



# **Supplementary Briefing Material on Financial Results for the Third Quarter of the Fiscal Year Ending September 2021**

**August 6, 2021**

**Shinnihonseiyaku Co., Ltd.**

**Securities Code: 4931**

**First Section of the Tokyo Stock Exchange**

# Summary of Financial Results for the Third Quarter of the Fiscal Year Ending September 2021

\*The Company has shifted to consolidated financial results since the third quarter of the fiscal year ending September 2021.

## Net Sales

### Net Sales: **25,289 million yen** (down 1.1% year on year)

- In the cosmetics business, mail order sales progressed at a higher pace than those of the same period of the previous fiscal year and more than expected.  
(Up-selling and cross-selling went well, increasing the unit purchase price and the purchase frequency.)
- Overseas sales, particularly in China, maintained a good performance and increased significantly year on year.
- The market environment for our Direct store/Wholesale business continued to be harsh, and the healthcare business restrained advertising investment and posted lower earnings.

## Expenses/ Profit

### Operating Profit: **2,400 million yen** (down 6.0% year on year)

- Operating profit decreased year on year due to aggressive marketing investment, but progressed better than expected.
- Operating expenses were significantly reduced due to the progress in efficiency improvement measures.

## Growth Strategy

### Progress and New Strategy

- Rebranding the "PERFECT ONE" brand.
- Launching the new "PERFECT ONE FOCUS" skincare brand for the "minimum life" generation.
- Reinforcement of the healthcare business portfolio by making Flatcraft, Inc. a subsidiary.

- 1 Summary of Third Quarter Financial Results**
- 2 Plan for the Fiscal Year Ending September 2021**
- 3 Progress of Growth Strategy and New Strategy**
- 4 Initiatives for ESG/Selection of New Market Segment**

## **APPENDIX**

# **1. Summary of Third Quarter Financial Results**

# Summary of Third Quarter Financial Results

\*The Company has shifted to consolidated financial results since the third quarter of the fiscal year ending September 2021.

- In the cosmetics business, sales in the Mail Order segment increased year on year due to rises in the unit purchase price and the purchase frequency by subscribers in mail order sales.
- Sales in the healthcare business declined year on year due to restrained advertising investment.
- All types of profit turned out to be higher than expected, mainly as a result of reducing operating expenses.

(Unit: Million yen)

Items	<Reference> First nine months of FY ended Sept. 2020 (non-consolidated)	First nine months of FY ending Sept. 2021 (consolidated)	Year-on-year comparison	
			Changes	Changes (%)
Net Sales	25,573	25,289	-284	-1.1%
Cosmetics	23,542	23,686	+144	+0.6%
Healthcare	2,030	1,602	-428	-21.1%
Operating profit	2,552	2,400	-152	-6.0%
Ordinary profit	2,546	2,419	-126	-5.0%
Ordinary profit rate	10.0%	9.6%	-0.4pt	-
Profit (attributable to owners of parent)	1,593	1,624	+31	+2.0%

Prior-year ordinary profit is retroactively adjusted for changes in accounting policies.

# Summary of Third Quarter Financial Results - Supplemental Data

\*The Company has shifted to consolidated financial results since the third quarter of the fiscal year ending September 2021.

- In the mail order channel, despite lower sales in healthcare, sales of cosmetics increased year on year, exceeding expectations.
- Overseas sales, particularly in China, maintained a good performance and increased significantly year on year.
- Operating expenses fell 480 million yen year on year, thanks to the progress in efficiency improvement measures and the continuing declining trend in the number of calls received.

(Unit: Million yen)

Items	<Reference> First nine months of FY ended Sept. 2020 (non- consolidated)	First nine months of FY ending Sept. 2021 (consolidated)	Year-on-year comparison	
			Changes	Changes (%)

## <Sales by channel>

Mail order	23,540	23,291	-248	-1.1%
Direct store/Wholesale	1,546	1,329	-216	-14.0%
Overseas	487	667	+180	+37.0%

## <Overseas and domestic EC sales>

Overseas and domestic EC sales	2,539	2,989	+449	+17.7%
-----------------------------------	-------	-------	------	--------

## <Marketing investment>

Advertising expenses	7,643	7,808	+164	+2.2%
----------------------	-------	-------	------	-------

## <Operating expenses>

FF cost*	3,200	2,969	-231	-7.2%
Call center cost	2,219	1,966	-252	-11.4%

\*: FF cost = Order fulfillment cost

# Summary of Third Quarter Financial Results - Operating Profit Change Factor Analysis

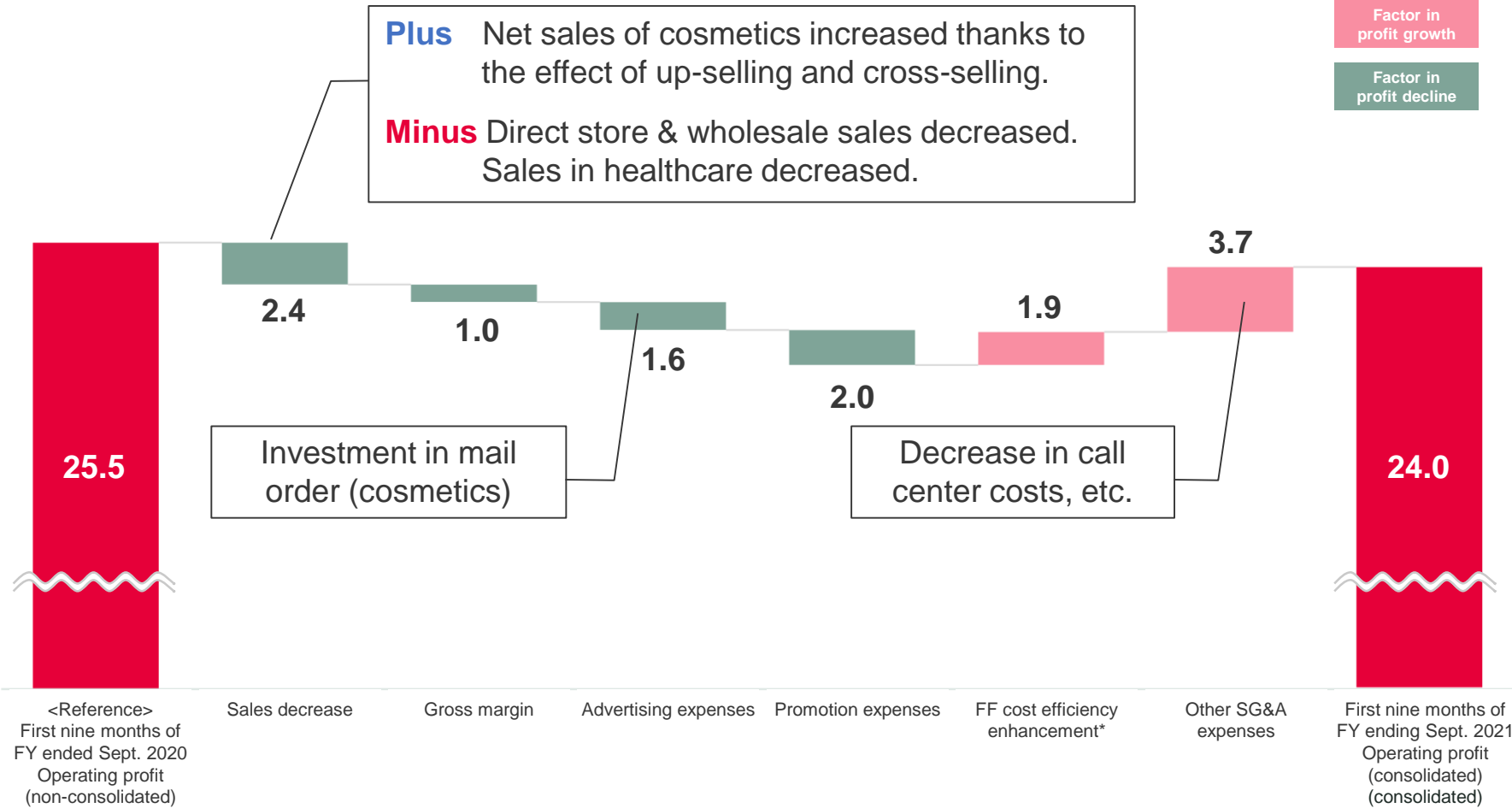
\*The Company has shifted to consolidated financial results since the third quarter of the fiscal year ending September 2021.

