share	¥57.23		¥826.53	

Notes:
1. The “Address,” “Representative Director,” and “Major shareholders and shareholding ratio” of Shaldan Co., Ltd., are recorded as of the date of submission.
2. The “Number of issued shares” of the Company is as of the date of submission.
3. The Company’s “Major shareholders and shareholding ratio” shows information based on the Company’s latest register of shareholders (as of March 31, 2024) and reflects changes in the Company’s shares due to the Share-for-Share Exchange, which took effect on July 1, 2024. The “Major shareholders and shareholding ratio” as of the filing date may differ from the above.
4. The Company holds 489,000 shares of treasury shares, while its subsidiary Shaldan Co., Ltd., holds 5,587,000 shares of the Company’s shares, both are excluded from the list of major shareholders. The shareholding ratio is calculated excluding treasury shares and shares of the Company held by Shaldan Co., Ltd.
5. The “Profit attributable to owners of parent” for Shaldan Co., Ltd., is recorded as “net profit for the period.”

4. Status after the Merger

There is no change to the Company’s name, address, title and name of representative, description of business, share capital or fiscal year end as a result of the Merger.

5. Future outlook

The impact of the Merger on consolidated financial results is currently under close examination. We will promptly announce details as soon as they become available.

In addition, in order to enhance its corporate value, the Company will consider the cancellation of shares which become treasury shares following the merger.