

Year Ended March 31, 2026 Financial Results Briefing



May 12, 2026
S.T. Corporation

① Report on the Financial Results Summary

Summary of the Business Performance in FY 3/26

Net sales grew, but profit dropped.

- Net sales hit a record high, due to the addition of PET Care products, new AIR Care products, the growth of KOMETOBAN, etc.
- Operating profit grew, too, but net profit declined in FY 3/26, as we posted a gain on negative goodwill in the previous fiscal year.

Gross profit rose.

- Gross profit increased year on year, as we revised the prices of core products such as AIR Care and THERMAL Care, and shifted toward higher value-added products in the AIR Care field, despite higher procurement costs resulting from rising raw material prices and other factors.

SG&A was unchanged from the previous fiscal year.

- Ad costs increased, as we actively advertised new AIR Care products in the second half of the fiscal year, although we stopped sponsoring a TV program in 1Q.
- Other SG&A decreased, so total SG&A was unchanged from the previous fiscal year.

Increase in net sales, decrease in profit

	Consolidated	Sales ratio	YOY	Vs. Original Forecast	Vs. Revised Forecast
Net sales	48.4 billion yen	100.0%	100.8%	92.0%	100.0%
Operating profit	1.9 billion yen	4.1%	119.8%	79.5%	104.6%
Ordinary profit	2.4 billion yen	5.0%	116.0%	86.3%	105.1%
Profit attributable to owners of parent	1.6 billion yen	3.3%	57.0%	100.9%	107.7%
ROE	4.9%	-	(3.8)pt	-	-

Highlights of the Business Performance in FY 3/26 <Consolidated>

	FY3/25		FY3/26		
	Actual	Sales ratio	Actual	Sales ratio	YOY
Net sales	¥ 48.1 bn	100.0%	¥ 48.4 bn	100.0%	100.8%
Cost of sales	¥ 30.1 bn	62.7%	¥ 30.2 bn	62.4%	100.2%
Gross profit	¥ 17.9 bn	37.3%	¥ 18.2 bn	37.6%	101.8%
Selling, general and administrative expenses	¥ 16.2 bn	33.8%	¥ 16.2 bn	33.5%	99.9%
Operating profit	¥ 1.6 bn	3.4%	¥ 1.9 bn	4.1%	119.8%

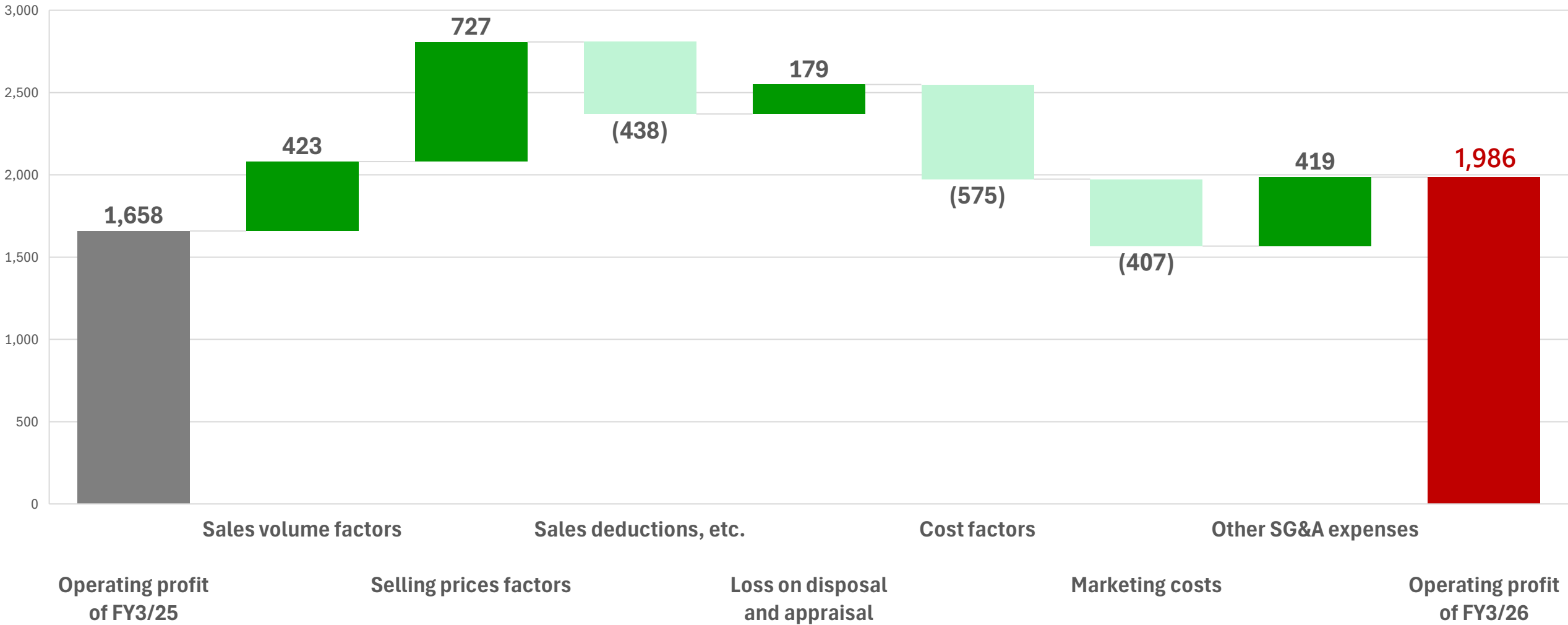
Highlights of the Business Performance in FY 3/26 <Consolidated> [Sales in each Business Category]

Category		Sales	YOY	Sales ratio
AIR Care	(Deodorizers/air fresheners)	21.6 billion yen	102.3%	44.5%
PET Care	(Goods for cat litter boxes)	3.7 billion yen	105.1%	7.8%
CLOTH Care	(Mothproofing agents)	6.6 billion yen	97.3%	13.7%
HOME Care	(Food care/Cleaner etc.)	4.4 billion yen	102.7%	9.2%
HUMIDITY Control	(Dehumidifiers)	2.5 billion yen	90.6%	5.2%
THERMAL Care	(Disposable warmers)	3.9 billion yen	97.0%	8.2%
HAND Care	(Household gloves)	5.5 billion yen	102.9%	11.4%
Total		48.4 billion yen	100.8%	100.0%

Factors behind the Increase/Decrease in Operating Profit in FY3/26 <Consolidated>

Change in operating profit: Increase 328 million yen

Unit: million yen



Details of factors in changing operating profit in FY 3/26

(Sales volume factors) Increase 420 million yen

Increase in sales volume +420 million yen

- The sales quantities of PET Care, AIR Care, HOME Care, and HAND Care products increased.
- The sales quantities of HUMIDITY Control, CLOTH Care, and THERMAL Care products decreased.



(Selling prices factors) Increase 720 million yen

Increase in selling prices
+1.11 billion yen

We covered the augmentation of costs by raising selling prices.

