

**Year Ended March 31, 2025 (78th Term)**

**Second Quarter**

**Financial Results Briefing**

November 7 , 2024

S.T. Corporation

**① Brief report on 2Q financial results**

② Full-year earnings forecast

③ Progress of the medium-term

management reform plan, SMILE2027

# Summary of the business performance in 2Q of FY 3/25

## Sales increased, but profit dropped

- Sales grew due to higher sales of PET Care products and the high value-added AIR Care products, despite the delay of posting of sales of CLOTH Care and THERMAL Care products due to the lingering summer heat.
- Operating profit decreased from the previous year, due to an increase in SG&A expenses, but it is as forecast.

## Gross profit increased

- Gross profit rose compared to the previous year, despite higher costs due to the rise in purchase prices caused by the yen depreciation.

## SG&A expenses increased

- We reduced advertising costs through strategic allocation.
- There was an increase in personnel expenses, depreciation, and other SG&A costs.

## Extraordinary profit recorded

- Through the merger of Shaldan Co., Ltd., we recognized a gain from negative goodwill of 1.1 billion yen.

### Sales grew, but profit dropped.

Operating profit reached the forecast.

	Consolidated	Sales ratio	YOY	Vs. Forecast
Net sales	24.1 billion yen	100.0%	105.4%	97.4%
Operating profit	1.2 billion yen	5.0%	88.4%	101.1%
Ordinary profit	1.5 billion yen	6.2%	83.1%	111.3%
Profit attributable to owners of parent	2.0 billion yen	8.5%	169.0%	110.4%

# Highlights of the Business Performance in 2Q of FY 3/25

<Consolidated>

	Sales ratio	YOY	Sales ratio
Net sales	24.1 billion yen	100.0%	105.4%
Cost of sales	14.7 billion yen	60.7%	105.1%
Gross profit	9.5 billion yen	39.3%	105.8%
Selling, general and administrative expenses	8.3 billion yen	34.2%	109.0%
Operating profit	1.2 billion yen	5.0%	88.4%

# Highlights of the Business Performance in 1Q of FY 3/25 <Consolidated> 【Sales in each Business Category】

Category		Sales	YOY	Composition ratio
AIR Care	(Deodorizers/air fresheners)	11.1 billion yen	103.2%	45.9%
PET Care	(Goods for cat litter boxes)	1.7 billion yen	-	6.9%
CLOTH Care	(Mothproofing agents)	3.9 billion yen	96.9%	16.2%
HOME Care	(Food care/Cleaner etc.)	2.4 billion yen	102.5%	10.0%
HUMIDITY Control	(Dehumidifiers)	1.8 billion yen	94.5%	7.5%
THERMAL Care	(Disposable warmers)	0.8 billion yen	68.0%	3.4%
HAND Care	(Household gloves)	2.4 billion yen	94.2%	10.1%
Total		24.1 billion yen	105.4%	100.0%

