新日本製薬

Beyond innovation, for a beautiful smile!

Supplementary Briefing Material on Financial Results for the Second Quarter of the Fiscal Year Ending September 2023

May 9, 2023

Shinnihonseiyaku Co., Ltd.
Securities Code: 4931
Tokyo Stock Exchange Prime Market

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Summary of Financial Results for the Second Quarter of the Fiscal Year Ending September 2023

Net sales

Net sales 18,250 million yen (up 1.4% year-on-year)

- Sales of cosmetics were **comparable to the results of the first half of the previous year** thanks to **strong sales of FOCUS** despite a **decline in sales of PERFECT ONE**.
- In healthcare, sales were **up 16.2%** due to the **strong performance of Fun and Health** and a **turnaround in revenue of Wellness Food**.
- By channel, sales in wholesale **increased by 11.7%** due to the **expansion of FOCUS**.
- Overseas sales **declined in the first half, but the new strategy is going well.**
  The domestic and overseas EC ratio marked a record high of 15.6%.

Expenses/ Profit

Operating profit 1,467 million yen (down 12.5%year-on-year)

- **Operating profit declined as expected** due to **increased marketing investments**, particularly in developing brands, but profit at each level **exceeded the plan** thanks to continued **company-wide cost structure reforms**.
- **Will aim to achieve the full year profit plan** by **continuing to make aggressive marketing investments** also in the second half.

2Q Business Highlights

- PERFECT ONE **continued to improve its business KPIs** through **optimization of advertising investment** and a **redesigned CRM strategy**.
- FOCUS **greatly exceeded the plan, centering on EC**.
  Will aim to triple sales year-on-year, targeting 3 billion yen.
- As for Fun and Health, **new customers acquired for EC surpassed offline mail order**.
  EC adoption accelerated quickly.
- Wellness Food **returned to revenue growth** as **EC sales continued to increase and wholesale sales recovered.**

*Compared with the results after revision following the finalization of provisional accounting treatment related to the business combination with Flatcraft Inc.

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1. Summary of Second Quarter Financial Results

Summary of Second Quarter Financial Results

In cosmetics, **net sales in the first half were comparable to those of a year earlier** as **FOCUS more than quadrupled** although **sales of PERFECT ONE fell in the first half**.

Healthcare saw a **16.2% increase in net sales as planned** due to **continued growth of *Aojiru* (Green Drink)** and the **turnaround of Wellness Food to higher revenue**.

Although profits **fell as expected** due to **increased marketing investment**, **both the profit amount and rate exceeded the first half plan**.

(Unit: Million yen)

Items	First half of FY ended Sept. 2022	First half of FY ending Sept. 2023		Year-on-year comparison		Comparison against plan
		Plan	Results	Changes	Changes(%)	
Net sales	18,001	18,600	18,250	+249	+1.4%	-349
Cosmetics	16,417	16,741	16,410	-6	-0.0%	-330
Healthcare	1,583	1,858	1,840	+256	+16.2%	-18
Operating profit	1,676	1,409	1,467	-209	-12.5%	+58
Operating profit margin	9.3%	7.6%	8.0%	-1.3%pt	—	+0.5pt
Ordinary profit	1,695	1,390	1,467	-228	-13.5%	+76
Profit (attributable to owners of parent)	1,139	949	980	-159	-14.0%	+30

Summary of Second Quarter Financial Results - Supplemental Data

Mail order **sales grew and were comparable to the plan**, **up 1.2%**, thanks to strong growth in **FOCUS and Fun and Health.**
In direct stores and wholesale, **sales increased 11.7%,** contributed by the **recovery of PERFECT ONE** and the **expansion of stores selling FOCUS.**
Overseas **sales fell, but were as planned**. Domestic and overseas EC **sales increased by 18.5%** and the EC sales ratio **reached a record high of 15.6%**.
Marketing investment increased due to **advertising investment with an emphasis on LTV** and **investment for achieving brand growth**.

(Unit: Million yen)

Items	First half of FY ended Sept. 2022	First half of FY ending Sept. 2023		Year-on-year comparison		Comparison against plan
		Plan	Results	Changes	Changes(%)	
<Sales by channel>						
Mail order	16,392	16,662	16,583	+191	+1.2%	-79
Direct store/Wholesale	1,221	1,647	1,364	+142	+11.7%	-282
Overseas	387	290	303	-83	-21.7%	+13
<Overseas and domestic EC sales>						
Overseas and domestic EC sales	2,400	2,745	2,846	+445	+18.5%	+101
<Marketing investment>						
Advertising expenses	4,991	5,451	5,291	+300	+6.0%	-160
Sales promotion expenses	2,346	2,628	2,533	+187	+8.0%	-94
<Operating expenses>						
FF cost*	2,108	2,072	2,081	-27	-1.3%	+8
Call center costs	1,245	1,324	1,247	+2	+0.2%	-77

