



Consolidated Financial Results
for the Six Months Ended March 31, 2024
[Japanese GAAP]

May 13, 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 filing the quarterly securities report: May 15, 2024
Scheduled date of commencing dividend payments: —
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly 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 Six Months Ended March 31, 2024 (October 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (Cumulative)

(% indicates the change 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	%
Six months ended March 31, 2024	19,656	7.7	2,076	41.5	2,083	42.0	1,402	43.1
Six months ended March 31, 2023	18,250	1.4	1,467	(12.5)	1,467	(13.5)	980	(14.0)

(Note) Comprehensive income Six months ended March 31, 2024 1,396 million yen (42.5%)
Six months ended March 31, 2023 979 million yen (-13.8%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2024	65.08	64.86
Six months ended March 31, 2023	45.61	45.37

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2024	25,672	20,368	79.0
As of September 30, 2023	25,501	19,661	76.5

(Reference) Equity As of March 31, 2024 20,272 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)			—	35.00	35.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024 (October 1, 2023 to September 30, 2024)
 (% 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
	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 to subsidiaries during the first six months of the fiscal year under review (transfers of specific subsidiaries with changes in the scope of consolidation) 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 March 31, 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 March 31, 2024	292,473 shares	As of September 30, 2023	343,110 shares
3) Average number of shares during the period (cumulative)	Six months ended March 31, 2024	21,545,263 shares	Six months ended March 31, 2023	21,490,705 shares

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or auditing firms.

* 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 Group plans to stream online the financial results briefing for institutional investors and analysts on Monday, May 13, 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. Qualitative Information for Quarterly Financial Results for the Period Under Review

(1) Explanation on Business Results

During the first six months of the fiscal year under review, the environment surrounding Japan remained uncertain mainly due to a global surge in prices of raw materials and energy, foreign exchange trends, and the impact of rising prices outpacing wage hikes although economic and social activities returned to normal and inbound demand recovered.

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, domestic sales of PERFECT ONE, our cosmetics merchandise, excluding the impact of overseas sales, etc. (*1), posted an increase from the previous year, but brand sales declined. Thanks to the advertising investment strategy with an emphasis placed on lifetime value (LTV), and the CRM strategy based on the 3-STEP skincare concept of “remove, moisturize and attract,” PERFECT ONE All-in-One Gel series took the No.1 spot in domestic sales in the highly competitive all-in-one market for eight consecutive years (*2). As for PERFECT ONE FOCUS, which has been marketed for the younger generation particularly those in their 20s, not only did main merchandise keep expanding sales but PERFECT ONE FOCUS Smooth Cleansing Balm Deep Black, which was put on the market in a limited amount in November, also boosted the sales expansion, resulting in faster growth of the brand. Besides, a large-scale measure at EC mall, a new commercial, and campaigns were carried out, contributing to the brand posting increased revenue. In healthcare, sales of “*W no Kenko Aojiru* (Doubly Healthy Green Drink),” which is the main merchandise of Fun and Health and a food with functional claims, remained strong, and EC sales of Wellness Food grew steadily.

In wholesale, an expansion of the number of drug stores distributing PERFECT ONE, and steady sales of MCT Oil and Linseed Oil, which both were main merchandise in Wellness Food, contributed to an increase in net sales.

In overseas sales, net sales declined significantly as a result of revising the existing business strategies in East Asia and ASEAN with the aim of putting an emphasis on their investment efficiency. In the U.S. market, where the Group had established a subsidiary in the previous fiscal year, preparations for the full-scale launch of PERFECT ONE and PERFECT ONE FOCUS had been made steadily, and some of the merchandise was launched on some channels.

(*1) Excluding net sales of PERFECT ONE that were overseas sales and direct store sales.

(*2) Including PERFECT ONE FOCUS series: Fuji Keizai “Cosmetics Marketing Handbook 2017-2024”
(Moisture and all-in-one sections / 2016-2023 results of manufacturer, brand share)

As a result of the foregoing, for the first six months of the fiscal year under review, net sales were 19,656 million yen (up 7.7% Year-on-year), operating profit came to 2,076 million yen (up 41.5% Year-on-year), ordinary profit was 2,083 million yen (up 42.0% Year-on-year) and profit attributable to owners of parent posted 1,402 million yen (up 43.1% Year-on-year).