- Operating profit decreased year on year due to marketing expenses spent as growth investment.
- Operating expenses were significantly reduced due to the progress in efficiency improvement measures.

(Unit: 100 million yen)

Factor in  
profit growth

Factor in  
profit decline



\*: Efficiency improvement effect in shipping and delivery costs and agency fees among FF costs

# Status of Balance Sheet

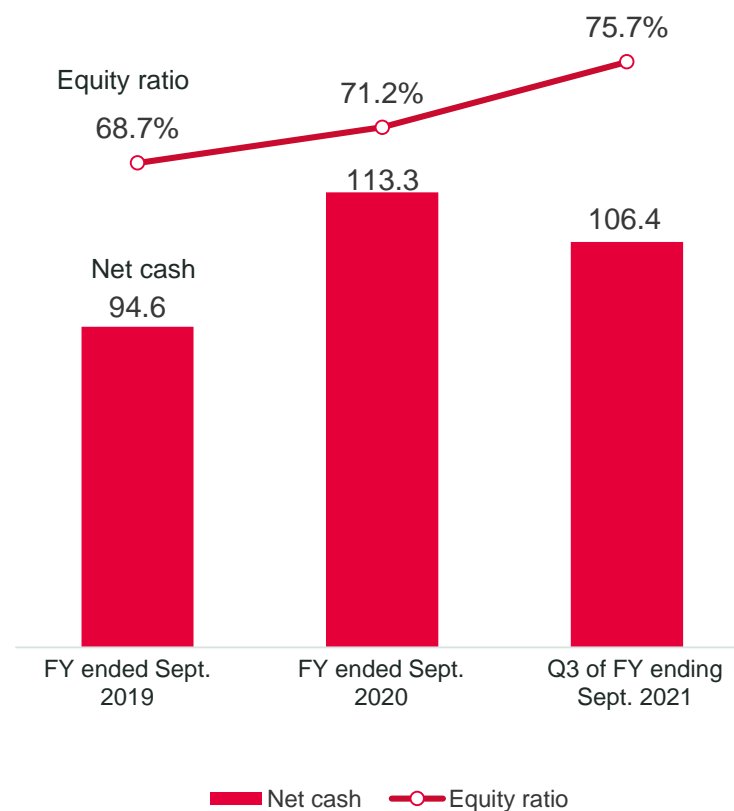
\*The Company has shifted to consolidated financial results since the third quarter of the fiscal year ending September 2021.

- Acquired all shares of Flatcraft, Inc. on June 30, and started consolidated financial settlement in the third quarter.
- Plan to continue investing aggressively in new brands and customer development.

(Unit: Million yen)

(Unit: 100 million yen)

Items	<Reference> End of FY ended Sept. 2019 (non- consolidated)	<Reference> End of FY ended Sept. 2020 (non- consolidated)	Q3-end of FY ending Sept. 2021 (consolidated)	Changes from previous fiscal year-end
Current assets	14,693	16,211	16,293	+81
Cash and deposits	10,576	12,271	11,535	-736
Accounts receivable-trade	2,913	2,607	2,925	+317
Inventories	1,063	1,193	1,423	+229
Non-current assets	3,882	3,744	4,611	+867
Total assets	18,575	19,956	20,905	+949
Liabilities	5,817	5,688	4,929	-759
Trade payables	416	509	480	-29
Interest-bearing debt	1,109	936	888	-48
Net assets	12,758	14,267	15,976	+1,709
Treasury shares	-	-299	-329	-29
Total liabilities and net assets	18,575	19,956	20,905	+949





## **2. Plan for the Fiscal Year Ending September 2021**

# Plan for the Fiscal Year Ending September 2021

\*The Company has shifted to consolidated financial results since the third quarter of the fiscal year ending September 2021.

- In the cosmetics business, we expect sales expansion, driven by the launch of a new product in addition to the sales expansion of PERFECT ONE Wrinkle Stretch Gel.
- In the healthcare business, we aim to expand sales by focusing on strengthening cross-selling to customers who purchase cosmetics.
- In addition, we expect sales expansion in the healthcare business, boosted by the start of consolidated financial settlement of Flatcraft, Inc.

(Unit: Million yen)

Items	<Reference> FY ended Sept. 2019 (non-consolidated)	<Reference> FY ended Sept. 2020 (non-consolidated)	FY ending Sept. 2021		Year-on-year change in the full-year plan (%)
			Results in the first nine months (consolidated)	Full-year plan (consolidated)	
Net Sales	33,570	33,728	25,289	35,000	+3.8%
Cosmetics	30,575	31,098	23,686	32,539	+4.6%
Healthcare	2,994	2,630	1,602	2,460	-6.4%
Operating profit	2,864	3,329	2,400	3,500	+5.1%
Ordinary profit	2,822	3,283	2,419	3,460	+5.4%
Ordinary profit rate	8.4%	9.7%	9.6%	9.9%	—
Profit (attributable to owners of parent)	1,824	2,122	1,624	2,300	+8.4%

Prior-year ordinary profit is retroactively adjusted for changes in accounting policies.

# Premises of Plan for the Fiscal Year Ending September 2021

\*The Company has shifted to consolidated financial results since the third quarter of the fiscal year ending September 2021.

- In terms of sales by channel, aim to reinforce the mail order and overseas sales channels that have been steady and expand overseas and domestic EC sales.
- In the direct store/wholesale channel, promote sales expansion by launching a new brand amid a tough market environment.
- In the mail order channel, expand investment in new products with good investment efficiency and further promote acquisition of new customers and cross-selling.

(Unit: Million yen)

Items	<Reference> FY ended Sept. 2019 (non-consolidated)	<Reference> FY ended Sept. 2020 (non-consolidated)	FY ending Sept. 2021		Year-on-year change in the full-year plan (%)
			Results in the first nine months (consolidated)	Full-year plan (consolidated)	

## <Sales by channel>

Mail order	30,804	30,875	23,291	31,213	+1.1%
Direct store/Wholesale	2,151	2,145	1,329	2,836	+32.2%
Overseas	614	707	667	950	+34.3%

## <Overseas and domestic EC sales>

Overseas and domestic EC sales	2,816	3,444	2,989	4,477	+30.0%
-----------------------------------	-------	-------	-------	-------	--------

