

Shinnihonseiyaku Co., Ltd.

4931

Tokyo Stock Exchange First Section

27-Jul.-2021

FISCO Ltd. Analyst

Tomokazu Murase



FISCO Ltd.

<https://www.fisco.co.jp>

■ Index

■ Summary	01
1. 1H FY9/21 financial results	01
2. 1H FY9/21 net sales by channel	01
3. The growth strategy	01
■ Company profile	02
1. Company overview and history	02
2. Business overview	03
3. Strengths	05
4. The market environment	06
■ Results trends	07
1. 1H FY9/21 financial results	07
2. Operating profit increase-decrease factors	08
3. Financial condition	10
■ The impact of the COVID-19 pandemic	11
■ Outlook	12
1. FY9/21 financial results forecasts	12
2. FY9/21 net sales plan by channel	13
■ The growth strategy	14
■ Measures for ESG	18
■ Measures for SDGs	18
■ Shareholder return policy	19

Summary

PERFECT ONE Wrinkle Stretch Gel performed well. Progress made in expanding brand awareness with the millennial generation

Shinnihonseiyaku Co., Ltd. <4931> (hereinafter, “the Company”) conducts planning and sales of cosmetics, health foods, and pharmaceuticals. It handles simple skincare merchandise under the “PERFECT ONE” brand name, including the mainstay Perfect One All-in-One Gel series. It has three sales channels--the main channel of mail order, direct store sales and wholesale, and overseas sales. The Company promotes a vision of “Creating Healthy and Enriched Lives for People around the World,” and conducts business activities as a Creator of Lifestyles that Foster Beauty and Good Health through Database Marketing. It specializes in the planning, development, marketing, and sales of merchandise, and is a fables manufacturer that externally outsources production.

1. 1H FY9/21 financial results

Results in 1H FY9/21 (October 2020 to March 2021) were ¥16,575mn in net sales (down 1.5% year-on-year (YoY)), ¥1,398mn in operating profit (up 27.3%), ¥1,430mn in ordinary profit (up 30.0%), and ¥965mn in profit (up 40.8%). Net sales of cosmetics in mainstay mail order sales business exceeded the same period of the previous fiscal year by up-selling (raising the average purchase price) existing customers of PERFECT ONE Wrinkle Stretch Gel and increases in purchase frequency. Customer acquisition went well thanks to heightened brand awareness in the millennial generation (30s and under) driven by broadcasts of brand CMs and conducting sales promotions in conjunction with social media. In earnings, the Company kept operating expenses below the planned amount through reductions in order fulfillment costs (FF costs) and call center costs aided by advances in efficiency improvement measures. These savings put profits well above the previous fiscal year at all levels.

2. 1H FY9/21 net sales by channel

Overseas and domestic EC net sales increased at a double-digit pace to ¥1,946mn (up 20.7% YoY) through the acquisition of new customers in Japan and healthy overseas business led by China. Direct store and wholesale net sales slipped to ¥855mn (down 22.6%) due to the spread of COVID-19 infections. Nevertheless, brand awareness improved with the millennial generation thanks to the development of new customer contact points, such as digital marketing via social media and test initiatives at drugstores. Overseas net sales totaled ¥433mn (up 46.1%). The Company continued efforts to boost awareness and expand sales through promotions utilizing social media and popular influencers. Net sales in China grew 3.9 times YoY in 2Q (January-March 2021).

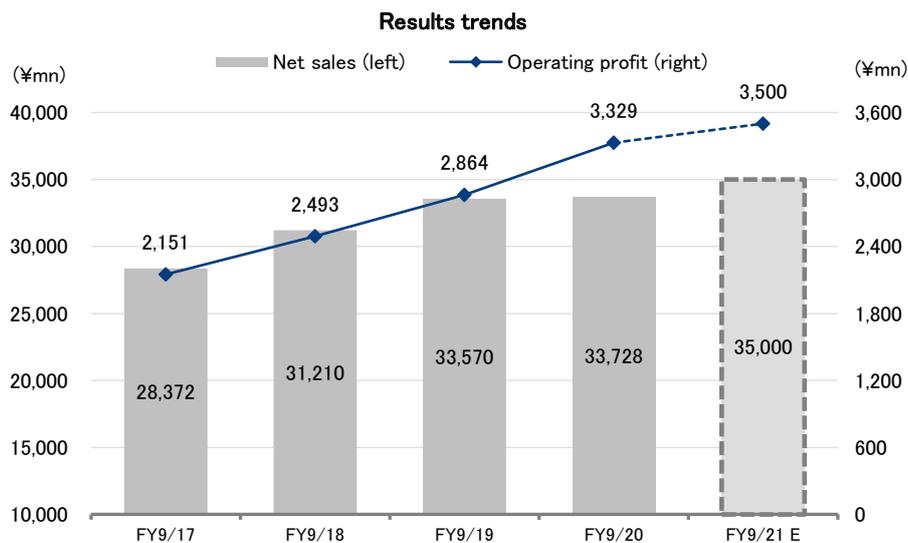
3. The growth strategy

For medium-term performance targets, the Company is aiming to achieve net sales of ¥40bn or more and an ordinary profit rate of 10% or more in FY9/23. The Company has positioned FY9/21 as a period to acquire a wide range of customers and achieve brand growth, and is advancing its growth strategy. The Company has set forth further growth of the Perfect One brand, acceleration of EC and digital expansion, brand development and growth for nurturing global brands, and development of Smart Health Care Business as its growth strategies. In addition, the Company has created a growth strategy roadmap, separated into targets including the senior generation (60s and above), the middle age generation (40-59), the millennial generation (30s and under) and Overseas. Furthermore, in both the cosmetics and healthcare categories, the Company has formulated clear medium-term strategies for each target. It also added development of new businesses and broadening business scope through M&A and development and rollout of new brands for younger people targeted at the millennial generation. to its growth strategies.

Summary

Key Points

- Holds a top share in the all-in-one skincare market
- Posting steady sales of PERFECT ONE Wrinkle Stretch Gel
- Achieving robust acquisition of new customers through EC
- Added ramp-up of new brands and development of new businesses and broadening business scope through M&A to growth strategies



Source: Prepared by FISCO from the financial results

Company profile

Expanding health and beauty business mainly with new lifestyle proposals, holds a top share in the all-in-one skincare market

1. Company overview and history

The Company conducts health and beauty business mainly with new lifestyle proposals and implements planning and sales of cosmetics, health foods, and pharmaceuticals. Cosmetics business handles All-in-One Gel series and other simple skincare products through the Perfect One brand and occupies a top share in the all-in-one skincare market. It has three sales channels: the main channel of mail order, direct stores and wholesales, and overseas. It promotes a vision of “Creating Healthy and Enriched Lives for People around the World,” and it conducts business activities as a Creator of Lifestyles that Foster Beauty and Good Health through Database Marketing. It specializes in the planning, development, marketing, and sales of merchandise and is a fables manufacturer that externally outsources production.

Company profile

Shinnihonliving Co., Ltd. (currently the Company) was established in 1992 as a company planning and selling daily commodities. In 1994, it started a mail order business for diet supplements and health teas and expanded its business scope to cosmetics and pharmaceuticals. For the sales channels, it started from local free papers and then expanded to Kyushu and nationwide. It began a television mail order business from 2001 and opened direct sales stores in 2010. It started sales in Taiwan in December 2016, and after that, it also developed its business in Hong Kong, China, Thailand, and Singapore, and further launched a business in Vietnam on June 1, 2020.