The Group’s business segments consist of Mail Order, Wholesale and Overseas Sales of cosmetics and merchandise 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) Explanation on Financial Position

Total assets as of the end of the second quarter under review were 25,672 million yen, an increase of 170 million yen from the end of the previous fiscal year. This was mainly due to an increase of 129 million yen in cash and deposits and an increase of 146 million yen in accounts receivable-trade despite a decrease of 97 million yen in investments and other assets (deferred tax assets, etc.).

Liabilities totaled 5,304 million yen, a decrease of 536 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 447 million yen in accounts payable-trade and a decrease of 99 million yen in long-term borrowings (including the current portion of long-term borrowings).

Net assets totaled 20,368 million yen, an increase of 706 million yen from the end of the previous fiscal year. This was mainly due to an increase of 692 million yen in retained earnings.

(3) Explanation on Consolidated Financial Results Forecast and Other Forward-Looking Information

The forecast for the fiscal year ending September 2024 has not changed from the forecast announced in “Consolidated Financial Results for the Fiscal Year Ended September 30, 2023” dated November 7, 2023.

Financial results and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable at the date of publication of this document. Actual results, etc. may differ significantly from these forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2023)	Second quarter of the current fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	15,518	15,648
Accounts receivable - trade	3,171	3,317
Inventories	2,092	2,203
Other	512	445
Allowance for doubtful accounts	(39)	(39)
Total current assets	21,254	21,574
Non-current assets		
Property, plant and equipment	1,983	1,945
Intangible assets		
Goodwill	818	765
Other	500	537
Total intangible assets	1,318	1,303
Investments and other assets	945	848
Total non-current assets	4,247	4,097
Total assets	25,501	25,672

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2023)	Second quarter of the current fiscal year (As of March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	946	498
Current portion of long-term borrowings	192	182
Accounts payable - other	2,423	2,501
Income taxes payable	754	697
Provision for bonuses	197	171
Other	569	579
Total current liabilities	5,083	4,631
Non-current liabilities		
Long-term borrowings	254	165
Retirement benefit liability	182	187
Other	320	319
Total non-current liabilities	757	673
Total liabilities	5,840	5,304
Net assets		
Shareholders' equity		
Share capital	4,158	4,158
Capital surplus	4,104	4,089
Retained earnings	11,885	12,578
Treasury shares	(647)	(552)
Total shareholders' equity	19,501	20,274
Accumulated other comprehensive income		
Foreign currency translation adjustment	—	(5)
Remeasurements of defined benefit plans	4	3
Total accumulated other comprehensive income	4	(1)
Share acquisition rights	155	95
Total net assets	19,661	20,368
Total liabilities and net assets	25,501	25,672

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Statement of Income
First six months of the fiscal year

(Unit: Million yen)

	First six months of the previous fiscal year (From October 1, 2022 to March 31, 2023)	First six months of the current fiscal year (From October 1, 2023 to March 31, 2024)
Net sales	18,250	19,656
Cost of sales	3,418	4,043
Gross profit	14,832	15,612
Selling, general and administrative expenses	13,365	13,536
Operating profit	1,467	2,076
Non-operating income		
Interest income	0	2
Dividend income	0	0
Rental income	5	6
Gain on sale of non-current assets	6	—
Other	4	7
Total non-operating income	17	18
Non-operating expenses		
Interest expenses	2	0
Foreign exchange losses	1	—
Loss on valuation of investment securities	12	5
Other	0	5
Total non-operating expenses	17	11
Ordinary profit	1,467	2,083
Extraordinary income		
Reversal of allowance for investment loss	0	6
Total extraordinary income	0	6
Profit before income taxes	1,468	2,090
Income taxes - current	429	628
Income taxes - deferred	58	59
Total income taxes	488	688
Profit	980	1,402
Profit attributable to owners of parent	980	1,402

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

(Unit: Million yen)

	First six months of the previous fiscal year (From October 1, 2022 to March 31, 2023)	First six months of the current fiscal year (From October 1, 2023 to March 31, 2024)
Profit	980	1,402
Other comprehensive income		
Foreign currency translation adjustment	—	(5)
Remeasurements of defined benefit plans	(0)	(0)
Total other comprehensive income	(0)	(5)
Comprehensive income	979	1,396
(Breakdown)		
Comprehensive income attributable to owners of parent	979	1,396

(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

(Segment information, etc.)

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