

Beyond innovation, for a beautiful smile!

SUSTAINABILITY REPORT 2025

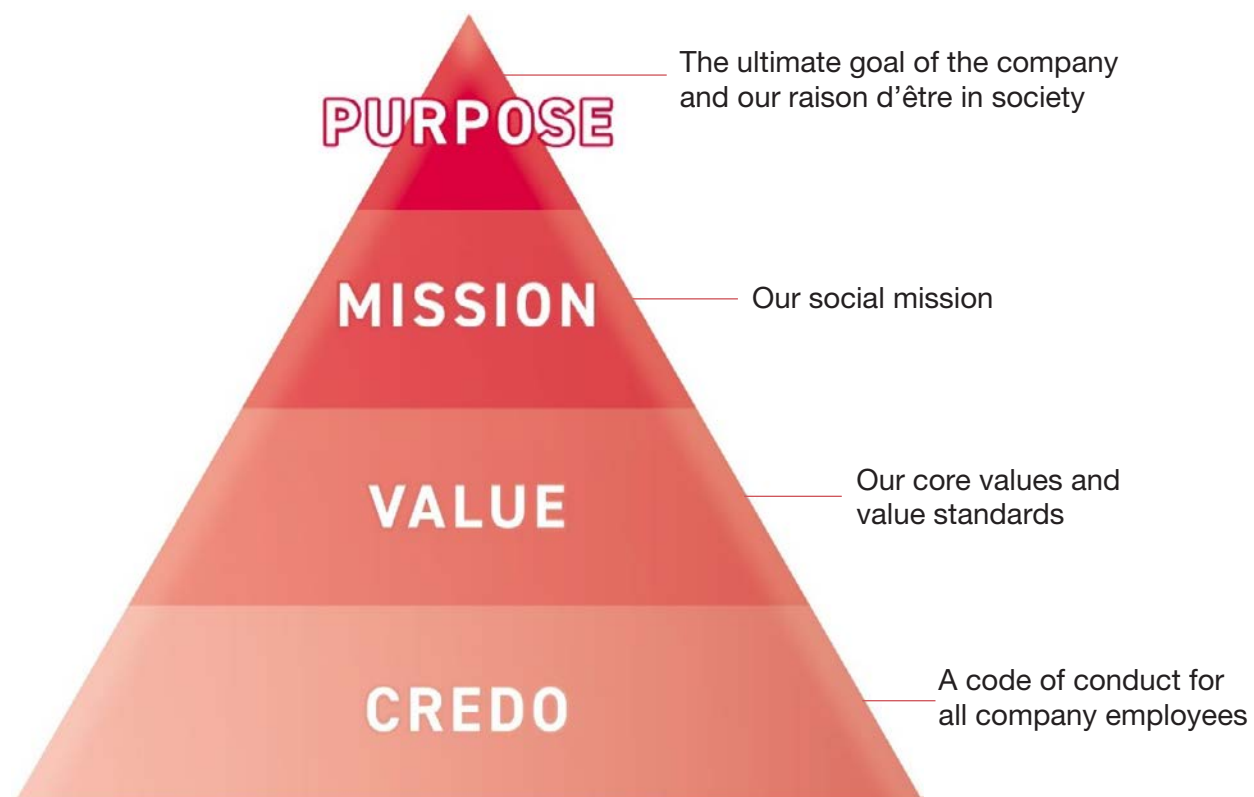




Continuing to deliver
innovation in
beauty and health

Beyond innovation,
for a beautiful smile!

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 2025

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. The report was issued after the details
were discussed by the Sustainability Committee.

| Website

We include a Sustainability page on the Shinnihonseiyaku corporate
website.

Sustainability information on the Shinnihonseiyaku corporate website
<https://corporate.shinnihonseiyaku.co.jp/en/company/sustainability/>

| Period

FY2025 (October 2024 to September 2025)

* Where it is appropriate to present historical information, data, and recent examples,
activities and information outside the period covered are reported.

| Scope of Report

Shinnihonseiyaku Co., Ltd.

* Part of the information includes information on the consolidated
subsidiaries Flatcraft, Inc. and PERFECT ONE US Co., Ltd.
Notably, Shinnihonseiyaku Co., Ltd. absorbed Flatcraft, Inc. in
October 2025 in an absorption-type merger.

| Referenced Guidelines

GRI Sustainability Reporting Standards
Task Force on Climate-related Financial Disclosures
(TCFD)

| Disclaimer

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.



Message from the President

Interacting with society in earnest to achieve sustainable growth

President & Representative
Director of the Board and
Chief Executive Officer

後藤 孝洋
Takahiro Goto

▶ Medium-Term Management Plan to put our PURPOSE into action

In the fiscal year ended September 2025, we launched Medium-Term Management Plan Growth Next 2027 with the goal of putting our PURPOSE into action. It marked the first steps toward our next stage of growth. Thanks to various initiatives under the plan, we have achieved nine consecutive years of revenue and profit growth. Underpinning these efforts were bold moves and trial-and-error intended to deliver new value to our customers.

To date, our growth has been concentrated in the domain of beauty, mainly around our *PERFECT ONE* skin care brand. Our product development capabilities and the ability to understand the Voice of customer (what our customers want) are the foundation on which we construct new value for our customers' lives.

When looking at sustainable growth in the future, we anticipate that we will continue to drive the value of Health & Beauty to rise to ever greater heights and view this value as the core of our medium- and long-term growth strategy. Our ongoing initiatives in FY2025 expanded our customer base for healthcare products and broadened our contact points with customers interested in both beauty and health. Functional coffee, a product we developed after our green juice, has enjoyed widespread uptake by allowing customers to incorporate the value of health into their lives without major changes in their daily habits. Our vision for Health & Beauty is to go beyond offering products to proposing new habits for customers' lives.

For the second and third pillars supporting future growth, we steadily expanded our business foundation in FY2025 by forging into new territory, specifically with new brands, products, and marketing methods.

▶ New customer value generated by brand evolution

Growth Next 2027 includes themes that aim to strengthen our earnings base such as by further evolving our main brand *PERFECT ONE* and expanding fledgling brands. *PERFECT ONE* has been embraced by our customers for nearly 20 years—with particularly strong support from seniors—and is now reaching an even broader range of customers, including middle-aged consumers. We have developed products with new dosage forms and leveraged digital marketing in an effort to expand our customer base and improve LTV while evolving the value of the brand. Meanwhile, we are also achieving steady growth with fledgling brands such as *PERFECT ONE FOCUS* targeted at younger people and *Fun and Health* in the healthcare domain. Teams consisting mainly of young employees have taken the lead in launching these products and are moving forward with product development and marketing. Cultivating new brands does more than just expand our business; it also builds up valuable human capital. Young employees take it upon themselves to take on challenges, explore, and gain experience that can propel their growth. By establishing work environments that support their efforts, we are strengthening the management infrastructure that

underpins sustainable growth.

A key theme of Growth Next 2027 is that individual employees' efforts to challenge themselves and create new value that in turn powers and augments a virtuous cycle that drives the company's growth.

▶ Growth model powered by data and digital technology

One of the company's main advantages is advanced database marketing developed through our mail-order and EC business. By enhancing this strength in the context of everyday operations, we are able to create optimal product proposals that meet individual customers' needs. Our Company-wide strategy defined in Growth Next 2027 is "Trends + VOC* + Unique Value." This strategy entails listening carefully to what our customers say they want and combining the company's many distinctive values to create new products and services. This type of value creation is at the core of our business model.