The Company listed its stock on the TSE Mothers market in June 2019 and switched to the TSE First Section market (TSE-1) in December 2020.

A company that creates lifestyles of beauty and good health by collecting the latest technical information and ingredient information and developing highly effective and functional merchandise

2. Business overview

The Company handles cosmetics, health foods, and pharmaceuticals that relate directly to health and beauty that are essential in lifestyles. In cosmetics, which provide more than 90% of sales, the Perfect One All-in-One Gel series is the Company's mainstay merchandise, and it has ranked No.1 for domestic sales in the all-in-one skincare market for five consecutive years (FUJI KEIZAI CO., LTD., Cosmetics Marketing Handbook 2017, 2018, 2019, 2020, and 2021 (Moisturizer and All-in-one Care Products Division/ 2016, 2017, 2018, 2019, and 2020 manufacturer and brand share results)). Through cooperation between market research, call centers, and stores, and based on the database marketing it has cultivated up to now, the Company collects the latest technical information and ingredient information to develop merchandise that is highly effective and functional. In customer data, the Company has accumulated data on 5.37mn cases up to now mainly for women in the middle age generation and older. It is also simultaneously implementing improvements aimed at facilitating proposals that address expectations more effectively by measuring the effect on over 1.5mn customers annually.

The main products of the Perfect One All-in-One Gel series are as follows. Moisture Gel, which is a blend of 50 types of moisturizing ingredient including Compounding Collagen EX, which combines 7 types of collagen; Whitening Gel, which is a blend of 55 types of moisturizing ingredient as well as an ingredient effective for skin whitening that inhibits the production of melanin; and Super Moisture Gel, which has a high moisturizing effect through blending 60 types of moisturizing ingredient, including platinum collagen EX. Moreover, Lifting Gel is a formulation of protective collagen, which is an original ingredient developed independently by the Company, and is the product formulated with the highest concentration of collagen within this series. Aside from these, it provides merchandise such as Cleansing Soap, which is formulated with collagen and has five functions, including face cleansing, makeup removal, and pore care, and the all-in-one foundation CC Cream, which covers wrinkles due to light, containing 40 types of moisturizing ingredient and retaining the most moisture in makeup. Recently in September 2020, the Company launched PERFECT ONE Wrinkle Stretch Gel, a new product in the All-in-One Gel series containing vitamin PP, for the first time in Japan. This is a medicinal, all-in-one gel that can simultaneously be used for whitening beauty care and improving epidermal wrinkles.

Company profile

For health foods, the Company handles merchandise including foods labelled with functions and dietary supplement foods. The following are the main health food merchandise: Green Vegetable Juice Salad Plus, which is a green vegetable juice containing 20 types of domestically produced ingredients, including indigo plant, kinji-sou plant, and coastal hog fennel; Loco Attack EX, which is a food labelled with functions containing proteoglycan derived from salmon cartilage and unmodified II type collagen, and serves as a supplement to improve the movement of knees on a daily basis; Kioku-leaf, which is also a food labelled with functions and a supplement formulated with ginkgo leaf-derived flavonoid glycoside and ginkgo leaf-derived terpene lactones to maintain the memory abilities of the middle-aged and the elderly, such as supporting forgetfulness due to aging. In February 2021, the Company launched sales of UV Pro, a food labelled with functions that includes astaxanthin, which protects skin moisture with full-body UV care internally and protects skin from ultraviolet stimulation. In addition, in January 2021, the Smart Health Care Business launched sales of BODY AURA, a product for which evidence is valued that supports the body's self-defense capability necessary for maintaining health in the long term.

In pharmaceuticals, the Company researches combinations of Japanese and Chinese plants and materials with the aims of realizing effective prescriptions, and handles merchandise launched to improve a variety of diseases and symptoms, including rough skin, chills, joint and back pain, and menopause. The main merchandise includes Yokuinnekisu Tablets SH, an herbal medicine that maintains the condition of skin internally and improves warts and rough skin, as well as Cysty White Plus +, which has the effect of ameliorating spots, freckles, and pigmentary deposits caused by sunburn and rashes.

Company profile

Summary of the Company's main merchandise

[Perfect One series]	
PERFECT ONE Moisture Gel	The All-in-One Gel series responds to aging skin issues, such as skin slackening and small wrinkles. In addition to the Compounding Collagen EX, which combines 7 types of collagen, it is formulated with 50 moisturizing ingredients, including moisture magnet that supplements and maintains moisture.
PERFECT ONE Whitening Gel	Formulated using arbutin, a skin whitening effective ingredient that suppresses the formation of melanin and which approaches the problem from the original blemishes, it also blends tranexamic acid to prevent dry skin. The All-in-One Gel series has skin whitening and moisturizing effects and takes a multi-faceted approach to skin damage caused by ultraviolet rays.
PERFECT ONE Super Moisture Gel	It contains 60 types of moisturizing ingredient, including Compounding Collagen EX, moisture magnet, and also platinum collagen EX and moisture coat collagen. The All-in-One Gel series maintains concentrations of moisture for a long time and is highly moisturizing.
PERFECT ONE Lifting Gel	Even in the All-in-One Gel series, it is formulated with the highest concentration of collagen. It is a new formulation in the All-in-One Gel series, being the first in the world to contain protect collagen, an ingredient independently developed by the Company, and it can realize fully fledged aging care through blending 72 types of moisturizing ingredients, including stretch essence and moisture magnet.
PERFECT ONE Wrinkle Stretch Gel	A medicinal, all-in-one gel containing the active ingredient vitamin PP. It has been confirmed that vitamin PP is effective in improving epidermis wrinkles, and moreover, it suppresses the production of melanin that causes skin blemishes, and it is effective in whitening beauty care. This single product plays seven roles, as in addition to being used as lotion, milky lotion, cream, serum, a facial mask, and a foundation primer, it can also be used as neck cream.
PERFECT ONE Cleansing Soap	A cleansing soap formulated with collagen and by combining 50 types of moisturizing ingredient. Its makeup sensor ingredient has the effect of absorbing makeup and pore sebum stains.
PERFECT ONE CC Cream	An all-in-one foundation that combines various functions, including a makeup base, foundation, color control, and sunscreen. It is formulated with color control powder, which controls light to cover skin problems such as wrinkles, and stretch polymer, which moves in accordance with the user's facial expression. Moreover, it is formulated by combining 40 types of moisturizing ingredient, including collagen veil and hyaluronic acid.
[Health foods]	
Rise and shine! Green Vegetable Juice Salad Plus	A green vegetable juice formulated by blending 20 types of domestically produced ingredients, including indigo plant, kinji-sou plant, and coastal hog fennel, to support a nutritional balance. It is also formulated by blending vegetable nano-type lactobacilli, fermented burdock, and calcium.
Loco Attack EX	A food labelled with functions containing proteoglycan derived from salmon cartilage and unmodified II type collagen. It is a supplement to improve the day-to-day movement of knees and feelings of discomfort.
Kioku-leaf	A food labelled with functions formulated with ginkgo leaf-derived flavonoid glycoside and ginkgo leaf-derived terpene lactones to maintain the memory abilities of the middle-aged and elderly. It is a supplement that supports forgetfulness due to aging.
UVPro	A food with functional claims that includes astaxanthin, which protects skin moisture with full-body UV care internally, and protects skin from ultraviolet stimulation.
BODY AURA	A supplement for the new normal era containing L. rhamnosus lactic acid bacteria combined with fermented wheat germ extract. This is a supplement that supports people's "self-protection power," which is necessary for managing health in the future.
[Pharmaceuticals]	
Yokuinnekisu Tablets SH	A category-three pharmaceutical. Provided as easy-to-take tablets with ingredients extracted from coix seed from pearl barley, which is used as a herbal ingredient that is effective for warts and dry skin.
Cysty White Plus +	A category-three pharmaceutical. Effective for ameliorating skin pigmentation issues like spots and freckles, and due to sunburn and rashes. It is formulated by blending L-cysteine and various types of vitamins, and it acts on spots and freckles from three approaches, of "preventing, reducing, and helping to eliminate" spots.