## <Marketing investment>

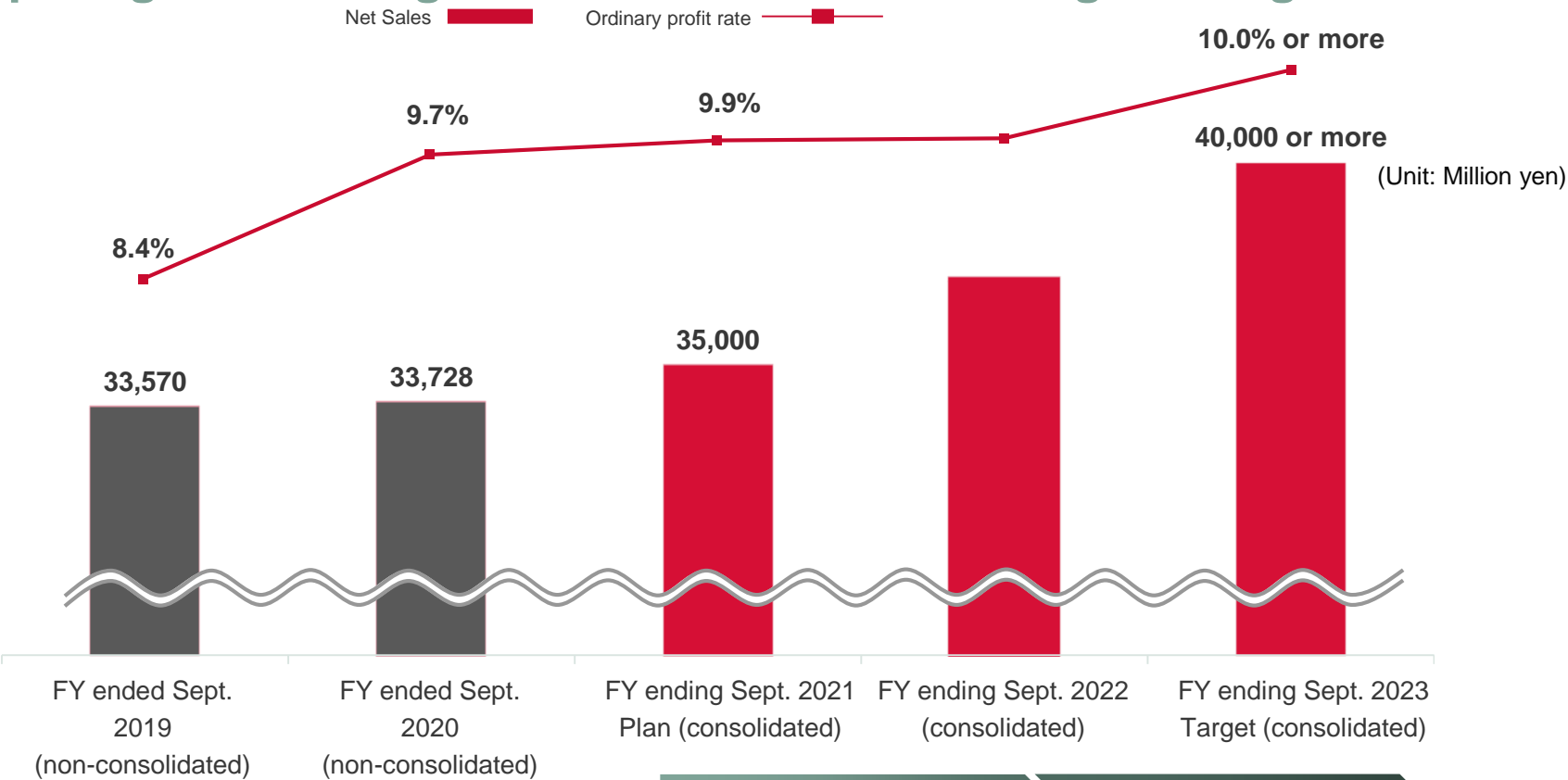
Advertising expenses	10,245	10,079	7,808	10,846	+7.6%
----------------------	--------	--------	-------	--------	-------

## <Operating expenses>

FF cost	4,575	4,194	2,969	4,109	-2.0%
Call center cost	3,082	2,857	1,966	3,070	+7.5%

Aim to achieve net sales of **40 billion yen or above** and an ordinary profit rate of **10% or above** in the fiscal year ending September 2023 (consolidated basis).

We will promote our growth strategy by positioning the fiscal year ending September 2021 as a period for **acquiring a wide range of customers** and **achieving brand growth**.

