



Consolidated Financial Results
for the Fiscal Year Ended September 30, 2022
[Japanese GAAP]

November 11, 2022

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 of the Board and Chief Executive Officer
Contact: Tetsuya Ono, Corporate Officer, General Manager of Corporate Administration
Div. and Finance & Accounting Dept. (TEL) +81-92-720-5800

Scheduled date of ordinary general meeting of shareholders: December 20, 2022
Scheduled date of commencing dividend payments: December 21, 2022
Scheduled date of filing the securities report: December 21, 2022
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 Fiscal Year Ended September 30, 2022 (October 1, 2021 to September 30, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous fiscal year.)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended September 30, 2022	36,107	6.5	3,522	2.9	3,487	2.1	2,357	1.4
Fiscal year ended September 30, 2021	33,899	—	3,424	—	3,415	—	2,323	—

(Note) Comprehensive income Fiscal year ended September 30, 2022 2,353 million yen (1.3%)

Fiscal year ended September 30, 2021 2,323 million yen (—%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets ratio	Operating profit margin
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2022	109.91	109.12	14.0	14.8	9.8
Fiscal year ended September 30, 2021	107.72	106.70	14.5	14.7	10.1

(Reference) Share of profit (loss) of entities accounted for using equity method

Fiscal year ended September 30, 2022 — million yen

Fiscal year ended September 30, 2021 — million yen

(Note) As the Company began preparing consolidated financial statements in the fiscal year ended September 30, 2021, the rate of change from the previous fiscal year is not presented for the fiscal year ended September 30, 2021. Return on equity and the ordinary profit rate to total assets for the fiscal year ended September 30, 2021 were calculated on the basis of the year-end equity and total assets respectively since the fiscal year ended September 30, 2021 is the first fiscal year that consolidated financial statements were prepared for.

(Note) In the fiscal year ended September 30, 2022, the Company finalized the provisional accounting treatment for a business combination. Accordingly, the figures for the fiscal year ended September 30, 2021 are ones in which a significant revision of the initial allocation of the acquisition cost was reflected as a result of finalizing the provisional accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2022	23,857	17,918	74.4	826.51
As of September 30, 2021	23,240	16,180	68.8	747.34

(Reference) Equity As of September 30, 2022 17,741 million yen

As of September 30, 2021 15,995 million yen

(Note) In the fiscal year ended September 30, 2022, the Company finalized the provisional accounting treatment for a business combination. Accordingly, the figures as of September 30, 2021 are ones in which a significant revision of the initial allocation of the acquisition cost was reflected as a result of finalizing the provisional accounting treatment.

(3) Status of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended September 30, 2022	2,287	(496)	(1,093)	14,351
Fiscal year ended September 30, 2021	2,071	(1,359)	672	13,652

2. Dividends

	Annual dividends					Total amount of dividends	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	1st quarter- end	2nd quarter- end	3rd quarter- end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended September 30, 2021	—	0.00	—	32.50	32.50	695	30.2	4.3
Fiscal year ended September 30, 2022	—	0.00	—	33.00	33.00	708	30.0	4.2
Fiscal year ending September 30, 2023 (Forecast)	—	0.00	—	33.00	33.00		29.7	

(Notes) 1. Revision from the most recently announced dividend forecast: Yes

For details, please refer to "Notice of Revision of Dividend Forecast (Dividend Increase)" released today.

2. The dividends to net assets ratio (consolidated) for the fiscal year ended September 30, 2021 was calculated based on the consolidated net assets per share at the end of the fiscal year since the said fiscal year is the first year after the adoption of consolidation.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2023 (October 1, 2022 to September 30, 2023)

(% indicates year-on-year changes.)