Source: prepared by FISCO from the Company's homepage

Holds an overwhelmingly high market share for senior generation. Ranked No.1 for domestic sales in the all-in-one skincare market for five consecutive years

3. Strengths

The Company's strengths include that it owns well-established brands in the all-in-one skincare market. In the approximately 15 years since the Company launched sales in 2006, the mainstay All-in-One Gel series ranked No1. for domestic sales in the all-in-one skincare market for five consecutive years, and the cumulative number of products sold exceeds 65 million items.

We encourage readers to review our complete legal statement on "Disclaimer" page.

Company profile

In merchandise planning, the Company prioritizes the “actual voices of customers,” who call the call center, such as their opinions and requests, and launches merchandise that is tailored to meet customer needs based on database marketing. The “actual voices of customers” are reflected concretely in services and products, such as in launches of new merchandise and information disseminated through the membership magazine. The Company also increases customer engagement by providing discounts and points and conducting limited-offer campaigns, and is developing a base of subscription purchase-type customers. The high rate of continuous purchases can be said to be one of the Company’s features and strengths.

FISCO thinks strong barriers exist for entry of major cosmetics manufacturers into the all-in-one skincare market. Since major cosmetics manufacturers supply cosmetics in various categories, entry into the all-in-one skincare market runs the risk of undermining the value of their existing products. Furthermore, as for the Company’s competitors, Premier Anti-Aging Co., Ltd.<4934>, which was recently listed on the TSE Mothers market, is developing merchandise including the cleansing balm and PREMIER WHITE in the DUO and CANADEL brand series. However, the customer group it targets are young women, so it does not appear that it will take customers from the Company, which holds an overwhelmingly high market share among the senior generation. Nevertheless, one of the Company’s growth strategies is reinforcement of brand strategy with the middle-aged and millennial generations. The Company has enlisted the help of a male celebrity who is popular with a wide range of generations in its brand promotion efforts and is airing commercials nationwide. Positive market reaction to the commercials has raised expectations for acquiring new customers in the middle-aged and millennial generations while retaining an overwhelming share in the senior generation.

For merchandise development, the Company collects the latest technical information and ingredient information while conducting research, including joint research with the Tokyo University of Agriculture and Technology, to develop highly effective and functional merchandise. It is said that collagen accounts for about 70% of skin, which is why the Company considers it to be particularly important for skin care based on age. Collagen is notable for decreasing by amount and changing in quality with age. To address this change, it developed Compounding Collagen EX (a moisturizing ingredient) that uniquely combines seven types of collagen with different effects and functions. In July 2020, it acquired a patent for a new functional collagen raw material manufacturing method and succeeded in developing the world’s first original raw material, VC Collagen. In this raw material, the collagen has a moisturizing effect, while the vitamin C has an antioxidant effect. Additionally, it has been confirmed to have a collagen production stimulating effect that is nearly five times that of general collagen raw materials.

4. The market environment

The beauty industry has been greatly affected by the decrease in opportunities to go outside due to COVID-19. Consumers’ cosmetic needs have diminished due to the impacts of the self-restraint on outings and from wearing masks, while this market is also being affected by the rapid decrease in the number of overseas visitors to Japan. It is thought that economic activities may normalize due to the provision of vaccines to prevent COVID-19 infection. Nevertheless, masks will remain an essential item in the new normal (a new lifestyle) for the time being. In addition, it seems that the movement to promote teleworking is widening, and it is thought that the recovery of the frequency of purchases of makeup items will be only gradual as working from home becomes normalized. Conversely, an increasing number of consumers are worried about makeup coming off when wearing a mask, mask burn, and rough skin, so demand for skincare products is rising. Regarding changes in consumer attitudes and behavior from the pandemic, it is widely thought that mask wearing and other anti-infection measures and lifestyles are unlikely to return entirely to the previous state, even with anticipated normalization of economic activities due to progress in vaccinations. FISCO sees large room for growth in the skincare market.

Results trends

Net sales beat guidance in 1H due to a rise in cosmetics sales driven by mail order selling. This trend, along with progress in efficiency enhancement, supported a double-digit YoY profit gain

1. 1H FY9/21 financial results

For results in 1H FY9/21 (October 2020 to March 2021), the Company reported ¥16,575mn in net sales (down 1.5% YoY), ¥1,398mn in operating profit (up 27.3%), ¥1,430mn in ordinary profit (up 30.0%), and ¥965mn in profit (up 40.8%), resulting in a decrease in sales and increase in profit. The impact of temporary curtailment of advertising investment in 2H in the previous period and decline in store traffic at direct stores and dealer locations was significant, and continued into 2Q, which resulted in a sales decline for direct stores and wholesales. Nevertheless, 1H net sales ended up beating guidance. Cosmetics sales in mainstay mail order sales business exceeded the previous fiscal year through robust sales of PERFECT ONE Wrinkle Stretch Gel with upselling (lifting the average purchase price) for existing customers and increases in purchase frequency. Customer acquisition progressed thanks to heightened brand awareness in the millennial generation driven by broadcasting brand CMs that featured a male celebrity as a character and conducting sales promotions in conjunction with social media as brand strategies to acquire new customer bases. Earnings were well above the previous fiscal year at all levels. The Company kept operation costs below the planned amount through reductions in FF costs and call center costs aided by advances in efficiency improvement measures.

1H FY9/21 financial results

	(¥mn)					
	1H FY9/20 Results	1H FY9/21		YoY		Changes versus the plan
		Plan	Results	Amount of change	Rate of change	
Net sales	16,834	16,379	16,575	-258	-1.5%	195
Cosmetics	15,498	15,312	15,503	4	0.0%	190
Healthcare	1,335	1,066	1,072	-262	-19.7%	5
Operating profit	1,098	695	1,398	300	27.3%	702
Ordinary profit	1,100	669	1,430	330	30.0%	761
Ordinary profit rate	6.5%	4.1%	8.6%	2.1pt	-	4.5pt
Profit	685	415	965	279	40.8%	550

Source: Prepared by FISCO from the Company's financial results and supplementary briefing material

At the channel level, mail order net sales dropped to ¥15,286mn (down 0.9% YoY), although this figure beat guidance. Net sales were lower than in the previous fiscal year on an overall basis because of sluggishness in healthcare products due to the impact of strategic curtailment of advertising investments up until now. Main drivers in beating the plan target, meanwhile, were successful sales promotion with a campaign for presents promoted by the male celebrity used in commercials and initiatives toward up-selling of PERFECT ONE Wrinkle Stretch Gel to fixed-term purchase customers in cosmetics business. Net sales of cosmetics in the mail order sales business exceeded the same period of the previous fiscal year supported in part by up-selling.

Results trends

Overseas and domestic EC business achieved double-digit growth at ¥1,946mn in net sales (up 20.7% YoY) thanks to new customer acquisition in Japan and steady overseas business led by China. Net sales for direct stores and wholesale business came to ¥855mn (down 22.6%) amid ongoing difficult business conditions due to COVID-19. At a pop-up event held for a limited period in Harajuku in 1Q, customer traffic and net sales during the period significantly exceeded expectations.

