



BEYOND INNOVATION, FOR A BEAUTIFUL SMILE!

SUSTAINABILITY REPORT *2024*



PHILOSOPHY



| PURPOSE

Beyond innovation, for a beautiful smile!

| MISSION

Achieving the Greatest Possible Satisfaction and Trust from Our Customers
Making Our Employees Happy and Giving Them Dreams for the Future
As a Company That Contributes to Society, We Aim to Expand Our Efforts Far and Wide without Limitation

| VALUE

Creating inspiration

| CREDO

We will:
Place importance on greetings, smiles, and altruism.
Thoroughly implement listening, empathy, and gratitude.
Act in a challenge, change, and growth-oriented manner.

| The Intent Behind Our PURPOSE

To date, Shinnihonseiyaku has delivered innovation in beauty and health with novel ideas and a desire to help people live more fulfilling lives.

We want everyone around the world to experience happiness and inspiration and enjoy happier lifestyles, and we value our customers' views on those matters.

Toward that end, Shinnihonseiyaku will continue to deliver innovation in beauty and health.

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Editorial Policy

Editorial Policy for Sustainability Report 2024	Period
The purpose of this report is to serve as a communication tool with stakeholders, and to convey our sustainability initiatives in an easy-to-understand manner. This year, we included information about our value creation process to provide an overview of our vision for the company. We will continue to expand our disclosure of information.	FY2024 (October 2023 to September 2024) * Where it is appropriate to present historical information, data, and recent examples, activities and information outside the period covered are reported.
Website	Referenced Guidelines
We include a Sustainability page on the Shinnihonseiyaku corporate website.	GRI Sustainability Reporting Standards Task Force on Climate-related Financial Disclosures (TCFD)
Sustainability information on the Shinnihonseiyaku corporate website https://corporate.shinnihonseiyaku.co.jp/en/company/sustainability/	Disclaimer
Scope of Report	Statements in this report are based on judgments made in light of the information currently available to us and involve potential risks and uncertainties that could cause the results of our business activities to differ materially from these projections.
Shinnihonseiyaku Co., Ltd. * Part of the information includes information on the subsidiaries Flatcraft, Inc. and PERFECT ONE US Co., Ltd.	

Message from the President

Beyond innovation,
for a beautiful smile!



Reflecting on VISION2025

Shinnihonseiyaku took many ambitious strides toward sustainable growth and new value creation with the previous Medium-Term Management Plan, VISION2025, which started in FY2022. Over the course of that plan, our new brands *PERFECT ONE FOCUS* and *Fun and Health* experienced massive growth beyond expectations, becoming key parts of our expanded brand portfolio. Other efforts, such as establishing the *Wellness Food* business, let us successfully open doors to new markets.

The foundation for the success of these efforts was the positive attitudes of our employees, who were always ready to seek out challenges and listen carefully to our customers. For example, we used digital marketing to create a new method of communication targeted at Millennial consumers. We also used e-commerce to strengthen touchpoints with customers and broaden brand bases while maintaining momentum with offline channels.

That said, some issues also came into focus. Specifically, we were unable to expand globally as planned due to COVID-19 restrictions. We also learned that we need to be more creative if we want to expand completely new sales models in existing channels. Experience gained and lessons learned through trial-and-error are the building blocks of our foundation for future growth.

Under our new Medium-Term Management Plan, Growth Next 2027, which started in FY2025, we will use this experience and these lessons as solid footing for our next leap forward. We will continue to accelerate the growth of our main brand *PERFECT ONE* while establishing ourselves as a leading company of the next generation by developing brands, expanding globally, and promoting sustainability.



Pillars and key activities of Growth Next 2027

● Company-wide strategy

At the core of Growth Next 2027 is our company-wide strategy: Trend + VOC* + Unique Value. This strategy is centered on continuing to listen attentively to our customers and swiftly developing products and services that embody the distinct value our company offers. Focusing on customers' needs and adding unique value to address them is the foundation of our business model.

We will also fully leverage AI and digital technologies to enhance the accuracy of our customer data analysis and create a system for expediting and improving the precision of our product development. Through these efforts, we will establish a system that can rapidly provide customers with optimal solutions and continuously improve customer satisfaction.

* Voice of Customer

● Brand strategy

Our main brand, *PERFECT ONE*, is selling well among senior consumers, and under Growth Next 2027, we are deploying a strategy to expand the target to middle-aged consumers. To achieve this, we must develop products with new dosage forms and implement digital marketing strategies using social media. Our aim is to further enhance the brand by proposing products more closely aligned to the lifestyles of middle-aged consumers.

In contrast, with *PERFECT ONE FOCUS*, we are enhancing our lineup of on-trend products targeted at younger people. These products address skin problems of people in their 20s and 30s, and are already quite well received.

While the *PERFECT ONE* series focuses on skin care, *Fun and Health* is a complementary brand for the health care domain. We intend to expand beyond health food into more general concepts of health and beauty to extend people's healthy life expectancy. We provide a lineup of aojiru (Green juice) and other foods with health claims that give people natural, healthy options on an everyday basis. We are also ramping up our development of products that help improve the intestinal environment and synergize with cosmetic effects to create a brand that supports customers in both beauty and health. Looking ahead, we will use digital marketing to deepen our engagement with customers and deliver the value of health and beauty to more people.

● Global expansion

As in other areas, our approach to global expansion is to fully leverage our unique strengths. We attribute our success to database marketing and a subscription model, and will adapt these keys to success to local markets while deploying sales strategies attuned to local circumstances, all in pursuit of sustainable growth.

Specifically, we see massive potential in the U.S. market given how well our simple care all-in-one products match lifestyles there. We will select products and marketing methods tailored to specific needs to get our products into more households and achieve greater brand penetration. Working with local partners and employing both e-commerce and offline channels will allow us to further enhance our brand value.

For the Asian market, we will deploy a mail-order-based strategy centered on digital marketing using influencers and social media.



Well-being management and sustainability

We believe that corporate growth must coexist with the sustainability of society and the global environment. To promote the well-being of our employees, we are promoting health and productivity management, incorporating flexible work styles, and strengthening support for career development. Specifically,



we are establishing work environments where diversity and inclusion are prioritized toward our goal of having women hold at least 30% of management positions by FY2030.

In terms of the environment, we have set explicit targets to reduce resource usage by 30% by FY2030 (compared to FY2022) and achieve carbon neutrality by 2050. We are implementing several initiatives toward these ends, for example making products refillable, using more environmentally friendly ingredients, and reducing resource usage in shipping. Through these efforts, we aim to gain even more trust from our customers and fulfill our corporate responsibilities to society.



Fulfilling our responsibilities to the Earth

Under Growth Next 2027, we will continue to create new value. We do this not only for business growth, but also to achieve a sustainable future in which we deliver happiness to customers and society at large. Our PURPOSE, "Beyond innovation, for a beautiful smile!," is not merely a slogan – it is a credo for everyone who works for us. We will help society advance by continuing to provide better products and services based on our PURPOSE.

As inhabitants of our shared planet, Shinnihonseiyaku will always maintain a sense of gratitude while engaging in activities to promote sustainability and contribute to creating a more sustainable society. We will continue to think before we act, and act in ways that benefit future generations.

I hope that I can continue to enjoy your ongoing support and belief in Shinnihonseiyaku.

President & Representative
Director of the Board and
Chief Executive Officer

後藤 孝洋

Takahiro Goto

History

Foundations

1992
Established Shinnihonliving Co., Ltd. (currently Shinnihonseiyaku Co., Ltd.) as a developer and seller of daily necessities in Onojo City, Fukuoka.

1997
Started a subscription purchase system and established a recurring revenue model.

2002
Renamed Shinnihonseiyaku Co., Ltd., relocated Head Office functions to the Akasaka district of the Chuo ward of Fukuoka City.

2003
Opened the Logistics Center in the Yoshizuka district of the Hakata ward of Fukuoka City to accommodate an increase in shipments. Revised and reassigned responsibilities of order receiving and shipping systems to enhance specialization.

2006
Released an all-in-one gel, *RAFFINE PERFECT ONE*, which would go on to become a main product. Also opened the Iwakuni-Hongo Research Institute to grow medical plants for pharmaceuticals and cosmetics in-house.



Expanding business domains

2010
Opened the first *RAFFINE COLOR* store directly operated by the company in Fukuoka PARCO to diversify sales channels. Opened an office in Tokyo, the center of information dissemination.

2013
Relocated the Head Office to the Otemon district of the Chuo ward of Fukuoka City.

2019
Listed on Tokyo Stock Exchange Mothers to pursue business expansion-based growth.

2020
Changed listing market to the First Section of the Tokyo Stock Exchange to pursue further growth and improve corporate value.



As the meaning of beauty and health continues to evolve over time, we have been listening carefully to what our customers have to say and delivering the products and services they need when they need them, helping them enjoy happier lifestyles.

To help build a sustainable society for the future, we will continue to cater to society and people's lifestyles and deliver innovation distinct to our company.

Promoting global expansion

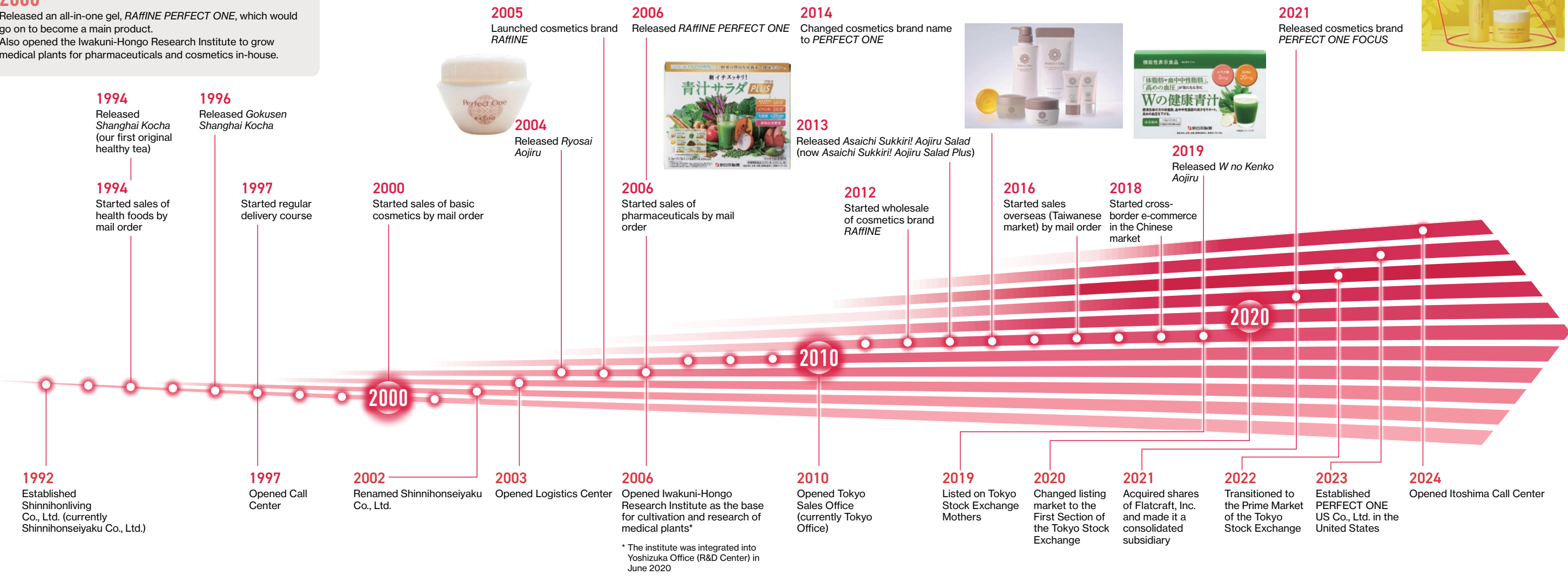
2021
Made Flatcraft, Inc. – dealer of MCT oil, linseed oil, and other functional oils – a consolidated subsidiary and entered the wellness food domain.

2022
Transitioned from the First Section to the Prime Market of the Tokyo Stock Exchange when the exchange revised its market segments.

2023
Established PERFECT ONE US Co., Ltd. in the United States to pursue growth into a global brand.

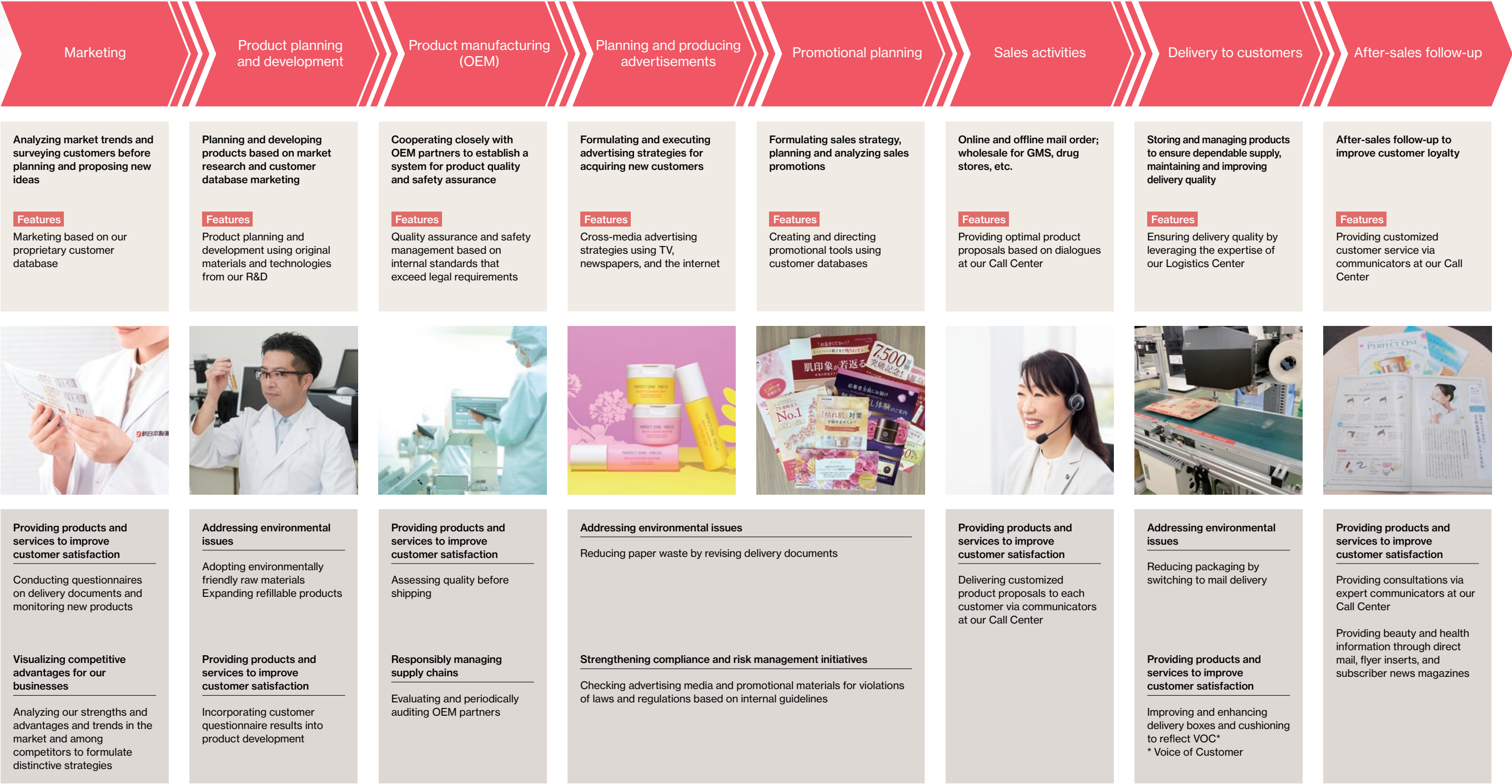
2024
PERFECT ONE earned a GUINNESS WORLD RECORDS™ title as the world's best-selling facial moisturizing gel brand.

* Largest facial moisturizing gel brand (*PERFECT ONE* All-in-One Gel series, sales results from January to December 2023), according to TFCO Co., Ltd.



Value Chain

At each stage of our business activities, Shinnihonseiyaku is implementing initiatives to help build a more sustainable society.



Foundation supporting our business

Compliance

Human capital

Risk management

Information security/
Personal information protection

Corporate
Governance

Sustainability Management

Shinnihonseiyaku promotes sustainability management to achieve sustainable development as a company under our PURPOSE, “Beyond innovation, for a beautiful smile!” We will work together with our stakeholders to build a sustainable society by going beyond innovation in beauty and health as stated in our PURPOSE.

Basic Sustainability Policy

Limitless Future

Under the PURPOSE of “Beyond innovation, for a beautiful smile!,” our Group aims to resolve issues surrounding the global environment and society, and contribute to the creation of a sustainable society together with our stakeholders.

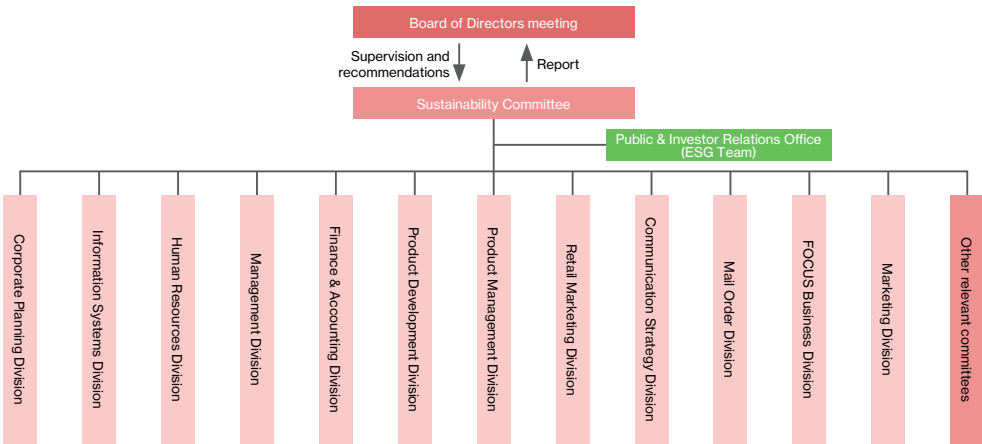
Toward the creation of a sustainable society

We will contribute to the creation of a sustainable society through our business activities based on the Shinnihonseiyaku Group Basic Sustainability Policy.