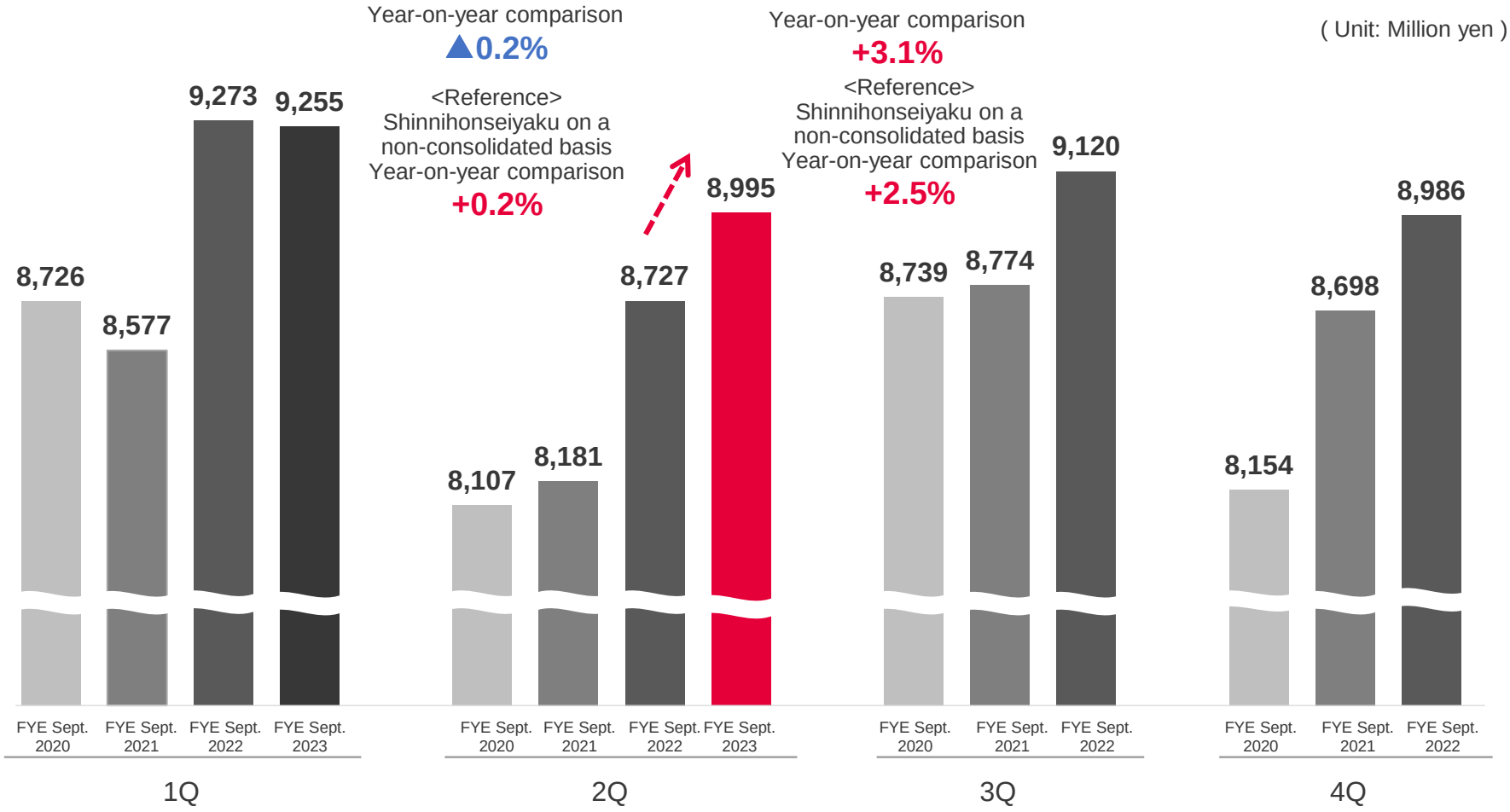
* FF cost = Order fulfillment cost

[Reference] Trends in Quarterly Net Sales

Results of the fiscal year ended September 2021 are based on the new revenue recognition standards.

Consolidated sales grew 3.1% in the first half, thanks to higher sales in developing brands of **FOCUS, Fun and Health, and Wellness Food**.

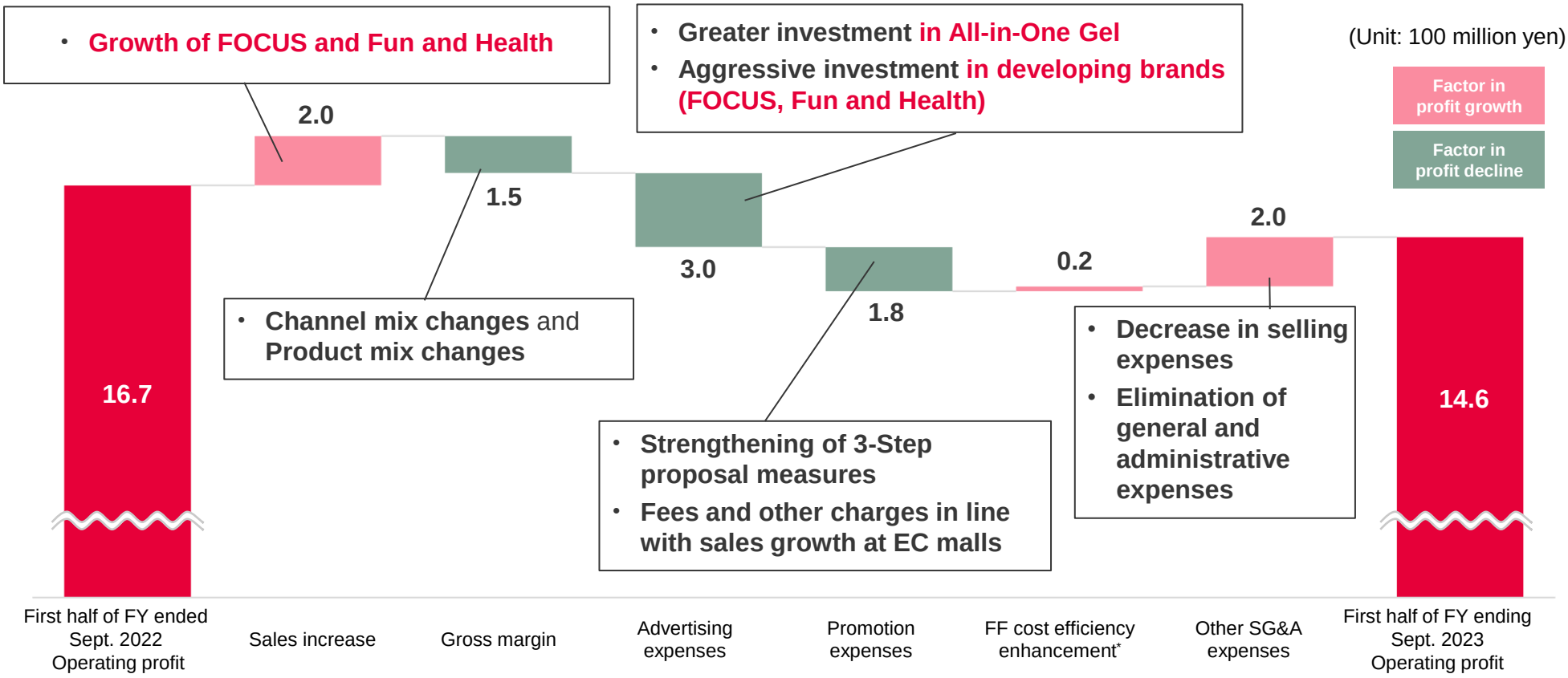
On a non-consolidated basis, sales increased 2.5% due to the growth of developing brands.



Summary of Second Quarter Financial Results - Operating Profit Change Factor Analysis

While **higher sales** and **lower other SG&A expenses** were factors leading to a profit increase, **lower gross margin** due to changes in channel/product mix and **larger growth investments (advertising expenses, sales promotion expenses)** were factors for a lower profit, resulting in an operating profit of **1.46 billion yen.**

Profit was down 12.5% year-on-year, but **cleared the target of the first half plan (1.4 billion yen)**.



*: Of FF cost, the efficiency improvement effect in shipping and delivery costs and agency fees (payment commissions)

Status of Balance Sheet

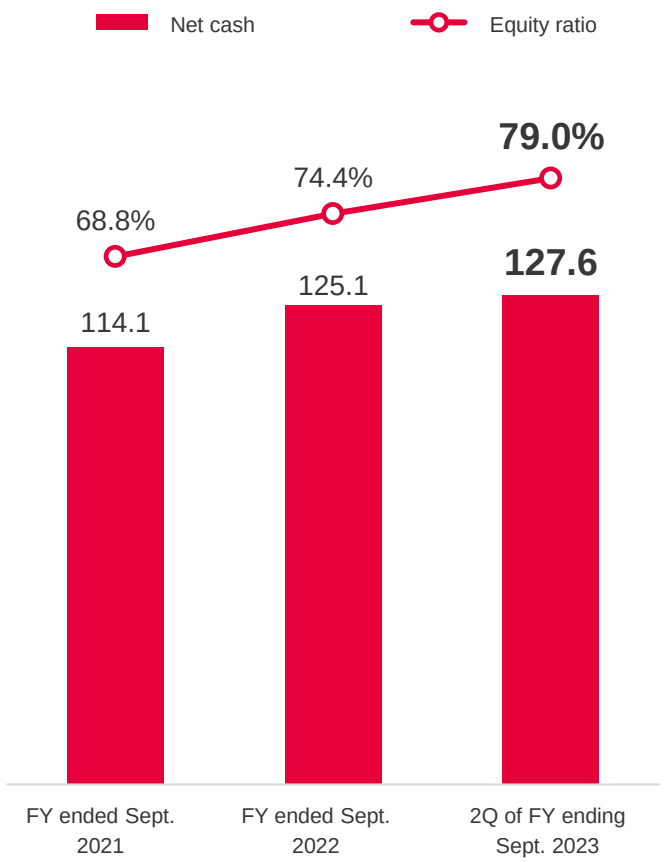
Cash and deposits and interest-bearing debt decreased due to repayment of loans of subsidiaries.