- The major products whose prices were raised in the autumn or later are as follows.



Decrease in selling prices
-380 million yen

- We discounted discontinued products for disposing of them.

Details of factors in changing operating profit in FY 3/26

【Cost factors】 Decrease 570 million yen

Reduction of
manufacturing
costs, etc.
+ 400 million
yen

- Review and change of suppliers and procurement methods
- Change of containers to environmentally friendly ones

Rise in prices
of raw
materials, etc.
-970 million
yen

- Molded plastics, chemical raw materials, etc.
- Rise in processing costs due to the skyrocketing of personnel expenses

Details of factors in changing operating profit in FY 3/26

【Sales deductions, etc.】 Decrease 430 million yen

Deduction from sales (such as rebates), etc.
-430 million yen

- Rebates for PET Care products increased due to the sales growth and active sales promotion.



Details of factors in changing operating profit in FY 3/26

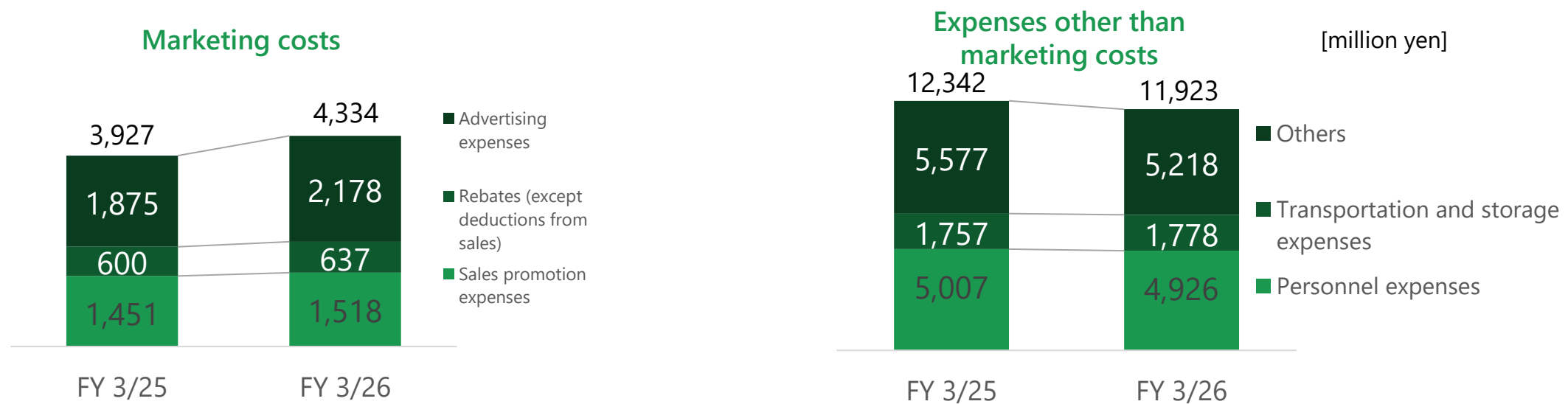
(SG&A) + 10 million yen

Marketing costs
-400 million yen

- Ad costs: We actively spent for advertisement in the second half of FY 3/26, when new AIR Care products were released.

Other SG&A
+ 410 million yen

- Other SG&A decreased, as there were no longer temporary expenses for consulting, etc. posted in the previous fiscal year.



Situation of the core business in FY 3/26

AIR Care Business (Deodorizers/air fresheners)

The sales of AIR Care products increased.

- Contribution of “SHOSHURIKI RESETTO,” a refreshing mist for toilets released in the autumn
- The sales of the high value-added product “SHOSHURIKI Premium Aroma Series” and “SHOSHURIKI ION DEODORANT PLUS,” which is mainly for deodorization, kept growing.
- Effects of the price hike (for “SHOSHURIKI Spray for Toilets,” etc.)
- The sales of core products for rooms and toilets decreased due to the stockout in 3Q, etc.

Source:
 INTAGE Inc. “SRI+” share in terms of amount (for each maker)
 “Air fresheners” (excluding products for clothes, vehicles, and virus removal and those that emit chlorine dioxide)
 Apr. 2025 to Mar. 2026 (Cumulative total in 1 year)
 “Deodorizers” (products for refrigerators only)
 Apr. 2023 to Mar. 2026 (Cumulative total in 3 years)
 *The definition of the market is unique to S.T.
 (If you use data in this document, please add a note.)



PET Care Business

Addition of the sales of “Nyantomomo”

- We concentrated on the sale of the all-in-one package. ⇒ To promote the repeat purchase of cat litter and sheets (strategy of retaining customers)
- Release of new products with our unique added value (for multiple cats) and our deodorizing technology (in March)

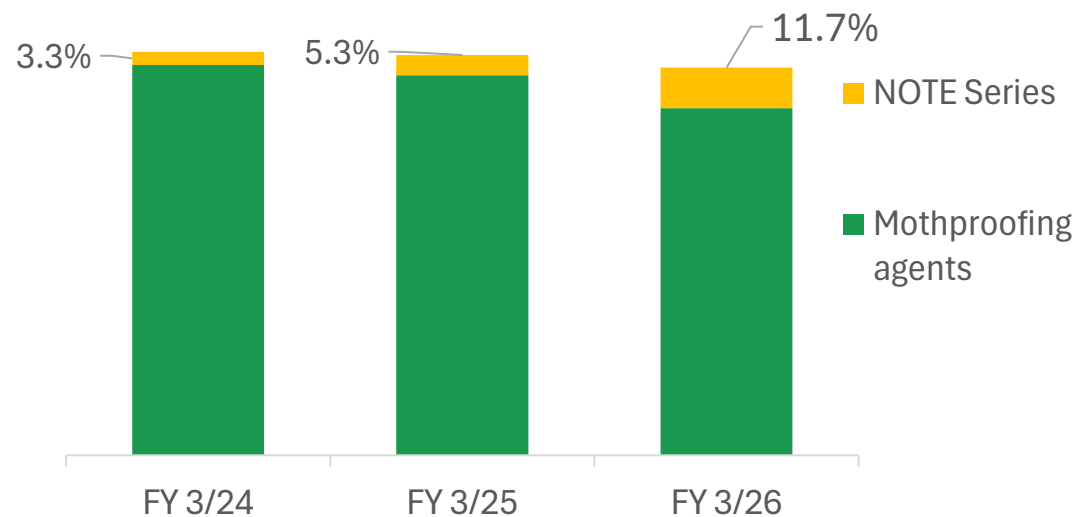


CLOTH Care Business (Mothproofing agents)

The sales of CLOTH Care products declined.

- The sales in the mothproofing agent market dropped 4.8% from the previous year.
- We strongly promoted the new "NOTE" strategy for storage care, but it did not cover the decline in sales of existing core products.