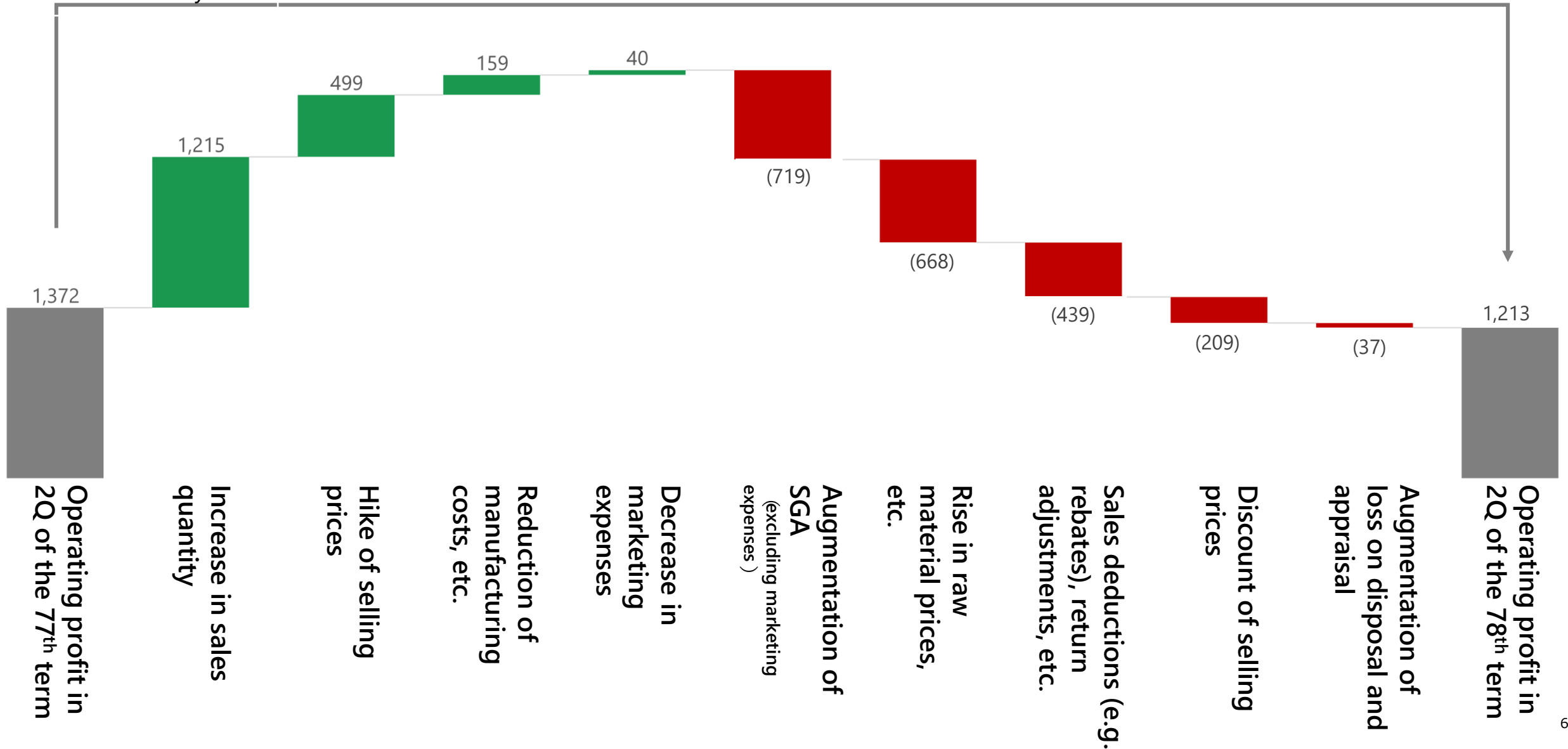
(Notes) Year-on-year increase/decrease rate was calculated from the figures after the adjustment for Pet Care (goods for cat litter boxes). Since the year-on-year increase/decrease rate for Pet Care (goods for cat litter boxes) exceeds 1,000%, "-" is indicated.

# Factors behind the Increase/Decrease in Operating Profit in 1Q of FY3/25

<Consolidated>

Unit: million yen

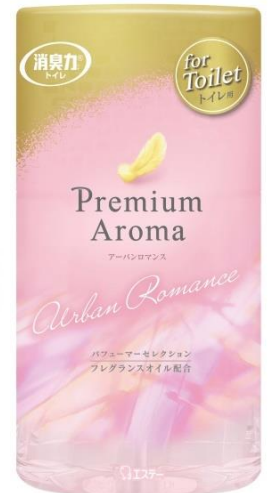
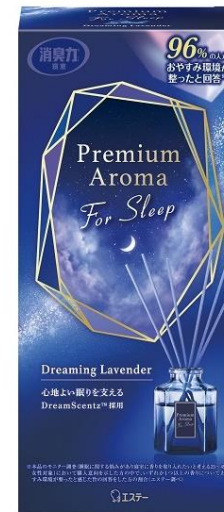
Change in operating profit: **down 159 million yen**



# Details of factors in changing operating profit in 2Q of FY 3/2025

The increase in sales volume boosted operating profit by 1.2 billion yen

- The PET Care business contributed to sales quantity the most.
- In the AIR Care business, “SHOSHURIKI Premium Aroma” and other products contributed.





