



美と健康の「新しい」で、笑顔あふれる毎日をつくる。

Medium-Term Management Plan “Growth Next 2027”

November 12, 2024

Shinnihonseiyaku Co., Ltd.

Securities Code: 4931

Tokyo Stock Exchange Prime Market

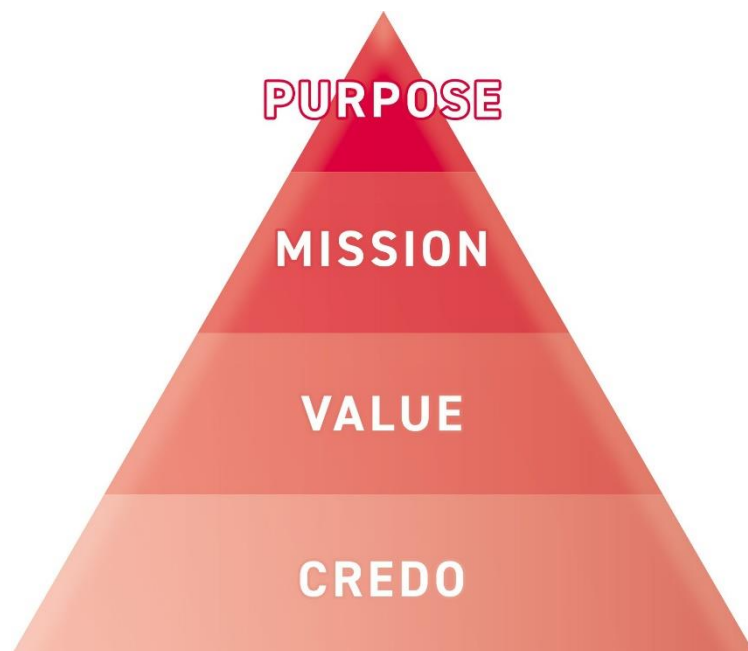
Introduction

The Company formulated the **PURPOSE** in 2022, which was in the period of its previous Medium-Term Management Plan “VISION2025”.

We are in an era when the environment surrounding us changes rapidly. We will share this **PURPOSE** with everyone concerned, including our employees and other stakeholders, and drive initiatives that contribute to sustainable growth and solutions to environmental and social issues.

We aim to achieve the new Medium-Term Management plan and realize the **PURPOSE** by having all employees understand and put it into practice.

PHILOSOPHY



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 will:

Place importance on greetings, smiles, and altruism.
Thoroughly implement listening, empathy, and gratitude.
Act in a challenge, change, and growth-oriented manner.

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2. Growth Next 2027

1. Summary of VISION2025

Summary of the Previous Medium-Term Management Plan “VISION2025”

Accomplishments

Expansion of PERFECT ONE in Japan (mail order, EC)

- The 3-STEP strategy led to a significant increase in spending per customer.
- EC database was expanded by strengthening digital marketing.

Expansion of developing brands (FOCUS, Fun and Health)

- The growth of “FOCUS” and “Fun and Health” significantly exceeded the plans.
- Sales ratio surpassed 20%, departing from a high concentration of PERFECT ONE.

Issues

Channels expansion of PERFECT ONE (wholesale, overseas)

- Expansion was delayed due to the COVID-19 impact and country risk.
- The productivity of sales per store was an issue in wholesale channels.
In overseas, the strategy leveraging our strengths could not be carried out.

Execution of new business and M&A

- Unable to launch big project, even though included in the plan.
- Unable to reach to a project with high affinity with Data Base marketing.

Headed for “Growth Next 2027”

Redefine our strengths

- Data Base marketing
- Subscription business model

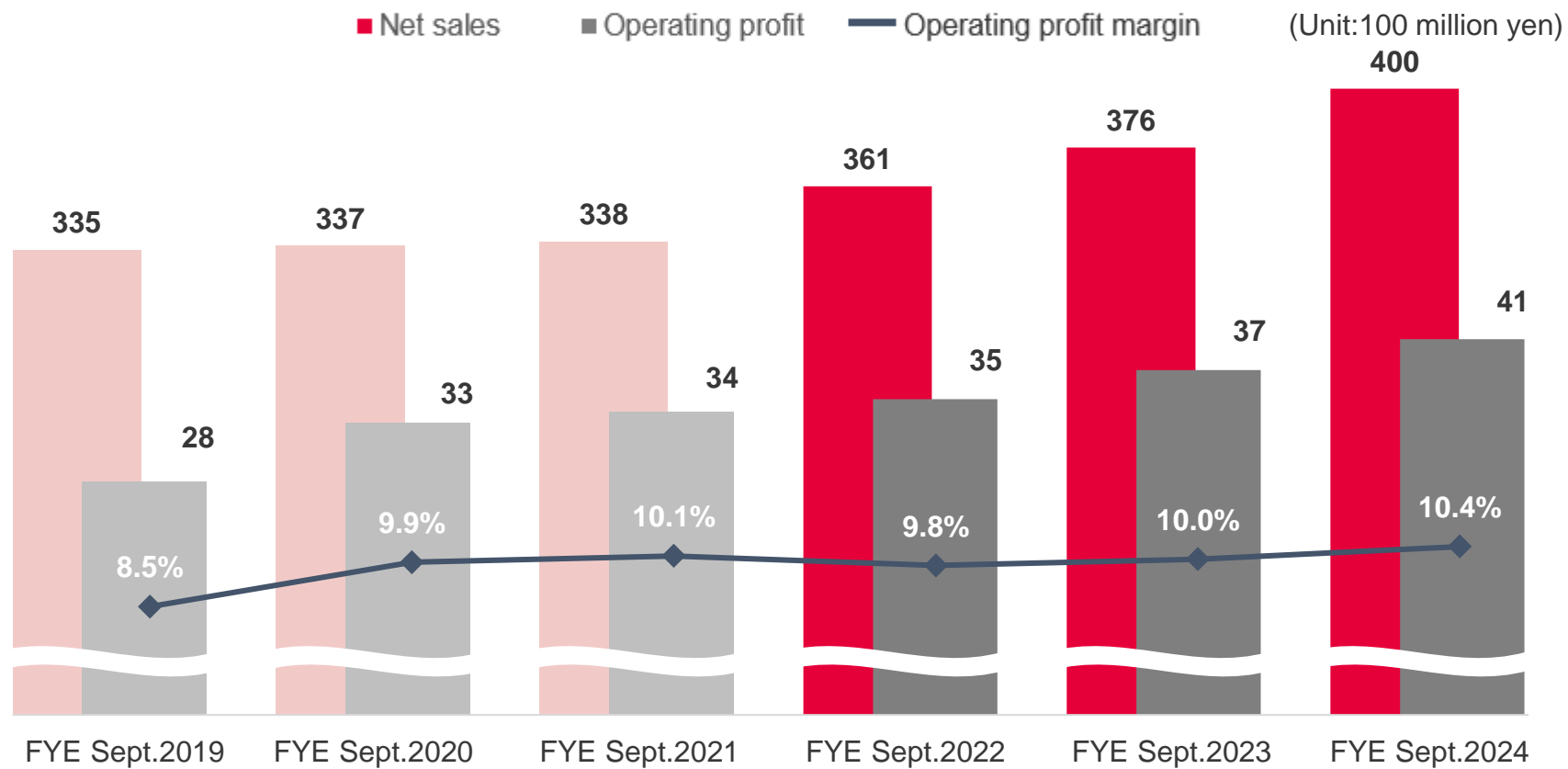
Expand growth in areas
group synergies can be maximized.