No impact on financial soundness. Net cash is at a level that allows for **agile business investment and M&A**.

(Unit: Million yen)

Items		End of FY ended Sept. 2021	End of FY ended Sept. 2022	2Q-end of FY ending Sept. 2023	Changes from previous fiscal year-end
Current assets		18,528	19,265	18,479	-786
	Cash and deposits	13,652	14,351	13,309	-1,041
	Accounts receivable-trade	3,196	2,862	2,856	-6
	Inventories	1,404	1,735	1,998	+262
Non-current assets		4,711	4,592	4,394	-197
Total assets		23,240	23,857	22,874	-983
Liabilities		7,059	5,938	4,651	-1,286
	Trade payables	527	553	581	+27
	Interest-bearing debt	2,238	1,839	541	-1,298
Net assets		16,180	17,918	18,222	+303
	Treasury shares	-852	-735	-652	+83
Total liabilities and net assets		23,240	23,857	22,874	-983

(Unit: 100 million yen)



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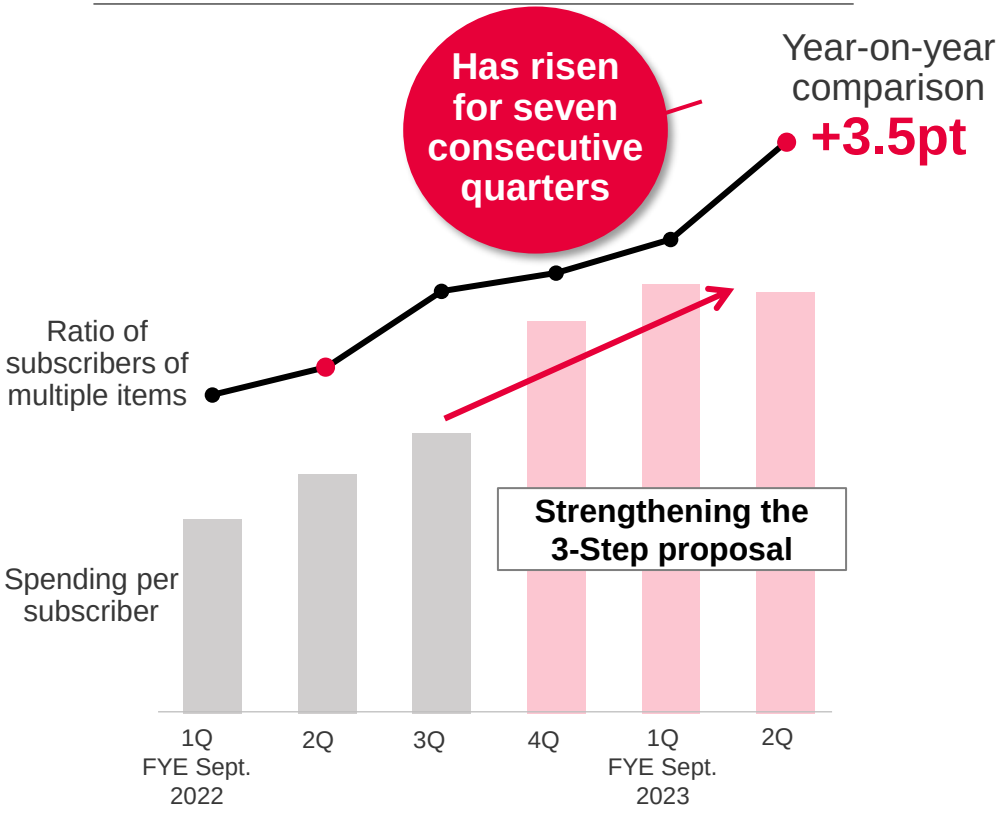
2. Second Quarter Business Highlights

PERFECT ONE
Improved business KPI trends by optimizing investments and redesigning CRM strategy

first half results fell short of the plan in reaction to the **advertising investment, which focused on acquisition efficiency and number of new customers,** implemented in the previous fiscal year.
We are stepping up **advertising investment with an emphasis on "LTV" from this fiscal year** while promoting the issue of **optimizing advertising investment**.
In addition, **business KPIs continued to improve** as progress was made in **restructuring CRM strategy** to complete the 3-Step proposal.
In the second half of the year, we will work to **strengthen customer engagement** and aim to **complete the 3-Step proposal and maximize LTV**.

Trends in the ratio of subscribers of multiple items*1 and spending per subscriber*2



Our 3-Step proposal and reinforcement measures



(1) Acquire new customers through expansion of entry products

(2) Develop customers buying multiple products by promoting optimized CRM

(3) Maximize LTV through enhanced engagement

*1: Mail order excluding EC. Number of subscribers of multiple items divided by number of subscribers *2: Mail order excluding EC

PERFECT ONE
Strengthening the 3-Step Proposal / Launch of renewed All-in-One Gel

From the single-product distribution approach centered on the acquisition of new customers and up-selling with All-in-One Gel, we will promote the **development of customers who purchase multiple products by using the 3-Step proposal** to **maximize customer engagement and LTV**.

In addition, we renewed and launched our mainstay All-in-One Gel, **accelerating our efforts to complete the 3-Step proposal**.

	Conventional strategy	Current Strategy (3-Step)
New acquisitions	• **Acquire new customers with All-in-One Gel**  All-In-One Gel	• **Acquire new customers through expansion of entry products** • **Proposing multiple products from the first purchase**  Cleansing & Facial Wash  All-In-One Gel  Cushion Foundation
CRM (Repeater)	• **Limited lifetime value (LTV) improvement with patterned proposals**  Up-selling of All-In-One Gel	• **LTV improvement with optimized CRM that increases engagement**  STEP1 Remove — Cleansing market 137.6 billion yen*1 STEP2 Moisturize — Moisture market 296.0 billion yen*1 STEP3 Attract — Foundation market 164.8 billion yen*2

Renewal

May 15 Moisture Gel Renewal & launch



[World's first*3] Contains *Murasaki* (*Lithospermum erythrorhizon*) fermented collagen *4

- **Collagen fermented with lactic acid bacteria extracted from flowers of the medicinal plant *Murasaki* (*Lithospermum erythrorhizon*)**
- **High moisturizing effect and firming effect are confirmed**



Medicinal plant *Murasaki* (*Lithospermum erythrorhizon*)

- ✓ **We started research on *Murasaki* in 2006**
- ✓ **Established the growing method, confirmed functionality and effect, and developed original materials**

*1: Fuji Keizai Marketing Handbook 2023 with 2022 results *2: Fuji Keizai Marketing Handbook 2022 with 2021 results
*3: World's first collagen fermented with lactic acid bacteria from flowers of *Murasaki* (*Lithospermum erythrorhizon*) (based on our research as of January 2023
*4: Lactobacillus/Hydrolyzed Collagen Ferment Filtrate

Direct store/Wholesale

Expanding customer experience value to improve the PERFECT ONE brand value

Enhanced initiatives to **increase customer experience value** against the backdrop of **recovery in human flow, return to brick-and-mortar stores, and recovery in inbound travel**

1 Sales floor development linked to **mail-order sales**

Strengthening the 3-Step proposal

- Effect of increasing customer unit price
- Increase in sales per store by securing footing



2 Resuming distribution in **duty-free shops**

Opening stores at **Narita and New Chitose airports**
Strengthened promotion for **travelers in Asia**

3 **Exploiting new channels** and expanding deployment

Start **of distribution in drug stores** (scheduled from 3Q)

4 Concentrating resources in **self-service channels**

Focusing resources on deploying self-service sales floors where more diverse consumers, including inbound travelers, visit
(All direct stores were closed by the end of 2Q.)