	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	
First half (cumulative)	18,600	3.3	1,409	(16.0)	1,390	(18.0)	949	(16.7)		44.25
Full-year	38,000	5.2	3,560	1.1	3,471	(0.5)	2,380	1.0		110.98

* Notes

- (1) Significant changes to subsidiaries during the period (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) 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
- (3) Total number of shares issued (common stock)
- | | | | | |
|---|--------------------------------------|-------------------|--------------------------------------|-------------------|
| 1) Total number of shares issued at the end of the period (including treasury shares) | As of September 30, 2022 | 21,855,200 shares | As of September 30, 2021 | 21,855,200 shares |
| 2) Total number of treasury shares at the end of the period | As of September 30, 2022 | 389,909 shares | As of September 30, 2021 | 451,385 shares |
| 3) Average number of shares during the period | Fiscal year ended September 30, 2022 | 21,444,673 shares | Fiscal year ended September 30, 2021 | 21,571,578 shares |

* These financial results are outside the scope of audit 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 are not intended to represent promises by the Company to achieve them. Actual results, etc. may differ significantly from these forecasts due to various factors. Please refer to “1. Overview of Operating Results, etc. (4) Future Prospects” on page 3 of the attached material for the conditions that form the basis of the financial results forecast and precautions for using the financial results forecast.

(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, November 11, 2022. 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. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

During the fiscal year ended September 30, 2022, the Japanese economy showed signs of economic activities returning to normal to a certain extent thanks to various measures against COVID-19 infections. Overseas, on the other hand, infections resurged, and this led to the imposition of restrictions on activities and had other effects. In addition, the future outlook remains uncertain mainly due to changes in the international situation, surging prices of raw materials worldwide, the resultant price hikes of food, daily necessities, heating and lighting expenses and other items as well as the rapid depreciation of the yen.

In this market environment, the Group worked on key issues in accordance with “VISION2025,” the four-year medium-term management plan, setting the fiscal year under review as the first year.

Mail order drove net sales as we acquired more new customers as a result of our aggressive advertising for “PERFECT ONE Glow & Cover Cushion Foundation” in cosmetics. Health Foods saw the acquisition of new customers remain strong, resulting from an increase in the amount of investment in advertisements for food with a functional claim “*W no Kenko Aojiru* (Doubly Healthy Green Drink),” contributing to the sales increase. Additionally, the order closing rates in up-selling and cross-selling to regularly purchasing customers have reached a record high thanks to strengthening product proposals and sales promotion by communicators of the call center, which led to an increase in spending per customer. In EC sales, sales at major e-commerce malls, in particular, stayed firm as people’s awareness of “PERFECT ONE FOCUS,” a skincare brand for young people, surged at a stroke through the better use of influencers and social-media-based marketing measures, which were in tune with targeted customers.

In direct store sales and wholesale, the situation remained tough as a recovery in the number of customers visiting existing stores continued to be so slow that the number of customers did not return to the pre-pandemic level. Nonetheless, in the wake of the rising awareness of PERFECT ONE FOCUS and the launch of a new product line, the number of wholesale stores handling PERFECT ONE and PERFECT ONE FOCUS increased by over 6,700 stores from the end of the previous fiscal year to about 10,800 stores.

In overseas sales, progress in sales activities was considerably delayed in China, in particular, which is a focal country for sales expansion, due to the impact of lockdowns there.

As a result of the foregoing, for the fiscal year ended September 30, 2022, net sales were 36,107 million yen (up 6.5% year-on-year), operating profit was 3,522 million yen (up 2.9% year-on-year), ordinary profit was 3,487 million yen (up 2.1% year-on-year), and profit attributable to owners of parent was 2,357 million yen (up 1.4% year-on-year).

For the previous fiscal year, provisional accounting treatment was applied to the business combination with Flatcraft, Inc., which was carried out on June 30, 2021, and the said accounting was finalized in the fiscal year under review. Comparison and analysis with the previous fiscal year employ the revised amounts based on the finalization of provisional accounting treatment.

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) Overview of Financial Position for the Fiscal Year Under Review

Total assets as of the end of the fiscal year under review were 23,857 million yen, an increase of 617 million yen from the end of the previous fiscal year. This was mainly due to increases of 699 million yen in cash and deposits and 301 million yen in merchandise in contrast to a decrease of 333 million yen in accounts receivable–trade.

Liabilities totaled 5,938 million yen, a decrease of 1,121 million yen from the end of the previous fiscal year. This was mainly due to decreases of 294 million yen in accounts payable–other and 239 million yen in income taxes payable as well as a decrease of 396 million yen in long-term borrowings.

