新日本製薬

Beyond innovation, for a beautiful smile!

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

August 8, 2023

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

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

Net sales

Net sales 27,872 million yen (up 2.8% year-on-year)

- Growth rate of net sales of 3Q(from April to June)rose to 5.5%; **full-year plan is expected to beachieved.**
- With cosmetics**, PERFECT ONE recovered to the same level as the previous year**[*1]**, and FOCUS continued tprove, and hence we started to see shift to increased revenue.**
- In healthcare, ***W no Kenko Aojiru*** **(Doubly Healthy Green Drink)** has progressed more than expected **also contributing** to better EC sales ratio.
- **Wholesale continued to be strong;** regarding overseas sales, **sales in Taiwan were strong while progress in the China market was slow.**

Expenses/ Profit

Operating profit 2,838 million yen (up 2.5% year-on-year)

- **Shift to see profit growth** with **greater increased revenue effect** and **continued cost structure reform.**
- **Contribution to profit** by developing brands has expanded.
  Aggressive marketing investment continues for the fourth quarter**.**
- With operating profit**, full-year progress rate was 79.7%**; **after achieving full-year plan of 3.56 billion yen, investment for growth for the next fiscal year will be implemented.**

3Q Business Highlights

- Business KPI of PERFECT ONE based on the 3-STEP proposal has improved, and **3Q recovered to the same level as the previous year**.
- **EC malls sales of FOCUS are strong** due to introduction of limited packages etc.
  Substantially exceeded the plan.
- Investment efficiency with Fun and Health improved, and **the EC acquisition of *W no Kenko Aojiru* (Doubly Healthy Green Drink) increased significantly**.
- Wellness Food expanded its EC sales, and **launched full-scale deployment to overseas and drugstores.**

*1: Year-on-year comparison of 3Q net sales (from April to June) of the PERFECT ONE brand

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1. Summary of Third Quarter Financial Results

Summary of Third Quarter Financial Results

In cosmetics, **PERFECT ONE recovered to the same level as the previous year**[*1], and **FOCUS more than doubled**[*1], thereby **shifting to increased revenue**.

In healthcare, the **growth of Fun and Health is further accelerated** by *W no Kenko Aojiru* (Doubly Healthy Green Drink). **Progress greatly exceeds the plan.**

Operating profit **shifted to grow** with enhancement of increased revenue effect and cost structure reform. **Exceeded the plan as well.**

(Unit: Million yen)

Items	First nine months of FY ended Sept. 2022	First nine months of FY ending Sept. 2023	Year-on-year comparison	
			Changes	Changes (%)
Net sales	27,121	27,872	+750	+2.8%
Cosmetics	24,646	24,895	+248	+1.0%
Healthcare	2,474	2,976	+501	+20.3%
Operating profit	2,769	2,838	+68	+2.5%
Operating profit margin	10.2%	10.2%	-0.0pt	—
Ordinary profit	2,759	2,813	+54	+2.0%
Profit (attributable to owners of parent)	1,862	1,836	-25	-1.4%

*1: Year-on-year comparison of net sales in 3Q (from April to June)

Summary of Third Quarter Financial Results - Supplemental Data

Mail order saw **revenue increase 2.6%** due to **significant growth of FOCUS, and Fun and Health** in addition to a **recovery of PERFECT ONE**.
Revenue of direct store and wholesale **increased 11.1%** due to **deployment of PERFECT ONE to drug stores and expansion of FOCUS**.
Regarding the overseas sales, sales in Taiwan were strong while progress in **the China market was slow**.
Growth in overseas and domestic EC sales was **further accelerated** by strong domestic sales.
While **marketing investment** was increased in order to **achieve brand growth**, **efficiency of operating expenses** continued to improve.

(Unit: Million yen)

Items	First nine months of FY ended Sept. 2022	First nine months of FY ending Sept. 2023	Year-on-year comparison	
			Changes	Changes (%)
<Sales by channel>				
Mail order	24,779	25,428	+649	+2.6%
Direct store/Wholesale	1,864	2,071	+206	+11.1%
Overseas	477	372	-105	-22.0%
<Overseas and domestic EC sales>				
Overseas and domestic EC sales	3,576	4,473	+896	+25.1%
<Marketing investment>				
Advertising expenses	7,381	7,833	+452	+6.1%
Sales promotion expenses	3,363	3,636	+273	+8.1%
<Operating expenses>				
FF cost*	3,167	3,156	-11	-0.3%
Call center costs	1,906	1,883	-22	-1.2%

* FF cost = Order fulfillment cost

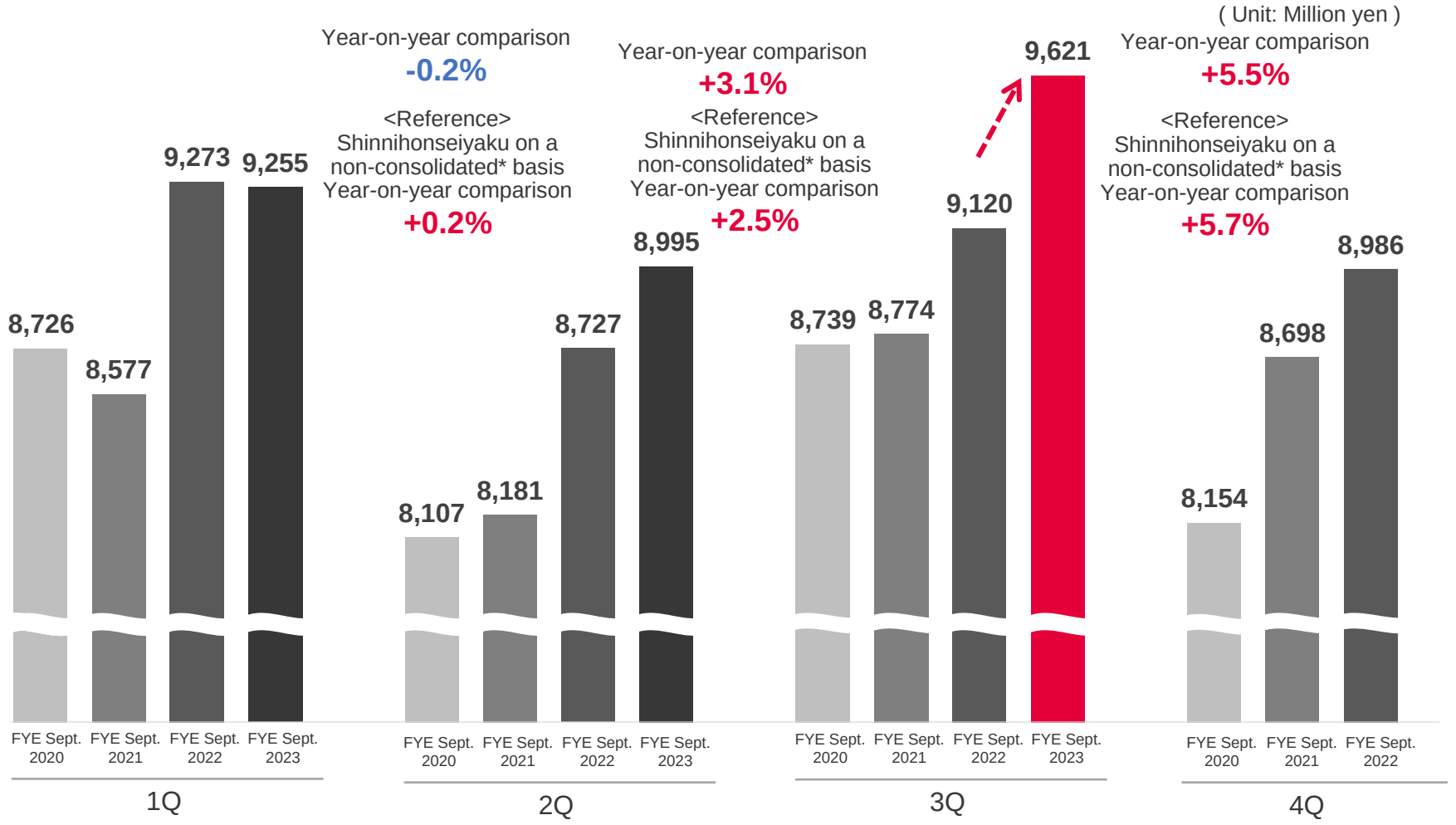
[Reference] Trends in Quarterly Net Sales