Overseas

Expanding PERFECT ONE and FOCUS for Generation Z in Asia

- **Implemented localized marketing** in each area based on **strategies with a global perspective**
- **Implemented optimal models** based on **cross-border EC** and **in-house EC**

China



Began sales on Tmall Global



- **Launch of FOCUS for Generation Z**
- **Cross-border EC starts as planned**
- Expansion of **live commerce sales** through greater distribution on **Douyin**[*1]

Taiwan



Expanding both in-house EC and retail



- **Growth in in-house EC**
- **Expanding distribution to leading DS**[*2] **(COSMED, Watsons)**

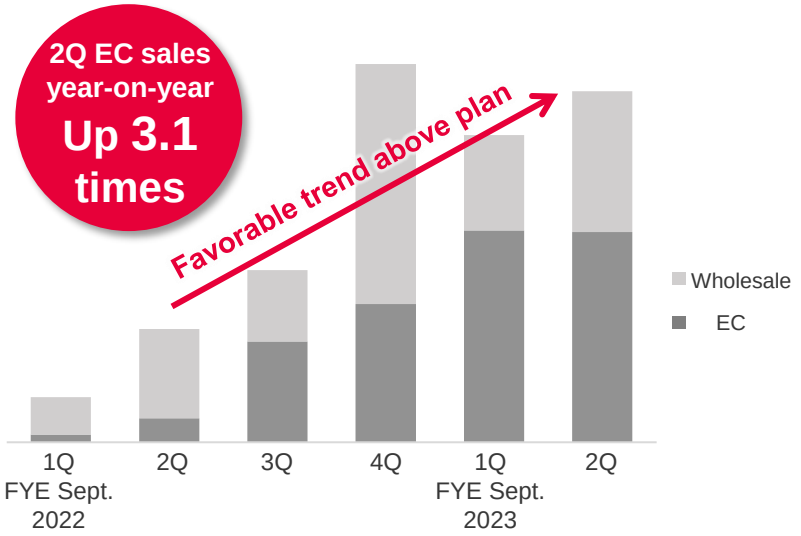
ASEAN

Expanding into **cross-border EC/live commerce axis in the future**

*1: Chinese-version TikTok *2: Drug stores

PERFECT ONE FOCUS
Sales greatly exceeded plan. Aiming to triple full year sales from the previous year, targeting 3 billion yen.

Trend of FOCUS quarterly sales



New product

Launched **limited-edition cleansing balm** on EC and at stores in mid-March



FOCUS rose rapidly to 2nd place* in domestic sales in the cleansing balm market about a year after brand launch.

EC

Strong EC mall sales led by Qoo 10
Drove overseas and domestic EC ratios to their record highs



Awarded the Grand Prize at the Qoo 10 organized awards

Award received by **8 out of about 20,000 companies** based on customer satisfaction levels and sales

Wholesale

Number of distributing stores **expanded to 12,500** (Up 1,800 stores from the end of 1Q)
Aim to expand the number of distributing stores to 15,000 by the end of September

coming soon

Plan to launch **IP collaboration product in June** to increase brand recognition and sales

*Fuji Keizai “Cosmetics Marketing Handbook 2023” Cleansing Balm Market with 2022 results

Fun and Health
Acceleration of digital deployment; Significant increase in sales

EC

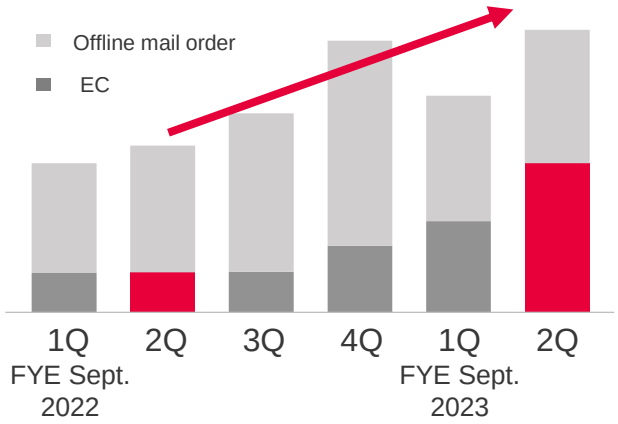
Acquired new customers beyond offline mail order

- **Acquisition efficiency significantly improved** through creative enhancements and optimization of advertisements.
- Acquisition of new customers for in-house EC rapidly expanded and **surpassed offline mail order.**

2Q Number of new EC customers acquired year-on-year *1 Up 3.7 times



Trends in number of new customers



New product

Launch of **protein for women in senior generations**



Aiming to differentiate and expand market share in the protein market growing at CAGR +20%*2.

Wellness Food
Turned upward and showed 3.2% growth in the first half



2Q EC sales year-on-year Up 1.3 times

EC

EC malls (Amazon, Rakuten) continued to be strong

- **Investment efficiency improved** as a result of test operation utilizing the Company's EC advertising know-how.
- **Aiming to boost sales** by increasing advertising investment and **maximizing synergies.**

Whole sale

Reinforcement and expansion of Costco sales



- Flaxseed oil expanded steadily as continuous business began.
- Will focus on sales of individually packed MCT oil from 3Q, with plans to conduct test sales in Taiwan.

*1: In mail order on the whole, sales increased 1.6 times year-on-year *2: CAGR between 2016 and 2021 in the sports support market in Fuji Keizai "Health & Beauty Foods Marketing Handbook 2023"

3. Plan for the Fiscal Year Ending September 2023

Plan for the Fiscal Year Ending September 2023

In cosmetics, strive to achieve plan by promoting a **significant rise in FOCUS above plan** and achieving **growth with PERFECT ONE** centered on the 3-Step proposal.

In healthcare, strive to achieve plan by promoting **growth of Fun and Health** through **strengthening investment in *Aoijiru* (Green Drink), which was favorable in the first half**.

Work to achieve an operating profit target of 3.56 billion yen, by balancing **continued aggressive growth investments** and **cost structure reform.**

(Unit: Million yen)

Items		FY ended Sept. 2022	FY ending Sept. 2023		Year-on-year change in the full year plan (%)
			Results in the first half	Full year plan	
Net sales		36,107	18,250	38,000	+5.2%
	Cosmetics	32,666	16,410	34,127	+4.5%
	Healthcare	3,441	1,840	3,872	+12.5%
Operating profit		3,522	1,467	3,560	+1.1%
	Operating profit margin	9.8%	8.0%	9.4%	—
Ordinary profit		3,487	1,467	3,471	-0.5%
Profit (attributable to owners of parent)		2,357	980	2,380	+1.0%

Premises of Plan for the Fiscal Year Ending September 2023

Mail order: Aim to achieve plan by **increasing unit price based on 3-Step proposal** for **PERFECT ONE** and **expanding EC sales** of **FOCUS**.
Wholesale: Grow based on **higher sales per store for PERFECT ONE and unearthing related channels**, and **expansion of stores distributing FOCUS**.
Overseas: **Shift to increased revenue** expected mainly in Taiwan and China. **Domestic and overseas EC sales ratio** projected to **exceed full year**.
In terms of costs, **continue to promote cost efficiency** through structural reforms while **continuing to make active investments**, centered on developing brands.