< Sales of CLOTH Care products > Before the application of the standards for revenue recognition



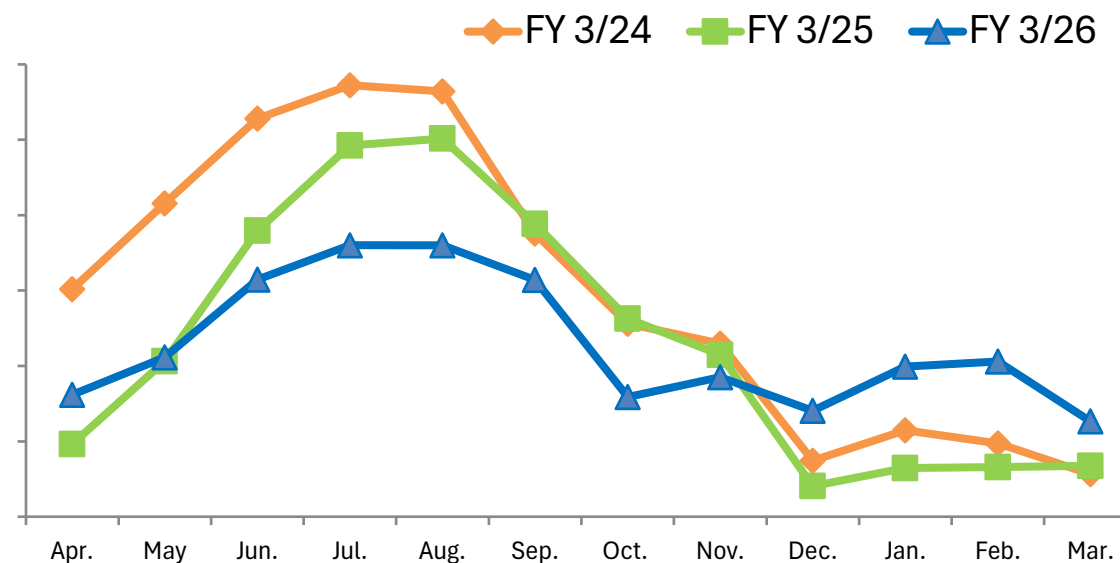
Inventory status in FY 3/26

Combined figures of S.T. CORPORATION (non-consolidated) and S.T. PRO Corporation

Reduction of inventory and SKU

- The inventory as of the end of FY 3/26 was 105% of that at the end of the previous fiscal year.
- Inventory decreased due to the stockout of core AIR Care products in 3Q, but increased later.
- We make continuous efforts to reduce SKU.
850 SKU as of the end of Aug. 2023 ⇒ 738 SKU as of the end of Mar. 2026

<Variation in monthly inventory amount of products>

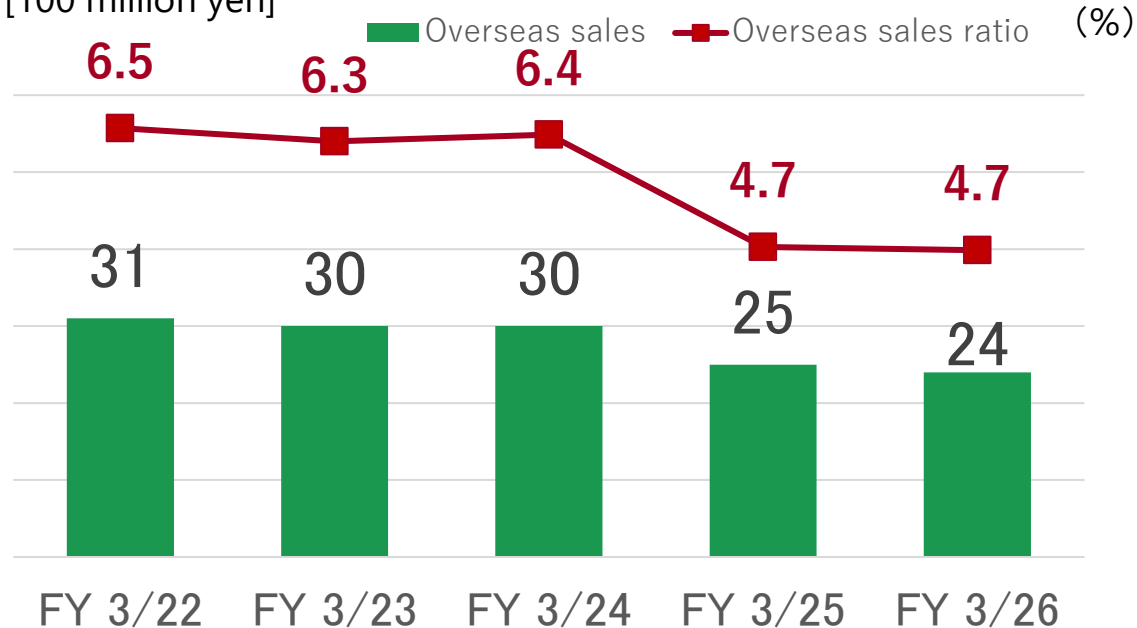


Situations of the overseas business and the BtoB business in FY 3/26

Variation in overseas sales

Consolidated results of the S.T. Group (before the application of the revenue recognition standard)

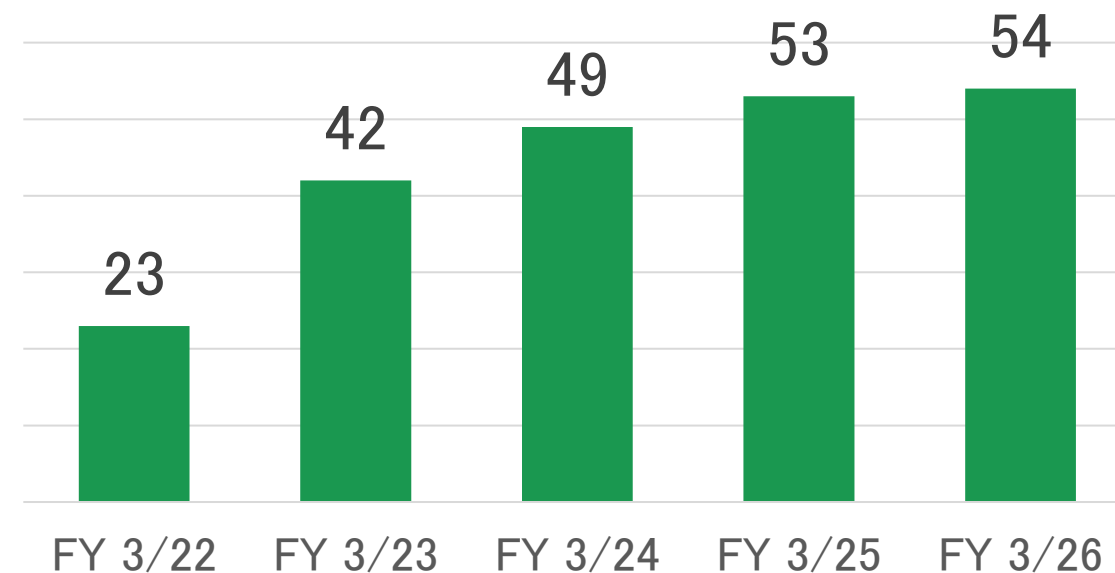
[100 million yen]



Variation in sales of BtoB business

Sales of S.T. PRO Corporation (before the application of the revenue recognition standard)

[100 million yen]



*EC (BtoB) was transferred from S.T. in July 2022.