Toward the new
Medium-Term
Management Plan for
further accelerating
business based on a
new growth strategy.

Trend in Financial Results

3 years after listing

VISION2025



2. Growth Next 2027

Growth Next 2027_Positioning and Management Policy

Position of Growth Next 2027

Beyond innovation, for a beautiful smile!

- ▷ Accelerate the development of products that realize **“Trend × VOC*1 × Unique Value”**, which is the company-wide strategy in the period **building the foundation** for global expansion toward the realization of the long-term vision.
- ▷ **Enhance PERFECT ONE’s brand power and strengthen its global competitive advantage.**
- ▷ **Make investment for the next developing brands that follow “FOCUS” and “Fun and Health”.**

Management Policy

- ▷ **Strengthen Data Base marketing** with the aim of becoming a next-generation leading company, **thereby contributing to maximizing customer satisfaction and QOL*2**, based on the concept of the Health & Beauty Lifecare Platform.
- ▷ **Promote the growth of each brand through strengthening EC and wholesale channels.**
- ▷ **Starting in the U.S., build products and service systems usable everywhere around the world.**

Medium-Term Management Targets

Medium-Term Management Plan “Growth Next 2027” FYE Sept. 30, 2027

(consolidated)

Net sales **52 billion yen**

Operating profit **6 billion yen**

Operating profit margin **11.5%**

(Unit: 100 million yen)

Brands	FYE Sept. 2024	FYE Sept. 2025	FYE Sept. 2027	CAGR (FYE Sept. 2024 – FYE Sept. 2027)
PERFECT ONE	302.0	308	330	+3.0%
FOCUS	39.9	46	69	+20.0%
Fun and Health	46.6	52	100	+29.0%
Wellness Food	10.9	13	20	+22.4%
Other	1.0	1	1	+4.7%
Total	400.4	420	520	+9.1%

Medium-Term Management Targets

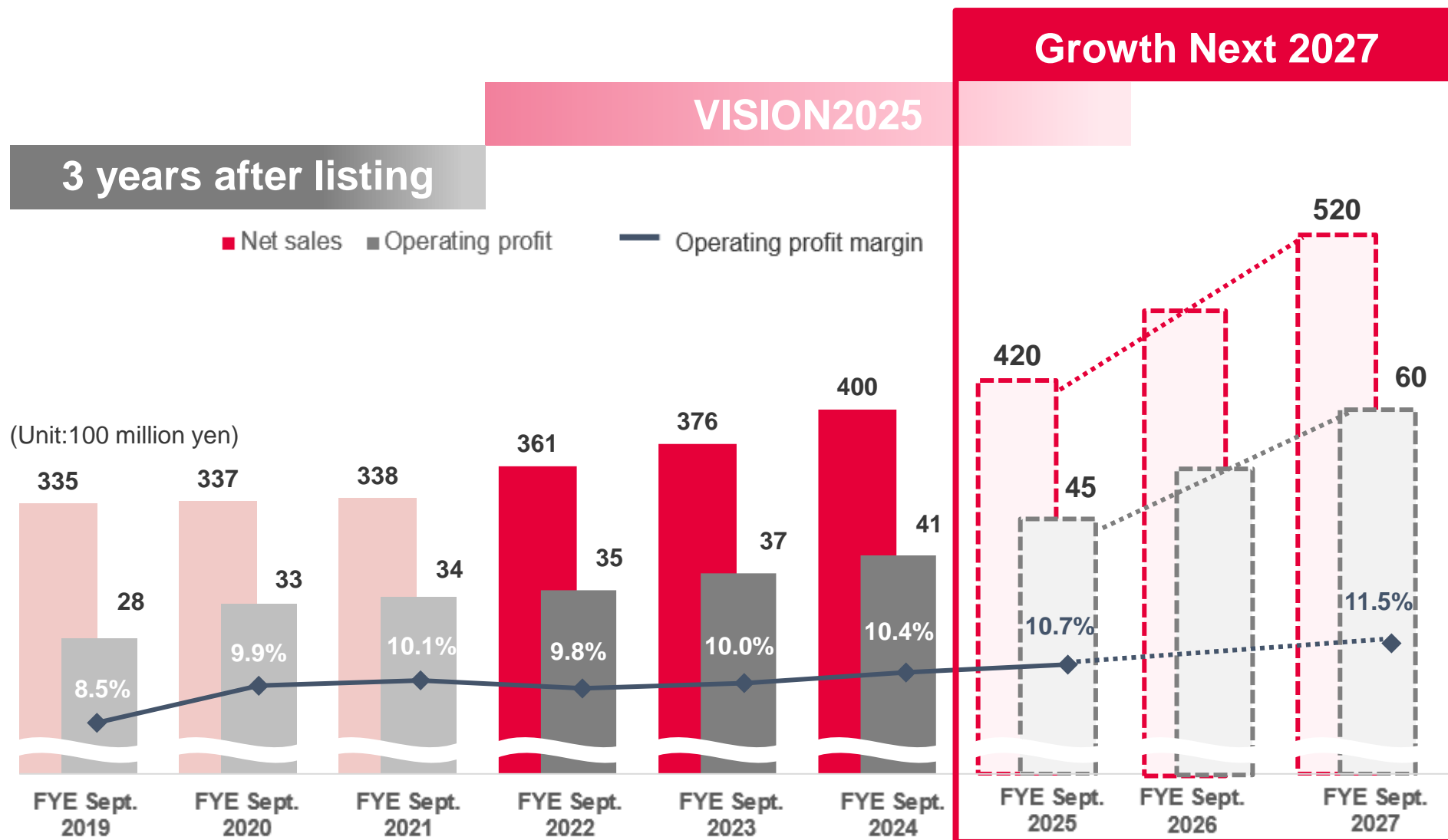
<Key management indicators>

(Unit:100 million yen)

