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February 7, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

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 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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	37,748	7.7	1,786	(8.4)	2,013	(18.9)	2,296	34.4
December 31, 2023	35,061	(1.7)	1,949	(13.9)	2,483	(2.9)	1,708	2.5

Note: Comprehensive income For the nine months ended December 31, 2024: ¥2,360 million [14.5%]
 For the nine months ended December 31, 2023: ¥2,061 million [14.2%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	107.60	—
December 31, 2023	76.72	—

Note: Diluted earnings per share are not given since there are no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	44,736	32,877	71.9
March 31, 2024	44,760	33,800	74.1

Reference: Equity
 As of December 31, 2024: ¥32,180 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	—	22.00	—		
Fiscal year ending March 31, 2025 (Forecast)				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
Fiscal year ending March 31, 2025	49,200	10.6	2,000	49.1	2,300	19.2	2,500	96.1	112.85

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 December 31, 2024	27,163,640 shares
As of March 31, 2024	23,000,000 shares

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

As of December 31, 2024	6,295,603 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)

Nine months ended December 31, 2024	21,341,170 shares
Nine months ended December 31, 2023	22,271,944 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 (218,600 shares as of December 31, 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 (220,200 shares for the nine months ended December 31, 2024, 239,066 shares for the nine months ended December 31, 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 nine months ended December 31, 2024, on Friday, February 7, 2025.

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1. Outline of operating results, etc.

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

During the nine months ended December 31, 2024, the Japanese economy showed signs of modest recovery against the backdrop of improvements in employment and income. At the same time, a sense of uncertainty about the future persists for various reasons, including geopolitical risks such as in Ukraine and the Middle East, future trends in US policy, fluctuations in financial and capital markets, 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 “business administration involving all staff,” based on our purpose.

For the nine months ended December 31, 2024, the Group’s net sales amounted to 37,748 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 category, Air Care.

As for profit, despite price increases for some items, cost increases due to higher purchase prices caused by the weak yen, an increase in rebates and other sales deductions, increased personnel costs caused by wage increases, etc. and higher selling, general and administrative expenses, including costs related to strengthening the management base to support growth strategies and amortization of goodwill, resulted in operating profit of 1,786 million yen (down 8.4% year on year). Ordinary profit was 2,013 million yen (down 18.9% year on year), reflecting a decrease in non-operating income as insurance claim income ceased to be recorded. Profit attributable to owners of parent was 2,296 million yen (up 34.4% year on year), due to an increase in gain on bargain purchase.

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. In addition to growth in sales of the SHOSHURIKI PREMIUM AROMA series, the contribution of the SHOSHURIKI PREMIUM AROMA FOR SLEEP FOR BEDROOMS, which was launched in the previous fiscal year as a bedroom fragrance to support the creation of a comfortable space, and of the SHOSHURIKI COMPACT series, as well as the strong performance of the unscented SHOSHURIKI ION DEODORANT PLUS, which uses chemical deodorization to thoroughly eliminate odors, resulted in net sales of 16,693 million yen (up 4.7% 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 2,856 million yen, compared with net sales of 125 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. The Company strove to stimulate the market by adding new categories MUSHUDA FOR DRAWERS AND CLOTHES CASES to the MUSHUDA NOTE FOR 1 YEAR, which is based on the themes of cleanliness and simplicity, as well as newly developing a high quality, sweet fragrant olive scent for the MUSHUDA PREMIUM AROMA series. Despite these efforts, sales of existing mainstay products MUSHUDA FOR 1 YEAR FOR CLOSET and MUSHUDA FOR 1 YEAR FOR WALK-IN CLOSET fell as demand from the autumn clothing changeover season was impacted from sales opportunity loss due to warm temperatures, resulting in net sales of 5,014 million yen (down 3.3% 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 cleaners. Sales of KOMETOBAN remained strong, reflecting continued demand associated with measures for stockpiling rice in response to rice shortages in the summer, and SENJORIKI WATERLESS SNEAKER CLEANER, a detergent for sneakers that easily wipes off bothersome stains with foam, contributed to net sales of 3,425 million yen (up 5.2% year on year).