Net assets totaled 17,918 million yen, up 1,738 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,661 million yen in retained earnings.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents as of the end of the fiscal year under review were 14,351 million yen, an increase of 699 million yen from the end of the previous fiscal year.

The status of each cash flow for the fiscal year under review and the factors for them are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 2,287 million yen (2,071 million yen provided in the previous fiscal year). The main factors were profit before income taxes of 3,474 million yen and a decrease of 333 million yen in

trade receivables as opposed to an increase of 331 million yen in inventories and income taxes paid of 1,276 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 496 million yen (1,359 million yen used in the previous fiscal year). The main factors were 337 million yen for the purchase of intangible assets and 141 million yen for the purchase of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities was 1,093 million yen (672 million yen provided in the previous fiscal year). The main factors were payments of 398 million yen for repayments of long-term borrowings and 695 million yen for dividends paid.

(4) Future Prospects

Regarding the future outlook, economic activity is expected to recover as a result of various countermeasures against the spread of COVID-19 infections and economic supportive measures. But the situation is projected to remain uncertain primarily due to changes in the international situation, surging raw material prices worldwide, and the rapid depreciation of the yen. In this market environment, the values of consumers have changed compared with before the pandemic hit the world. And in the cosmetics and healthcare markets as well, in which the Group operates, the Company finds it important to grasp changes to customer needs and lifestyles and develop business in response to those changes.

Against this backdrop, the Group has formulated VISION2025, the medium-term management plan, for which the fiscal year under review is the first year, as a growth strategy for realizing its management vision. Under VISION2025, in order to achieve the management goal of “Consolidated net sales of 50 billion yen,” the Group will push forward with efforts for the following key issues under the theme of “Make the Perfect One Brand a global brand” and “Develop the Healthcare Business into the next mainstay” to realize sustainable growth.

- i. Strengthening of database marketing centering on digital marketing
- ii. Acceleration of overseas expansion
- iii. Development and fostering of Healthcare Business
- iv. Development of new products and services
- v. Cost structure reform
- vi. Human resource development
- vii. Strengthening of the structure to perform M&A

For the fiscal year ending September 30, 2023, the Company forecasts net sales of 38,000 million yen (up 5.2% year-on-year), operating profit of 3,560 million yen (up 1.1% year-on-year), ordinary profit of 3,471 million yen (down 0.5% year-on-year) and profit attributable to owners of parent of 2,380 million yen (up 1.0% year-on-year).

2. Basic Policy Regarding Selection of Accounting Standards

The Group has prepared financial statements in accordance with Japanese GAAP in consideration of comparability between the periods of consolidated financial statements and companies and the burden of establishing a system that prepares financial statements in compliance with International Accounting Standards.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2021)	Current fiscal year (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	13,652	14,351
Accounts receivable - trade	3,196	2,862
Merchandise	1,264	1,565
Supplies	140	170
Prepaid expenses	277	236
Other	65	120
Allowance for doubtful accounts	(67)	(42)
Total current assets	18,528	19,265
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,648	1,645
Accumulated depreciation	(374)	(443)
Buildings and structures, net	1,273	1,202
Land	639	639
Construction in progress	0	—
Other	782	811
Accumulated depreciation	(538)	(602)
Other, net	243	209
Total property, plant and equipment	2,157	2,050
Intangible assets		
Software	280	423
Goodwill	1,029	923
Other	168	144
Total intangible assets	1,478	1,492
Investments and other assets		
Investment securities	384	467
Deferred tax assets	515	444
Other	253	212
Allowance for investment loss	(78)	(75)
Total investments and other assets	1,075	1,049
Total non-current assets	4,711	4,592
Total assets	23,240	23,857