	FYE Sept. 2024	FYE Sept. 2025	FYE Sept. 2027	CAGR (FYE Sept. 2024 – FYE Sept. 2027)
(1) Healthcare net sales	57.5 (Composition ratio: 14%)	65	120 (Composition ratio: 23%)	+27.8%
(2) Overseas net sales	-0.7 (Composition ratio: -%)	1	20 (Composition ratio: 4%)	—
(3) Overseas and domestic EC net sales ^{*1}	83.3 (Composition ratio: 21%)	91	166 (Composition ratio: 32%)	+25.8%
(4) Developing brands net sales ^{*2}	98.3 (Composition ratio: 25%)	112	190 (Composition ratio: 37%)	+24.5%

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

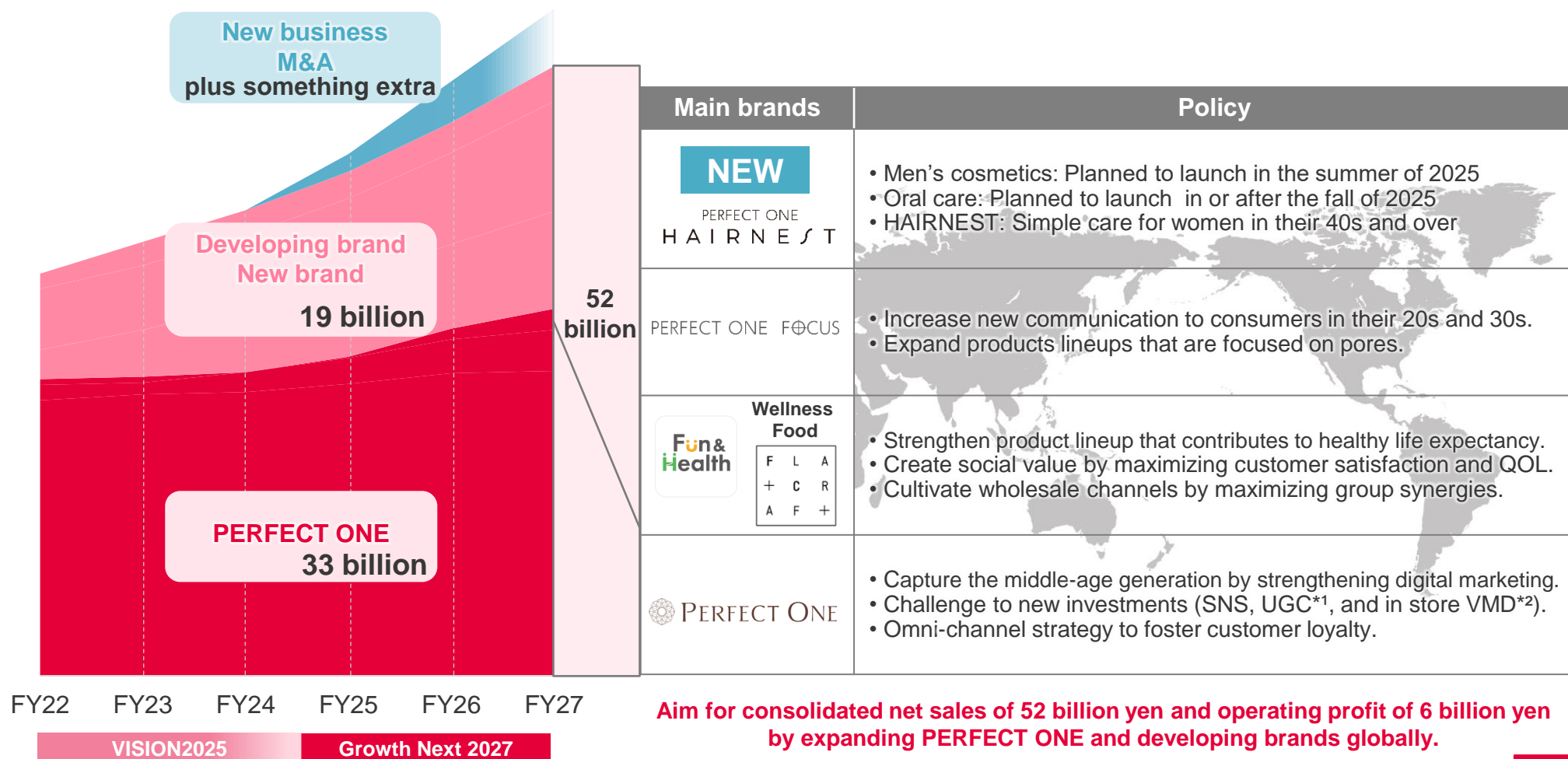
Further Growth Targets under Growth Next 2027



Growth Next 2027_Growth Strategy

Company-wide strategy

- Developing brand and new Business to create third pillar with “Trend × VOC × Unique Value”, focusing on “FOCUS” and “F&H”.
- Enhance PERFECT ONE’s brand power, from speedy development to expanding market share through Data Base marketing.



*1: User Generated Contents mean contents made by users

*2: Visual Merchandising means a visually appealing sales strategy

Growth Next 2027_Key Activities

Headed for “Growth Next 2027”

Redefine our strengths

- Data Base marketing
- Subscription business model

Expand growth in areas group synergies can be maximized.

Toward the new Medium-Term Management Plan for further accelerating business based on a new growth strategy.

Growth Next 2027_Key Activities

(1)

Expand the targets of PERFECT ONE by capturing the middle-age generation.

- Grow PERFECT ONE brand into one that penetrates all generations.
- Evolve into a total beauty brand by expanding products lineup from skin care to oral care and body care.

(2)

Maximize LTV with new business and new products by strengthening Data Base marketing.

- Expanding contacts with new customers, taking up the challenge of all directions in the fields of beauty and health, thereby contributing to maximizing customer satisfaction and QOL.
- Accelerate new business and new product development that give a good fit to new customers through Data Base marketing.

(3)

Expand the global growth strategy centered on the U.S.

- Expand new markets starting from the U.S. for further growth
- Enhance PERFECT ONE’s brand power globally.
- Start feasibility studies in EC malls and cross-border EC in Asia.

(4)



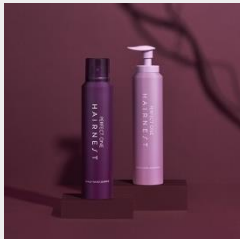
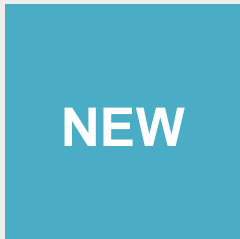



Accelerate business growth by expanding new products lineup and services.