(Unit: Million yen)

Items	FY ended Sept. 2022	FY ending Sept. 2023		Year-on-year change in the full year plan (%)
		Results in the first half	Full year plan	
<Sales by channel>				
Mail order	32,728	16,583	33,885	+3.5%
Direct store/Wholesale	2,802	1,364	3,215	+14.7%
Overseas	576	303	899	+56.0%
<Overseas and domestic EC sales>				
Overseas and domestic EC sales	4,760	2,846	6,024	+26.5%
<Marketing investment>				
Advertising expenses	9,729	5,291	10,250	+5.4%
Sales promotion expenses	4,617	2,533	5,048	+9.3%
<Operating expenses>				
FF cost	4,217	2,081	4,192	-0.6%
Call center costs	2,533	1,247	2,654	+4.8%

4. Initiatives for Sustainability

Initiatives for Sustainability

Aim to solve social issues with a focus on materiality under the Group Basic SustainabilityPolicy,“Limitless Future”

Response to environmental issues

All-in-One Gel refill pouch launched

- To **address climate change and realize a recycling-oriented society**, promoting initiatives such as **resizing product delivery boxes** and **adopting green nanotechnology*1 in cosmetic containers** to reduce CO2 emissions.

- Recently **launched a new refill pouch for our mainstay All-in-One Gel**, in an effort to solve the redelivery problem and improve customer convenience at the same time.



Sample image of the container



Sample image of refill pouch

Released in May 2023

✓Aim to have 50% of subscribers switch to pouches within one year of launch.

✓Expected to reduce logistics costs by approximately 250 million yen*2 in FYE Sept. 2025.

*1: Technology using plastic colorants that can significantly reduce CO_2 emissions during incineration simply by adding a small amount to plastic.
*2: Comparison of approximate value of released pouches for major All-in-One gel (5 types) “when released” vs. “when not released.”

Cleanup activities to coincide with International Day of Forests

- Held a cleanup event as **an opportunity to be reminded once again and raise awareness of the importance of forest conservation**, in collaboration with Avispa Fukuoka, Fukuoka City Office and other organizations, with more than 200 participants.


On the day of the cleanup



Initiatives to promote understanding and awareness of sustainability

- **Disseminated information on the Company’s intranet and conducted educational activities to date**, with the aim of promoting employees’ understanding of sustainability and increasing their awareness of the need to participate in relevant activities.
- **“Integrated Thinking Study Session”** was recently held to promote **further understanding and awareness of sustainability**.
- About 40 employees in administrative and customer service departments, etc. participated.


At the study session

APPENDIX

Medium-Term Management Targets

Medium-Term Management Plan "VISION2025"
Fiscal year ending September 2025

Consolidated net sales 50 billion yen (FY ending September 2025)

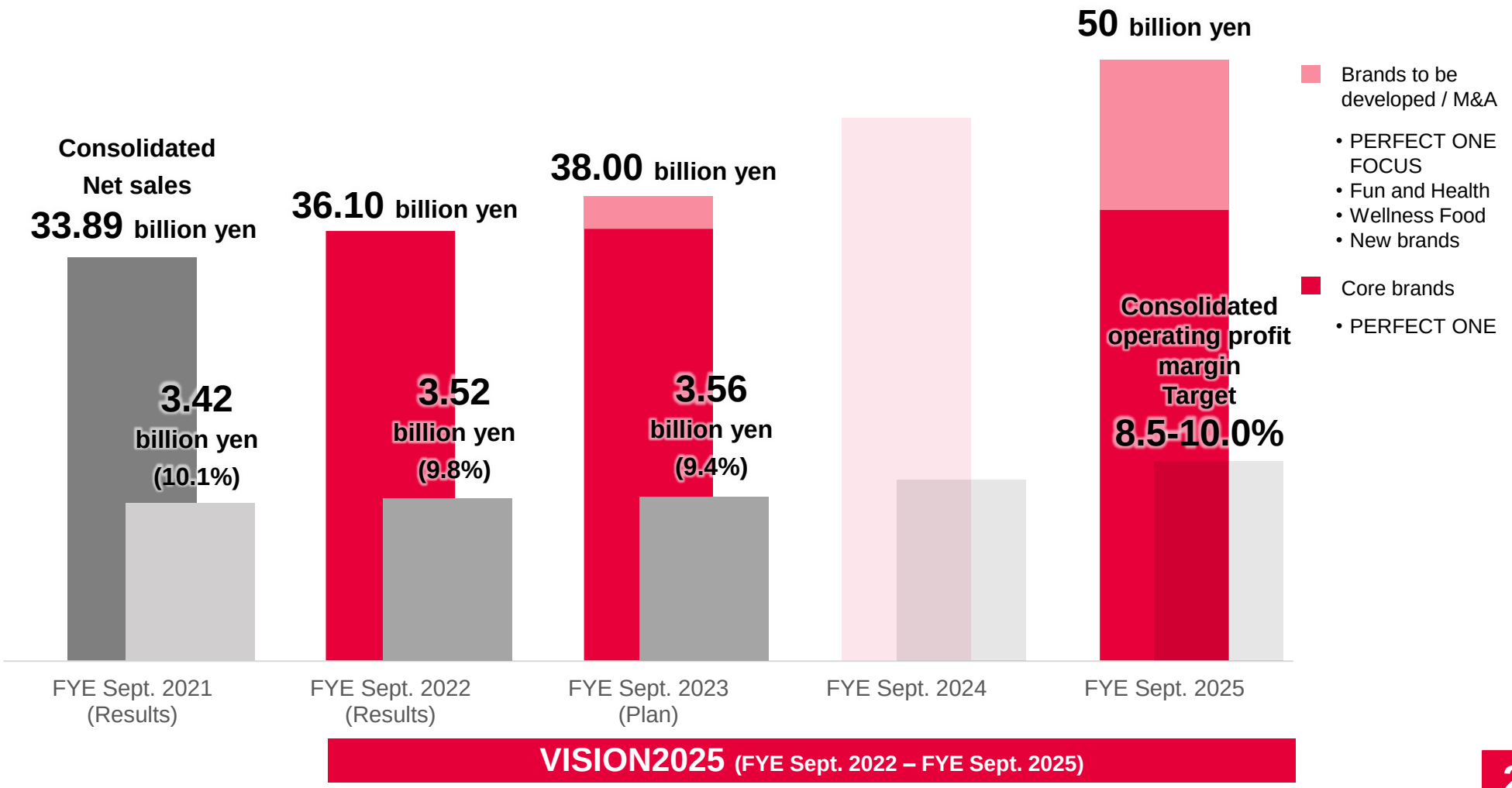
<Key management indicators>

		(Results) [FY ended Sept. 2021]		First year (Results) [FY ended Sept. 2022]		Final year (Plan) [FY ending Sept. 2025]
1	Healthcare net sales	2.3 billion yen	▷	3.4 billion yen	▷	10 billion yen level
2	Overseas net sales	0.9 billion yen	▷	0.5 billion yen	▷	5 billion yen level
3	Overseas and domestic EC net sales*1	4.1 billion yen	▷	4.7 billion yen	▷	10 billion yen level
4	Net sales of brands to be developed*2	2.4 billion yen	▷	4.4 billion yen	▷	12 billion yen level

*1: Domestic EC net sales and overseas EC net sales *2: Net sales excluding PERFECT ONE

Conceptual Graph of Medium- to Long-term Growth in VISION2025

We intend to **balance the expansion of the topline and the growth of profit** **by carrying out aggressive growth investment in nurturing brands** toward consolidated net sales of 50 billion yen.

