May 19, 2025

Company name: S.T. CORPORATION
Name of representative: Yo Kozuki, President & CEO
(Securities code: 4951; Prime Market Tokyo Stock Exchange)
Inquiries: Naruaki Hashimoto, Executive Officer
(Telephone: +81-3-3367-6314)

(Corrections and Corrections of Numerical Data) Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

S.T. CORPORATION (the "Company") hereby announces that there have been corrections made to the above-mentioned disclosure material released on May 9, 2025. As numerical data has also been corrected, the corrected numerical data is also sent.

1. Reason for corrections

S.T. CORPORATION (the "Company") hereby announces that the Company has made corrections to the Financial Results in relation to tax effect accounting for goodwill in business combinations due to business acquisition after the disclosure of the Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP). Specific corrections made to the Financial Results and the reasons for the corrections are described below.

According to Clause 72 and Clause 378-3 of the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures, in the case of a business combination falling under a non-qualified merger where "goodwill" (the asset adjustment account and liability adjustment account for difference) is to be recognized for tax purposes, the amount of goodwill for tax purposes should be treated as a temporary difference and the amount remaining after allocation and recording of deferred tax assets or liabilities should be recognized as goodwill for accounting purposes. However, the deferred tax assets were not appropriately allocated from the purchase price for the business acquisition. Accordingly, it was necessary to make the following corrections to the Company's Consolidated statement of income.

(1) Decrease in amortization of goodwill due to allocation from the amount of goodwill to deferred tax assets:
△ 113 million yen

(2) Decrease in income taxes: △ 106 million yen

(3) Increase in income taxes - deferred: 645 million yen

While corrections (1) and (2) increase the operating profit and the profit attributable to owners of the parent company, respectively, correction (3) causes a decrease in profit attributable to owners of the parent company. These corrections also necessitate corrections to several items on the Consolidated balance sheet, namely, Goodwill and Deferred tax assets in the Assets section, Income taxes payable in the Liabilities section, and Retained earnings in the Net assets section.

2. Details of corrections

Because there are many corrections, the full text after corrections is attached, with the corrections underlined.

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.

May 9, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: S.T. CORPORATION
Listing: Tokyo Stock Exchange
Securities code: 4951
URL: https://www.st-c.co.jp/
Representative: Yo Kozuki, President & CEO
Inquiries: Naruaki Hashimoto, Executive Officer
Telephone: +81-3-3367-6314
Scheduled date to annual general meeting of shareholders: June 17, 2025
Scheduled date to commence dividend payments: June 2, 2025
Scheduled date to file Securities Report: June 16, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	48,114	8.2	1,658	23.6	2,084	8.0	2,834	122.4
March 31, 2024	44,472	(2.4)	1,341	(44.5)	1,930	(29.3)	1,274	(30.3)

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥2,716 million [51.9%]
For the fiscal year ended March 31, 2024: ¥1,788 million [(13.4)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/ net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	133.57	–	8.6	4.6	3.4
March 31, 2024	57.23	–	3.9	4.2	3.0

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2025: ¥(48) million
For the fiscal year ended March 31, 2024: ¥(31) million

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	45,843	33,236	71.0	1,560.45
March 31, 2024	44,760	33,800	74.1	1,487.83

Reference: Equity
As of March 31, 2025: ¥32,567 million
As of March 31, 2024: ¥33,159 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	3,295	(4,785)	(2,419)	9,885
March 31, 2024	1,644	(981)	(1,164)	13,576

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	–	21.00	–	21.00	42.00	945	73.4	2.9
Fiscal year ended March 31, 2025	–	22.00	–	22.00	44.00	927	32.9	2.9
Fiscal year ending March 31, 2026 (Forecast)	–	22.00	–	22.00	44.00		57.4	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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, 2025	26,500	9.8	1,600	31.9	1,800	19.7	1,000	(51.0)	47.91
Fiscal year ending March 31, 2026	52,700	9.5	2,500	50.7	2,800	34.3	1,600	(43.6)	76.66

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: – companies

Excluded: 2 companies (Name) Shaldan (Thailand) Co., Ltd., 、 Aekyung S.T. Co., Ltd. (South Korea)

Note: For more details, please refer to the section of “Notes on significant accounting policies for preparation of consolidated financial statements” under “(5) Notes to consolidated financial statements” of “3. Consolidated financial statements and significant notes thereto” on page 15 of the attached material.

(2) 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 “(5) Notes to consolidated financial statements” of “3. Consolidated financial statements and significant notes thereto” on page 18 of the attached material.

(3) Number of issued shares (common shares)

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

As of March 31, 2025	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 March 31, 2025	2,129,673 shares
As of March 31, 2024	712,638 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	21,223,470 shares
Fiscal year ended March 31, 2024	22,275,806 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 (216,200 shares as of March 31, 2025 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 (219,200 shares for the fiscal year ended March 31, 2025, 235,150 shares for the fiscal year ended March 31, 2024).

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* 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 “(1) Outline of operating results for the current fiscal year” of “1. Outline of operating results, etc.” on pages 2 to 4 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 financial results

We intend to post the video explaining the financial results and the supplementary material on financial results on the Company’s website on Monday, May 12, 2025.

○Attached Material Index

1. Outline of operating results, etc.

(1) Outline of operating results for the current fiscal year

(i) Outline of overall results for the current fiscal year

(Millions of yen)

Indicators, etc.	Previous fiscal year	Current fiscal year	YoY percentage change (%)
Net sales	44,472	48,114	8.2
Operating profit	1,341	1,658	23.6
Ordinary profit	1,930	2,084	8.0
Profit attributable to owners of parent	1,274	2,834	122.4
Earnings per share (yen)	57.23	133.57	133.4

During the current fiscal year, the Japanese economy continue its modest recovery, supported by improvements in employment and income conditions, as well as a recovery in inbound demand. However, real wages stagnated due to rising prices, leading to sluggish growth in personal consumption. Meanwhile, overseas, uncertainty about the future persists for various reasons, such as geopolitical risks surrounding Ukraine and the Middle East, the slowdown of the Chinese economy, and uncertainties regarding US foreign and trade policies, including tariffs.