Initiatives in FY 3/26

Progress of “the enhancement of profitability” and “value creation”

Issues	Initiatives in FY 3/26	Results
Measures against the skyrocketing of costs	• Rise in prices of core products	○
	• Revenue structure reform	△
Reduction of losses	• Optimization of inventory (measures against stockouts and excessive inventory)	✕
Value creation	• Response to changes in lifestyles	△
	• Promotion of addition of high value	△
Strengthening of the management base	• Investment in non-financial capital (ESG, human resources, organizations, and DX)	△

Medium-Term Management Plan
- SMILE 2027 -
< Apr. 2024 to Mar. 2027 >
Revised Final Year Plan and Key Initiatives

Executive Summary

Downward revision of numerical targets for SMILE 2027. Measures to achieve the revised plan are as follows:

1. Increase sales volume by swiftly responding to diversifying customer needs in product development and promotional activities.
 2. Continue expanding new customers for food care products and nurturing new BtoB businesses.
 3. For the overseas business, despite delayed monetization in ASEAN, growth investments will be executed.
 4. Rectify shortages of core products caused by insufficient SCM coordination by improving demand forecasting accuracy through AI utilization.
 5. We will strengthen our business foundation by enhancing the effectiveness of our HR strategy and promoting the adoption of DX and AI. These initiatives will lead to increased financial value.
- * We will take countermeasures against economic deterioration and sluggish consumption trends due to geopolitical risks. (unplanned)

Revised Medium-Term Management Plan SMILE 2027

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

Change in numerical targets

[Our Purpose] Ideas to touch the heart for moments with smiles

[Ideal state in 10 years] Evolving into a wellness company that enriches lives and society

Strategies in four segments based on Growth Matrix

<p>Expansion of existing business Further strengthening of brand power Revenue growth through category redefinition</p>	<p>Evolution of existing businesses Development of Pet-Care into a core business Sales of high value-added products in Air Care</p>	<p>Strengthen BtoB and overseas BtoB : Shift from Hand Care to "Kuuki Business"(Air Care) Overseas : The focus on ASEAN</p>	<p>Generation of new business Using CLEAR FOREST Generation of business for solving social issues</p>
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Numerical targets: Net Sales 56.5 billion yen ⇒ 52.0 billion yen, Operating Profit 4.0 billion yen ⇒ 2.5 billion yen, ROE 8.3% ⇒ 5.3%

- [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

(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.

Review of SMILE PLAN + Various risk countermeasures

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

Progress of financial targets

- Over the coming year, we will work to strengthen our foundation for profitability while advancing initiatives to lay the groundwork for our next medium-term management plan.

	FY 3/24	FY 3/25	FY 3/26	FY 3/27 Original Forecast	FY 3/27 Revised Forecast	Variance from Initial Plan
Revenue	¥ 44.4bn	¥ 48.1bn	¥ 48.4bn	¥ 56.5bn	¥ 52.0bn	¥ (4.5)bn
Operating profit	¥ 1.3bn	¥ 1.6bn	¥ 1.9bn	¥ 4.0bn	¥ 2.5bn	¥ (1.5)bn
Operating profit margin	3.0%	3.4%	4.1%	7.1%	4.8%	(2.3)pt
EBITDA	¥ 2.6bn	¥ 3.1bn	¥ 3.6bn	¥ 5.4bn	¥ 4.3bn	¥ (1.0)bn
ROE	3.9%	8.6%	4.9%	8.3%	5.3%	(3.0)pt

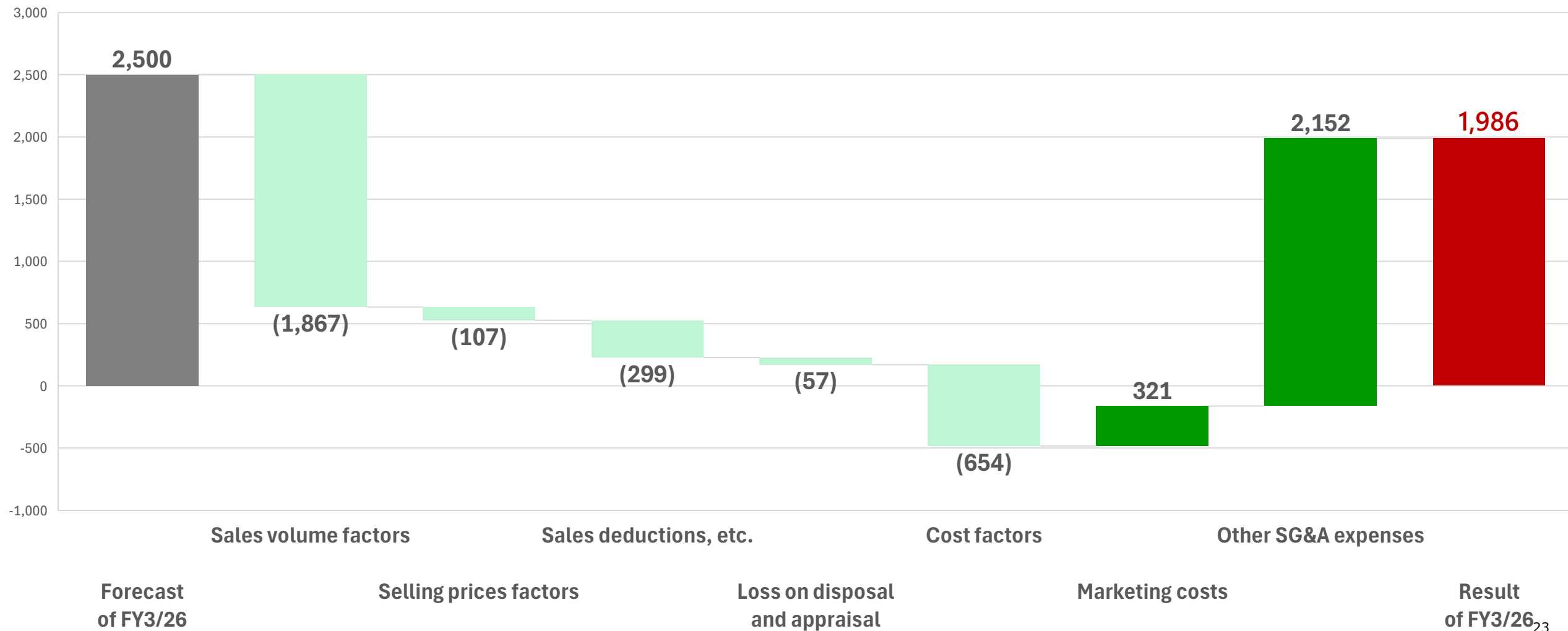
Factors behind the increase/decrease in operating profit of FY 3/2026 :

Difference from the forecast <Consolidated>

- While sales volumes for core products and high-value-added products fell significantly short of targets, Marketing costs and Other SG&A expenses decreased.