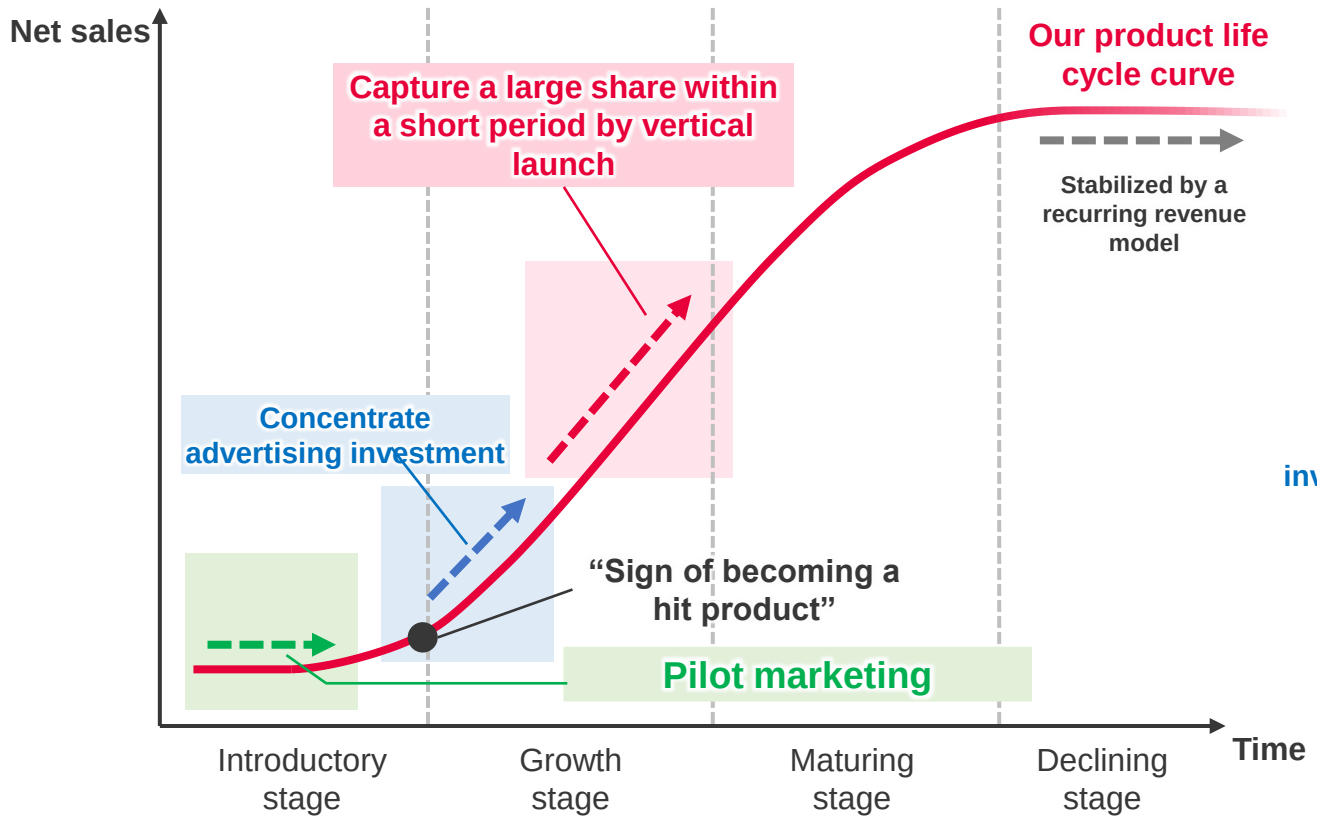


Our Strength: “Selling Power” of Mail Order Channels

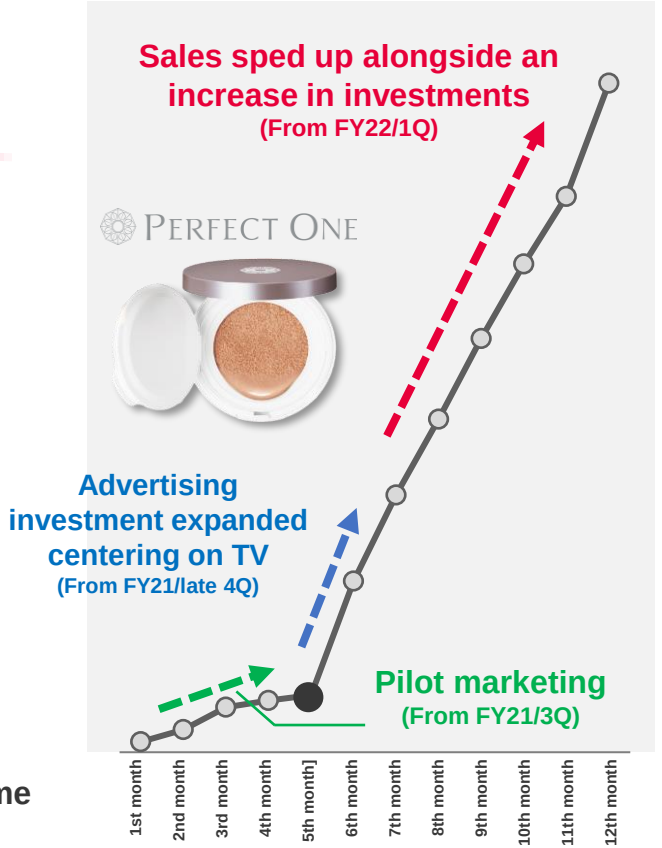
Develop new products swiftly, and during the introductory stage**, run the PDCA cycle of** pilot marketing **at high speed.**

Grab a dominant market share in one breath within a short period before competition intensifies **by ramping up advertising investment once a sign of becoming a hit product appears.**