# Details of factors in changing operating profit in 2Q of FY 3/2025

Selling prices  
increased  
operating  
profit by 290  
million yen

- The price increase resulted in a 499 million yen increase in operating profit.
  - On the other hand, the discount of prices for products whose manufacturing has been discontinued decreased operating profit by 209 million yen.



# Details of factors in changing operating profit in 2Q of FY 3/2025

## 【Cost factors】 which decreased operating profit by 508 million yen

Reduction of  
manufacturing  
costs, etc.  
increased  
operating  
profit by 159  
million yen

- Change in formulation.
- Review and modification of containers for environmental conservation.
- Review and revision of specs for shaped parts.

The rise in raw  
material prices,  
etc. decreased  
operating  
profit by 668  
million yen

- Molded plastic items, chemical raw materials, etc.
- Effects of exchange rate fluctuations.
- Increase in processing costs due to the rise in personnel expenses.

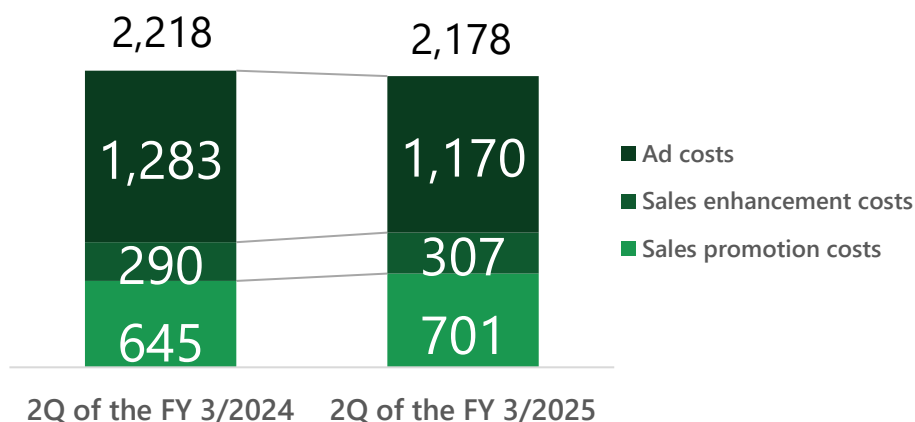
# Details of factors in changing operating profit in 2Q of FY 3/2025

**SGA** (marketing costs and other expenses) decreased operating profit by 670 million yen

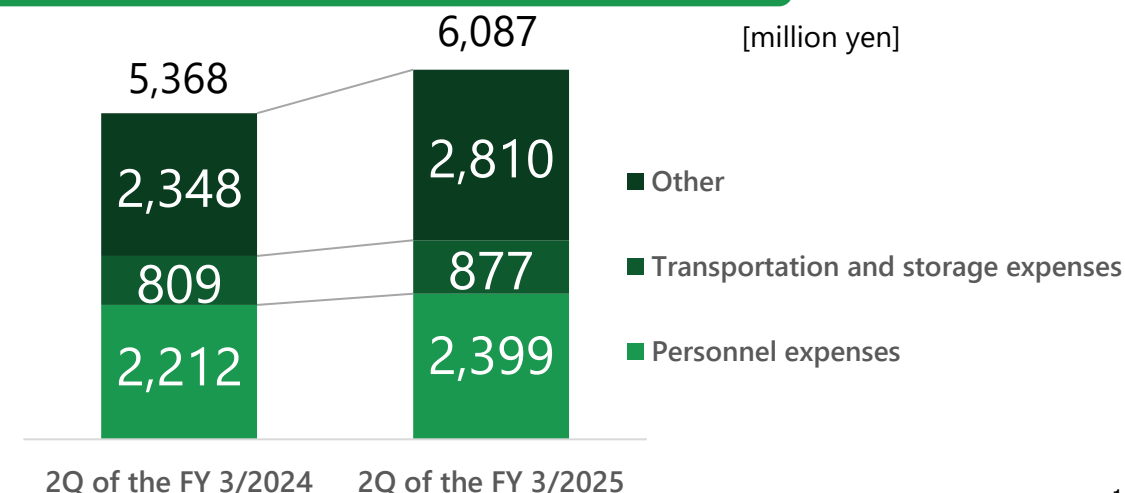
The reduction in marketing costs increased operating profit by 30 million yen, while an increase in other expenses decreased operating profit by 700 million yen. Additionally, the rise in rebates for sales deductions reduced operating profit by 430 million yen.