Factors behind increase/decrease in operating profit (difference from forecast) **¥(508) million**

Unit: million yen



Factors in the revision to the plans in the 4 quadrants of the growth matrix

- We have revised the SMILE 2027 plan due to slower-than-expected profit growth from high-value-added products in the pet care and air care segments, as well as a decline in profits resulting from lower sales volumes in our existing businesses.

Initial plan of SMILE 2027 ⇒ **Revised plan**

(Factors in revising the plan)

Initial plan of SMILE 2027 ⇒ **Revised plan**

(Factors in revising the plan)

Evolution of existing businesses

(FY 3/27) Operating profit + 1.6 billion yen or higher

(Revised: FY 3/27) Operating profit + 0.4 billion yen

- In the PET Care business, marketing costs augmented due to the intensification of competition. Cost reduction will contribute to the performance in the next fiscal year.
- Among high value-added AIR Care products, new products and "Premium Aorma" fell below the forecasts.
- The sales growth of "SHOSHURIKI Clear Beads" is healthy.

Insufficient growth of high value-added products

Generation of new businesses

The three years are an investment period.

We will not reduce the new investment amount.

- To utilize the extract from Sakhalin fir in the livestock market, and conduct pilot tests for commercialization.
- The AIR Care product for vehicles "YOWAN" sold well, so we will expand its sales channels.
- To pursue an aroma-rich space business through cross-industrial collaboration

Revision to the investment plan

Expansion of existing businesses

(FY 3/27) Operating profit margin + 1 pt or higher

(Revised: FY 3/27) Operating profit margin + 1 pt

- In the CLOTH Care business, the quantities of core products decreased.
- The quantities of existing core AIR Care products declined partially due to stockout, despite price revisions, so profit did not reach the forecast.
- Revenue from HAND Care products improved and profit margins increased following the closure of manufacturing operations in Thailand.

Fell below the forecast, due to a decrease in quantity

Strengthen BtoB and overseas

(FY 3/27) Operating profit + 600 million yen or higher

(Revised: FY 3/27) Operating profit + 0.6 billion yen

- The expansion of the coating business will contribute to profit.
- Improvement in the ratio of costs of industrial gloves
- Improvement in the ratio of successful transactions through the enhancement of digital marketing
- The overseas business saw a delay in the shift to ASEAN countries.

The operating profit in the BtoB business is healthy.

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
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[Ideal state in 10 years] Evolving into a wellness company that enriches lives and society

Strategies in four segments based on Growth Matrix

Expansion of existing business

Further strengthening of brand power
Revenue growth through category redefinition

Evolution of existing businesses

Development of Pet-Care into a core business
Sales of high value-added products in Air Care

Strengthen BtoB and overseas

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

Generation of new business

Using CLEAR FOREST
Generation of business for solving social issues

Numerical targets: Net Sales 56.5 billion yen ⇒ **52.0 billion yen**, Operating Profit 4.0 billion yen ⇒ **2.5 billion yen**, ROE 8.3% ⇒ **5.3%**

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

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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.

Causes of the gap from the plan and improvement measures (1)

- To identify problems by reviewing the causes of the gap from the initial plan of SMILE 2027 and execute future action plans, to complete the revised plan for the final fiscal year of the medium-term plan

Ineffectiveness of the strategies of the existing businesses ⇒ Enhancement of the monitoring of the effectiveness of strategies

(Causes and problems)

Gap between strategies and actual business execution due to the silo organization

Loose management of stockouts and revenues due to the insufficient linkage with the supply chain

(Future actions)

Enhancement of seamless monitoring of processes from strategy design to execution

Improvement in precision of demand prediction and reform of revenue management processes

The sales of new products and high value-added products fell below the forecasts. ⇒ Conversion of development processes to add high value

(Causes and problems)

Stagnation in addition of high value due to the delay in release of new products

Measures against the augmentation of sales promotion costs due to the excessive emphasis on existing products

(Future actions)

To realize a development process for creating new value by reforming the R&D system

Strategies for products, technologies, and intellectual property that will generate profit

Causes of the gap from the plan and improvement measures (2)

- To identify problems by reviewing the causes of the gap from the initial plan of SMILE 2027 and execute future action plans, to complete the revised plan for the final fiscal year of the medium-term plan

Sluggish profitability of the PET Care business ⇒ Drastic reform of the revenue structure

(Causes and problems)

Delay in cost reduction in response to the high ratio of costs

Delay in expansion of sales channels after taking over business

(Future actions)

To reestablish procurement and manufacturing systems, to reduce costs thoroughly and strive to strengthen our sales structure.

Delay in the growth strategy for the overseas business ⇒ Developing a concrete strategy for monetization

(Causes and problems)

Delay in formulating growth strategies for the ASEAN market

(Future actions)

To design a plan for executing a medium-term strategy for overseas growth, and implement investment for growth.

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]
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For closing the medium-term management plan SMILE 2027

① Project for reforming the revenue structures of the two existing businesses

Improvement in operating profit through the reform of manufacturing and selling methods

To reform our business structure while involving two divisions, to regain the “earning capacity”

Initiatives	Project for improving manufacturing methods	Project for improving selling methods	Major measures	Short term Plan 500 million yen	Medium term
Supply chain rectification	○	○	<ul style="list-style-type: none"> To raise the precision of demand prediction To secure production elasticity 	○	○
Logistics streamlining	○		<ul style="list-style-type: none"> To revise delivery methods 		○
Cost reduction	○		<ul style="list-style-type: none"> To reduce costs by revising procurement processes, etc. 	○	○
Pricing (strategy)		○	<ul style="list-style-type: none"> To reduce sales promotion costs and set appropriate prices 	○	○
Revision to the product mix		○	<ul style="list-style-type: none"> To decrease less profitable products 		○
Development of logistics strategies		○	<ul style="list-style-type: none"> To realize win-win initiatives 		○

For closing the medium-term management plan SMILE 2027

② Further expansion of the BtoB business
Promotion of coating and AIR Care businesses

Solidifying the foundation of our service business as a new growth driver alongside our merchandise sales

		Results in FY 3/26	Major initiatives in the remaining period (1 year)	Key Plans for the remaining period (1 year)
Spatial business	Coating service	Development and expansion of the business base Adopted for 7,000 rooms	Expanding new channels, such as hotels	Securing new projects: +7,000 rooms
	Scented Space Design Business	Establishment of the business base Adopted for 65 cases	In addition to product sales, expanding our customer base through subscriptions	New installations: +100 facilities