Under these conditions, the Group concentrated 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 current fiscal year, net sales amounted to 48,114 million yen (up 8.2% 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 1,658 million yen (up 23.6% year on year). Ordinary profit was 2,084 million yen (up 8.0% 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 2,834 million yen (up 122.4% year on year), due to an increase in extraordinary income resulting from a gain on bargain purchase and a gain on sale of non-current assets of the Kinki Branch following a review of sales offices.

(ii) Status by category of the current fiscal year

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

<Net sales by category>

Category	Amount (Millions of yen)	Composition (%)	YoY percentage change (%)
Air Care (Deodorizers and Air Fresheners)	21,109	43.9	4.2
Pet Care (Cat Toiletries)	3,596	7.5	–
Cloth Care (Mothproofing Agents)	6,834	14.2	(4.3)
Home Care (Food Care, Cleaners, etc.)	4,330	9.0	4.3
Humidity Care (Dehumidifiers)	2,763	5.7	(4.1)
Thermal Care (Disposable Warmers)	4,095	8.5	(3.0)
Hand Care (Household Gloves)	5,384	11.2	(4.8)
Total	48,114	100.0	8.2

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%.

In the Air Care (Deodorizers and Air Fresheners) category, we have engaged 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 21,109 million yen (up 4.2% 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 3,596 million yen, compared with net sales of 165 million yen in the previous year.

In the Cloth Care (Mothproofing Agents) category, efforts were made 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 were sluggish due to a decrease of in-store visibility, resulting in net sales of 6,834 million yen (down 4.3% year on year).

In the Home Care (Food Care, Cleaners, etc.) category, efforts to expand new customers were made, centered on food care products and cleaners. Sales of KOMETOBAN—which protects rice from rice bug—remained strong, reflecting increasing interest in stockpiling due to rising rice prices, and SENJORIKI WATERLESS SNEAKER CLEANER, a detergent for sneakers that easily wipes off bothersome stains with foam, contributed to net sales of 4,330 million yen (up 4.3% year on year).

In the Humidity Care (Dehumidifiers) category, we have worked to respond to changes in storage patterns. While sales of waste-saving refillable DRYPET COMPACT products increased as a result of proposing storage and care measures for clothes by putting them on the sales floor at the same time as MUSHUDA, 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 2,763 million yen (down 4.1% year on year).

In the Thermal Care (Disposable Warmers) category, although the market recovered toward the second half of the season due to this winter's temperatures, net sales were 4,095 million yen (down 3.0% year on year), reflecting the impact of product returns in the previous year being greater than expected and an inability to differentiate us from our competitors, making existing disposable warmers the main product while failing to stimulate demand.

In the Hand Care (Household Gloves) category, we have promoted 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 5,384 million yen (down 4.8% year on year).

(iii) Future outlook

In the next fiscal year, while we expect the Japanese economy to continue its moderate recovery, supported by ongoing improvements in employment and income conditions, we anticipate that the situation will remain uncertain, due to concerns about the impact of further price rises, the direction of US foreign and trade policies, and the prolonged instability of global conditions.

Under such circumstances, the Group aims to contribute to a sustainable society and achieve business growth. In line with our sustainability policy, we have formulated the Medium-Term Management Plan "SMILE 2027." We are committed to creating value that is overwhelmingly supported by customers in the "Kaori x Wellness" domain, securing resources for future investments through the efficiency of existing businesses, and strengthening the foundation that supports sustainable growth.

In the Air Care (Deodorizers and Air Fresheners) category, we will focus on growing the existing market and creating new users. In the existing market, our aim is to expand the market by distinguishing the SHOSHURIKI PREMIUM AROMA series, which focuses on high-quality fragrances and has been growing year after year, by enhancing the lineup to meet the unmet needs of customers. In terms of creating new users, we seek to attract a wide range of customers, especially among younger consumers, by developing and releasing new products featuring good design, fragrance quality, fragrance durability and that extra little bit of experiential value. We expect these efforts to increase net sales as we aim to further expand our market share by implementing sales promotion activities efficiently linked to advertising and by using digital advertising to appeal to younger consumers.

In the Pet Care (cat toiletries) category, we acquired the NYANTOMO CLEAN TOILET business from Kao Corporation in June last year and have endeavored to increase brand awareness, based on the brand purpose of "cat-friendly design." Our further business development will focus on having more contact with consumers and acquiring customers. In addition to expanding sales of toilet set products, growing sales channels, and strengthening digital advertising centered on SNS, we expect to increase net sales by augmenting the lineup with the introduction of NYANTOMO CLEAN TOILET PROFESSIONAL DEODORIZING AND ANTIBACTERIAL CHIPS, a new product specifically designed under the supervision of SHOSHURIKI to eliminate odors.

In the Cloth Care (Mothproofing Agents) category, the market is shrinking due to changing lifestyles and fewer insect infestations. To this end, and as a value proposition for the storage space as a whole, we will expand MUSHUDA NOTE FOR 1 YEAR, which proposes an ideal storage space with cleanliness based on the theme of keeping important clothes clean. By tapping into various needs in the storage space, we aim to raise the overall standard of storage care, and we expect to increase sales by way of targeted advertisements that address the needs of each user demographic and sales measures such as in-store sales space optimization.

In the Home Care (Food Care, Cleaners, etc.) category, we expect net sales to increase as we conduct seasonal sales promotions utilizing social media to acquire new customers and expand the cohorts of repeat customers, focusing on the KOMETOBAN food care products, which are performing well, and the SENJORIKI brand of WASHING MACHINE DRUM CLEANER and SHOE CLEANER.

In the Humidity Care (Dehumidifiers) category, we will offer a value proposition for the overall storage space that intersects with clothing care, as well as undertake initiatives that respond to changes in storage patterns. Revisions to the selling price of dehumidifiers in response to the rising cost of raw materials will suppress demand, but we expect to nevertheless increase net sales by enhancing the growing sales of the sheet-type DRYPET FOR DRAWERS AND CLOTHES CASES and DRYPET FOR CLOSET, as well as developing and releasing new products exhibiting uniqueness and good design.

In the Thermal Care (Disposable Warmers) category, although the market is affected by atmospheric temperature, the market for existing disposable warmers (which make up a high percentage of sales) is highly competitive, and improving profitability has become an urgent issue, so we will work on reducing returns after the end of the season. In addition, we will utilize the technology that was cultivated under the ONPAX brand to develop products and approach the revitalization of the market with differentiated products, but net sales are nevertheless expected to decrease.