In recent years, EC platforms and digital channels have grown in importance and become growth drivers alongside conventional forms of marketing such as television and newspapers. The sales performance of our EC platforms has steadily occupied a larger percentage of our operations, and we have developed systems to build marketing strategies predicated on EC platforms for each brand.

We are also deploying marketing best practices and expertise gleaned from each brand throughout the company, helping the entire organization grow. Accumulated data and experience are important assets for every company. While we work to advance our utilization of AI and digital technology, we will continue to enhance our ability to understand what our customers want and pursue more targeted product development and marketing.

▶ Growth strategy for the second year of the Medium-Term Management Plan

FY2026 marks the second year of the Medium-Term Management Plan, in which we will further accelerate our ongoing initiatives. Regarding global expansion, we will continue to build our business foundation mainly in the US. We think that the value of all-in-one simple care products should translate in markets outside Japan, so we will leverage our strengths to expand overseas. Continued strategic marketing investment will play an important role alongside further expansion of fledgling brands and strengthening our utilization of AI and data to promote more targeted marketing and product development. We plan to steadily build the foundations for growth to achieve our stated targets for the fiscal year ending September 2027: 40.0 billion yen for Cosmetics and 12.0 billion yen for Healthcare.

* Voice of customer

▶ Management infrastructure that underpins sustainable growth

We believe that corporate growth must go hand in hand with bolstering the sustainability of society. We will achieve sustainable corporate management and enhance our corporate value with all due consideration for the environment, human capital investment, and stronger governance. On the environmental front, we are promoting initiatives to reduce resource usage and achieve carbon neutrality in addition to making products refillable and adopting more environmentally friendly materials. These initiatives double as environmental measures and key themes that are integrated with business growth and earning more trust from customers. As part of our investments in human capital, we are reviewing our personnel and evaluation systems to promote work environments that encourage each employee to demonstrate their abilities to the fullest. Creating environments where employees feel free to tackle challenges has a direct role in a company's ability to grow.

Another important management issue directly linked to corporate value is meeting the cybersecurity needs brought about by digitization. In pursuit of stronger governance, we will lay the groundwork for conducting business activities with peace of mind.

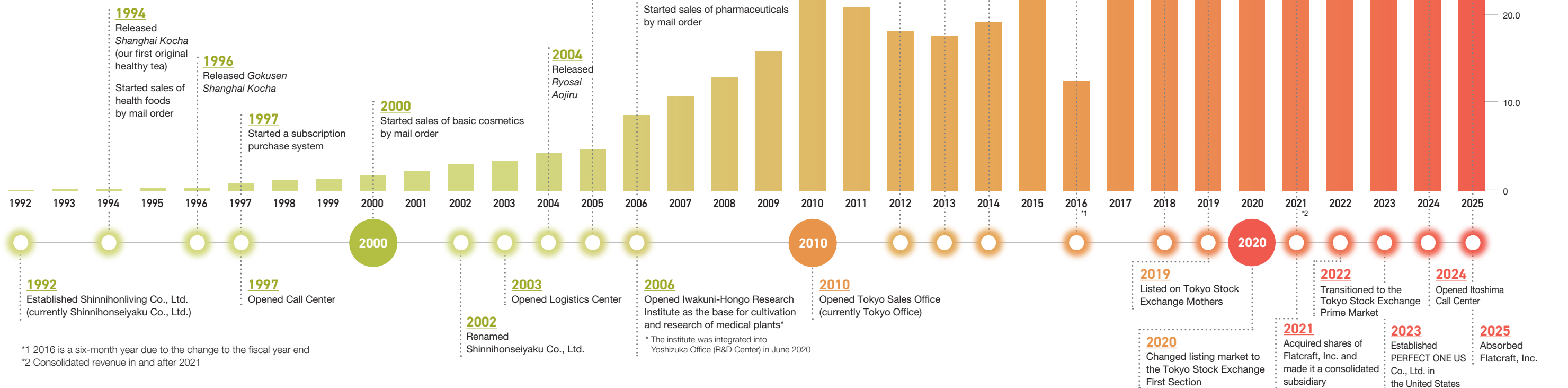
▶ Remaining an earnest company

Our PURPOSE is "Beyond innovation, for a beautiful smile!" These words represent our desire to serve our customers and continue to deliver new value. Underlying this desire is an attitude of earnestness toward all our stakeholders. We believe it is our mission to continue to be a trustworthy company that treats its customers, employees, business partners, shareholders, and society as a whole—including the global environment—with sincerity. We will continue building our business with integrity in an effort to both enhance our corporate value and increase our social value over the medium and long term.

History

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 and deliver innovation distinct to our company.

Revenue over the years



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 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 Otomon 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 Tokyo Stock Exchange First Section to pursue further growth and improve corporate value.

Promoting global expansion

2022
Transitioned from the Tokyo Stock Exchange First Section to the Tokyo Stock Exchange Prime Market 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.

2025
Started sales of PERFECT ONE and Fun and Health products in the duty free store in Fukuoka Airport's expanded International Terminal. Including Narita International and New Chitose airports, now selling in three duty free stores.

Value Chain

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



Foundation supporting our business

Risk management

Compliance

Human capital

Information security/
Personal information protection

Corporate governance

*1 General merchandise stores

*2 Voice of customer

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.

Shinnihonseiyaku Group 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.

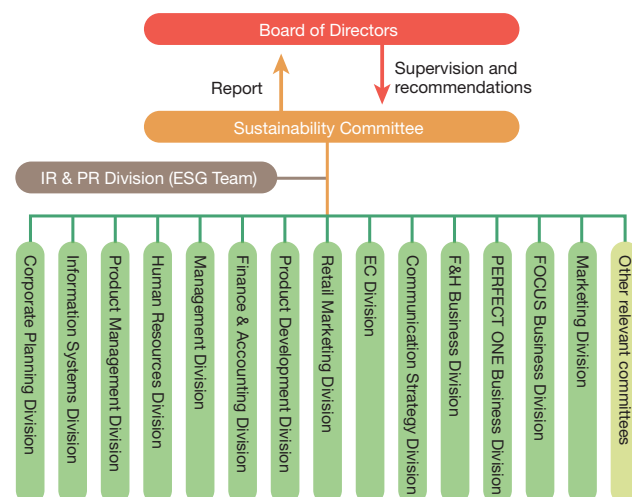
Toward the creation of a sustainable society