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2021)	Current fiscal year (As of September 30, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	527	553
Current portion of long-term borrowings	398	396
Accounts payable - other	2,108	1,814
Accrued expenses	152	148
Income taxes payable	739	500
Contract liabilities	—	217
Provision for bonuses	242	201
Provision for point card certificates	303	—
Provision for sales returns	37	—
Other	202	143
Total current liabilities	4,712	3,975
Non-current liabilities		
Long-term borrowings	1,839	1,443
Retirement benefit liability	171	182
Long-term accounts payable-other	172	172
Asset retirement obligations	119	117
Other	44	47
Total non-current liabilities	2,347	1,963
Total liabilities	7,059	5,938
Net assets		
Shareholders' equity		
Share capital	4,158	4,158
Capital surplus	4,150	4,121
Retained earnings	8,538	10,199
Treasury shares	(852)	(735)
Total shareholders' equity	15,996	17,744
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(0)	(3)
Total accumulated other comprehensive income	(0)	(3)
Share acquisition rights	184	177
Total net assets	16,180	17,918
Total liabilities and net assets	23,240	23,857

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(Unit: Million yen)

	Previous fiscal year (From October 1, 2020 to September 30, 2021)	Current fiscal year (From October 1, 2021 to September 30, 2022)
Net sales	33,899	36,107
Cost of sales	5,439	6,711
Gross profit	28,460	29,395
Provision for sales returns	3	—
Gross profit - net	28,456	29,395
Selling, general and administrative expenses	25,031	25,872
Operating profit	3,424	3,522
Non-operating income		
Dividend income	42	1
Rental income	11	11
Gain on sale of non-current assets	—	11
Gain on insurance claims	8	12
Other	13	18
Total non-operating income	75	56
Non-operating expenses		
Interest expenses	1	5
Foreign exchange losses	15	6
Loss on valuation of investment securities	58	47
Loss on retirement of non-current assets	9	32
Other	0	0
Total non-operating expenses	85	91
Ordinary profit	3,415	3,487
Extraordinary income		
Reversal of allowance for investment loss	—	2
Gain on reversal of share acquisition rights	—	0
Total extraordinary income	—	3
Extraordinary losses		
Impairment loss	—	15
Provision of allowance for investment loss	12	—
Total extraordinary losses	12	15
Profit before income taxes	3,402	3,474
Income taxes - current	1,200	1,049
Income taxes - deferred	(121)	68
Total income taxes	1,078	1,117
Profit	2,323	2,357
Profit attributable to owners of parent	2,323	2,357

Consolidated Statement of Comprehensive Income

(Unit: Million yen)

	Previous fiscal year (From October 1, 2020 to September 30, 2021)	Current fiscal year (From October 1, 2021 to September 30, 2022)
Profit	2,323	2,357
Other comprehensive income		
Remeasurements of defined benefit plans	(0)	(3)
Total other comprehensive income	(0)	(3)
Comprehensive income	2,323	2,353
(Breakdown)		
Comprehensive income attributable to owners of parent	2,323	2,353

(3) Consolidated Statement of Changes in Equity
Previous fiscal year (From October 1, 2020 to September 30, 2021)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,826	3,817	6,857	(299)	14,201
Changes in items during period					
Issuance of new shares	332	332			664
Dividend of surplus			(642)		(642)
Profit attributable to owners of parent			2,323		2,323
Purchase of treasury shares				(581)	(581)
Disposal of treasury shares		1		29	30
Net changes in items other than shareholders' equity					
Total changes in items during period	332	333	1,681	(552)	1,794
Balance at the end of period	4,158	4,150	8,538	(852)	15,996

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	—	—	65	14,267
Changes in items during period				
Issuance of new shares				664
Dividend of surplus				(642)
Profit attributable to owners of parent				2,323
Purchase of treasury shares				(581)
Disposal of treasury shares				30
Net changes in items other than shareholders' equity	(0)	(0)	118	118
Total changes in items during period	(0)	(0)	118	1,912
Balance at the end of period	(0)	(0)	184	16,180

Current fiscal year (From October 1, 2021 to September 30, 2022)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,158	4,150	8,538	(852)	15,996
Changes in items during period					
Dividend of surplus			(695)		(695)
Profit attributable to owners of parent			2,357		2,357
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(29)		116	87
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(29)	1,661	116	1,748
Balance at the end of period	4,158	4,121	10,199	(735)	17,744

