



Consolidated Financial Results
for the Three Months Ended December 31, 2023
[Japanese GAAP]

February 6, 2024

Company name: Shinnihonseiyaku Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
Code number: 4931 URL: <https://corporate.shinnihonseiyaku.co.jp>
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Scheduled date of filing the quarterly securities report: February 8, 2024
Scheduled date of commencing dividend payments: —
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts less than 1 million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended December 31, 2023 (October 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (Cumulative)

(% indicates the change from the corresponding period of the previous fiscal year.)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended December 31, 2023	9,941	7.4	1,167	39.0	1,171	39.4	783	39.6
Three months ended December 31, 2022	9,255	(0.2)	839	1.6	840	1.0	561	2.4

(Note) Comprehensive income Three months ended December 31, 2023 794 million yen (41.5%)
Three months ended December 31, 2022 561 million yen (2.9%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended December 31, 2023	36.41	36.27
Three months ended December 31, 2022	26.14	25.99

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	24,827	19,745	79.1
As of September 30, 2023	25,501	19,661	76.5

(Reference) Equity As of December 31, 2023 19,648 million yen
As of September 30, 2023 19,505 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2023	—	0.00	—	33.00	33.00
Fiscal year ending September 30, 2024	—				
Fiscal year ending September 30, 2024 (Forecast)		0.00	—	35.00	35.00

(Note) Revision from the most recently announced dividend forecast: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024 (October 1, 2023 to September 30, 2024)
 (% indicates the change from the corresponding period of the previous fiscal year.)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half (cumulative)	19,374	6.2	1,792	22.2	1,795	22.4	1,167	19.2	54.32
Full-year	40,000	6.2	4,000	6.5	3,980	7.0	2,580	7.8	120.00

(Note) Revision from the most recently announced financial results forecast: No

* Notes

- (1) Significant changes to subsidiaries during the first Three months of the fiscal year under review (transfers of specific subsidiaries with changes in the scope of consolidation) No
 New company ___ company(ies) (company name)
 Excluded company ___ company(ies) (company name)
- (2) Accounting policies adopted specially for the preparation of the consolidated quarterly financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
 2) Changes in accounting policies other than 1) above: No
 3) Changes in accounting estimates: No
 4) Retrospective restatement: No

(4) Total number of shares issued (common stock)

1) Total number of shares issued at the end of the period (including treasury shares)	As of December 31, 2023	21,855,200 shares	As of September 30, 2023	21,855,200 shares
2) Total number of treasury shares at the end of the period	As of December 31, 2023	306,110 shares	As of September 30, 2023	343,110 shares
3) Average number of shares during the period (cumulative)	Three months ended December 31, 2023	21,532,265 shares	Three months ended December 31, 2022	21,482,541 shares

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or auditing firms.

* Explanation on the proper use of financial results forecast and other notes

(Caution regarding forward-looking statements)

Financial results forecasts and other forward-looking statements herein are based on currently available information and certain assumptions that the Company deems reasonable, and actual results, etc. may differ significantly from these forecasts due to various factors.

(How to obtain the Supplementary Briefing Material and the contents of the financial results briefing)

The Group plans to stream online the financial results briefing for institutional investors and analysts on Tuesday, February 6, 2024. The supplementary briefing material used in this briefing is disclosed today on TDnet and is posted on the Company's website.

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1. Qualitative Information for Quarterly Financial Results for the Period Under Review

(1) Explanation on Business Results

During the first quarter of the fiscal year under review, the environment surrounding Japan continued to be on a moderate recovery trend, with factors including an increase in inbound demand, in addition to the progress in the normalization of socioeconomic activities. On the other hand, the outlook remains uncertain due to surging prices of raw materials and energy around the world, a decline in consumer confidence brought by rising prices, and other factors.

In this market environment, the Group worked on key issues in accordance with “VISION2025,” the medium-term management Plan, to realize its Purpose “Beyond innovation, for a beautiful smile!”

In mail order sales, we invested heavily in lifetime value (LTV) advertising for PERFECT ONE, our cosmetics merchandise, and made progress as expected. Thanks to the CRM strategy based on the 3-STEP skincare concept of “remove, moisturize, and attract,” the ratio of subscribers who buy multiple items continued to rise. In addition, strong sales of seasonal products with a high unit price, such as lucky bags and night cream, contributed to an increase in spending per subscriber. As for PERFECT ONE FOCUS, which has been marketed for the younger generation particularly those in their 20s, a newly launched PERFECT ONE FOCUS Smooth Cleansing Balm Deep Black among other products, boosted strong sales at EC malls. Net sales of healthcare products continued to expand, thanks to a successful acquisition of new customers and the high repeat rate of existing customers through a continued digital advertising investment for “*W no Kenko Aojiru* (Doubly Healthy Green Drink),” food with functional claims. As a result, the overseas and domestic EC ratio rose to 19%.

In wholesale, marketing PERFECT ONE to drug stores and steady growth in the number of stores distributing PERFECT ONE FOCUS, as well as strong sales of Wellness Food at Costco, contributed to an increase net sales.

Overseas sales saw a drop in revenue, as a result of reviewing existing business strategies in East Asia and ASEAN with emphasis on investment efficiency, under our global strategy which includes the United States where we will start investing in the second quarter of this fiscal year.

