Consolidated Financial Results
for the Nine Months Ended June 30, 2024
[Japanese GAAP]

August 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 commencing dividend payments: —
Availability of supplementary briefing material on financial results: Yes
Schedule of 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 Nine Months Ended June 30, 2024 (October 1, 2023, to June 30, 2024)

(1) Consolidated Operating Results (Cumulative)

(% indicates the changes 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	%
Nine months ended June 30, 2024	29,606	6.2	3,230	13.8	3,211	14.2	2,169	18.1
Nine months ended June 30, 2023	27,872	2.8	2,838	2.5	2,813	2.0	1,836	(1.4)

(Note) Comprehensive income Nine months ended June 30, 2024 2,182 million yen (18.9%)
Nine months ended June 30, 2023 1,835 million yen (-1.3%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2024	100.68	100.36
Nine months ended June 30, 2023	85.43	85.00

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	26,028	21,153	80.9
As of September 30, 2023	25,501	19,661	76.5

(Reference) Equity As of June 30, 2024 21,060 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	—	0.00	—		
Fiscal year ending September 30, 2024 (Forecast)				45.00	45.00

(Note) Revision from the most recently announced dividend forecast: Yes

1. Breakdown of year-end dividends for the fiscal year ending September 30, 2024 (forecast)
   Ordinary dividend: 35.00 yen
   Commemorative dividend: 10.00 yen
2. Regarding the revision to the dividend forecast, please refer to the “Revision of Dividend Forecast and Commemorative Shareholder Benefit in Commemoration of Receiving a GUINNESS WORLD RECORDS™ certificate ” released today (August 6, 2024).

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024 (October 1, 2023 to September 30, 2024)

(% indicates the changes from 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
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 in the scope of consolidation during the first nine months of the fiscal year under review: 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 June 30, 2024	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 June 30, 2024	291,373 shares	As of September 30, 2023	343,110 shares
3) Average number of shares during the period (cumulative)	Nine months ended June 30, 2024	21,550,832 shares	Nine months ended June 30, 2023	21,496,681 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an auditing firm : No

* 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 Company plans to stream online the financial results briefing for institutional investors and analysts on Tuesday, August 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. Summary of Business Results, etc.

(1) Summary of Business Results for the Nine Months Ended June 30, 2024

During the first nine months of the fiscal year under review, the environment surrounding Japan saw an increase in the flow of people due to the normalization of economic activities, recovery in inbound demand due to an increase in the number of foreign visitors to Japan, and improvements in income situations. Meanwhile, the outlook remains uncertain due to unstable international conditions, a global surge in price of raw material and energy, foreign exchange rate trends, and the impact of rising prices outpacing wage hikes.

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, PERFECT ONE, our cosmetics products, progressed as expected in terms of domestic net sales, due to the maximization of customer lifetime value (LTV) and strong sales of seasonal products, etc. However, net sales of the brand decreased mainly due to the impact of our business strategy review for overseas sales, etc. To acquire customers in the middle age generation, which has been a challenge, we are promoting marketing of all-in-one serum products mainly through e-commerce (EC) and social media. As for PERFECT ONE FOCUS, which has been marketed for the younger generation, particularly those in their 20s, PERFECT ONE FOCUS Smooth Cleansing Balm Deep Black, which became a staple product in April, contributed to sales growth. EC sales continued to achieve significant growth as sales of our beauty essence product, VCRETI Smooth Serum, in addition to the staple products, performed strong at an EC mall sales event, achieving a record high net sales. In healthcare, net sales continued to grow at a high rate , as the number of subscribers for "*W no Kenko Aojiru* (Doubly Healthy Green Drink)" steadily increased, which is the main products of Fun and Health and a food with functional claims.

In wholesale, as a result of strengthening sales promotion efforts for drug store distribution of PERFECT ONE, net sales per store improved. Main products of PERFECT ONE FOCUS, cleansing balms, was ranked No. 1 in sales in the cleansing balm category at variety shops, etc. and its sellout continued strongly, contributing to sales growth.

In Wellness Food, net sales increased as we grow the business steadily with expansion of the number of stores distributing our products, and also because TV coverage pushed up the demand for linseed oil, our main products.

In overseas sales, pilot sales of PERFECT ONE and PERFECT ONE FOCUS began in the U.S. market for both offline mail order and EC. At the same time, we implemented promotional measures to expand brand recognition. In East Asia and ASEAN, we are reviewing and reconstructing our business strategy for strategic deployment.

As a result of the foregoing, for the first nine months of the fiscal year under review, net sales were 29,606 million yen (up 6.2% Year-on-year), operating profit came to 3,230 million yen (up 13.8% Year-on-year), ordinary profit was 3,211 million yen (up 14.2% Year-on-year) and profit attributable to owners of parent posted 2,169 million yen (up 18.1% Year-on-year).