- Curtailment of ad costs through strategic allocation.
- Augmentation of SGA due to the active promotion of the PET Care business.
- Augmentation of expenses for human resources, transportation, and storage.
- "Other" includes depreciation (goodwill amortization) and expenses for the costs for formulating a medium-term management plan and purpose and DX of the management section.

## Marketing costs



## Expenses other than marketing costs



## AIR Care Business (Deodorizers /air fresheners)

### Sales of AIR Care products grew.

- Our market share in air refreshers increased 2 points from the previous year, maintaining the largest share for the year.\*
- Growth of sales of high value-added products "SHOSHURIKI PREMIUM AROMA" for rooms, for bathrooms (toilets), and for sleep.
- The new product "SHOSHURIKI-Compact type for bathrooms (toilets)" launched in March 2024 contributed to sales, but failed to reach the forecast.
- Sales of deodorants declined, as demand for at-home dining during the COVID-19 pandemic subsided.

\*Source:  
Intage Inc. "SRI+" share in terms of sales (for each maker)  
"Air refreshers"  
excluding those for clothing, removing viruses,  
emitting chloride dioxide, and vehicles

The share in the 6-month period from Apr. to Sep. 2024  
Ranking for the 1-year period from Oct. 2023 to Sep. 2024



"SHOSHURIKI PREMIUM AROMA " Sticks For Sleep launched in March 2024



New packages of "SHOSHURIKI PREMIUM AROMA" for rooms and for toilets used from September 2024



# Situation of our core businesses in 2Q of FY 3/2025

## CLOTH Care Business (Mothproofing agents)

### Sales of CLOTH Care products declined.

- In the spring season, we made up for the delay in Feb.-Mar. in Apr.-May.
- In the fall season, we failed to make up for the delay in Aug. in Sep. due to the lingering summer heat.
- "MUSHUDA NOTE" and "MUSHUDA PPREMIUM AROMA – Aroma of Kinmokusei (Fragrant orange-colored olive)" vitalized the market, but our market share declined slightly.