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



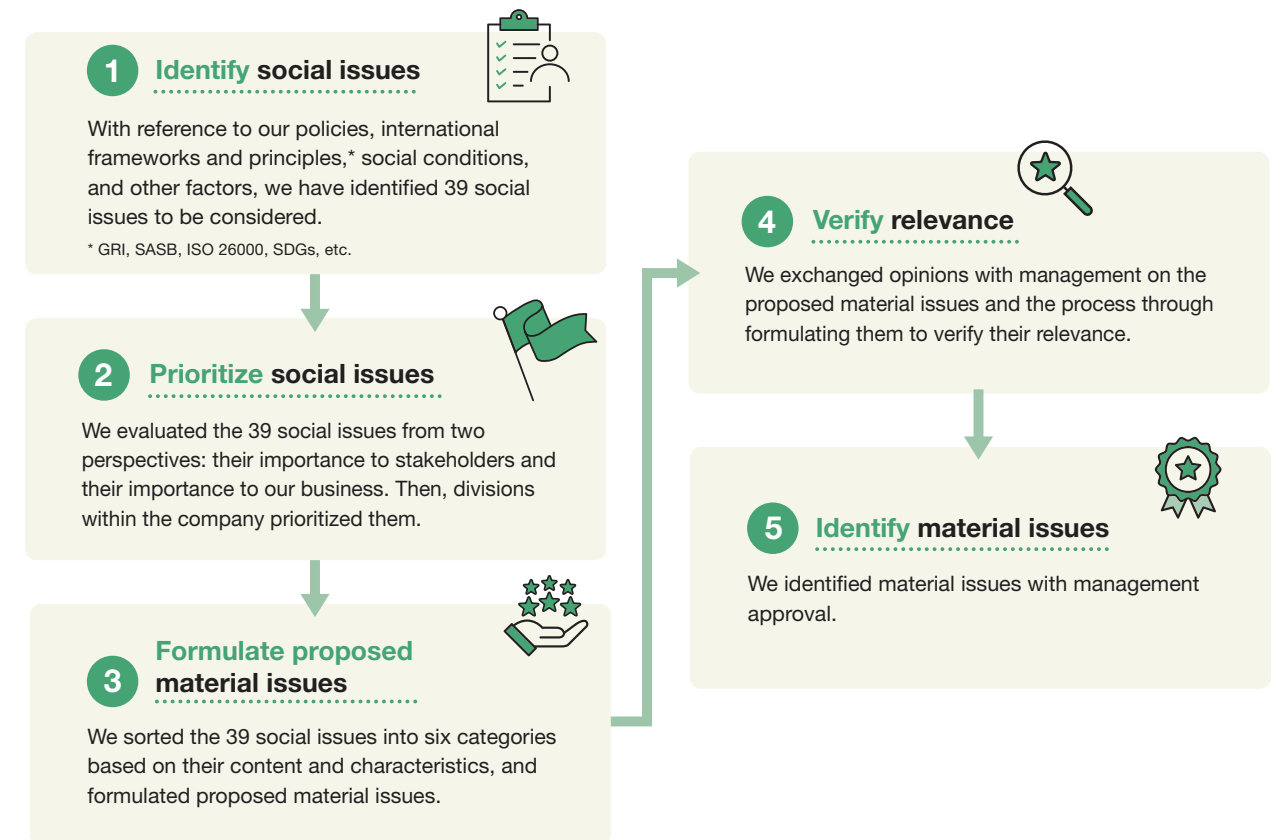
Sustainability promotion system

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 by the Sustainability Committee chaired by the President & Representative Director of the Board and Chief Executive Officer. Matters discussed by the Sustainability Committee are reported to the Board of Directors as appropriate. In addition, we have set targets for resolving material issues, and relevant divisions and committees across the company are undertaking initiatives and promoting efforts.



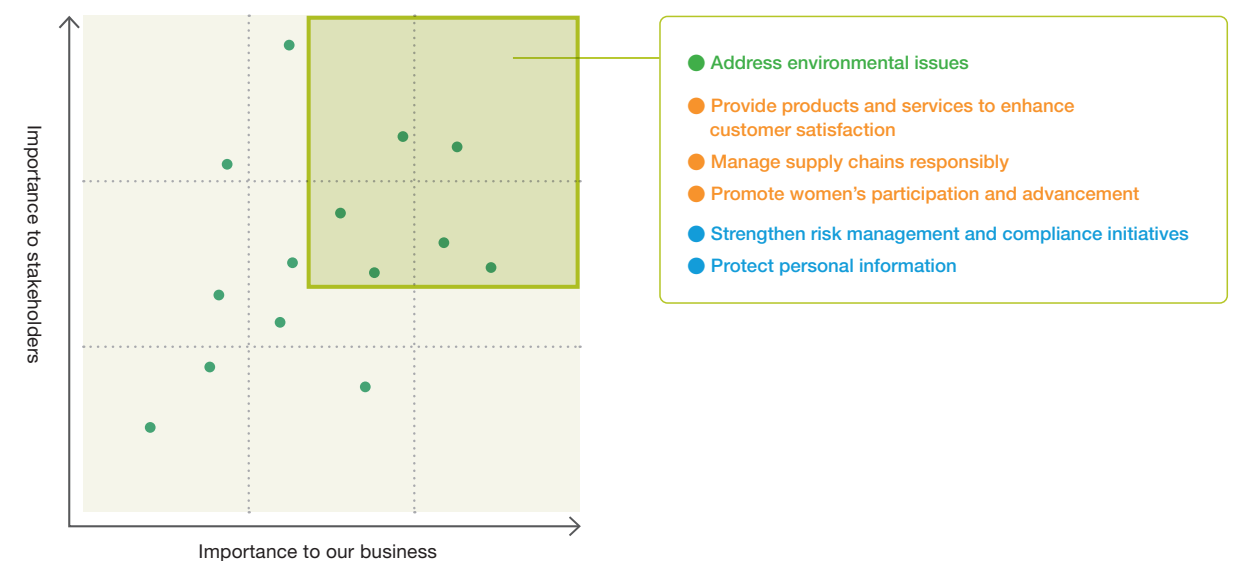
* As of April 2026

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, shareholders, investors, business partners, employees, 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	FY2025 results	Relevant SDGs
Environment	Address environmental issues	Maintain an appropriate product turnover rate	19.7	19.9	
		Percentage of eco-friendly cushioning materials used	Maintain 100%	100%	
		Percentage of certified/recycled paper used in delivery boxes and product packages*1	100% by FY2030	Delivery boxes: 99.6% Product packages: 72.0%	
		Reduce resource usage	30% by FY2030 (compared to FY2022)	-24.7% (Resource usage per unit of revenue: 42.6 kg/million yen)*2	
Social	Provide products and services to enhance customer satisfaction	Apply and continuously improve on six indicators to improve customer satisfaction	Achieve all six indicator targets	Achieved all six targets	
	Manage supply chains responsibly	Conduct awareness-raising activities for suppliers based on the Procurement Policy*3	100% plan progress rate	100%	
	Promote women's participation and advancement	Percentage of female managers*4	30% or more by FY2030	27.3%	
		Build a system for balancing childcare and nursing care with work	Complete by FY2024	Completed	
		Breast cancer screening availability for employees	Maintain 100%	100%	
		Improve breast cancer screening rate in Fukuoka Prefecture	55% or more by FY2026*5	Conduct awareness-raising activities for breast cancer screening	
Governance	Strengthen risk management and compliance initiatives	Number of serious compliance violations	0	0	
		Attendance rate for risk management and compliance training	100%	100%	
	Protect personal information	Number of serious incidents related to information security	0	0	
		Attendance rate for information security and personal information protection training	100%	100%	

*1 Percentage of recycled paper (paper including a defined minimum percentage of waste paper pulp) used in the company's delivery boxes and product packages

*2 Scope: Plastics and paper often used in the company's business activities. Scope for paper resources: Promotional materials, delivery boxes

*3 Each fiscal year, we select suppliers and formulate awareness-raising plans for them

*4 Section manager or above

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

Major initiatives in FY2025

Address environmental issues

► Related page: p. 29
Initiatives for a Recycling-Oriented Society

Increase usage of recycled paper and reduce resource usage

We increased our usage of certified and recycled paper in delivery boxes and product packages, achieving rates of 99.6% for delivery boxes and 72.0% for product packages in FY2025. We also reduced paper usage up to 50% on the main sizes of delivery boxes thanks to right-sizing and consolidation of standards.



