



**Non-Consolidated Financial Results
for the Nine Months Ended June 30, 2020
[Japanese GAAP]**

August 6, 2020

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 and Chief Executive Officer
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 Scheduled date of filing quarterly securities report: August 12, 2020
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes (On-demand video streaming of financial results briefing)

(Amounts of less than one million yen are rounded down.)

1. Financial Results for the Nine Months Ended June 30, 2020 (October 1, 2019 to June 30, 2020)

(1) Operating Results (Cumulative)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended June 30, 2020	25,573	0.8	2,552	(1.6)	2,549	0.1	1,593	1.2
Nine months ended June 30, 2019	25,376	—	2,592	—	2,546	—	1,573	—

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended June 30, 2020	73.82	73.42
Nine months ended June 30, 2019	109.91	109.87

(Note) 1. The Company conducted a stock split on March 1, 2019, at the rate of 10 shares per 1 share of common stock. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was carried out at the beginning of the fiscal year ended September 30, 2019.

2. Since the Company was listed on the Tokyo Stock Exchange Mothers on June 27, 2019, diluted earnings per share for the nine months ended June 30, 2019 is calculated based on the average stock price during the period from the initial listing date to June 30, 2019, which is deemed as the average stock price during the nine-month period.

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2020	18,156	13,717	75.3
As of September 30, 2019	18,575	12,758	68.7

(Reference) Equity: As of June 30, 2020 13,673 million yen
 As of September 30, 2019 12,758 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, 2019	—	0.00	—	17.50	17.50
Fiscal year ending September 30, 2020	—	0.00	—		
Fiscal year ending September 30, 2020 (Forecast)				28.00	28.00

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

3. Financial Results Forecast for the Fiscal Year Ending September 2020 (October 1, 2019, to September 30, 2020)

(% indicates changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	35,000	4.3	3,150	10.0	3,130	10.7	2,010	10.2	93.01

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

* Notes

(1) Accounting policies adopted specially for the preparation of the quarterly financial statements: No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

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|--|----|
| 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 June 30, 2020	21,611,300 shares	As of September 30, 2019	21,611,300 shares
2) Total number of treasury shares at the end of the period	As of June 30, 2020	190,100 shares	As of September 30, 2019	— shares
3) Average number of shares during the period (cumulative)	Nine months ended June 30, 2020	21,583,680 shares	Nine months ended June 30, 2019	14,320,300 shares

(Note) The Company conducted a stock split on March 1, 2019, at the rate of 10 shares per 1 share of common stock. The average number of shares during the period is calculated based on the assumption that the stock split took place at the beginning of the fiscal year ended September 30, 2019.

* 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

Financial results and other forward-looking statements herein are based on currently available information and certain assumptions that the Company deems as reasonable, and actual results, etc. may differ significantly from these forecasts due to various factors.

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1. Qualitative Information for Quarterly Financial Results for the Period Under Review

(1) Explanation on Business Results

The Japanese economy during the nine months ended June 30, 2020, was influenced significantly by stagnation in economic activity and a deterioration in consumer spending caused by the spread of novel coronavirus infections, amid the lingering impact of a reactionary decline in demand after a surge by a buying rush prior to the hike of the consumption tax rate.

With the end of the pandemic not in sight globally either, the outlook for the economy in Japan and overseas remains uncertain.

In such a market environment, sales in the mail order channel, which is key to net sales, were not significantly affected for the nine months ended June 30, 2020, although there remained the impact of a reactionary fall in demand after sales were moved up from the current fiscal year to the previous fiscal year, resulting from the rise of the consumption tax rate, and some direct store/wholesale channels and overseas channels were impacted by the coronavirus pandemic.

In Mail Order, net sales recorded a year-on-year increase due to measures taken to cultivate new customers in domestic EC sales and active investment in advertising on external online malls in addition to solid trends in sales of seasonal products that can be applied along with All-in-One Gel, targeted at customers already using the Perfect One All-in-One Gel series.

In Direct Store/Wholesale, net sales decreased from the same period of the previous year due to temporary shutdown of stores and a decrease in customer traffic because of self-restraint on outings caused by the novel coronavirus pandemic, despite continued efforts to increase the number of stores, mainly variety shops and GMS (*1), that handle our products and to expand spaces for our products in sales floors.

In Overseas, although sales were trending upward in China, in particular, during the three months ended December 31, 2019, a portion of sales activities was affected by suspension of domestic distribution in China and delays in exports to China during the six months ended March 31, 2020, resulting from the spread of novel coronavirus infections. Nonetheless, net sales grew on a year-on-year basis due to growth in overseas EC sales.

As a result, net sales were 25,573 million yen (up 0.8% year-on-year), operating profit was 2,552 million yen (down 1.6% year-on-year), ordinary profit was 2,549 million yen (up 0.1% year-on-year) and profit was 1,593 million yen (up 1.2% year-on-year).

