



**Consolidated Financial Results**  
for the Fiscal Year Ended September 30, 2023  
[Japanese GAAP]

November 7, 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  
Contact: Tetsuya Ono, Corporate Officer, General Manager, Finance & Accounting Dept. (TEL) +81-92-720-5800  
Scheduled date of ordinary general meeting of shareholders: December 19, 2023  
Scheduled date of commencing dividend payments: December 20, 2023  
Scheduled date of filing the securities report: December 20, 2023  
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, 2023 (October 1, 2022 to September 30, 2023)

(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, 2023	37,653	4.3	3,754	6.6	3,721	6.7	2,394	1.6
Fiscal year ended September 30, 2022	36,107	6.5	3,522	2.9	3,487	2.1	2,357	1.4

(Note) Comprehensive income Fiscal year ended September 30, 2023 2,401 million yen (2.0%)  
Fiscal year ended September 30, 2022 2,353 million yen (1.3%)

	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, 2023	111.37	110.81	12.9	15.1	10.0
Fiscal year ended September 30, 2022	109.91	109.12	14.0	14.8	9.8

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

Fiscal year ended September 30, 2023 — million yen  
Fiscal year ended September 30, 2022 — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2023	25,501	19,661	76.5	906.72
As of September 30, 2022	23,857	17,918	74.4	826.51

(Reference) Equity As of September 30, 2023 19,505 million yen  
As of September 30, 2022 17,741 million yen

(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, 2023	3,468	(208)	(2,101)	15,518
Fiscal year ended September 30, 2022	2,287	(496)	(1,093)	14,351

## 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, 2022	—	0.00	—	33.00	33.00	708	30.0	4.2
Fiscal year ended September 30, 2023	—	0.00	—	33.00	33.00	709	29.6	3.8
Fiscal year ending September 30, 2024 (Forecast)	—	0.00	—	35.00	35.00		29.2	

(Note) 1. Revision from the most recently announced dividend forecast: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024 (October 1, 2023 to September 30, 2024)

(% indicates 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	%	
First half (cumulative)	19,374	6.2	1,792	22.2	1,795	22.4	1,167	19.2	Yen 54.32
Full year	40,000	6.2	4,000	6.5	3,980	7.0	2,580	7.8	120.00

### \* 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: No

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, 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 September 30, 2023	343,110 shares	As of September 30, 2022	389,909 shares
3) Average number of shares during the period	Fiscal year ended September 30, 2023	21,500,237 shares	Fiscal year ended September 30, 2022	21,444,673 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

(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 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 Group plans to stream online the financial results briefing for institutional investors and analysts on Tuesday, November 7, 2023. The supplementary briefing material used in this briefing is disclosed today on TDnet as well as posted on the Company's website.

## Table of Contents

1. Overview of Operating Results, etc. ....	2
(1) Overview of Operating Results for the Fiscal Year Under Review .....	2
(2) Overview of Financial Position for the Fiscal Year Under Review .....	2
(3) Overview of Cash Flows for the Fiscal Year Under Review .....	3
(4) Future Prospects.....	3
2. Basic Policy Regarding Selection of Accounting Standards.....	3
3. Consolidated Financial Statements and Primary Notes .....	4
(1) Consolidated Balance Sheet .....	4
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	6
(3) Consolidated Statement of Changes in Equity.....	8
(4) Consolidated Statement of Cash Flows .....	10
(5) Notes to the Consolidated Financial Statements.....	11
(Notes on going concern assumption).....	11
(Segment information, etc.) .....	11
(Per share information) .....	11
(Significant subsequent events) .....	12

## 1. Overview of Operating Results, etc.

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

During the fiscal year ended September 30, 2023, the Japanese economy has been on a moderate recovery trend due to the Japanese government's transition of the COVID-19 to a Category V Infectious Disease and the progress in the normalization of socioeconomic activities, including the recovery of inbound demand. On the other hand, the outlook remains uncertain due to rising global resource prices, surging raw material prices, and inflation caused by currency fluctuations.