Provide products and services to enhance customer satisfaction

► Related page: p. 32
Initiatives for Dependable Quality

Promote an improvement cycle with monitoring and evaluation

We formulated KPIs based on the six indicators to improve customer satisfaction in order to realize “a beautiful smile” as stated in our PURPOSE. We introduced scheduled monitoring and evaluation processes and strengthened our system for expediting cross-division improvement actions in an effort to sustainably improve customer satisfaction.



Manage supply chains responsibly

► Related page: p. 37
Supply Chain Management

Improve sustainability throughout our supply chain

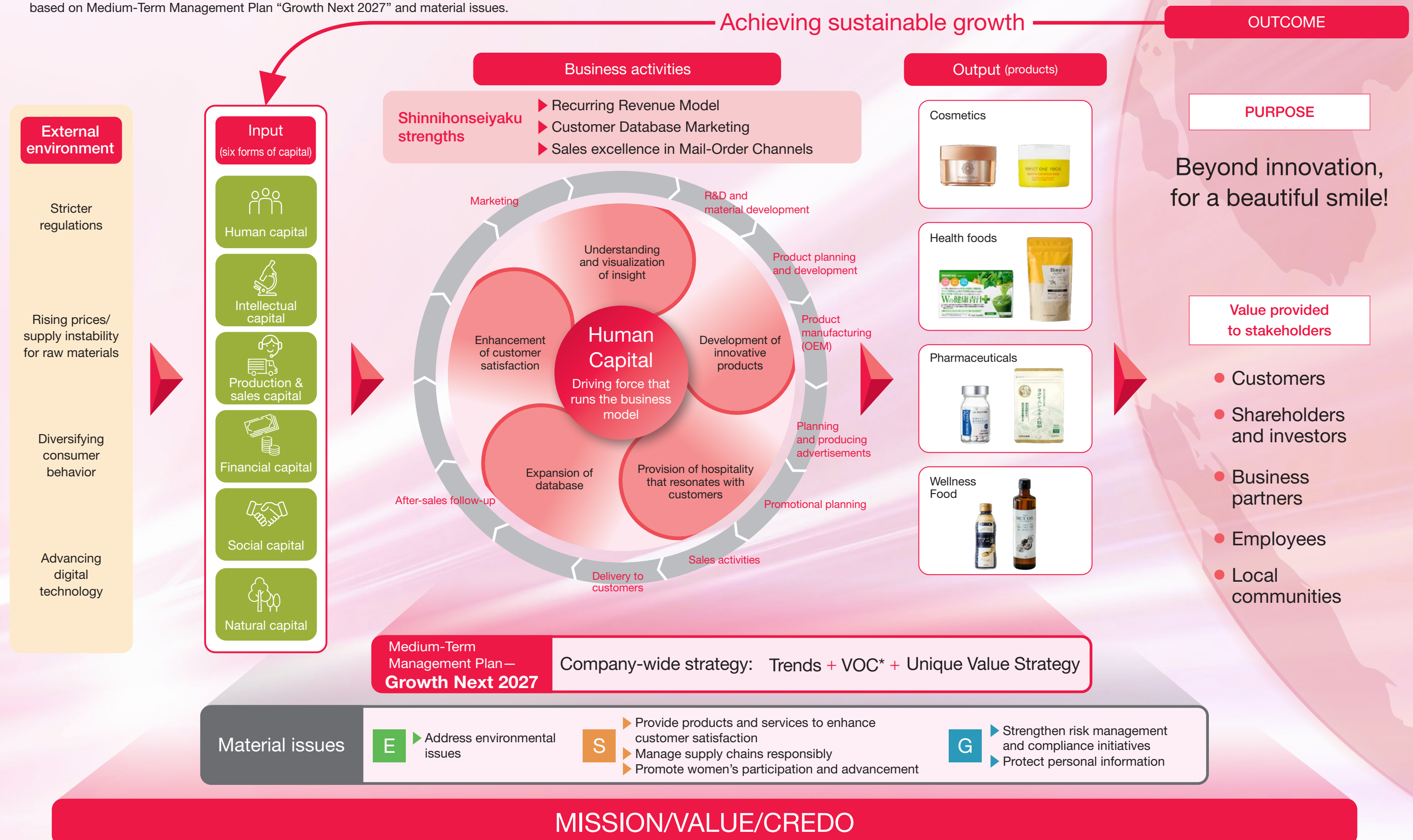
We administer SAQ* to our main suppliers. In FY2025, we enhanced our system so that we can centrally manage evaluations, dialogue, and improvement-oriented follow-up. We are monitoring our suppliers' actions with regard to laws and regulations, the environment, human rights, and labor in an effort to improve transparency and trust throughout our supply chain.



* CSR procurement self-assessment questionnaires

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



Human capital

Human capital, the driving force behind our business model

Number of employees

582



Financial capital

High profit creation capacity and robust financial base

Total assets
28.2 billion yen

Equity ratio
80.7%

Operating profit margin
11.6%

* All figures for financial capital shown on a consolidated basis



Intellectual capital

Research capacity and expertise, driving development of products with highly unique value

Patents/trademarks owned

372

Expertise in product planning
&
material procurement



Social capital

Co-creating relationships with stakeholders, established as a fabless manufacturer

Number of OEM partners

56

Joint research with external institutions

Cooperative system with

23

industry groups



Production & sales capital

Production and sales capacity to consistently produce and deliver many products of dependable quality to a wide range of customers

OEM expertise from producing

172 SKUs per year

6.99 million shipments per year

Customer database:

