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May 11, 2026

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Notice Regarding the Revision of Quantitative Targets for the Medium-Term Management Plan

We hereby announce that at the Board of Directors meeting held on May 11, 2026, the Company resolved to revise the quantitative targets for its Medium-Term Management Plan "SMILE 2027." This plan, originally announced in May 2024, covers the three-year period from the fiscal year ended March 2025 (78th Term) to the fiscal year ending March 2027 (80th Term). The decision to revise the targets was made in light of the recent business environment and the Group's financial performance. Details are as follows:

1. Numerical Targets: Revisions (Consolidated)

Unit: million yen

| | FY 3/27 Original Forecast | FY 3/27 Revised Forecast |
|-------------------------|------------------------------|-----------------------------|
| Net sales | 56,500 | 52,000 |
| Operating profit | 4,000 | 2,500 |
| Operating profit margin | 7.1% | 4.8% |
| ROE | 8.3% | 5.3% |

2. Numerical Targets: Revisions (Consolidated)

Under the Medium-Term Management Plan "SMILE 2027" (April 2024 to March 2027), the Group has been aiming to achieve an ROE of 8% or higher by the fiscal year ending March 2027. To this end, we have been working to create value overwhelmingly supported by customers in the "Kaori × Wellness" domain, secure funds for future investments by improving the efficiency of existing businesses, and strengthen our business foundation to support sustainable growth.

Having completed the second year of the three-year plan, we have decided to revise the quantitative targets of the Medium-Term Management Plan "SMILE 2027." This decision was made after squarely acknowledging challenges such as shortfalls in our targets for new and high value-added products, in addition to soaring raw material prices and the sluggish performance of existing core businesses.

Please note that these revised targets do not take into account potential risks such as delays in raw material procurement or further price hikes resulting from the recent escalation of tensions in the Middle East. We plan to implement additional countermeasures, including price revisions and cost reductions, to mitigate these risks.

The revised target figures align with the consolidated financial forecasts for the fiscal year ending March 2027—the final year of the plan—which were disclosed in the Consolidated Financial Results announced today.

Revised Medium-Term Management Plan SMILE 2027



Company policy, overall strategy, and company-wide numerical targets

Change in numerical targets

[Factors for GAP vs. Plan]
 - Lack of strategic effectiveness in existing businesses
 - Underachievement of plans for new and high value-added products
 - Sluggish profitability in the pet care business
 - Delay in the growth strategy for the overseas business

Review of SMILE PLAN + Various risk countermeasures



(1) **Two profit structure reform projects for existing businesses:**
Improve operating profit margins through sales and manufacturing reforms.

(2) **Further business expansion in BtoB:**
Expand the coating business and strengthen the foundation of the Scented Space Design Business.

(3) **Shift to an R&D structure that creates new value:**
Revamp the idea generation process to establish a new value creation system.

(4) **New and overseas businesses leading to the next medium-term plan:**
From pilot testing to commercialization, with M&A in view.

**Revised the final year plan for SMILE 2027.
 Realize a "recovery in earning power" while addressing external environmental risks.**