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(0)	(0)	184	16,180
Changes in items during period				
Dividend of surplus				(695)
Profit attributable to owners of parent				2,357
Purchase of treasury shares				(0)
Disposal of treasury shares				87
Net changes in items other than shareholders' equity	(3)	(3)	(6)	(9)
Total changes in items during period	(3)	(3)	(6)	1,738
Balance at the end of period	(3)	(3)	177	17,918

(4) Consolidated Statement of Cash Flows

(Unit: Million yen)

	Previous fiscal year (From October 1, 2020 to September 30, 2021)	Current fiscal year (From October 1, 2021 to September 30, 2022)
Cash flows from operating activities		
Profit before income taxes	3,402	3,474
Depreciation	398	323
Impairment loss	—	15
Amortization of goodwill	26	105
Increase (decrease) in allowance for doubtful accounts	(8)	(25)
Increase (decrease) in provision for bonuses	52	(41)
Increase (decrease) in provision for point card certificates	129	(303)
Increase (decrease) in provision for sales returns	3	(37)
Increase (decrease) in retirement benefit liability	11	11
Increase (decrease) in allowance for investment loss	12	(2)
Interest and dividend income	(42)	(1)
Interest expenses	1	5
Loss on retirement of non-current assets	9	32
Loss (gain) on sale of non-current assets	—	(11)
Loss (gain) on valuation of investment securities	58	47
Decrease (increase) in trade receivables	(470)	333
Decrease (increase) in inventories	(77)	(331)
Increase (decrease) in trade payables	(13)	25
Increase (decrease) in accounts payable - other	(194)	(303)
Increase (decrease) in contract liabilities	—	217
Other, net	(84)	35
Subtotal	3,215	3,569
Interest and dividends received	0	0
Interest paid	(2)	(5)
Income taxes (paid) refund	(1,142)	(1,276)
Net cash provided by (used in) operating activities	2,071	2,287
Cash flows from investing activities		
Purchase of property, plant and equipment	(102)	(41)
Purchase of intangible assets	(68)	(337)
Purchase of investment securities	(45)	(141)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,218)	—
Other, net	74	24
Net cash provided by (used in) investing activities	(1,359)	(496)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,400	—
Repayments of long-term borrowings	(179)	(398)
Proceeds from issuance of shares	664	—
Purchase of treasury shares	(581)	(0)
Proceeds from disposal of treasury shares	11	0
Dividends paid	(642)	(695)
Net cash provided by (used in) financing activities	672	(1,093)
Effect of exchange rate changes on cash and cash equivalents	(4)	1
Net increase (decrease) in cash and cash equivalents	1,380	699
Cash and cash equivalents at the beginning of the period	12,271	13,652
Cash and cash equivalents at the end of the period	13,652	14,351

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 released on March 31, 2020; hereinafter referred to as “Revenue Recognition Accounting Standard”) from the beginning of the fiscal year under review. Revenue is recognized on the basis of the amount expected to be received from a customer in exchange for the promised goods or services at the time when control of the goods or services is transferred to the customer.

In the case of domestic sales where the time period between shipment of the goods and the transfer of control of the goods to the customer is a normal period, revenue is recognized at the time of shipment by means of applying the alternative treatment set forth in Paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition.”

The main changes resulting from the application of the Revenue Recognition Accounting Standard are as follows.

- Revenue Recognition Related to the Company’s Points System

Points granted to customers at the time of the sale of products were previously recorded as provision for point card certificates in the amount equivalent to the points expected to be used in the future in order to prepare for sales discounts resulting from the use of the points granted. However, the points granted are now recognized as obligations to customers and recorded as contract liabilities.

- Revenue Recognition for Delivery Services in Mail Order

Delivery charges received from customers were previously deducted from selling, general and administrative expenses, but the charges are now recognized as revenue because delivery services are included in performance obligations in providing products.