Product life cycle management of our mail order channels



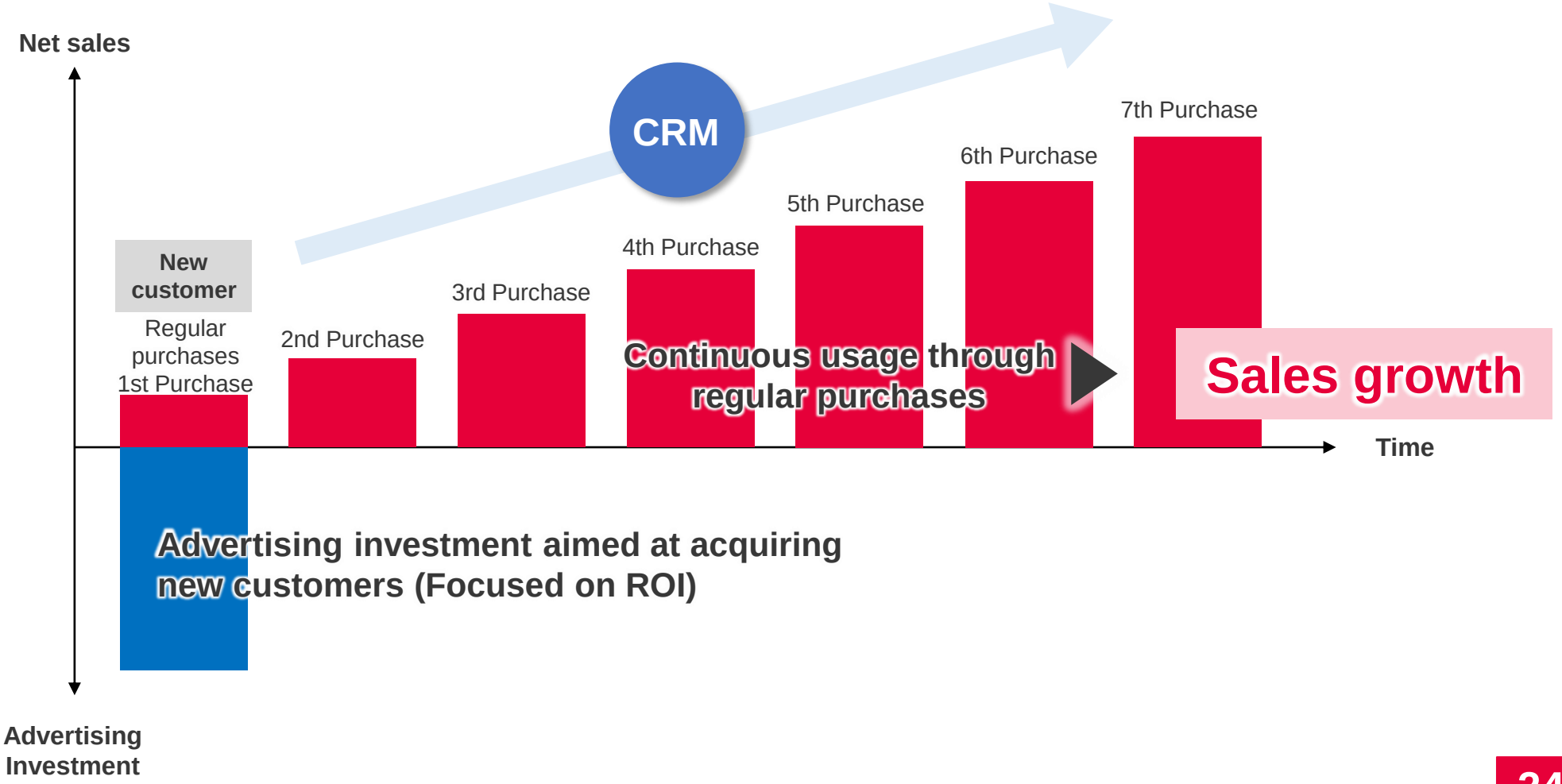
[Reference]: Trend in cumulative sales of Cushion Foundation



Our Strength: Recurring Revenue Model

Recurring Revenue Model through periodic purchase of products

Build a foundation for sales growth based on the acquisition of new customers through **prioritizing advertising investment**.



Our Strength: Marketing Utilizing Customer Database

Utilize the database of approximately 5.95 million customers accumulated through continued acquisition of new customers.

Implement strategies to **maximize the asset value of the customer database**, with a focus on the middle- and senior-age generations.

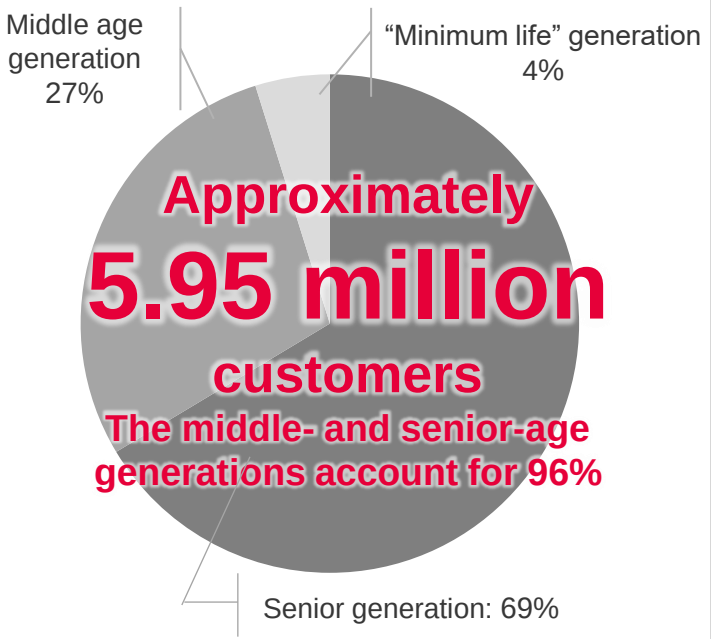
Customer Base Development

Continued acquisition of new customers

- Advertising Investment
- New Product Development

Customer Database

(as of the end of FYE Sept. 2022)



Marketing

Health & Beauty
Propose comprehensive care

Promote **up-selling** to high-performance products
Promote **cross-selling** of seasonally limited products, etc.

Increase purchase frequency through call center suggestions

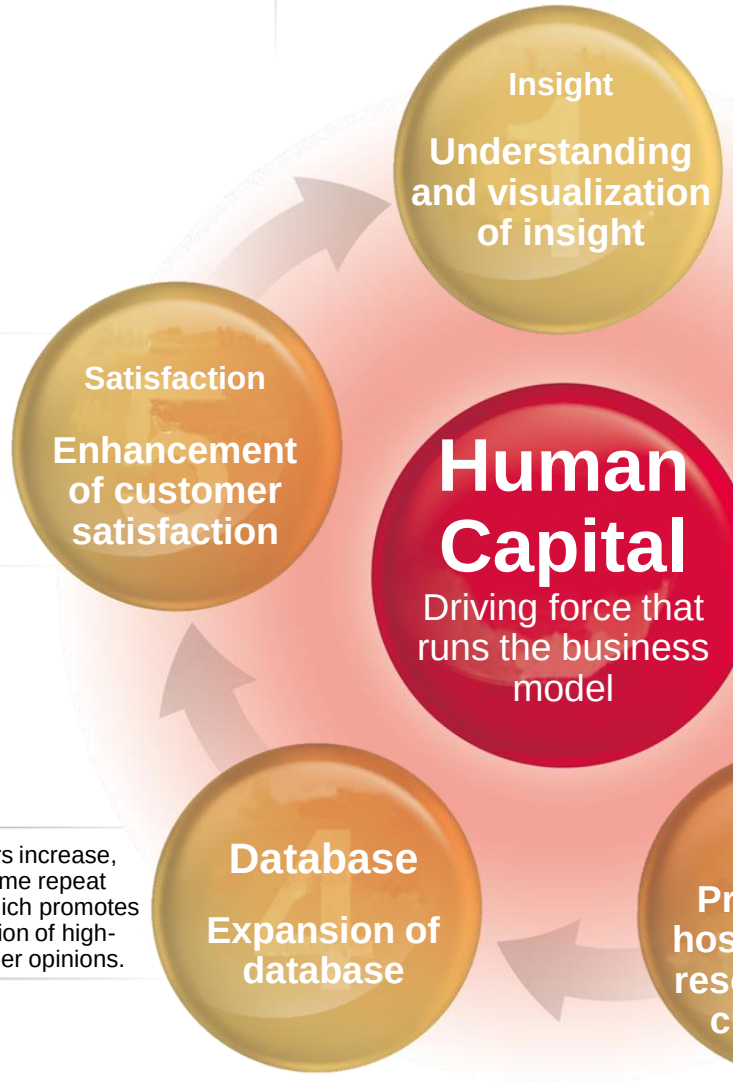
Activation of database by promoting repurchases by dormant customers

Create synergies with new businesses

Senior generation = aged 60s and over; Middle age generation = aged 40s and 50s; "Minimum life" generation = aged 30s and under

Our Business Model

See through the needs and wants of consumers and, in order to give shape to them, invest in call centers, R&D, data analysis and creative domains.