As a result of the foregoing, for the first quarter of the fiscal year under review, net sales were 9,941 million yen (up 7.4% Year-on-year), operating profit came to 1,167 million yen (up 39.0% Year-on-year), ordinary profit was 1,171 million yen (up 39.4% Year-on-year) and profit attributable to owners of parent posted 783 million yen (up 39.6% Year-on-year).

The Group’s business segments consist of Mail Order, Wholesale and Overseas Sales of cosmetics and merchandise related to healthcare. As the ratio of Wholesale and Overseas Sales to overall sales is insignificant, and their materiality as disclosed information is low, a description by business segment has been omitted.

(2) Explanation on Financial Position

Total assets as of the end of the first quarter under review were 24,827 million yen, a decrease of 674 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 980 million yen in cash and deposits, despite an increase of 129 million yen in accounts receivable-trade and an increase of 250 million yen in merchandise.

Liabilities totaled 5,082 million yen, a decrease of 758 million yen from the end of the previous fiscal year. This was mainly due to decreases of 110 million yen in accounts payable-trade, 176 million yen in accounts payable-other, 412 million yen in income taxes payable and 107 million yen in provision for bonuses.

Net assets totaled 19,745 million yen, an increase of 84 million from the end of the previous fiscal year. This was mainly due to an increase of 74 million yen in retained earnings.

(3) Explanation on Consolidated Financial Results Forecast and Other Forward-Looking Information

The forecast for the fiscal year ending September 2024 has not changed from the forecast announced in “Consolidated Financial Results for the Fiscal Year Ended September 30, 2023” dated November 7, 2023.

Financial results and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable at the date of publication of this document. Actual results, etc. may differ significantly from these forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2023)	First quarter of the current fiscal year (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	15,518	14,537
Accounts receivable - trade	3,171	3,300
Merchandise	1,972	2,223
Other	631	707
Allowance for doubtful accounts	(39)	(41)
Total current assets	21,254	20,726
Non-current assets		
Property, plant and equipment	1,983	1,957
Intangible assets		
Goodwill	818	791
Other	500	519
Total intangible assets	1,318	1,310
Investments and other assets	945	832
Total non-current assets	4,247	4,100
Total assets	25,501	24,827

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2023)	First quarter of the current fiscal year (As of December 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	946	836
Current portion of long-term borrowings	192	184
Accounts payable - other	2,423	2,246
Income taxes payable	754	342
Provision for bonuses	197	89
Other	569	663
Total current liabilities	5,083	4,362
Non-current liabilities		
Long-term borrowings	254	212
Retirement benefit liability	182	183
Other	320	323
Total non-current liabilities	757	719
Total liabilities	5,840	5,082
Net assets		
Shareholders' equity		
Share capital	4,158	4,158
Capital surplus	4,104	4,093
Retained earnings	11,885	11,959
Treasury shares	(647)	(577)
Total shareholders' equity	19,501	19,634
Accumulated other comprehensive income		
Foreign currency translation adjustment	—	10
Remeasurements of defined benefit plans	4	3
Total accumulated other comprehensive income	4	14
Share acquisition rights	155	96
Total net assets	19,661	19,745
Total liabilities and net assets	25,501	24,827

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Statement of Income
First three months of the fiscal year

(Unit: Million yen)

	First three months of the previous fiscal year (From October 1, 2022 to December 31, 2022)	First three months of the current fiscal year (From October 1, 2023 to December 31, 2023)
Net sales	9,255	9,941
Cost of sales	1,714	2,056
Gross profit	7,540	7,885
Selling, general and administrative expenses	6,700	6,718
Operating profit	839	1,167
Non-operating income		
Dividend income	0	0
Rental income	2	3
Reversal of provision for shareholder benefits	—	2
Other	2	1
Total non-operating income	6	7
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	1	3
Loss on valuation of investment securities	3	—
Other	0	0
Total non-operating expenses	6	3
Ordinary profit	840	1,171
Extraordinary income		
Reversal of allowance for investment loss	—	6
Total extraordinary income	—	6
Profit before income taxes	840	1,178
Income taxes - current	216	302
Income taxes – deferred	62	92
Total income taxes	278	394
Profit	561	783
Profit attributable to owners of parent	561	783

Quarterly Consolidated Statement of Comprehensive Income
 First three months of the fiscal year

(Unit: Million yen)

	First three months of the previous fiscal year (From October 1, 2022 to December 31, 2022)	First three months of the current fiscal year (From October 1, 2023 to December 31, 2023)
Profit	561	783
Other comprehensive income		
Foreign currency translation adjustment	—	10
Remeasurements of defined benefit plans	(0)	(0)
Total other comprehensive income	(0)	10
Comprehensive income	561	794
(Breakdown)		
Comprehensive income attributable to owners of parent	561	794

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes when there was a substantial change in the amount of shareholders' equity)

Not applicable

(Segment information, etc.)

The Group's business segments consist of Mail Order, Wholesale, and Overseas Sales of cosmetics and merchandise related to healthcare. As the ratio of Wholesale and Overseas Sales to overall sales is insignificant, and their materiality as disclosed information is low, a description by business segment has been omitted.