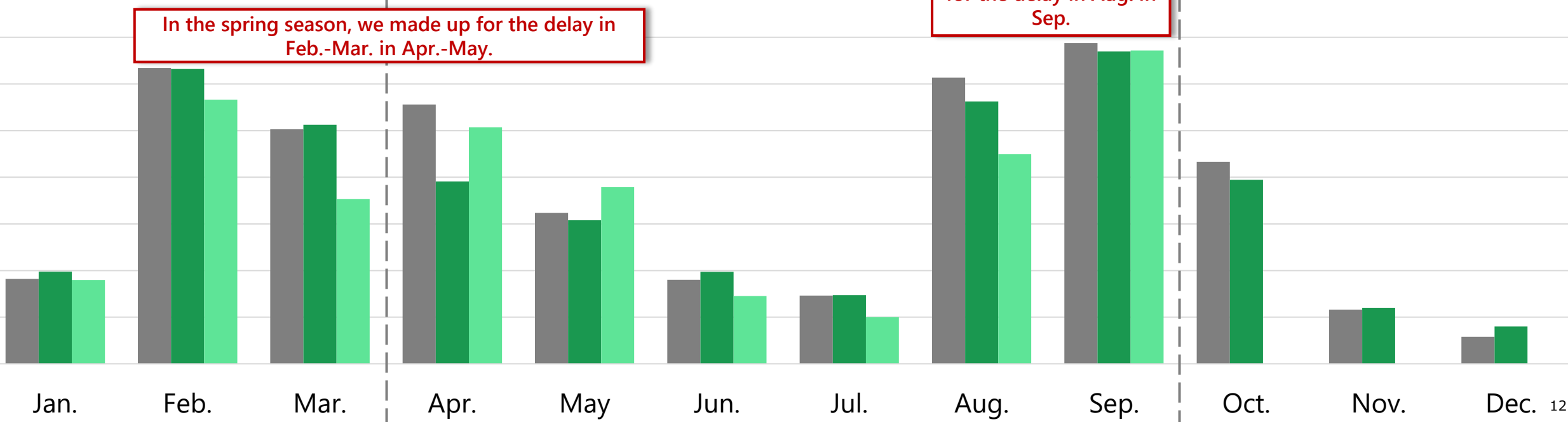
<Monthly sales of Mothproofing agents>

FY 3/2025

In the spring season, we made up for the delay in Feb.-Mar. in Apr.-May.

We failed to make up for the delay in Aug. in Sep.

■ 2022 ■ 2023 ■ 2024





## PET Care Business

The launch of “NYANTOMO CLEAN TOILET” added to sales.

- “NYANTOMO CLEAN TOILET” sold well, so the ratio of actual sales to the forecast was 125%.
- For sales channels by enhancing e-commerce .