Customer satisfaction and engagement is enhanced through innovative merchandise, heartwarming hospitality and the improvement activity that reflects customer voices in merchandise and services.

Develop and offer innovative merchandise that satisfies the needs and wants of consumers.

New customers increase, and they become repeat customers, which promotes the accumulation of high-quality customer opinions.

Deliver touching hospitality to customers along with innovative merchandise.

Company Overview

Company name	Shinnihonseiyaku Co., Ltd.
Representative	Takahiro Goto, President & Representative Director of the Board and Chief Executive Officer
Established	March 1992
Head office	1-4-7 Otemon, Chuo-ku, Fukuoka City, Fukuoka Prefecture
Share capital	4,158 million yen [as of March 31, 2023]
Executives	Takahiro Goto, President & Representative Director of the Board and Chief Executive Officer Mitsuyoshi Fukuhara, Senior Executive Director of the Board and Chief Operating Officer Seiichiro Hatori, Director of the Board Masayuki Kakio, Outside Director Haruki Murakami, Outside Director Kazuyo Yunoki, Outside Director Keiichi Zenmyo, Outside Audit & Supervisory Board Member (full-time) Takashi Tanabe, Outside Audit & Supervisory Board Member Yuji Nakanishi, Outside Audit & Supervisory Board Member
Business profile	Planning, mail order, wholesale of cosmetics, health foods, and pharmaceuticals.
Bases	Fukuoka (head office), Tokyo Office, Direct stores, Yoshizuka Office and Logistics Center
Group companies	Flatcraft, Inc.
Net sales	36.10 billion yen [FY ended September 2022]
Total assets	22.87 billion yen [as of March 31, 2023]

PURPOSE

Beyond innovation, for a beautiful smile!

MISSION

Achieving the Greatest Possible Satisfaction and Trust from Our Customers
Making Our Employees Happy and Giving Them Dreams for the Future
As a Company That Contributes to Society,
We Aim to Expand Our Efforts Far and Wide without Limitation

VALUE

Creating inspiration

CREDO

We
Treasure giving greetings, smiling and altruism.
Hold on to the attitude of carefully listening, empathizing and being appreciative.
Act with a challenge-, change- and growth-oriented mindset.

History

Date	Overview
March 1992	Founded Shinnihonliving Co., Ltd. (currently Shinnihonseiyaku Co., Ltd.) as a company that planned and sold daily essentials in Higashi-Ori, Onojo City, Fukuoka Prefecture (share capital of 10 million yen).
July 1994	Started sales of health foods by mail order.
June 1996	Relocated the head office to Otogana-Higashi, Onojo City, Fukuoka Prefecture.
December 2000	Commenced sales of basic cosmetics by mail order.
April 2002	Renamed Shinnihonliving Co., Ltd. to Shinnihonseiyaku Co., Ltd.
March 2003	Opened a logistics center in Yoshizuka, Hakata-ku, Fukuoka City, Fukuoka Prefecture.
April	Relocated the head office to Yoshizuka, Hakata-ku, Fukuoka City, Fukuoka Prefecture.
May 2005	Started sales of cosmetics brand “RAffINE series.”
May 2006	Relocated the head office to Akasaka, Chuo-ku, Fukuoka City, Fukuoka Prefecture.
May	Launched RAffINE Perfect One.
October	Established Iwakuni-Hongo Research Institute as the base for cultivation and research of medical plants.*1
November	Started sales of pharmaceuticals by mail order.
March 2010	Opened its first direct store in Fukuoka PARCO shopping mall.
July	Opened a Tokyo sales office in Uchisaiwaicho, Chiyoda-ku, Tokyo (currently Tokyo Office).
April 2012	Started wholesale of “RAffINE series.”
October 2013	Relocated the head office to Otemon, Chuo-ku, Fukuoka City, Fukuoka Prefecture.
April 2014	Changed the cosmetics brand name to “PERFECT ONE.”
December 2016	Started sales overseas by mail order (Taiwanese market).
February 2017	Was awarded the Steering Committee Award in the 7th “Company I Want to Cherish Most in Japan” Grand Prize.
March	PERFECT ONE All-in-One Gel series achieved the number one*2 sales in the Japanese all-in-one skincare market.
September 2018	Started cross-border EC in the Chinese market./ Was awarded the top prize and the rookie of the year at the beauty awards hosted by Taiwan’s popular infotainment TV show “Queen.”
June 2019	Listed on Tokyo Stock Exchange Mothers.
January 2020	Relocated Tokyo Office to Marunouchi Building in Chiyoda-ku, Tokyo.
December 2020	Changed listing market to the First Section of the Tokyo Stock Exchange.
June 2021	Acquired shares of Flatcraft, Inc. and made it a consolidated subsidiary.
April 2022	Moved from the First Section of the Tokyo Stock Exchange to Prime Market.

*1: The institute was integrated into Yoshizuka Office (R&D Center) in June 2020.
*2: Fuji Keizai “Cosmetics Marketing Handbook 2017” (actual manufacturer and brand market shares in the moisture section and the all-in-one section in 2016)

Financial Highlights

Financial closing month & year		September 2019 (non-consolidated)	September 2020 (non-consolidated)	September 2021 (consolidated)*	September 2022 (consolidated)	**2Q of FY ending September 2023 (consolidated)**
Net sales	Million yen	33,570	33,728	33,899	36,107	**18,250**
Ordinary profit	Million yen	2,822	3,283	3,415	3,487	**1,467**
Profit	Million yen	1,824	2,122	2,323	2,357	**980**
Share capital	Million yen	3,826	3,826	4,158	4,158	**4,158**
Total number of shares issued	Shares	21,611,300	21,611,300	21,855,200	21,855,200	**21,855,200**
Net assets	Million yen	12,758	14,267	16,180	17,918	**18,222**
Total assets	Million yen	18,575	19,956	23,240	23,857	**22,874**
Equity ratio	%	68.7	71.2	68.8	74.4	**79.0**
Return on equity	%	21.6	15.7	14.5	14.0	—
Dividend payout ratio	%	15.4	30.5	30.2	30.0	—
Cash flows from operating activities	Million yen	1,992	2,920	2,071	2,287	—
Cash flows from investing activities	Million yen	-943	-367	-1,359	-496	—
Cash flows from financing activities	Million yen	6,567	-851	672	-1,093	—
Cash and cash equivalents at the end of the period	Million yen	10,576	12,271	13,652	14,351	**13,309**
Number of employees (excluding temporary employees and including seconded employees)	People	354	330	309	302	—
Net assets per share	Yen	590.37	662.97	747.34	826.51	—
Basic earnings per share	Yen	113.99	98.50	107.72	109.91	—
Dividend per share	Yen	17.50	30.00	32.50	33.00	—

Ordinary profit for FYE Sept. 2021 and before is retroactively adjusted for changes in accounting policies
*Results used are ones after revision as a result of finalizing provisional accounting treatment related to the business combination with Flatcraft, Inc.

Disclaimer concerning the proper use of forecasts of business results

The content presented in this material is based on multiple assumptions and is not intended to promise or guarantee the realization of future planned numbers or measures.

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We will reply to you as soon as we can.

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