Concentration of human resources	To restructure our organization and establish a team specializing in the spatial business
Streamlining of business processes and improvement in success rate	Enhancement of digital marketing (the system for increasing prospective customers and marketing automation) Change of marketing styles from aggressive to reactive ones

For closing the medium-term management plan SMILE 2027

- To reform the product development process considering the medium-term plan and monetize the business for solving social issues by utilizing Clear Forest

③ Toward an R&D system for creating new value

To improve the process for coming up with ideas significantly and create new value

To produce a lot of new value

⇒ Establishing a framework for new products by diving into consumer insights and launching the "Hitting 100 for 400" initiative to generate a massive volume of new ideas and value

⇒ Strengthening Interdepartmental Collaboration in Manufacturing

Value creation project (from 2024)

Establishment of a new value creation process (from 2025)

Development of an environment and adoption of a new framework in 2026

④ New and overseas businesses, which will be reflected in the next medium-term plan

From pilot tests to commercialization, with an eye on M&A

To solve social issues by utilizing the "extract from Sakhalin fir"

⇒ Leveraging "Clear Forest" Technology for Commercialization in the Livestock Industry

(Value we provide)

- To solve the problems of smells
- To improve animal welfare

(Markets and needs)

The huge market including about 55,000 livestock farmers in Japan

Evident needs of local governments

Concentration on the enhancement of functions in Thailand and the PET Care domain

⇒ Enhancement of the product development function in Thailand

⇒ Development of channels in the PET Care domain with an eye on M&A

Situation of the Business Portfolio Strategy (1)

- Sales did not reach the forecast, so they failed to drive the improvement in overall revenue. In the PET Care business, we aim to reduce costs and induce synergy in business.

To concentrate investment on powerful growth	<p>The ratio of sales to the forecast in FY 3/26</p> <p>AIR Care (Ratio of sales to the forecast: 93.3%)</p>	<p>Situation in FY 3/26</p> <ul style="list-style-type: none"> • SHOSHURIKI Premium Aroma "Savon" and "Herbal" Series fell below the forecasts. • New lifestyle-oriented products are proceeding as planned 	<p>Major initiatives in the remaining period (1 year)</p> <ul style="list-style-type: none"> • Enhancing the product lineup for SHOSHURIKI Premium Aroma • Growing new products "RESETTO" and "DEOPITA" through sustained investment 	<p>【4 Quadrants】</p>
	<p>PET Care (Ratio of sales to the forecast: 82.5%)</p>	<ul style="list-style-type: none"> • In the BtoB business, the Scented Space Design Business has seen an increase in the number of facilities adopting the service, but has not met its targets • Delay in the overseas AIR Care strategy 	<ul style="list-style-type: none"> • Expanding contracts for Scented Space Design Business via new sales models such as subscriptions • Building a foundation for the Air Care business by restructuring the distributor network in 5 priority Asian countries with strong in-store distribution power 	
		<ul style="list-style-type: none"> • Regarding major products of SHOSHURIKI, we ran out of stock significantly in 3Q due to the insufficient functioning of SCM. • New products for proposing a lifestyle sold well as forecast. 	<ul style="list-style-type: none"> • To improve the precision of demand prediction and the supply capacity, to redevelop the SCM function • To keep investing in the new products "RESETTO" and "DeoPita" to develop them 	
		<ul style="list-style-type: none"> • The sales of the all-in-one package of "Nyantomomo" set fell short of targets, and cat litter sales also fell short of targets. • The expansion of offline sales channels was stagnant. 	<ul style="list-style-type: none"> • To upgrade products, and carry out strategies for HC and specialized stores • To shift from the sales squad to marketing targeted at dealers • To take measures for reducing the cost ratio of cat litter and sheet 	
		<ul style="list-style-type: none"> • The launch of sales in overseas markets (such as Thailand and South Korea) has also had little impact. 	<ul style="list-style-type: none"> • We are preparing for new business operation. 	

Situation of the Business Portfolio Strategy (2)

- Our "earning capacity" degraded due to the sluggish performance of the CLOTH Care business, which generates cash. The profit margin of the HAND Care business, which pursues recovery, improved.

【4 Quadrants】



The ratio of sales to the forecast in FY 3/26

Situation in FY 3/26

Major initiatives in the remaining period (1 year)

Thoroughly strengthen cash flow generation

CLOTH Care
(Ratio of sales to the forecast: 80.2%)

• We promoted the "new storage care" strategy actively, but the measures for core existing products were insufficient, so sales fell below the forecast significantly.

- Maintaining and expanding sales volume for existing core products by increasing touchpoints via enhanced in-store promotions and acquiring new customers through IP utilization
- To keep developing the "new storage care"
- To curtail sales promotion costs

HOME Care
(Ratio of sales to the forecast: 97.6%)

• In the first half of FY 3/26, "KOMETOBAN" sold well due to the rice supply disruption in the Reiwa period, but temporary stockout occurred, so sales did not reach the forecast.

- To sell "KOMETOBAN, DASHUTAN CHARCOAL, and gloves" as FOOD Care products at grocery stores

HUMIDITY Control
(Ratio of sales to the forecast: 92.5%)

• The sales of the sheet type, which is sold along with other products, did not reach the forecast, due to the dry rainy season and the downturn of the CLOTH Care business.

- To enhance the sale of "DRYPET COMPACT," whose container is refillable
- To sell the sheet type along with CLOTH Care products

To determine the timing of strategic shift based on profitability and growth potential

THERMAL Care
(Ratio of sales to the forecast: 98.2%)

• In the THERMAL Care business, profit margin improved thanks to the reduction of returned products and price revisions, but the sales of new products did not reach the forecast.

- In the THERMAL Care business, we will pursue the reduction of unprofitable SKU and incorporate it in the project for restructuring the production system.

HAND Care
(Ratio of sales to the forecast: 101.8%)

• The revenue ratio of the HAND Care business improved following the closure of manufacturing operations in Thailand.

- HAND Care expand their presence primarily in grocery stores

Progress of the fortification of the business base and initiatives in the remaining period

- The fortification of the business base progressed almost as planned. We will improve financial value with effective HR strategies, DX, and AI.