6.60 million entries

Call Center: **2.42 million** incoming calls per year

100,000

sales promotion campaigns per year



Natural capital

Sustainable use of resources through efforts to reduce environmental impact

Endorsed TCFD recommendations

Strengthened sustainability promotion system

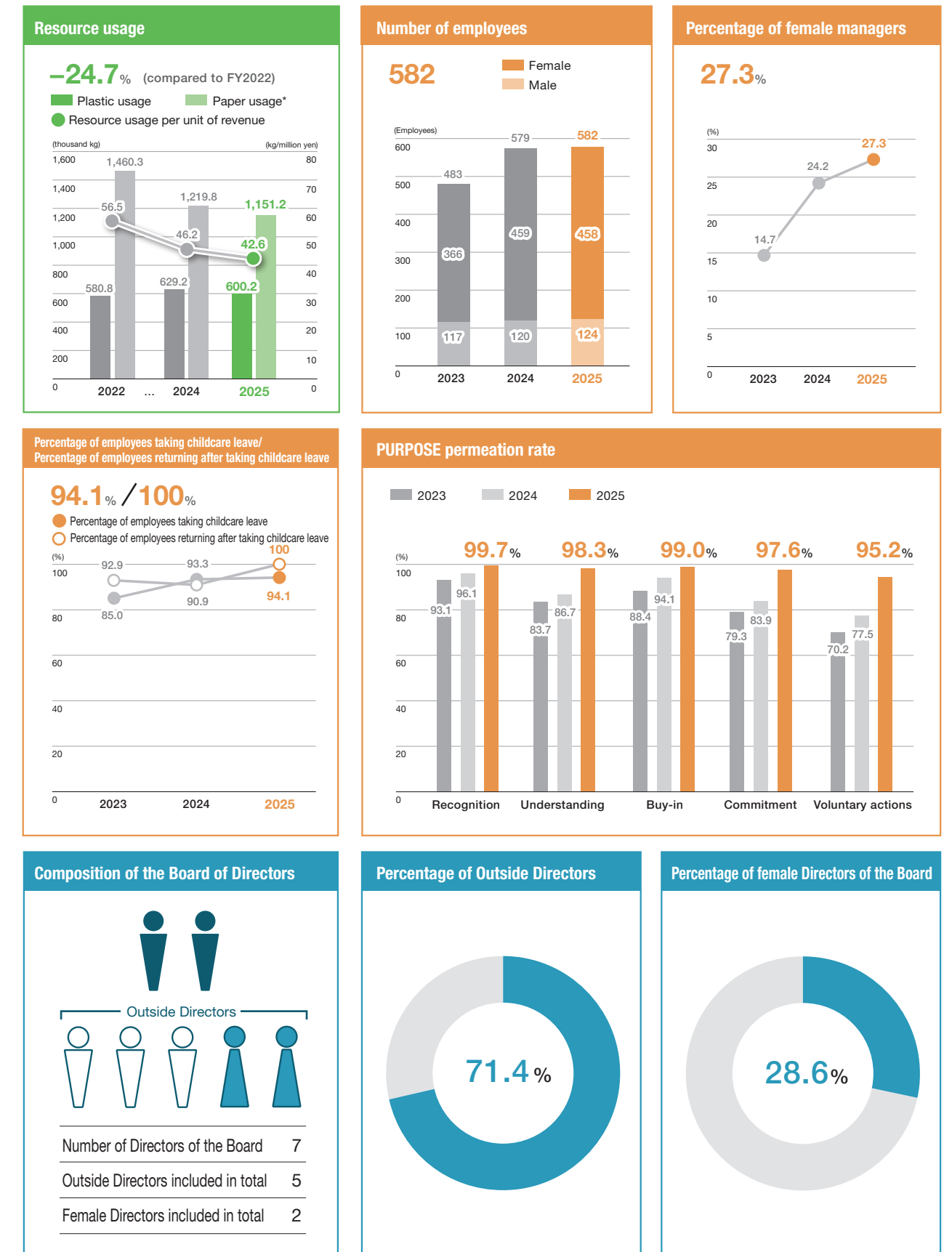
Financial and Non-financial Highlights

Financial

* All figures shown on a consolidated basis



Non-financial



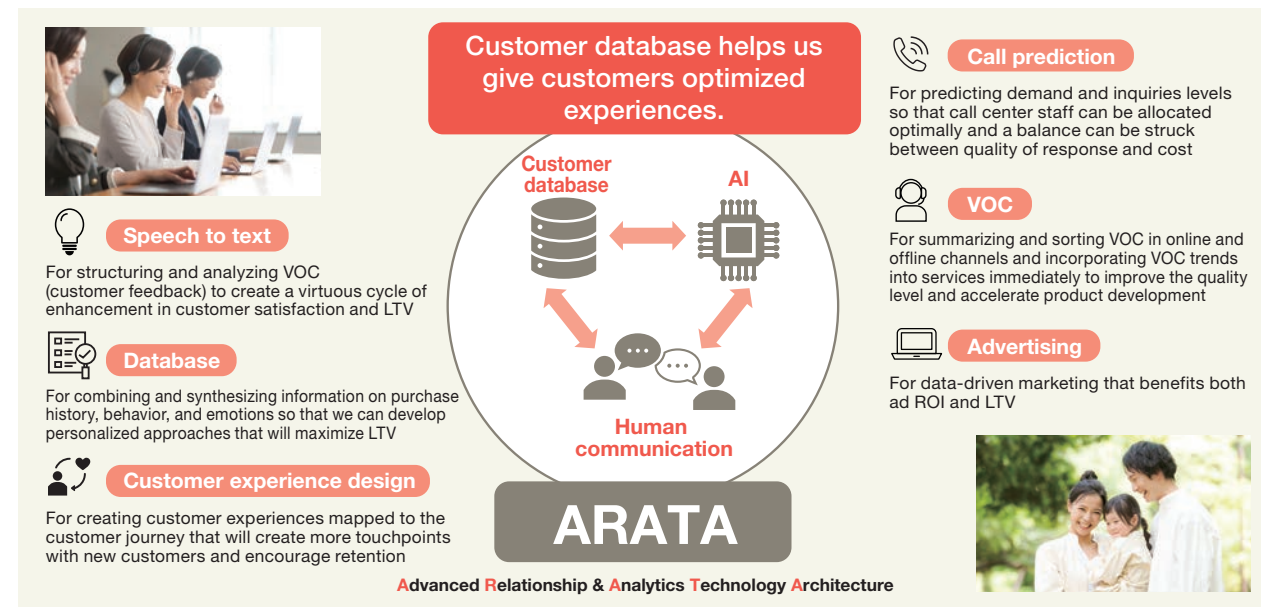
* Scope: Promotional materials, delivery boxes

Special Feature 1

Customer Engagement Strategy for Achieving the Greatest Possible Satisfaction and Trust

Shinnihonseiyaku pursues value creation tailored to individual customers. We strive to gain a deeper understanding of customer insights in an effort to deepen communication, maximize customer satisfaction, and sustainably enhance our corporate value.

Utilizing AI to generate corporate value



We are building a database known as “Advanced Relationship & Analytics Technology Architecture” (ARATA) that combines our customer database with AI technology on the strength of the human communication that we have cultivated to date. ARATA is the foundation for our database marketing, and we use it to integrate purchasing histories, customer behavior data, call center inquiries, and more. Analyzing this data using AI gives us a deeper understanding of our customers, which we use to enhance marketing measures and improve customer service, helping us optimize communication with each customer and improve their customer experience.

Using voice recognition to reform the Call Center

With 2.42 million calls from customers per year, our Call Center hears many questions and concerns about our products and services that indicate a lot about what our customers want. To translate this valuable information into better service, we use voice recognition and AI-powered summarization technology to automate records of our responses. This has streamlined post-processing, including the call center staff’s creation of records after executing responses. We have reduced the workload by more than 700 hours per month, creating more time for Call Center employees to focus on dialogue with our customers. Additionally, using records on file in subsequent responses gives Call Center employees access to customers’ past consultations, helping them engage in continuous communication tailored to individual customers and improving the quality of their responses.

Enhancing advertising analysis

We use ARATA to improve our analysis and targeting of our advertising. Swift, extensive analysis of data on advertising effectiveness allows us to run ads with better targeting based on customer attributes and behavioral characteristics. The resulting progress in verifying the effectiveness of measures, streamlining analytical work, and expediting decision-making in overall marketing activities has delivered several tens of millions of yen worth of cost efficiency improvements while also helping improve operational efficiency.

Outlook

We will continue to use the ARATA database to further advance our database marketing initiatives. We will analyze VOC* on file and utilize AI to gain a deeper understanding of customers’ needs and use the information to improve our products and services and create new value. Through these initiatives, we will continue to offer value tailored to customers and aim to achieve the greatest possible satisfaction and trust.