In the Hand Care (Household Gloves) category, we will expand sales of gloves for professional use, which are recognized for their functionality, while for household gloves, we will renew the packaging to increase awareness of the FAMILY brand. Furthermore, we will aim to expand the sales floor, and we expect sales to increase.

In addition to the above measures for each category, we will continue to actively invest and strengthen our business management system for developing new products and new sales channels for further growth, aiming to strengthen our structure to enable sales to increase continuously.

In terms of profits, it is expected that cost of goods sold will continue to rise due to higher raw material prices. In addition, as we are planning capital investment in main categories to respond to cost reductions and production enhancements, as well as promoting research activities as investment in new businesses, strategic marketing investment for growth, and investment for DX and ESG promotion and human resource development, we expect a temporary increase in costs.

As a result, for the next fiscal year, we expect 52,700 million yen (up 9.5% year on year) for net sales, 2,500 million yen (up 50.7% year on year) for operating income, 2,800 million yen (up 34.3% year on year) for ordinary profit and 1,600 million yen (down 43.6% year on year) for profit attributable to owners of parent due to the absence of the previous fiscal year's one-time extraordinary income.

At present, the impacts of US tariffs on the Company's business and results are not significant in terms of raw material procurement or other production aspects. Therefore, the figures in the above earnings forecast do not reflect any impact from these measures. Going forward, if we expect significant impacts on business and/or performance, we will swiftly disclose such information.

(2) Outline of financial status for the current fiscal year

(i) Assets, Liabilities and Net Assets

Total assets at the end of the current fiscal year stood at 45,843 million yen, an increase of 1,082 million yen from the end of the previous fiscal year. The increase is mainly attributable to factors that include an increase in accounts receivable - trade of 729 million yen, an increase in other in current assets of 371 million yen, an increase in goodwill of 1,229 million yen, an increase in trademark right of 2,047 million yen, and a decrease in cash and deposits of 3,667 million yen.

Liabilities were 12,606 million yen, an increase of 1,646 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 payable - trade of 274 million yen, an increase in electronically recorded obligations - operating of 514 million yen, and an increase in income taxes payable of 288 million yen.

Net assets were 33,236 million yen, a decline of 563 million yen from the end of the previous fiscal year. The decrease is mainly attributable to factors that include an increase in capital surplus of 6,474 million yen, a decrease in retained earnings of 4,728 million yen, and an increase in treasury shares of 2,291 million yen.

Consequently, equity amounted to 32,567 million yen and the equity ratio was 71.0%, down 3.1 percentage points from the end of the previous fiscal year.

(ii) Consolidated cash flows

(Millions of yen)

Item	Previous fiscal year	Current fiscal year	Net increase or decrease
Cash flows from operating activities	1,644	3,295	1,651
Cash flows from investing activities	(981)	(4,785)	(3,804)
Cash flows from financing activities	(1,164)	(2,419)	(1,255)
Effect of exchange rate change on cash and cash equivalents	73	70	(2)
Net increase (decrease) in cash and cash equivalents	(428)	(3,837)	(3,409)
Cash and cash equivalents at beginning of period	14,004	13,576	(428)
Increase in cash and cash equivalents resulting from share issuance	–	146	146
Cash and cash equivalents at end of period	13,576	9,885	(3,691)

Cash and cash equivalents as of March 31, 2025, stood at 9,885 million yen, decreased by 3,691 million yen from the end of the previous fiscal year.

The main contributing factors affecting the respective cash flows during the current fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 3,295 million yen (compared with 1,644 million yen provided in the same period of the previous fiscal year). The major inflows were profit before income taxes of 3,763 million yen, depreciation of 1,345 million yen, and an increase in trade payables of 738 million yen, while the major outflows were a gain on bargain purchase of 1,101 million yen, and an increase in trade receivables of 714 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 4,785 million yen (compared with 981 million yen used in the same period of the previous fiscal year). The major inflow was proceeds from sale of property, plant and equipment of 884 million yen. The major outflows were purchase of property, plant and equipment of 698 million yen, purchase of intangible assets of 328 million yen, and payments for acquisition of businesses of 4,683 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 2,419 million yen (compared with 1,164 million yen used in the same period of the previous fiscal year). The major outflows were repayments of long-term borrowings of 1,289 million yen and dividends paid of 936 million yen.

Trends in cash flow-related indicators of the Group are as follows:

Item	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio	68.5%	70.4%	70.2%	74.1%	71.0%
Market-based equity ratio	92.7%	76.4%	75.4%	77.0%	67.0%
Interest-bearing debt to cash flow ratio (annual)	0.1	0.2	0.1	0.3	0.2
Interest coverage ratio (times)	426.4	573.9	769.0	165.4	105.9

* Equity ratio: Equity/total assets

Market-based equity ratio: market capitalization/total assets

Interest-bearing debts to cash flow ratio: Interest-bearing debts/cash flows

Interest coverage ratio: cash flow/interest payment

1. All indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated based on the number of issued shares excluding treasury stock (including treasury stock remaining in the trust recorded as treasury stock in shareholders' equity).
3. For cash flows, we use cash flows from operating activities on the consolidated statement of cash flows. Interest-bearing debt covers all of the liabilities recorded on the consolidated balance sheet for which interest is paid. For interest payments, we use the amount of interest paid on the consolidated statement of cash flows.

(3) Basic policy on profit distribution and dividends for the current and next fiscal years

Our basic policy regarding profit distribution is as follows.

We will ensure retained earnings to perform strategic investment (product development, effective promotion, capital investment, human resource development, etc.) for sustainable growth and improvement of corporate value over the medium to long term, and as for dividends we will promote a dividend policy linked to business performance while maintaining a basic policy of continuous stable dividends.

With such a concept, regarding the dividend of surplus at the end of the current period, we will set the dividend per share at 22 yen (44 yen for the full year) in consideration of the situation of net income and the realization of shareholder interests.

Regarding the dividend of surplus for the next fiscal year, although the outlook for the Japanese economy is uncertain and the business environment remains severe, we plan to distribute 44 yen per share (22 yen out of this will be interim dividend).

2. Basic concept regarding the selection of accounting standards

The Group has applied Japanese standards in consideration of the period comparability of consolidated financial statements and the comparability between companies.