Situation in FY 3/26

Major initiatives in the remaining period (1 year)

Human capital strategy

◆ Recruitment and training of diverse talent for innovation

- We employed talent who possess new technologies and technical skills that are demanded, and produce personnel with expertise.
- Conducted the optimal allocation of human resources in growing fields, in order to improve the customer perspective and marketing precision
- Maximized the worthwhileness of jobs and strengthen the human resources base with diverse measures

◆ To trigger innovation and utilize it in business

- Based on the next-generation human resources development program (NEXT), we create new businesses and develop human resources for commercialization. ⇒ "NextBuild"
- To reinforce the management for harnessing the motivation and vigor of each employee for organizational power.
- To generate revenues from human capital through management

DX and utilization of AI

◆ Establishment of a comprehensive information platform and education of personnel for digital transformation (DX)

- Accumulated data on sales activities for establishing a comprehensive information platform
- Streamlined business operations by utilizing generative AI (3.7 hours/person/month)
- Raised digital literacy through e-learning

◆ To link information and organizations and improve productivity by visualizing data

- To establish a product development management system and utilize data on sales activities
- To streamline business operations by utilizing generative AI (10 hours/person/month)
- To conduct education for each class to develop personnel in charge of DX

Risk management

◆ Start of recurrence prevention processes from the emergence of risks

- Started recurrence prevention measures after an incident
- Conducted group-wide risk assessment, identify risk items, reduce risks, and take measures against cyber attacks

◆ To establish a risk control system and cope with recent risks

- To establish a group-wide system for swiftly and systematically responding to risks
- To respond to geopolitical risks
- To make all employees aware of cyber security, and educate and train them

Measures regarding sustainability

◆ Proceeded with the calculation of Scope 3 emissions, and started responsible procurement activities.

- Calculated major Cat amounts in Scope 3 emissions, and conducted measures for reducing emissions.
- For responsible procurement activities, we grasped the level of CSR activities of suppliers through SAQ, interviews, and visits.

◆ To strengthen the ESG management system

- To discuss measures for business promotion and product design to reduce Scope 1, 2, and 3 emissions and disclose the results of the measures
- To conduct follow-up activities and SAQ targeting more enterprises to improve suppliers

Progress Toward the Non-financial Goals

- The non-financial goals were left unchanged. We will steadily make preparations for disclosing Scope 3 emissions. We will maintain or improve indicators for human resources.

	FY 3/24	FY 3/25	FY 3/26	Goals in FY 3/27	Initiatives
Climate Change/CO ₂ (GHG) emission reduction	S1+S2 1,497t-CO2	S1+S2 1,027-CO2	S1+S2 914t-CO2 <small>*Figures before third-party guarantee</small>	Disclosure of Scope 3 emissions	In FY 3/26, the amount was 914 t-CO-2 (88.9% of that in the previous year), achieving the goal of "a 1% year-on-year reduction." The improvement in renewable energy ratio from 96.3% to 98.4% contributed.
Resources Recycling/Reduction of Plastics	—	—	—		In order to reduce Scope 3 emissions from Cat 1 and Cat 12, we discuss product design measures, including the use of refillable containers and downsizing of products. While estimating emissions, we request a third party to verify our estimations for disclosure.
◇Feel rewarded for working	71.3%	79.8%	86.2%	80%~	To adopt a partially open application system for projects and training, and visualize personnel who are eager to take on challenges without sticking to existing roles. To give opportunities to do cross-border learning and reskilling activities and establish a base of human resources that is not swayed by changes.
◇Satisfaction with work-life balance	73.3%	73.8%	75.2%	80%~	To have all male employees take childcare leave and revise the employees' relocation system, enabling flexible workstyles according to life stage. To maximize the vigor of employees, by offering 9 consecutive holidays in summer, promoting them to take paid leave, and increasing accumulated holidays
◇Performance demonstration level [*]	81.6%	86.3%	85.4%	85%~	In addition to WLB initiatives, we mitigate productivity inhibitors such as fatigue and sleep deprivation through consultations with occupational health nurses and workplace improvements.
Ratio of female managers (*Non-consolidated ratio as of April 1, 2026)	22.1%	22.3%	23.7%	30%~	Expanding the 'talent pool' and increasing management candidates by establishing a structured framework for talent development and accumulation.

The indicators with ◇ were taken from our engagement survey.

*Under the assumption that the performance of employees in normal health conditions with no disease or injury is 100%, the performance of each employee in the past 4 weeks is evaluated.

Progress of Cash Allocation

- Executed M&A in the focus Pet Care business (Jun 2024); actively investing in talent, DX, and AI this fiscal year

Source of investment

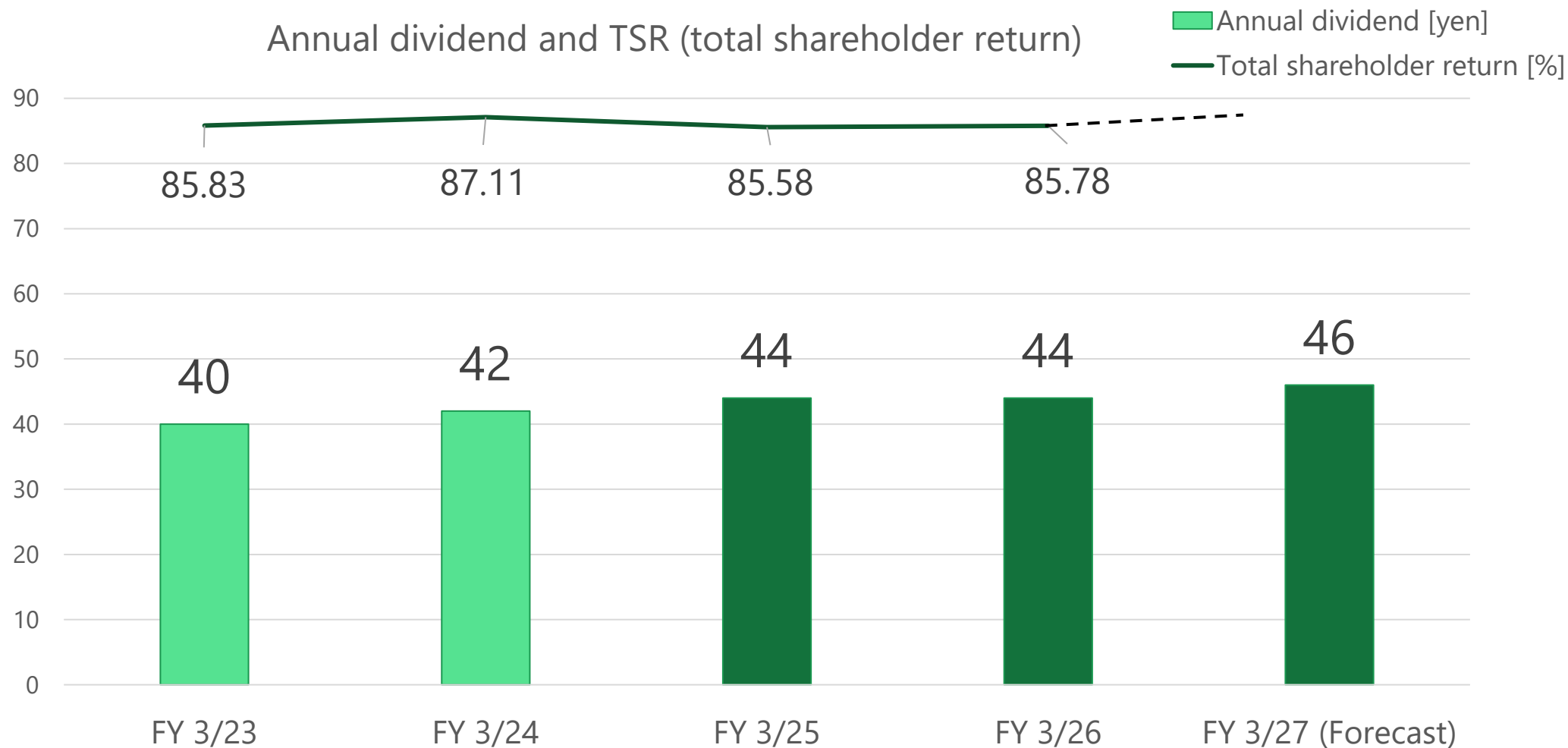
Progress of Cash allocation

Overview up to the fiscal year ending March 2026.