Overseas sales business recorded ¥433mn in net sales (up 46.1%). The Company enlisted key opinion leaders (KOL)*, which are becoming mainstream in China and other Asian countries, to improve awareness, thereby expanding sales. Additionally, sales have steadily been climbing in the one year since the launch of a flagship store on Tmall, China's largest retail online shopping mall operated by Alibaba Group. Through these initiatives, the Company expanded net sales in China by 3.9 times YoY in 1H. In Thailand, the Company broadened sales channels to EC malls used very frequently by target customers in the 20s-40s age group (top-tier Southeast Asian EC sites Lazada and Shopee and Thailand's top-level cosmetic EC site Konvy).

* KOL refers to an influencer with an area of expertise.

1H FY9/21 net sales by channel

	(¥mn)					
	1H FY9/20 Results	1H FY9/21		YoY		Changes versus the plan
		Plan	Results	Amount of change	Rate of change	
Mail order	15,431	14,694	15,286	-145	-0.9%	592
Direct store sales/wholesale	1,105	1,229	855	-250	-22.6%	-374
Overseas sales	296	455	433	136	46.1%	-22

Source: Prepared by FISCO from the Company's supplementary briefing material

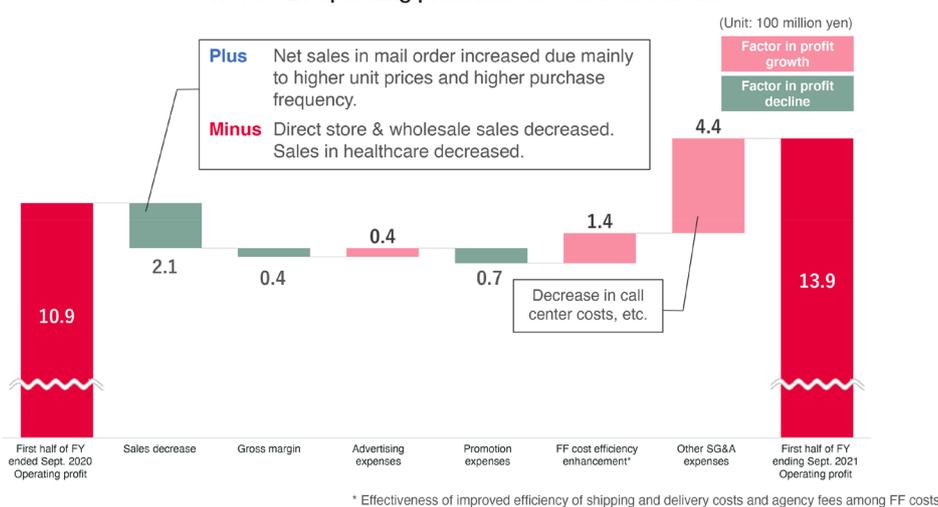
2. Operating profit increase-decrease factors

In 1H FY9/21 operating profit, mail order net sales were better than expected due to factors such as the effects of up-selling for PERFECT ONE Wrinkle Stretch Gel and increased buying frequency. In contrast to this, net sales decreased (down ¥210mn) mainly due to decreases in direct store and wholesale as well as healthcare, resulting in a lower gross margin (down ¥40mn). As for advertising expenses, marketing investments were on par with the previous fiscal year (up ¥40mn). Other factors included sales promotion expenses (down ¥70mn) and improved efficiency in FF costs (up ¥140mn) due to reductions in shipping delivery costs and declines in agent fees through encouragement of change in the payment method. Cutbacks in call center costs and other costs in SG&A expenses contributed to steep increases in profit (up ¥440mn).

Results trends

At FISCO we think that improving the efficiency of FF costs is a field that the Company should focus on as one growth factor, while continuing to grow sales of cosmetics. Since April 2019, it has implemented measures to charge shipping fees. As a result, the shipping costs that it has had to bear up to now are continuing to decrease. This has not resulted in restrained buying by consumers, but instead is ameliorating the increase in shipping fees they have to bear as a result of the push for “bulk shipping” in which a two months’ supply of products is shipped at once. In addition, for the switch of payment method, the switch from cash on delivery to post-payments on credit is reducing the Company’s payment fees. However, we at FISCO believe that customers who pay through cash on delivery still make up a high percentage of customers, and that there is significant room for the enhancement of efficiency when it comes to FF costs. In particular, replacement is likely to proceed as a contactless payment method driven by the COVID-19 pandemic. For call center costs as well, there are many excellent customers, such as repeat purchasers, and specialist structure to deal with customers is necessary to reflect customers’ opinions in merchandise and the Company itself must allocate a certain number of personnel to it. On the other hand, outsourcing approximately 60% of call center work to external companies enables changing the allocation of communicators, based on factors such as ordering conditions, which enables cost controls to be carried out.

1H FY9/21 operating profit increase-decrease factors



Source: The Company’s supplementary briefing material

FY9/21 financial results summary supplement

(¥mn)

	1H FY9/20 Results	1H FY9/21		YoY		Changes versus the plan
		Plan	Results	Amount of change	Rate of change	
Overseas and domestic EC net sales	1,612	2,004	1,946	334	20.7%	-57
Marketing investment						
Advertising expenses	5,317	5,509	5,270	-46	-0.9%	-239
Operations costs						
FF costs	2,145	1,958	1,961	-184	-8.6%	2
Call center costs	1,512	1,495	1,268	-243	-16.1%	-227

Source: Prepared by FISCO from the Company’s supplementary briefing material

Results trends

3. Financial condition

At the end of 1H FY9/21, total assets were ¥20,277mn, up ¥321mn on the end of the previous fiscal year. This was mainly due to a ¥354mn increase in cash and deposits, a ¥199mn increase in merchandise and a ¥181mn decrease in non-current assets. Liabilities totaled ¥4,933mn, a decrease of ¥755mn from the end of the previous fiscal year. This mainly reflected a ¥307mn decline in accounts payable-other, in addition to a ¥154mn drop in accounts payable-trade, and a ¥106mn decline in income taxes payable. Net assets came to ¥15,344mn, an increase of ¥1,077mn from the end of the previous fiscal year. The main factors were an increase of ¥664mn due to the issuance of new shares, posting of profit of ¥965mn, and a decrease of ¥642mn due to payment of dividends. The equity ratio was 75.0%, rising 3.8 percentage points (pp) from 71.2% at the end of FY9/20.

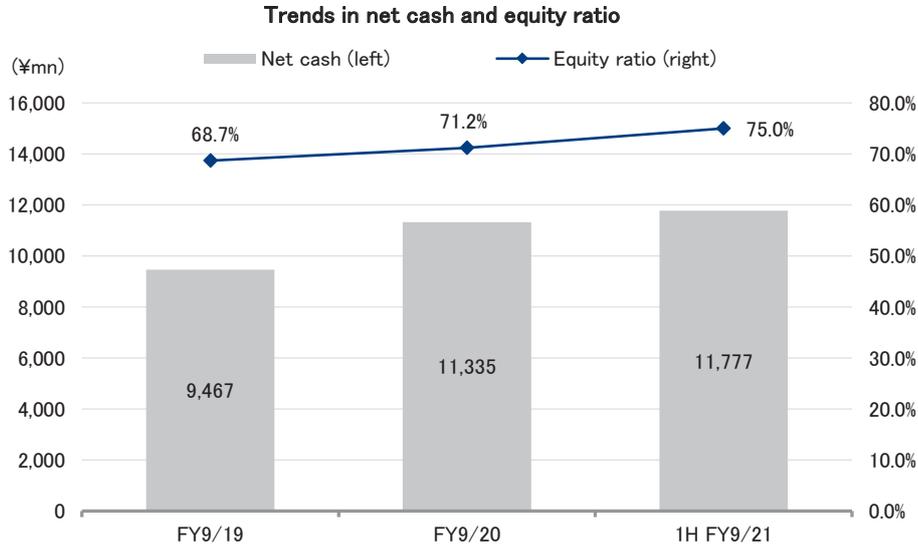
The Company conducted issuance of new shares by way of third-party allotment in December 2020. The Company will allocate the estimated net proceeds from the capital increase of ¥649mn to new healthcare businesses. Up until now, the Company's main business was cosmetics including skincare products. However, with the global health boom and rising interest in personal healthcare in recent years, the Company plans to strengthen and expand the healthcare business as its second pillar of its business.