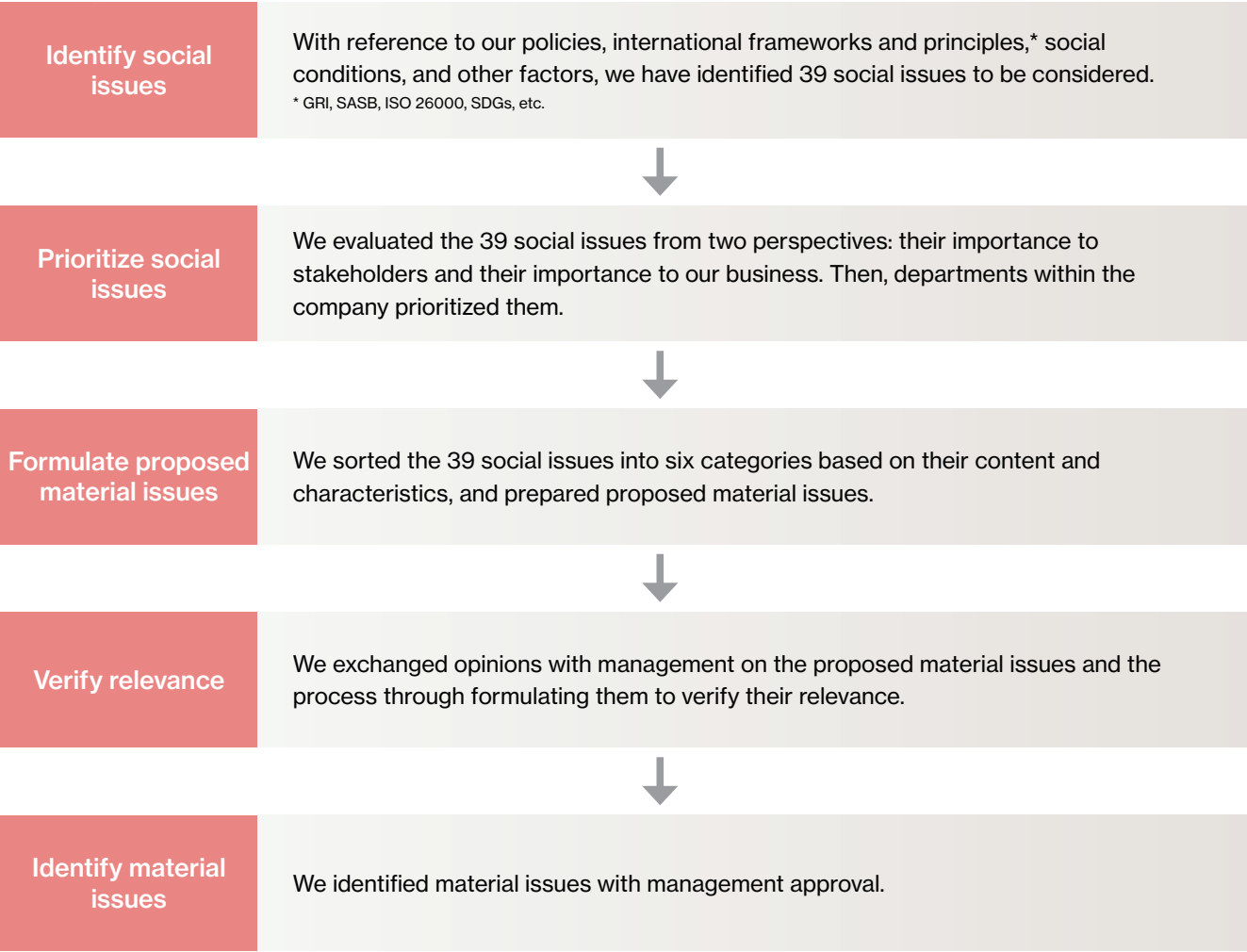
Sustainability promotion system

We have identified material issues related to sustainability and are developing a promotion system to solve them. Material issues and other important matters related to sustainability are discussed and resolved by the Sustainability Committee chaired by the President & Representative Director of the Board and Chief Executive Officer. Matters discussed and resolved by the Sustainability Committee are reported to the Board of Directors as appropriate. In addition, we have set targets for efforts to resolve material issues, and relevant departments and committees across the company are undertaking initiatives and promoting efforts.



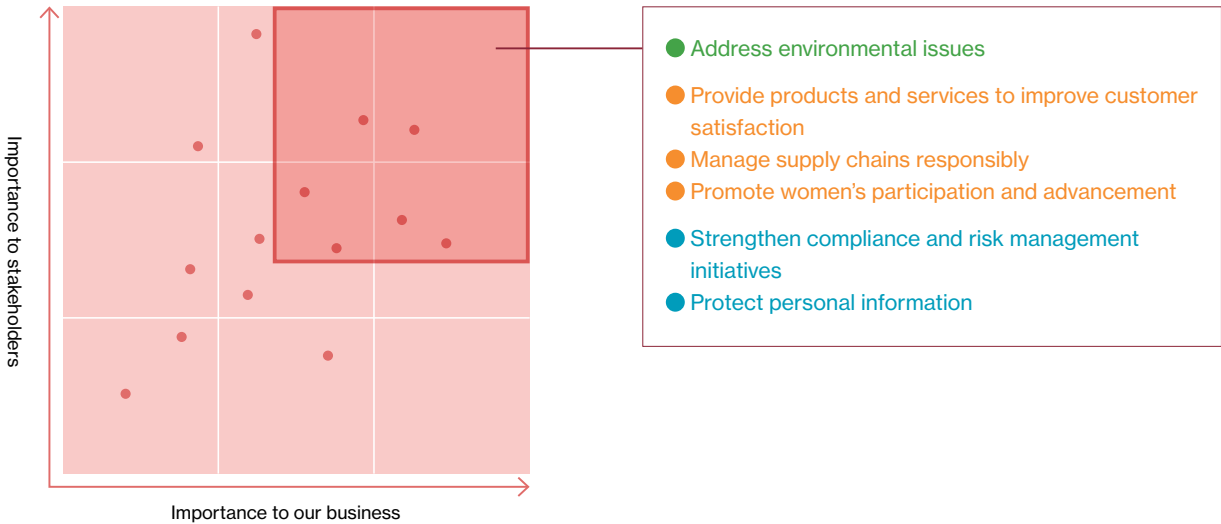
* As of March 31, 2025

Material issue identification process



Map of material issues

In the course of identifying material issues, we evaluated social issues in terms of their importance to stakeholders (customers, employees, shareholders, investors, environment, local communities, government, etc.), which we plotted on the vertical axis, and their importance to our business, which we plotted on the horizontal axis. Consequently, we identified social issues of particular importance to our company and identified six material issues among them.



Material Issues: Targets and Progress

Shinnihonseiyaku has identified six material issues to resolve before others in order to create a sustainable society and sustainable growth of our company. We also set targets for the six material issues to work toward realizing our PURPOSE, and are taking steps to achieve the targets under the supervision of the Sustainability Committee.

	Material issue	Issue components	Targets	FY2024 results	Relevant SDGs
Environment	Addressing environmental issues	Maintain an appropriate product turnover rate	25.00	25.03	<div><div><div>6</div><div>Clean water and sanitation</div></div><div><div>7</div><div>Affordable and clean energy</div></div><div><div>12</div><div>Responsible consumption and production</div></div><div><div>13</div><div>Climate action</div></div><div><div>14</div><div>Life below water</div></div><div><div>15</div><div>Life on land</div></div><div><div>17</div><div>Partnerships for the goals</div></div></div>
		Percentage of eco-friendly cushioning materials used	Maintain 100%	Maintained 100%	
		Percentage of certified/recycled paper used in product packages and shipping boxes	100% by FY2030	Shipping boxes: 79% Product packages: 57%	
		Survey and ascertain resource usage	Set specific reduction targets	Target: Reduce 30% by FY2030 (compared to FY2022)	
Social	Provide products and services to improve customer satisfaction	Organize unique evaluation items and set targets to improve customer satisfaction	Complete by FY2024	Completed	<div><div><div>2</div><div>Zero hunger</div></div><div><div>3</div><div>Good health and well-being</div></div><div><div>5</div><div>Gender equality</div></div><div><div>10</div><div>Reduced inequalities</div></div><div><div>12</div><div>Responsible consumption and production</div></div><div><div>17</div><div>Partnerships for the goals</div></div></div>
	Manage supply chains responsibly	Conduct awareness-raising activities for suppliers based on the Procurement Policy	FY2024	Started	
	Promote women's participation and advancement	Percentage of female managers* * Section manager or above	30% or more by FY2030	24.2%	
		Build a system for balancing family care with work	Complete by FY2024	Completed	
		Internal breast cancer screening rate	Maintain 100%	Maintained 100%	
Governance	Strengthen compliance and risk management initiatives	Number of serious compliance violations	0	0	<div><div><div>16</div><div>Peace, justice and strong institutions</div></div><div><div>17</div><div>Partnerships for the goals</div></div></div>
	Protect personal information	Attendance rate for compliance and risk management training	100%	100%	
		Number of serious incidents related to information security	0	1	
		Number of serious personal information leaks	0	0	
		Attendance rate for information security and personal information protection training	100%	100%	


Major initiatives in FY2024

Survey and ascertain resource usage

Related page: p. 27 Initiatives for a Recycling-Oriented Society

● Resource-saving efforts

To reduce our use of plastic, we released a refill for *PERFECT ONE Moisture Gel*, our main product, in May 2023. Customers have responded very positively. In addition to reducing our usage of resources, we also reduced the weight during packaging and shipping, which in turn reduced CO₂ emissions.

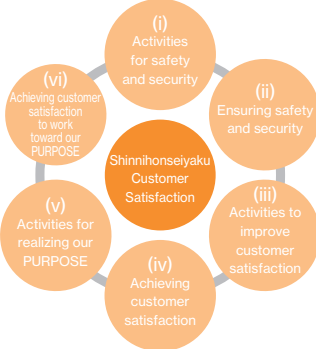


Organize unique evaluation items and set targets to improve customer satisfaction

Related page: p. 30 Initiatives for Dependable Quality

● Formulate evaluation indicators to improve customer satisfaction

We strive for the highest level of customer satisfaction in order to realize “a beautiful smile” as stated in our PURPOSE. Accordingly, we have formulated customer satisfaction indicators for all employees to pursue customer satisfaction on a daily basis.



Formulate Shinnihonseiyaku Group Supplier Guidelines based on the sustainable procurement policy

Related page: p. 36 Supply Chain Management

● Shinnihonseiyaku Group Supplier Guidelines

In September 2024, we formulated the Shinnihonseiyaku Group Supplier Guidelines to establish a responsible supply chain in cooperation with all of our suppliers.

Procurement Policy

Under our PURPOSE, “Beyond innovation, for a beautiful smile!,” Shinnihonseiyaku will engage in sustainable procurement after considering the social responsibilities to be fulfilled throughout the entire supply chain, including suppliers involved in our products and services.

- Compliance and fair trade
We will always engage in free competition and fair, equitable, and honest transactions in compliance with laws and regulations and international and social norms.
- Human rights and working conditions
We respect the human rights and diversity of our employees and provide comfortable, pleasant work environments.
- Quality, safety, and customer satisfaction
We earn customer satisfaction and trust by continuously providing products and services with quality and safety that satisfy legal, regulatory, and customer requirements.
- Environmental considerations
We engage in environmentally friendly business activities and make efforts to reduce environmental impact, envisioning the entire product lifecycle, from planning to disposal.
- Relationship with society
Recognizing that we are members of society, we maintain a sense of gratitude as we engage in activities that help local communities advance. We also disclose information appropriately as a company open to society.

Improve breast cancer screening rate in Fukuoka Prefecture

Related page: p. 39 CSR

● Conduct awareness-raising activities for breast cancer screening in Fukuoka Prefecture

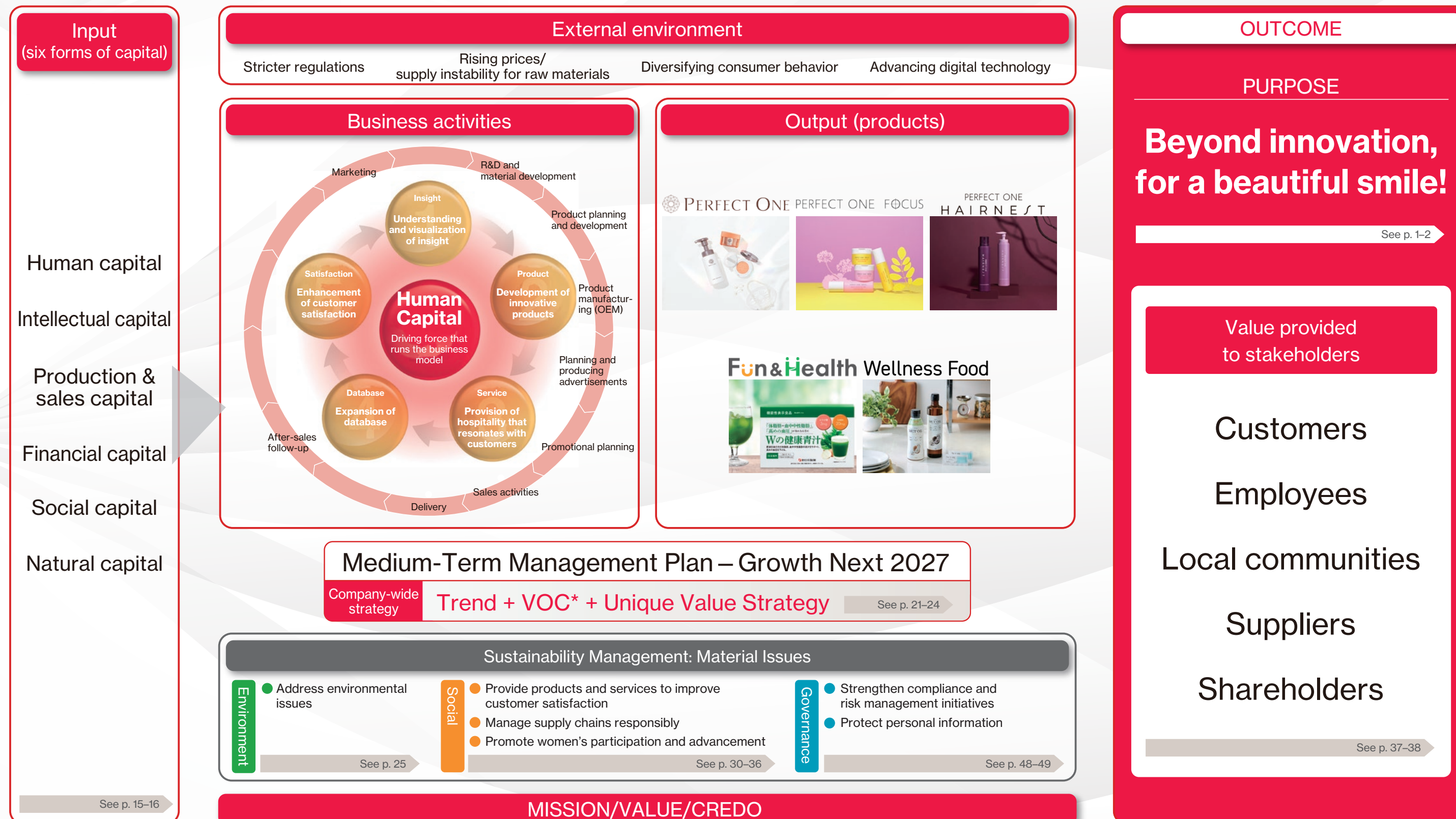
We carried out activities to raise awareness of breast cancer screening in cooperation with Happy Mamma, an NPO certified by Fukuoka City, at a match of the city's professional soccer team, Avispa Fukuoka, sponsored by our company.



Value Creation Process

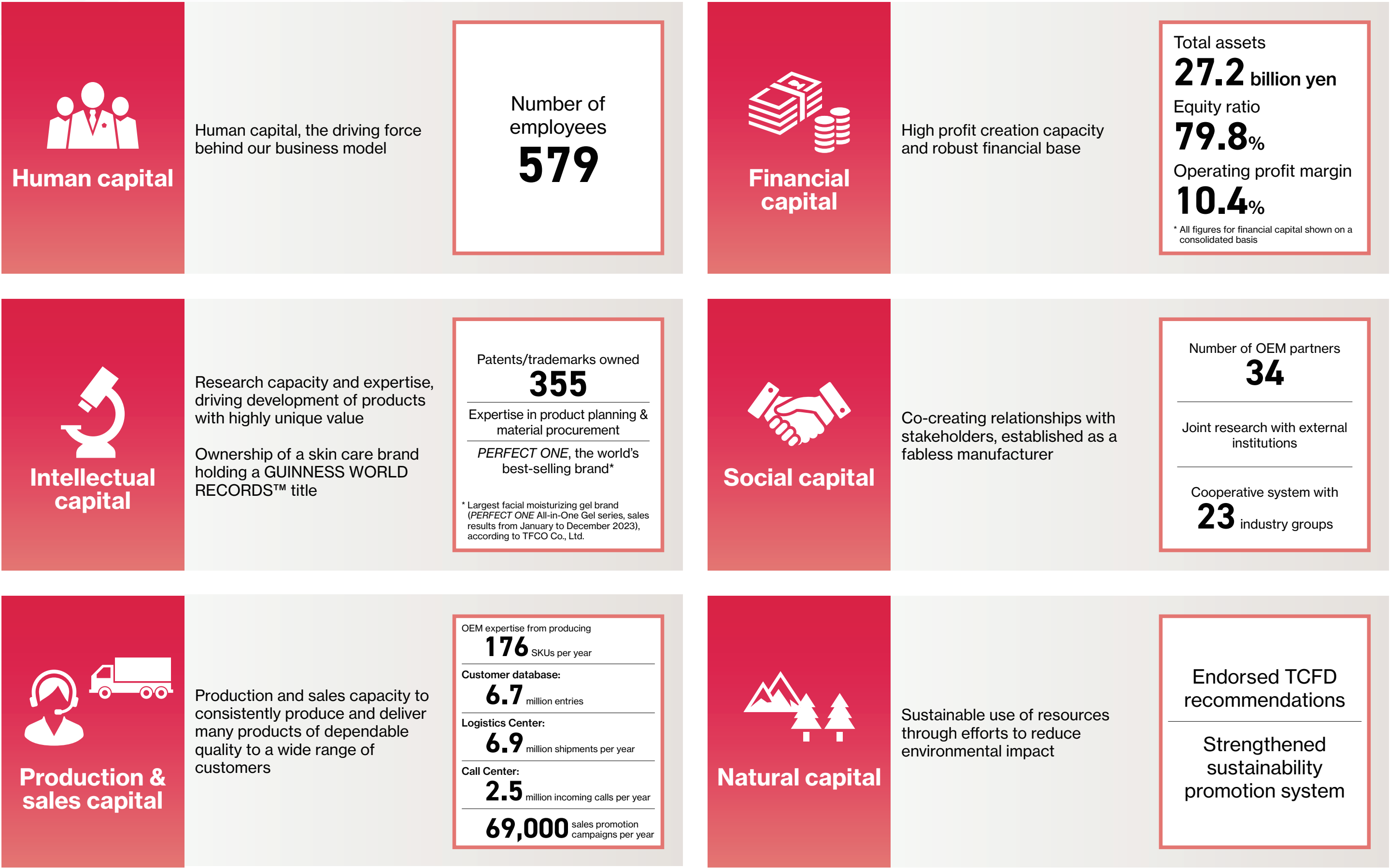
Shinnihonseiyaku has formulated a value creation process for realizing our PURPOSE of “Beyond innovation, for a beautiful smile!”

We provide a broad range of value to our stakeholders by engaging in business activities based on Medium-Term Management Plan “Growth Next 2027” and material issues.