Regarding the application of IFRS, we will take appropriate measures in consideration of domestic and overseas situations.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

		As of March 31, 2024		As of March 31, 2025
Assets				
Current assets				
Cash and deposits	*3	13,728	*3	10,061
Notes receivable - trade	*4	208		238
Accounts receivable - trade		5,773		6,502
Merchandise and finished goods		5,324		5,653
Work in process		238		202
Raw materials and supplies		865		1,010
Other		748		1,119
Allowance for doubtful accounts		(0)		(10)
Total current assets		26,885		24,776
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	*1	3,969	*1	3,796
Machinery, equipment and vehicles, net	*1	1,544	*1	1,539
Tools, furniture and fixtures, net	*1	139	*1	271
Land	*5	3,609	*5	3,441
Leased assets, net	*1	164	*1	191
Construction in progress		48		49
Total property, plant and equipment		9,476		9,289
Intangible assets				
Goodwill		–		1,229
Trademark right		1		2,048
Other		1,216		1,134
Total intangible assets		1,217		4,413
Investments and other assets				
Investment securities	*2	6,201	*2	5,948
Long-term loans receivable		42		21
Retirement benefit asset		5		4
Deferred tax assets		330		778
Other		600		610
Allowance for doubtful accounts		(0)		–
Total investments and other assets		7,180		7,364
Total non-current assets		17,874		21,067
Total assets		44,760		45,843

(Millions of yen)

		As of March 31, 2024		As of March 31, 2025
Liabilities				
Current liabilities				
Notes and accounts payable - trade		2,135		2,409
Electronically recorded obligations - operating		2,349		2,863
Short-term borrowings		454		513
Lease liabilities		69		62
Accounts payable - other		1,296		1,304
Accrued expenses		669		867
Income taxes payable		162		450
Accrued consumption taxes		135		16
Contract liabilities		–		11
Electronically recorded obligations - non-operating		85		167
Other		2,105		2,260
Total current liabilities		9,463		10,928
Non-current liabilities				
Lease liabilities		70		120
Deferred tax liabilities for land revaluation	*5	195	*5	270
Provision for retirement benefits for directors (and other officers)		12		12
Provision for share awards for directors (and other officers)		48		48
Provision for share awards for employees		–		20
Retirement benefit liability		1,146		1,164
Other		23		41
Total non-current liabilities		1,496		1,678
Total liabilities		10,960		12,606
Net assets				
Shareholders' equity				
Share capital		7,065		7,065
Capital surplus		7,047		13,521
Retained earnings		18,280		13,552
Treasury shares		(942)		(3,233)
Total shareholders' equity		31,451		30,906
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		2,201		1,976
Revaluation reserve for land	*5	(470)	*5	(330)
Foreign currency translation adjustment		(38)		32
Remeasurements of defined benefit plans		15		(17)
Total accumulated other comprehensive income		1,708		1,660
Non-controlling interests		640		669
Total net assets		33,800		33,236
Total liabilities and net assets		44,760		45,843

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Net sales		44,472		48,114
Cost of sales	*1, *3	28,057	*1, *3	30,185
Gross profit		16,414		17,928
Selling, general and administrative expenses	*2, *3	15,073	*2, *3	16,269
Operating profit		1,341		1,658
Non-operating income				
Interest income		20		24
Dividend income		120		129
Purchase discounts		109		105
Foreign exchange gains		25		158
Insurance claim income		224		0
Other		144		103
Total non-operating income		645		522
Non-operating expenses				
Interest expenses		12		29
Share of loss of entities accounted for using equity method		31		48
Other		12		18
Total non-operating expenses		57		97
Ordinary profit		1,930		2,084
Extraordinary income				
Gain on sale of non-current assets	*4	0	*4	551
Gain on sale of investment securities		79		105
Gain on bargain purchase		–		1,101
Total extraordinary income		79		1,758
Extraordinary losses				
Loss on sale and retirement of non-current assets	*5	12	*5	21
Impairment losses		–	*6	53
Loss on sale of investment securities		0		–
Loss on valuation of investment securities		63		4
Total extraordinary losses		76		79
Profit before income taxes		1,933		3,763
Income taxes - current		370		607
Income taxes - deferred		166		269
Total income taxes		536		876
Profit		1,396		2,886
Profit attributable to non-controlling interests		121		51
Profit attributable to owners of parent		1,274		2,834

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	1,396	2,886
Other comprehensive income		
Valuation difference on available-for-sale securities	226	(225)
Revaluation reserve for land	66	(8)
Foreign currency translation adjustment	113	28
Remeasurements of defined benefit plans, net of tax	(18)	(33)
Share of other comprehensive income of entities accounted for using equity method	3	68
Total other comprehensive income	391	(170)
Comprehensive income	1,788	2,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,631	2,638
Comprehensive income attributable to non-controlling interests	157	77

(3) Consolidated statement of changes in shareholders' equity

Previous fiscal year (April 1, 2023-March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,065	7,047	17,928	(1,002)	31,038
Changes during period					
Dividends of surplus			(922)		(922)
Profit attributable to owners of parent			1,274		1,274
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				61	61
Net changes in items other than shareholders' equity					
Total changes during period	–	–	351	60	412
Balance at end of period	7,065	7,047	18,280	(942)	31,451

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of period	1,974	(537)	(119)	34	1,352	570	32,961
Changes during period							
Dividends of surplus							(922)
Profit attributable to owners of parent							1,274
Purchase of treasury shares							(0)
Disposal of treasury shares							61
Net changes in items other than shareholders' equity	226	66	81	(18)	356	70	426
Total changes during period	226	66	81	(18)	356	70	839
Balance at end of period	2,201	(470)	(38)	15	1,708	640	33,800

Current fiscal year (April 1, 2024-March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,065	7,047	18,280	(942)	31,451
Changes during period					
Dividends of surplus			(936)		(936)
Profit attributable to owners of parent			2,834		2,834
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				9	9
Cancellation of treasury shares		(6,489)		6,489	–
Transfer from retained earnings to capital surplus		6,478	(6,478)		–
Increase due to share issuance		6,549		(8,789)	(2,239)
Reversal of revaluation reserve for land			(148)		(148)
Capital increase of consolidated subsidiaries		(63)			(63)
Net changes in items other than shareholders' equity					
Total changes during period	–	6,474	(4,728)	(2,291)	(545)
Balance at end of period	7,065	13,521	13,552	(3,233)	30,906