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

In mail order sales, we invested heavily in lifetime value (LTV) advertising, focusing on the PERFECT ONE All-in-One Gel series, which is our main merchandise in cosmetics, and strove to acquire subscribers as a foundation for growth. In addition, as a result of promoting cross-selling at the call center based on the 3-STEP skincare concept of "remove, moisturize, and attract," the ratio of customers of multiple items and spending per subscriber continued to rise, and the net sales of PERFECT ONE Brand started to increase from the fourth quarter. As for PERFECT ONE FOCUS, which has been marketed for the younger generation particularly those in their 20s, EC net sales increased significantly. This was the result of our continued efforts to work on topical promotions, such as the pre-release of limited-edition products to coincide with sales events at EC malls, the release of limited design packages featuring popular characters, and collaborations with influencers and VTubers. Net sales of healthcare products expanded thanks to a successful digital advertising investment for "*W no Kenko Aojiru* (Doubly Healthy Green Drink)," food with functional claims, and a significant increase in new customer acquisition in e-commerce. We achieved the position of No. 1 domestic sales\* in the market of Aojiru, food with functional claims.

In direct store sales and wholesale, amid the recovery in the flow of people and the return to brick-and-mortar stores, and the expansion of inbound demand, we promoted initiatives such as starting marketing PERFECT ONE to drug stores, expanding the number of stores distributing PERFECT ONE FOCUS, and re-opening airport duty-free stores to capture inbound demand.

In overseas sales, while initiatives to achieve regrowth in China lagged behind schedule, net sales remained at the same level as the previous year due to strong sales in Taiwan. In September, PERFECT ONE Silky Whip, an all-in-one foam face wash, won the top prize in the cleansing foam category at the beauty award of Taiwan's popular program "Queen." In July, we established a subsidiary in the United States for full-scale expansion into the United States market.

\*According to TPC Marketing Research (shipments from the manufacturer in 2022)

As a result of the foregoing, for the fiscal year ended September 30, 2023, net sales were 37,653 million yen (up 4.3% year-on-year), operating profit came to 3,754 million yen (up 6.6% year-on-year), ordinary profit was 3,721 million yen (up 6.7% year-on-year), and profit attributable to owners of parent posted 2,394 million yen (up 1.6% 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 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 25,501 million yen, an increase of 1,644 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,166 million yen in cash and deposits and 406 million yen in merchandise.

Liabilities totaled 5,840 million yen, a decrease of 97 million yen from the end of the previous fiscal year. This was mainly due to increases of 393 million yen in accounts payable-trade, 608 million yen in accounts payable-other, and 254 million yen in income taxes payable, while long-term borrowings decreased 1,393 million yen, including the current portion of long-term borrowings.

Net assets totaled 19,661 million yen, up 1,742 million yen from the end of the previous fiscal year. This was mainly

due to an increase of 1,686 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 15,518 million yen, an increase of 1,166 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 3,468 million yen (2,287 million yen provided in the previous fiscal year). The main factors were profit before income taxes of 3,530 million yen and increases of 393 million yen in trade payables and 586 million yen in accounts payable–other, as opposed to income taxes paid of 964 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 208 million yen (496 million yen used in the previous fiscal year). The main factors were 102 million yen for the purchase of property, plant and equipment and 104 million yen for the purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was 2,101 million yen (1,093 million yen used in the previous fiscal year). The main factors were payments of 1,393 million yen for repayments of long-term borrowings and 708 million yen for dividends paid.

### (4) Future Prospects

Regarding the future outlook, the Japanese economy is expected to continue a moderate recovery trend due to improvements in employment and income conditions, as well as the effects of various governmental economic support measures. But the situation is projected to remain uncertain primarily due to rising global resource prices, surging raw material prices, and inflation caused by currency fluctuations. In this market environment, in the cosmetics and healthcare markets, in which the Group operates, the Company finds it important to grasp changes to customer needs, values, and lifestyles and develop business in response to those changes.