* Voice of customer

Leveraging VOC to improve products and services

We consider VOC from our Call Center and customer touchpoints to be an important management resource. The VOC we gather are stored and analyzed as data and continuously fed back into product development, quality improvement, and service design. Our efforts to utilize VOC enable us to improve our products and services to more accurately meet customer needs, creating a sense that customer feedback is reflected in corporate activities. This has had the effect of strengthening relationships with our customers and engendering increased engagement and brand trust.

Examples of VOC-based improvements in FY2025



Improved container design to make contents more visible

Customers provided feedback about the inability to open the inner lid of seasonal product *PERFECT ONE SP Night Cream* to check how much product remains. We modified the pump so that it can be opened. Now, customers can easily check the contents.



Developed a special measuring spoon for proper portioning

Customers indicated that they had difficulty measuring out the right amount of *Slimore Coffee* with their spoons at home. We designed a special measuring spoon to make it easy to measure out the right amount.



Developed a new color to facilitate mixing into the skin

Customers expressed concerns about white cast and asked for a beige color in the lineup of *PERFECT ONE SP UV Protect Powder*. We developed a new color, Pink Beige, that mixes into the skin well that feels the same as the existing product and delivers the same UV protection.

Awareness Exhibitions

Every year, we hold “Awareness Exhibitions” within the company at which we share suggestions and feedback from customers and examples of how we responded throughout the company to foster empathy with customers. The exhibitions include an area displaying past products that demonstrate our history, and an area introducing customer feedback and examples of the improvements we made in response.

This exposure to the Voice of customer presents employees in all divisions and roles with opportunities to further their awareness of the importance of thinking from customers’ perspectives and meeting their expectations.

Photos from the exhibitions



Demonstration Booth

All-in-one gel liquefies when mixed with sweat and other saline matter



Serum Sampling Booth

Relying on texture and aroma to identify products with their packaging concealed

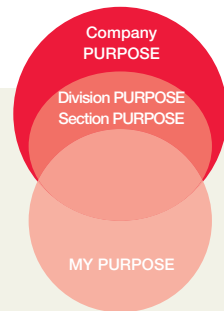
Special Feature 2

Initiatives for Improving Employee Engagement

▶ PURPOSE Management Permeation Project

What is the PURPOSE Management Permeation Project?

A three-year project for promoting the permeation of 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. We regarded FY2025—the final year of the project—as a year to foster the fifth step, voluntary actions, and implemented measures accordingly.



1. Recognition 2. Understanding 3. Buy-in 4. Commitment 5. Voluntary actions

Company PURPOSE ▶▶ Division/Section PURPOSE ▶▶ MY PURPOSE ▶▶

Voluntary actions Measures to inject energy into the PURPOSE Awards program

For the voluntary actions step, we established the new PURPOSE Awards program to recognize the efforts of individual employees, with the aim of reaching a situation in which all employees are voluntarily thinking and acting with awareness of the PURPOSE. To institutionalize and inject energy into the program, we implemented participatory measures for all divisions. Our first measure was to hang posters describing the initiatives of each division. We implemented participatory projects and had employees affix “Like” stickers to initiatives that resonated with them. This taught employees about each other’s activities and promoted mutual understanding. Our second measure was video streaming. Representatives from each division went on camera to explain the details of their initiatives and the clever solutions they devised. This allowed employees throughout the company to share a wealth of practical examples for achieving the PURPOSE with each other. Through these initiatives, we promote the permeation of the PURPOSE and create a greater sense of organizational unity.



Posters describing the initiatives of employees in each division

Voluntary actions PURPOSE Awards ceremony

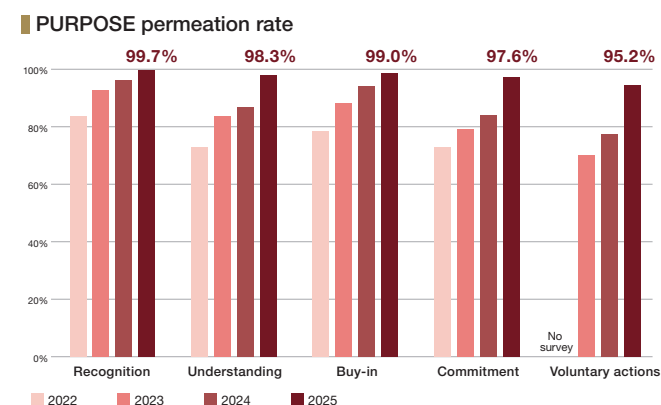
Through the five steps, we strived to promote the permeation of the Company PURPOSE throughout the company by systematically breaking it down into Division/Section PURPOSEs and MY PURPOSEs for employees to understand and pursue. As an extension of these efforts, and to bring them to fruition, we held the first PURPOSE Awards ceremony to serve as the final step. We accepted many entries of initiatives to realize the PURPOSE implemented by each division in the context of their daily operations. After rigorously screening the entries, we selected one division to receive an award for excellence and four others to receive awards for merit. The awards ceremony was a very exciting event. One division described how winning an award encouraged its members to continue their efforts to realize the PURPOSE. Above all, the ceremony was an opportunity for each employee to take ownership of our PURPOSE and translate that feeling into concrete actions.



PURPOSE Awards-winning division

Conclusion PURPOSE Management Permeation Project: Three-year overview and future outlook

Our systematic promotion of measures to permeate the PURPOSE over three years yielded record-high scores in the fixed-point employee survey with questions about all five steps. Many employees associate our PURPOSE with their duties and are making steady progress on voluntary actions to bring our PURPOSE to fruition. Although FY2025 represents an end of sorts for the project, we will continue to develop and implement sustainable mechanisms for further institutionalization in the future. We strive to establish an environment where our PURPOSE takes root naturally without depending on these measures, and foster a corporate culture in which every employee can bring our PURPOSE to fruition through their own efforts.



▶ Shinnihonseiyaku Family Day, a special day full of smiles

We believe that connections with the family members and other people who support our employees are crucial for achieving work environments where every employee can sustainably work vigorously. With this in mind, we hosted Shinnihonseiyaku Family Day to provide employees with an opportunity to embody our PURPOSE, “Beyond innovation, for a beautiful smile!” The Family Day program includes children’s tours where employees’ children visit their parents’ workplaces and try their hand at working, and social gatherings based on the concept of summer festivals for employees and their families to enjoy together.



Exchanging business cards



Employees’ children participating in Shinnihonseiyaku Family Day

The children’s tours draw many smiles, with a program that includes a tour and explanation of the company, opportunities to try out parents’ jobs, a business card exchange with employees featuring custom business cards for the children, and a chance to ask the president questions. At the social gatherings, more than 100 participants enjoy the lively, heartwarming atmosphere featuring a meal and an area designed like a temple festival. Employees are glad to participate, relishing the opportunity to show their family members what it is like to work at Shinnihonseiyaku. We will continue to cherish connections between employees and their families while creating work environments where employees can continue to work with peace of mind and further improving employee engagement.

▶ Challenge Award program for recognizing and supporting efforts to take on challenges

We respect the autonomy and willingness to face challenges of each and every employee and strive to create environments where everyone can work with a sense of fulfillment. One of our efforts toward this end is revising existing award programs, which we began in 2025 by creating the new Challenge Award. Under the program, we recognize and award employees who have tackled new challenges with the potential to improve productivity and enhance our corporate value at some point in the future, regardless of whether they have produced results yet. The program shines a light on proactive behavior focused on taking on challenges that has not always produced visible results or received recognition, and supports employees’ voluntary efforts to venture into new territory. Through the Challenge Award, we aim to foster an organizational culture that celebrates taking on challenges and institutionalize a culture in which employees think for themselves and take voluntary actions. Looking ahead, we will continue to support the growth and willingness to take on challenges of our employees in an effort to revitalize the entire organization and sustainably enhance our corporate value.