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of period	2,201	(470)	(38)	15	1,708	640	33,800
Changes during period							
Dividends of surplus							(936)
Profit attributable to owners of parent							2,834
Purchase of treasury shares							(0)
Disposal of treasury shares							9
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Increase due to share issuance							(2,239)
Reversal of revaluation reserve for land							(148)
Capital increase of consolidated subsidiaries							(63)
Net changes in items other than shareholders' equity	(225)	139	70	(33)	(47)	28	(18)
Total changes during period	(225)	139	70	(33)	(47)	28	(563)
Balance at end of period	1,976	(330)	32	(17)	1,660	669	33,236

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	1,933	3,763
Depreciation	1,284	1,345
Amortization of goodwill	–	111
Impairment losses	–	53
Gain on bargain purchase	–	(1,101)
Loss (gain) on sale and retirement of non-current assets	12	(530)
Loss (gain) on sale and valuation of investment securities	(15)	(101)
Increase (decrease) in allowance for doubtful accounts	(33)	10
Increase (decrease) in net defined benefit asset and liability	(76)	12
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(88)	–
Increase (decrease) in provision for share awards for directors (and other officers)	(38)	0
Increase (decrease) in provision for share awards for employees	–	20
Interest and dividend income	(141)	(153)
Interest expenses	12	29
Foreign exchange losses (gains)	(84)	(42)
Share of loss (profit) of entities accounted for using equity method	31	48
Decrease (increase) in trade receivables	132	(714)
Decrease (increase) in inventories	888	(395)
Increase (decrease) in trade payables	(1,625)	738
Increase (decrease) in accrued consumption taxes	(73)	(120)
Other, net	379	416
Subtotal	2,498	3,392
Interest and dividends received	145	158
Interest paid	(9)	(31)
Income taxes paid	(989)	(224)
Net cash provided by (used in) operating activities	1,644	3,295
Cash flows from investing activities		
Payments into time deposits	(4)	(3)
Purchase of property, plant and equipment	(620)	(698)
Proceeds from sale of property, plant and equipment	3	884
Purchase of intangible assets	(223)	(328)
Payments for acquisition of businesses	–	(4,683)
Purchase of investment securities	(61)	(30)
Proceeds from sale of investment securities	117	70
Purchase of shares of subsidiaries	(151)	–
Other, net	(40)	3
Net cash provided by (used in) investing activities	(981)	(4,785)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(87)	2
Repayments of long-term borrowings	–	(1,289)
Purchase of treasury shares	(0)	(0)
Dividends paid	(922)	(936)
Dividends paid to non-controlling interests	(86)	(115)
Other, net	(65)	(79)
Net cash provided by (used in) financing activities	(1,164)	(2,419)
Effect of exchange rate change on cash and cash equivalents	73	70
Net increase (decrease) in cash and cash equivalents	(428)	(3,837)
Cash and cash equivalents at beginning of period	14,004	13,576
Increase in cash and cash equivalents resulting from share issuance	–	146
Cash and cash equivalents at end of period	* 13,576	* 9,885

(5) Notes to consolidated financial statements

Notes on going concern assumption

Not applicable.

Notes on significant accounting policies for preparation of consolidated financial statements

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries 6 companies

Names of consolidated subsidiaries

S.T. PRO Co., Ltd.
S.T. Business Support Co., Ltd.
S.T. MYCOAL CO., LTD.
S.T. (Thailand) Co., Ltd.
Family Glove Co., Ltd. (Taiwan)
S.T. Korea Corporation (South Korea)

Shaldan (Thailand) Co., Ltd., which was a consolidated subsidiary, has been excluded from the list of consolidated subsidiaries due to its disappearance in the current consolidated fiscal year as a result of an absorption-type merger with S.T. (Thailand) Co., Ltd., a consolidated subsidiary, as the surviving company.

(2) Names, etc., of non-consolidated subsidiaries

Non-consolidated subsidiaries

Japan Aroma Laboratory Co., Ltd.
CODE Meee Inc.

(Reasons for exclusion from scope of consolidation)

As those non-consolidated subsidiaries are small, and none of their total assets, net sales, net income (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest) have a significant impact on consolidated financial statements, they are excluded from the scope of consolidation.

2. Disclosure about application of equity method

(1) Number of affiliated companies accounted for by the equity method 1 company

Names of affiliated companies accounted for by the equity method

NS FaFa Japan Co., Ltd.

The liquidation of Aekyung S.T. Co., Ltd. (South Korea), an affiliated company accounted for by the equity method, finished in December 2024 following the termination of its business, and has been excluded from the scope of equity method application.

(2) As for non-consolidated subsidiaries Japan Aroma Laboratory Co., Ltd. and CODE Meee Inc., which are not accounted for by the equity method, their net income (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest) have a minor effect on the consolidated financial statements even if they are excluded from being a subject of the equity method, and are insignificant in general, so they are excluded from the scope of equity method application.

(3) For affiliates accounted for by the equity-method whose closing date is different from the consolidated closing date, the financial statements for the business year are used.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Among consolidated subsidiaries, the closing date for S.T. (Thailand) Co., Ltd., Family Glove Co., Ltd. (Taiwan) and S.T. Korea Corporation (South Korea) is December 31. In preparing the consolidated financial statements, the financial statements as of the relevant closing date are used. However, for important transactions that occurred during the period from January 1st to March 31st, the consolidated closing date, necessary adjustments have been made for consolidation.

4. Disclosure of accounting policies

(1) Valuation methods and standards for important assets

a. Securities

Other securities

Items that are not stocks without a par-value

Uses the market valuation method (full amount of valuation difference is charged to net assets using the direct net asset method, and sales cost is calculated by the moving-average method).

Stocks without a par-value

Mainly uses the cost method based on the moving average method.

b. Inventory assets

The Company and its domestic consolidated subsidiaries mainly use the cost method based on the total average method (the balance sheet value is calculated by the method of devaluing the book value based on the decline in profitability), and the overseas consolidated subsidiaries mainly use the low price method based on the total average method.

(2) Depreciation method for important depreciable assets

a. Property, plant and equipment (excluding leased assets)

The straight-line method is used.