In the Humidity Care (Dehumidifiers) category, we are working to respond to changes in storage patterns. While sales of waste-saving refillable DRYPET COMPACT products increased, demand for dehumidifiers was curbed by revised selling prices in response to rising raw material prices, and sales of disposable tank-type products decreased due to the ongoing shift to high-value-added products from the previous fiscal year, resulting in net sales of 2,389 million yen (down 1.2% year on year).

In the Thermal Care (Disposable Warmers) category, product returns in the previous season were greater than expected, and delayed setup of sales areas due to the impact of warm autumn temperatures led to sales opportunity loss, resulting in net sales of 3,598 million yen (down 7.4% year on 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 as demand driven by greater awareness of hygiene weakened, resulting in net sales of 3,770 million yen (down 11.1% year on year).

Category	Net sales (Millions of yen)	Composition (%)	Year-on-year (%)
Air Care (Deodorizers and Air Fresheners)	16,693	44.2	4.7
Pet Care (Cat Toiletries)	2,856	7.6	—
Cloth Care (Mothproofing Agents)	5,014	13.3	(3.3)
Home Care (Food Care, Cleaners, etc.)	3,425	9.1	5.2
Humidity Care (Dehumidifiers)	2,389	6.3	(1.2)
Thermal Care (Disposable Warmers)	3,598	9.5	(7.4)
Hand Care (Household Gloves)	3,770	10.0	(11.1)
Total	37,748	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 December 31, 2024, stood at 44,736 million yen, a decrease of 24 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include an increase in notes and accounts receivable - trade of 2,127 million yen, an increase in goodwill of 3,934 million yen, and a decrease in cash and deposits of 6,025 million yen.

Liabilities were 11,858 million yen, an increase of 897 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include an increase in electronically recorded obligations - operating of 711 million yen, an increase in other current liabilities of 354 million yen, and a decrease in accrued expenses of 258 million yen.

Net assets were 32,877 million yen, a decline of 922 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include an increase in treasury shares of 8,783 million yen, an increase in capital surplus of 6,485 million yen, and an increase in retained earnings of 1,359 million yen.

Consequently, equity amounted to 32,180 million yen and the equity ratio was 71.9%, down 2.2 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 full-year forecasts announced in “Notice Regarding Recording of Extraordinary Income (Gain on Bargain Purchase) and Revision of Consolidated Earnings Forecast” on September 27, 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 December 31, 2024
Assets		
Current assets		
Cash and deposits	13,728	7,702
Notes and accounts receivable - trade	5,982	8,109
Merchandise and finished goods	5,324	5,478
Work in process	238	256
Raw materials and supplies	865	924
Other	748	837
Allowance for doubtful accounts	(0)	(0)
Total current assets	26,885	23,308
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,969	3,836
Machinery, equipment and vehicles, net	1,544	1,398
Tools, furniture and fixtures, net	139	219
Land	3,609	3,605
Leased assets, net	164	210
Construction in progress	48	210
Total property, plant and equipment	9,476	9,481
Intangible assets		
Goodwill	–	3,934
Other	1,217	1,096
Total intangible assets	1,217	5,030
Investments and other assets		
Investment securities	6,201	6,158
Long-term loans receivable	42	42
Retirement benefit asset	5	5
Deferred tax assets	330	99
Other	600	609
Allowance for doubtful accounts	(0)	–
Total investments and other assets	7,180	6,915
Total non-current assets	17,874	21,427
Total assets	44,760	44,736

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,135	2,202
Electronically recorded obligations - operating	2,349	3,061
Short-term borrowings	454	485
Lease liabilities	69	68
Accounts payable - other	1,296	1,331
Accrued expenses	669	411
Income taxes payable	162	231
Accrued consumption taxes	135	22
Electronically recorded obligations - non-operating	85	49
Other	2,105	2,460
Total current liabilities	9,463	10,325
Non-current liabilities		
Lease liabilities	70	131
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	52
Retirement benefit liability	1,146	1,101
Other	23	40
Total non-current liabilities	1,496	1,532
Total liabilities	10,960	11,858
Net assets		
Shareholders' equity		
Share capital	7,065	7,065
Capital surplus	7,047	13,532
Retained earnings	18,280	19,640
Treasury shares	(942)	(9,725)
Total shareholders' equity	31,451	30,512
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,201	2,126
Revaluation reserve for land	(470)	(470)
Foreign currency translation adjustment	(38)	1
Remeasurements of defined benefit plans	15	9
Total accumulated other comprehensive income	1,708	1,667
Non-controlling interests	640	697
Total net assets	33,800	32,877
Total liabilities and net assets	44,760	44,736