Balance sheet

	(¥mn)			
	End of FY9/19	End of FY9/20	End of 1H FY9/21	Amount of change
Current assets	14,693	16,211	16,715	503
Cash and deposits	10,576	12,271	12,626	354
Accounts receivable-trade	2,913	2,607	2,516	-91
Inventory assets	1,063	1,193	1,371	178
Non-current assets	3,882	3,744	3,562	-181
Total assets	18,575	19,956	20,277	321
Liabilities	5,817	5,688	4,933	-755
Accounts payable-trade	416	509	355	-154
Interest-bearing debt	1,109	936	849	-86
Net assets	12,758	14,267	15,344	1,077
Treasury shares	-	-299	-273	26
Total liabilities and net assets	18,575	19,956	20,277	321

Source: Prepared by FISCO from the Company's supplementary briefing material

Results trends



Source: Prepared by FISCO from the Company's supplementary briefing material

■ The impact of the COVID-19 pandemic

Continued steady demand for skincare products and expansion of sales opportunities in new smart healthcare products

Conditions remain difficult as the renewed spread of COVID-19 infections has heavily affected economic activities and personal consumption. Economic prospects are still unclear, despite an outlook for moderate recovery of economic activity due to progress in vaccinations and measures to prevent the spread of infection.

In terms of the impact of the COVID-19 pandemic on the Company's overall business, in FY9/20 there were stable needs for skincare products (minimal impact from habitual mask wearing and reduced opportunities to go out). Meanwhile, although sales of cosmetics were down compared to FY9/19, the direct impact from the COVID-19 pandemic was limited to the direct store/wholesale sales and the overseas sales channel. In terms of the expected impact on the Company's overall business in FY9/21, it expects demand for skincare products to stably continue, and demand for skincare products that alleviate concerns such as rough skin caused by wearing masks to expand. Additionally, the Company thinks that there will be expanded needs for healthcare products driven by consumers' enhanced health awareness based on recognition of obesity due to factors like lack of exercise caused by the COVID-19 pandemic and healthy life span, and cites this as an opportunity for sales expansion.

The impact of the COVID-19 pandemic

Looking at each channel, the Company expects continued expansion of mail order sales and EC needs and ongoing downturn in incoming call volume for inquiries about delivery and products accompanying the increase in time spent at home. The Company has also mentioned more opportunities to propose new products due to the increase in time to handle calls as well as changes in the advertising investment environment. In direct store and wholesale business, the Company anticipates that store customer traffic volume will remain at the same level it has been since spring 2020 and anticipates the possibility of shorter business hours from a state of emergency declaration. In overseas sales business, it sees a possibility of temporary impact from regional lockdowns and other situations but no particular impact in terms of things like export delays or halted logistics. Meanwhile, the Company cited expansion of sales opportunities in live commerce and other EC.

Additionally, in an environment where industry peers are being affected by the COVID-19 pandemic and strengthening discounted price strategy with the aim of clearing inventories, the Company is promoting brand strategy that targets the 20s-40s age groups and has been steadily raising awareness in overseas sales business. For this reason, FISCO thinks the Company is fully capable of realizing earnings growth in the future without resorting to discounts.

■ Outlook

The FY9/21 results forecast has been left unchanged from the initial forecast. In addition to additional growth of the PERFECT ONE brand, growth is expected in the Smart Health Care Business, Which is the Company is aiming to grow into its second business pillar

1. FY9/21 financial results forecasts

In the FY9/21 financial results forecast, the Company assumes ¥35,000mn in net sales (up 3.8% YoY), ¥3,500mn in operating profit (up 5.1%), ¥3,460mn in ordinary profit (up 5.4%), and ¥2,300mn in profit (up 8.4%). Despite outpacing the full-year forecast in 1H, the Company retained its initial targets. Broken down by product category, in cosmetics, it projects ¥32,539mn in net sales (up 4.6% YoY). It foresees sales growth driven by new cosmetics product sales promotion measures in the mail order sales channel and sales expansion for PERFECT ONE Wrinkle Stretch Gel. In healthcare, it projects ¥2,460mn in net sales (down 6.4%). The Company hopes to strengthen sales through expansion of advertising investments in foods labelled with functions and cross-selling and also work on developing Smart Health Care Business.

FY9/21 financial results forecasts

	FY9/19 Results	FY9/20 Results	FY9/21		
			1H Results	FY Forecasts	YoY Change
Net sales	33,570	33,728	16,575	35,000	3.8%
Cosmetics	30,575	31,098	15,503	32,539	4.6%
Healthcare	2,994	2,630	1,072	2,460	-6.4%
Operating profit	2,864	3,329	1,398	3,500	5.1%
Ordinary profit	2,822	3,283	1,430	3,460	5.4%
Ordinary profit rate	8.4%	9.7%	8.6%	9.9%	-
Profit	1,824	2,122	965	2,300	8.4%

Source: Prepared by FISCO from the Company's supplementary briefing material

Outlook

2. FY9/21 net sales plan by channel

No changes have been made to the assumptions for FY9/21 full-year forecasts based on 1H FY9/21 results. In net sales by channel, mail order sales of the Perfect One All-in-One Gel series, which is the Company's mainstay product, are expected to increase 1.1% YoY to ¥31,213mn. Direct store and wholesale sales are forecast to increase 32.2% to ¥2,836mn. Overseas sales are forecast to rise 34.3% to ¥950mn. Overseas and domestic EC sales, which are driving the sales, are forecast to increase 30.0% to ¥4,477mn.

The Company intends to bolster sales in healthy channels aimed at realizing full-year forecast targets. It plans to strengthen advertising investments for PERFECT ONE Wrinkle Strength Gel and promote additional recruitment of new customers in the mail order sales channel. For that reason, it is planning an advertising expenses budget of ¥10,846mn (up 7.6% YoY), including curtailed investments in FY9/20. The Company aims to continue improvements in cost efficiency, including reduction of FF costs by 2.0% to ¥4,109mn in operating expenses. For call center costs, meanwhile, it forecasts ¥3,070mn (up 7.5%) due to rebound from strategic curtailment in FY9/20 and reinforcement of marketing investments. Despite smooth progress in improving the efficiency of operating expenses, the Company retained the conservative initial forecast, which FISCO thinks is a cautious stance.