* Voice of Customer

Six Forms of Capital

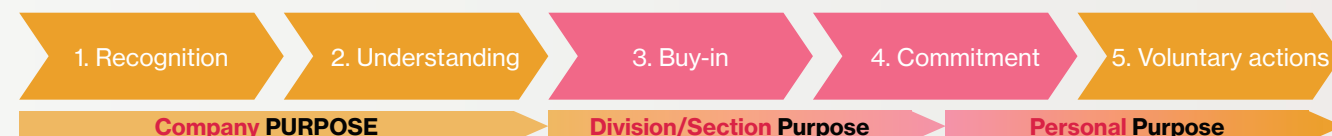


Initiatives of the Purpose Management Permeation Project



What is the Purpose Management Permeation Project?

A three-year project for promoting our PURPOSE toward the goal of reaching a situation in which all employees are voluntarily thinking and acting with awareness of the PURPOSE, to be carried out in five steps: recognition, understanding, buy-in, commitment, and voluntary actions. FY2024 was the year to foster buy-in and commitment, and we implemented measures to get employees to not only buy into our PURPOSE, but to consider it their own and understand how their own work is connected to it.



Buy-in Establishing division and section purposes and using speeches during morning meetings to share them with members

During the buy-in step, we implemented various measures to create opportunities for employees to seriously consider our PURPOSE with the goal of having them buy into the PURPOSE. First, we explained how our operations are connected to the Company PURPOSE, and then broke it down further to establish purposes for each division and section so that they would all create policies for realizing them (and, by extension, the Company PURPOSE). Next, we gave speeches on the topic of division and section purposes at morning meetings at every location to encourage employees to consider how their work is connected to the purposes of their division and section and discuss their findings with those around them. These served as opportunities to become more familiar with the purposes of employees in other divisions and sections and the intent behind them, crossing departmental lines and fostering greater buy-in.

Buy-in 10 Actions and the Purpose Special Edition internal newsletter

We also held department-level Purpose Meetings to discuss what actions needed to be taken to realize each of their PURPOSES. They compiled the actions they discussed into a 10 Actions declaration and set to work on them with a common understanding of what needed to be done. Participants were very positive about the undertaking, with some indicating that their perspectives were broadened by learning what others were thinking and acknowledging a heightened sense of togetherness in pursuing the goals. Managers expressed pleasure at having considered actions in detail and settled on an action plan to be carried out by everyone on their team. We also published the Purpose Special Edition internal newsletter to remind employees of the importance of their actions. The newsletter featured interviews with Directors of the Board and group photos of each department alongside their division and section purposes and 10 Actions declarations, and was delivered to all employees to give them the chance to read them carefully and further their buy-in.



In January 2023, Shinnihonseiyaku established our Company Purpose and launched the Purpose Management Permeation Project to instill the Purpose throughout the company.

People from each department have been assigned to the project, which is led by our Public & Investor Relations Office, to further promote it, marking it as a major company-wide project and accelerating the permeation of our Purpose throughout.

Commitment

Relaunching efforts in the form of a company-wide project

During the commitment step, we provided opportunities for employees to consider our PURPOSE as their own and create output accordingly with the goal of furthering their understanding of how their work is connected to it. Reflecting on the previous steps, we thought company-wide promotion was necessary to further accelerate the permeation of the Purpose, and thus relaunched efforts in the form of a company-wide project. We executed the project with a team of roughly 20 people, mainly project owners and leaders representing the divisions. In monthly subcommittee meetings, they held discussions while fully leveraging the insights of each department, and planned and executed measures in an effort to instill the Purpose throughout the company. They also hosted Purpose Club round-table discussions attended by Directors of the Board to serve as venues for furthering interaction between project team members and sharing thoughts about the Purpose. At these discussions, attendees shared what was being done in each department and spoke to each other about how they felt about the Purpose. The discussions functioned as a reminder of everyone's roles and responsibilities and good opportunities for raising the awareness of project team members.



Photo of a Purpose Management Permeation Project subcommittee meeting

Commitment

Establishing personal purposes

In the previous steps, we broke down the Company Purpose to establish purposes and lists of 10 Actions for each division and section to further understanding of the Company Purpose. To have all employees consider the Company PURPOSE as their own and independently take action to realize it, we had everyone establish a personal purpose after reviewing their own roles and strengths and considering how they can contribute. Then, we had them share their personal purposes with their workmates, and held speeches on the topic of their personal purposes at morning meetings. Through these speeches, they communicated to each other about things they learned in the process of creating their personal purposes and thinking deeply about them, and how they intend to apply their findings in their work.

Next year

Future initiatives

With the final step – voluntary actions – as our goal, we will move forward on initiatives to reach a situation in which all employees are voluntarily thinking and acting with awareness of the Purpose. The four previous steps have brought us to a place where employees have made the connection between their work and our Purpose and are ready to shift their focus to their own actions. We believe that creating a robust system for assessing employees' actions is a critical measure for this final step. We will reflect this in our personnel evaluation system, introduce new awards programs, and continue to try new things with all team members to keep the project moving forward. Once we complete the final step and the project is complete, the task will be to create a sustainable system. In the future, we will create an environment where our Purpose takes root naturally without these permeation measures, and establish a corporate culture in which every employee can bring our Purpose to fruition through their own efforts.



Comments from project team members



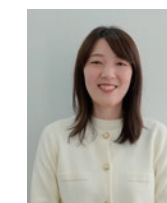
Tatsuya Saisho

IT Strategy Section,
Information Systems Division

Q: Having participated in the project, how do you feel?

At first, I wondered if I would really need to go as far as creating a personal purpose. But when I heard other people's speeches about their personal purposes at morning meetings, I learned a lot about what was important to them. Now, I think the creating a personal purpose is very worthwhile.

The purpose of the Information Systems Division is to use the power of technology to deliver happiness. That purpose motivated me to contribute to improving company operations, and the project allowed me to connect with people in other departments, so I took a lot away from the experience. I want to continue working with even more project team members in the future.



Yumi Toyofuku

FOCUS Business Section,
FOCUS Business Division

Q: What was the intent behind your department's purpose?

The purpose of the FOCUS Business Section was to deliver feelings of innovation through the *FOCUS* brand. This purpose encapsulated our intent to seek out and deliver feelings of innovation through the *PERFECT ONE FOCUS* brand to make customers happy by drawing out their inherent beauty and getting to the root of their anxieties. We intend to continue trying ambitious promotions and measures for innovation to deliver happiness to even more customers.

Research and Development to Deliver Innovation to Customers



Hiroki Fujita

R&D Center Section,
Product Development Division

In the R&D Center Section, we spend every day working to develop useful new materials and study ingredients based on how skin and the body function, with the goal of helping customers achieve beauty and health and enjoy happier lifestyles.

The research described in these pages is two examples of how we develop products with highly unique value.

Research findings

Verifying that gel has the highest active ingredient permeation rate into the skin through joint research with Saga University

Background

To what extent does an all-in-one gel permeate the skin?

We developed our all-in-one gel with the goal of making it a "perfect one" to deliver the necessary ingredients where needed on the skin.*¹ On this occasion, to properly convey the benefits of an all-in-one gel, we assessed active ingredient permeation rates into the skin with gel versus toner and emulsion, and verified that gel had the best permeation rate.

*¹ To the stratum corneum

Methodology

We assigned niacinamide, a water-soluble active ingredient, as the indicator ingredient, and measured the extent to which it permeated synthetic skin (Strat-M Membrane®*²) and excised human skin in the following three formulations*³.

- Model of all-in-one gel by Shinnihonseiyaku (hereinafter, model gel)
- Model toner
- Model emulsion

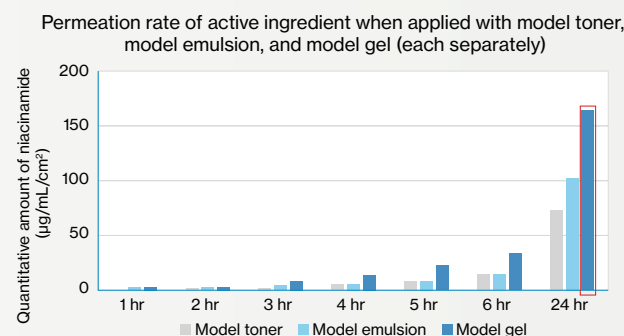
*² A filter for testing skin permeability

*³ The model formulations used in the tests were mixtures including only the necessary ingredients for formulation (no penetration enhancers or the like)

Test 1: Permeability with synthetic skin

We compared the permeation rate of niacinamide (hereinafter, the active ingredient) when applied to synthetic skin with the model gel, the model toner, and the model emulsion, each separate from the others. The graph shows the amount of the active ingredient that permeated the synthetic skin (vertical axis) in terms of time since application of each formulation (horizontal axis).

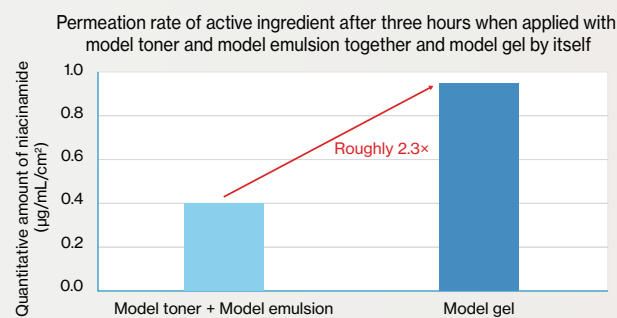
The test showed that the permeation rate of the active ingredient when the model gel was applied was higher than when either the model toner or the model emulsion was applied.



Test 2: Permeability with excised human skin

We compared the permeation rate of the active ingredient when applied to excised human skin with the model toner and the model emulsion together in one case, and the model gel by itself in the other case. The vertical axis of the graph shows the amount of the active ingredient that permeated the excised human skin.

The test showed that the permeation rate of the active ingredient when the model gel was applied by itself was roughly 2.3 times higher than when the model toner and the model emulsion were applied together.



Research findings

Our research found that the permeation rate of active ingredient into the skin was higher when applied to both synthetic skin and excised human skin with the model gel than with the model toner or the model emulsion. We also found that the permeation rate of the active ingredient was higher when the model gel was applied by itself than when the model toner and the model emulsion were applied together.

We intend to continue studying the permeation of the active ingredient and the permeating effects of different formulations.



Acquiring patent

Developing Protect Collagen, a proprietary ingredient for increasing collagen permeation and enhancing the skin's barrier function, and acquiring a patent on the production method

Background

Focusing on phospholipids' ability to mix oil and water

Collagen helps improve skin tone and suppleness, making it a critical element of aging care. However, collagen is water-soluble, so people often say they cannot tap into its functionality to the fullest because it does not permeate completely into the skin. To address this concern, we focused on phospholipids, which are amphiphilic, meaning they have the ability to mix oil and water. Phospholipids have many applications, including in technology for forming liposomes for moisture retention and permeation. We embarked on this research with the belief that combining phospholipids with collagen would improve permeation into the skin.



Research findings

Verifying that combining collagen and phospholipids improves the skin's barrier function

We developed Protect Collagen by combining water-soluble collagen with phospholipids, which are key components of cell membranes. With proprietary manufacturing methods, we successfully figured out how to manufacture tiny particles of uniform size. With this substance, we verified that phospholipids and collagen penetrate every corner of the stratum corneum and improve the skin's barrier function.

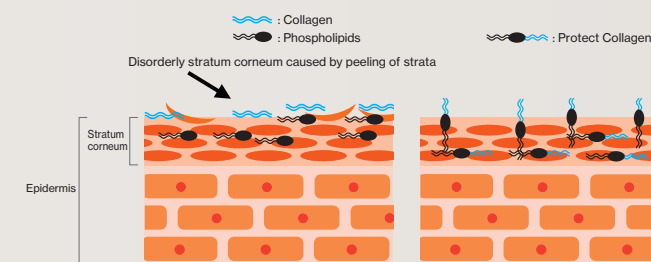


Figure: Illustration of Protect Collagen permeation
Left: Apart, collagen and phospholipids do not mix into the skin well enough
Right: Protect Collagen penetrates every corner of the stratum corneum

Acquired patent

Acquiring a patent for producing Protect Collagen

Patent registration number: JP,7466852,B

Registration date: April 5, 2024

Title of the invention: Method for producing a composition comprising collagen peptides
A method for producing particles of a complex of a collagen peptide and a phospholipid, comprising mixing, in a solvent, a collagen peptide derived from fish skin or scale and a phospholipid containing plasmalogen



Verifying the skin barrier function of Protect Collagen

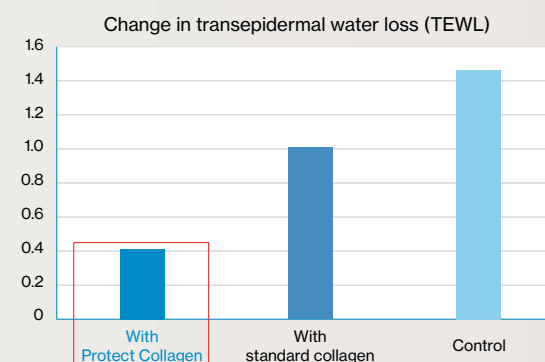
Methodology

We verified the skin barrier function of Protect Collagen using the following three model formulations.

- Combination formulation with Protect Collagen
- Formulation with standard collagen
- Control

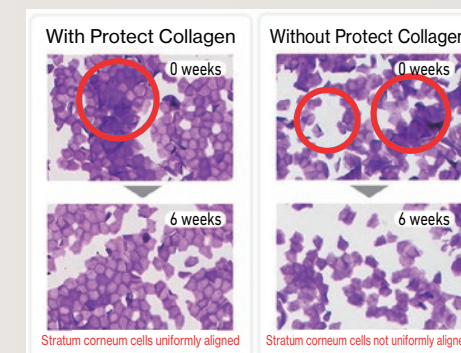
Test 1: Assessment of transepidermal water loss (TEWL)

We measured the TEWL on skin treated with each model formulation continuously for six weeks. The graph below shows changes in TEWL indexed to the combination formulation with standard collagen (1.0). The combination formulation with Protect Collagen showed a lower TEWL, demonstrating that it maintains moisture in the skin better than the combination formulation with standard collagen.



Test 2: Assessment of stratum corneum cells

Skin treated with the combination formulation with Protect Collagen showed uniformly aligned stratum corneum cells with no multilayer peeling. This indicated that the skin barrier function had been improved.



Medium-Term Management Plan – Growth Next 2027

Under Growth Next 2027, our new Medium-Term Management Plan that covers the period from FY2025 to FY2027, we aim to achieve sustainable growth and maximize our corporate value through four key activities based on our company-wide strategy: Trend + VOC* + Unique Value.

* Voice of Customer

Summary of the previous Medium-Term Management Plan

Under VISION2025, the previous Medium-Term Management Plan, we successfully expanded our e-commerce channels to complement our offline channels, which had been our main focus to that point. *PERFECT ONE FOCUS*, *Fun and Health*, and other fledgling brands experienced massive growth beyond expectations, becoming key parts of our expanded brand portfolio.

In contrast, wholesale and overseas sales figures for our main brand *PERFECT ONE* lagged behind projections, in part due to COVID-19 and country risks. As for new business and M&As, although we were unable to close on any highly compatible prospects and still have issues to address, we learned some important lessons for future growth.

Formulating Growth Next 2027

Given the results and issues from the previous Medium-Term Management Plan, with Growth Next 2027, we have redefined our strengths as database marketing and our subscription model, and formulated a plan to spring ahead even further based on new growth strategies so that we can expand growth in domains that allow us to maximize group synergy.

Medium-term management targets

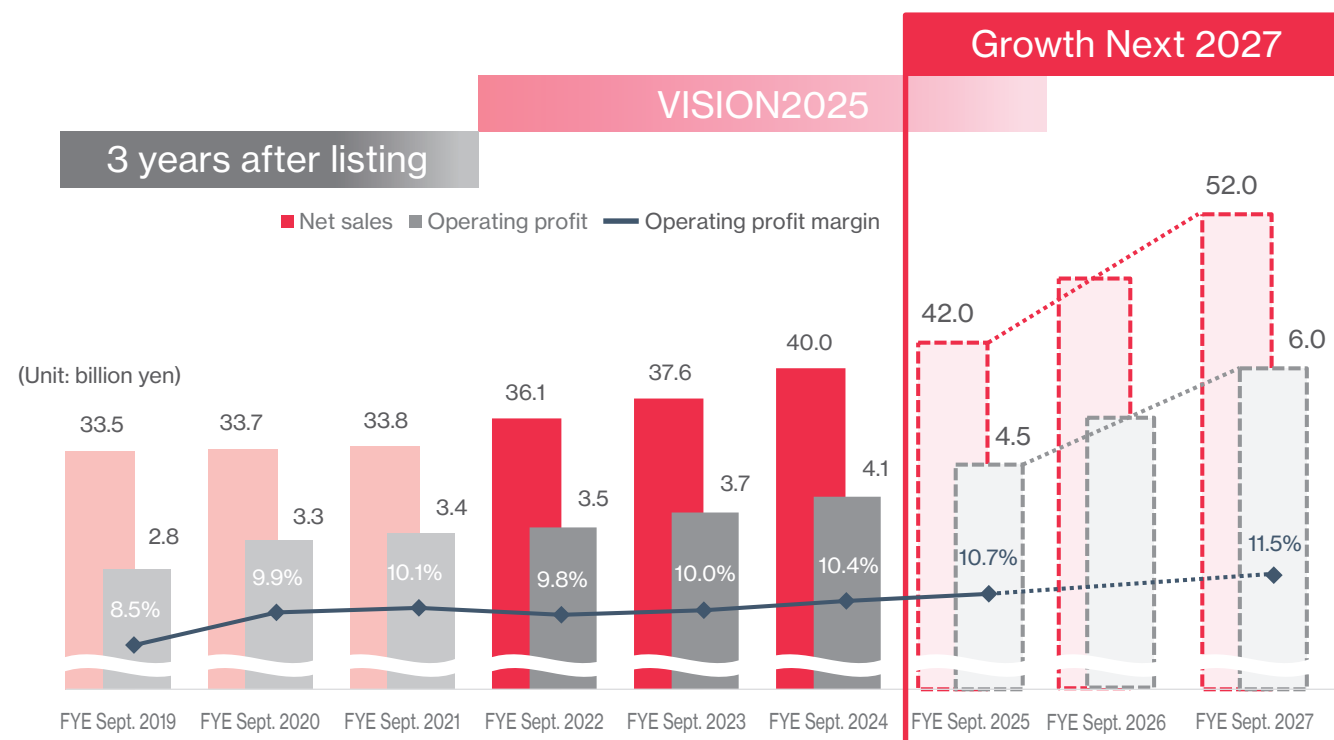
FYE
Sept. 2027
(Consolidated basis)

Net sales: 52.0 billion yen

Operating profit margin: 11.5%

Operating profit: 6.0 billion yen

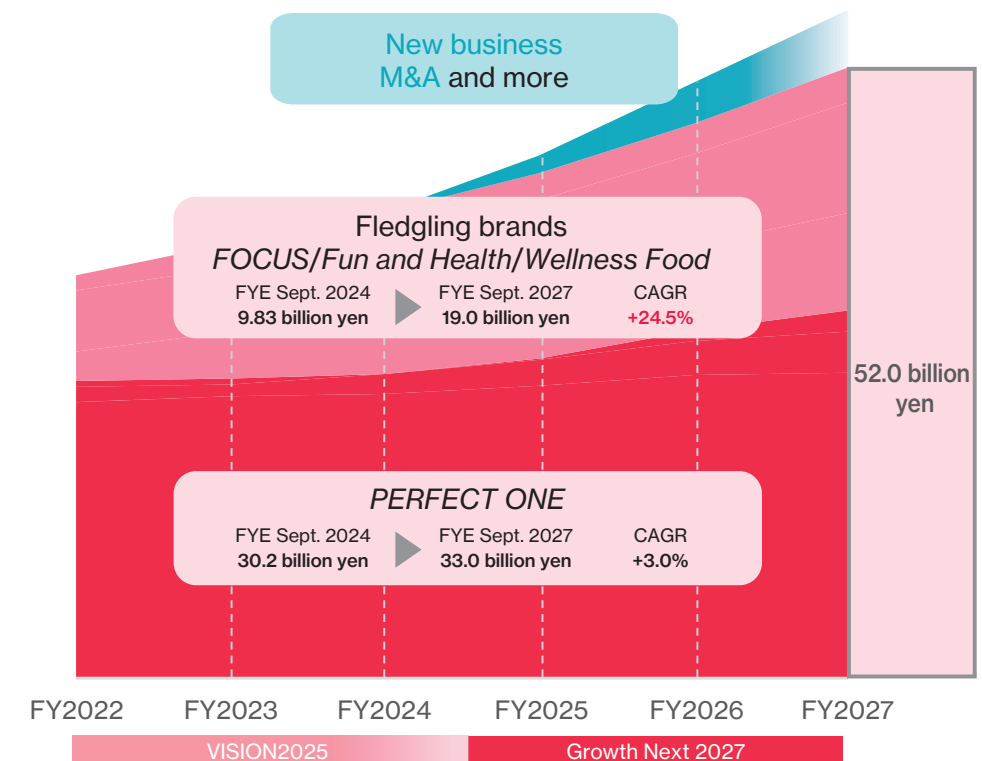
ROE: 15% or more



Medium-term management targets by brand

In addition to the steady growth of *PERFECT ONE*, fledgling brands *PERFECT ONE FOCUS*, *Fun and Health*, and *Wellness Food* will function as a secondary driver of growth.