Against this backdrop, the Group has formulated VISION2025, the medium-term management plan as a growth strategy for realizing its Purpose. 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 the database marketing centering on the 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, 2024, the Company forecasts net sales of 40,000 million yen (up 6.2% year-on-year), operating profit of 4,000 million yen (up 6.5% year-on-year), ordinary profit of 3,980 million yen (up 7.0% year-on-year) and profit attributable to owners of parent of 2,580 million yen (up 7.8% 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, 2022)	Current fiscal year (As of September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	14,351	15,518
Accounts receivable - trade	2,862	3,171
Merchandise	1,565	1,972
Supplies	170	119
Prepaid expenses	236	337
Other	120	174
Allowance for doubtful accounts	(42)	(39)
Total current assets	19,265	21,254
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,645	1,638
Accumulated depreciation	(443)	(521)
Buildings and structures, net	1,202	1,117
Land	639	639
Other	811	821
Accumulated depreciation	(602)	(594)
Other, net	209	227
Total property, plant and equipment	2,050	1,983
Intangible assets		
Software	423	351
Goodwill	923	818
Other	144	149
Total intangible assets	1,492	1,318
Investments and other assets		
Investment securities	467	326
Deferred tax assets	444	512
Other	212	250
Allowance for investment loss	(75)	(145)
Total investments and other assets	1,049	945
Total non-current assets	4,592	4,247
<b>Total assets</b>	<b>23,857</b>	<b>25,501</b>

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2022)	Current fiscal year (As of September 30, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	553	946
Current portion of long-term borrowings	396	192
Accounts payable - other	1,814	2,423
Accrued expenses	148	159
Income taxes payable	500	754
Contract liabilities	217	200
Provision for bonuses	201	197
Other	143	210
Total current liabilities	3,975	5,083
Non-current liabilities		
Long-term borrowings	1,443	254
Retirement benefit liability	182	182
Long-term accounts payable-other	172	170
Asset retirement obligations	117	111
Other	47	37
Total non-current liabilities	1,963	757
Total liabilities	5,938	5,840
Net assets		
Shareholders' equity		
Share capital	4,158	4,158
Capital surplus	4,121	4,104
Retained earnings	10,199	11,885
Treasury shares	(735)	(647)
Total shareholders' equity	17,744	19,501
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(3)	4
Total accumulated other comprehensive income	(3)	4
Share acquisition rights	177	155
Total net assets	17,918	19,661
Total liabilities and net assets	23,857	25,501

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

(Unit: Million yen)

	Previous fiscal year (From October 1, 2021 to September 30, 2022)	Current fiscal year (From October 1, 2022 to September 30, 2023)
Net sales	36,107	37,653
Cost of sales	6,711	7,341
Gross profit	29,395	30,312
Selling, general and administrative expenses	25,872	26,557
Operating profit	3,522	3,754
Non-operating income		
Dividend income	1	1
Royalty income	5	5
Rental income	11	12
Gain on sale of non-current assets	11	6
Gain on insurance claims	12	4
Other	13	15
Total non-operating income	56	45
Non-operating expenses		
Interest expenses	5	3
Foreign exchange losses	6	9
Loss on valuation of investment securities	47	29
Loss on retirement of non-current assets	32	33
Other	0	2
Total non-operating expenses	91	78
Ordinary profit	3,487	3,721
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	-
Loss on valuation of investment securities	-	121
Provision of allowance for investment loss	-	69
Total extraordinary losses	15	191
Profit before income taxes	3,474	3,530
Income taxes - current	1,049	1,209
Income taxes - deferred	68	(73)
Total income taxes	1,117	1,135
Profit	2,357	2,394
Profit attributable to owners of parent	2,357	2,394



# Consolidated Statement of Comprehensive Income

(Unit: Million yen)

	Previous fiscal year (From October 1, 2021 to September 30, 2022)	Current fiscal year (From October 1, 2022 to September 30, 2023)
Profit	2,357	2,394
Other comprehensive income		
Remeasurements of defined benefit plans	(3)	7
Total other comprehensive income	(3)	7
Comprehensive income	2,353	2,401
(Breakdown)		
Comprehensive income attributable to owners of parent	2,353	2,401

(3) Consolidated Statement of Changes in Equity  
Previous 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 during period					
Dividends 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 during period	-	(29)	1,661	116	1,748
Balance at 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 during period				
Dividends 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 during period	(3)	(3)	(6)	1,738
Balance at end of period	(3)	(3)	177	17,918

Current fiscal year (From October 1, 2022 to September 30, 2023)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,158	4,121	10,199	(735)	17,744
Changes during period					
Dividends of surplus			(708)		(708)
Profit attributable to owners of parent			2,394		2,394
Disposal of treasury shares		(17)		88	70
Net changes in items other than shareholders' equity					
Total changes during period	-	(17)	1,686	88	1,756
Balance at end of period	4,158	4,104	11,885	(647)	19,501