FY9/21 results forecasts

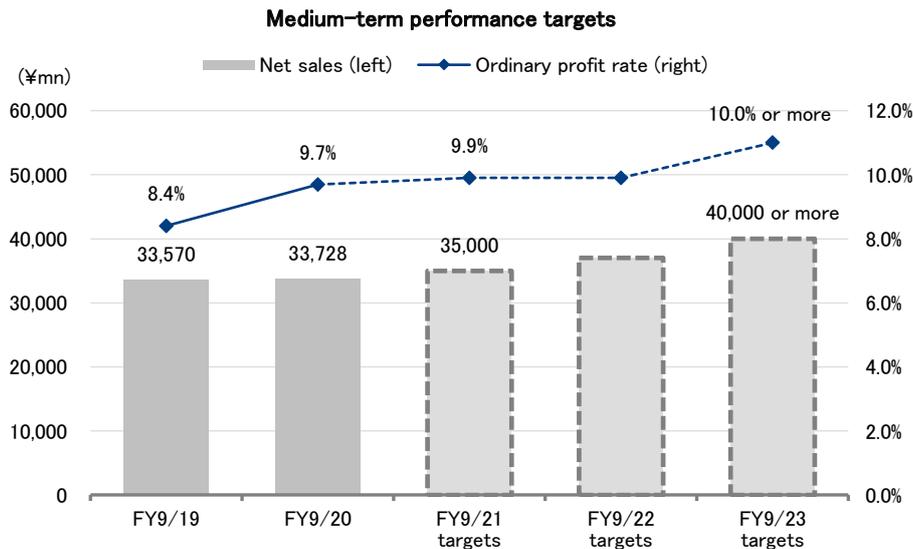
	FY9/19 Results	FY9/20 Results	FY9/21		
			1H Results	FY Forecasts	YoY Change
Mail order	30,804	30,875	15,286	31,213	1.1%
Direct store sales/wholesale	2,151	2,145	855	2,836	32.2%
Overseas sales	614	707	433	950	34.3%
(¥mn)					
	FY9/19 Results	FY9/20 Results	FY9/21		
			1H Results	FY Forecasts	YoY Change
Overseas and domestic EC net sales	2,816	3,444	1,946	4,477	30.0%
Marketing investment					
Advertising expenses	10,245	10,079	5,270	10,846	7.6%
Operations costs					
FF costs	4,575	4,194	1,961	4,109	-2.0%
Call center costs	3,082	2,857	1,268	3,070	7.5%

Source: Prepared by FISCO from the Company's supplementary briefing material

The growth strategy

Outlined clear medium-term strategies for each generation target, added development of new businesses and broadening business scope through M&A

For medium-term performance targets, the Company is aiming to achieve net sales of ¥40bn or more and ordinary profit rate of 10% or more in FY9/23. It has positioned FY9/21 as a period to acquire a wide range of customers and to achieve brand growth, and is advancing its growth strategy. For growth strategies, the Company has set forth further growth of the Perfect One brand, acceleration of EC and digital expansion, achieving brand growth for nurturing global brands, and development of Smart Health Care Business. The Company has also created a growth strategy roadmap and has formulated clear medium-target strategies for each of the four targets of senior generation, middle age generation, millennial generation, and overseas as targets in the cosmetics and healthcare category. From 2Q FY9/21, the Company added development of new businesses and broadening business scope through M&A for all categories. It also added development and rollout of new brands for younger people targeted at the millennial generation.



Source: Prepared by FISCO from the Company's supplementary briefing material

For the senior generation in the cosmetics category, the Company aims to increase lifetime value (LTV)* and acquire new customers and cites expansion of PERFECT ONE Wrinkle Stretch Gel sales and reinforcement of database marketing as strategies. For the millennial generation, it continues to work on rollout of a new brand strategy using a popular celebrity and promotion of digital marketing using social media in recruitment of customers mainly in the 20s-30s age groups. From 2Q FY9/21, it also intends to ramp up a new brand for younger people. For middle-aged and millennial generations, the Company plans to accelerate EC and digital expansion. In overseas business, it advocates brand growth toward becoming a global brand. It is promoting further growth in China and intends to promote brand growth in Asia and ASEAN countries. Furthermore, the Company has started test marketing for Perfect One brand sales in North America and is steadily advancing initiatives toward growth into a global standard brand.

* LTV refers to customer lifetime value.

The growth strategy

In the healthcare category, the Company intends to pursue brand value and cultivate Smart Health Care Business through acquisition of a new customer base for middle-aged and millennial generations and acquire new customers mainly in foods labelled with functions and enhanced cross-selling for senior healthcare business.

Growth strategy roadmap

Category	Target	Medium-term strategy	Expansion of business areas through development of new businesses and M&A
Cosmetics	Senior generation	Raising LTV and attracting new customers ✓ Sales expansion of PERFECT ONE Wrinkle Stretch Gel ✓ Strengthen database marketing	
	“Minimum Life” generation	Cultivating customers in their 20s and 30s ✓ Deploy a new brand strategy using a celebrity ✓ Digital marketing utilizing social media ✓ Development and deployment of new brands for young age groups	
	Middle age generation “Minimum Life” generation	Acceleration of EC and digital expansion ✓ Concentrate investments and strengthen digital marketing ✓ Strengthen CRM through online-offline collaboration measures and applications	
	Overseas	Brand development and growth for nurturing global brands ✓ China: Growth driver ✓ ASIA/ASEAN: Brand development ✓ North America: Test-selling in process for market entry	
Healthcare	Middle age generation “Minimum Life” generation Senior generation	Development of Smart Health Care Business ✓ Pursuit of brand value and acquisition of new customer bases Reinforcement of healthcare products for seniors ✓ Acquiring new customers centered on foods with functional claims and strengthening cross-selling	

Senior generation = aged 60 and above; Middle age generation = aged 40 to 59; “Minimum Life” generation = aged under 40

Source: Prepared by FISCO from the Company’s supplementary briefing material

Maximizes customer database value and emphasizes up-selling and cross-selling for the senior generation. Plans to release a new skincare brand as soon as this fall in recruitment of middle-aged and millennial generations

(1) Further growth of the Perfect One brand

To realize the medium-term performance targets at an early stage, the foundation of Company’s strategy is to aim for the further growth of the Perfect One brand to develop it to be a brand that is selected continuously over a long period. With the expansion of the anti-aging skincare market, in September 2020 the Company launched PERFECT ONE Wrinkle Stretch Gel containing vitamin PP, as a new product from the All-in-One Gel series for the first time in Japan, and post-launch sales have been strong. It is actively investing in advertising on TV and social media, mainly for PERFECT ONE Wrinkle Stretch Gel. According to the Company, major cosmetics manufacturers’ spot beauty essence is in a high price range (¥10,000 to ¥15,000). There are many players and it is a highly-competitive environment, but the Company is rolling out all-in-one type products in the mid price range (¥7,150 including tax) which it claims will make it less likely to face competition from major cosmetics manufacturers and also promises future growth. The Company’s strategy is to extend growth of the Perfect One brand by putting itself in a position where it is better able to demonstrate its strengths.

The growth strategy

The senior generation accounts for over 60% of the Company's customer database of 5.37mn people (as of end-March 2021). Leveraging this strength, the Company intends to implement a strategy that maximizes value of the senior generation customer database. It also wants to enhance brand value by strengthening product capabilities with a renewal of the mainstay Perfect One All-in-One Gel and rebranding the Perfect One brand. Furthermore, it aims to raise LTV and acquire new customers through up-selling of wrinkle improvement gel and other high-functionality products, cross-selling of seasonal products and other items, increases in purchase frequency based on call center proposals, and more active use of the database to promote repurchases by dormant customers.