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

Consolidated revenue of the third quarter **increased 5.5%, with expansion of FOCUS, and Fun and Health** in addition to **recovery of PERFECT ONE**.

Non-consolidated **revenue** of Shinnihonseiyaku **increased 5.7% due to growth driven by developing brands**.

(Unit: Million yen)



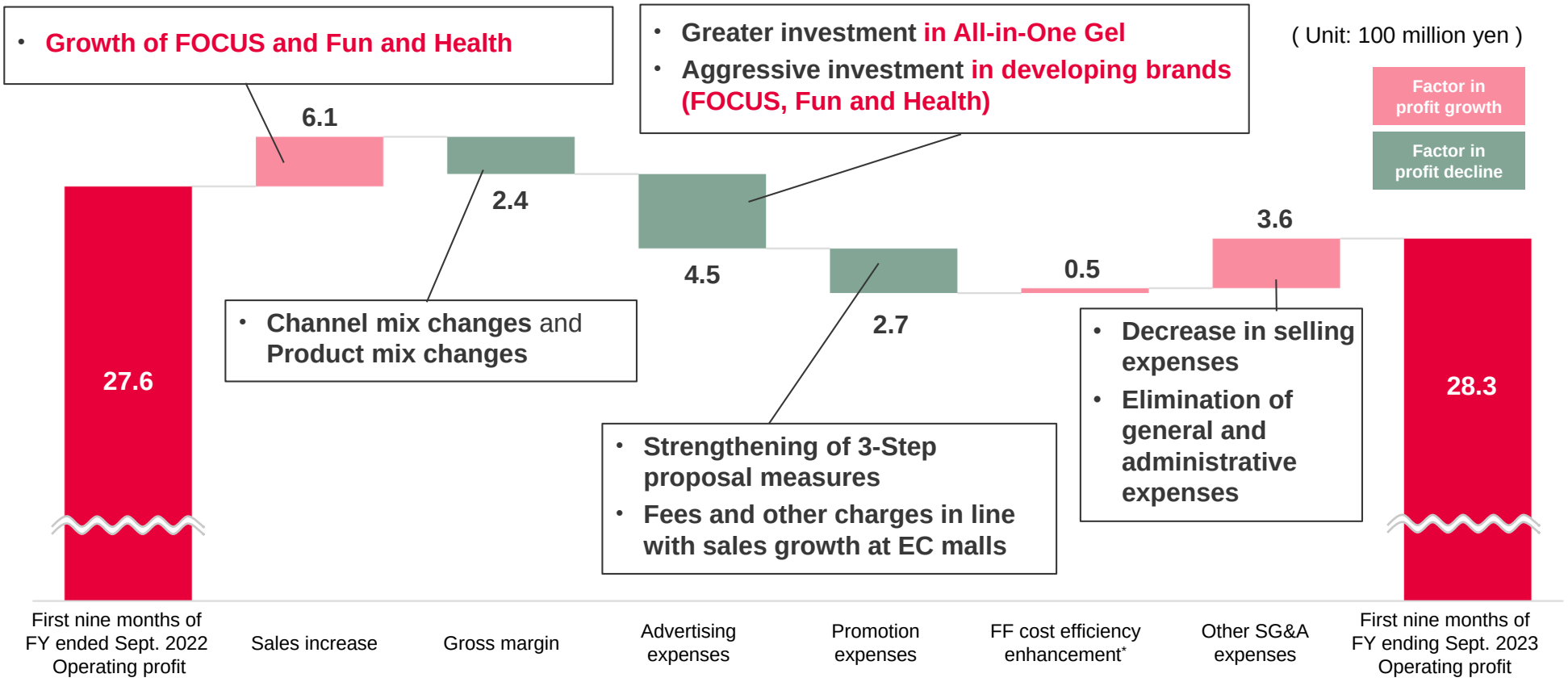
*Internal transactions are deducted from the non-consolidated sales of the Shinnihonseiyaku.

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

The **decline in gross margin** due to changes in the channel mix and product mix and the **increase in growth investment (advertising expenses and sales promotion expenses)** became a factor for decreased revenue.

However,**expansion of the effect of increased revenue** due to growth of developing brands and a **reduction in other SG&A expenses ended up increasing profit by 2.5%**.

Progress against the full-year plan (3.56 billion yen) was 79.7%, which exceeds the plan.



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

Status of Balance Sheet

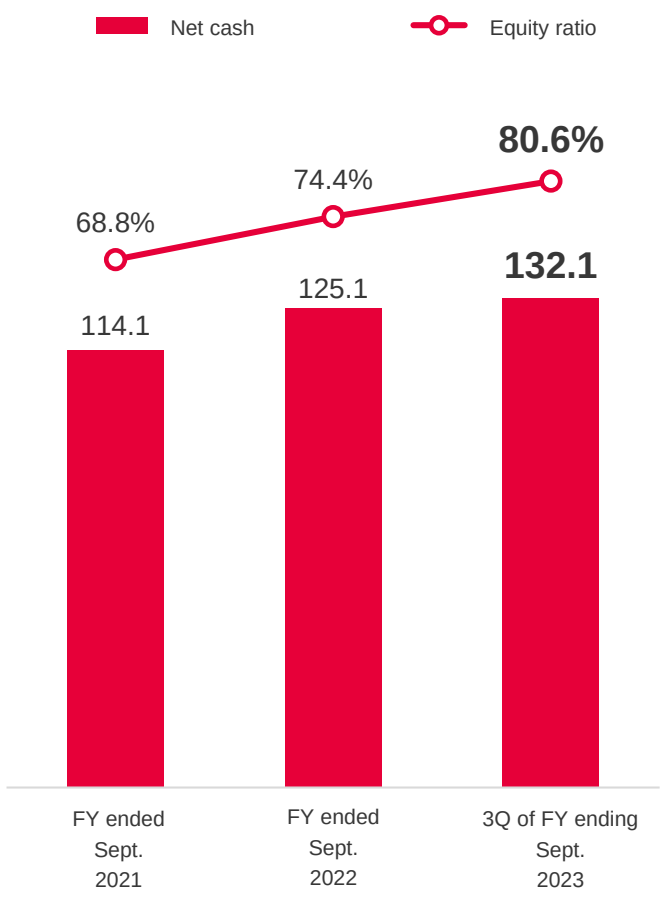
Equity ratio exceeds 80% establishing a stable financial base.