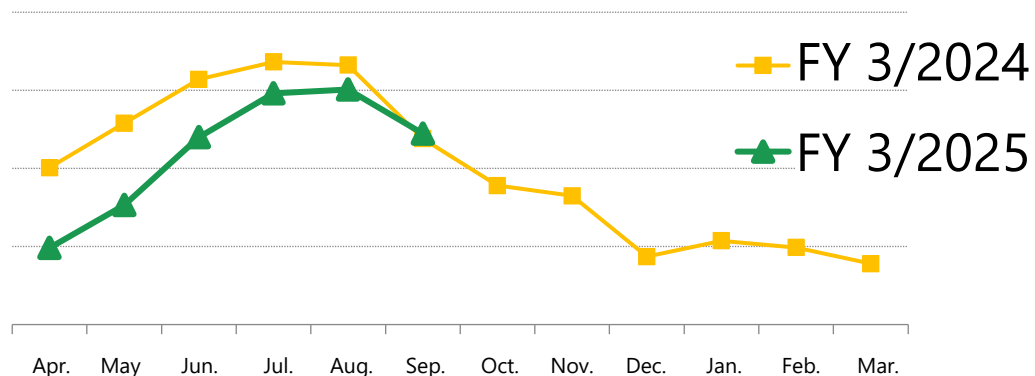


# Situation of inventory in 2Q of FY 3/2025

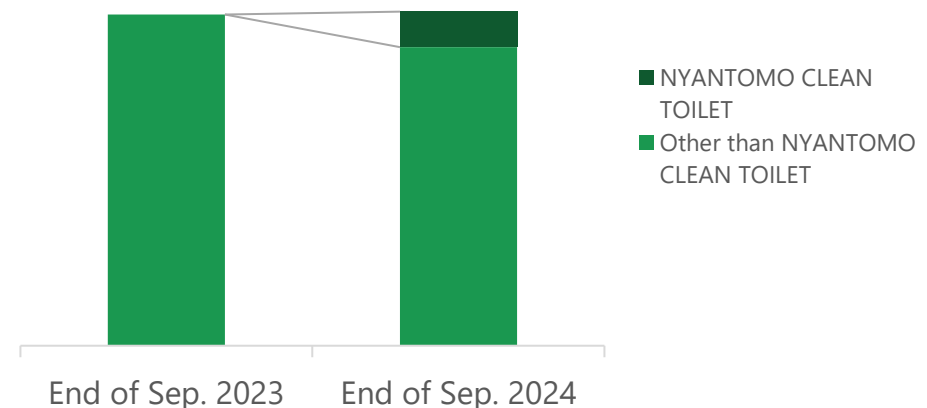
## Reduction of Inventory and SKU

- The inventory at the end of Q2 in FY 3/2025 was up 1% compared to the previous year.
  - It was affected by the difference between forecast and actual sales of mothproofing agents, AIR Care products, etc.
  - Inventory was increased due to the acquisition of NYANTOMO CLEAN TOILET.
  - On the other hand, we decreased the excessive stock of gloves and the stock of discontinued products.
- We achieved the goal of reducing SKU by 30% as of the end of August 2023. Excluding “NYANTOMO CLEAN TOILET,” the inventory amount decreased 10% year on year.

< Monthly variation in inventory amount > Apr. to Mar. of the following year



< Inventory amount as of the end of Sep. > Previous year and this year



- ① Brief report on 2Q financial results
- ② Full-year earnings forecast**
- ③ Progress of the medium-term  
management reform plan, SMILE2027



**Focus on growing businesses that contribute to overall performance**

**Recovery of the core business**

**Measures to address the surge in costs**

**Building a foundation for thriving in the ESG era**

# “Recovery of core businesses” in FY 3/2025

## Further Improvement in Gross Profit

To enhance our “earning capacity” by narrowing down our product range and focusing on selected products.

### CLOTH Care (mothproofing agents)

- Continue measures to address the flattened peak in seasonal demand for clothing.
- Initiatives for young consumers: Sales promotions and digital marketing for "MUSHUDA NOTE."

### AIR Care (air refreshers)

- During the year-end demand surge, we will focus on promoting high-value-added products.
- We will launch new high-value-added products next spring.



New products to be  
launched next spring



## PET Care Business

### To retain and attract customers by expanding sales channels and promoting sales

- To acquire new customers and promote the sales of cat litter boxes.
- To expand sales channels and promote sales by leveraging the selling capacity of S.T. Corporation.

In July 2024, we donated cat litter boxes to 22 organizations that care for abandoned cats across Japan, and will continue these activities.



保護ネコ応援  
プロジェクト

Satisfaction Guaranteed -If you're not completely satisfied with your purchase, we will offer a full refund.



## Measures against the skyrocketing of raw material prices

We plan to increase the prices of the following products in February 2025

- “DRYPET – Sheet Type”
- “SHOSHURIKI SPRAY FOR TOILET”

} Approx. 7-10%

### Cost reduction

- To reduce costs by streamlining operations through new procurement methods.
- To lower costs by standardizing raw materials and increasing procurement volumes per product.



## Forecast for FY3/25 <Consolidated>

# Increase in net sales and profit

	Consolidated	YOY
Net sales	49.2 billion yen	110.6%
Operating profit	2.0 billion yen	149.1%
Ordinary profit	2.3 billion yen	119.2%
Profit attributable to owners of parent	2.5 billion yen	196.1%

**Estimated dividend: 44 yen** \*Payout ratio: 39.0%

## Today's topics

- ① Brief report on 2Q financial results
- ② Full-year earnings forecast
- ③ Progress of the medium-term  
management reform plan, SMILE2027**

We classify our businesses into four segments to define strategies and allocate human, material, and financial resources efficiently, and particularly focus on investing in existing businesses to enhance profitability.

Existing markets, existing needs

New markets, new needs

New Technologies  
and Products

## Evolution of existing businesses

Development of Pet-Care into a core business  
The Focus of high value-added products and new brands  
in Air Care

Investment priority:  
High

Operating profit  
+1.6 billion yen ~

## Generation of new business

Generation new business using CLEAR FOREST  
Creation of D2C business  
Pilot test of business for solving social issues

Investment priority:  
Medium

3-year investment period

Existing technologies  
and products

## Expansion of existing business

Further strengthening of brand power  
Revenue growth through category redefinition  
SKU and cost reduction / environmental responsiveness