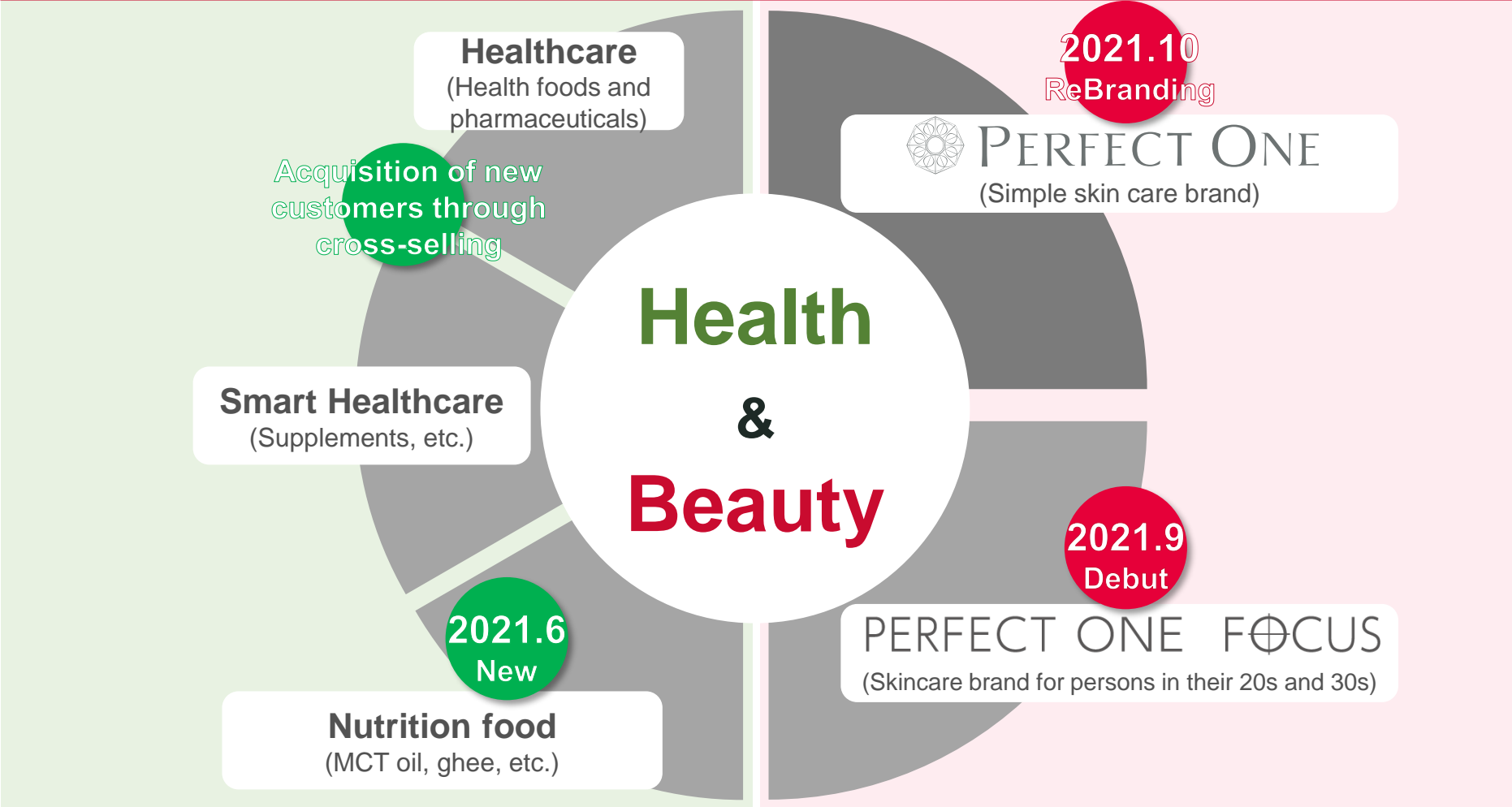


Acquire a wide range of customers  
Achieve brand growth

Expand growth

### **3. Progress of Growth Strategy and New Strategy**

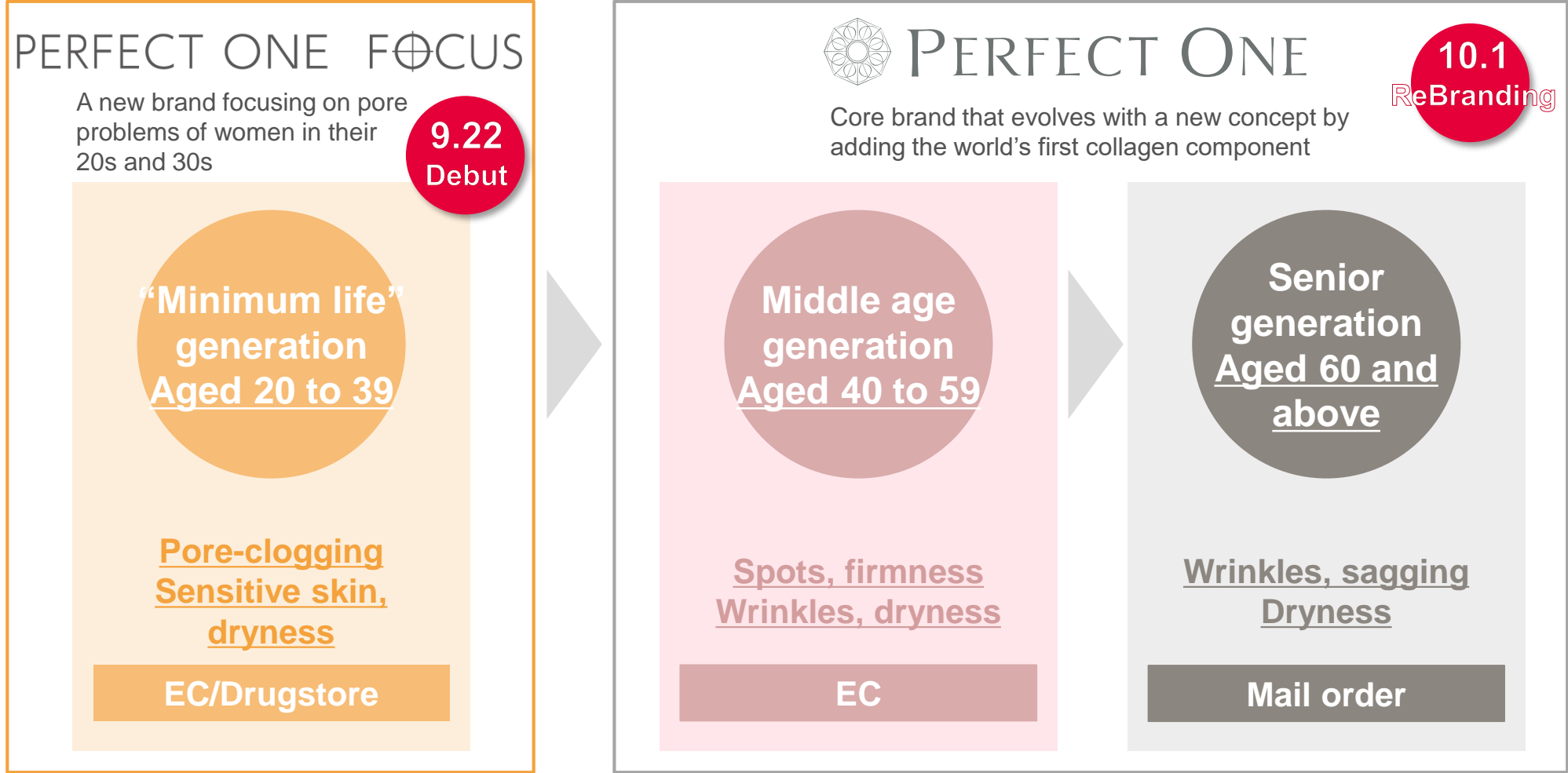
Providing highly functional products and services in demand in the area of **Health & Beauty**, while giving consideration to the **daily needs of customers (365 days, 24 hours)** that change with each generation and stage of life.



Category	Target generation	Issues		Medium-term strategy	
Cosmetics	Senior generation	1	Reinforcement of up-selling and cross-selling, and development of products for acquiring new customers	✓ Promote up-selling of PERFECT ONE Wrinkle Stretch Gel ✓ Strengthen cross-selling of seasonal products through call centers ✓ Expand investment in new products with favorable investment efficiency	
	Middle age generation	2	Strengthening the competitiveness of existing brands, developing new brands, and accelerating EC and digital expansion	✓ Rebranding the "PERFECT ONE" brand	Point!
	"Minimum life" generation			✓ Launch the new brand "PERFECT ONE FOCUS" ✓ Develop the drugstore channel	Point!
	Overseas	3	Growth expansion in China and development of new markets	✓ China: Strengthen promotions for persons in their 20s by centering on social networking services ✓ ASEAN and North America: Expand sales channels and enhance brand awareness	
Healthcare	Senior generation	4	Reinforcement of cross-selling and development of products for acquiring new customers	✓ Acquire new customers through foods with functional claims ✓ Strengthen cross-selling of nutrition food, etc. to customers who purchase our cosmetics	
	Middle age and "minimum life" generations	5	Development and nurturing of new businesses	✓ Develop the smart healthcare business ✓ Make Flatcraft, Inc. a subsidiary to enter the nutrition food business	Point!

Senior generation = aged 60 and above; Middle age generation = aged 40 to 59; "Minimum life" generation = aged under 40

- Rebrand the core brand "PERFECT ONE" to accelerate the acquisition of middle age generation.
- Launch the new brand "PERFECT ONE FOCUS" and develop channels to unearth the "minimum life" generation.



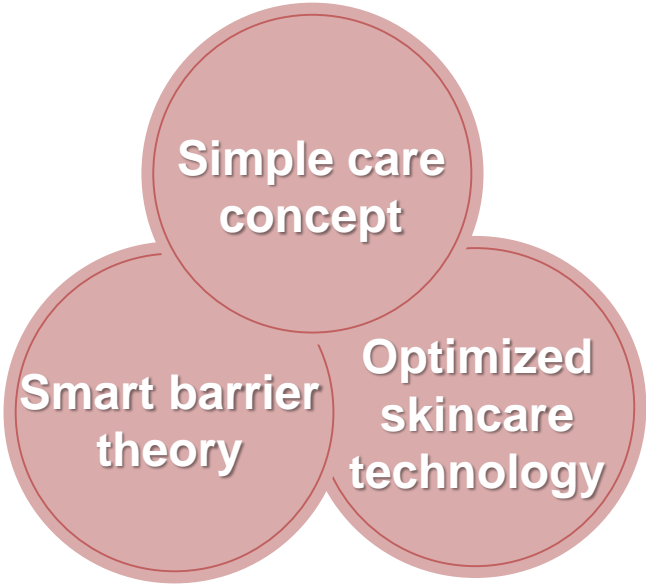


2 Strengthening the competitiveness of the existing brand

- Redefine the traditional image of all-in-one skincare\*1 and aim to acquire customers in the middle age generation.
- Increase product competitiveness through differentiation achieved by blending the world's first\*2 "osmotic VC Collagen"\*3.



PERFECT ONE's unique strengths (value)



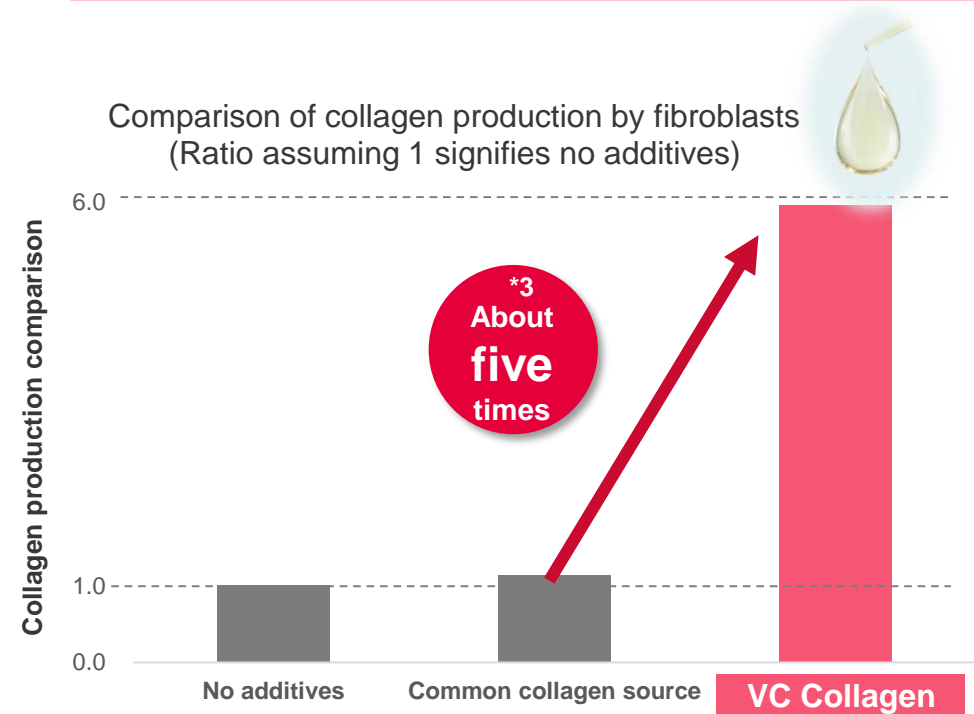
Emphasizing the message that  
simple care is the best skincare that brings out  
the natural beauty and strength of the skin.