The main useful lives are as follows.

Buildings and structures	3 - 50 years
Machinery, equipment and vehicles	2 - 17 years
Tools, furniture and fixtures	2 - 20 years

b. Intangible fixed assets (excluding leased assets)

The straight-line method is used.

The software used in-house is based on the usable period (mainly 5 years) in the company.

c. Leased assets

Leased assets relating to financial lease transactions without transfer of ownership

Amortized by the straight-line method based on the lease term as the useful life and residual value of zero.

(3) Accounting standards for major provisions

a. Allowance for doubtful accounts

In order to prepare for losses from bad debt such as trade receivables and loan receivables, the Company and its domestic consolidated subsidiaries provide for allowance for doubtful accounts at an uncollectable amount based on the historical percentage of credit losses for general credit, and at an amount that is estimated to be uncollectible individually considering the possibilities of collection for specific credit such as bad credit where there is a high probability of loss. In addition, overseas consolidated subsidiaries mainly provide for estimated uncollectible amounts.

b. Provision for retirement benefits for directors (and other officers)

The Company provides for the amount required to be paid at the end of the term based on internal regulations in order to prepare for the future payment of retirement benefits to officers.

c. Provision for executive officer’s incentive plan

The Company provides for the estimated amount of stock benefit obligations at the end of the current fiscal year in order to prepare for the delivery of the Company’s stock to Executive Officers based on internal regulations.

d. Provision for share awards for employees

The Company provides for the estimated amount of stock benefit obligations at the end of the current fiscal year in order to prepare for the delivery of the Company’s stock to employees based on internal regulations.

(4) Accounting method for retirement benefits

(i) Period attribution method for expected retirement benefits

In calculating the retirement benefits obligation, the attribution method for the expected retirement benefits amount to the period up to the end of the current fiscal year is based on the projected benefits method.

(ii) Method of amortization of actuarial differences
The actuarial differences are amortized by the straight-line method over a certain number of years (5 years), which is within the average period of the remaining years of service of eligible employees and are amortized from the following fiscal year in which the actuarial differences are recognized.

(iii) Adoption of a simplified method in small businesses, etc.
Some consolidated subsidiaries apply a simplified method to calculate retirement benefit liabilities and retirement benefit expenses, using a method in which the amount required for voluntary resignations at the end of the term relating to retirement benefits is used as the retirement benefit obligation.

(5) Standards for recording important income and expenses

The Company and its domestic consolidated subsidiaries recognize revenue based on the anticipated amount to be received in exchange for a promised asset or provided service at the time when said asset or service is transferred to the customer. The time when the customer gains control is determined to be the time when the finished goods arrive at the customer for domestic sales and the time when the finished goods arrive at the point agreed with the customer for export sales.
These revenues are measured by deducting rebates and returns from the consideration promised in the contract with the customer.
The agreed upon value shall be obtained within 2 months from the point at which the performance obligations have been satisfied, and significant financing components shall not be included in the amount to be considered.

(6) Standards for translation of significant foreign currency-denominated assets or liabilities into Japanese currency

Foreign currency-denominated monetary receivables and payables are translated into yen at the spot exchange rate on the consolidated closing date, and the translation difference is treated as profit or loss.
Assets and liabilities, and income and expenses of overseas subsidiaries, etc. are translated into yen at the spot exchange rate on the consolidated closing date, and the translation difference is included in the foreign exchange translation adjustment account and non-controlling interests in the net assets section.

(7) Important hedge accounting method

a. Hedge accounting method
We mainly use deferred hedging. As to forward exchange contracts eligible for allocation treatment, allocation treatment is applied, and in current fiscal year, all are processed with allocation treatment.

b. Hedging method and hedge target

Hedging method	Forward exchange contracts
Hedge target	Foreign currency denominated transactions

There is no remaining balance at the end of the current fiscal year.

c. Hedging policy
The Company mainly conducts forward exchange contracts to hedge the risk of short-term exchange fluctuations in transactions scheduled to be denominated in foreign currencies.

(8) Method and period of amortization of goodwill

Amortization of goodwill is determined on a case-by-case basis and amortized on a straight-line method over a reasonable time frame not exceeding 10 years.

(9) Scope of funds in the consolidated statement of cash flows

Funds (cash and cash equivalents) in the consolidated statement of cash flows consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments that are easily redeemable, and is due within 3 months from the date of acquisition, in which only tiny risk of fluctuations in value is assumed.

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 current fiscal year.

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 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 current fiscal year. The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. The change in accounting policy has no effect on 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 beginning 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 125 million yen, operating profit, ordinary profit and profit before income taxes increased by 102 million yen each in the current fiscal year.

Notes on consolidated balance sheet

*1 The accumulated depreciation of property, plant and equipment is as follows.

(Millions of yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	15,574	15,607

*2 The items for non-consolidated subsidiaries and affiliated companies are as follows.

(Millions of yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Investment securities (shares)	393	434

*3 Collateral assets

The assets pledged as collateral are as follows.

(Millions of yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Deposits (note)	5	13

(Note) Deposits are used as collateral for transactions.

*4 Notes maturing on consolidated balance sheet date

In the accounting treatment of notes matured on consolidated balance sheet date, they were treated as having been settled on the maturity date, even though the end of the current fiscal year fell on a holiday of financial institutions. The amounts of notes matured at the end of the current fiscal year are as follows.

(Millions of yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Notes receivable (export bills)	13	–

*5 Under the Act on Revaluation of Land (Act No. 34 of March 31, 1998) and the Act on Partial Revision of the Act on Revaluation of Land (Act No. 19 of March 31, 2001), we reevaluated the land for business use, and for the valuation difference, recorded the tax equivalent amount related to the valuation difference in the liabilities section as deferred tax liabilities for land revaluation, and the amount after deduction of this amount is recorded in the net assets section as the revaluation reserve for land.

Method of revaluation: It is calculated by making reasonable adjustments based on the fixed asset tax valuation amount stipulated in Article 2, item 3 of the Order for Enforcement of Act on Revaluation of Land (Cabinet Order No. 119 of March 31, 1998) and the land price tax law stipulated in Article 2, item 4 of the Order.