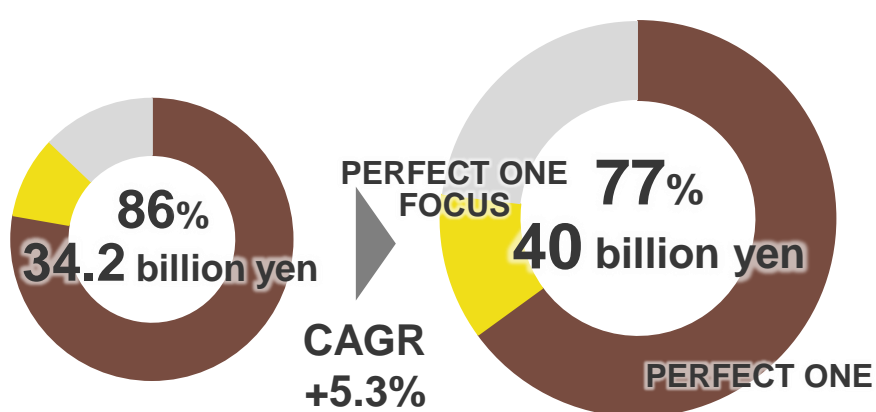
- Roll out new products and services tailored to each generation and life stage.
- Further drive methods to improve development speed and hit rates.

Business Portfolio_Overview

Cosmetics

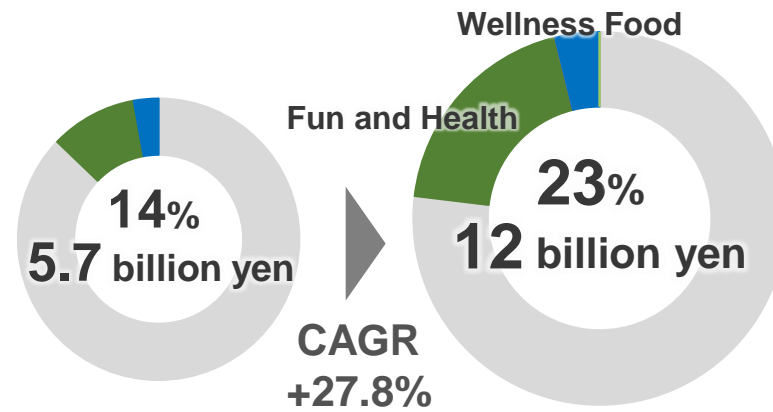
Healthcare

<p>PERFECT ONE (Age 40s or older)</p>  <p>Unlock Your Skin's Natural Beauty with Simple Skincare.</p>	<p>PERFECT ONE FOCUS (10s to 30s)</p>  <p>Unleash your unique beauty with carefully selected botanical ingredients from around the world.</p>	<p>PERFECT ONE HAIRNEST (Age 40s or older)</p>  <p>Simple hair care for adult women, focusing on the power of medical plant roots.</p>	<p>Men's cosmetics <u>Planned to launch in the summer of 2025</u> (All generations)</p>  <p>Smart, science-based care that changes the destiny of men's skin.</p>	<p>Fun&Health (Age 40s or older)</p>  <p>With a source of energy, for a beautiful smile.</p>	<p>Wellness Food (All generations)</p>  <p>Start a next generation lifestyle.</p>	<p>Oral care <u>Planned to launch in or after the fall of 2025</u> (All generations)</p>  <p>Oral anti-aging care that solves problems about the appearance of your mouth and makes you smile and feel confident.</p>
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FYE Sept. 2024

FYE Sept. 2027



FYE Sept. 2024

FYE Sept. 2027

Brand Vision

PERFECT ONE



“All-in-one beauty brand” makes the wish for beauty of women around the world come true

- To a total beauty brand that continues the pursuit of beauty.
- Expand the lineups of bath and body care, hand and foot care, etc.

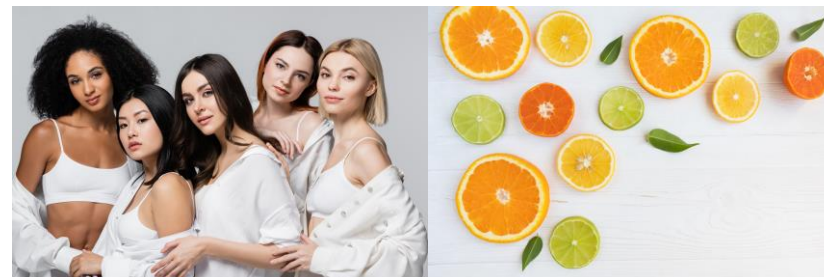
Fun and Health



Healthcare brand that addresses customers’ concerns and enriches their lives

- Product development that contributes to a *healthy life expectancy* in this century of the lifespan
- Resolve concerns about exercise, sleep, obesity, etc. for a beautiful smile.

FOCUS



Global cosmetics brand focusing on pore problems for customers in their 20s and 30s

- Become the global No. 1 brand for pore care for 20s and 30s.
- Expand products lineup that follow balms with advanced technology and trends.

Wellness Food



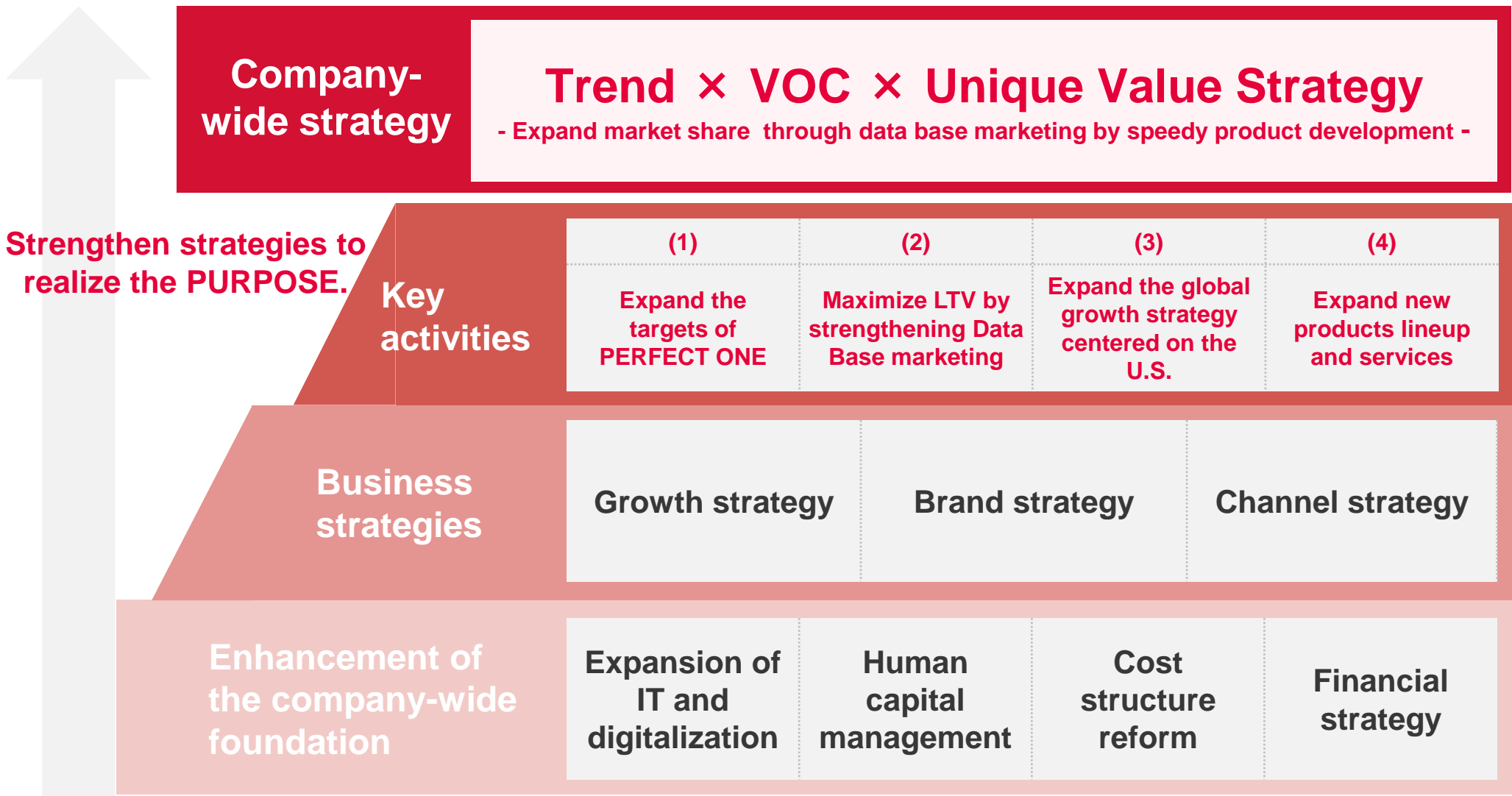
Wellness food brand that proposes new lifestyles with a higher level of health