\*1: Image signifying that "All-In-One" = "Lazy care" "Easy care"  
\*2: Shinnihonseiyaku is the first in the world to incorporate sodium ascorbyl phosphate succinoyl hydrolyzed collagen (moisturizing ingredient) in cosmetics. According to research by Shinnihonseiyaku Co., Ltd.  
\*3: Penetrates to the cornified layer cuticle. Sodium ascorbyl phosphate succinoyl hydrolyzed collagen (moisturizing ingredient)

2 Strengthening the competitiveness of the existing brand

- Blended the world's first\*1 "osmotic VC Collagen"\*2 for which a patent was acquired for the raw ingredient production method in July 2020.
- Enhanced functionality by blending this raw ingredient that promotes collagen production about five times\*3 more than generally used materials.
- Adopted green nanotechnology for the new container and Forest certified paper for the box as part of our efforts to realize a decarbonized society.

Functionality of osmotic VC Collagen



Efforts to realize a decarbonized society

**1. Green nanotechnology**  
Reduction of CO<sub>2</sub> emissions during combustion by approximately 60%



**2. Forest certified paper**  
Promoting environmental conservation of forests

\*1: Shinnihonseiyaku is the first in the world to incorporate sodium ascorbyl phosphate succinoyl hydrolyzed collagen (moisturizing ingredient) in cosmetics. According to research by Shinnihonseiyaku Co., Ltd.  
\*2: Penetrates to the cornified layer cuticle. Sodium ascorbyl phosphate succinoyl hydrolyzed collagen (moisturizing ingredient)  
\*3: In-house evaluation using cells was carried out.

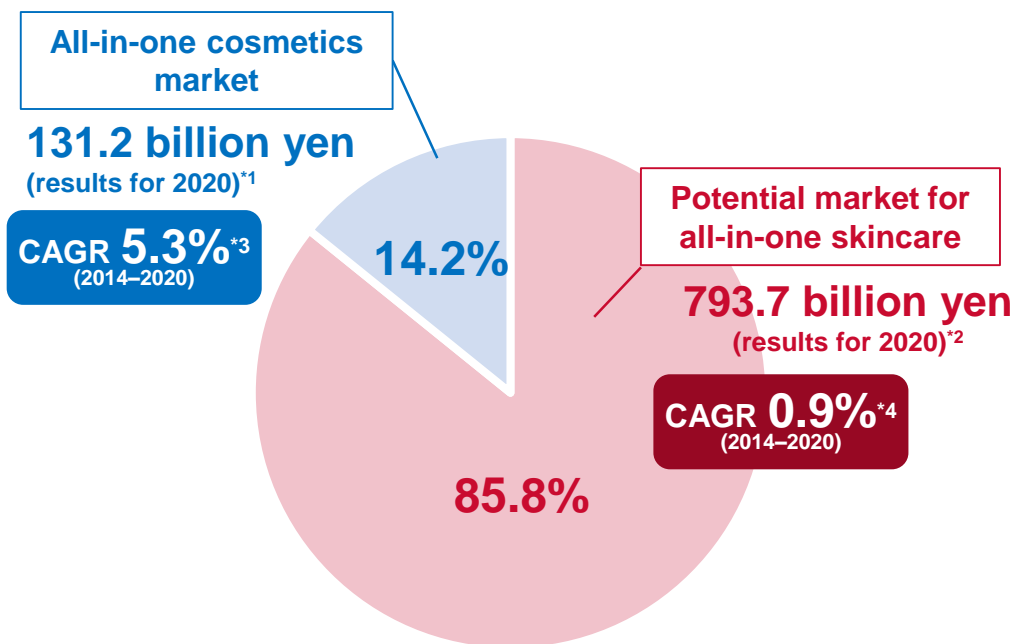
# Rebranding "PERFECT ONE"

## 2 Strengthening the competitiveness of the existing brand

- More strongly attract the middle age generation and by encouraging them to switch from other companies' products, aim to acquire customers and develop potential markets.
- For the senior generation, increase LTV by strengthening loyalty as well as up-selling and cross-selling.

**Aiming to be the utmost No.1 simple skin care brand for the middle age and senior generations**

### Market environment and growth potential



### Aims of rebranding

#### Promote unique strengths

(Simple care concept, barrier theory, and optimized technology)

#### Original ingredients

(VC Collagen)

#### New design

(Renewed packaging)

Middle age generation  
aged 40 to 59

- ✓ **Acquiring new customers** by encouraging users of all-in-one product of other companies to switch
- ✓ **Cultivation of first-time all-in-one users**
- ▶ **Achieving high sales growth rate**

Senior generation  
aged 60 and above

- ✓ **Strengthening existing customer loyalty**
- ✓ **Strengthening up-selling and cross-selling**
- ▶ **Stable growth and further share growth**

\*1: Fuji Keizai "Cosmetics Marketing Handbook 2021 "All-in-One Cosmetics Market 2020 Results"

\*2: Fuji Keizai "Cosmetics Marketing Handbook 2021" Aggregation of 2020 results for toner, milky lotion, beauty essence, pack and cream markets.

\*3: 2014–2020 growth rate of all-in-one cosmetics market (figures for 2014 to 2017 were calculated by the Company).

\*4: 2014–2020 growth rate of toner, milky lotion, beauty essence, pack and cream markets.

- Launch the new brand “PERFECT ONE FOCUS” that focuses on pore issues of women in their 20s and 30s.
- While centering on EC, it is planned to be newly distributed also in drugstores.
- Generate product competitiveness by combining "optimized skincare technology" and "phyto complex\*."

9.22  
Debut

— 新ブランド誕生 —  
PERFECT ONE FOCUS



### PERFECT ONE FOCUS

Smooth Watery Gel 2,970 yen/90 g (tax included)

Smooth Cleansing Balm 2,970 yen/75 g (tax included)

Deliver useful  
ingredients to  
where needed  
**Optimized  
skincare  
technology**



Useful  
ingredients with  
concentrated  
vitality of plants  
**Phyto  
complex\***

Taking the **carefully selected ingredients** after  
assessing their usefulness for the skin and applying our  
**"optimized skincare technology"**  
we have nurtured, the brand approaches the skin and  
**efficiently takes care of pore troubles.**

Targeting customers in their **20s and 30s**,  
distribution is planned through  
**EC and drugstores.**

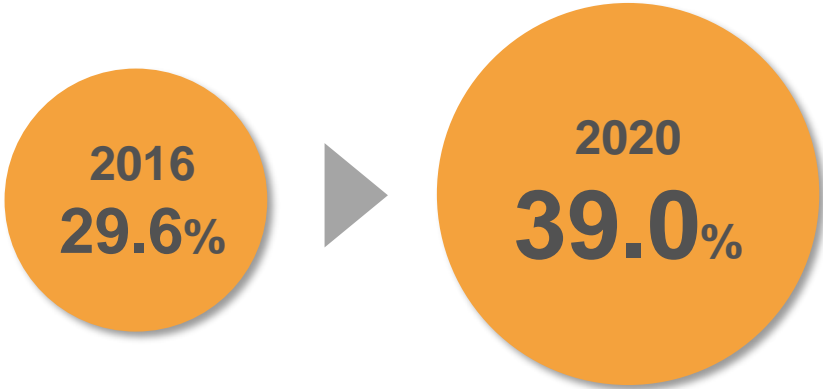
\*: A unique combination of plant extract and seed extract blended in-house.

# Launch of “PERFECT ONE FOCUS”

## 2 New brand development

- Aim to increase market share by acquiring customers in the “minimum life” generation in the growing all-in-one market.
- Promote sales formation by entering the rapidly growing cleansing balm market.

