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Semiannual Consolidated Financial Results for the Six Months Ended March 31, 2025 [Japanese GAAP]

May 13, 2025

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Scheduled date for filing the semiannual securities report: May 15, 2025
Scheduled date for commencing dividend payments: —
Availability of supplementary briefing material on financial results: Yes
Financial results briefing sessions scheduled: Yes (for institutional investors and analysts)

(Amounts less than 1 million yen are rounded down.)

1. Semiannual Consolidated Financial Results for the Six Months Ended March 31, 2025 (October 1, 2024 to March 31, 2025)

(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, 2025	20,282	3.2	2,533	22.0	2,540	21.9	935	(33.3)
Six months ended March 31, 2024	19,656	7.7	2,076	41.5	2,083	42.0	1,402	43.1

(Note) Comprehensive income

Six months ended March 31, 2025 1,305 million yen (-6.5%)
Six months ended March 31, 2024 1,396 million yen (42.5%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2025	44.03	43.97
Six months ended March 31, 2024	65.08	64.86

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2025	26,213	21,200	80.8
As of September 30, 2024	27,222	21,792	79.8

(Reference) Equity

As of March 31, 2025 21,178 million yen
As of September 30, 2024 21,718 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, 2024	—	0.00	—	45.00	45.00
Fiscal year ending September 30, 2025	—	0.00			
Fiscal year ending September 30, 2025 (Forecast)			—	52.00	52.00

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

2. Breakdown of year-end dividends for the fiscal year ended September 30, 2024

Ordinary dividend: 35.00 yen

Commemorative dividend: 10.00 yen (commemorating receipt of GUINNESS WORLD RECORDS™ certificate)

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(% indicates the change from the corresponding period of 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	42,000	4.9	4,500	7.7	4,520	10.2	3,100	10.9	146.72

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

* Notes

- (1) Significant changes in the scope of consolidation during the first six months of the fiscal year under review: No
- New companies N/A
- Excluded companies N/A

- (2) Accounting methods specific to preparation of semiannual 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: Yes
- 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, 2025	21,855,200 shares	As of September 30, 2024	21,855,200 shares
2) Total number of treasury shares at the end of the period	As of March 31, 2025	721,953 shares	As of September 30, 2024	280,773 shares
3) Average number of shares during the period (cumulative)	Six months ended March 31, 2025	21,255,378 shares	Six months ended March 31, 2024	21,545,263 shares

* Semiannual financial statements are not subject to review by certified public accountants or an auditing firm

* Explanation on the proper use of financial results forecast and other notes

(Disclaimer 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. 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 Company plans to stream the financial results briefing for institutional investors and analysts online on Tuesday, May 13, 2025. 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. Summary of Business Results, etc.

(1) Summary of Business Results for the Six Months Ended March 31, 2025

During the six months under review, the environment surrounding Japan saw a continued moderate recovery supported by improvements in the employment and income situations and continued growth in inbound demand. On the other hand, the outlook remains uncertain as the shift in financial policies in Western countries has led to currency fluctuations and rising prices, intensifying consumers' inclination to save.

In this market environment, the Group worked on key activities in accordance with “Growth Next 2027,” the Medium-Term Management Plan to realize its PURPOSE “Beyond innovation, for a beautiful smile!”

In Mail-Order and online sales, *PERFECT ONE*, our cosmetics product, saw growth in e-commerce sales thanks to success in acquiring new customers through the introduction of new products and implementation of new measures targeted towards middle-aged consumers (40s and 50s). On the other hand, brand sales declined due to factors such as expansion of sales of refill products with lower unit sales price and an efficiency-driven reallocation resulting in a reduction in advertising investment. In the second half of the fiscal year, we aim to achieve full-year revenue growth by expanding e-commerce sales through the launch of multiple new products aimed at the middle age generation. As for *PERFECT ONE FOCUS*, e-commerce sales grew led by the main cleansing balm products and limited-time-only products. In healthcare, there was significant revenue growth thanks to a high repeat rate for subscriptions of *W Health Green Juice*, which is the main *Fun and Health* food product with functional claims, building the brand's revenue base, as well as continued successful acquisition of new customers for *Slimore Coffee*. For *Wellness Food*, we worked to improve profitability by temporarily reducing advertising and promotional expenses in response to the rising cost of raw materials and exchange rate fluctuations.