Sufficient reserve fund for investment has been secured with cash and deposits, which are planned to be used for flexible M&A and investment for growth of developing brands.

(Unit: Million yen)

Items	End of FY ended Sept. 2021	End of FY ended Sept. 2022	3Q-end of FY ending Sept. 2023	Changes from previous fiscal year-end
Current assets	18,528	19,265	19,279	+14
Cash and deposits	13,652	14,351	13,708	-643
Accounts receivable-trade	3,196	2,862	3,026	+163
Inventories	1,404	1,735	2,227	+491
Non-current assets	4,711	4,592	4,221	-370
Total assets	23,240	23,857	23,501	-356
Liabilities	7,059	5,938	4,414	-1,524
Trade payables	527	553	654	+101
Interest-bearing debt	2,238	1,839	491	-1,348
Net assets	16,180	17,918	19,086	+1,167
Treasury shares	-852	-735	-647	+88
Total liabilities and net assets	23,240	23,857	23,501	-356

(Unit: 100 million yen)



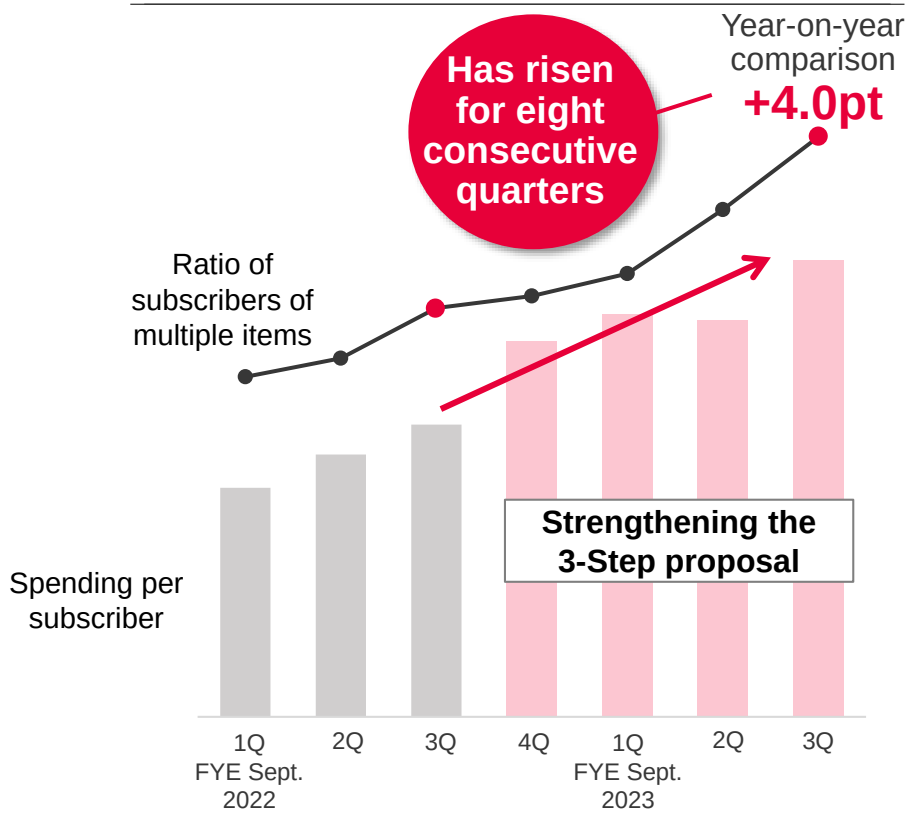
2. Third Quarter Business Highlights

PERFECT ONE

Net sales in 3Q (from April to June) recovered to the same level as the previous year, and we expect to shift to increased revenue from 4Q.

With progress of advertising investment strategies and CRM strategies emphasizing LTV, net sales of 3Q (from April to June) **recovered to the same level as the previous year.**
The **3-STEP proposal**, which combines All-in-One Gel and **seasonal merchandise (UV Protect Powder), has been successful,** and the **ratio of subscribers of multiple items**[*1] and **spending per subscribers**[*2] continue to rise, strengthening customer engagement.
The All-in-One Gel is also in an improving trend, and is **expected to shift to increased revenue and regrowth from 4Q**.

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



CRM centered on the 3-STEP proposal

New acquisitions

- **Acquire new customers through expansion of entry products**
- **Proposing multiple products from the first purchase**



Cleansing & Facial Wash | All-In-One Gel | Cushion Foundation | UV Protect Powder

CRM (Repeater)

- **Propose merchandise tailored to customer needs and seasons**
- **LTV improvement with optimized CRM that increases engagement**



STEP1 Remove | STEP2 Moisturize | STEP3 Attract

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

PERFECT ONE

Advertising Investment Strategy and CRM Strategy/ Introduction of New Products and Renewal of Main Merchandise

From this fiscal year onward, we will work to **optimize advertising investment** while strengthening advertising investment focused on LTV .
With the CRM, restructure strategies based on the 3-STEP proposal and **promote efforts toward maximizing LTV**.
Aiming to shift to increasing revenue and have further growth of PERFECT ONE by **introducing new products** and **renewals** for the future.

Addendum to investment strategies of PERFECT ONE

Main merchandise		 **Cushion Foundation UV Protect Powder**	 **All-In-One Gel series 3-STEP Set Items**
KPI	Acquisition efficiency	Effective for **[Number-Focused Investment]** due to low unit cost of new acquisition	Effective for **[Building Subscriber Base]** although unit cost of new acquisition is high
	LTV	(Depending on seasonality and trends) **[Enhance cross-selling]** since LTV is low with single item	**[LTV is high]** with high continuity and turnover rates

Optimize advertising investment and CRM strategies using **database-driven KPI management** to **maximize net sales and profits**

New Release



July
PERFECT ONE SP Wrinkle White Cream
(Quasi-drug)

Wrinkle improvement and skin whitening* of hands/neck
Beauty cream to realize care

- Contains active ingredients of niacinamide and dipotassium glycyrrhizinate
- Addresses hand and/or neck problems that cannot be solved by makeup

Renewal



October
PERFECT ONE Wrinkle Stretch Gel
(Quasi-drug)

*: Reduces melanin production to prevent blemishes and freckles

Direct store/Wholesale
Launch deployment of PERFECT ONE brand to drug stores

Reinforcing efforts to enhance customer experience value against the backdrop of **recovered customer traffic, returning to brick-and-mortar stores,** and **recovery of inbound**.

Newly **launch deployment to drug stores** from 3Q to **start introduction to about 500 stores**.

Aim for substantial growth in wholesale by **expanding into the largest market** in store channels.