These employees received a Challenge Award for helping streamline operations by adopting an AI chatbot for internal use

Growth Strategy

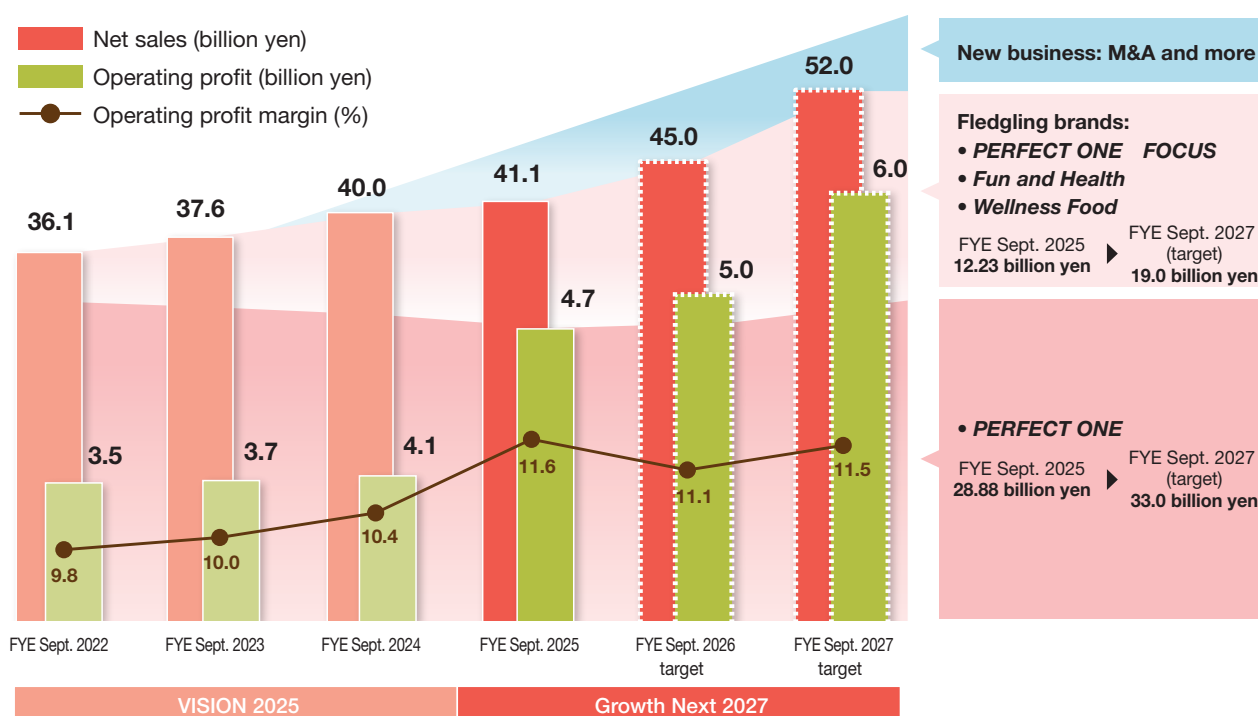
Medium-Term Management Plan—Growth Next 2027

“Growth Next 2027,” the Medium-Term Management Plan we launched in FY2025, is a three-year plan to expand growth in the domains of beauty and health and leverage our strengths to reach new heights. Centered on our company-wide strategy of “Trends + VOC* + Unique Value,” the plan outlines our efforts to expand our business and enhance our corporate value over the medium and long term through the four key activities.

* Voice of customer

Medium-term management targets

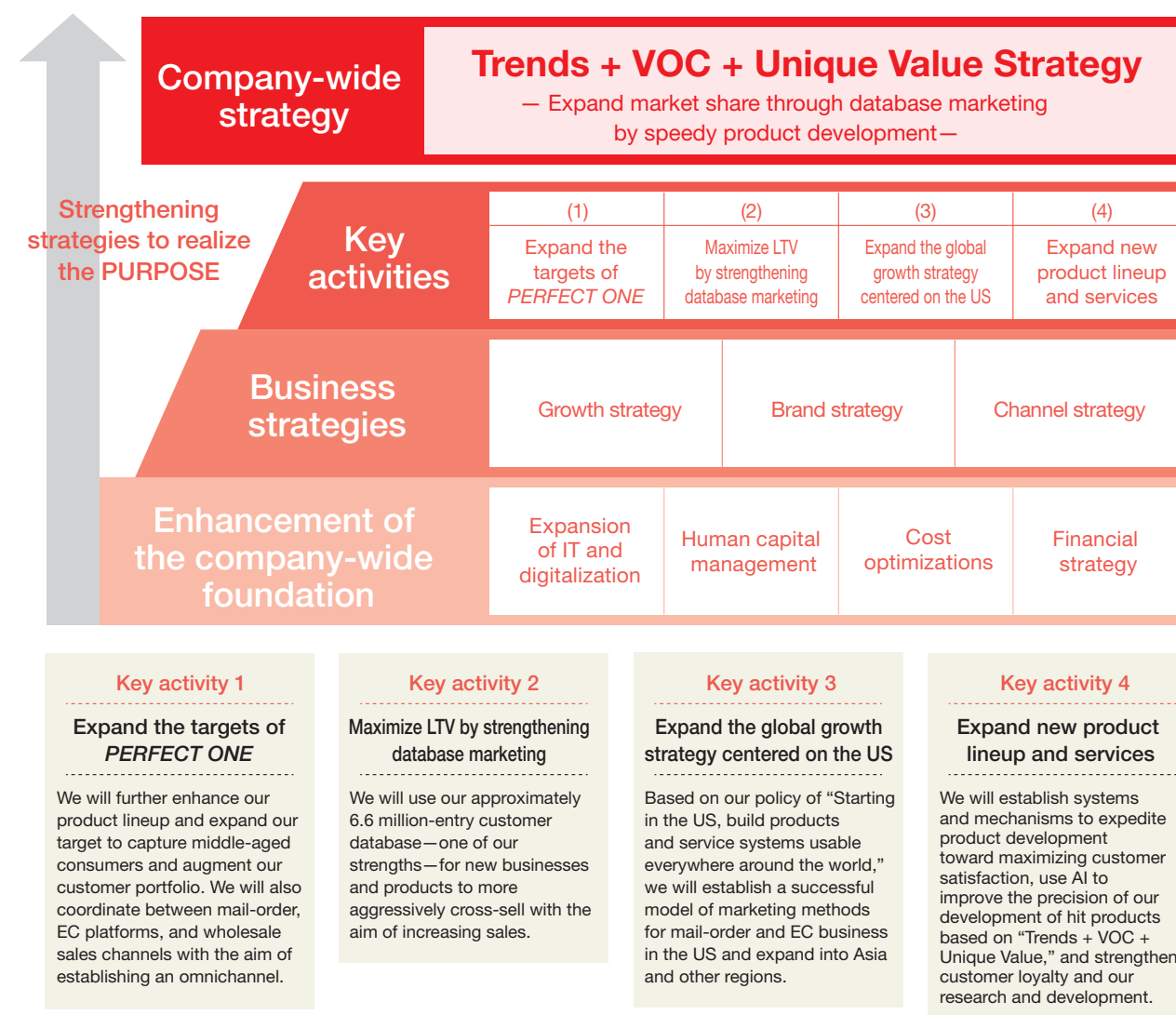
FYE Sept. 2025 results		FYE Sept. 2027 targets	
Net sales:	41.1 billion yen	Net sales:	52.0 billion yen
Operating profit:	4.7 billion yen	Operating profit:	6.0 billion yen
Operating profit margin:	11.6%	Operating profit margin:	11.5%
Return on equity (ROE):	11.5%	Return on equity (ROE):	15% or more