Although new business and M&A are not included in the management targets, we will strengthen efforts to build systems so that they function as a third driver of growth to contribute to our overall business.



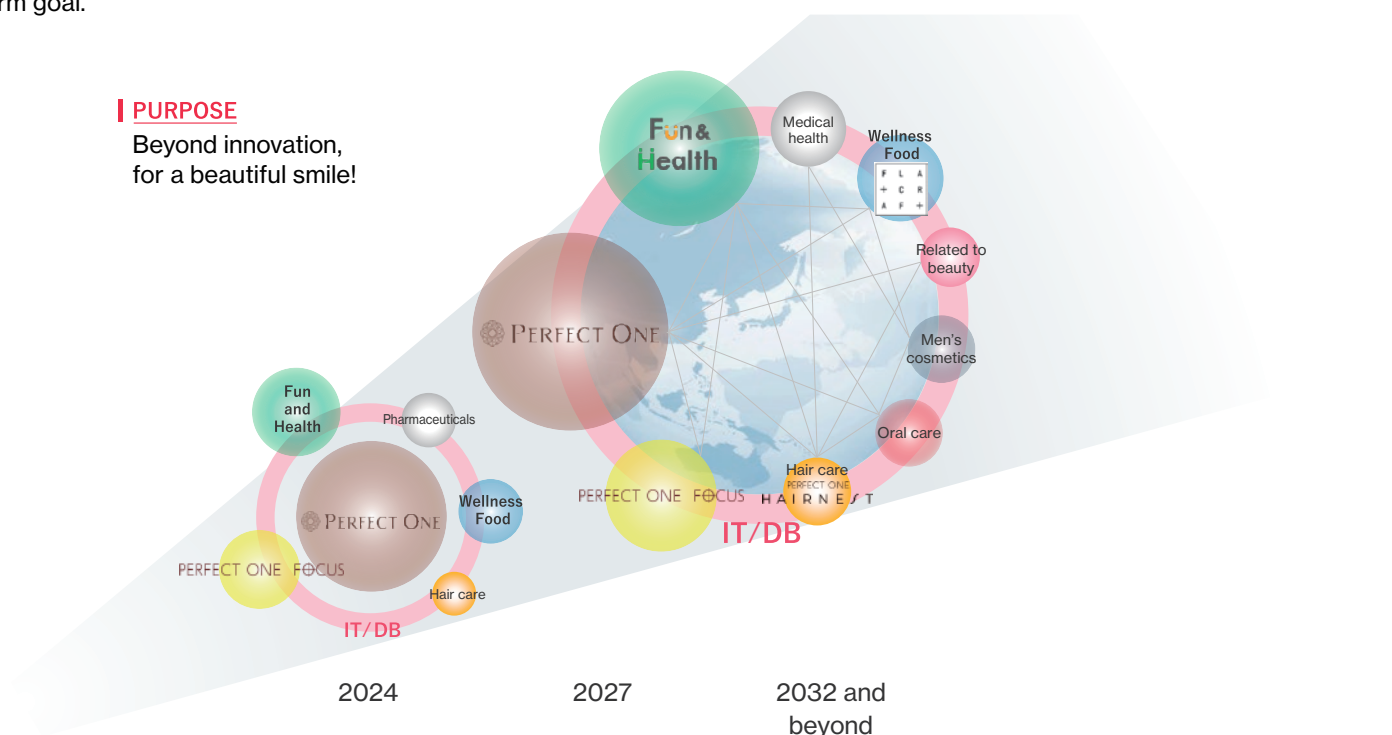
Long-term business expansion

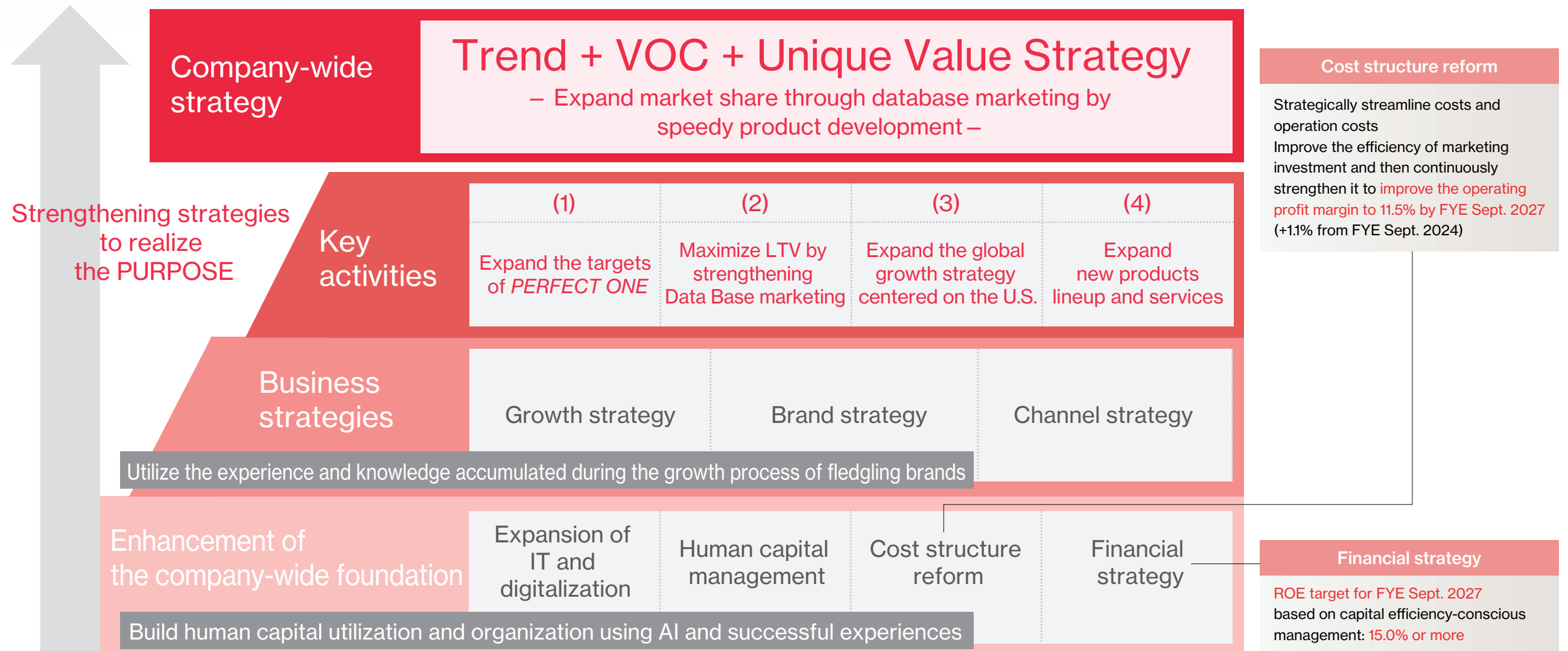
To realize our PURPOSE, we must provide a variety of products and services in the beauty and health domain that bring happiness to people around the world. Toward that end, we will devote energy to our key activities and expand our business by developing brands to serve as new supports for our core brands.

We have set our sights on achieving net sales of 100 billion yen by 2032 (the 40th anniversary of our founding), and consider the current Medium-Term Management Plan to be a critical step in forming the foundation to meet that long-term goal.

PURPOSE

Beyond innovation,
for a beautiful smile!



Key activity 1**Expand the targets of *PERFECT ONE* by capturing middle-aged consumers**

As of now, we have captured senior consumers for *PERFECT ONE* and *Fun and Health* and Millennial consumers for *PERFECT ONE FOCUS*. Looking ahead, we will further enhance our product lineup and expand our target for *PERFECT ONE* to capture middle-aged consumers and augment our customer portfolio.

Channel strategy is a critical component of this effort, and we will coordinate between offline mail order sales, e-commerce, and wholesale channels with the aim of establishing an omnichannel.

Key activity 2**Maximize LTV with new business and new products by strengthening Data Base marketing**

With *PERFECT ONE*, we have enjoyed continuously increasing sales by deploying a 3-STEP strategy for cross-selling products in line with the 3-STEP skin care procedure of Remove, Moisturize, Attract. We plan to extend this strategy to all new products and use our extensive customer database – one of our strengths – for new businesses and products to more aggressively cross-sell with the aim of increasing sales.

Key activity 3**Expand the global growth strategy centered on the U.S.**

With our feasibility study on business in the U.S. that started during FY2023, we began sales with two cosmetics brands – *PERFECT ONE* and *PERFECT ONE FOCUS* – and will continue building the foundation for enhancing global-level brand power.

As a company with strength in the mail order business, we will be a pioneer in global expansion and establish a successful model of marketing methods for infomercials and e-commerce in addition to expanding into Asia and other regions.

Key activity 4**Accelerate business growth by expanding new products lineup and services**

We will strengthen investment into human resources and IT in pursuit of further business growth. We will establish systems and mechanisms to expedite product development toward maximizing customer satisfaction, use AI to improve the precision of our development of hit products based on Trend + VOC + Unique Value, and strengthen customer loyalty and our research and development.

Environmental Policy and Targets



For the sake of a “Limitless Future,” Shinnihonseiyaku views addressing climate change and other environmental issues as an important task for sustaining our business, and we will continue to take environmentally friendly measures in all aspects of our corporate activities.

Environmental Policy

In June 2023, we formulated our Environmental Policy after receiving the approval of the Sustainability Committee. In line with this policy, we will work to promote our business and solve environmental issues.

To realize the Group’s PURPOSE – “Beyond innovation, for a beautiful smile!” – we will engage in eco-friendly corporate activities that contribute to local communities and society in the context of our business.

Effectively using resources

We will effectively use limited resources in an effort to improve our recycling rate of resources, reduce waste, and conserve energy and water.

Conserving biodiversity

We will understand the impact on biodiversity in our value chain, and strive to conserve and restore that biodiversity.

Responding to climate change

We will contribute to a decarbonized society by reducing emissions of greenhouse gases – especially CO₂ – from our business activities and making efforts to prevent global warming.

Complying with laws and regulations

We will comply with laws and regulations concerning environmental conservation.

Working with our supply chain

We will strive for environmental consideration in our business activities through cooperation with our business partners.

Implement internal education and awareness-raising

We will strive to improve employees’ understanding of the Environmental Policy and awareness of environmental conservation.

Environmental targets

We set various targets to promote our response to environmental issues, and discuss their progress with the Sustainability Committee every year.

Item	Target
Maintain an appropriate product turnover rate	19.7
Percentage of eco-friendly cushioning materials used	Maintain 100%
Percentage of certified/ recycled paper used in product packages and shipping boxes	100% by FY2030
Reduce resource usage	Reduce 30% by FY2030 (compared to FY2022)

* As of March 31, 2025

Promotion system

To promote company-wide efforts to address environmental issues, our Sustainability Committee holds discussions on a regular basis. In FY2024, we set long-term targets for achieving carbon neutrality and reducing resource usage.

We will continue to engage in business activities and environmental conservation while gathering information and conducting risk assessments on environmental issues to be addressed as a company in addition to the material issues we have identified.

Response to Climate Change



In recent years, extreme weather events thought to be caused by global warming have occurred frequently and are becoming more serious every year. Since FY2022, Shinnihonseiyaku has been monitoring CO₂ emissions and promoting efforts to reduce them.

CO₂ emissions

To meet our goal of achieving carbon neutrality by 2050, we formulate action plans and milestones for reducing CO₂ emissions.

FY2024 CO₂ emissions (Unit: t-CO₂)

Scope 1	6.0
Scope 2	552.1
Scope 3	91813.2

Scope: Shinnihonseiyaku Co., Ltd.
* Scope 3 Categories 8, 10, 11, 14, and 15 are excluded from the calculation due to the absence of relevant emissions, inclusion in other categories and Scope 1 and 2 emissions, and other reasons.
Category 5 emissions are not calculated because the industrial waste data required to calculate it is not yet being collected.

List of risks/opportunities and impact assessment

(1) Risks

Classification		Risk factors		Risk details (expected financial impact)		Impact on our company			
						2°C or less scenario		4°C scenario	
Transition risk	Policy and legal	Stronger regulation of GHG emissions	Accelerating supply chain decarbonization	• Increase in raw material costs due to carbon taxes: The imposition of carbon taxes (e.g., global warming tax) will increase suppliers' raw material and manufacturing costs, which will increase our procurement costs.		Major	Major	Minor	Minor
	Market		Introduction of carbon taxes	• Increase in transportation costs due to carbon taxes: The imposition of carbon taxes (e.g., global warming tax) will increase our logistics costs due to higher transportation and delivery costs associated with higher fuel costs.		Minor	Minor	Minor	Minor
		Changes in consumer behavior	Products and services that are not environmentally friendly and low-carbon are forced out.	• Decrease in sales of products and services that are not low-carbon enough: An increase in ethical consumption will result in a decrease in sales of products that are not environmentally friendly. (Specifically, increased procurement and manufacturing costs to meet growing demand for products with eco-friendly packaging paper and containers, and decreased sales if these steps are not taken)		Major	Major	Minor	Minor
Physical risk	Reputation	Increased concern among stakeholders	Deterioration of corporate image, decline in stock price, loss of attractiveness as an investment target	• Reputation risk and investment-related risk associated with inadequate response to climate change and water risks: Failure to adequately address climate change and water risks can lead to a decline in our external valuation, resulting in a lower stock price, criticism of our company, and withdrawal of investment.		Minor	Minor	Minor	Minor
	Acute	Increase in heavy rain, floods, and other extreme weather events	Supply chain manufacturing shutdowns and disruptions	• Decrease in sales due to supply chain disruption: If OEM partners suffer damage, sales will decrease if manufacturing is suspended due to raw material shortages or if we become unable to deliver to customers due to disruption to sales and delivery routes. • Decrease in sales due to decreased manufacturing capacity: If OEM partners suffer damage and suspend manufacturing, our supply of products will become insufficient, and our sales will decrease.		Minor	Moderate	Moderate	Major
			Impact on the harvest and capture of natural raw materials	• Increase in the cost of raw materials due to an increase in the average temperature: If the average temperature increases, the harvest and capture of raw materials will decrease, in turn increasing the cost of raw materials, which will be passed on in the cost of products.		Minor	Minor	Minor	Major
			Changes in weather patterns Effect of water intake restrictions on cosmetics manufacturing	• Decrease in sales due to production restrictions: If water intake and discharge limitations are introduced to mitigate the impacts of climate change on water areas, sales will decrease due to production restrictions on products.		Minor	Minor	Moderate	Moderate
			Impact on quality maintenance	• Increase in management and development costs due to increase in average temperature: If the average temperature increases, the cost of reviewing and improving storage facilities and quality control for products will increase.		Minor	Moderate	Moderate	Major

(2) Opportunities

Classification		Opportunity factors		Opportunity details (expected financial impact)		Impact on our company			
						2°C or less scenario		4°C scenario	
Resource efficiency		Efficient production and distribution processes		• Reduce manufacturing and management costs: Energy saving and streamlining of logistics processes, DX, and direct marketing methods may reduce manufacturing and management costs.		Moderate	Moderate	Moderate	Moderate
Products and services		Development and expansion of low-carbon products and services		• Increase in sales through low-carbon products and services: Shifting to low-carbon PERFECT ONE brand products, using certified palm oil and paper, and calculating and reducing the environmental footprint of the company's products may increase products' value and our corporate value, leading to increased sales.		Moderate	Major	Minor	Minor
		Changes in consumer preferences		• Revenue will increase as demand for products adapted for climate change increases. (Examples: Cosmetics with cooling ingredients, foundation products with sunscreen and UV-cutting effects, products for infectious diseases, products for heat stroke)		Moderate	Major	Moderate	Major
Reputation		Changes in stakeholder assessment		• If our response to climate change is highly regarded by external rating agencies, our stock price may increase and our cost of capital may decrease.		Minor	Moderate	Minor	Minor

* Risks and opportunities reassessed after calculating financial impact

Initiatives for a Recycling-Oriented Society



To continue to effectively use limited resources, in addition to ongoing 3R activities, we are promoting initiatives to reduce our plastic usage and switch to materials made from recycled raw materials.

Reducing resource usage to promote resource-saving initiatives

We made efforts to survey and ascertain our resource usage in FY2023 in order to reduce it and promote effective utilization.

We organized resources as follows to ascertain our resource usage in business activities, promotional activities, and office activities, and the amount of resources that are disposed of without recycling.

Activities	Resource type	
Business activities (containers and packaging)	Glass bottles (clear)	
	Glass bottles (brown)	
	Glass bottles (other)	
	Paper containers and packaging	
	Plastic	
Promotional activities	Paper	Packing material
		Cushioning material
		Material included in products
		Direct mail
		In-store promotional materials
Office activities	Bottles and cans	
	Paper	
	Plastic	

In FY2024, we set a target to reduce resource usage by 30% by FY2030 (compared to FY2022), and will narrow our focus to areas with the greatest reduction potential – plastic used in products and paper used in promotional materials – and promote reduction activities linked to plans for business activities.