Usage rate\*1 of all-in-one skincare products in the “minimum life” generation

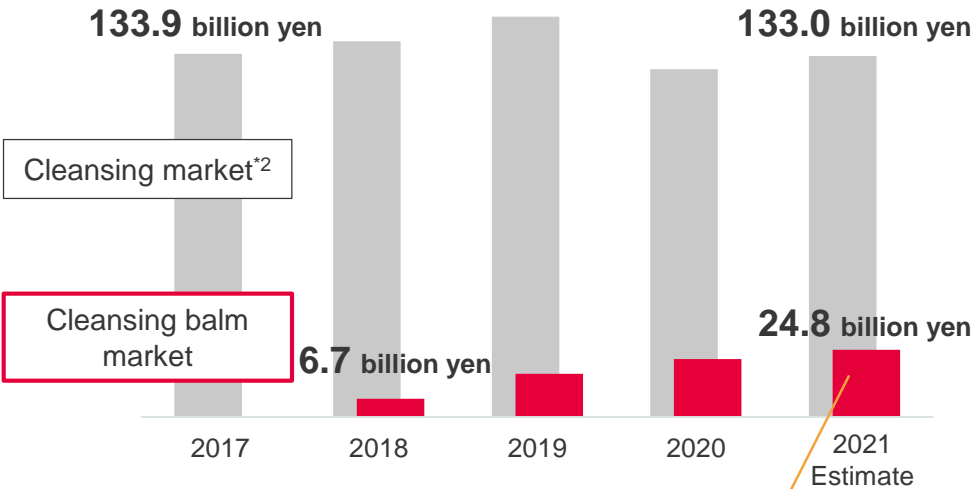


The ratio of all-in-one skincare users is yearly expanding

PERFECT ONE FOCUS

Attract customers in the “minimum life” generation by introducing **Smooth Watery Gel**

Cleansing market\*2/cleansing balm market



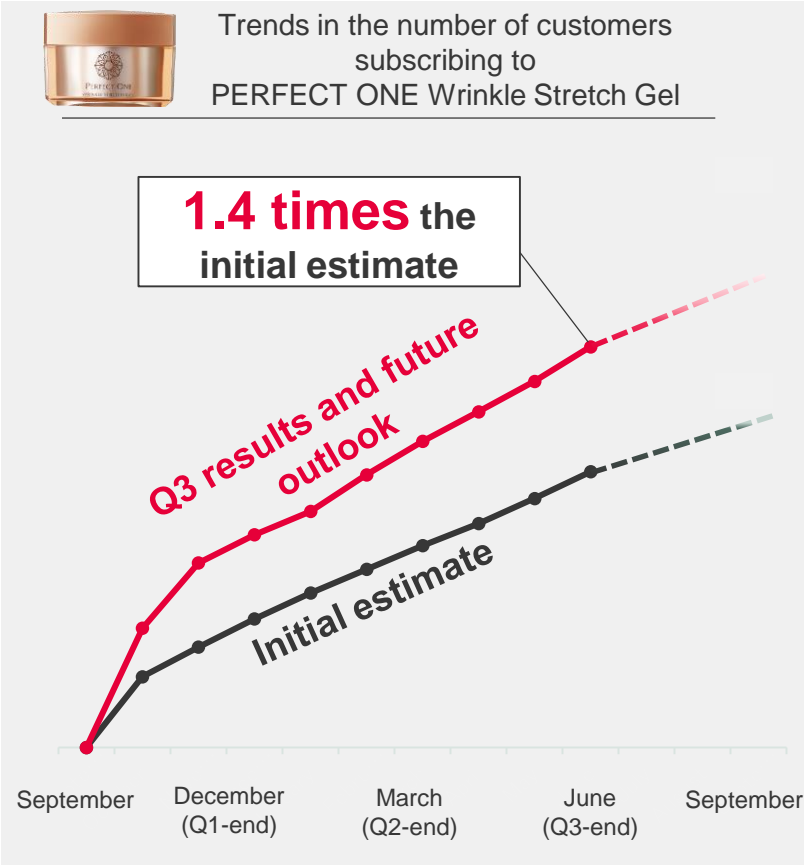
PERFECT ONE FOCUS

Promote sales formation with **Smooth Cleansing Balm**

\*1: Current usage of “all-in-one” type skincare products; research by Shinnihonseiyaku. Respondents in their 30s.  
\*2: Consists of cream type, gel type, foam type, oil type, water type, sheet type, balm type and other.  
Source: Fuji Keizai "Cosmetics Marketing Handbook 2021"

1 Strengthening up-selling and cross-selling

- Up-selling and cross-selling progressed more favorably than expected thanks to aggressive product proposals by call centers.
- Order closing rate of call centers remained at an all-time high against the background of the rising rate of people staying home.



Seasonal products

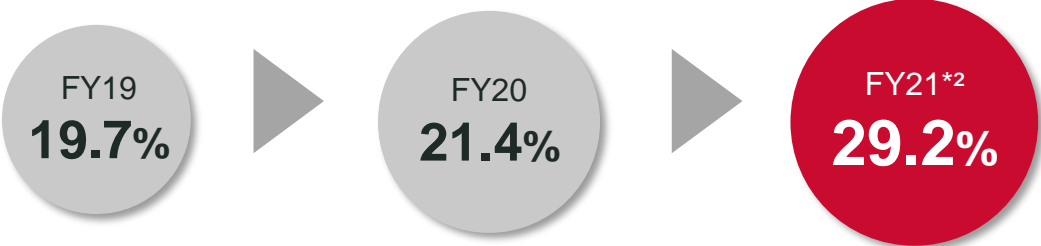
*Peeling Gel*

Sales volume:  
Up **1.2 times**  
year on year

*UV Protect Powder*

**Sold out two weeks** after launch

Call center order closing rate\*1



**Order closing rate significantly increased**  
due to enhanced accuracy of database marketing against the backdrop of a rise in people staying home.

\*1: Order closing rate in terms of subscribers.  
\*2: Calculated as: Number of orders closed up to the third quarter ÷ Number of calls received.



## 2 EC and Digital Expansion

### 3 Growth expansion in China

- In Japan, we are strengthening digital communications through applications and promoting up-selling and cross-selling.
- In China, we became the first company in the industry to open an official TikTok store.
- Sales at "618" increased 1.8 times year on year due to reinforced package sales and more active promotion through TikTok.

#### PERFECT ONE app

Net Sales: Up **5.4** times year on year

Promotion  
of  
digitalization

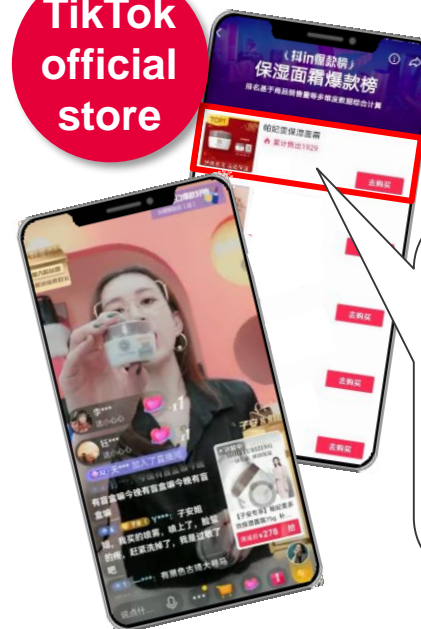


Test operation of skin diagnosis contents

#### Large EC event in China "618"

Net Sales: Up **1.8** times year on year

TikTok  
official  
store









TikTok  
ranking:  
No. 1



TikTok monthly popular product ranking\*  
No. 1 in two categories (moisturizing creams and milky lotions)

\*TikTok's unique evaluation based on sales volume, store evaluation, repeat rate, conversion rate, etc.

- Adding nutrition food as a new lineup by making Flatcraft, Inc. a subsidiary.
- Promote development of highly functional healthcare products and services under the theme of “self-reliant healthcare” which is drawing attention under the COVID-19 pandemic, in addition to “pre-symptomatic,” “prevention” and “health promotion.”