Store channel	Market size in 2022*
Drug Store	**289.6 billion yen**
Department store	144.8 billion yen
Cosmetics stores, pharmacies	108.3 billion yen
Mass merchandisers (GMS/Super)	97.0 billion yen
Direct stores of manufacturers	61.2 billion yen
Variety Shop	16.5 billion yen
Convenience Store	8.3 billion yen

(From June 2023) **Newly cultivated**

(So far) **Deployed to 860 stores**

- **Start deployment successively from June** mainly to major drug stores
- Expanding **entry points for brands**, mainly for the **middle-age generation in their 40s and 50s**



Promote the brand image while increasing spending per customer through deployment by two layers of shelves

*: Results of Sales Amount for Each Channel in the Skincare Market in 2022, the “Cosmetics Marketing Handbook 2023” *Fuji Keizai*

Overseas

Sales in Taiwan were strong while progress in the China market was slow. Started deployment to the United States from the next fiscal year.

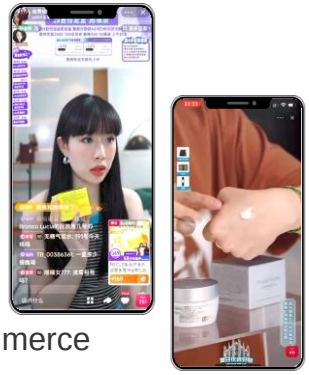
Sales in Taiwan are **strong, surpassing the same period of last year by far,** while **progress** in China **was slow** against the plan which started from 3Q on a full-scale basis.
Going forward, we will shift from an Asia-ASEAN strategy centered on China and Taiwan **to a global strategy**, **taking advantage of the deployment to the U.S. market**, and expand our overseas business while **identifying growth opportunities and country risks** in each market.

Taiwan

- Net sales of 3Q (from April to June) were **strong at 1.4 times higher year-on-year.**
- **Increase the number of items** and **strengthen sell-out in the wholesale channel** including COSMED and the Watsons.

China

- Full-scale start was made in the 3Q, but the development of new strategies with new partner was delayed, and **the plan was significantly underachieved**
- **Start deployment to Douyin* from August**. Aim to increase sales mainly throughlive commerce



ASEAN

- Strengthen the sales **mainly of live commerce**

Start full-scale deployment to the United States from FYE September 2024.



- **Established a subsidiary in the United States** whose cosmetics market is largest in the world (company name: **PERFECT ONE US Co., Ltd.**)
- Roll out **know-how of mail order** in the Japan market and aim to expand the business with a **Recurring Revenue Model**
- Plan to start business investment from the first half of FYE September 2024 aiming to **develop to a global brand**

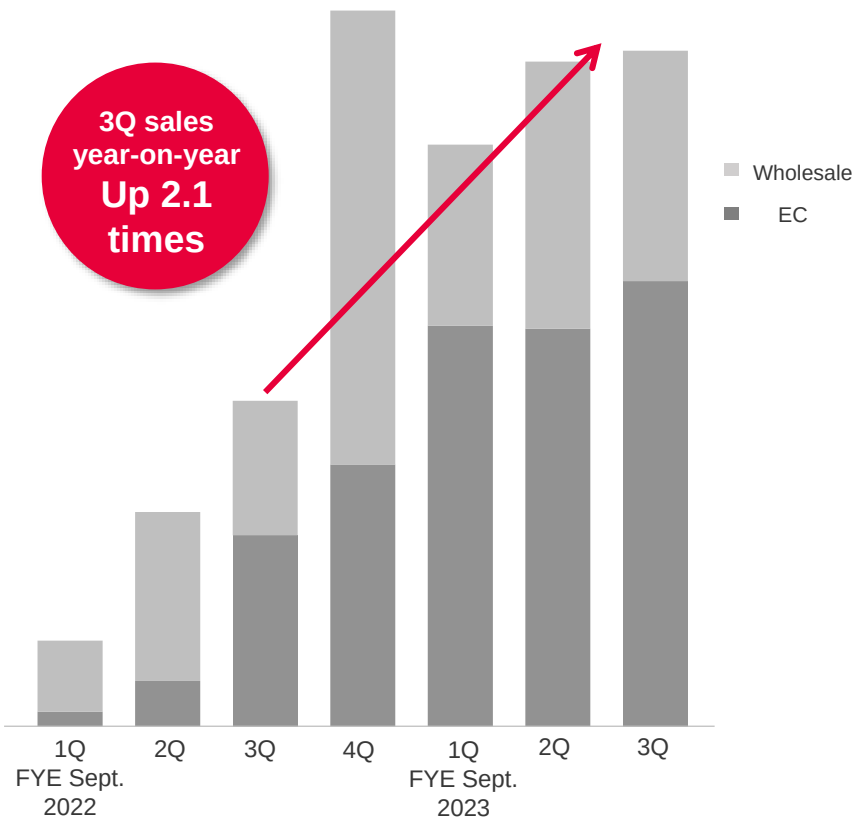
*:China version TikTok

PERFECT ONE FOCUS

Substantially exceeded the plan; Balm continues to be strong thanks to a gimmick that attracts public attention.

Introduction of IP collaboration merchandise with popular characters and **collaboration with VTubers** became a hot topic, contributing to stronger sales.
Continue to develop the Balm to **strategic long-term hit product** in a gimmick using SNS and introducing new products.

Trend of FOCUS quarterly sales



EC

- Net sales at the Qoo10 Sale **reached a record high.**
- Net sales at the Rakuten Mall Sale were **2.4 times higher than the previous Sale**

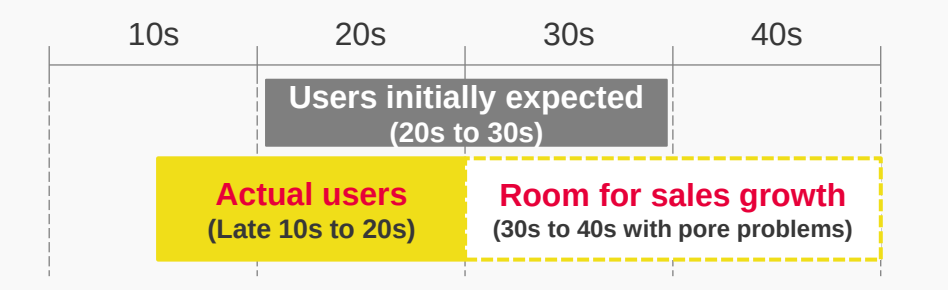


Launched a merchandise collaboration with POMPOMPURIN
(Available in limited quantities from June)
The product created a social media buzz contributing to stronger sales.

Wholesale

- The number of stores handling our merchandise has **increased to reach 13,000**.
- **Start deployment to Costco** from August.

For continued growth for the future, we will also focus on **attracting users in their 30s and 40s** who suffer from “pore problems.”