- Product development that pursues linkage and affinity with the fields of “beauty and health.”
- Capture “Trend x VOC”, bringing a world view that is one step ahead to the dining table.

Growth Next 2027_Strategy

Growth Next 2027_Strategy Overview

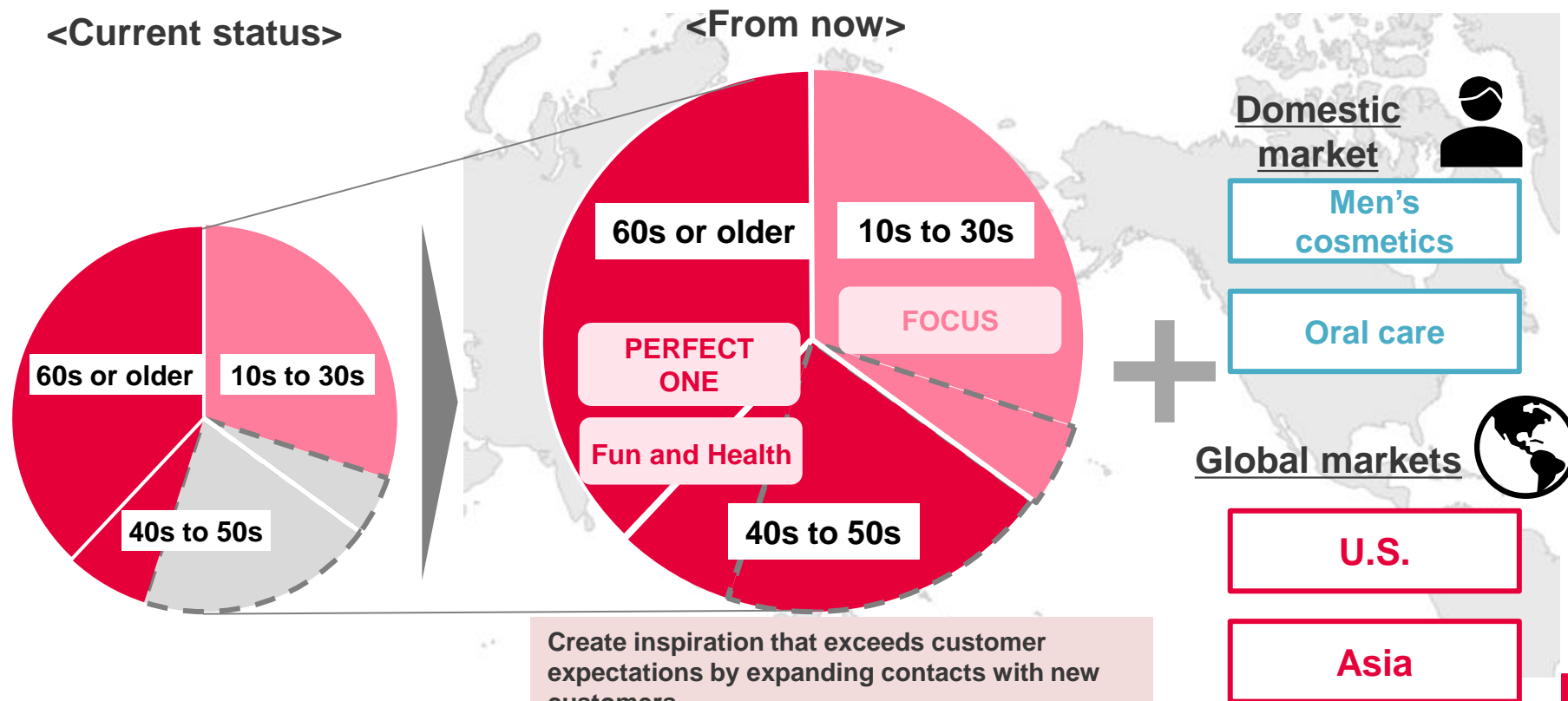
Toward maximization of sustainable growth and corporate value through integrated efforts based on PURPOSE.



Key Activity (1)

Expand the targets of PERFECT ONE by capturing the middle-age generation.

Items	Key activities
Expansion of customer portfolios	<ul style="list-style-type: none"> • Expand the targets of PERFECT ONE by capturing the middle-age generation. • Evolve into a total beauty brand by expanding products lineup from skin care to oral care and body care.
Increase in unit price Maximization of LTV	<ul style="list-style-type: none"> • Maximize LTV with new business and new products by utilizing of Data Base and CRM. • Challenging to expand into all directions of the beauty and health field, and contributing to maximize customer satisfaction and QOL.