In Wholesale sales, under a strategy that emphasizes increasing net sales per store, there was steady growth in the retailer-client base distributing *PERFECT ONE*. In the case of *PERFECT ONE FOCUS*, initial distribution of the new product “*VC Charge Smooth Mask*” is underway, and we continued to make efforts towards growth in the second half of the fiscal year. In addition, as part of our efforts to capture more inbound tourist demand and expand globally, we have opened a new store in the newly reopened Fukuoka Airport International Duty Free Shop to strengthen brand recognition among foreign visitors to Japan. For *Wellness Food*, revenues declined as a correction to a temporary spike in demand in the first half of the previous year.

In Overseas sales, in the US, we expanded the test marketing area and made progress in accumulating area-specific knowledge. We utilized this knowledge to advance comprehensive test marketing from multiple perspectives, including product, area characteristics, customer target groups, and advertising methods, and we continue to judge the optimal timing for expanding investment. Furthermore, we have begun to consider expanding to other countries, utilizing the knowledge gained in the U.S. In Asia, we continued e-commerce test marketing in Taiwan and promoted the development of a strategy centered on cross-border e-commerce in multiple other countries.

Flatcraft, Inc., a consolidated subsidiary of the Company Group, has been underperforming relative to its originally formulated plan, and the plan has been revised. As a result of conducting an impairment test, the Company has decided to record an impairment loss of 759 million yen on goodwill and intangible assets as an extraordinary loss.

As a result of the foregoing, for the six months under review, net sales were 20,282 million yen (up 3.2% year-on-year), operating profit came to 2,533 million yen (up 22.0% year-on-year), ordinary profit was 2,540 million yen (up 21.9% year-on-year), and profit attributable to owners of parent posted 935 million yen (down 33.3% year-on-year).

The Group's business segments consist of Mail Order, Wholesale and Overseas Sales of cosmetics and products related to healthcare. As the ratio of 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) Summary of Financial Position for the Six Months Ended March 31, 2025

Total assets as of the end of the six months under review were 26,213 million yen, a decrease of 1,009 million yen from the end of the previous fiscal year. This was mainly due to decreases of 1,123 million yen in accounts receivable-trade and 712 million yen in goodwill, despite increases of 350 million yen in cash and deposits, 277 million yen in inventories, and 373 million yen in investments and other assets.

Liabilities totaled 5,012 million yen, a decrease of 417 million yen from the end of the previous fiscal year. This was mainly due to decreases of 128 million yen in accounts payable - other, 70 million yen in provision for bonuses, and 88 million yen in long-term borrowings (including the current portion of long-term borrowings).

Net assets totaled 21,200 million yen, a decrease of 592 million yen from the end of the previous fiscal year. This was mainly due to an increase of 857 million yen in treasury shares (decrease in net assets), despite an increase of 378 million yen in valuation difference on available-for-sale securities.

2. Semiannual Consolidated Financial Statements and Notes

(1) Semiannual Consolidated Balance Sheet

(Million yen)

	Previous fiscal year (As of September 30, 2024)	First six months of the fiscal year under review (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	16,341	16,691
Accounts receivable - trade	4,291	3,167
Inventories	2,028	2,305
Other	446	411
Allowance for doubtful accounts	(44)	(32)
Total current assets	23,062	22,544
Non-current assets		
Property, plant and equipment	1,953	1,907
Intangible assets		
Goodwill	712	–
Other	627	520
Total intangible assets	1,340	520
Investments and other assets	866	1,240
Total non-current assets	4,160	3,668
Total assets	27,222	26,213

(Million yen)