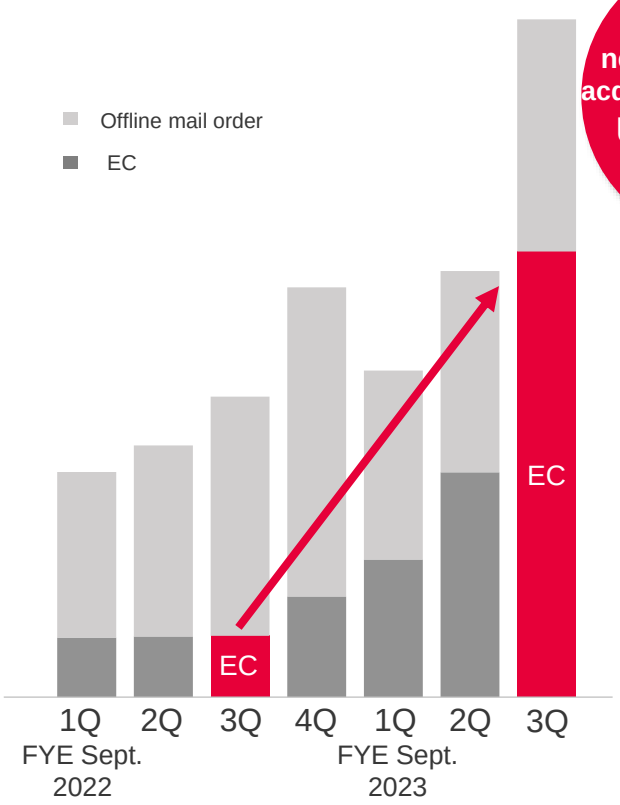


Fun and Health

Expand market share thanks to strong growth in new EC acquisitions and successful differentiation from other companies

Improved acquisition efficiency against a backdrop of successful digital advertisement strategies led to a **significant increase in new acquisitions.**
Going forward, we **aim to further increase market share** by **taking advantage of its ability to clearly demonstrate the effectiveness** against the needs of “obesity and dieting.”

Trends in number of new customers



3Q Number of new EC customers acquired year-on-year* Up 7.3 times

EC **New acquisitions jumped from the third quarter.**

- Leveraging the **strengths of in-house production**, **run the PDCA cycle** of advertising creatives **at high speed** to create winning patterns.
- **Improved acquisition efficiency thanks to successful digital advertisement strategies** mainly on display advertising
- A high rate of newly acquired customers continuing to purchase, which also contributes significantly to the **creation of subscriber base**

	General *Aojiru* (green drink)	*W no Kenko Aojiru* (Doubly Healthy Green Drink)
Type	**General foods** such as health supplements (Functionality **cannot be** displayed)	**Food with Functional Claims (Functionality can be displayed)**
Appeal	Nutritional supplement Elimination of vegetable shortage	• Decrease in **blood neutral fats** • Decrease in **body fats** • Suppression of **relatively high blood pressure**



* In mail order on the whole, the number increased 2.3 times year-on-year

Wellness Food

EC sales grew and overseas expansion and deployment to drug stores started on a full-scale basis.

As a result of strengthening the digital advertisement strategies, **net sales at EC malls increased significantly (1.9 times higher year-on-year*1).**
At the wholesale level, aim for higher sales by **expanding sales channels in Japan and in foreign countries**.
Promote the development of products other than the principal merchandise of MCT Oil, **thereby expanding the portfolio mainly with Flaxseed Oil.**



The share of linseed oil sales roughly doubled in three years*2.

EC

EC mall sales are strong

- **Net sales at the Rakuten Mall** expanded mainly with **Flaxseed Oil**.
- **Increase advertising investment, particularly at the Rakuten Mall, in the fourth quarter and beyond** to increase sales.



Rakuten Mall Awarded
"Best Shop of the Month"
for fifth time in a row*3

*3: Awarded for five consecutive months from March to July 2023

3Q Rakuten Mall sales year-on-year Up 7.0 times



アマ科の一年草のアマの種子【アマニ】が原料です。アマの茎からとる繊維は光沢があり柔らかく、アマ繊維の織物（リネン）は、麻布とも呼ばれます。西洋では古くから食用に用いられ、健康性の研究がすすめられています。

Whole sale

Aim to acquire new customers through new sales floor development

- Try to expand sales at **drugstore channel** by rolling out new **exclusive packages** for drugstores
- **New expansion to Costco Taiwan starts** from 4Q (July)



Individual wrapping of Coco MCT Oil



*1: Year-on-year comparison of net sales in 3Q (from April to June) at EC malls (Amazon and Rakuten Mall).
*2: Ratio of Flaxseed Oil sales to annual net sales of Flatcraft, Inc. for FYE June 2020 and that for the first nine months of FYE September 2023 were compared.

3. Plan for the Fiscal Year Ending September 2023

Plan for the Fiscal Year Ending September 2023

In cosmetics, achieve the plan by **shifting to increase revenue of PERFECT ONE** and **drastically increasing FOCUS**.

In healthcare, **strengthen the investment in *Aojiru*, which continues to perform well**, and **expand Fun and Health** to achieve the plan.

After **achieving 3.56 billion yen** in operating profit, make **investment for growth in the next fiscal year and beyond**.

(Unit: Million yen)

Items		FY ended Sept. 2022 Results	FY ending Sept. 2023		Year-on-year change in the full-year plan	Year-on-year change in the full-year plan (%)
			Results in the first nine months	Full-year plan		
Net sales		36,107	27,872	38,000	+1,892	+5.2%
	Cosmetics	32,666	24,895	34,127	+1,460	+4.5%
	Healthcare	3,441	2,976	3,872	+431	+12.5%
Operating profit		3,522	2,838	3,560	+37	+1.1%
	Operating profit margin	9.8%	10.2%	9.4%	-0.4pt	—
Ordinary profit		3,487	2,813	3,471	-16	-0.5%
Profit (attributable to owners of parent)		2,357	1,836	2,380	+23	+1.0%

Premises of Plan for the Fiscal Year Ending September 2023

Mail order: Aiming to achieve the target through recovery of **PERFECT ONE**, EC sales expansion of **FOCUS**, and further expansion of **Fun&Health**.
Wholesale: **Expansion of deployment** of PERFECT ONE **to drug stores** and **expansion of store base handling** FOCUS are the foundation of the growth.
Overseas: Redesign the policy **to try to rebuild**. Overseas and domestic EC sales are expected to **exceed the plan due to strong domestic sales**.
In terms of cost, **continue aggressive investment** mainly in developing brands and **promote cost efficiency** through structural reforms.

(Unit: Million yen)

Items	FY ended Sept. 2022 Results	FY ending Sept. 2023		Year-on-year change in the full-year plan	Year-on-year change in the full-year plan (%)
		Results in the first nine months	Full-year plan		
<Sales by channel>					
Mail order	32,728	25,428	33,885	+1,156	+3.5%
Direct store/Wholesale	2,802	2,071	3,215	+412	+14.7%
Overseas	576	372	899	+322	+56.0%
<Overseas and domestic EC sales>					
Overseas and domesticEC sales	4,760	4,473	6,024	+1,263	+26.5%
<Marketing investment>					
Advertising expenses	9,729	7,833	10,250	+520	+5.4%
Sales promotion expenses	4,617	3,636	5,048	+431	+9.3%
<Operating expenses>					
FF cost	4,217	3,156	4,192	-24	-0.6%
Call center costs	2,533	1,883	2,654	+120	+4.8%

4. Initiatives for Sustainability

Sustainability Initiatives (CSR)

Make efforts for **continuous CSR** to create an environment where children can spend their time smiling and to expand the circle of support to realize our **Purpose: “Beyond innovation, for a beautiful smile!”**

■ Sponsorship of the **Smile Smile PROJECT** for the seventh year

The Company emphasizes **CSR focusing on local activities with the themes of children, life, and health as the themes of the activities**.

In May, the Company participated as planning/operating and accompanying volunteer of the Smile Smile PROJECT 2023 in Huis Ten Bosch, and it was its seventh year of sponsorship.

What is the Smile Smile PROJECT?