Date when revaluation is conducted: March 31, 2002

(Millions of yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Difference between the end-of-term market value of the revalued land and the book value after revaluation	(115)	45

Notes on consolidated statement of income

*1 The year-end inventory is the amount after book value is devalued due to the decline in profitability, and the following loss on valuation of inventories is included in the cost of sales.

(Millions of yen)

	Previous fiscal year (April 1, 2023-March 31, 2024)	Current fiscal year (April 1, 2024-March 31, 2025)
	564	407

*2 The main items and amounts of selling, general and administrative expenses are as follows.

(Millions of yen)

	Previous fiscal year (April 1, 2023-March 31, 2024)	Current fiscal year (April 1, 2024-March 31, 2025)
Transportation and storage costs	1,558	1,757
Sales promotion expenses	558	600
Advertising expenses	2,319	1,875
Salaries	2,662	2,851
Retirement benefit expenses	139	144
Provision for executive officer’s incentive plan	22	9
Provision for share awards for employees	–	20
Provision of allowance for doubtful accounts	(33)	10

*3 The total amount of research and development expenses included in general and administrative expenses and manufacturing costs for the period is as follows.

(Millions of yen)

	Previous fiscal year (April 1, 2023-March 31, 2024)	Current fiscal year (April 1, 2024-March 31, 2025)
	927	895

*4 Contents of the gain on sale of non-current assets are as follows.

(Millions of yen)

	Previous fiscal year (April 1, 2023-March 31, 2024)	Current fiscal year (April 1, 2024-March 31, 2025)
	This was mainly due to the sale of tools, furniture and fixtures.	This was mainly due to the sale of buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures, land.

*5 Contents of the loss on sale and retirement of non-current assets are as follows.

(Millions of yen)

	Previous fiscal year (April 1, 2023-March 31, 2024)	Current fiscal year (April 1, 2024-March 31, 2025)
	This was mainly due to the disposal of buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures.	This was mainly due to the disposal of buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures.

*6 Impairment losses

Previous fiscal year (April 1, 2023-March 31, 2024)
Not applicable.

Current fiscal year (April 1, 2024-March 31, 2025)
In the current fiscal year, the Group recorded impairment losses for the following asset groups.

Location	Use	Class	Impairment losses (Millions of yen)
Chon Buri Province, Kingdom of Thailand	Business assets	Buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures	53

For business assets, the Group determines the asset group in consideration of the management accounting classification, and for shared assets such as the head office, the entire business is the unit of grouping. In addition, idle assets that are not used for business are grouped by individual property.
Since the profitability of the business assets held by the consolidated subsidiary S.T. (Thailand) Co., Ltd. has declined, the carrying amount was reduced to the recoverable value and the reduced amount was recorded as an impairment loss under extraordinary losses. The recoverable value is measured by the value in use and is calculated assuming that the value in use is zero.

Notes on statement of changes in shareholders' equity

Previous fiscal year (April 1, 2023-March 31, 2024)

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

	Number of shares at the beginning of the current fiscal year (Thousands of shares)	Number of shares increased during the current fiscal year (Thousands of shares)	Number of shares decreased during the current fiscal year (Thousands of shares)	Number of shares at the end of the current fiscal year (Thousands of shares)
Issued shares				
Ordinary shares	23,000	–	–	23,000
Total	23,000	–	–	23,000
Treasury shares				
Ordinary shares (note)	759	0	47	712
Total	759	0	47	712

(Notes) 1. The increase in the number of shares of treasury shares of ordinary shares of 0 thousand shares is due to the purchase of shares of less than one unit.
2. The decrease in the number of shares of treasury shares of ordinary shares of 47 thousand shares is due to the delivery of treasury shares to the Board Benefit Trust (BBT).
3. Treasury shares of ordinary shares includes shares owned by Custody Bank of Japan, Ltd. (Trust E Account) (270 thousand shares at the beginning of the current fiscal year and 223 thousand shares at the end of the current fiscal year).

2. Matters relating to dividends

(1) Amount of dividend payment

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors Meeting on May 19, 2023	Ordinary shares	450	20	March 31, 2023	June 5, 2023
Board of Directors Meeting on November 8, 2023	Ordinary shares	472	21	September 30, 2023	December 8, 2023

(Notes) 1. The total amount of dividends decided by the resolution of the Board of Directors on May 19, 2023 includes dividends of 5 million yen for the shares of the Company owned by the Custody Bank of Japan, Ltd. (Trust E Account).
2. The total amount of dividends decided by the resolution of the Board of Directors on November 8, 2023 includes dividends of 4 million yen for the shares of the Company owned by the Custody Bank of Japan, Ltd. (Trust E Account).

(2) Out of dividends for which the record date falls in the current fiscal year, the effective date for the dividends falls in the following fiscal year

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors Meeting on May 21, 2024	Ordinary shares	472	Retained earnings	21	March 31, 2024	June 3, 2024

(Note) The total amount of dividends decided by the resolution of the Board of Directors on May 21, 2024 includes dividends of 4 million yen for the shares of the Company owned by the Custody Bank of Japan, Ltd. (Trust E Account).

Current fiscal year (April 1, 2024-March 31, 2025)

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

	Number of shares at the beginning of the current fiscal year (Thousands of shares)	Number of shares increased during the current fiscal year (Thousands of shares)	Number of shares decreased during the current fiscal year (Thousands of shares)	Number of shares at the end of the current fiscal year (Thousands of shares)
Issued shares				
Ordinary shares (note)	23,000	4,163	4,163	23,000
Total	23,000	4,163	4,163	23,000
Treasury shares				
Ordinary shares (note)	712	5,587	4,170	2,129
Total	712	5,587	4,170	2,129

(Notes) 1. The 4,163-thousand share increase in the total number of issued shares of ordinary shares represent an allotment from an 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.
2. The 4,163-thousand share decrease in the total number of issued shares of ordinary shares is due to the cancellation of treasury shares.
3. The increase of 5,587 in the number of thousand shares of treasury shares of ordinary shares is due to an increase of 5,587 thousand shares from the exchange of shares and 0 thousand shares from the purchase of shares of less than one unit.
4. The decrease of 4,170 in the number of thousand shares of treasury shares of ordinary shares is due the cancellation of 4,163 treasury thousand shares and the delivery of 7 treasury thousand shares to the Board Benefit Trust (BBT).
5. Treasury shares of ordinary shares includes shares owned by Custody Bank of Japan, Ltd. (Trust E Account) (223 thousand shares at the beginning of the current fiscal year and 216 thousand shares at the end of the current fiscal year).

