



Consolidated Financial Results for the Nine Months Ended June 30, 2021 [Japanese GAAP]

August 6, 2021

Company name: Shinnihonseiyaku Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
 Code number: 4931 URL: <https://corporate.shinnihonseiyaku.co.jp>
 Representative: Takahiro Goto, President & Representative Director and Chief Executive Officer
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 Scheduled date of filing the quarterly securities report: August 11, 2021
 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 of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended June 30, 2021 (October 1, 2020 to June 30, 2021)

(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	%
Nine months ended June 30, 2021	25,289	—	2,400	—	2,419	—	1,624	—
Nine months ended June 30, 2020	—	—	—	—	—	—	—	—

(Note) Comprehensive income Nine months ended June 30, 2021 1,624 million yen (-%)
 Nine months ended June 30, 2020 - million yen (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2021	75.24	74.50
Nine months ended June 30, 2020	—	—

(Note) As the Company began preparing quarterly consolidated financial statements in the third quarter of the fiscal year ending September 2021, the figures for the third quarter of the fiscal year ended September 2020 and the rate of change from the same quarter of the previous year are not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2021	20,905	15,976	75.7
As of September 30, 2020	—	—	—

(Reference) Equity: Nine months ended June 30, 2021 15,820 million yen
 As of September 30, 2020 - million yen

(Note) As the Company began preparing quarterly consolidated financial statements in the third quarter of the fiscal year ending September 2021, the figures for the fiscal year ended September 2020 are not presented.

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, 2020	—	0.00	—	30.00	30.00
Fiscal year ending September 30, 2021	—	0.00			
Fiscal year ending September 30, 2021 (Forecast)				32.50	32.50

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2021 (October 1, 2020 to September 30, 2021)

(% indicates 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	35,000	—	3,500	—	3,460	—	2,300	—	106.14

(Note) 1. Revision from the most recently announced financial results forecast: Yes

2. As the Company began preparing quarterly consolidated financial statements in the third quarter of the fiscal year ending September 2021, the rate of change from the previous period is not presented.

* Notes

- (1) Changes in significant subsidiaries during the first nine months of the current fiscal year: Yes
Two newly included companies (Company name) Flatcraft, Inc.
Flatcraft Preparatory, Inc.

Excluded - company (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, 2021	21,855,200 shares	As of September 30, 2020	21,611,300 shares
2) Total number of treasury shares at the end of the period	As of June 30, 2021	198,885 shares	As of September 30, 2020	190,140 shares
3) Average number of shares during the period (cumulative)	Nine months ended June 30, 2021	21,596,658 shares	Nine months ended June 30, 2020	21,583,680 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

Financial results forecasts and other forward-looking statements herein are based on currently available information and certain assumptions that the Company deems as 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 Shinnihonseiyaku Group plans to deliver an online financial results briefing for institutional investors and analysts on Friday, August 6, 2021. The supplementary briefing material used in this briefing is disclosed today on TDnet as well as 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 nine months of the current fiscal year, the Japanese economy continued to face difficult conditions due to the impact of COVID-19, and economic activities and personal consumption have been significantly affected. With concerns about a resurgence in infections caused primarily by virus variants, the outlook for the economy is expected to remain uncertain although a moderate recovery in economic activities is likely as progress is made with vaccinations and measures are taken to prevent the spread of infections.

Under such a market environment, during the first nine months of the current fiscal year, various measures in our mainstay mail order business progressed favorably. However, we were affected by a decrease in the number of customers visiting our direct stores and other stores that handle our products amid the prolonged COVID-19 pandemic.

In the Mail Order segment, the up-selling of "PERFECT ONE Wrinkle Stretch Gel" to existing customers continued to be strong as in the second quarter. In addition, cross-selling of seasonal products, mainly UV care products, remained favorable thanks to aggressive product proposals by call center communicators, and the order closing rate to subscribers continues to be at a record-high level. As a result, sales in the Mail Order segment have been progressing above expectations.

In the Direct Store Sales/Wholesale segment, while the business segment environment continues to be harsh, we are working to increase brand awareness and acquire customers. We are doing this by holding pop-up events at six locations nationwide in conjunction with the launch of the second series of brand commercials featuring Kento Nakajima as the commercial character, and implementing store-only campaigns.

In the Overseas Sales segment, as we engaged in business activities while closely monitoring the status of economic activities in each region, sales at "618," one of the two major shopping events at EC mall in China along with Double 11 were favorable, and the result was 1.8 times higher than the level of the previous year, which contributed to growth in overseas sales.

In the Smart Health Care Business, we have opened an online community named "Karadamamoru Community" to think about health in the era of COVID-19 together with participants as part of our effort to expand points of contact with customers.

As a result of the foregoing, for the first nine months of the current fiscal year, net sales were 25,289 million yen, operating profit was 2,400 million yen, ordinary profit was 2,419 million yen, and profit attributable to owners of parent was 1,624 million yen.