Reducing plastic usage

To reduce our use of plastic containers as a way to address environmental issues, we are adopting green nanotechnology for cosmetics packaging and making other efforts, for example releasing a refill for our all-in-one gel in May 2023. Sales of the refill are expanding as expected, and with around 46% of our subscribers using refills in FY2024, we reduced our plastic usage by approximately 108 tons per year.



Reducing paper resource usage

In 2021, we switched from conventional recycled paper to more eco-friendly paper with forest certification for the delivery boxes we send to customers, and revised the sizes of the boxes as a resource-saving initiative. This helped us reduce paper usage per box by up to about 50% on our most commonly shipped sizes. We also consolidated delivery box types, and the smaller sizes helped shipping companies load and unload more efficiently, reducing the number of trips and CO₂ emitted in transit.



Reduced-sized box and mailer envelope

Conserving Biodiversity



We use many natural ingredients in our products. We believe it is important to conserve biodiversity so that we can continue providing products that satisfy our customers. Toward that end, we are promoting initiatives both internally and externally.

Establishing a method of growing Lithospermum erythrorhizon – listed as Endangered IB (EN) – and adopting it as a product

We are conducting research focusing on Shikon (root of Lithospermum erythrorhizon), a traditional Chinese medicine since ancient times, with the idea that its components can improve on and resolve the loss of collagen, a cause of wrinkles and sagging skin.

However, Lithospermum erythrorhizon is listed as an Endangered IB (EN), and we rely on imports for much of our supply. To address this problem, we have been researching methods of growing Lithospermum erythrorhizon in Japan since 2006. In 2009, we successfully grew Lithospermum erythrorhizon in tubes in Japan, and in 2016, we obtained a patent for a growing technique to increase its useful component content. We have also obtained a patent for the Capsule Shikon* manufacturing method that can enhance skin penetration by forming liposomes with Shikon extract.

* Oil-soluble Shikon extract (1), hydrogenated soy phospholipids (moisturizing ingredients)

Number of products containing Lithospermum erythrorhizon*	47
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* Number of PERFECT ONE and PERFECT ONE FOCUS products (excluding limited items and samples)



Growing Lithospermum erythrorhizon in a company facility

Adopting FSC®-certified paper

The world's forests are declining rapidly, so we are actively promoting the adoption of FSC®-certified paper made from wood from forests verified to be properly managed following international standards, and other materials that support sustainable use of forest resources. We use FSC®-certified paper in the packaging of the PERFECT ONE All-in-One Gel series as well as PERFECT ONE FOCUS, a popular brand among young people, which was released in 2021. We have also used FSC®-certified paper in our delivery boxes since the same year. (FSC® N003734)



PERFECT ONE FOCUS Smooth Cleansing Balm

Response to Water and Chemical Substances



At our Yoshizuka Office, where our research facilities are located, we are making efforts to comply with environmental laws and regulations.

Preventing water and soil contamination

At the research facilities at our Yoshizuka Office, we are working to prevent soil and groundwater from being contaminated by leakage of waste and waste liquid containing chemical substances. In accordance with the Soil Contamination Countermeasures Act, the Act on Waste Management and Public Cleaning, the Air Pollution Control Act, the Water Pollution Prevention Act, and other laws and regulations that control waste, wastewater, and exhaust gas emitted by corporate activities, as well as related ordinances of local governments, we keep records; store, move, and discard waste; and conduct necessary investigations and inspections on a regular basis.



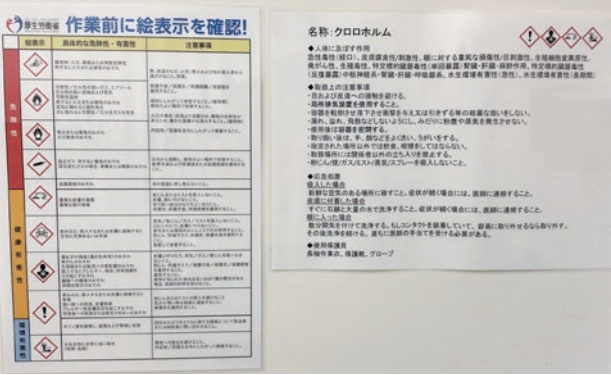
Yoshizuka Office

Chemical substance risk assessment

The amended Industrial Safety and Health Act, which came into effect in June 2016, requires risk assessment of certain hazardous chemical substances (674 substances total) at all workplaces where chemical substances are handled. Employees from our Quality Assurance and R&D Center sections are working to reduce the risk of hazards and health problems. Specifically, we are implementing the following six initiatives.

- **Regular medical examinations: Special medical examinations are conducted once every six months.**
We conduct medical examinations for workers engaged in work considered particularly harmful in terms of occupational health measures stipulated in the Industrial Safety and Health Act.

- **Measuring work environments**
To prevent workers from suffering from health problems caused by harmful factors, we measure their work environments once a year and manage them accordingly.
- **Managing reagents**
We post precautions for handling (e.g., ventilation) on devices on which reagents are used. We also keep a ledger to record the quantities of chemicals used before and after their use, who used them, and other information to manage them properly.
- **Permanently stationing organic solvent work chiefs**
We permanently station employees who have completed a training course for supervisors in charge of instructing employees on workplaces and work methods for handling organic solvents.
- **Education and training**
We conduct study sessions on chemicals (especially organic solvents) based on government textbooks.
- **Disposing of chemicals**
To dispose of chemicals, we prepare waste tanks according to the type of chemicals used, carry out specific treatment, and entrust disposal to industrial waste companies. We also send the industrial waste management slips (manifests) we receive to local governments in the form of status reports on the issuance of industrial waste management slips.



An example of warnings on display

Initiatives for Dependable Quality



Based on the Quality Policy established in accordance with our MISSION and Charter of Conduct, we listen attentively to our customers and promote initiatives to improve and maintain the quality of our products and services. To earn the trust of the customers who purchase our products, we work with our OEM partners to ensure dependable quality control.

Formulating customer satisfaction indicators

We strive for the highest level of customer satisfaction in order to realize “a beautiful smile” as stated in our PURPOSE. Accordingly, we have formulated customer satisfaction indicators for all employees to pursue customer satisfaction on a daily basis.
Our concept of customer satisfaction consists of the following six indicators, which we believe will lead to improving customer satisfaction as we see it.

Our view of customer satisfaction



We set targets for each indicator for each product and service, which related departments will work to achieve.

KPIs based on six indicators

Indicator	KPIs
(i) Activities for safety and security	Indicator improvement rate according to quality audits Employee attendance rate for safety and security training
(ii) Ensuring safety and security	Number of violations of laws and regulations concerning products and services
(iii) Activities to improve customer satisfaction	Rate of comments linked to improving customer satisfaction
(iv) Achieving customer satisfaction	Customers' intent to continue using products according to customer satisfaction surveys (NRS* values)
(v) Activities for realizing our PURPOSE	Each department's promotion of activities and degree of realization of our PURPOSE
(vi) Achieving customer satisfaction to work toward our PURPOSE	Customers' smile level according to customer satisfaction surveys

* Net Repeater Score

Quality initiatives

To ensure that customers can use our products with confidence, we have established a quality control system and are taking measures based on our Quality Policy.
We are especially committed to safety and security—specifically, our Quality Assurance Section assesses whether products manufactured by OEM partners meet our quality standards by obtaining samples before products are shipped. We check quality according to standards determined after stability tests. However, whenever values fluctuate (even if they are within the standards), we check directly with the OEM partner to ensure dependable quality. We have also established internal quality manuals, quality assurance regulations, and written procedures based on the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices to ensure thorough quality control and quality assurance.

Quality audits in FY2024

Quality audits conducted	100%
Employee attendance rate for safety and security training	100%

Human Capital



We consider people to be our strength and are working to develop people who embody our Image of Ideal Human Resources. We are working to establish a human resources development system so that each employee can demonstrate their individuality and play an active role, and to create environments in which they can work vigorously and with a sense of fulfillment.

Image of Ideal Human Resources

In order to realize our PURPOSE, the ideal employee will embody the philosophy as an employee of Shinnihonseiyaku and have the ability to put the CREDO into practice.

1. As an employee of the company, the ideal employee will have an attitude toward work, sense of ethics, and people skills commensurate with their position.
2. The ideal employee will treat everyone with love, take nothing for granted, and always act with a spirit of gratitude both inside and outside of the company.
3. The ideal employee will have the ability to see the positive in changes in social circumstances and business conditions, use them as opportunities for personal growth, and channel the results into creating innovation.
4. The ideal employee will have the ability to act in a challenge, change, and growth-oriented manner while resolving issues, and leverage their experience to perform at a high level and produce results.
5. The ideal employee will have the ability to contribute to the development of future generations by always focusing on our PURPOSE and spreading that awareness to everyone around them so that the company is always advancing and they themselves are constantly growing.

Human Resource Development Policy

We believe that in order to realize “Beyond innovation, for a beautiful smile!,” as stated in our PURPOSE, all employees must have dreams and aspirations and grow by seeking out challenges on a daily basis.

1. We will pursue our MISSION and management policy and develop the next generation of leaders who will solve social issues.
2. We will develop human resources who continue to seek out challenges without losing sight of their own value, even in a complex, ever-changing environment.
3. We will develop diverse human resources who can continue to create new value in times of high uncertainty by respecting differences in age, gender, nationality, expertise, experience, and other individual attributes.
4. We will develop human resources who take nothing for granted and strive to realize their dreams and aspirations with a spirit of gratitude.

Internal Environment Development Policy

Our Charter of Conduct requires us to improve work environments. To create work environments where employees feel comfortable and fulfilled, we have formulated the Internal Environment Development Policy.

We respect the character, individuality, human rights, and diversity of our employees, and accordingly create comfortable, pleasant, and fulfilling work environments.

1. Respect for human rights and diversity
We respect all kinds of diversity – from nationality, race, gender, and age to experience, sensitivities, values, and expertise – and accordingly create environments in which each employee can demonstrate their individuality and abilities and play an active role.
2. Promoting employees' safety, security, and physical and mental health
To create environments where each and every employee can perform their duties safely and with peace of mind, we will enhance organizational capabilities through active communication and create environments that generate innovation. As a company that delivers innovation in beauty and health around the world, we are committed to raising our employees' awareness of health and promoting their physical and mental health.
3. Accommodating flexible work styles
We aim to improve productivity and the work-life balance of each employee by supporting flexible work styles.
4. Creating a fulfilling culture
We value the autonomy and pioneering spirit of each and every employee and strive to maximize performance by creating a culture in which everyone can work vigorously and with a sense of fulfillment to achieve personal growth.

Improving work environments

To ensure that employees can engage in their work with peace of mind and good mental and physical health, we are taking steps to improve work environments, for example providing a company cafeteria that offers healthy meals to employees and counseling services for mental and physical health.



Salad bar served in the company cafeteria

Promoting human capital management efforts: 2027 Human Capital Management Policy

Basic policy: Create organizations and develop human resources who have dreams and aspirations and act in a challenge, change, and growth-oriented manner.

Objective Realize our PURPOSE and become a leading company in the field of health and beauty

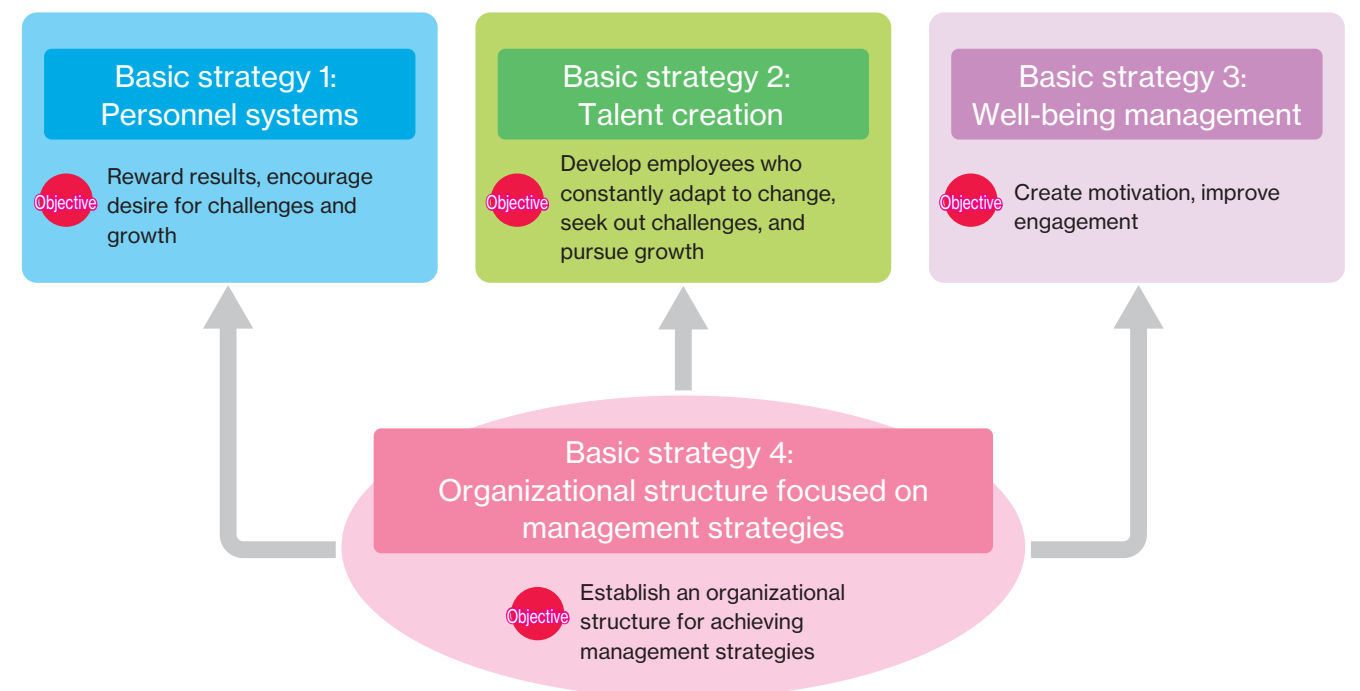
To actualize management strategies in this time of sweeping social changes and extreme volatility, uncertainty, complexity, and ambiguity (VUCA), we must tackle issues from new angles and reach solutions.

Given this, we have established a Company PURPOSE to explain the reason for our existence in society: to leverage novel ideas to continue to deliver innovation in beauty and health to our customers. We also explicitly state in our Image of Ideal Human Resources that we need employees who act

in a challenge, change, and growth-oriented manner while resolving issues and are capable of producing results.

To become a leading company in the field of health and beauty, **our human capital strategy looking forward is to encourage employees to act in a challenge, change, and growth-oriented manner in terms of three aspects – personnel systems, talent creation, and well-being management – and proactively promote people from within in addition to successfully establishing a structure of teams and individuals focused on management strategies to contribute to achieving the Medium-Term Management Plan.**

Human capital strategy



Basic strategy 1: Personnel systems

Objective

Reward results, encourage desire for challenges and growth

- (1) Ratings: Encourage desire for challenges and growth
- (2) Evaluations: Properly evaluate results and contributions
- (3) Compensation: Reward results

In October 2024, we revised our personnel systems.

With a ratings system that facilitates feelings of personal growth and a variety of rewards tied to results, our personnel systems support our employees’ ambitions and growth. In April 2024, we decided to raise wages in advance of our personnel system revisions. The raises amounted to roughly 5% on an annual basis. We will continue to make revisions in line with changes in market circumstances.

Basic strategy 2: Talent creation

Objective

Develop (hire and train) employees who constantly adapt to change, seek out challenges, and pursue growth

- (1) Hiring: Hire a diverse range of people (people with advanced expertise, people with global experience)
- (2) Training: Train people to become Group managers and acquire advanced expertise
Train candidates for the next generation of executives
Instill and foster a corporate culture (permeation of PURPOSE and MISSION)

We provide many opportunities for learning and programs to develop employees who constantly adapt to change, seek out challenges, and pursue growth.

a. Shinnihon University (a corporate university)

In August 2024, we launched our corporate university, Shinnihon University. The curriculum is tailored to different levels; specifically, we regularly hold Innovation Business Conferences (IBCs) for management personnel and Junior Board training for younger employees. During these programs, we impart the company’s background, history, and vision for the future and foster the desired mindset for the company. Through this training, we aim to swiftly develop core people for actualizing future management strategies.

b. Strategic job rotation

As part of our human resource development, we strategically rotate employees through jobs. We aim to develop people who can flourish in a wide range of fields by equipping our employees with varied work experience based on our value chain and broad knowledge and expertise.

c. Promoting autonomous career development

We use career design sheets to create opportunities for employees to examine what they want out of their careers, and proactively rotate them through jobs and support their careers while incorporating organizational strategy perspectives. We also have a system through which employees communicate with their supervisors in one-on-one meetings to further their understanding of their own strengths, values, and fulfillment, and are building another system through which they can visualize their career path by reflecting on feelings of personal growth through their jobs.

Basic strategy 3: Well-being management

Objective

Create motivation, improve engagement

- (1) Health and productivity management:
Promote employees’ physical and mental health
- (2) Create motivation:
Establish motivating work environments
Create internal communication

Based on the concept of being ourselves in good health and happiness every day, we promote well-being management with the aim of creating fulfillment and improving engagement for each employee.

a. Promoting physical and mental health

We have published a health and productivity management declaration and engage in various efforts to promote physical and mental health. Specific examples include explaining efforts for health at monthly Health Committee meetings, providing a way to contact experts in mental health care for consultations, and conducting regular medical examinations. To reduce risks presented by women’s health issues and ensure that our female employees can play active roles, we have improved our system so that female employees of any age can receive breast cancer screenings at the company’s expense during their regular medical examinations. Our goal is a 100% breast cancer screening rate for female employees every year.

b. Company cafeteria

As a company that delivers innovation in beauty and health, we want to contribute to our employees’ health first and foremost. Toward that end, we have a company cafeteria on the top floor of our Head Office building that serves a smart lunch (a daily set meal prepared under the supervision of a registered dietitian) and many other set meals at reasonable prices. Each smart lunch is designed to provide one third of the daily energy intake needed by adult women.



A smart lunch served in the company cafeteria

c. Improving our incentive systems

We use multiple incentive systems to encourage employees to voluntarily and proactively seek out challenges.

With the Shinnihon Award recognizing unprecedented success, the Challenge Award for achieving results with innovative efforts, and more, we are creating a culture that encourages pioneering and innovation from many perspectives.

d. Commemorative gifts for long service

We present employees who have worked for us for many years with travel vouchers and special leave to express our gratitude for their contributions and give them opportunities to refresh.

Basic strategy 4: Organizational structure focused on management strategies

Objective

Establish an organizational structure for achieving management strategies

- (1) Organizational strategies:
Identify strategic departments and establish a personnel structure for achieving management strategies
➡ Formulate and execute organizational strategies (organizational introspection) and personnel plans
- (2) Personnel KPIs:
Establish and monitor based on organizational strategies

We maximize the performance of teams and individuals by establishing an organizational structure to actualize management strategies and strategic assignments and human resource development.

a. Developing infrastructure for personnel information

We have introduced a personnel management system through which we centrally manage employee information. We also use it in human resource development and personnel assessments. We will visualize employees’ skills and attributes and improve the personnel management system in order to implement more targeted human capital strategy.

b. Conducting organizational analysis and formulating personnel plans

To establish an organizational structure for the longer term, we will analyze the present situation and formulate and execute personnel plans designed to maximize performance.