Channel Strategy (Mail Order, EC and Wholesale)

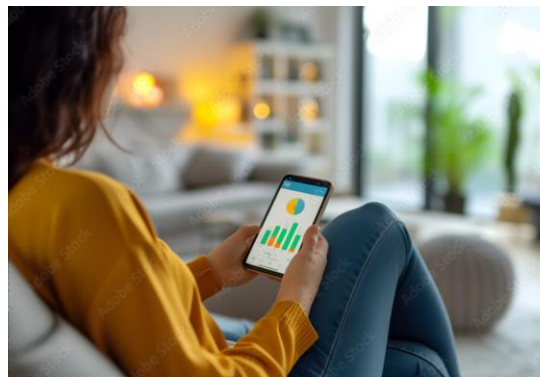
Mail order



Maximize LTV by changing investment strategy that meets media and fostering customer loyalty

- Building new acquisition models through various media.
- Communication renovation and customer value creation

EC



Strengthening of new customer through media mix and designing of optimum CRM by digital tools

- Awareness, expansion, and increase of UGC through social media
- Data Base expansion for 40s and strengthening digital approach

Wholesale



New shopping experience utilizing in-store VMD and retail media

- Strategic creation of new and repeat customers through digital measures
- Enhancing global brand loyalty by capturing inbound demand

Aim at building an omni-channel for the customer inspiration

Realizing seamless purchase experiences that is unified as a brand, based on communication tailored to individual customer needs.

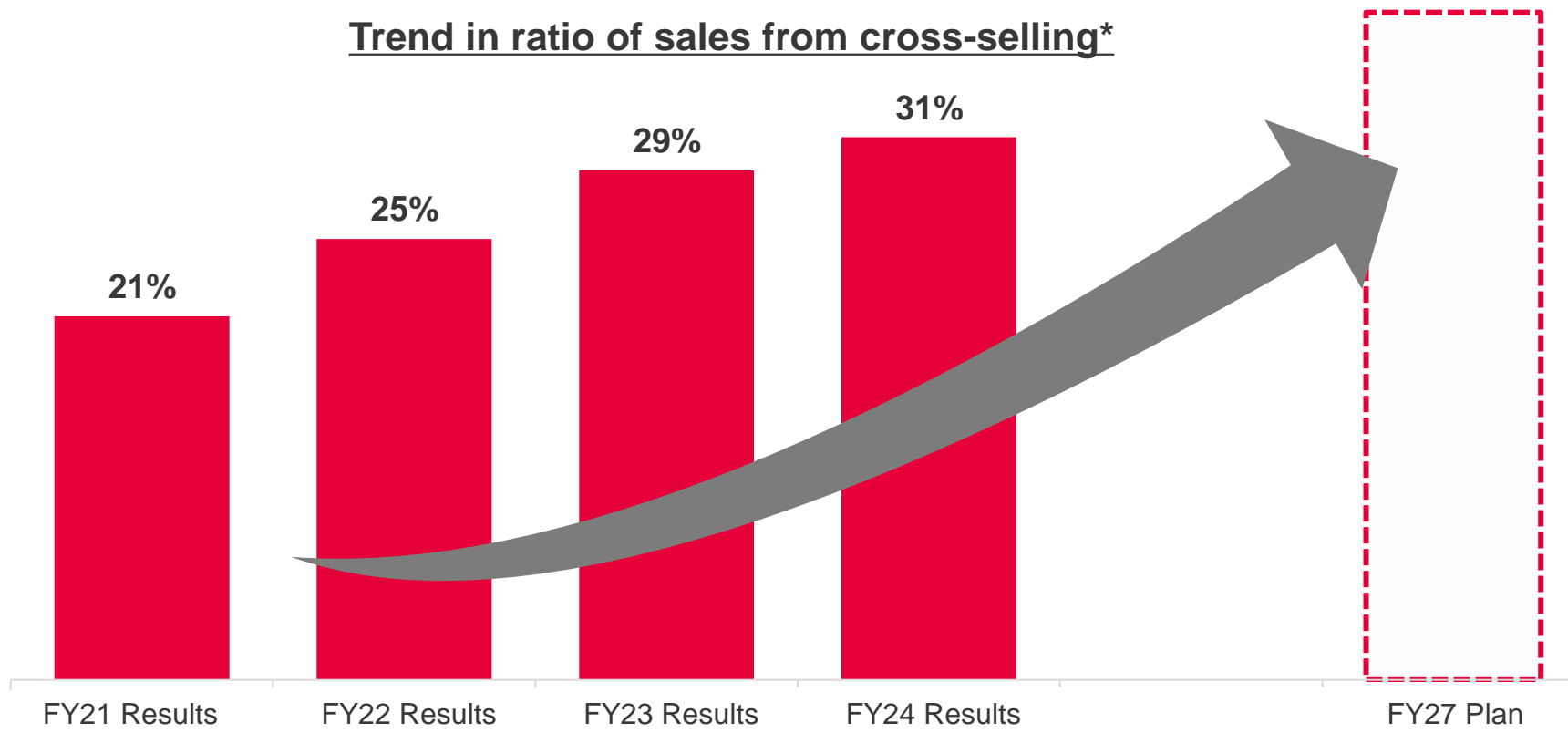
Key Activity (2)

Maximize LTV with new business and new products by strengthening Data Base marketing.

Cross-selling increased continuously by the 3-STEP strategy as a new sales method during the previous Medium-Term Management Plan.

Toward expanding sales by cross-selling with new brands, we will continue to strengthen Data Base marketing.

Trend in ratio of sales from cross-selling*



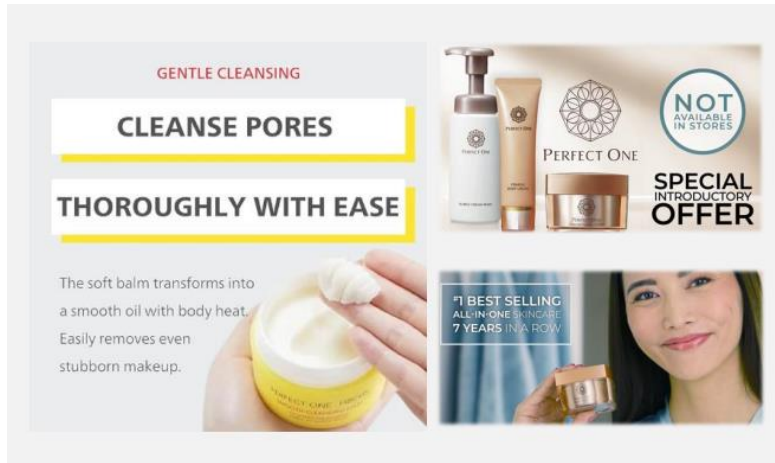
*: Trend in the ratio of subscribers who buy multiple items to the number of cosmetics subscribers

Key Activity (3)

Expand the global growth strategy centered on the U.S.

US

Asia



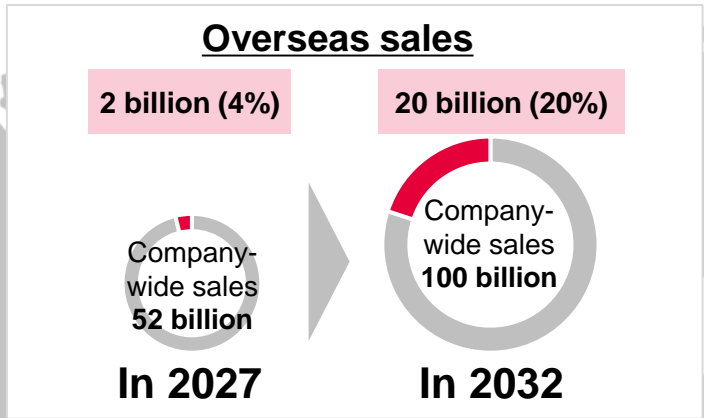
Building of the foundation for enhancing the brand power of “PERFECT ONE” and “FOCUS” on a global scale.