A project sponsored by a non-profit organization, the Japan Heart, in which medical professionals support children and families dealing with childhood cancer to go out and travel





Pictures taken at the project

Sustainability Initiatives (formulation of environmental policy)

We had been developing policies in each field focusing on ESG to further accelerate the initiatives under the Basic Sustainability Policy of **“Limitless Future,”** and **completed formulating new “Environmental Policy” in June.**

Environmental policy of the Shinnihonseiyaku Group (Formulated in June 2023)

Basic philosophy	To realize the Purpose of “Beyond innovation, for a beautiful smile!,” the Group will engage in corporate activities that are friendly to the global environment, and that contribute to local communities and society through business activities and CSR.
Energy waste Water and drainage	■ Effective use of resources We will make effective use of limited resources to strive to improve the recycling rate of resources, reduce waste, conserve energy, and conserve water.
Biodiversity	■ Conservation of biodiversity We will strive to understand the impact on biodiversity within the value chain, and strive to conserve and restore biodiversity.
Emissions into the atmosphere	■ Response to the climate change We will contribute to a decarbonized society by reducing emissions of greenhouse gases, especially CO_2, from our business activities and preventing global warming.
Environmental compliance	■ Compliance with laws and regulations We will comply with the legal rules concerning environmental conservation.
Supply chain	■ Working with the supply chain We will strive for environmental consideration in our business activities through cooperation with our business partners.
Development of internal awareness	■ In-house education and development of internal awareness We will strive to improve employees’ understanding of environmental policies and awareness of environmental conservation.

Specific initiatives



Reduction of CO_2 emissions at delivery by reviewing the sizes of decorative boxes for merchandise



Release of refill pouches

Change to containers using Green Nanotechnologies*

*Adopted for some merchandise of the PERFECT ONE All-in-One Gel series (standard size container of the product)

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)

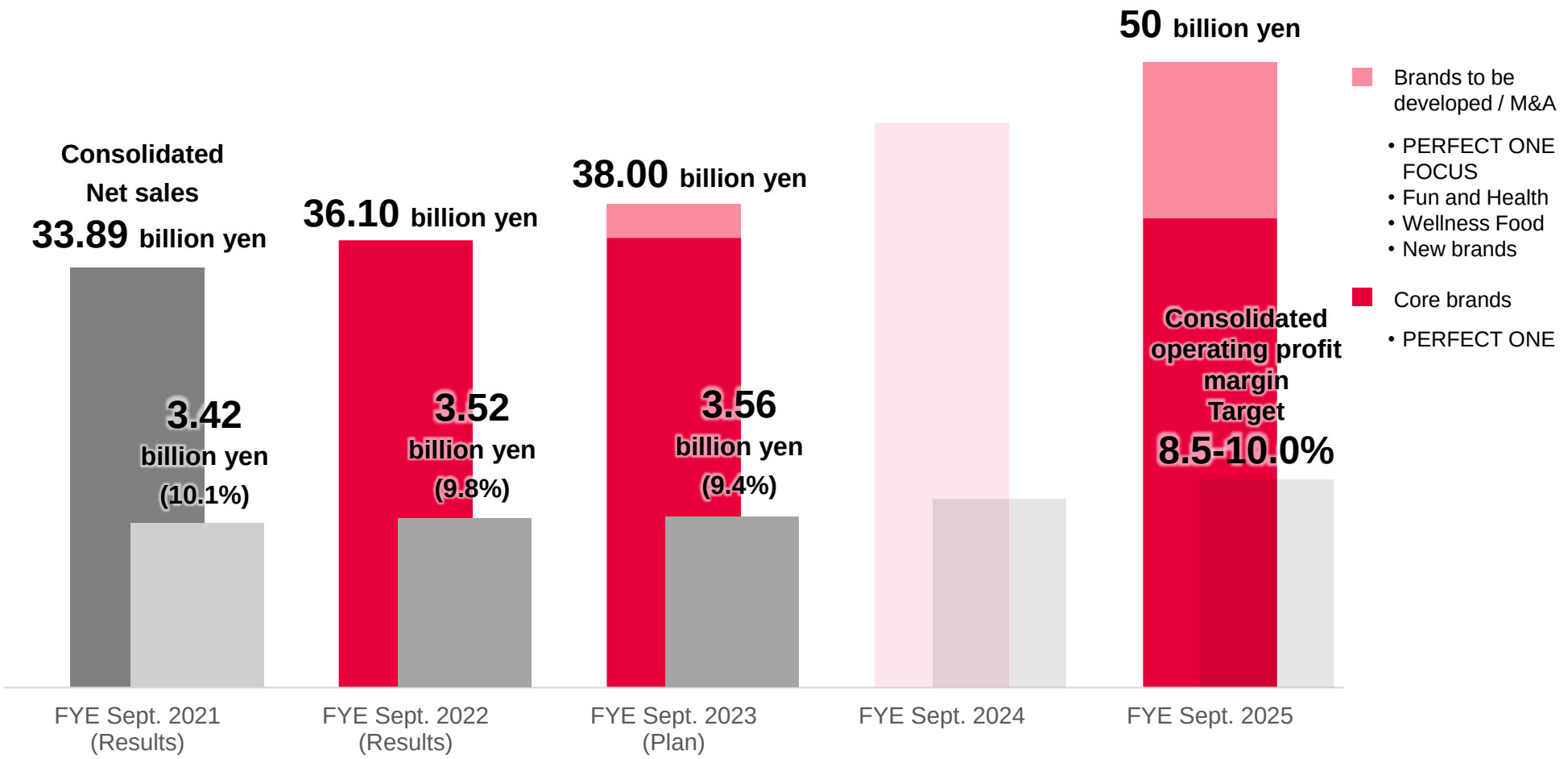
<Key management indicators>

		(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 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.