Comments from Human Resources Section personnel

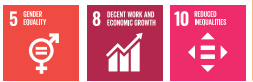


Yuki Utsunomiya
Human Resources Section,
Human Resources Division

At our company, we believe that the company grows when our employees feel fulfilled and face challenges on a daily basis. To ensure that they feel fulfilled and regularly face challenges, we must create opportunities for them to feel that they are experiencing personal growth. Toward that end, we formulated our human capital strategy with the aim of creating the infrastructure needed to encourage employees’ personal growth.

To achieve the goals of Medium-Term Management Plan – Growth Next 2027, we will continue activities to enhance the value of our most important asset: our people.

Human Rights and Diversity



We aim to create work environments in which diverse human resources with different values and ideas can demonstrate their individuality and abilities and play an active role. We also work with our suppliers to conduct business activities that respect human rights throughout the supply chain.

Respect for human rights and diversity

We have established respect for human rights and diversity in our Internal Environment Development Policy, and are committed to creating work environments where everyone can play an active role and a culture that respects human rights and diversity. In addition, our Procurement Policy clearly lays out our respect for the human rights and diversity of employees and aims to create comfortable work environments. Based on these policies, we will create environments in which individual employees can demonstrate their individuality and abilities, and conduct business activities that respect human rights and diversity throughout the supply chain.

Promoting women's participation and advancement

We developed the *PERFECT ONE* All-in-One Gel series – our main products – so that women who are busy with their careers, housework, childcare, and other daily activities due to their participation in society can experience the benefits of skincare without undue time and effort. At our company, where approximately 80% of employees are women, we have identified promoting women's participation and advancement as a material issue and aim to create work and social environments where women can play an active role.

Formulating action plans based on the Act on the Promotion of Women's Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children

To create work environments in which women and other diverse human resources can play an active role, we have formulated an action plan that includes support for women's careers and consideration of initiatives to encourage participation in childcare regardless of gender. We are promoting initiatives in line with this action plan.

* We have published this action plan on the Ministry of Health, Labour and Welfare's "Information site to support efforts to balance work and family life: Support for Balancing Work and Family Life."

System for balancing family care with work

Maternity/paternity leave	Leave that can be taken for up to 28 days within 8 weeks after the birth of the child to be cared for
Childcare leave	Leave that can be taken to care for a child up to the age of 2
Reduced working hours for childcare	A system under which working hours can be reduced by up to two hours a day when raising a child until the end of the third grade of elementary school
Nursing care leave	Leave that can be taken when caring for a family member in need of nursing care
Changes in working hours to facilitate childcare	A system under which working hours can be changed when raising a child until the end of the third grade of elementary school
Changes in working hours to facilitate nursing care	A system under which working hours can be changed when caring for a family member in need of nursing care
Time off for nursing children	Time off that can be taken to take care of children, etc. until the end of the third grade of elementary school (5 days per fiscal year; 10 days per fiscal year for two or more children)
Time off for nursing adult family members	Time off that can be taken to care for a family member in need of nursing care (5 days per fiscal year; 10 days per fiscal year for two or more family members)

* Requirements apply for some leave and time off.

Creating workplaces where everyone can play an active role

We employ people with disabilities at the Logistics Center responsible for shipping products. They are in charge of sorting and packaging products, work that is essential for delivering those products to customers.

Trends in employment of people with disabilities

	FY2022	FY2023	FY2024
Employment rate for people with disabilities	3.6%	4.0%	3.6%

* Calculation periods: FY2022 (April 2022 to March 2023), FY2023 (April 2023 to March 2024), FY2024 (April 2024 to March 2025).

Supply Chain Management



Cooperation with suppliers is essential for sustaining our business and resolving social issues. We are committed to sustainable procurement activities, including compliance with laws, regulations, and social norms; human rights; occupational safety and health; and environmental considerations.

Shinnihonseiyaku Group Supplier Guidelines

In August 2024, we formulated the Shinnihonseiyaku Group Supplier Guidelines to establish a responsible supply chain in cooperation with all of our suppliers.

These guidelines aim to strike a balance between fulfilling our social responsibilities and continuously advancing our entire supply chain so that we can sustainably supply reliably safe products to our customers.

We will continue to work together with our suppliers to engage in sustainable procurement activities throughout our entire supply chain to build a sustainable society.

Shinnihonseiyaku Group Supplier Guidelines

As a company that supplies products that are a part of people's everyday lives, we believe it is important to work with our suppliers to form a sustainable supply chain so that we can fulfill our social responsibilities at every step along the way. Accordingly, we formulated the Procurement Policy. Based on this policy, we also formulated nine compliance items of the Supplier Guidelines that we expect every supplier to observe.

Compliance with laws	Conduct business in compliance with laws, regulations, and international and social norms
Fair, equitable trade	Prohibit corruption and bribery
	Exclude antisocial forces
	Establish a whistleblowing desk
Rigorous information management	Engage in highly transparent transactions in compliance with antitrust and subcontracting legislation
	Protect and manage confidential and personal information
	Develop environmentally friendly products and services
Environmentally friendly business activities	Reduce waste
	Reduce CO ₂ emissions
	Take measures to prevent environmental pollution
	Conserve biodiversity

Human rights	Respect human rights and diversity
	Eliminate child labor and forced labor
Labor	Maintain safe and secure work environments
	Prohibit long working hours
Quality assurance	Respect people's freedom of association and right to collective bargaining
	Provide products and services that satisfy laws and regulations and the company's quality standards
Sustainable supply	Establish systems for dependable supply
	Sustainably procure raw materials
Information disclosure	Disclose information to stakeholders properly

Future initiatives

First and foremost, we teamed with our suppliers to start a CSR procurement self-assessment questionnaire (SAQ) in line with the Shinnihonseiyaku Group Supplier Guidelines. Looking ahead, we plan to expand the SAQ in due order to conduct document inspections in the form of questionnaires and elicit feedback. The goal is sustainable procurement based on quality audits, which we are already conducting in the context of our quality control.

Stakeholder Engagement

To realize our PURPOSE, we are proactively disclosing information and using surveys and other means to learn what our stakeholders think and want and reflect our findings in our business activities.

Communication with stakeholders

Stakeholders	Dialogue and communication	Frequency
Customers	<ul style="list-style-type: none">Sales and marketing activitiesCall Center, websites, and other customer touchpointsWebsitesCustomer questionnairesCustomer satisfaction surveys	Daily Daily Constantly Daily As needed
Shareholders and investors	<ul style="list-style-type: none">General Meetings of ShareholdersFinancial results briefingsSmall meetings with investorsIndividual inquiriesCorporate websiteResponses to questionnaires and surveys from ESG rating agencies	Once per year Regular As needed As needed As needed As needed
Suppliers	<ul style="list-style-type: none">Procurement activitiesSupplier briefingsQuality ConferencesSAQ self-assessments	Daily As needed Regular Regular
Employees	<ul style="list-style-type: none">Employee attitude surveys (motivation surveys)Workplace Representative CommitteeHealth CommitteeOther meetingsManagement policy presentationsIntranet and internal newslettersInternal mixers	Once per year As needed Once per month As needed Once per year As needed As needed
Local communities	<ul style="list-style-type: none">Participation in local eventsCSR	As needed As needed
NPOs, NGOs	<ul style="list-style-type: none">Meetings and collaboration with NPOs and NGOs	As needed
National and local governments, industries, and academic societies	<ul style="list-style-type: none">Participation in industry activitiesResearch in collaboration between industry and academia	As needed As needed

Dialogue with customers

Customer questionnaires

When we deliver products to customers who have placed orders, we include a delivery document that contains a questionnaire. We use the results of these questionnaires for product development, sales promotions, advertising, and other business activities.

Company-wide sharing of VOC*

We relay what we hear from customers at our Call Center on a daily basis and messages sent to subscriber news magazines to people throughout the company on our intranet and internal postings, and use the information to improve our products and enhance our services.

* Voice of Customer



An internal posting of VOC information

Dialogue with shareholders and investors

Financial results briefings, individual interviews, and General Meetings of Shareholders

We hold quarterly financial results briefings for shareholders and investors, as well as individual interviews and small meetings for follow-up as needed. We held a total of 98 individual interviews and small meetings in FY2024. We also hold a General Meeting of Shareholders each year and endeavor to engage in dialogues with shareholders.



Photo from the 36th Annual General Meeting of Shareholders

Dialogue with employees

Management policy presentations

At the beginning of each fiscal year, we hold a presentation called the Midterm Strategy Conference (MSC), which gives employees the opportunity to hear management strategies and execution plans for the fiscal year directly from top management and department managers. After the MSC, we administer a questionnaire to all employees. The results are reported to management and reflected in the management of the conference to facilitate communication.



Photo from an MSC

Dialogue with local communities

CSR/campaign to eradicate drunk driving

We are committed to CSR activities that create happiness in local communities in order to realize “a beautiful smile” as stated in our PURPOSE. One of our ongoing CSR activities is a campaign to eradicate drunk driving. In FY2024, we held an event to eradicate drunk driving at our Head Office in conjunction with the nonprofit corporation Heartspace (Fukuoka City, President: Miyako Yamamoto) to coincide with Fukuoka Prefecture’s Drunk Driving Eradication Week.



Photo of the “wave of yellow flags” during an event to eradicate drunk driving

CSR

We are committed to CSR activities that bring happiness to local communities. Each of our employees actively takes part in the activities, fostering a sense of participation in society.



Pink Ribbon Campaign at Avispa Fukuoka home match

About 80% of our employees are women. For this reason, and to create environments where all women can work with peace of mind, we have improved our system so that female employees of any age can receive breast and cervical cancer screenings during their medical examinations. Additionally, to improve the low breast cancer screening rate in Fukuoka Prefecture, we have implemented the Pink Ribbon Campaign at home matches of Avispa Fukuoka sponsored by us since 2021. We are also working with NPO Happy Mamma to raise awareness of medical examinations by putting up educational posters and distributing original goods.



Breast cancer screening targets

Item	Target
Internal breast cancer screening rate	Maintain 100%
Improve breast cancer screening rate in Fukuoka Prefecture	55% or more by FY2026*

* Plans to refer to the “Comprehensive Survey of Living Conditions” published by the Ministry of Health, Labour and Welfare in 2026

Collaborative project with Japan Heart Smile Smile PROJECT in Huis Ten Bosch

Many children battling pediatric cancers – roughly 2,500 per year in Japan alone – experience anxiety because they cannot spend enough time with their families as they deal with the strong side effects of their treatment and extended hospital stays. With the hope of giving this irreplaceable time back to these children and their families, we started sponsoring the Smile Smile PROJECT in Huis Ten Bosch, an initiative to gift pediatric cancer patients with trips accompanied by medical personnel so that they can travel with peace of mind. The project has been carried out in Kyushu every year since we started sponsoring it in 2017. In 2024, six families were invited to the Huis Ten Bosch theme park in Nagasaki. We also had new employees participate as volunteers, and it served as an opportunity to develop people who can bring our PURPOSE to fruition.

Campaign to eradicate drunk driving

We have been working to eradicate drunk driving in Fukuoka Prefecture, where our Head Office is located, since 2008. Since the fatal drunk driving incident on the Uminonakamichi Bridge in Fukuoka in 2006, the entire prefecture has been working to eradicate drunk driving, but the task is not yet complete. In FY2024, we held a lecture at our Head Office by Miyako Yamamoto, President of Heartspace, a nonprofit corporation that works to eliminate drunk driving. That day, our employees and partner groups created a “wave of yellow flags” with messages urging passing drivers to never drive drunk.

We also conducted an awareness-raising campaign for employees with the aim of eradicating drunk driving.



Main CSR activities

Collaborator	Activity content
Avispa Fukuoka	Premium Uniform Partner
RIZING ZEPHYR FUKUOKA	Official Partner, Wheelchair Team Sponsorship
Japan Heart	Sponsorship of Smile Smile PROJECT
Heartspace Approved Specified Nonprofit Corporation	Sponsorship
Oita International Wheelchair Marathon	Sponsorship
Fukuoka Marathon	Sponsorship
C's Athlete	Sponsorship
Kyushu Pro-Wrestling	Kyushu Genkitai Platinum Member

Corporate Governance



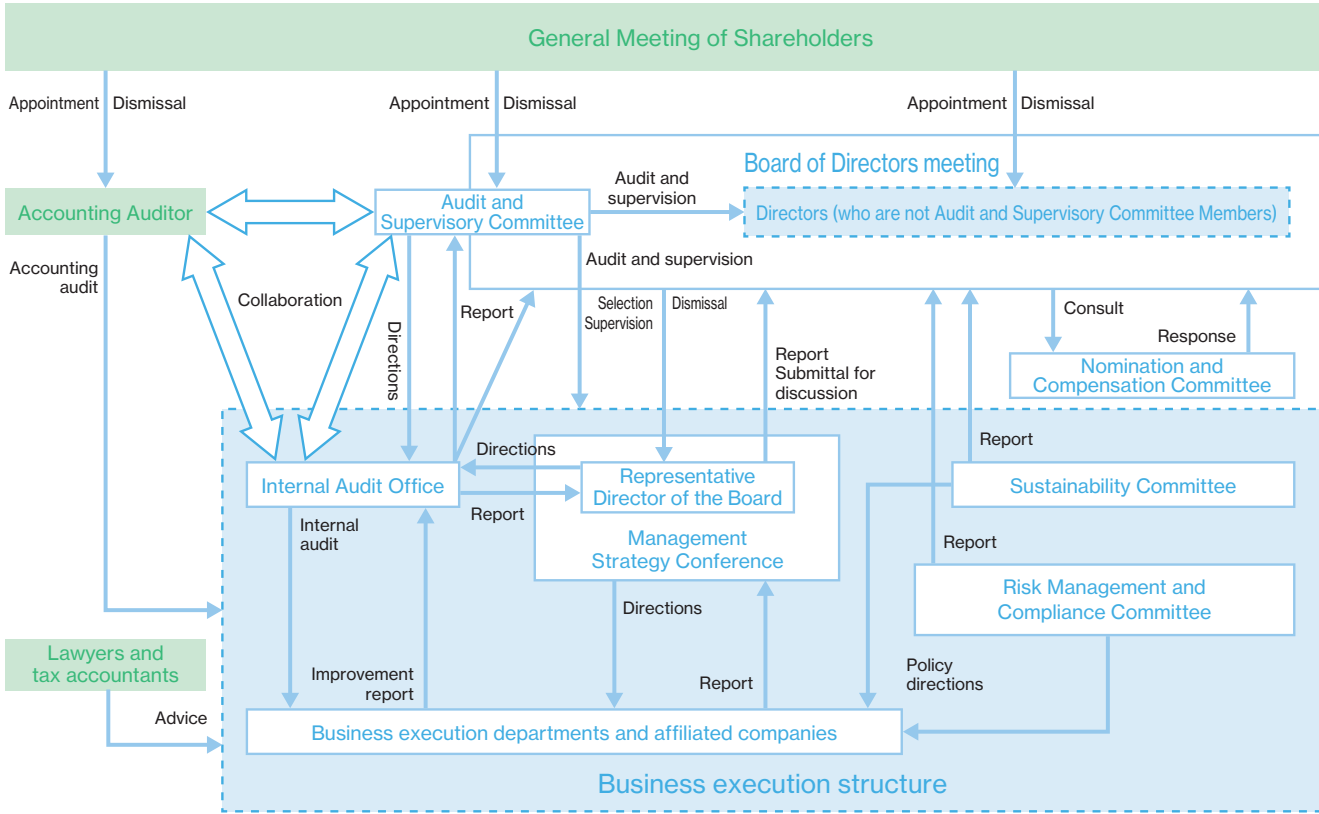
We believe that streamlining management and increasing its soundness and transparency as well as compliance will help improve our corporate value over the long term. Accordingly, we are actively working to build an organizational structure that can respond quickly and flexibly to changes in the business environment, while strengthening corporate governance.

Changes in corporate governance

2016	Established Board of Directors	2021	Appointed a female Outside Director
2018	Established Risk Management and Compliance Committee Established Audit & Supervisory Board	2022	Transitioned from the First Section to the Prime Market of the Tokyo Stock Exchange Established Sustainability Committee
2019	Listed on Tokyo Stock Exchange Mothers	2023	Transitioned to a company with an Audit and Supervisory Committee Nominated a candidate for substitute Audit and Supervisory Committee Member
2020	Established Nomination and Compensation Committee Changed listing market to the First Section of the Tokyo Stock Exchange Introduced stock-based compensation system		

Corporate governance system

We have adopted the company with an Audit and Supervisory Committee format as our organizational design under the Companies Act, and have adopted the following corporate governance system with the belief that the soundness, objectivity, and appropriateness of management can be ensured through inter-organizational cooperation.



Board of Directors meeting

The Board of Directors makes decisions based on open and natural discussion of basic policies such as management strategy and management plans. To increase the transparency of our management, we have appointed five Independent Outside Directors. The Board of Directors adequately reflects the advanced insights and objective opinions provided from the independent perspectives of Outside Directors in efforts to strengthen its supervisory function over the company’s management.

Composition of the Board of Directors

The Board of Directors comprises seven Directors of the Board, five of whom are Independent Outside Directors. Inviting Outside Directors with ample insight and experience in other industries to serve on the Board of Directors positions the Board to make management decisions based on broader perspective, provide proper recommendations from an objective, neutral standpoint, and supervise the management and execution of business.

Meetings of the Board of Directors

Chair	President & Representative Director of the Board and Chief Executive Officer
Number of meetings	10
Attendance rate	100%

* Calculation period: October 2023 to September 2024
* For the three Board of Directors meetings held before the transition to a company with an Audit and Supervisory Committee, three current Outside Directors who are Audit and Supervisory Committee Members attended as Auditors.

Audit and Supervisory Committee

The Audit and Supervisory Committee comprises three Independent Outside Directors – one full-time Audit and Supervisory Committee Member and two part-time Audit and Supervisory Committee Members – and monitors governance and its operational status and audits the day-to-day activities of Directors of the Board, including their execution of duties. In accordance with the Audit and Supervisory Committee Audit Plan and Regulations, the system is set up so that the full-time Audit and Supervisory Committee Member can always monitor the execution of duties of Directors of the Board, for example by attending General Meetings of Shareholders, Board of Directors meetings, and other important meetings and stating their opinions as necessary.

Meetings of the Audit and Supervisory Committee

Chair	Full-time Audit and Supervisory Committee Member
Number of meetings	14
Attendance rate	100%

* Calculation period: October 2023 to September 2024
* The company transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee on December 19, 2023.
* Four separate Audit & Supervisory Board meetings were held from October to December 2023.