	Smart Healthcare	Healthcare	Nutrition food
Concept	Support “self-reliant healthcare”	"Maintaining good health" and "solving concerns"	Body maintenance support with food
Target	“Minimum life” and middle age generations 	Senior generation 	“Minimum life,” middle-aged and senior generations 
Products			
Sales channel	Drugstores EC (dedicated site)	Mail order EC	Mail order EC Wholesale



## 4 Reinforcement of cross-selling and development of products for acquiring new customers

## 5 Development and nurturing of new businesses

- Develop the smart healthcare business by operating the “*Karadamamoru* Community” (body protect community) and increasing the demand of customers with high sensitivity to “self-reliant healthcare.”
- In healthcare, pursue advertising investment in foods with functional claims and work to acquire new customers and reinforce cross-selling.

### Smart Healthcare

No. of participants:  
**8,256**  
As of July 19, 2021

Think about your body to protect your loved ones

**Karadamamoru Community**

Supported by **BODY AURA**



What is the benefit of taking lactic acid bacteria for one's body?

Comment Clap 7

It is said to help keep your stomach in good condition.

Comment Clap 6

I am not sure of the specific effect...

Comment Clap 6

Lactic acid bacteria is good for your health, isn't it?!

Comment Clap 7

Illustrated image of community bulletin board

Promoting dissemination of information and exchange of opinions on health to raise awareness of healthcare among participants

### Healthcare

Acquiring new customers



Cross-selling



Following the trial sales conducted in the second quarter, working fully to acquire new customers while promoting cross-selling from the third quarter

5 Development and nurturing of new businesses

- Acquired shares of Flatcraft, which handles MCT oil and other highly functional oil products.
- Aiming to create synergies with Flatcraft amid the growing demand for maintaining body condition with food.

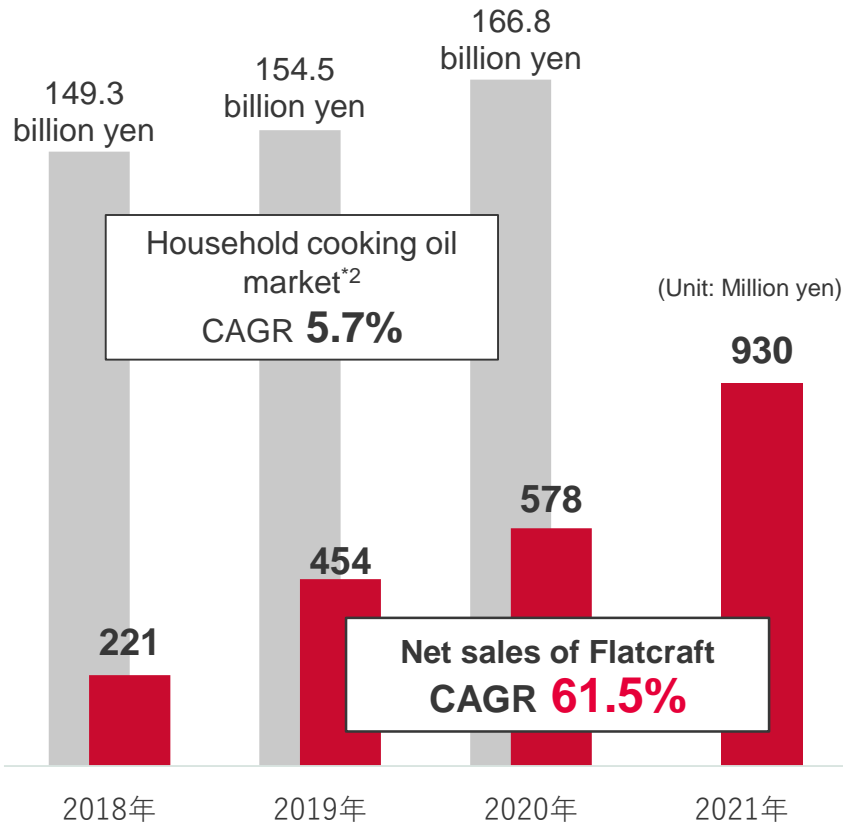
Company profile



Flatcraft, Inc.

Established	July 2014
Share capital	3,510 thousand yen
Net assets	244 million yen (as of June 30, 2021)
Total assets	429 million yen (as of June 30, 2021)
Business profile	Import, wholesale and sales of food products
Products handled	MCT oil, ghee, butter coffee, flaxseed oil
Sales channel	EC Wholesale

Market size and performance



- ✓ **Acquired all shares** through a special purpose company<sup>\*1</sup> on June 30
- ✓ **Began consolidated financial settlement** in the third quarter of the fiscal year ending September 2021.

<sup>\*1</sup>: Flatcraft Preparatory, Inc.  
<sup>\*2</sup>: Shokuhin Sangyo Shimbunsha Co., Ltd. (food industry newspaper company), May 13, 2021 "Canola oil reaches the 160-billion-yen level for the first time in the household cooking oil market amid the rise in eating at home."

5 Development and nurturing of new businesses

- Offering a lineup of highly functional products such as MCT oil and ghee, which are attracting attention in the cooking oil market.
- Ingredients are purchased directly from overseas, manufactured and filled by domestic subcontractors, and sold through imported food stores and EC.

MCT oil



Oil consisting only of **Medium Chain Triglyceride**. Virgin coconut oil is produced by a natural distillation process without any chemical process or adding any chemical components.

0% chemical processing and additives



EVERYDAY BUTTER COFFEE



A blend of grass-fed ghee and MCT oil.

A lineup of powder type butter coffee and oil type that is used by mixing in coffee.

GHEE EASY



Grass-fed ghee made from 100% grass-fed butter made from milk of cows naturally grazed in Europe.

Concluded an exclusive sales agreement in Japan with Ghee Easy B.V. of Netherlands

Flaxseed Oil (linseed oil)



Italian flaxseed oil carefully extracted from flax seeds using a cold press process. It is rich in  $\alpha$ -linolenic acid which is an omega-3 fatty acid.

5 Development and nurturing of new businesses

- By combining the strengths of the two companies, expand sales channels, promote the acquisition of new customers, and strengthen cross-selling.

Leveraging our respective strengths to provide products that are essential to our customers' daily lives (365 days, 24 hours)



Flatcraft

Customer database of over 5.3 million items

- ✓ Covers 13%\* of women in the senior generation
- ✓ Subscription customers accounting for 70% of sales

Know-how in mail order

- ✓ Posting advertisements on nationwide television stations and newspapers
- ✓ Call center operation know-how and logistics function

Wholesale business base

- ✓ Wholesale business base centered on variety shops and GMS

Testing to begin in the fourth quarter



Highly functional products centered on MCT oil

- ✓ Highly functional products that can be used every day, e.g., MCT oil, ghee oil, butter coffee, and flaxseed oil

Business base of imported food stores, general food supermarkets and others

- ✓ Expanding sales network also to general supermarkets in addition to imported food stores nationwide and foreign-affiliated warehouse-type supermarkets with membership

\*: Calculated based on the following: Database of 5.37 million persons (as of March 31, 2021); 66% aged 60 and above, female ratio of 91%; female population aged 60 and above of 24.24 million (5.3 million × 66% × 91% / 24.24 million)

## **4. Initiatives for ESG/Selection of New Market Segment**



## [E: Environment]

### ■ Change of delivery boxes to ones made with environmentally friendly materials and change in size

- ✓ Replaced product delivery boxes with those using Forest certified paper made of environmentally friendly materials.
- ✓ Changed the size of delivery boxes (about 6 million or more used per year) for resource-saving purposes. Reduced up to 50% of paper used per box for the most frequently used size.
- ✓ In addition, 100% recycled paper is used as cushioning material.



Example of a resized delivery box  
Above: Previous delivery box  
Bottom: Delivery box after resizing



Environmentally friendly materials used

## [S: Society]

### ■ Use of design by "Atelier Bravo" on delivery boxes

- ✓ Adopting the designs by the Welfare Service Office for Persons with Disabilities JOY Club's art group "Atelier Bravo" on delivery boxes for healthcare products.
- ✓ By using the works of Atelier Bravo, we are supporting the relationship between persons with disabilities and society.



