



**Consolidated Financial Results**  
for the Six Months Ended March 31, 2023  
[Japanese GAAP]

May 9, 2023

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  
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Scheduled date of filing the quarterly securities report: May 11, 2023  
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, 2023 (October 1, 2022 to March 31, 2023)

(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, 2023 | 18,250      | 1.4 | 1,467            | (12.5) | 1,467           | (13.5) | 980                                     | (14.0) |
| Six months ended March 31, 2022 | 18,001      | —   | 1,676            | —      | 1,695           | —      | 1,139                                   | —      |

(Note) Comprehensive income Six months ended March 31, 2023 979 million yen (-13.8%)  
Six months ended March 31, 2022 1,135 million yen (-%)

|                                 | Basic earnings per share | Diluted earnings per share |
|---------------------------------|--------------------------|----------------------------|
|                                 | Yen                      | Yen                        |
| Six months ended March 31, 2023 | 45.61                    | 45.37                      |
| Six months ended March 31, 2022 | 53.15                    | 52.74                      |

- (Notes) 1. As the Company began preparing quarterly consolidated financial statements in the third quarter of the fiscal year ended September 2021, the rate of change from the same quarter of the previous year is not presented for the six months ended March 31, 2022.
2. In the third quarter of the fiscal year ended September 30, 2022, the Company finalized the provisional accounting treatment for a business combination. Accordingly, the figures for the six months ended March 31, 2022 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 |
|--------------------------|--------------|-------------|--------------|
|                          | Million yen  | Million yen | %            |
| As of March 31, 2023     | 22,874       | 18,222      | 79.0         |
| As of September 30, 2022 | 23,857       | 17,918      | 74.4         |

(Reference) Equity As of March 31, 2023 18,078 million yen  
As of September 30, 2022 17,741 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, 2022             | —                | 0.00            | —               | 33.00    | 33.00 |
| Fiscal year ending September 30, 2023            | —                | 0.00            |                 |          |       |
| Fiscal year ending September 30, 2023 (Forecast) |                  |                 | —               | 33.00    | 33.00 |

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2023 (October 1, 2022 to September 30, 2023)  
(% 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 | 38,000      | 5.2 | 3,560            | 1.1 | 3,471           | (0.5) | 2,380                                   | 1.0 | 110.98                   |

(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, 2023            | 21,855,200 shares | As of September 30, 2022        | 21,855,200 shares |
| 2) Total number of treasury shares at the end of the period                           | As of March 31, 2023            | 345,810 shares    | As of September 30, 2022        | 389,909 shares    |
| 3) Average number of shares during the period (cumulative)                            | Six months ended March 31, 2023 | 21,490,705 shares | Six months ended March 31, 2022 | 21,433,096 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 Shinnihonseiyaku Group plans to stream online the financial results briefing for institutional investors and analysts on Tuesday, May 9, 2023. 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

Forward-looking statements herein are based on the Shinnihonseiyaku Group's judgments on the final day of the second quarter under review.

During the second quarter of 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 during the third quarter of the previous fiscal year. Accordingly, the revised amount due to finalization of provisional accounting treatment was applied for comparison and analysis with the same quarter of the previous fiscal year.

During the first six months of the fiscal year under review, the Japanese economy gradually normalized its economic activities as COVID-19-related restrictions on activities were eased and demand from people going out as well as from inbound tourism increased. On the other hand, the economic outlook has remained uncertain as hikes in prices of food, daily necessities and utilities among others continued mainly due to the soaring global crude oil and raw material prices and the rapid depreciation of the yen caused by the impact of the situation in Ukraine.

In this market environment, the Group worked to promote key challenges in accordance with the medium-term management plan "VISION2025."