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

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	35,061	37,748
Cost of sales	21,652	23,473
Gross profit	13,408	14,274
Selling, general and administrative expenses	11,458	12,488
Operating profit	1,949	1,786
Non-operating income		
Interest income	7	14
Dividend income	118	126
Purchase discounts	83	82
Foreign exchange gains	43	10
Insurance claim income	224	0
Other	103	87
Total non-operating income	582	322
Non-operating expenses		
Interest expenses	9	20
Share of loss of entities accounted for using equity method	28	64
Other	10	10
Total non-operating expenses	48	95
Ordinary profit	2,483	2,013
Extraordinary income		
Gain on sale of non-current assets	0	2
Gain on sale of investment securities	9	–
Gain on bargain purchase	–	1,101
Total extraordinary income	9	1,103
Extraordinary losses		
Loss on sale and retirement of non-current assets	9	10
Loss on valuation of investment securities	9	–
Total extraordinary losses	19	10
Profit before income taxes	2,473	3,106
Income taxes - current	403	449
Income taxes - deferred	250	236
Total income taxes	653	686
Profit	1,819	2,419
Profit attributable to non-controlling interests	110	123
Profit attributable to owners of parent	1,708	2,296

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	1,819	2,419
Other comprehensive income		
Valuation difference on available-for-sale securities	126	(74)
Foreign currency translation adjustment	119	(47)
Remeasurements of defined benefit plans, net of tax	(7)	(5)
Share of other comprehensive income of entities accounted for using equity method	3	68
Total other comprehensive income	242	(59)
Comprehensive income	2,061	2,360
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,914	2,255
Comprehensive income attributable to non-controlling interests	147	105

(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 nine months ended December 31, 2023 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 for the nine months ended December 31, 2023 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 94 million yen, operating profit increased by 71 million yen, and ordinary profit and profit before income taxes increased by 72 million yen each in the first nine months 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

Nine months ended December 31, 2023 and nine months ended December 31, 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

On July 1, 2024, the Company conducted a business combination through a partial exchange of shares with the Company as the parent company through exchange of shares and Shaldan Co., Ltd., as the subsidiary company through exchange of shares, making Shaldan Co., Ltd. a wholly owned subsidiary. As a result, treasury shares increased by 8,789 million yen (5,587 thousand shares) during the nine months ended December 31, 2024, to stand at 9,725 million yen as of December 31, 2024.

Notes on going concern assumption

Not applicable.

Notes on quarterly consolidated statement of cash flows

Quarterly consolidated statement of cash flows for the nine months ended December 31, 2024 is not prepared. Depreciation (including amortization related to intangible assets) and amortization of goodwill for the nine months ended December 31, 2023 and 2024 are as follows.

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	941	855
Amortization of goodwill	—	243

Notes on significant post-balance sheet events*(Cancellation of treasury shares)*

At the Board of Directors meeting held on February 7, 2025, the Company resolved to cancel treasury shares pursuant to Article 178 of the Companies Act.

- Class of shares to be cancelled Common shares of the Company
- Total number of shares to be cancelled 4,163,640 shares
(Ratio to the total number of common shares issued before cancellation: 15.33%)
- Scheduled cancellation date February 25, 2025
- Total number of issued shares after cancellation (including treasury shares) 23,000,000 shares
Reference: Number of treasury shares after cancellation (estimated) 2,131,963 shares
Note: The above estimate is calculated based on the number of treasury shares as of December 31, 2024. The number of treasury shares includes 218,600 shares of the Company's shares held by Custody Bank of Japan Ltd. (Trust Account E).