Regarding PERFECT ONE Wrinkle Stretch Gel, up-selling to existing customers progressed faster than expected, contributing to higher LTV. In order to develop new customer bases for the Perfect One brand, the Company utilized male celebrities popular with a wide range of age groups and broadcasted commercials nationwide. Immediately after starting the commercials, the Company achieved first place in Twitter search trends, and there was five-time growth in the number of social media account followers on Twitter three months after the launch of the Twitter account, while the number of Instagram followers increased 55 times over in the five months after the launch. At the same time, the number of new customers in the millennial generation has been showing rapid growth. Going forward, the Company plans to continue to conduct new commercials and other forms of advertising using popular celebrities and increase the name awareness of the Perfect One brand, mainly among the millennial generation, as well as spread the new common sense of "Providing simple, smart, and effective skin care."

FISCO thinks the millennial generation has an impression of the Company's cosmetics as being moderately expensive products aimed at seniors. In response, the Company wants to develop new customer contact points aimed at millennial and middle-aged generations, such as digital marketing using social media and drugstores, and plans to release a new skincare brand for these groups in fall 2021. At present, there are expectations that the Company will expand sales by putting emphasis on up-selling and cross-selling for the senior generation and implement a proactive strategy of rolling out a new skincare brand.

(2) EC and digital expansion

The Company intends to promote new customer acquisition in the domestic EC channel by implementing coordinated online and offline measures targeted at middle-aged and millennial generations and bolstering CRM using the PERFECT ONE app. It increased new customer acquisition volume by 4.3 times YoY through these measures by placing a QR code that links to the EC site on paper materials and other offline mail order promotions. It also started the PERFECT ONE app as a communication tool with customers. App downloads rose 5.2 times YoY thanks to reinforcement of app contents. The Company intends to continue acquiring new customers efficiently via digital communications with customers, including coordinated online and offline measures.

The Company plans to convert PBX to the cloud and promote advancement of VOC analysis with goals of improving call center operation efficiency and productivity and deploying chatbot support and AI at the call center in the future.

The growth strategy

(3) Brand development and growth for nurturing global brands

The Company promotes the expansion of EC-based overseas sales, focusing on China where the growth potential is high. In addition to China, the Company is targeting Taiwan, Hong Kong, and ASEAN (Singapore, Vietnam and Thailand), and North America, and in each country the focus will be on the 20s-40s age groups with high spending power. In China, the sales channel is EC (cross-border EC, RED, Tmall, etc.). The Company is working to increase recognition and heighten LTV for people in their 20s, who are highly skilled at conveying information through social media. In live commerce events, the Company has recruited a KOL with 3.5mn followers and holds events on TikTok. In Taiwan and Hong Kong, the sales channels are EC (company website, MOMO, etc.), direct store/wholesale (variety shops), and mail order, and the strategy is to strengthen brand awareness and promote multi-channel marketing. In ASEAN, the sales channels are EC (company website, shopee, etc.) and direct store/ wholesale (variety shops), and the strategy is to deploy mid price range products in view of potential consumption power. In the North America, utilizing EC (company website), the plan is to increase awareness targeting full-scale deployment.

(4) Development of Smart Health Care Business

With the global health boom and rising interest in personal healthcare in recent years, the Company launched the Smart Health Care Business in 1Q FY9/21. It plans to strengthen and expand the business as its second pillar of its business. With EC as the core, the Company will also start distributing products in drug stores, targeting the millennial and middle-aged generations. In drug stores, the Company has started with medium-sized chain stores. The Company will distinguish itself in terms of customers and channels, and plans to promote incremental sales. At FISCO, we believe that it is necessary to keep a close watch on the fact that drug stores may very well ask the Company to lower its prices.

The smart healthcare concept, which targets customers from the middle-aged to millennial generations advocates “self-reliant health care.” BODY AURA, a supplement that supports the ability to defend oneself (self-defense capability) in the new normal, is the main product, and the Company has started to sell this product in its own online shop and at drugstores nationwide. In Smart Health Care Business, it is raising awareness with TV and radio commercials in sales regions and aims to steadily cultivate business. The existing healthcare concept applied to the senior generation, meanwhile, advocates “maintaining good health and solving concerns.” Core products are Rise and shine! Green Vegetable Juice Salad Plus and foods labelled with functions, Loco Attack EX and W Health Green Vegetable Juice. From 2H, the Company intends to promote advertising investments in foods labelled with functions and reinforcement of new customer acquisition and cross-selling efforts.

(5) Development of new businesses and broadening business scope through M&A

With the aim of achieving further business growth and create new lifestyles in the health and beauty field, in addition to implementing growth strategies in existing businesses, the Company plans to expand business scope through development of new businesses and M&A investments. In the healthcare field, increasing benefit costs of social security and extending the healthy lifespan of citizens are becoming policy concerns for the Japanese government. In the “Japanese Recovery Strategy -JAPAN is BACK-” strategic market creation plan (Growth Strategy 2013), the Japanese government presented an outlook for the domestic market related to extending the healthy lifespan of citizens to reach ¥37trn in 2030. Demand for products that support body maintenance through food has risen as a result of the COVID-19 pandemic. Against this backdrop, the Company decided to acquire all shares of Flatcraft, Inc. and make it a subsidiary at the Board of Directors meeting held on May 19, 2021. Flatcraft imports, produces, and sells MCT oil, GHEE oil, butter coffee, and other foods. The Company aims to expand results by combining Flatcraft’s products and sales foundation with its customer base of over 5.3mn cases, mail order sales knowhow, and wholesale base.

■ Measures for ESG

Donating PERFECT ONE Whitening Gel to medical personnel working on the frontline of the COVID-19 pandemic

The Company provided up to 1,000 units of PERFECT ONE Whitening Gel for free via the Heart Stock matching platform for medical goods and other items and donated 1,200 units of PERFECT ONE Whitening Gel Half Size to Kyushu University Hospital.

As part of its efforts to realize a decarbonized society, the Company used eco-friendly technology and materials in the container and cosmetic storage box for PERFECT ONE Whitening Gel. It blended green nano into the plastic to reduce CO₂ emissions during plastic combustion by roughly 60% and uses forest-certified paper in the product package. It plans to steadily replace materials in other products as well.

As an initiative to enhance corporate value, the Company has accepted nine seconded employees from JAL NAVIA Co., Ltd., which handles air ticket reservations, inquiries, and other passenger service tasks, at its call center. This effort is aimed at sharing mutual advice and improving customer satisfaction.

■ Measures for SDGs

The Company addresses SDGs in accordance with its philosophy of being a company that contributes to society. Since it believes in the importance of healthy and happy employees in order to realize its vision of “Creating Healthy and Enriched Lives for People around the World,” the Company promotes “Smile Project One” and “Eco Project One” initiatives.

(1) Smile Project One

One of the Company’s mottos is “What We Can Do for Health.” Based on this idea, the Company supports sports for persons with disabilities, supports food, education, and healthcare around the world, and works through an organization to eradicate drunk driving. The Company also sponsors local events and promotes regional revitalization.