As the Company began preparing quarterly consolidated financial statements in the third quarter of the fiscal year ending September 2021, the rate of change from the same period of the previous fiscal year is not presented.

The Group's business segments consist of Mail Order, Direct Store Sales/Wholesale, and Overseas Sales of cosmetics and merchandise related to healthcare. As the ratio of Direct Store Sales/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 third quarter of the current fiscal year were 20,905 million yen. The main components were cash and deposits of 11,535 million yen, accounts receivable-trade of 2,925 million yen, property, plant and equipment of 2,184 million yen, and intangible assets of 1,472 million yen.

Total liabilities as of the end of the third quarter of the current fiscal year were 4,929 million yen. The main components were accounts payable-other of 2,079 million yen, accounts payable-trade of 480 million yen, and income taxes payable of 331 million yen.

Total net assets as of the end of the third quarter of the current fiscal year were 15,976 million yen. The main components were share capital of 4,158 million yen, capital surplus of 4,150 million yen, and retained earnings of 7,839 million yen.

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

With regard to the consolidated financial results forecast for the fiscal year ending September 2021, in connection with the establishment of Flatcraft Preparatory Inc. and the acquisition of all shares of Flatcraft Inc. through Flatcraft Preparatory Inc., the Company announced today, on August 6, 2021, the "Notice on Transition to Consolidated Financial Results and Consolidated Financial Results Forecast."

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)

	Third quarter of the current fiscal year (As of June 30, 2021)
Assets	
Current assets	
Cash and deposits	11,535
Accounts receivable - trade	2,925
Merchandise	1,315
Other	611
Allowance for doubtful accounts	(93)
Total current assets	16,293
Non-current assets	
Property, plant and equipment	2,184
Intangible assets	
Goodwill	1,136
Other	335
Total intangible assets	1,472
Investments and other assets	955
Total non-current assets	4,611
Total assets	20,905

(Unit: Million yen)

Third quarter of the current fiscal year (As of June 30, 2021)	
Liabilities	
Current liabilities	
Accounts payable - trade	480
Current portion of long-term borrowings	173
Accounts payable - other	2,079
Income taxes payable	331
Provision for bonuses	122
Provision for point card certificates	214
Provision for sales returns	48
Other	290
Total current liabilities	3,740
Non-current liabilities	
Long-term borrowings	714
Retirement benefit liability	168
Other	304
Total non-current liabilities	1,188
Total liabilities	4,929
Net assets	
Shareholders' equity	
Share capital	4,158
Capital surplus	4,150
Retained earnings	7,839
Treasury shares	(329)
Total shareholders' equity	15,819
Accumulated other comprehensive income	
Remeasurements of defined benefit plans	0
Total accumulated other comprehensive income	0
Share acquisition rights	156
Total net assets	15,976
Total liabilities and net assets	20,905

(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 current fiscal year (From October 1, 2020 to June 30, 2021)
Net Sales	25,289
Cost of sales	3,893
Gross profit	21,395
Provision for sales returns	14
Gross profit - net	21,381
Selling, general and administrative expenses	18,981
Operating profit	2,400
Non-operating income	
Dividend income	42
Other	16
Total non-operating income	59
Non-operating expenses	
Foreign exchange losses	6
Loss on valuation of investment securities	27
Loss on retirement of non-current assets	4
Other	1
Total non-operating expenses	39
Ordinary profit	2,419
Extraordinary losses	
Provision of allowance for investment loss	37
Total extraordinary losses	37
Profit before income taxes	2,381
Income taxes - current	789
Income taxes - deferred	(32)
Total income taxes	757
Profit	1,624
Profit attributable to owners of parent	1,624

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

(Unit: Million yen)

	First nine months of the current fiscal year (From October 1, 2020 to June 30, 2021)
Profit	1,624
Comprehensive income	1,624
(Breakdown)	
Comprehensive income attributable to owners of parent	1,624

(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)

As a result of the issuance of 243,900 new shares through paid-in capital increase through third-party allotment (capital increase by third-party allotment in connection with offering by over-allotment) on December 23, 2020, share capital and capital surplus each increased by 332 million yen. As a result, share capital was 4,158 million yen and capital surplus was 4,150 million yen at the end of the third quarter under review.

(Segment information, etc.)

The Group's business segments consist of Mail Order, Direct Store Sales/Wholesale, and Overseas Sales of cosmetics and merchandise related to healthcare. As the ratio of Direct Store Sales/Wholesale and Overseas Sales to overall sales is insignificant, and their materiality as disclosed information is low, description by business segment has been omitted.

(Additional information)

(Abolition of the retirement benefits system for directors and other officers)

At the 32nd Ordinary General Meeting of Shareholders held on December 23, 2020, the Company passed a resolution to discontinue the retirement benefits system for directors and other officers. As a result, "Provision for retirement benefits for directors (and other officers)" was reduced in its entirety, and 172 million yen recorded in the account has been included in "Long-term accounts payable-other" in "Other" of non-current liabilities.