In Mail Order, since the first quarter of the fiscal year, we have been revising our investment strategy for cosmetics from advertising investment focused on acquiring new customers to that focused on LTV. And in the second quarter of the fiscal year under review, we strengthened advertising investment in our All-in-One Gel series, including PERFECT ONE Wrinkle Stretch Gel. In addition, as a result of strengthening the three-step skincare proposal of "remove, moisturize, and attract" and promoting a customer relationship management (CRM) strategy to increase customer engagement, the ratio of customers who bought multiple products has been on the rise. In the field of healthcare, the Group steadily increased its market share and drove sales even in the stable domestic market. This was thanks to the successful differentiation of "*W Kenko Aojiru* (Green Drink)," food with functional claims, by attracting specific demand such as that relating to high blood pressure and body fat and the steady acquisition of new customers. In EC sales, PERFECT ONE FOCUS saw significantly increased sales from the same period of the previous year as a result of the aggressive introduction of new products and promotional activities through collaboration with influencers, driving growth in EC sales.

In direct store sales and wholesale, sales increased year-on-year due to a wider distribution of "PERFECT ONE FOCUS" in drug stores on top of strong sales at existing stores in line with a recovery trend in the flow of people. Furthermore, in anticipation of inbound tourism demand in the domestic cosmetics market, we are reopening duty-free shops at New Chitose Airport and Narita Airport while also beginning to take other steps toward operating stores in the post-COVID market. All direct stores were closed by the end of the second quarter of the fiscal year under review in light of changes in the external environment and the need to redesign the roles played by direct stores and the way they should be.

In overseas sales, results fell short of those of the previous year. In China, however, sales at the Tmall Global flagship store, which opened in January, have progressed as planned. In Taiwan, sales increased steadily as a result of expanding new products into the leading drugstore COSMED.

As a result of the foregoing, for the first six months of the fiscal year under review, net sales were 18,250 million yen (up 1.4% year-on-year), operating profit came to 1,467 million yen (down 12.5% year-on-year), ordinary profit was 1,467 million yen (down 13.5% year-on-year), and profit attributable to owners of parent posted 980 million yen (down 14.0% year-on-year).

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 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 second quarter under review were 22,874 million yen, down 983 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,041 million yen in cash and deposits.

Liabilities totaled 4,651 million yen, down 1,286 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,298 million yen in long-term borrowings (including current portion of long-term borrowings).

Net assets totaled 18,222 million yen, up 303 million yen from the end of the previous fiscal year. This was mainly due to an increase of 271 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 2023 has not changed from the forecast announced in "Consolidated Financial Results for the Fiscal Year Ended September 30, 2022" dated November 11, 2022.

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<br>(As of September 30, 2022) | Second quarter of the current<br>fiscal year<br>(As of March 31, 2023) |
|---------------------------------|--|--|
| <b>Assets</b>                   |  |  |
| Current assets                  |  |  |
| Cash and deposits               | 14,351   | 13,309   |
| Accounts receivable - trade     | 2,862  | 2,856  |
| Merchandise                     | 1,565  | 1,828  |
| Other                           | 526  | 528  |
| Allowance for doubtful accounts | (42)   | (43)   |
| Total current assets            | 19,265   | 18,479   |
| Non-current assets              |  |  |
| Property, plant and equipment   | 2,050  | 2,010  |
| Intangible assets               |  |  |
| Goodwill                        | 923  | 871  |
| Other                           | 568  | 521  |
| Total intangible assets         | 1,492  | 1,392  |
| Investments and other assets    | 1,049  | 991  |
| Total non-current assets        | 4,592  | 4,394  |
| Total assets                    | 23,857   | 22,874   |

(Unit: Million yen)

