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Consolidated Financial Results for the Three Months Ended December 31, 2024 [Japanese GAAP]

February 7, 2025

Company name: Shinnihonseiyaku Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 4931
URL: https://corporate.shinnihonseiyaku.co.jp/en/
Representative: Takahiro Goto, President & Representative Director of the Board and Chief Executive Officer
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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 Three Months Ended December 31, 2024 (October 1, 2024 to December 31, 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended December 31, 2024	10,471	5.3	1,529	31.1	1,553	32.6	1,036	32.3
Three months ended December 31, 2023	9,941	7.4	1,167	39.0	1,171	39.4	783	39.6

(Note) Comprehensive income Three months ended December 31, 2024 1,012 million yen (27.5%)
Three months ended December 31, 2023 794 million yen (41.5%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended December 31, 2024	48.57	48.49
Three months ended December 31, 2023	36.41	36.27

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	25,976	20,888	80.3
As of September 30, 2024	27,222	21,792	79.8

(Reference) Equity As of December 31, 2024 20,861 million yen
As of September 30, 2024 21,718 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, 2024	-	0.00	-	45.00	45.00
Fiscal year ending September 30, 2025	-				
Fiscal year ending September 30, 2025 (Forecast)		0.00	-	52.00	52.00

(Note) 1. Revision from the most recently announced dividend forecast: No
2. Breakdown of year-end dividends for the fiscal year ended September 30, 2024
Ordinary dividend: 35.00 yen
Commemorative dividend: 10.00 yen (commemoration of receiving a GUINNESS WORLD RECORDS™ certificate)

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(% 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half (cumulative)	20,350	3.5	2,110	1.6	2,120	1.8	1,460	4.1	68.89
Full year	42,000	4.9	4,500	7.7	4,520	10.2	3,100	10.9	146.72

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

* Notes

(1) Significant changes in the scope of consolidation during the first three 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: Yes
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, 2024	21,855,200 shares	As of September 30, 2024	21,855,200 shares
2) Total number of treasury shares at the end of the period	As of December 31, 2024	734,573 shares	As of September 30, 2024	280,773 shares
3) Average number of shares during the period (cumulative)	Three months ended December 31, 2024	21,347,777 shares	Three months ended December 31, 2023	21,532,265 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 Friday, February 7, 2025. 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 Three Months Ended December 31, 2024

During the first three months of the fiscal year under review, the environment surrounding Japan saw a continued moderate recovery due to improvements in the employment and income situations and an increase in inbound demand. The outlook, however, remains uncertain due to soaring energy and commodity prices against the backdrop of unstable international conditions and a weak yen.

In this market environment, the Group worked on key activities in accordance with "Growth Next 2027," 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 through initiatives to maximize customer lifetime value (LTV) with sales of winter-limited products including night cream. In addition, the All-in-One Gel Series has been recognized by Guinness World Records for two consecutive years as the world's No.1* sales share in the facial moisturising gel category. Although net sales of the brand, including overseas sales, declined, we promoted initiatives to capture demand from the middle-aged generation, such as launching the new product "Clear Cleansing Balm Oil". As for PERFECT ONE FOCUS, net sales significantly increased due to the continued strong performance of the main cleansing balm products and the launch of limited design package featuring popular characters. It was also selected as the grand prize winner of "Qoo10 AWARDS 2024", hosted by EC mall Qoo10, and its recognition among young generation continues to expand. In healthcare, net sales kept growing at a high rate due to continued growth from an increased number of subscribers of "*W no Kenko Aojiru* (Doubly Healthy Green Drink)," which is the main products of Fun and Health with a food with functional claimsand acquisition of new customers for "*Slimore Coffee*" that saw a favorable trend. For Wellness Food, we have drove an advertising investment strategy that prioritize investment efficiency and initiatives to enhance the foundation.

In wholesale, under a strategy that emphasizes increasing net sales per store, we also worked to expand the number of stores selling our "PERFECT ONE" cosmetics brand, and the number of drugstores carrying the brand steadily expanded. In the case of "PERFECT ONE FOCUS," we strengthened in-store promotions at major drugstores and variety shops, and it continued to perform well. In addition, in line with the expansion of inbound demand, we strengthen multilingual strategic marketing and sales expanded. In Wellness Food, the business is expected steady growth from strengthening the roll out of private brand products.

In overseas sales, we have continued pilot sales while working to expanded brand recognition through tie-ups with influencers in the U.S. In addition, the cleansing balm in the PERFECT ONE FOCUS line was selected as "Amazon's Choice" on Amazon in the U.S., and the increased attention it received led to steady progress in acquiring new customers. In Asia, while sales impact by review of business strategy affected, this was mostly settled in the first quarter. Local market research and other strategic restructuring will be carried out, and feasibility study will be restarted at the same time.

* "Largest facial moisturising gel brand" (PERFECT ONE All-in-One Gel series, sales results from January to December 2023), according to TFCO Co., Ltd.

As a result of the foregoing, for the first three months of the fiscal year under review, net sales were 10,471 million yen (up 5.3% year-on-year), operating profit came to 1,529 million yen (up 31.1% year-on-year), ordinary profit was 1,553 million yen (up 32.6% year-on-year), and profit attributable to owners of parent posted 1,036 million yen (up 32.3% 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 Three Months Ended December 31, 2024

Total assets as of the end of the first quarter under review were 25,976 million yen, a decrease of 1,246 million yen from the end of the previous fiscal year. This was mainly due to respective decreases of 770 million yen in cash and deposits and 819 million yen in accounts receivable-trade, despite an increase of 526 million yen in inventories.