Source of investment	Progress of Cash allocation		Overview up to the fiscal year ending March 2026.
Utilization of borrowing (+ α)	Investment for growth in high value-added areas (8 billion yen + α)	Utilize M&A, etc. necessary for discontinuous growth	- Acquired the business of manufacturing and selling "NYANTOMO CLEAN TOILET" of Kao in 2024.
Utilization of cash on hand (~3 billion yen)		Strengthening value creation ability	- Projects for seeking research seeds, Strengthening intellectual property strategy
		Strengthen research and development	- Recruiting and Developing Highly Skilled Talent
		Securing and developing human resources	- Withdrawal from the glove manufacturing business in Thailand
Operating CF (11 billion yen)	Productivity improvement investment (2.5~3.0 billion yen)	Business portfolio restructuring	- Building a sales activity database, utilizing AI, and training expenses.
		Promotion of DX	- Investment in the "DASHUTAN CHARCOAL" production line; investment in molds for "SHOSHURIKI" and new products
	Building a production system	- Enrichment of shareholder return based on stable dividend payment (targeting a DOE of 3%)	
	Returns to shareholders (~3 billion yen)	Dividends and Share Buybacks	

Variations in dividend and TSR (total shareholder return)

- We will strive to continuously return profit to shareholders by increasing the annual dividend to 46 yen/share in FY 3/27, while considering that we need to raise the stagnant TSR and proceeding with the growth strategy in our business.



Increase in net sales and profit

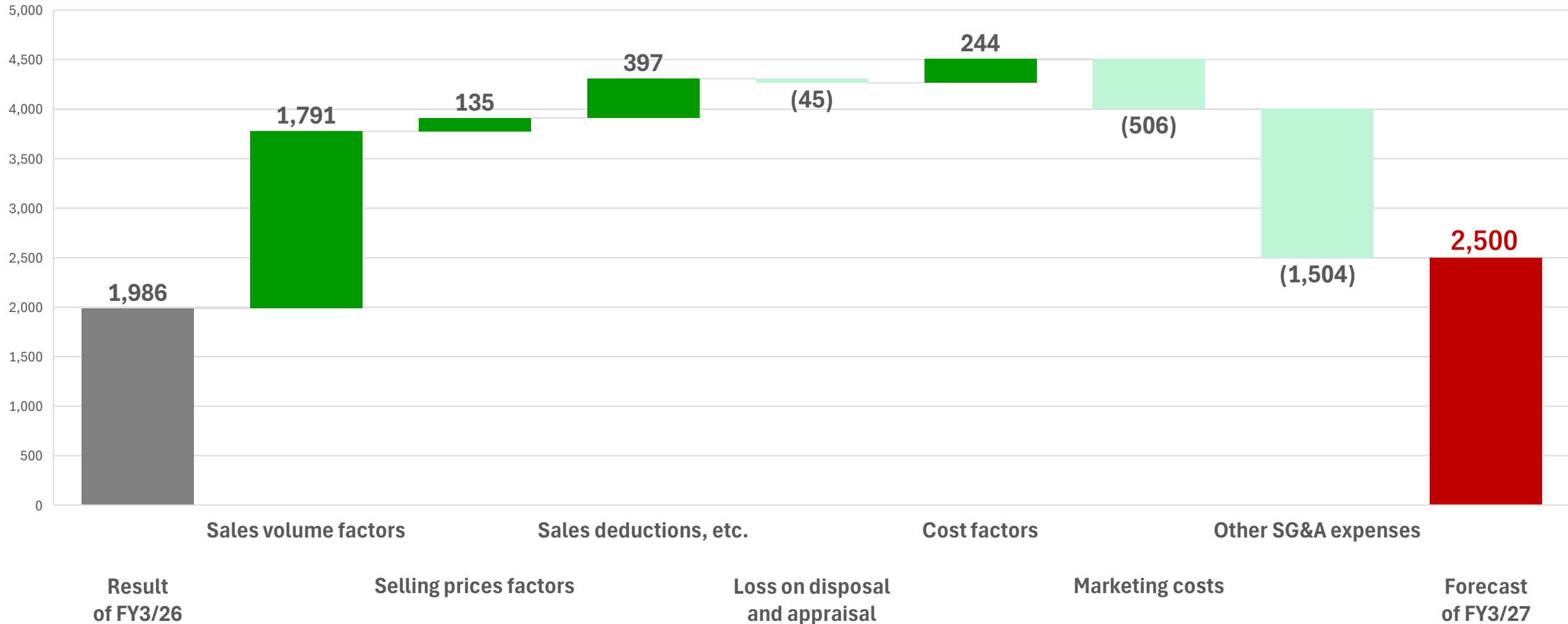
	Consolidated	YOY
Net sales	52.0 billion yen	107.2%
Operating profit	2.5 billion yen	125.8%
Ordinary profit	2.7 billion yen	111.7%
Profit attributable to owners of parent	1.8 billion yen	111.5%

Estimated dividend: 46 yen *Payout ratio: 53.3%

Factors behind increase/decrease in operating profit plan in FY 3/27 <Consolidated>

Change in operating profit: **Increase 513 million yen**

Unit: million yen



Response to the risks in the external environment

- We will additionally take measures against the recent risks in the external environment although they are not mentioned in the plan due to the uncertainty about the future.
- In the short term, we will make preparations for emergency response, including procurement and pricing measures. In the medium term, we will hedge risks in the supply chain, establish a business structure that is not easily disturbed by the external environment, and fortify the financial base.

< Risks arising out of the growing tensions in the Middle East >

- Skyrocketing of prices of crude oil, naphtha, and energy
- International logistics disruption and rise in transportation costs
- Exchange rates fluctuate and the financial market becomes unstable.
- Economic slowdown and market downturn

< Major risks in our company >

- Stockout and delay due to the lack of raw materials
- Steep rise in raw material costs, manufacturing costs, etc.
- Drop in sales and the degradation of the product mix

【Short-term response】

- Strengthening of the information gathering system
- Securing of procurement routes
- Visualization of increased costs
- Price revision
- Temporary curtailment of expenses

【Medium-term measures】

- Reform of the business structure for improving resilience
- To reduce risks by diversifying procurement and logistics networks
- To change formulations, design products, and revise production systems
- To further enhance our financial standing



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Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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.

Note: The figures are rounded down.