|  | Previous fiscal year<br>(As of September 30, 2022) | Second quarter of the current<br>fiscal year<br>(As of March 31, 2023) |
|--|--|--|
| <b>Liabilities</b>                           |  |  |
| Current liabilities                          |  |  |
| Accounts payable - trade                     | 553  | 581  |
| Current portion of long-term borrowings      | 396  | 195  |
| Accounts payable - other                     | 1,814  | 1,922  |
| Income taxes payable                         | 500  | 484  |
| Provision for bonuses                        | 201  | 162  |
| Other  | 509  | 438  |
| Total current liabilities                    | 3,975  | 3,785  |
| Non-current liabilities                      |  |  |
| Long-term borrowings                         | 1,443  | 345  |
| Retirement benefit liability                 | 182  | 189  |
| Other  | 337  | 331  |
| Total non-current liabilities                | 1,963  | 866  |
| Total liabilities                            | 5,938  | 4,651  |
| <b>Net assets</b>                            |  |  |
| Shareholders' equity                         |  |  |
| Share capital                                | 4,158  | 4,158  |
| Capital surplus                              | 4,121  | 4,104  |
| Retained earnings                            | 10,199   | 10,471   |
| Treasury shares                              | (735)  | (652)  |
| Total shareholders' equity                   | 17,744   | 18,082   |
| Accumulated other comprehensive income       |  |  |
| Remeasurements of defined benefit plans      | (3)  | (3)  |
| Total accumulated other comprehensive income | (3)  | (3)  |
| Share acquisition rights                     | 177  | 143  |
| Total net assets                             | 17,918   | 18,222   |
| Total liabilities and net assets             | 23,857   | 22,874   |

(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<br>fiscal year<br>(From October 1, 2021 to<br>March 31, 2022) | First six months of the current<br>fiscal year<br>(From October 1, 2022 to<br>March 31, 2023) |
| Net sales                                    | 18,001   | 18,250  |
| Cost of sales                                | 3,222  | 3,418   |
| Gross profit                                 | 14,778   | 14,832  |
| Selling, general and administrative expenses | 13,102   | 13,365  |
| Operating profit                             | 1,676  | 1,467   |
| Non-operating income                         |  |   |
| Dividend income                              | 0  | 0   |
| Rental income                                | 5  | 5   |
| Gain on sale of non-current assets           | 11   | 6   |
| Other  | 6  | 4   |
| Total non-operating income                   | 24   | 17  |
| Non-operating expenses                       |  |   |
| Interest expenses                            | 2  | 2   |
| Foreign exchange losses                      | 1  | 1   |
| Loss on valuation of investment securities   | 1  | 12  |
| Other  | 0  | 0   |
| Total non-operating expenses                 | 5  | 17  |
| Ordinary profit                              | 1,695  | 1,467   |
| Extraordinary income                         |  |   |
| Reversal of allowance for investment loss    | —  | 0   |
| Gain on reversal of share acquisition rights | 0  | —   |
| Total extraordinary income                   | 0  | 0   |
| Extraordinary losses                         |  |   |
| Provision of allowance for investment loss   | 12   | —   |
| Total extraordinary losses                   | 12   | —   |
| Profit before income taxes                   | 1,683  | 1,468   |
| Income taxes - current                       | 469  | 429   |
| Income taxes - deferred                      | 74   | 58  |
| Total income taxes                           | 543  | 488   |
| Profit                                       | 1,139  | 980   |
| Profit attributable to owners of parent      | 1,139  | 980   |



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

(Unit: Million yen)

|   | First six months of the previous<br>fiscal year<br>(From October 1, 2021 to<br>March 31, 2022) | First six months of the current<br>fiscal year<br>(From October 1, 2022 to<br>March 31, 2023) |
|---|--|---|
| Profit  | 1,139  | 980   |
| Other comprehensive income                            |  |   |
| Remeasurements of defined benefit plans               | (3)  | (0)   |
| Total other comprehensive income                      | (3)  | (0)   |
| Comprehensive income                                  | 1,135  | 979   |
| (Breakdown)   |  |   |
| Comprehensive income attributable to owners of parent | 1,135  | 979   |

(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, 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.

(Matters related to business combination)

(Significant revision of the initial allocation of the acquisition cost in comparative information)

During the second quarter of 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 during the third quarter of the previous fiscal year.

In line with finalizing the provisional accounting treatment, the comparative information included in the quarterly consolidated financial statements for the first six months of 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 yen, which was calculated on a provisional basis, due to the finalization of the accounting treatment. The decrease of goodwill was due to increases of 122 million yen in Other under Intangible assets and 42 million yen in Other under Non-current liabilities.

The impact on Quarterly Consolidated Statement of Income for the first six months of the previous fiscal year is minimal.