	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	(3)	(3)	177	17,918
Changes during period				
Dividends of surplus				(708)
Profit attributable to owners of parent				2,394
Disposal of treasury shares				70
Net changes in items other than shareholders' equity	7	7	(22)	(14)
Total changes during period	7	7	(22)	1,742
Balance at end of period	4	4	155	19,661

## (4) Consolidated Statement of Cash Flows

(Unit: Million yen)

	Previous fiscal year (From October 1, 2021 to September 30, 2022)	Current fiscal year (From October 1, 2022 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	3,474	3,530
Depreciation	323	328
Impairment loss	15	-
Amortization of goodwill	105	105
Increase (decrease) in allowance for doubtful accounts	(25)	(2)
Increase (decrease) in provision for bonuses	(41)	(3)
Increase (decrease) in provision for point card certificates	(303)	-
Increase (decrease) in provision for sales returns	(37)	-
Increase (decrease) in retirement benefit liability	11	10
Increase (decrease) in allowance for investment loss	(2)	69
Interest and dividend income	(1)	(1)
Interest expenses	5	3
Loss on retirement of non-current assets	32	33
Loss (gain) on sale of non-current assets	(11)	(6)
Loss (gain) on valuation of investment securities	47	151
Decrease (increase) in trade receivables	333	(308)
Decrease (increase) in inventories	(331)	(356)
Increase (decrease) in trade payables	25	393
Increase (decrease) in accounts payable - other	(303)	586
Increase (decrease) in contract liabilities	217	(17)
Other, net	35	(79)
Subtotal	3,569	4,435
Interest and dividends received	0	0
Interest paid	(5)	(3)
Income taxes refund (paid)	(1,276)	(964)
Net cash provided by (used in) operating activities	2,287	3,468
Cash flows from investing activities		
Purchase of property, plant and equipment	(41)	(102)
Purchase of intangible assets	(337)	(104)
Purchase of investment securities	(141)	(14)
Other, net	24	12
Net cash provided by (used in) investing activities	(496)	(208)
Cash flows from financing activities		
Repayments of long-term borrowings	(398)	(1,393)
Purchase of treasury shares	(0)	-
Proceeds from disposal of treasury shares	0	0
Dividends paid	(695)	(708)
Net cash provided by (used in) financing activities	(1,093)	(2,101)
Effect of exchange rate change on cash and cash equivalents	1	8
Net increase (decrease) in cash and cash equivalents	699	1,166
Cash and cash equivalents at beginning of period	13,652	14,351
Cash and cash equivalents at end of period	14,351	15,518

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

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.

(Per share information)

	Previous fiscal year (From October 1, 2021 to September 30, 2022)	Current fiscal year (From October 1, 2022 to September 30, 2023)
Net assets per share	826.51 yen	906.72 yen
Basic earnings per share	109.91 yen	111.37 yen
Diluted earnings per share	109.12 yen	110.81 yen

(Notes) 1. The basis for calculation of basic earnings per share and diluted earnings per share is as shown below.

	Previous fiscal year (From October 1, 2021 to September 30, 2022)	Current fiscal year (From October 1, 2022 to September 30, 2023)
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	2,357	2,394
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of common stock of parent (Million yen)	2,357	2,394
Average number of common stock during the fiscal year (Shares)	21,444,673	21,500,237
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (Million yen)	—	—
Increase in shares of common stock (Shares)	155,974	107,190
[Of which, share acquisition rights] (Shares)	[155,974]	[107,190]
Overview of dilutive shares excluded from the calculation of diluted earnings per share because they have no dilutive effect	—	—

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

	Previous fiscal year (As of September 30, 2022)	Current fiscal year (As of September 30, 2023)
Total net assets (Million yen)	17,918	19,661
Amount to be deducted from total net assets (Million yen)	177	155
[Of which, share acquisition rights] (Million yen)	[177]	[155]
Net assets related to common stock at the end of the fiscal year (Million yen)	17,741	19,505
Number of common stock at the end of the fiscal year used in the calculation of net assets per share (Shares)	21,465,291	21,512,090

(Significant subsequent events)

Not applicable