Investment priority:  
Low

Operating margin  
+1pt~

## Strengthen B2B and overseas

B2B : Shift from Hand Care to "Kuuki Business"(Air Care)  
Overseas : The focus on ASEAN (Thailand)

Investment priority:  
Medium

Operating profit  
+600 million yen ~

## Strengthening Foundations to Support Sustainable Growth

Financial  
Strategy

Human Resource  
Strategy

DX and AI  
Utilization

Risk  
management

Sustainability

# Progress of our plan

## Existing markets and needs

## New markets and needs

New technologies and products

### Evolution of existing business

- To promote PET Care products by using "NYANTOMO CLEAN TOILET" to reel in customers
- High value-added AIR Care products are under development.

### Creation of new business

- Launch of a new femcare brand "LUNA MINE"
- Utilization of Clear Forest: S.T. × SUZUKI  
Joint development of "AIR FOREST YOWAN – In-vehicle Air Care Cube"
- To seek the potential of regional revitalization and business with local governments

Existing technologies and products

### Enrichment of existing business

- The lineup of high value-added products: "SHOSHURIKI PA", and "KOMETOBAN" is performing well.
- In the CLOTH Care business, we retained existing users and attracted new users.

### Reinforcement of B2B and overseas channels

- For B2B, we will shift our focus from gloves to AIR Care
- In B2B, we will strengthen new products of AIR Care and disposable warmers
- Closure of a Chinese flagship cross-border EC shop, which was less profitable (end of Sep. 2024)



## HR Strategy

- Next-generation transformation program “NEXT”
  - The third term will begin this fall.

PoC of an idea of a trainee in  
the 2<sup>nd</sup> term of NEXT  
(Japan Drugstore Show)



## DX and Utilization of AI

- “SCRUM Project” for developing a platform for integrated information
- Development of “STAiBLE,” a generative AI for ST

# Progress of “fortification of the base for sustainable growth”

## Financial Strategy

- In order to achieve the financial goals of the medium-term management plan “SMILE 2027,” we are designing measures for improving capital efficiency based on the results of analysis of financial data in the past decade.
- We are evaluating cash allocation for investment in the pet care business.

## Risk Management

- As we received an order to implement corrective measures in accordance with the Act against Unjustifiable Premiums and Misleading Representations, we will develop concrete measures to prevent recurrence and thoroughly educate employees.

## Initiatives for Sustainability

- To establish a calculation policy for disclosing the results of “SCOPE 3” at the end of March 2027.
- Calculation will begin this month.

- ① Creating Value through “Kaori\* × Wellness”  
: Intensive Investment in Air Care and Pet Care
- ② Well-balanced business Portfolio strategy  
: Securing the necessary resources for investment
- ③ Strengthen the foundation for sustainable growth  
: Clarification human capital and financial strategies

# Progress of “(1) Value creation with Kaori\* × wellness”

## New business

### < Progress >

- Launch of a new femcare brand “LUNA MINE Aroma Stick” in Nov. 2024
  - To support women who tend to falter
- Utilization of Clear Forest: S.T. × SUZUKI  
Joint development of “AIR FOREST YOWAN - In-Vehicle Air Care Cube,” with a release planned for Spring 2025.
  - To support you in enjoying your travel by car with smiles
- Conclusion of a “comprehensive cooperation agreement” with Fukui Prefecture
  - Regional vitalization, dissemination of attractive features, improvement of health of prefectural citizens, etc.



## Business revitalization

To assess the cost structure of the supply chain → Measures for improving profitability

- **HAND Care**      Drastic upgrade of overseas manufacturing lines  
Concentration on highly profitable SKU
- **THERMAL Care**      The first step is to significantly reduce the number of SKUs and inventory and review/revise cost reduction measures and production systems

# “Integrated Report 2024”

- Measures for managing the business with a focus on capital cost and share price, business strategies, policies and measures for enforcing the management foundation are detailed in “Integrated Report 2024.”

<https://www.st-c.co.jp/english/library.html>

Ideas to touch the heart  
for moments with smiles



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.