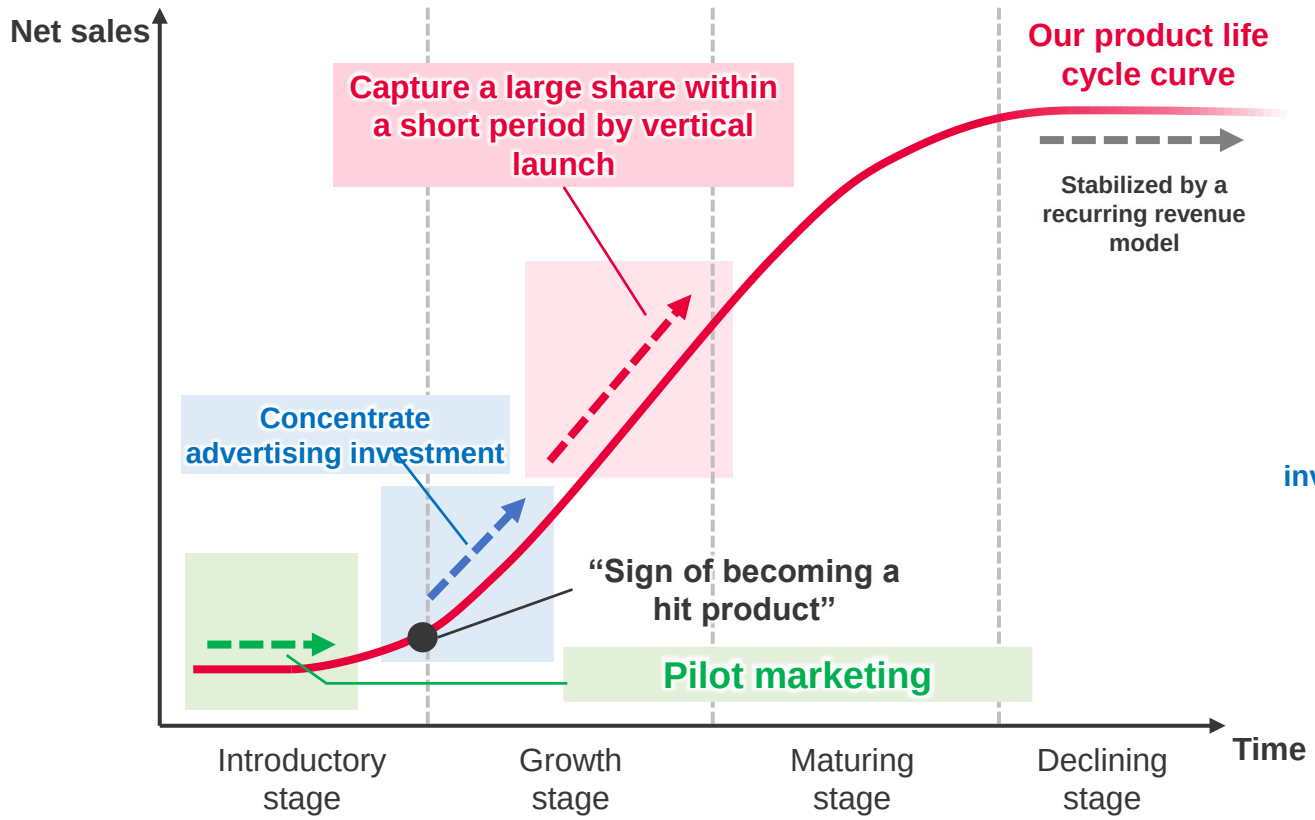
VISION2025 (FYE Sept. 2022 – FYE Sept. 2025)

Our Strength: “Selling Power” of Mail Order Channels

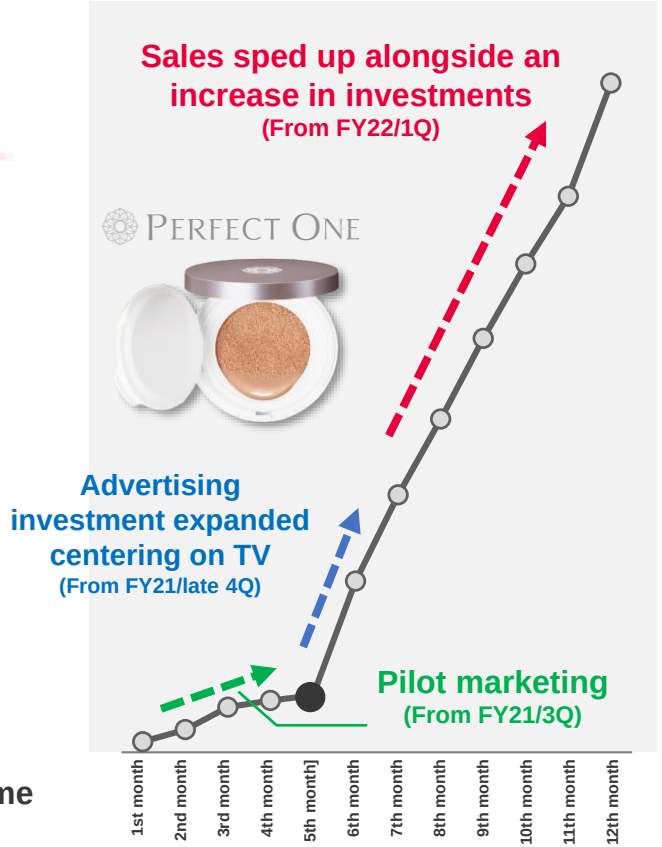
Develop new products swiftly, and during the introductory stage**, run the PDCA cycle of** pilot marketing **at high speed.**

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



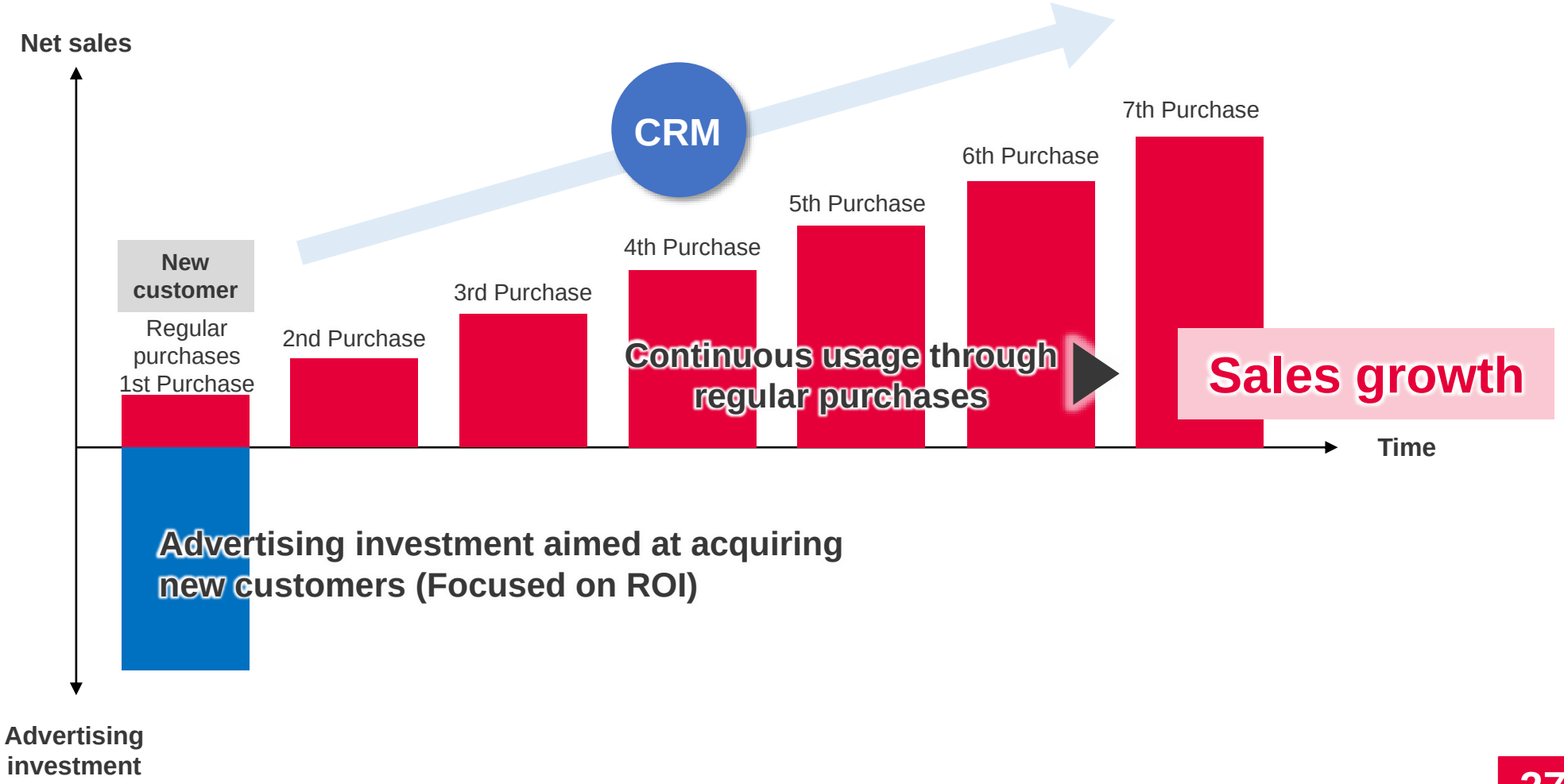
[Reference]: Trend in cumulative sales of Cushion Foundation