The Group's business segments consist of Mail Order, Wholesale and Overseas Sales of cosmetics and products 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) Summary of Financial Position for the Nine Months Ended June 30, 2024

Total assets as of the end of the third quarter under review were 26,028 million yen, an increase of 526 million yen from the end of the previous fiscal year. This was mainly due to an increase of 516 million yen in cash and deposits and an increase of 246 million yen in inventories despite a decrease of 188 million yen in investments and other assets (deferred tax assets, etc.).

Liabilities totaled 4,874 million yen, a decrease of 966 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 376 million yen in accounts payable-trade, a decrease of 119 million yen in accounts payable-other, a decrease of 294 million yen in income taxes payable, and a decrease of 145 million yen in long-term borrowings (including the current portion of long-term borrowings).

Net assets totaled 21,153 million yen, an increase of 1,492 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,459 million yen in retained earnings.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2023)	Third quarter of the current fiscal year (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	15,518	16,034
Accounts receivable - trade	3,171	3,219
Inventories	2,092	2,338
Other	512	461
Allowance for doubtful accounts	(39)	(43)
Total current assets	21,254	22,010
Non-current assets		
Property, plant and equipment	1,983	1,978
Intangible assets		
Goodwill	818	739
Other	500	543
Total intangible assets	1,318	1,282
Investments and other assets	945	756
Total non-current assets	4,247	4,017
Total assets	25,501	26,028

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2023)	Third quarter of the current fiscal year (As of June 30, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	946	569
Current portion of long-term borrowings	192	180
Accounts payable - other	2,423	2,303
Income taxes payable	754	459
Provision for bonuses	197	93
Other	569	642
Total current liabilities	5,083	4,249
Non-current liabilities		
Long-term borrowings	254	120
Retirement benefit liability	182	191
Other	320	312
Total non-current liabilities	757	625
Total liabilities	5,840	4,874
Net assets		
Shareholders' equity		
Share capital	4,158	4,158
Capital surplus	4,104	4,088
Retained earnings	11,885	13,345
Treasury shares	(647)	(549)
Total shareholders' equity	19,501	21,043
Accumulated other comprehensive income		
Foreign currency translation adjustment	-	13
Remeasurements of defined benefit plans	4	3
Total accumulated other comprehensive income	4	16
Share acquisition rights	155	93
Total net assets	19,661	21,153
Total liabilities and net assets	25,501	26,028

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income

First nine months of the fiscal year

(Unit: Million yen)

	First nine months of the previous fiscal year (From October 1, 2022 to June 30, 2023)	First nine months of the current fiscal year (From October 1, 2023 to June 30, 2024)
Net sales	27,872	29,606
Cost of sales	5,290	6,058
Gross profit	22,581	23,548
Selling, general and administrative expenses	19,743	20,317
Operating profit	2,838	3,230
Non-operating income		
Interest income	0	5
Dividend income	1	1
Rental income	9	9
Gain on sale of non-current assets	6	-
Other	9	11
Total non-operating income	26	28
Non-operating expenses		
Interest expenses	2	0
Foreign exchange losses	3	-
Loss on valuation of investment securities	27	12
Loss on retirement of non-current assets	18	1
Information security expenses	-	27
Other	0	4
Total non-operating expenses	51	47
Ordinary profit	2,813	3,211
Extraordinary income		
Reversal of allowance for investment loss	0	6
Total extraordinary income	0	6
Extraordinary losses		
Loss on valuation of investment securities	98	-
Total extraordinary losses	98	-
Profit before income taxes	2,716	3,218
Income taxes - current	825	978
Income taxes - deferred	54	71
Total income taxes	880	1,049
Profit	1,836	2,169
Profit attributable to owners of parent	1,836	2,169

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

(Unit: Million yen)

	First nine months of the previous fiscal year (From October 1, 2022 to June 30, 2023)	First nine months of the current fiscal year (From October 1, 2023 to June 30, 2024)
Profit	1,836	2,169
Other comprehensive income		
Foreign currency translation adjustment	-	13
Remeasurements of defined benefit plans	(0)	(0)
Total other comprehensive income	(0)	12
Comprehensive income	1,835	2,182
(Breakdown)		
Comprehensive income attributable to owners of parent	1,835	2,182

(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

(Notes on Statement of Cash Flows)

Consolidated Statement of Cash Flows for the nine months ended June 30, 2024, have not been prepared. Depreciation (including depreciation related to intangible assets excluding goodwill) and amortization of goodwill for the period under review are as follows.

	First nine months of the previous fiscal year (From October 1, 2022 to June 30, 2023)	First nine months of the current fiscal year (From October 1, 2023 to June 30, 2024)
Depreciation	226 million yen	209 million yen
Amortization of goodwill	79 million yen	79 million yen

(Notes on segment information, etc.)

The Group's business segments consist of Mail Order, Wholesale, and Overseas Sales of cosmetics and products 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.