Nomination and Compensation Committee

The Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors, serves as both the Nomination Committee and the Compensation Committee. The committee is chaired by the President & Representative Director of the Board and Chief Executive Officer and comprises five members, including three Outside Directors. In principle, the committee meets once a year; however, issues are set for each fiscal year and extraordinary committee meetings are held as necessary. The committee deliberates on policy for nominating and on the appointment and dismissal of Directors of the Board and Directors of the Board who are Audit and Supervisory Committee Members, policy for remuneration, etc. of Directors of the Board (excluding those who are Audit and Supervisory Committee Members) and the details of remuneration, etc. for each individual, succession planning, and other advisory matters deemed necessary by the Board of Directors. The committee reports to the Board of Directors on the results of its deliberations, ensuring validity and objectivity.

Meetings of the Nomination and Compensation Committee

Chair	President & Representative Director of the Board and Chief Executive Officer
Number of meetings	5
Attendance rate	100%

* Calculation period: October 2023 to September 2024

Risk Management and Compliance Committee

The Risk Management and Compliance Committee, which was established as part of efforts to strengthen the internal control structure, is chaired by the President & Representative Director of the Board and Chief Executive Officer and comprises full-time Directors of the Board, Executive Officers, and General Managers. In principle, the committee meets once a quarter, but when necessary, extraordinary committee meetings are held to discuss and decide on the overall management of all risks associated with Shinnihonseiyaku, compliance, and specific issues and responses to specific risks. The committee also plans, manages, and implements compliance education for officers and employees.

Meetings of the Risk Management and Compliance Committee

Chair	President & Representative Director of the Board and Chief Executive Officer
Number of meetings	9
Attendance rate	100%

* Calculation period: October 2023 to September 2024

Sustainability Committee

The Sustainability Committee, which was established to strengthen our sustainability promotion system, is chaired by the President & Representative Director of the Board and Chief Executive Officer, and comprises full-time Directors of the Board and Executive Officers. The committee formulates targets for key sustainability-related issues and manages the progress of, supervises, and monitors initiatives. The committee also reports matters to be discussed to the Board of Directors as appropriate.

Meetings of the Sustainability Committee

Chair	President & Representative Director of the Board and Chief Executive Officer
Number of meetings	4
Attendance rate	100%

* Calculation period: October 2023 to September 2024

Evaluation of the effectiveness of the Board of Directors

We analyzed and evaluated the effectiveness of the Board of Directors with the aim of improving its functions. All Directors of the Board participated in and discussed the analysis and evaluation.

Summary

Implementation: September 2024

Respondents: All Directors of the Board (8)

Methods: Self-evaluation method using a questionnaire

- (1) An anonymous effectiveness evaluation questionnaire was administered to all Directors of the Board.
- (2) A summary of the results of the effectiveness evaluation questionnaire was reported at a meeting attended by Directors of the Board. The summary and future issues were discussed.
- (3) The Board of Directors confirmed the evaluation of the effectiveness of the Board of Directors.

Questions

- (1) 7 questions about the composition of the Board of Directors
- (2) 9 questions about the operation of the Board of Directors
- (3) 12 questions about the agenda of the Board of Directors
- (4) 8 questions about the structure that supports the Board of Directors

Evaluation

According to the results of the effectiveness evaluation questionnaire for the fiscal year ended September 2024, the conclusion reached was that the Board of Directors’

effectiveness is generally “sufficient” and “proper.” However, there were also comments and recommendations as to implementing Board of Directors meetings with greater precision on all four sections of the questionnaire (composition, operation, agenda, and support structure).

Given these results, we will continue to implement measures to improve the effectiveness of the Board of Directors by revising meeting agendas and time allotted to better sort out and clarify talking points, and taking other creative steps to further strengthen the functions of the Board of Directors. Specifically, we will focus on devising agendas and enhancing discussions to properly fulfill the roles and responsibilities of the Board of Directors.

Additionally, some responses to questions about the composition of the Board of Directors indicated that the systems of the Board of Directors should be strengthened in response to social circumstances with an eye toward future business expansion. Based on these opinions, we will further enhance our efforts by hiring outside people in addition to promoting the succession plan to develop specialist personnel and Executive Officers.

Taking the above results into consideration, we believe that the effectiveness of the Board of Directors for the fiscal year ended September 2024 has been appropriately ensured.

Our Board of Directors will fulfill its roles and responsibilities, including addressing the above issues, and work to further improve its effectiveness. By doing so, we will further enhance our corporate governance and aim to continuously improve our corporate value.

List of Executives



Takahiro Goto
President & Representative Director of the Board and Chief Executive Officer/
Nomination and Compensation Committee Member

Career summary


July 1995	Joined Shinnihonliving Co., Ltd. (currently Shinnihonseiyaku Co., Ltd. (the “Company”))
September 1998	Department Manager, the Company
December 2005	President & Representative Director of the Board, Chief Executive Officer, the Company
April 2014	Director, Shinnihon Holdings Co., Ltd. (currently the Company)
March 2016	President & Representative Director, Shinnihoniayu Co., Ltd. (currently the Company)
September 2021	Chairman & Representative Director, Flatcraft, Inc.
December 2021	President & Representative Director of the Board and Chief Executive Officer, the Company (current position)



Mitsuyoshi Fukuhara
Senior Managing Director of the Board and Chief Operating Officer/
Nomination and Compensation Committee Member

Career summary


May 1991	Joined Marukan Unyu Ltd.	October 2016	General Manager, Mail Order Department and General Manager, Business Promotion Department, the Company
May 1994	Joined Cosmic Co., Ltd. (currently Yumemitsuketai Co., Ltd.)	December 2016	Director of the Board and General Manager, Mail Order Department, the Company
May 2005	Director, HOT COMMUNICATION, INC.	February 2019	Director of the Board, Executive Officer, and General Manager, Sales Department, the Company
April 2010	Joined JIMOS Co., Ltd.	December 2019	Executive Director of the Board, the Company
April 2013	Joined the Company	December 2021	Chairman & Director, Flatcraft, Inc.
April 2013	Deputy General Manager, Direct Marketing Department, the Company	December 2021	Senior Managing Director of the Board and Chief Operating Officer, the Company (current position)
April 2014	Deputy General Manager, Marketing Department, the Company	December 2022	President & Representative Director, Flatcraft, Inc. (current position)
April 2015	General Manager, Mail Order Division, the Company	July 2023	President, PERFECT ONE US Co., Ltd. (current position)



Sachiyo Yasuda
Independent Outside Director of the Board/
Nomination and Compensation Committee Member

Career summary


April 1992	Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)	April 2013	(Concurrently) General Manager, Tokai and Kansai Area Sales Department, Assessment Department, Recruit Co., Ltd.
April 1999	Sales Manager, Human Resources General Services Department, Recruit Co., Ltd.	April 2014	Executive Officer in charge of New-graduates Recruiting Operation Division, Recruit Career Co., Ltd. (currently Recruit Co., Ltd.)
April 2008	General Manager, Metropolitan Area Sales Department, HR Company, Recruit Co., Ltd.	May 2019	Joined ExaWizards Inc., Executive Officer
April 2009	General Manager, New Product Development Department, Recruit Co., Ltd.	March 2022	Outside Director, CL Holdings Inc. (current position)
April 2010	General Manager, Tokai Area Sales Department, HR Company, Recruit Co., Ltd.	November 2022	Head of Business Development, LegalOn Technologies, Inc. (current position)
April 2012	General Manager, Tokai and Kansai Area Sales Department, New-graduates Recruiting Operation Department, Recruit Co., Ltd.	December 2023	Director of the Board, the Company (current position)



Asako Minamitani
Independent Outside Director of the Board/
Nomination and Compensation Committee Member

Career summary


October 2002	Joined Fukuoka Office of ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC)	June 2024	Audit & Supervisory Committee Member, YAMAU Holdings Corporation (current position)
October 2016	Opened Asako Minamitani Certified Public Accountant Office (currently Asako Minamitani Certified Public Accountant and Certified Public Tax Accountant Office); Director (current position)	June 2024	Audit & Supervisory Board Member (part-time), Hisayama Research Institute For Lifestyle Diseases (current position)
April 2017	Audit & Supervisory Board Member (part-time), Onojo Madokapia (current position)	December 2024	Director of the Board, the Company (current position)
April 2018	Audit & Supervisory Board Member (part-time), Fukuoka Women's University (current position)		
September 2020	Audit & Supervisory Board Member (part-time), Saga University (current position)		



Keiichi Zenmyo
Independent Outside Director of the Board/
Audit and Supervisory Committee Member/
Nomination and Compensation Committee Member

Career summary


April 1981	Joined Kyushu Matsushita Electric Co., Ltd. (currently Panasonic System Solutions Japan Co., Ltd.)	May 2011	Outside Director, PI Techno Co., Ltd.
April 2007	Business Division Manager, Kyushu Matsushita Electric Co., Ltd.	June 2011	Outside Director, MIYAZAKI CABLE TV NETWORK Co., Ltd.
August 2010	Seconded to Panasonic System Solutions Japan Co., Ltd.	June 2013	Vice President and Chief Quality Officer responsible for the whole company, Panasonic System Solutions Japan Co., Ltd.
October 2010	Vice President and President, Kyushu Company, Panasonic System Solutions Japan Co., Ltd.	April 2017	Director, Panasonic System Solutions Japan Co., Ltd.
		December 2017	Audit & Supervisory Board Member (full-time), the Company
		December 2023	Director of the Board (Full-time Audit and Supervisory Committee Member), the Company (current position)



Takashi Tanabe
Independent Outside Director of the Board/
Audit and Supervisory Committee Member

Career summary

April 1999	Joined Legal Training and Research Institute, Supreme Court	May 2020	Supervisory Director, Fukuoka REIT Corporation (current position)
October 2000	Registered as a lawyer	December 2023	Director of the Board (Audit and Supervisory Committee Member), the Company (current position)
October 2000	Joined Tanabe-Law Office		
January 2010	Representative Lawyer, Tanabe-Law Office (current position)		
April 2016	Representative Lawyer, Fukuoka Employment Consultation Center (current position)		
June 2016	Audit & Supervisory Board Member, the Company		
April 2018	Civil Conciliation Commissioner, Fukuoka Summary Court (current position)		
September 2018	Substitute Director serving as an Audit and Supervisory Committee Member, PLATZ Co., Ltd. (current position)		



Yuji Nakanishi
Independent Outside Director of the Board/
Audit and Supervisory Committee Member

Career summary

April 1985	Joined Fuji Heavy Industries Ltd. (currently SUBARU Corporation)	June 2010	Auditor, Hisayama Research Institute For Lifestyle Diseases
April 1989	Joined International Digital Communications Inc. (currently IDC Frontier Inc.)	April 2011	Representative Director, Expleo Co., Ltd. (current position)
October 1990	Joined CORNES & COMPANY LIMITED	September 2017	Audit & Supervisory Board Member, Beauty Kadan Co., Ltd.
December 1994	Joined Taiyo LLC (currently Grant Thornton Taiyo LLC)	July 2018	Audit & Supervisory Board Member, the Company
October 1995	Joined Fukuoka Office, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)	October 2019	Representative Director, Spacial Technology Research Institute Co., Ltd.
April 2002	Established Nakanishi CPA's Office (current position)	October 2019	Auditor, LIFE Research Institute (current position)
June 2002	Audit & Supervisory Board Member, Zenrin Co., Ltd.	September 2021	Director, Spacial Technology Research Institute Co., Ltd.
April 2005	Established Nakanishi Tax Accountant's Office (current position)	December 2023	Director of the Board (Audit and Supervisory Committee Member), the Company (current position)

Skills matrix

	Name	Position at the company	Age	Gender	Years in office	Expertise & experience						
						Corporate management Management strategy	Marketing & sales	Overseas business	M&A & alliances	Legal & risk management	Finance, accounting & financial	ESG & sustainability
Directors of the Board	Takahiro Goto	President & Representative Director of the Board and Chief Executive Officer, Nomination and Compensation Committee Member	53	Male	19	●	●		●	●		●
	Mitsuyoshi Fukuhara	Senior Managing Director of the Board and Chief Operating Officer, Nomination and Compensation Committee Member	52	Male	8	●	●	●			●	●
	Sachiyo Yasuda	Independent Outside Director, Nomination and Compensation Committee Member	55	Female	1	●	●					●
Audit and Supervisory Committee Members	Asako Minamitani	Independent Outside Director, Nomination and Compensation Committee Member	49	Female	—						●	●
	Keiichi Zenmyo	Independent Outside Director, Audit and Supervisory Committee Member, Nomination and Compensation Committee Member	67	Male	1	●		●		●		●
	Takashi Tanabe	Independent Outside Director, Audit and Supervisory Committee Member	63	Male	1				●	●		●
	Yuji Nakanishi	Independent Outside Director, Audit and Supervisory Committee Member	63	Male	1	●			●		●	●

Messages from Directors of the Board



Mitsuyoshi Fukuhara
Senior Managing Director of
the Board and
Chief Operating Officer

Growth strategies for domestic and international promotion

We are tackling a variety of tasks at this stage in pursuing the goals of Growth Next 2027, the current Medium-Term Management Plan. One of the most important is to establish *PERFECT ONE* as a global brand. In our plans for global expansion, we have optimized our strategies for each region, using a model that combines mail order with social media for the U.S. and marketing mainly with social media in ASEAN countries.

That said, there remain uncaptured markets even in Japan. We need to enhance our product lineup for middle-aged consumers in their forties and fifties. Expanding our markets both in Japan and globally will be the key to our future growth. The first step we are taking toward that end in Japan is making our brand more enticing and expanding to reach all age levels. We are also laying the groundwork for venturing into the U.S.

Brand activities to enhance engagement and addressing social issues

Our strength lies in database marketing. We value every customer touchpoint and are pursuing deeper engagement by cross-selling with health foods and cosmetics. In addition to strengthening our Call Center and other real-world touchpoints, we will expand our social media, e-commerce, and other online touchpoints to provide better solutions tailored to our customers' diverse lifestyles.

In product development, we need to come up with ideas that are more closely aligned to diversifying use cases and needs. Given the society-wide importance of extending healthy life expectancy, we should expect our role in the health and beauty business to expand in the future. Amid widespread struggles with increasing medical expenses, our social mission should be to help people live healthier lives with products focused on prevention.

Environmental considerations and employee well-being

In terms of sustainability, we are strengthening efforts to reduce environmental impact. We have attacked issues peculiar to mail-order sales head-on by revising our containers, optimizing delivery methods, promoting recycling, and more, and are making steady progress by focusing on what we can do as a company. We have taken effective measures, for example adopting containers made with green nanotechnology that reduce CO₂ emissions associated with incinerating plastic by roughly 60%.

At the same time, we are also devoting resources to improving employee well-being. As part of our efforts to accommodate a broader range of work styles, we introduced a system under which employees can choose when they start work. Now, each employee can work in a style that matches their life stage and the rhythms of their life. They can clock in at 7:30 in the morning to free up time in the evening and make other choices to achieve balance between physical and mental health and performance at work.

Message to stakeholders

We aim to be a company that grows continuously for 100 years. Toward that end, we absolutely need the unwavering support of our customers. We will build trust by delivering valuable products while tackling social issues so that both the company and our employees can grow together. We must cherish this cycle and continue to keep it front and center in our minds.



Asako Minamitani
Outside Director

Strengths from a bright, vigorous corporate culture

The thing that struck me most after taking office as an Outside Director was how bright and vigorous the employees are. I have seen a lot of companies, and the ones that immediately strike me as being full of light and energy tend to stay that way over time. When I see the gratitude and consideration each employee shows to each customer, I understand how deeply these traits have taken root in the corporate culture. This corporate culture is a crucial element in the growth potential and financial health of the company.

Demonstrating leadership based on diverse perspectives

The company is making efforts to increase its organizational diversity, with the goal of having women in at least 30% of management positions by FY2030. However, creating environments conducive to demonstrating leadership is more important than achieving a numerical target.

There is more than one way to lead. The company should create environments where different leadership styles are respected – regardless of gender – and the strengths of each are utilized, as this will make the organization stronger. When leaders who manage teams based on empathy, make level-headed decisions based on data, and lead in other different ways coexist, the organization experiences healthy growth.

The corporate culture would also benefit from the further development of work environments where everyone supports each other, regardless of gender. For example, the ability to choose different work styles at different life stages – while providing family care, for instance – makes a company a great place for anyone to build a career. Enhancing systems like these is essentially laying the groundwork for the long-term growth of the company.

Contributing to management with an accountant's perspective

As a certified public accountant, I have observed the governance and financial circumstances of many companies. I intend to use that experience to make recommendations from my perspective as an outsider so that the company's management decisions lead to sustainable growth.

The growth of a company relies equally on expanding in size and stabilizing the organization. If a company expands so quickly that its organizational systems cannot keep up, it cannot grow sustainably. In that sense, one of my roles is to keep a close eye on the balance between the speed of growth and the stability of the organization and provide recommendations accordingly.



Sachiyo Yasuda
Outside Director

Looking toward sustainable growth

For a company to grow sustainably, it needs to make investments and strategic decisions based on long-term perspectives, not short-term results. While front-line efforts are obviously essential, there are limits to what they can achieve, and investing in human capital and market development with an eye toward the future is the key to improving corporate value. As an Outside Director, I intend to support the company's sustainable growth with these perspectives.

Importance of investing in human capital to support the competitiveness of the company

The company's strength lies in its understanding of customers through database marketing and its capacity to develop products based on that understanding. Customers support the company because it delivers simple, functional products that accurately fulfill their needs. To further leverage this strength, the company must invest in its people.

To develop its people, the company must provide opportunities for growth through their jobs. The company must support its employees' growth by establishing environments where they can seek out challenges and grow in the context of their work, not only through education and training. The company has systems in place that provide growth opportunities tailored to employees' aptitude, and these systems must be developed further.

Improving the company's hiring capacity is another crucial determinant of its future. If a company acquires brilliant people, it can strengthen its organizational foundations and achieve sustainable growth. They say that people can only grow if they have good seeds, soil, and fertilizer. Especially important at the seed stage (hiring) is whether a company can acquire people aligned with the company's values for future growth. As an Outside Director, I intend to proactively discuss the company's human capital management with the aim of achieving corporate growth.

Leveraging diversity to build a stronger organization

The company engages in business focused mainly on female customers, and is a place where many women play active roles. Although the company's stated goal is to have women in at least 30% of management positions by FY2030, the aim must not be to simply achieve the numerical target, but to establish work environments where people of diverse backgrounds can leverage their strengths and play active roles.

In terms of promoting diversity, equity, and inclusion (DEI), establishing an organization where people with different values from different backgrounds cooperate will improve the competitiveness of the company. Accommodating various work styles and creating environments where everyone, regardless of gender or nationality, flourishes because they are in the right position will help to enhance the organization's adaptability and creativity and lead to sustainable growth.



Keiichi Zenmyo
Outside Director
(Full-time Audit and Supervisory
Committee Member)

The role of supporting corporate governance

As an Outside Director and Full-time Audit and Supervisory Committee Member, my mission is to help the company grow sustainably and improve its corporate value over the medium and long term by always maintaining independence, objectivity, and perspective. Although the position is deeply intertwined with the company, my essential role is to maintain my perspective as an outsider to examine whether management decision-making is fair and proper.

Sometimes in companies, where an insider assumes circumstances are immutable, an outsider can recognize a problem. To bridge this gap between inside and outside perspectives, I will continuously provide objective recommendations on management while staying attuned to the views of all stakeholders, namely shareholders, employees, and suppliers.