- Leading PERFECT ONE and FOCUS to make the untapped “all-in-one” market in the U.S the global standard.
- Establish marketing strategy in the U.S. to become a global pioneer in the mail-order as main business.

Build strong partnerships with local company to create and speedily expand seeds of growth.

- Establish “localization × multinational expansion strategies and tactics” and start feasibility studies in EC malls and cross-border EC.
- Roll out the strategy horizontally and reinforce resources directed to the Asian region by leveraging Data Base marketing.

Global Growth Strategy



U.S.
Female population of 170 million people

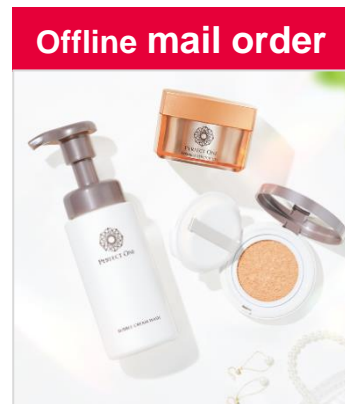
- The world's largest cosmetics market.
- Large TV and Web advertising market scale and strong affinity with our company.
- With high percentage in aged 30 or under, the roll-out of FOCUS can be expected.

Asia
 Female population of 720 million people



Japan
 Female population of 60 million people

ASEAN
 Female population of 230 million people



Key Activity (4)

Accelerate business growth by expanding new products lineup and services.

Build a structure for new products and services by investing more in human resources and IT.



Develop hit products

Improve product development accuracy using AI to capture “Trend × VOC × Unique Value.”



Shorten development lead time

Build a system and mechanism that enables speedy product development to maximize customer satisfaction.



Strengthen R&D

Create original value through patent acquisitions and raw material development.



Strengthen customer loyalty

Renovate customer services beyond categories and channels.

Enhancement of the company-wide foundation

Expansion of IT and digitalization



- Maximize the asset value of the customer database, centered on digital marketing.
- Build data analysis infrastructure to maximize marketing power × product development capabilities.

Human capital management



- Visualize human resource portfolios through HR tech and create a place to demonstrate employees' full potential.
- Realize human capital management through “personnel system,” “human capital creation,” and “well-being management.”

Cost structure reform



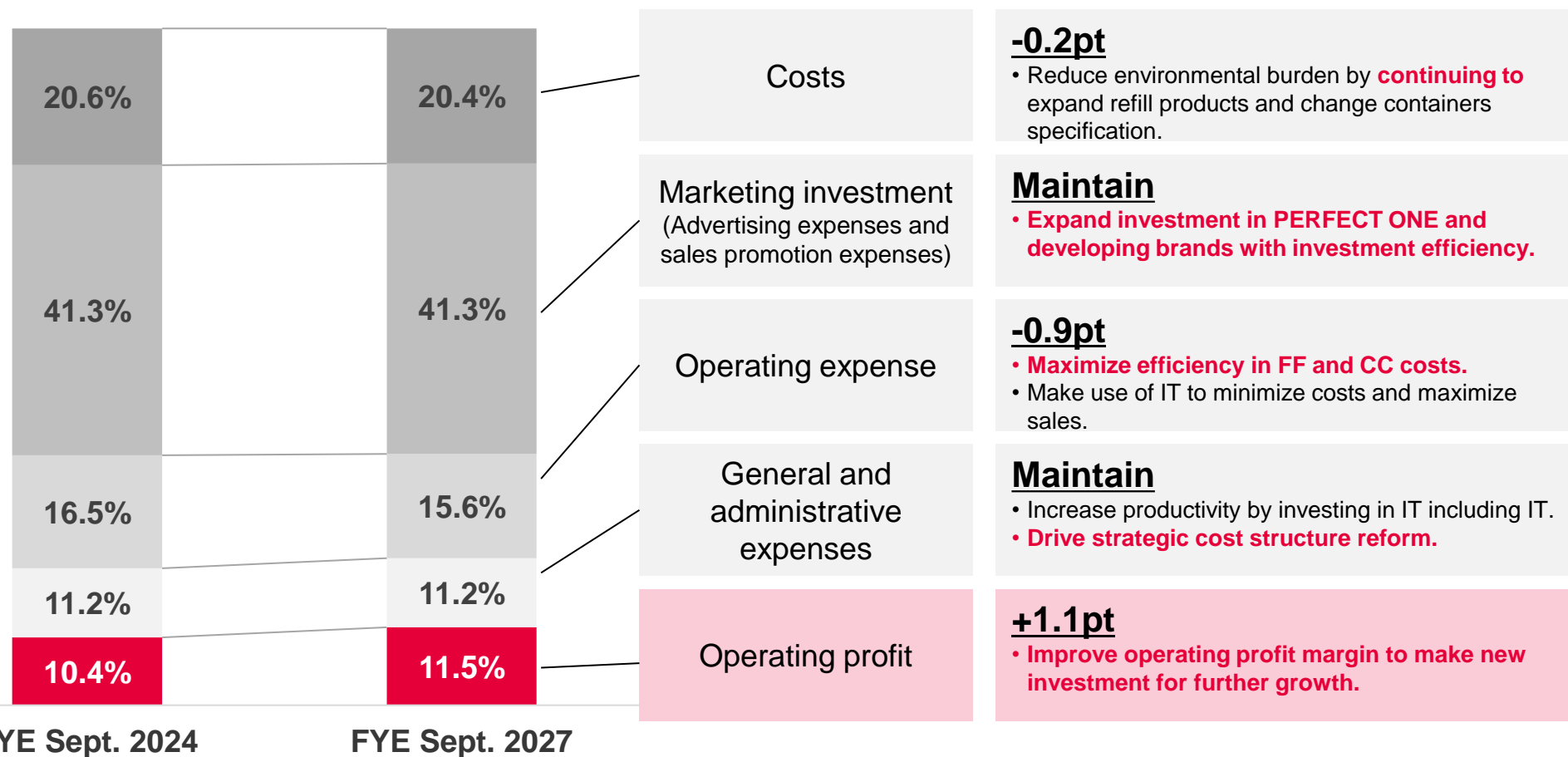
- Reduce and raise efficiency strategically and continuously for operating expense such as costs, CC and FF.
- Improve labor productivity by utilizing IT tools such as IT.

Enhancement of the company-wide foundation

Cost structure reform

Secure funds for sustainable growth through strategic cost structure reforms.