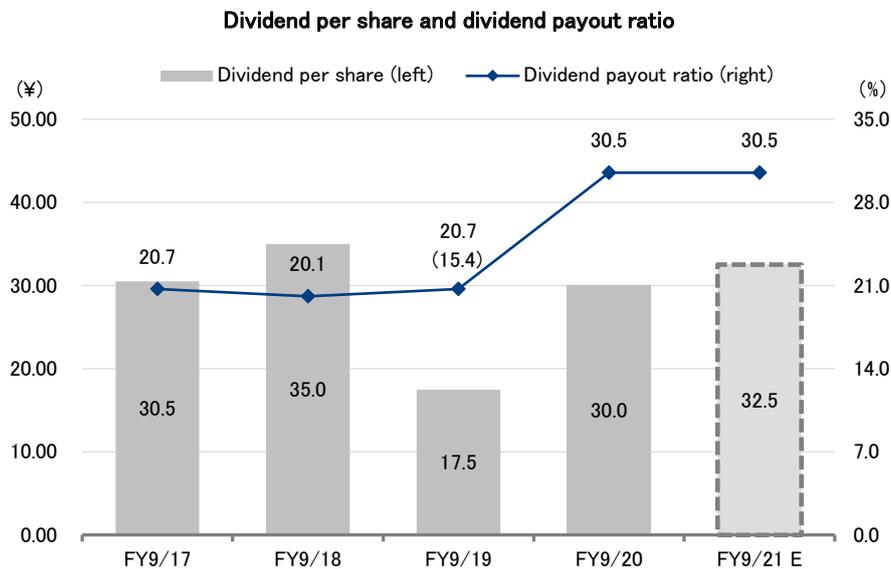
(2) Eco Project One

Under the motto of “What We Can Do for Our Planet” and aiming to support areas affected by disasters as well as preservation of the global environment, the Company carries out a variety of activities, such as encouraging employees to use personal chopsticks and drinking cups within the Company, as well as collecting plastic bottle caps.

Shareholder return policy

Plans to pay a ¥32.5 dividend, an increase of ¥2.5 YoY in FY9/21. Partially revised shareholder benefits to improve investment appeal

The Company's basic policy is to continuously and stably return profits to shareholders in accordance with its financial results, after securing the internal reserves it needs to invest in business development in the future and to maintain a sound financial structure. In May 2020, it raised the dividend payout ratio from targeting 20% to 30%. Alongside this, it upwardly revised the FY9/20 period-end dividend per share (annual dividend) from the initial plan of ¥19.0 to ¥28.0, and then increased it by an additional ¥2.0 to bring the annual dividend to ¥30.0. For 9/21, the Company is planning to pay a dividend of ¥32.5, for a dividend payout ratio of 30.3% at the current forecast stage.



Note 1: The dividend payout ratio in the FY9/19 financial results was 15.4%. The reason it is different to 20.7% is the increase in the number of shares during FY9/19.

Note 2: The dividend per share and dividend payout ratio values were calculated assuming that the stock split (250 shares per share) carried out on September 1, 2017, and the stock split (10 shares per share) on March 1, 2019, were conducted at the start of FY9/16.

Source: Prepared by FISCO from the Company's financial results and supplementary briefing material

The Company decided to conduct share buybacks at the Board of Directors' meeting on May 12, 2021 for the purpose of improving capital efficiency and implementing flexible capital policy aimed at business expansion. The buyback program calls for buying up to 280,000 common stocks and a total of ¥600mn in acquisition value with an acquisition period of May 13 to October 29, 2021.

Shinnihonseiyaku Co., Ltd. | 27-Jul.-2021
 4931 Tokyo Stock Exchange First Section | <https://corporate.shinnihonseiyaku.co.jp/en/ir/>

Shareholder return policy

Additionally, the Company partially revised the shareholder benefit program with aims of improving investment appeal, promoting understanding of the business, and encouraging medium to- long-term ownership. For shareholders with 100 to 299 shares, it kept the existing gift of Moisture Gel 75g (worth ¥4,000) in cases ownership at less than six months but updated gift content to PERFECT ONE Whitening Gel and Rise and shine! Green Vegetable Juice Salad Plus (worth ¥8,500) in cases of ownership for six months or longer. The switch from Moisture Gel to PERFECT ONE Whitening Gel for the latter lifted its total value from ¥7,500 to ¥8,500. For shareholders with 300 shares or more, it provides Moisture Gel 75g, Rise and shine! Green Vegetable Juice Salad Plus, treatment shampoo, and a voucher for ¥5,000 in purchases of the Company's products (worth ¥15,000 in total) in cases ownership for less than six months (unchanged) and PERFECT ONE Wrinkle Stretch Gel, Rise and shine! Green Vegetable Juice Salad Plus, SP Night Cream (seasonal product), and a voucher for ¥5,000 in purchases of the Company's products (worth ¥30,000 in total) in cases of ownership for six months or longer. The switch from Moisture Gel to PERFECT ONE Wrinkle Stretch Gel for the latter lifted its total value from ¥27,000 to ¥30,000. The Company hopes to encourage long-term ownership of its shares by adding benefits for shareholders who own the shares for six months or longer.

The conditions for a continuous holding period of 6 months or more are that the same shareholder number is recorded consecutively on the Company's shareholder registry on September 30, which is the record date, of each year, and 6 months prior to that on March 31; that the number of shares held during the same period continues being held; and that the number of shares is greater than or equal to the prescribed number of shares.

Description of the Company's shareholder benefits program

[Current]				[Revised]			
No. of shares held	Period held	Description of benefit	Equivalent value	No. of shares held	Period held	Description of benefit	Equivalent value
100 shares to 299 shares	Less than 6 months	Moisture Gel 75g	¥4,000	100 shares to 299 shares	Less than 6 months	Moisture Gel 75g	¥4,000
	6 months or longer	Moisture Gel 75g Rise and Shine! Green Vegetable Juice Salad Plus	¥7,500		6 months or longer	<u>Whitening Gel</u> Rise and Shine! Green Vegetable Juice Salad Plus	¥8,500
300 shares or more	Less than 6 months	Moisture Gel 75g Rise and Shine! Green Vegetable Juice Salad Plus Treatment Shampoo Gift voucher for the Company's merchandise (worth ¥5,000)	¥15,000	300 shares or more	Less than 6 months	Moisture Gel 75g Rise and Shine! Green Vegetable Juice Salad Plus Treatment Shampoo Gift voucher for the Company's merchandise (worth ¥5,000)	¥15,000
	6 months or longer	Moisture Gel 75g Rise and Shine! Green Vegetable Juice Salad Plus SP Night Cream (a seasonal product) Gift voucher for the Company's merchandise (worth ¥5,000)	¥27,000		6 months or longer	<u>Wrinkle Stretch Gel</u> Rise and Shine! Green Vegetable Juice Salad Plus SP Night Cream (a seasonal product) Gift voucher for the Company's merchandise (worth ¥5,000)	¥30,000

Source: Prepared by FISCO from the Company's press release



Disclaimer

FISCO Ltd. ("FISCO") offer stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Stock Exchange and Nikkei Inc.

This report is provided solely for the purpose of offering information, and is not a solicitation of investment nor any other act or action.

FISCO prepared and published this report based on information which it considered reliable; however, FISCO does not warrant the accuracy, completeness, fitness nor reliability of the contents of this report or the said information.

The issuers' securities, currencies, commodities, securities and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be made based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report has been prepared at the request of the company subject hereto based on the provision of information by such company through telephone interviews and the like. However, the hypotheses, conclusions and all other contents contained herein are based on analysis by FISCO. The contents of this report are as of the time of the preparation hereof, and are subject to change without notice. FISCO is not obligated to update this report.

The intellectual property rights, including the copyrights to the main text hereof, the data and the like, belong to FISCO, and any revision, reprocessing, reproduction, transmission, distribution or the like of this report and any duplicate hereof without the permission of FISCO is strictly prohibited.

FISCO and its affiliated companies, as well as the directors, officers and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report upon accepting the above points.

■ For inquiry, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: support@fisco.co.jp