Atelier Bravo's activities



Delivery box for healthcare products using the Atelier Bravo design

## [E: Environment]

### ■ Containers and cosmetic boxes of our mainstay all-in-one gels were changed to those using environmentally friendly technologies and materials<sup>\*1</sup>

- ✓ In conjunction with the rebranding of PERFECT ONE, green nanotechnology was adopted for the new all-in-one gel packages<sup>\*1</sup>.
- ✓ Use of Green Nano in plastic contributes to reducing CO<sub>2</sub> emissions by about 60%<sup>\*2</sup> during plastic combustion.
- ✓ Adopted Forest certified paper made of environmentally friendly materials for cosmetic boxes.
- ✓ Contributed to significantly reducing CO<sub>2</sub> emissions compared with before by changing containers and cosmetic boxes of our mainstay all-in-one gels to those using environmentally friendly technology and materials.

\*1: Adopted this time for Moisture Gel, Super Moisture Gel and Lifting Gel.

\*2: When compared with the previous containers.



## [Selection of new market segment]

### ■ Policy of selecting the prime market

- ✓ Confirmed compliance with listing maintenance standards of "prime market" under the new market classification.
- ✓ Based on these results, steps will be taken with the prescribed procedure for the application of a new market segment set forth by the TSE based on the Board of Directors' resolution on the selection of a new market segment.

# APPENDIX



Company Name	Shinnihonseiyaku Co., Ltd.	
Representative	Takahiro Goto, President & Representative Director of the Board Chief Executive Officer	
Established	March 1992	
Head Office	1-4-7 Otemon, Chuo-ku, Fukuoka City, Fukuoka Prefecture	
Share capital	4,158 million yen [as of June 30, 2021]	
Executives	Takahiro Goto, President & Representative Director of the Board Chief Executive Officer Mitsuyoshi Fukuhara, Executive Director of the Board Seiichiro Hatori, Director of the Board Kazuhiro Tagami, Director of the Board	Masayuki Kakio, Outside Director Haruki Murakami, Outside Director Keiichi Zenmyo, Full-time Outside Auditor Takashi Tanabe, Outside Audit & Supervisory Board Member Yuji Nakanishi, Outside Audit & Supervisory Board Member
Business profile	Planning, mail order, store sales and wholesale of cosmetics, health foods, and pharmaceuticals.	
Bases	Fukuoka (head office), Tokyo Office, 11 direct stores, Yoshizuka Office and Logistics Center	
Group companies	Flatcraft Preparatory, Inc., Flatcraft, Inc.*	
Net Sales	33.72 billion yen [FY ended September 30, 2020]	
Total assets	20.9 billion yen [as of June 30, 2021]	

\*: Acquired all shares through Flatcraft Preparatory, Inc. on June 30.

## Vision

---

**Creating Healthy and Enriched Lives for People around the World**

## 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**

## Domain

---

**One to One health & beauty-care.**

---

**Creator of Lifestyles that Foster Beauty and Good Health Through Database Marketing**

Date	Overview
<b>March 1992</b>	Founded Shinnihonliving Co., Ltd. (currently Shinnihonseiyaku Co., Ltd.) as a company that planned and sold daily essentials at Higashi-Ori, Onojo City, Fukuoka Prefecture (share capital of 10 million yen).
<b>July 1994</b>	Started sales of health foods by mail order.
<b>June 1996</b>	Relocated the head office to Otogana-Higashi, Onojo City, Fukuoka Prefecture.
<b>December 2000</b>	Commenced sales of basic cosmetics by mail order.
<b>April 2002</b>	Renamed Shinnihonliving Co., Ltd. to Shinnihonseiyaku Co., Ltd.
<b>March 2003</b>	Opened a logistics center in Yoshizuka, Hakata-ku, Fukuoka City, Fukuoka Prefecture.
<b>April</b>	Relocated the head office to Yoshizuka, Hakata-ku, Fukuoka City, Fukuoka Prefecture.
<b>May 2005</b>	Started sales of cosmetics brand “RAffINE series.”
<b>May 2006</b>	Relocated the head office to Akasaka, Chuo-ku, Fukuoka City, Fukuoka Prefecture.
<b>May</b>	Launched RAffINE Perfect One.
<b>October</b>	Established Iwakuni-Hongo Research Institute as the base for cultivation and research of medical plants*1.
<b>November</b>	Started sales of pharmaceuticals by mail order.
<b>March 2010</b>	Opened its first direct store in Fukuoka PARCO shopping mall.
<b>July</b>	Opened a Tokyo sales office in Uchisaiwaicho, Chiyoda-ku, Tokyo (currently Tokyo Office).
<b>April 2012</b>	Started wholesale of RAffINE series.
<b>October 2013</b>	Relocated the head office to Otemon, Chuo-ku, Fukuoka City, Fukuoka Prefecture.
<b>April 2014</b>	Changed the cosmetics brand name to “PERFECT ONE.”
<b>December 2016</b>	Started sales overseas by mail order (Taiwanese market).
<b>February 2017</b>	Was awarded the Steering Committee Award in the 7th “Company I Want to Cherish Most in Japan” Grand Prize.
<b>March</b>	PERFECT ONE All-in-One Gel series achieved the number one*2 sales in the Japanese all-in-one skincare market.
<b>September 2018</b>	Started cross-border EC in the Chinese market.
<b>September</b>	Was awarded the top prize and the rookie of the year at the beauty awards hosted by Taiwan’s popular infotainment TV show “Queen.”
<b>June 2019</b>	Listed on Tokyo Stock Exchange Mothers.
<b>January 2020</b>	Relocated Tokyo Office to Marunouchi Building in Chiyoda-ku, Tokyo.
<b>December 2020</b>	Changed listing market to the First Section of the Tokyo Stock Exchange.
<b>June 2021</b>	Acquired shares of Flatcraft, Inc. and made it a consolidated subsidiary.

\*1: Integrated into the Yoshizuka Office (R&D Center) in June 2020. \*2: Fuji Keizai “Cosmetics Marketing Handbook 2017” (Actual manufacturer and brand market shares in the moisture section and the all-in-one section in 2016)

Financial closing year & month		September 2017	September 2018	September 2019	September 2020	Q3 of FY ending September 2021
Net Sales	Million yen	28,372	31,210	33,570	33,728	25,289
Ordinary profit	Million yen	2,265	2,491	2,822	3,283	2,419
Profit	Million yen	1,477	1,751	1,824	2,122	1,624
Share capital	Million yen	220	250	3,826	3,826	4,158
Total number of shares issued	Shares	1,003,630	1,009,630	21,611,300	21,611,300	21,855,200
Net assets	Million yen	2,685	4,191	12,758	14,267	15,976
Total assets	Million yen	8,560	9,491	18,575	19,956	20,905
Equity ratio	%	30.7	43.6	68.7	71.2	75.7
Return on equity	%	57.3	51.8	21.6	15.7	-
Dividend payout ratio	%	20.7	20.1	15.4	30.5	-
Cash flows from operating activities	Million yen	2,372	1,415	1,992	2,920	-
Cash flows from investing activities	Million yen	-280	-420	-943	-367	-
Cash flows from financing activities	Million yen	-1,546	-419	6,567	-851	-
Cash and cash equivalents at the end of the period	Million yen	2,377	2,954	10,576	12,271	11,535
Number of employees (excluding temporary employees)	People	346	361	354	330	-
Net assets per share	Yen	261.97	409.58	590.37	662.97	-
Basic earnings per share	Yen	147.69	174.46	113.99	98.5	-
Dividend per share	Yen	30.50	35.00	17.50	30.00	-

Prior-year ordinary profit is retroactively adjusted for changes in accounting policies.

---

## <Disclaimer concerning the proper use of forecasts of business results >

The content presented in this material is based on multiple assumptions and are not intended to promise or guarantee the realization of future planned numbers or measures.

## <Contact for inquiries regarding this document>

IR & PR Division, Corporate Planning Division, Shinnihonseiyaku Co., Ltd.

TEL: +81-92-303-8318 FAX: +81-92-720-5819

For inquiries, please use the inquiry form on the Shinnihonseiyaku Co., Ltd. website.

We will reply to you as soon as we can.

<https://corporate.shinnihonseiyaku.co.jp/contact/>



新日本製薬