Liabilities totaled 5,087 million yen, a decrease of 342 million yen from the end of the previous fiscal year. This was mainly due to decreases of 144 million yen in accounts payable - other, 372 million yen in income taxes payable, and 145 million yen in provision for bonuses, despite an increase of 364 million yen in accounts payable - trade.

Net assets totaled 20,888 million yen, a decrease of 903 million yen from the end of the previous fiscal year. This was mainly due to an increase of 881 million yen in treasury shares (decrease in net assets).

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Previous fiscal year (As of September 30, 2024)	First quarter of the current fiscal year (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	16,341	15,570
Accounts receivable - trade	4,291	3,471
Inventories	2,028	2,554
Other	446	429
Allowance for doubtful accounts	(44)	(35)
Total current assets	23,062	21,991
Non-current assets		
Property, plant and equipment	1,953	1,923
Intangible assets		
Goodwill	712	686
Other	627	627
Total intangible assets	1,340	1,314
Investments and other assets	866	747
Total non-current assets	4,160	3,985
Total assets	27,222	25,976

(Millions of yen)

	Previous fiscal year (As of September 30, 2024)	First quarter of the current fiscal year (As of December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	548	912
Current portion of long-term borrowings	177	177
Accounts payable - other	2,270	2,126
Income taxes payable	841	468
Provision for bonuses	229	83
Other	806	791
Total current liabilities	4,873	4,560
Non-current liabilities		
Long-term borrowings	76	34
Retirement benefit liability	192	192
Other	287	299
Total non-current liabilities	556	527
Total liabilities	5,430	5,087
Net assets		
Shareholders' equity		
Share capital	4,158	4,158
Capital surplus	4,088	4,071
Retained earnings	13,971	14,037
Treasury shares	(529)	(1,411)
Total shareholders' equity	21,688	20,856
Accumulated other comprehensive income		
Foreign currency translation adjustment	26	2
Remeasurements of defined benefit plans	3	2
Total accumulated other comprehensive income	29	5
Share acquisition rights	74	27
Total net assets	21,792	20,888
Total liabilities and net assets	27,222	25,976

(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

(Millions of yen)

	First three months of the previous fiscal year (From October 1, 2023 to December 31, 2023)	First three months of the current fiscal year (From October 1, 2024 to December 31, 2024)
Net sales	9,941	10,471
Cost of sales	2,056	2,086
Gross profit	7,885	8,385
Selling, general and administrative expenses	6,718	6,855
Operating profit	1,167	1,529
Non-operating income		
Interest income	0	1
Dividend income	0	0
Rental income	3	3
Foreign exchange gains	-	13
Other	3	10
Total non-operating income	7	29
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	3	-
Loss on valuation of investment securities	-	1
Information security expenses	-	4
Other	0	0
Total non-operating expenses	3	6
Ordinary profit	1,171	1,553
Extraordinary income		
Reversal of allowance for investment loss	6	1
Total extraordinary income	6	1
Profit before income taxes	1,178	1,554
Income taxes - current	302	432
Income taxes - deferred	92	85
Total income taxes	394	517
Profit	783	1,036
Profit attributable to owners of parent	783	1,036

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

(Millions of yen)

	First three months of the previous fiscal year (From October 1, 2023 to December 31, 2023)	First three months of the current fiscal year (From October 1, 2024 to December 31, 2024)
Profit	783	1,036
Other comprehensive income		
Foreign currency translation adjustment	10	(23)
Remeasurements of defined benefit plans	(0)	(0)
Total other comprehensive income	10	(24)
Comprehensive income	794	1,012
(Breakdown)		
Comprehensive income attributable to owners of parent	794	1,012

(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)

The Company acquired 487,000 treasury shares in accordance with a Board of Directors resolution made on November 12, 2024. As a result, treasury shares increased 881 million yen for the three months ended December 31, 2024, and as of the end of the first quarter under review they amounted to 1,411 million yen.

(Changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Company has adopted the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter "2022 Revised Accounting Standard"), etc. from the beginning of the first quarter under review.

The revision regarding the accounting classification of income taxes (taxation on other comprehensive income) is in accordance with transitional treatments set forth in the provisos of Article 20-3 of the 2022 Revised Accounting Standard and Article 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28; October 28, 2022; hereinafter "2022 Revised Guidance"). The change in the accounting policy concerned has no impact on the quarterly consolidated financial statements.

For the revision related to the review of the treatment in consolidated financial statements for deferral of loss (gain) arising from the sale of subsidiary shares among consolidated companies, the Company has adopted the 2022 Revised Guidance from the beginning of the first quarter under review. The change in accounting policy concerned has been applied retrospectively, and the quarterly consolidated financial statements and the consolidated financial statements for the respective previous quarter and the previous fiscal year have been prepared after such application. The change in the accounting policy concerned has no impact on the quarterly consolidated financial statements of the previous quarter and the consolidated financial statements of the previous fiscal year.

(Notes on Statement of Cash Flows)

Consolidated Statement of Cash Flows for the three months ended December 31, 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 three months of the previous fiscal year (From October 1, 2023 to December 31, 2023)	First three months of the current fiscal year (From October 1, 2024 to December 31, 2024)
Depreciation	69 million yen	73 million yen
Amortization of goodwill	26 million yen	26 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.