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

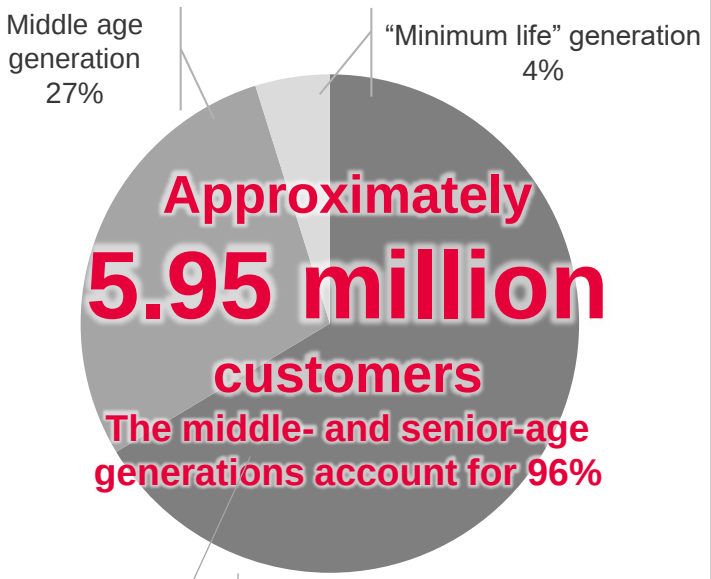
Customer Base Development

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

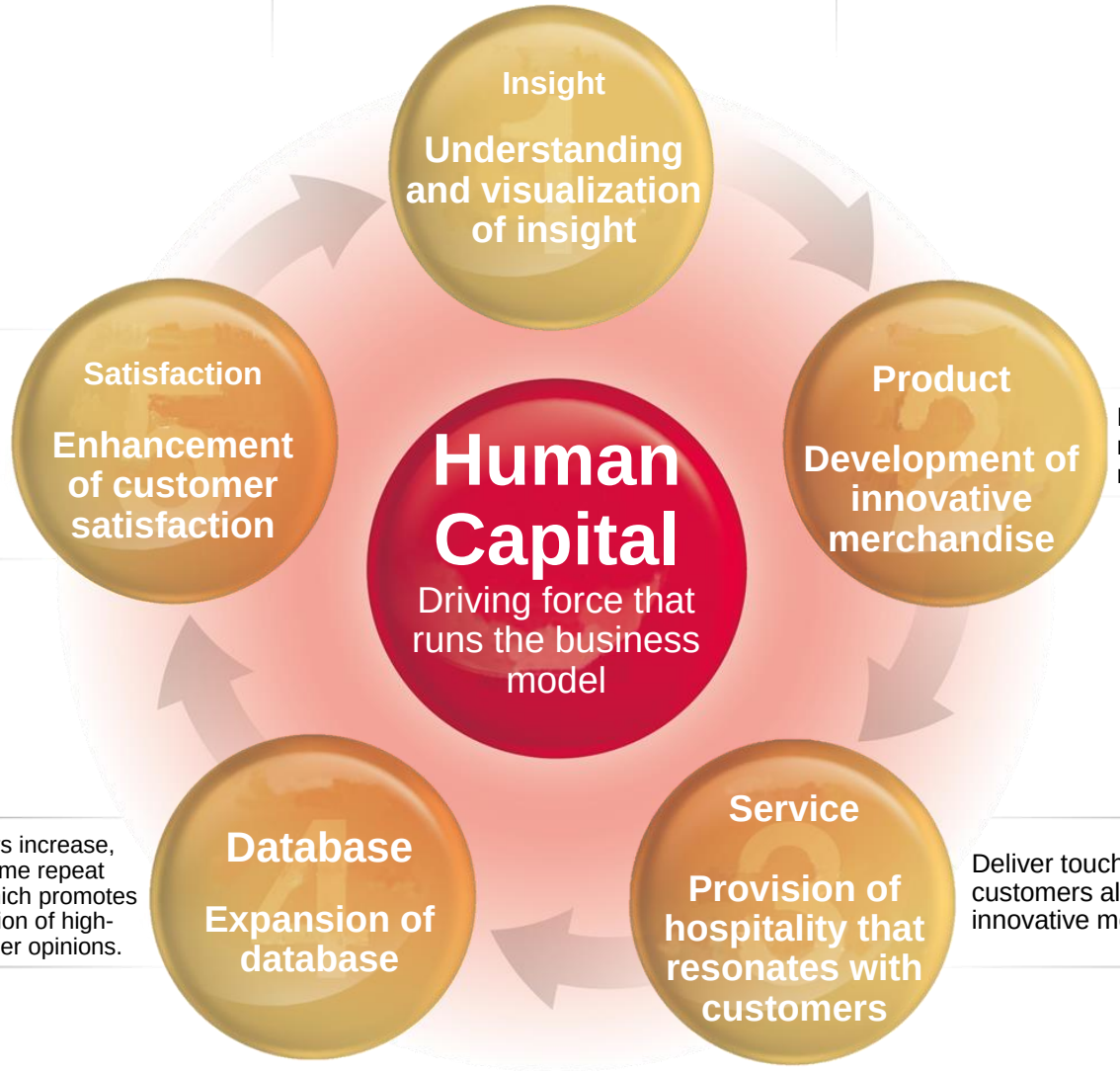
Activation of database by promoting repurchases by dormant customers

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 June 30, 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. , PERFECT ONE US Co., Ltd.
Net sales	36.10 billion yen [FY ended September 2022]
Total assets	23.5 billion yen [as of June 30, 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 wil:
Place importance on greetings, smiles, and altruism.
Thoroughly implement listening, empathy, and gratitude.
Act in a challenge, change, and growth-oriented manner.

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.
July 2023	Established PERFECT ONE US Co., Ltd. in the United States.

*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)	**3Q of FY ending September 2023 (consolidated)**
Net sales	Million yen	33,570	33,728	33,899	36,107	**27,872**
Ordinary profit	Million yen	2,822	3,283	3,415	3,487	**2,813**
Profit	Million yen	1,824	2,122	2,323	2,357	**1,836**
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	**19,086**
Total assets	Million yen	18,575	19,956	23,240	23,857	**23,501**
Equity ratio	%	68.7	71.2	68.8	74.4	**80.6**
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	**13,708**
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.

Contact for inquiries regarding this document

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For inquiries, please use the inquiry form on the Shinnihonseiyaku website.

We will reply to you as soon as we can.

https://corporate.shinnihonseiyaku.co.jp/contact/



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