	Previous fiscal year (As of September 30, 2024)	First six months of the fiscal year under review (As of March 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	548	583
Current portion of long-term borrowings	177	161
Accounts payable - other	2,270	2,142
Income taxes payable	841	859
Provision for bonuses	229	158
Other	806	582
Total current liabilities	4,873	4,487
Non-current liabilities		
Long-term borrowings	76	4
Retirement benefit liability	192	196
Other	287	325
Total non-current liabilities	556	525
Total liabilities	5,430	5,012
Net assets		
Shareholders' equity		
Share capital	4,158	4,158
Capital surplus	4,088	4,070
Retained earnings	13,971	13,936
Treasury shares	(529)	(1,387)
Total shareholders' equity	21,688	20,778
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	378
Foreign currency translation adjustment	26	19
Remeasurements of defined benefit plans	3	2
Total accumulated other comprehensive income	29	399
Share acquisition rights	74	21
Total net assets	21,792	21,200
Total liabilities and net assets	27,222	26,213

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

Semiannual Consolidated Statement of Income

(Million yen)

	First six months of the previous fiscal year (From October 1, 2023 to March 31, 2024)	First six months of the fiscal year under review (From October 1, 2024 to March 31, 2025)
Net sales	19,656	20,282
Cost of sales	4,043	3,969
Gross profit	15,612	16,313
Selling, general and administrative expenses	13,536	13,780
Operating profit	2,076	2,533
Non-operating income		
Interest income	2	3
Dividend income	0	0
Rental income	6	6
Foreign exchange gains	0	5
Other	7	11
Total non-operating income	18	27
Non-operating expenses		
Interest expenses	0	0
Loss on valuation of investment securities	5	1
Information security expenses	—	4
Loss on sale of supplies	2	9
Other	3	4
Total non-operating expenses	11	20
Ordinary profit	2,083	2,540
Extraordinary income		
Reversal of allowance for investment loss	6	—
Total extraordinary income	6	—
Extraordinary losses		
Impairment loss	—	759
Provision of allowance for investment loss	—	5
Total extraordinary losses	—	764
Profit before income taxes	2,090	1,775
Income taxes - current	628	790
Income taxes - deferred	59	48
Total income taxes	688	839
Profit	1,402	935
Profit attributable to owners of parent	1,402	935

Semiannual Consolidated Statement of Comprehensive Income

(Million yen)

	First six months of the previous fiscal year (From October 1, 2023 to March 31, 2024)	First six months of the fiscal year under review (From October 1, 2024 to March 31, 2025)
Profit	1,402	935
Other comprehensive income		
Valuation difference on available-for-sale securities	—	378
Foreign currency translation adjustment	(5)	(7)
Remeasurements of defined benefit plans	(0)	(0)
Total other comprehensive income	(5)	369
Comprehensive income	1,396	1,305
(Breakdown)		
Comprehensive income attributable to owners of parent	1,396	1,305

(3) Notes to the Semiannual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes when there was a substantial change in the amount of shareholders' equity)

The Company acquired 487,000 treasury shares in accordance with a Board of Directors resolution made on November 12, 2024. As a result, treasury shares increased 857 million yen in the six months ended March 31, 2025, and as of the end of the six months under review they amounted to 1,387 million yen.

(Changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Company has adopted the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter "2022 Revised Accounting Standard"), etc. from the beginning of the six months under review.

The revision regarding the accounting classification of income taxes (taxation on other comprehensive income) is in accordance with transitional treatments set forth in the provisos of Article 20-3 of the 2022 Revised Accounting Standard and Article 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28; October 28, 2022; hereinafter "2022 Revised Guidance"). The change in the accounting policy concerned has no impact on the semiannual consolidated financial statements.

For the revision related to the review of the treatment in consolidated financial statements for deferral of loss (gain) arising from the sale of subsidiary shares among consolidated companies, the Company has adopted the 2022 Revised Guidance from the beginning of the six months under review. The change in accounting policy concerned has been applied retrospectively, and the semiannual consolidated financial statements and the consolidated financial statements for the respective previous semiannual period and the previous fiscal year have been prepared after such application. The change in the accounting policy concerned has no impact on the semiannual consolidated financial statements of the previous semiannual period and the consolidated financial statements of the previous fiscal year.

(Notes on segment information, etc.)

The Group's business segments consist of Mail Order, Wholesale, and Overseas Sales of cosmetics and products related to healthcare. As the ratio of 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.