Current state and issues of governance of Shinnihonseiyaku

The company's major strength is the speed and agility of its decision-making. With only two executive directors, decisions can be made swiftly, and the company is better positioned to make bold forays into new businesses. However, when focusing on future growth, the company needs a more robust form of decision-making than it currently has. Specifically, as business expands, the company should promote the development of executive officer-level personnel and strengthen the process of making management decisions throughout the organization.

Audit and risk management perspectives

As an Audit and Supervisory Committee Member, I support the company's healthy growth by constantly focusing on the propriety of management decisions and the rigor of compliance. In terms of audits, it is essential to verify whether management personnel made decisions based on proper information and whether sufficient risk assessments were conducted. Leveraging expert opinions enhances the quality of management decisions, which makes it possible to strike a proper balance between risk and growth.

In terms of risk management, it is critical to maintain systems to prevent risk assessments from becoming a formality. There are many examples of companies' risk management policies losing their effectiveness over time, despite the energy put into determining them. It is vital to maintain systems to revise risk assessments and properly manage new risks as circumstances change. Specifically, as the company expands globally, an important topic will be how to deal with geopolitical risks and legal and regulatory compliance issues.

Executive Compensation System



Our executive compensation system is designed to enhance our commitment not only to the short-term improvement of business performance but also over the medium- to long-term and the sustainable and continuous improvement of our corporate value.

Basic policy on executive compensation

Executive compensation consists of fixed monetary compensation paid in consideration of the execution of duties, stock-based compensation linked to performance in the fiscal year under review and over the medium to long term, and stock-based compensation in lieu of retirement benefits for executives. At the 32nd Annual General Meeting of Shareholders held on December 23, 2020, shareholders approved the introduction of the stock-based compensation system. With regard to compensation our executives, at the 27th Annual General Meeting of Shareholders held on June 20, 2016, shareholders decided that the maximum amount of compensation for Directors of the Board shall be 200 million yen per year (there were three Directors of the Board at the close of the meeting), and the maximum amount of compensation for Audit & Supervisory Board Members (currently Directors of the Board who are Audit and Supervisory Committee Members) shall be 50 million yen per year (there was one Audit & Supervisory Board Member at the close of the meeting).

Directors of the Board

Compensation for Directors of the Board consists of basic compensation and stock-based compensation (performance share unit system and restricted stock system). The payment ratio is designed to be approximately 75% for fixed compensation and 25% for stock-based compensation (when performance-linked compensation is paid at the base amount).

Outside Directors (who are not Audit and Supervisory Committee Members)

Compensation for Outside Directors consists of basic compensation only.

Directors of the Board who are Audit and Supervisory Committee Members

Compensation for Directors of the Board who are Audit and Supervisory Committee Members consists of monetary compensation only.

Process of determining compensation

Regarding compensation for Directors of the Board, the Nomination and Compensation Committee, an advisory body to the Board of Directors, comprehensively considers each Director of the Board's duties, contributions, and performance, and compares them with other companies in the same industry and of the same size, and makes other deliberations, which it then reports to the Board of Directors. In response to the committee's report, the Board of Directors determines compensation within the limit approved at the General Meeting of Shareholders. Compensation for Directors of the Board who are Audit and Supervisory Committee Members is determined by consultation of the Audit and Supervisory Committee within the limit approved at the General Meeting of Shareholders.

Total amount of remuneration of executives

The total amount of remuneration for executives for the fiscal year is as follows.

Executive classification	Number of people receiving compensation	Monetary compensation	Stock-based compensation	Total amount of remuneration, etc.
Directors of the Board (who are not Outside Directors)	3	83 million yen	29 million yen	113 million yen
Outside Directors (who are not Audit and Supervisory Committee Members)	4	16 million yen	—	16 million yen
Directors of the Board who are Audit and Supervisory Committee Members	3	20 million yen	—	20 million yen
Audit and Supervisory Committee Members	3	6 million yen	—	6 million yen

Risk Management and Compliance



As part of our corporate governance, we believe that it is important to identify and respond to potential risks in the promotion of our business. In addition, in order to remain a company that is trusted by our customers and society, we are implementing various initiatives to promote and improve compliance.

Risk management

Under our Basic Risk Management Policy, we strive to accurately identify the various risks facing our company and reduce the possibility of such risks, minimize losses in the event of such risks, recover as soon as possible, and prevent recurrence.

Risk assessment

We create a matrix to evaluate critical risks in terms of the degree of impact on the business and the frequency of occurrence, and assign points to prioritize and determine critical risks. We then determine the main divisions responsible for responding to risks and form a team including related divisions to take action. Critical risks are reviewed by the Risk Management and Compliance Committee at the beginning of the fiscal year, and progress is checked approximately once a quarter. The committee comprises the President & Representative Director of the Board and Chief Executive Officer, executives, and division managers.

Compliance

In accordance with our MISSION and Charter of Conduct, we comply with laws, regulations, and internal regulations and strive to be a company that is trusted by customers, business partners, employees, shareholders, local communities, and all other stakeholders. Under our Basic Compliance Policy, executives and all employees understand the significance of compliance and conduct corporate activities accordingly. We also strive to promote, improve, and enhance compliance by continuously evaluating and reviewing our policies and management systems.

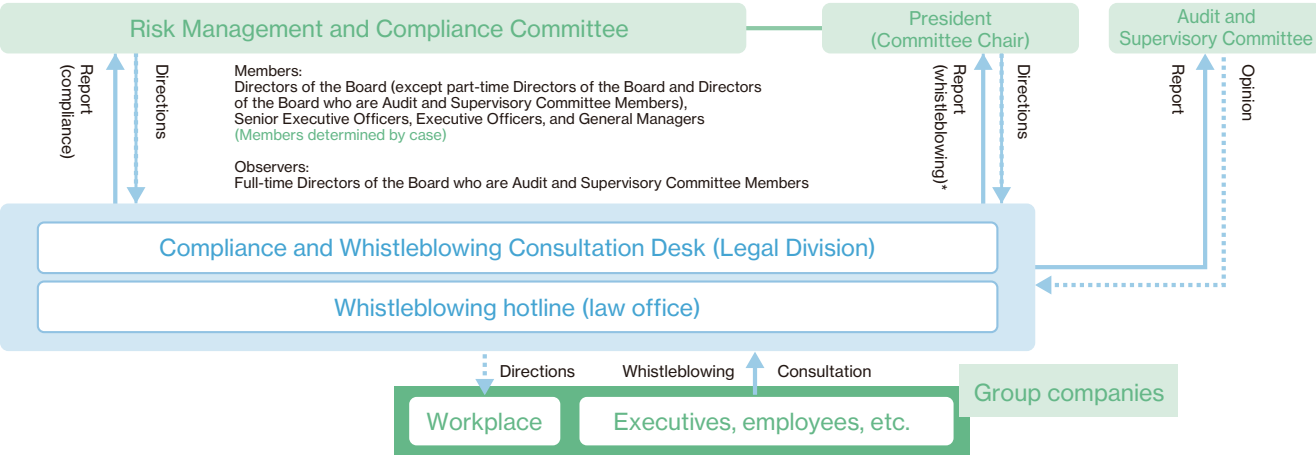
Compliance Consultation Desk (internal whistleblowing system)

We have established a Compliance Consultation Desk (Legal Division) as an internal consultation desk for compliance violations. We also have an external consultation service (at our legal advisory office) that allows direct consultation and reporting without going through the company. This service also allows anonymous reporting. In addition, we have established whistleblower protection regulations, and have taken appropriate measures, such as conducting follow-up surveys to ensure that counselors and whistleblowers are not treated unfavorably.

Number of notifications and consultations from our internal whistleblowing system	1
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* There were no reports of serious violations of law.

Compliance promotion and whistleblowing system



* Whistleblowing concerning the company president shall be reported to Audit and Supervisory Committee Members.

Information Security/Personal Information Protection



We regard the appropriate management and protection of confidential information related to research and product development – including about 6.7 million pieces of personal information in our possession – as an important management issue and focus on strengthening the governance of information security and educating employees.

Information Security Policy

Based on our MISSION, we have established and strictly adhere to an Information Security Policy to ensure and improve confidentiality, integrity, and availability – the three major requirements for information security – in order to earn the trust of our customers and society as a whole.

- Comply with laws and regulations
- Establish an information security management system
- Implement information security measures
- Implement information security education and training
- Evaluate and continuously improve implementation of information security measures

Initiatives to improve information security literacy

We are working to improve the information security literacy of our employees in order to prevent serious incidents due to human causes. We conduct e-learning on information security and personal information protection for all employees once a year and continue to raise awareness on our intranet.

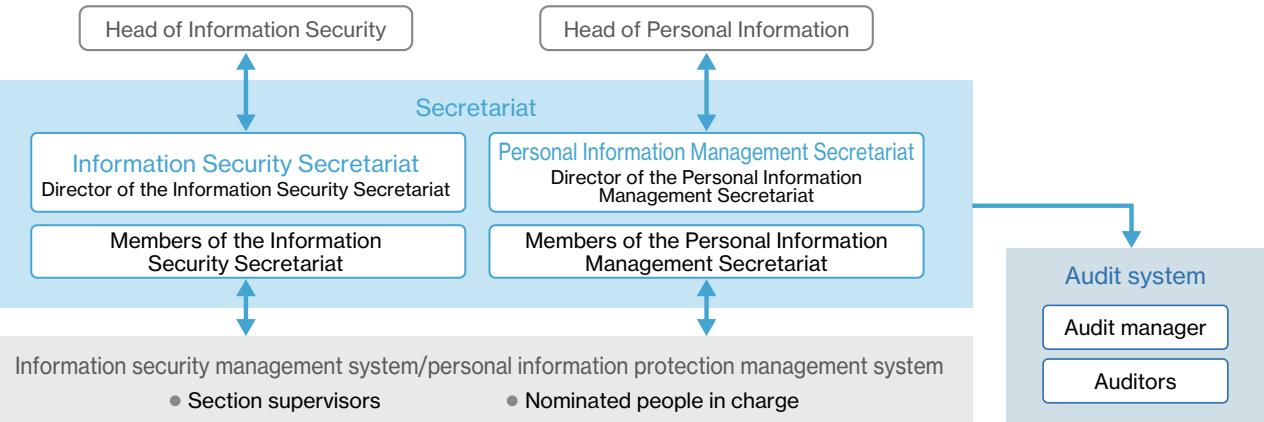
Attendance rate for e-learning courses on information security

Attendance rate for e-learning courses on information security	100%
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Measures against unauthorized access

On June 4, 2024, we experienced a ransomware attack. Although we did not confirm any information leaked outside the company associated with this unauthorized access, we take the incident very seriously and have strengthened our overall security measures and management and operation protocol.

Information security promotion system



Additionally, to prevent recurrence, we are strengthening our information security and taking the following measures on the advice of an outside expert organization.

- (1) Strengthen network security measures
- (2) Strengthen endpoint security measures
- (3) Rigorous vulnerability control
- (4) Strengthen password policy
- (5) Strengthen penetration testing (e.g., vulnerability diagnosis)
- (6) Revise IT system business continuity plan (BCP)

Rigorously protecting personal information

We consider the safe and appropriate management of customer personal information and other personal information entrusted to us by all stakeholders to be a top priority, and have established a privacy policy accordingly. We also conduct training and education in accordance with regulations and strive to ensure the protection of personal information.

Attendance rate for e-learning courses on protecting personal information

Attendance rate for e-learning courses on protecting personal information	100%
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Obtaining PrivacyMark

In 2005, we obtained PrivacyMark, which is recognized as an indication that a business has an appropriate system for handling personal information, and we continue to renew it.



Corporate Profile

Company name	Shinnihonseiyaku Co., Ltd.
Representative	Takahiro Goto President & Representative Director of the Board and Chief Executive Officer
Head Office	1-4-7 Otemon, Chuo-ku, Fukuoka, 810-0074, Japan Tel: 092-720-5800 (Main line)
Established	March 11, 1992
Capital	4,158 million yen
Number of employees	579
Memberships and qualifications	Japan Direct Marketing Association Japan Health and Nutrition Food Association COSMETIC FAIR TRADE CONFERENCE Japan Cosmetic Industry Association Council for Responsible Nutrition of Japan The Pharmaceutical Society of Japan The Japanese Society of Pharmacognosy Japanese Society of Anti-Aging Medicine Japan Anti-Aging Foundation Japan Self-Medication Industry Japan Online Drug Association Cosmetics Manufacturing and Sales Business License Japanese Cosmetic Science Society Pharmaceutical Store Sales Business License Pharmaceutical Wholesale Sales Business License Type 2 Pharmaceuticals Manufacturing and Sales Business licenses Quasi-drug Products Manufacturing and Sales Business licenses Japan Advertising Review Organization The Society of Cosmetic Chemists of Japan Fukuoka Dietetic Association The Japan Academic Society of Direct Marketing Skin Safety Case Information Network The Pharmaceutical Manufacturer's Association of Fukuoka
Other offices	Tokyo Office Yoshizuka Office Logistics Center Itoshima Call Center

Stock Information

Securities code	4931
Listed stock exchange	Prime Market of Tokyo Stock Exchange
Fiscal year	October 1 to September 30 of following year
Annual General Meeting of Shareholders	December
Record date for dividends of surplus	September 30
Share unit	100 shares
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited
Total number of authorized shares	80,000,000
Total number of shares outstanding	21,855,200
Number of shareholders	30,766

Financial Data

Business results

	Unit	FY2022	FY2023	FY2024
Net sales	million yen	36,107	37,653	40,043
Gross profit		29,395	30,312	31,812
Selling, general and administrative expenses		25,872	26,557	27,635
Operating profit		3,522	3,754	4,176
Ordinary profit		3,487	3,721	4,103
Profit attributable to owners of parent		2,357	2,394	2,795
Advertising expenses	million yen	9,729	10,602	11,274
Sales promotion expenses		4,617	4,901	5,269

Financial position

	Unit	FY2022	FY2023	FY2024
Net assets	million yen	17,918	19,661	21,792
Total assets		23,857	25,501	27,222

Cash flows

	Unit	FY2022	FY2023	FY2024
Cash flows from operating activities	million yen	2,287	3,468	2,097
Cash flows from investing activities		(496)	(208)	(382)
Cash flows from financing activities		(1,093)	(2,101)	(902)
Cash and cash equivalents at the end of the period		14,351	15,518	16,341

Per share information

	Unit	FY2022	FY2023	FY2024
Basic earnings per share	yen	109.91	111.37	129.69
Net assets per share		826.51	906.72	1,006.66
Dividend per share		33.00	33.00	45.00

Financial indicators

	Unit	FY2022	FY2023	FY2024
Operating profit margin	%	9.8	10.0	10.4
Return on equity		14.0	12.9	13.6
Ordinary profit to total assets ratio		14.8	15.1	15.6
Equity ratio		74.4	76.5	79.8
Consolidated dividend payout ratio		30.0	29.6	34.7

* All figures shown on a consolidated basis

Non-financial Data

Environment

		Unit	FY2022	FY2023	FY2024
Amount of industrial waste ^{*1}		t	56.2	54.1	—
CO ₂ emissions	Scope 1	t-CO ₂	0.9	1.9	6.0
	Scope 2 ^{*2}		520.3	548.0	552.1
	Scope 3 ^{*3}		24990.2	75790.6	91813.2
	Scope 1 + 2 + 3		25511.4	76340.5	92371.3
Water consumption (domestic water and sewage) ^{*4}		m ³	2205.1	2038.1	2120.9

^{*1} Total amount of waste at the Head Office, Yoshizuka Office, and Logistics Center. Figures calculated based on status reports (e.g., issuance of industrial waste management slips); therefore, the figures for FY2024 are scheduled to be calculated in or after May 2025.

^{*2} Using market standards. Calculation method revised in 2023.

^{*3} Scope 3 Categories 8, 10, 11, 14, and 15 are excluded from the calculation due to the absence of relevant emissions, inclusion in other categories and Scope 1 and 2 emissions, and other reasons.

^{*4} Total amount of clean water used and wastewater discharged from the Head Office, Yoshizuka Office, and Logistics Center.

Human capital

			Unit	FY2022	FY2023	FY2024
Number of employees	Full-time employees	Female	—	198	206	213
		Male		99	95	96
		Total		297	301	309
	Contract employees	Female	—	171	158	240
		Male		22	21	21
		Total		193	179	261
	Dispatch employees	Female	—	21	2	6
		Male		1	1	3
		Total		22	3	9
	Grand total			512	483	579
	Average years of service	Female	years	8.7	8.8	8.6
		Male		6.2	6.4	6.7
		Total		7.9	8.0	8.0
Average age	Female	years		37.8	37.7	37.3
	Male			39.7	40.1	40
	Total			38.4	38.5	38.2
Number of managers	Female	—		4	5	8
	Male			26	29	25
	Total			30	34	33
Percentage of female managers				13.3	14.7	24.2
Percentage of female employees			%	75.2	75.7	79.2
Employment rate for people with disabilities				3.6	4.0	3.6
Number of childcare leave system users	Female	—		17	13	10
	Male			3	4	4
	Total			20	17	14
Percentage of employees taking childcare leave				83.3	85.0	93.3
Percentage of paid leave taken				85.6	84.7	79.0
Percentage of employees using the self-development allowance*			%	10.4	12.3	12.8
Percentage of employees using the filial allowance*				61.6	67.1	67.4

* Benefit programs unique to our company. Percentages are calculated by dividing the number of employees using the programs by the number of eligible employees (directly employed employees).

Governance

Corporate governance system			Unit	FY2024
Number of Directors of the Board	Internal	Female	—	0
		Male		2
		Total internal		2
	Outside	Female		2
		Male		3
		Independent Outside		Female
	Male			3
	Total outside			5
	Grand total	7		
	Percentage of Independent Outside Directors			%
Percentage of female Directors of the Board				28.5
Number of Audit and Supervisory Committee Members	Internal	Female	—	0
		Male		0
	Independent Outside	Female		0
		Male		3
		Grand total		3
Percentage of Independent Outside Audit and Supervisory Committee Members			%	100.0
Term of Directors of the Board			years	1
Number of Board of Directors meetings*			—	10
Attendance at Board of Directors meetings (Directors of the Board)			%	100.0
Attendance at Board of Directors meetings (Audit and Supervisory Committee Members)				100.0
Number of Audit and Supervisory Committee meetings*			—	14
Attendance rate of Audit and Supervisory Committee Members			%	100.0
Attendance rate of Independent Outside Audit and Supervisory Committee Members			%	100.0
Number of Executive Officers	Female	—		1
			Male	5
	Total			6
Percentage of female Executive Officers			%	16.6
Number of Nomination and Compensation Committee members	Number of Internal Directors of the Board	Female	—	0
		Male		2
	Number of Independent Outside Directors	Female		2
		Male		1
		Grand total		5
Number of Nomination and Compensation Committee meetings*			—	5
Attendance at Nomination and Compensation Committee meetings			%	100.0
Compliance			Unit	FY2024
Number of notifications and consultations from our internal whistleblowing system			—	1
Number of legal violations				0
Number of personal information leaks				0

* Calculation period: October 2023 to September 2024