Solve social issues by conserving resources and energy such as expanding refill products and optimizing delivery methods.



Enhancement of the company-wide foundation

Financial strategy – Considering capital efficiency

Set the ROE target for FYE Sept. 2027 at 15.0% or more by raising operating profit margin through improving operating expense efficiency.

Aim for efficiency and leverage above current levels.

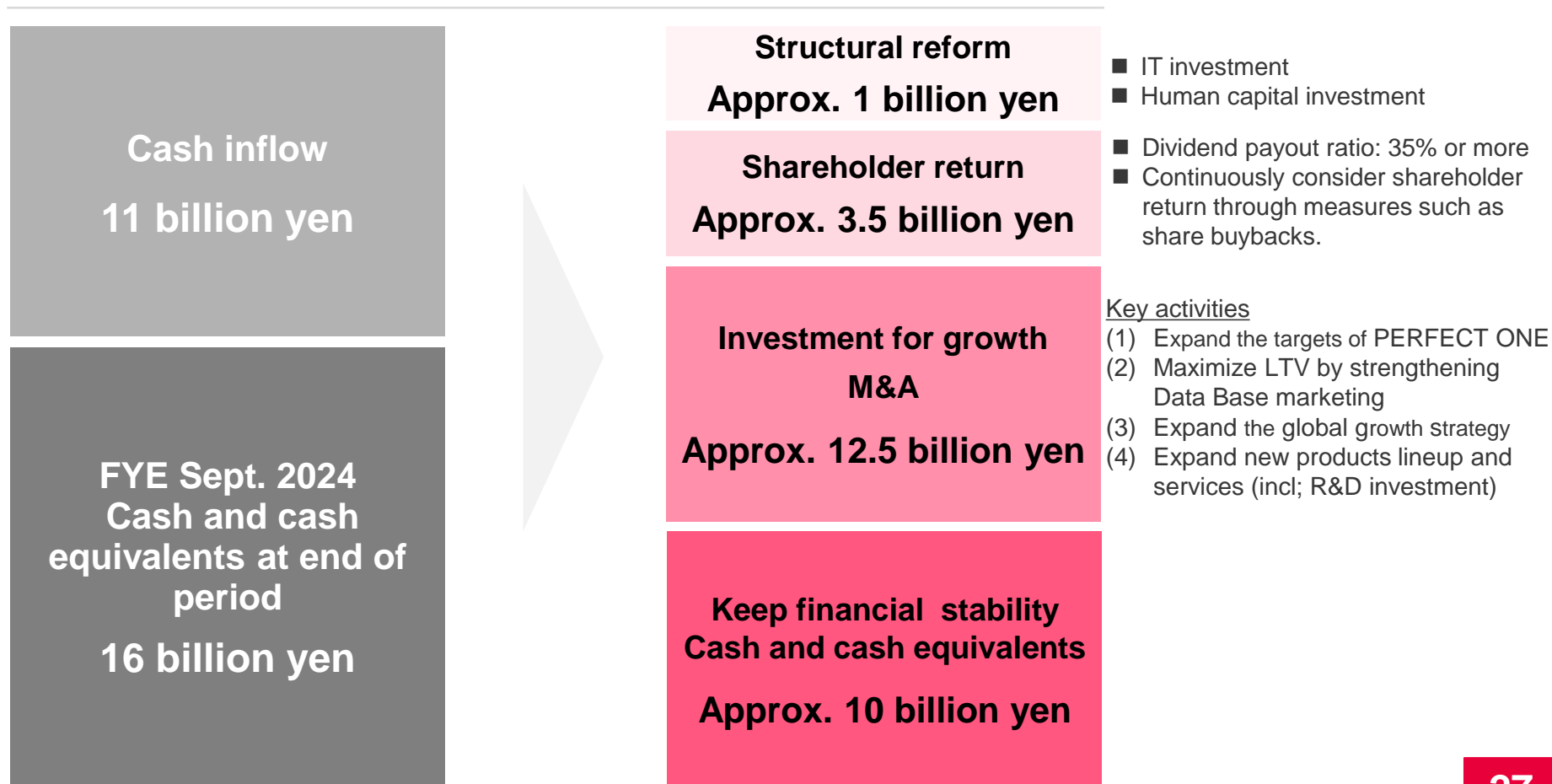
	FYE Sept. 2024		FYE Sept. 2027
ROE	13.6%		15.0% or more
Profitability Profit ÷ Net Sales	7.0% Operating profit margin: 10.4%	<ul style="list-style-type: none"> ■ Growth strategy ■ Cost structure reform 	8.0% or more Operating profit margin: 11.5% or more
Efficiency Net sales ÷ Total assets	1.5 times Product turnover: 19.7 Non-current asset turnover: 9.6	<ul style="list-style-type: none"> ■ Inventory optimization 	1.5 times or more Product turnover: 19.7 or more Non-current asset turnover: 13.8 or more
Leverage Total assets ÷ Shareholders' equity	1.3 times Dividend payout ratio: 34.7% (Including dividend payout ratio)	<ul style="list-style-type: none"> ■ Increase in dividend payout ratio 	1.2 times or more Dividend payout ratio: 35% or more

Financial strategy – Aggressive growth investment with financial stability

Inject generated cash into investment for growth to achieve the mid-to-long term targets.

Establish a team for M&A directly under management and realize projects with strong affinity for our strengths.

27 billion (Cumulative total of FYE Sept. 2025 to FYE Sept. 2027)



Financial strategy – Strengthen shareholder return

Changed the dividend policy to improve capital efficiency and strengthening shareholder return.

<Before change>

We distribute profit sustainably and stably in line with financial results after securing the internal reserves necessary for making investment for future business expansion and keeping financial stability.



<After change> Dividend policy

We distribute profits continuously and stably in line with financial results, based on a consolidated dividend payout ratio of 35% or more, after securing the internal reserves necessary for aggressive investment for future business expansion.



Initiatives for Sustainability

Basic Sustainability Policy

Limitless Future

Under the PURPOSE of “Beyond innovation, for a beautiful smile!,” our Group aims to resolve issues surrounding the global environment and society, and contribute to the realization of a sustainable society together with our stakeholders.

In 2030
Reduction of consumption of resources
by 30%
 (Compared with 2022)
 Adoption of environmentally friendly containers and efficiency of promotional materials

In 2050
Realization of carbon neutrality

Promotion of well-being
management
 Improvement of employee satisfaction

In 2030
Ratio of female managers:
30% or more

To close

Under the Medium-Term Management Plan “Growth Next 2027,” we will build our foundation to become a company that will keep prospering for 100 years.

To realize the PURPOSE “Beyond innovation, for a beautiful smile!” we will make a further leap forward by leveraging our strengths.



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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新日本製薬

美と健康の「新しい」で、笑顔あふれる毎日をつくる。