The Company's business segments consist of Mail Order, Direct Store Sales/Wholesale, and Overseas Sales of cosmetics and merchandise related to health care. As the ratio of Direct Store Sales/Wholesale and Overseas Sales to overall sales is insignificant, and their materiality as disclosed information is low, description by business segment has been omitted.

*1: GMS stands for General Merchandise Store (general supermarket)

(2) Explanation on Financial Position

Total assets as of June 30, 2020 were 18,156 million yen, a decrease of 419 million yen from the end of the previous fiscal year. The main factors for the decrease were a decrease of 221 million yen in cash and deposits, a decrease of 183 million yen in accounts receivable-trade, and an increase of 93 million yen in merchandise.

Liabilities were 4,438 million yen, a decrease of 1,378 million from the end of the previous fiscal year. This was mainly due to a decrease of 595 million yen in accounts payable-other and a decrease of 462 million yen in income taxes payable.

Net assets were 13,717 million yen, an increase of 958 million yen from the end of the previous fiscal year. This was mainly attributable to the posting of profit of 1,593 million yen, a decrease of 378 million yen by the payment of dividends, and a decrease of 299 million yen by the purchase of treasury shares.

(3) Explanation on Financial Results Forecast and Other Forward-Looking Information Forecast

No revision has been made to the financial results forecast for the fiscal year ending September 30, 2020, released in "Non-Consolidated Financial Results for the Fiscal Year Ended September 30, 2019" dated November 8, 2019.

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 Financial Statements and Primary Notes

(1) Quarterly Balance Sheet

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2019)	Third quarter of the current fiscal year (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	10,576	10,354
Accounts receivable - trade	2,913	2,730
Merchandise	964	1,057
Other	326	317
Allowance for doubtful accounts	(87)	(97)
Total current assets	14,693	14,362
Non-current assets		
Property, plant and equipment	2,140	2,306
Intangible assets	653	506
Investments and other assets	1,088	979
Total non-current assets	3,882	3,793
Total assets	18,575	18,156

(Unit: Million yen)

	Previous fiscal year (As of September 30, 2019)	Third quarter of the current fiscal year (As of June 30, 2020)
Liabilities		
Current liabilities		
Accounts payable - trade	416	268
Current portion of long-term borrowings	173	173
Accounts payable - other	2,297	1,702
Income taxes payable	848	385
Provision for bonuses	201	107
Provision for point card certificates	264	119
Provision for sales returns	39	49
Other	303	381
Total current liabilities	4,544	3,188
Non-current liabilities		
Long-term borrowings	936	806
Provision for retirement benefits	149	157
Provision for retirement benefits for directors (and other officers)	150	163
Other	36	123
Total non-current liabilities	1,272	1,250
Total liabilities	5,817	4,438
Net assets		
Shareholders' equity		
Share capital	3,826	3,826
Capital surplus	3,817	3,817
Retained earnings	5,113	6,328
Treasury shares	—	(299)
Total shareholders' equity	12,757	13,672
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1	0
Total valuation and translation adjustments	1	0
Share acquisition rights	—	43
Total net assets	12,758	13,717
Total liabilities and net assets	18,575	18,156

(2) Quarterly Statement of Income
First nine months of the fiscal year

(Unit: Million yen)

	First nine months of the previous fiscal year (From October 1, 2018 to June 30, 2019)	First nine months of the current fiscal year (From October 1, 2019 to June 30, 2020)
Net sales	25,376	25,573
Cost of sales	3,669	3,832
Gross profit	21,707	21,741
Provision for sales returns	7	9
Gross profit - net	21,699	21,731
Selling, general and administrative expenses	19,107	19,179
Operating profit	2,592	2,552
Non-operating income		
Dividend income	4	19
Rental income	9	8
Other	6	3
Total non-operating income	19	32
Non-operating expenses		
Foreign exchange losses	13	0
Loss on valuation of investment securities	48	32
Other	3	1
Total non-operating expenses	65	34
Ordinary profit	2,546	2,549
Extraordinary losses		
Loss on retirement of non-current assets	—	3
Impairment loss	—	10
Total extraordinary losses	—	13
Profit before income taxes	2,546	2,536
Income taxes - current	986	856
Income taxes - deferred	(14)	86
Total income taxes	972	942
Profit	1,573	1,593

(3) Notes to the Quarterly Financial Statements

(Notes on going concern assumptions)

Not applicable

(Segment information, etc.)

The Company's business segments consist of Mail Order, Direct Store Sales/Wholesale, and Overseas Sales of cosmetics and merchandise related to health care. As the ratio of Direct Store Sales/Wholesale and Overseas Sales to overall sales is insignificant, and their materiality as disclosed information is low, description by business segment has been omitted.