With regard to the application of the Revenue Recognition Accounting Standard, the Company is in accordance with the transitional provisions set forth in Paragraph 84 of the Standard. The new accounting policy has been applied to the balance at the beginning of the fiscal year under review after the cumulative effects of retroactively applying the new accounting policy to the accounting periods prior to the beginning of the fiscal year under review were added to or subtracted from retained earnings as of the beginning of the fiscal year under review. However, the new accounting policy has not been applied retroactively to contracts for which almost all of the revenue amounts were recognized in accordance with previous treatment before the beginning of the fiscal year under review by the means set forth in Paragraph 86 of the Revenue Recognition Accounting Standard.

In addition, “Provision for point card certificates” included in “Current liabilities” in the consolidated balance sheet for the previous fiscal year is now posted as “Contract liabilities,” starting from the fiscal year under review. However, in accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification has been made for the previous fiscal year using a new presentation method.

As a result, the impact on the consolidated statement of income for the fiscal year under review is minimal. Also, there is no impact on the balance of retained earnings as of the beginning of the fiscal year under review.

(Application of the Accounting Standard for Fair Value Measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 released on July 4, 2019; hereinafter referred to as “Fair Value Measurement Accounting Standard”) from the beginning of the fiscal year under review. In accordance with the transitional treatments stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 released on July 4, 2019), the new accounting policies stipulated in the Fair Value Measurement Accounting Standard will be applied prospectively. There is no impact on the consolidated financial statements.

(Matters related to business combination)

(Finalization of provisional treatment related to the business combination and a significant revision of the initial allocation of the acquisition cost in the comparative information)

For the previous fiscal year, provisional accounting treatment was applied to the business combination with Flatcraft, Inc., which was carried out on June 30, 2021, and the said accounting was finalized in the fiscal year under review.

In line with finalizing the provisional accounting treatment, the comparative information included in the consolidated financial statements for the fiscal year under review reflects a significant revision of the initial allocation of the acquisition cost. As a result, the amount of goodwill totaled 1,055 million yen, a decrease of 80 million yen from 1,136 million, which was calculated on a provisional basis, due to the finalization of the accounting treatment. The decrease in goodwill was due to increases of 122 million yen in other intangible assets and 42 million yen in other non-current liabilities. At the end of the previous fiscal year, goodwill decreased by 78 million yen, other intangible assets increased by 120 million yen, and other non-current liabilities increased by 36 million yen.

The impact on the consolidated statement of income for the previous fiscal year is minimal.

(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, a description by business segment has been omitted.

(Per share information)

	Previous fiscal year (From October 1, 2020 to September 30, 2021)	Current fiscal year (From October 1, 2021 to September 30, 2022)
Net assets per share	747.34yen	826.51yen
Basic earnings per share	107.72yen	109.91yen
Diluted earnings per share	106.70yen	109.12yen

(Notes) 1. Net assets per share, basic earnings per share and diluted earnings per share for the previous fiscal year are calculated based on the amount after reflecting a significant review of the initial allocation of acquisition costs resulting from the finalization of the provisional accounting treatment described in “Notes to the Consolidated Financial Statements (Matters related to business combination).”

2. The basis for calculation of basic earnings per share and diluted earnings per share is as shown below.

	Previous fiscal year (From October 1, 2020 to September 30, 2021)	Current fiscal year (From October 1, 2021 to September 30, 2022)
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	2,323	2,357
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent of common stock (Million yen)	2,323	2,357
Average number of common stock during the fiscal year (Shares)	21,571,578	21,444,673
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (Million yen)	—	—
Increase in shares of common stock (Shares)	207,552	155,974
[Of which, share acquisition rights] (Shares)	[207,552]	[155,974]
Outline of dilutive shares not included in the calculation of diluted earnings per share because they have no dilutive effect	—	—

3. The basis for calculation of net assets per share is as shown below.

	Previous fiscal year (From October 1, 2020 to September 30, 2021)	Current fiscal year (From October 1, 2021 to September 30, 2022)
Total net assets (Million yen)	16,180	17,918
Amount to be deducted from total net assets (Million yen)	184	177
[Of which, share acquisition rights] (Million yen)	[184]	[177]
Net assets related to common stock at the end of the fiscal year (Million yen)	15,995	17,741
Number of common stock at the end of the fiscal year used in the calculation of net assets per share (Shares)	21,403,815	21,465,291

(Significant subsequent events)

Not applicable