2. Matters relating to dividends

(1) Amount of dividend payment

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors Meeting on May 21, 2024	Ordinary shares	472	21	March 31, 2024	June 3, 2024
Board of Directors Meeting on November 6, 2024	Ordinary shares	463	22	September 30, 2024	December 6, 2024

(Notes) 1. The total amount of dividends decided by the resolution of the Board of Directors on May 21, 2024 includes dividends of 4 million yen for the shares of the Company owned by the Custody Bank of Japan, Ltd. (Trust E Account).
2. The total amount of dividends decided by the resolution of the Board of Directors on November 6, 2024 includes dividends of 4 million yen for the shares of the Company owned by the Custody Bank of Japan, Ltd. (Trust E Account).

(2) Out of dividends for which the record date falls in the current fiscal year, the effective date for the dividends falls in the following fiscal year

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors Meeting on May 20, 2025 (planned)	Ordinary shares	463	Retained earnings	22	March 31, 2025	June 2, 2025

(Note) The total amount of dividends decided by the resolution of the Board of Directors on May 20, 2025 includes dividends of 4 million yen for the shares of the Company owned by the Custody Bank of Japan, Ltd. (Trust E Account).

Notes on consolidated statement of cash flows

* The relationship between the balance of cash and cash equivalents at the end of the period and the amount of items posted on the consolidated balance sheet

(Millions of yen)

	Previous fiscal year (April 1, 2023-March 31, 2024)	Current fiscal year (April 1, 2024-March 31, 2025)
Cash and deposit accounts	13,728	10,061
Time deposits with a deposit period of more than 3 months	(190)	(195)
Restricted Deposits	–	(26)
“Others” in current assets (note)	38	46
Cash and cash equivalents	13,576	9,885

(Note) This is bank account lending that belongs to the trust property of the trust established for the purpose of the “board benefit trust (BBT)” and “board benefit trust (J-ESOP)” schemes.

Notes on segment information

Previous fiscal year (April 1, 2023-March 31, 2024) and current fiscal year (April 1, 2024-March 31, 2025)
This information is omitted as the Group operates the daily necessities segment as a single segment.

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 consolidated statement of income

From June 3, 2024 to March 31, 2025

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

(Millions of yen)

Advisory fees, etc.	145

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

(1) Amount of goodwill recognized

<u>1,341</u> million yen

(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

	(Millions of yen)
Current assets	438
Non-current assets	3,595
Total assets	4,034
Non-current liabilities	692
Total liabilities	692

7. The amounts allocated to intangible fixed assets other than goodwill, along with a breakdown by major types and the weighted average amortization period for each major type

Trademark right	2,234 million yen	10 years

Notes on per share information

	Previous fiscal year (April 1, 2023-March 31, 2024)	Current fiscal year (April 1, 2024-March 31, 2025)
Net assets per share (Yen)	1,487.83	1,560.45
Earnings per share (Yen)	57.23	133.57

(Notes) 1. Diluted earnings per share are not given since there are no dilutive shares.

2. The basis for calculation for earnings per share is as follows.

	Previous fiscal year (April 1, 2023-March 31, 2024)	Current fiscal year (April 1, 2024-March 31, 2025)
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	1,274	2,834
Amount not attributable to ordinary shareholders (Millions of yen)	–	–
Profit attributable to owners of parent relating to ordinary shares (Millions of yen)	1,274	2,834
Average number of shares of ordinary shares during the period (Thousands of shares)	22,275	21,223

3. The basis for calculation for net assets per share is as follows.

	End of previous fiscal year (March 31, 2024)	End of current fiscal year (March 31, 2025)
Total amount of net assets (Millions of yen)	33,800	33,236
Amount to be deducted from the total amount of net assets (Millions of yen)	640	669
[Of which, non-controlling interests (Millions of yen)]	[640]	[669]
Net assets at the end of the period for ordinary shares (Millions of yen)	33,159	32,567
Number of ordinary shares at the end of the period used to calculate net assets per share (Thousands of shares)	22,287	20,870

4. The shares of the company remaining in trust recorded as treasury shares in shareholders' equity are included in the treasury shares to be deducted from the total number of issued shares at the end of the period in the calculation of net assets per share. (223 thousand shares in the previous fiscal year, 216 thousand shares in the current fiscal year)
In addition, this is included in treasury shares to be deducted in the calculation of the average number of shares during the period in the calculation of earnings per share. (235 thousand shares in the previous fiscal year, 219 thousand shares in the current fiscal year)

Notes on significant post-balance sheet events

(Reducing the amount of legal capital surplus)

At a meeting of the Board of Directors held on May 9, 2025, the Company resolved to submit a proposal at its 78th Ordinary General Meeting of Shareholders scheduled to be held on June 17, 2025 to reduce the amount of legal capital surplus.

1. Purpose of reducing the amount of legal capital surplus

   In accordance with Article 448, Paragraph 1 of the Companies Act, the amount of legal capital surplus is to be reduced and transferred to other capital surplus in order to ensure the flexibility and mobility of future capital policy.

2. The amount and method of reducing legal capital surplus

   In accordance with Article 448, Paragraph 1 of the Companies Act, a portion of legal capital surplus is to be reduced and the same amount is to be transferred to other capital surplus.

(1) The amount of legal capital surplus to be reduced	8,789 million yen out of 13,617 million yen of legal capital surplus
(2) Increase in other capital surplus	8,789 million yen

3. Schedule (tentative)

(1) Resolution date of the Board of Directors	May 9, 2025
(2) Date of publication of creditor objections	May 12, 2025 (planned)
(3) Final date for creditors to file objections	June 13, 2025 (planned)
(4) Resolution date of the General Meeting of Shareholders	June 17, 2025 (planned)
(5) Effective date	June 30, 2025 (planned)

4. Other important matters

   This transaction represents a transfer of accounts under “Net assets” in the Company’s non-consolidated financial statements. There will be no change in the amount of net assets and no impact on the Company’s consolidated and non-consolidated financial results. The above is subject to approval at the Ordinary General Meeting of Shareholders to be held on June 17, 2025 and also subject to the completion of the creditor protection procedures.