Summary of Year 1 of the Medium-Term Management Plan (FYE Sept. 2025)

During the fiscal year ended September 2025, the first fiscal year of the Medium-Term Management Plan, we made steady progress in expanding new products and businesses, one of the four key activities under the “Trends + VOC + Unique Value.” We launched new products from each brand and men’s cosmetics as a new business, and achieved both revenue and profit growth with net sales of 41.1 billion yen and operating profit of 4.7 billion yen. Our Healthcare business drove company-wide growth, increasing 35% year-on-year thanks to the substantial growth of *Fun and Health*. In Cosmetics, despite steady progress acquiring new middle-aged customers for *PERFECT ONE*, the segment did not advance as far as planned due to our strategic limitation of advertising investment focused on efficiency. Additionally, to enhance the company-wide foundation, we are combining AI technology with our strengths in human communication and customer database to build a database and expand our utilization of IT and digital technology.

Growth Next 2027 Strategy Overview



Outlook for Year 2 of the Medium-Term Management Plan

In the fiscal year ending September 2026, the second year of the Medium-Term Management Plan, we will build on the initiatives of the first fiscal year to further promote the implementation of the “Trends + VOC + Unique Value.” We will strive for further growth and expansion of booming *Fun and Health* and *PERFECT ONE FOCUS* and also aim to transition into the growth phase for *PERFECT ONE* by strategically introducing new products consistent with our perception of these three lines as growth drivers for the entire company. We will promote and accelerate initiatives to enhance new products and businesses—a key activity—for each brand and utilize the hit product-creating knowledge we have cultivated to date to achieve substantial growth as we head into the final fiscal year of the Medium-Term Management Plan.

New brand

Maison de Bouquet



A skin care brand using the goodness and fragrance of flowers to enrich the skin and souls of women age 30 and up

New products

TONOU Deodorant Scalp Shampoo



Medicated shampoo delivering head-to-toe care to address problematic age-related body odors

Slimore Coffee Latte



Foods with function claims formulated with chlorogenic acids to help people prone to obesity lose weight and visceral fat

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. Accordingly, we will continue to take environmentally friendly measures in all aspects of our corporate activities.

Environmental Policy

In 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 and restoring 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 report on their progress at meetings of the Sustainability Committee.

Item	Target	FY2025 results
Maintain an appropriate product turnover rate	19.7	19.9
Percentage of eco-friendly cushioning materials used	Maintain 100%	100%
Percentage of certified/recycled paper used in delivery boxes and product packages ^{*1}	100% by FY2030	Delivery boxes: 99.6% Product packages: 72.0%
Reduce resource usage	30% by FY2030 (compared to FY2022)	–24.7% (Resource usage per unit of revenue: 42.6 kg/million yen) ^{*2}

^{*1} Percentage of recycled paper (paper including a defined minimum percentage of waste paper pulp) used in the company’s delivery boxes and product packages

^{*2} Scope: Plastics and paper often used in the company’s business.
Scope for paper resources: Promotional materials, delivery boxes

Promotion system

To come together as a company in promoting efforts to address environmental issues, our Sustainability Committee holds discussions and examines matters on a regular basis. In FY2025, in an effort to reduce our environmental impact, we promoted increased usage of certified and recycled paper in our delivery boxes and product packages. We will continue gathering information and conducting risk assessments on environmental issues to be addressed as a company in addition to the material issues we have identified, striving for balance between business activities and environmental conservation while promoting initiatives to reduce our environmental impact.

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. Shinnihonseiyaku monitors CO₂ emissions and promotes 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.

FY2025 CO₂ emissions (Unit: t-CO₂)

Item	FY2025 results
Scope 1	3.3
Scope 2	568.5
Scope 3	85,248.1

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.

TCFD

We identified financial impacts based on the risks and opportunities identified in accordance with the TCFD. We used the information to reassess the risks and opportunities and revise our assessments as follows.



List of risks/opportunities and impact assessment

(1) Risks

(1) Risks						Impact on our company			
						2°C or less scenario		4°C scenario	
Classification		Risk factors		Risk details (expected financial impact)		2030	2050	2030	2050
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
			Introduction of carbon taxes	• Increase in transportation costs due to carbon taxes: Higher fuel costs associated with the introduction and strengthening of carbon taxes (e.g., global warming tax) will increase our transportation and delivery costs, thereby increasing our logistics costs.		Minor	Minor	Minor	Minor
	Market	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
	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
Physical risk	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 suppliers of 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
	Chronic	Average temperature rise, long-term heat waves	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
				• Increase in sales through low-carbon products and services: Shifting to low-carbon 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
	Products and services	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 rise and our cost of capital may fall.		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 and other resource usage and switch to materials made from recycled raw materials.

Reducing resource usage

To promote efforts to reduce our resource usage and use resources more effectively, we organized resources as follows to ascertain our resource usage in business activities, promotional activities, and office activities.

Activities	Resource type	
Business activities (containers and packaging)		Glass bottles (clear)
		Glass bottles (brown)
		Glass bottles (other)
		Paper packages
		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

We have set targets to reduce resource usage by 30% by FY2030 (compared to FY2022). Looking ahead, we will focus on plastic and paper—areas with the greatest reduction potential—and promote reduction activities linked to business activities.

Reducing plastic usage

As one way to address environmental issues, we are engaging in ongoing efforts to reduce our use of plastic containers. We released refill products for the All-in-One Gel series, one of our main products, in 2023, and since then have expanded the lineup and consistently increased sales. With around 42% of our subscribers using refill products in FY2025, we reduced our plastic usage by approximately 165 tonnes per year. Doubling as an initiative to reduce our environmental impact and an effort to improve convenience for customers, the expansion of refill products has produced dependable results.



Reducing paper usage

We increased our usage of certified and recycled paper in delivery boxes and product packages, achieving rates of 99.6% for delivery boxes and 72.0% for product packages in FY2025. For delivery boxes, we switched from recycled paper to paper with forest certification and revised the sizes. This helped us reduce paper usage per box by about 50% on our most commonly shipped sizes. We also consolidated the standards and reduced the sizes of delivery boxes, moves that helped improve loading efficiency and decrease CO₂ emitted in transit by reducing the number of trips. Additionally, we gave customers more options for receiving products—for example, expanding the lineup of products deliverable by mail and offering drop-off deliveries—in an effort to reduce redeliveries, which is streamlining and reducing CO₂ emissions in logistics.



Reduced-sized delivery 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 continuing research focusing on red stone root (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. *Lithospermum erythrorhizon* is listed as an Endangered IB (EN), and we rely on imports for much of our supply. With the aim of stabilizing procurement and preserving species in Japan, we began studying domestic cultivation in 2006 and successfully grew *Lithospermum erythrorhizon* in tubes in Japan in 2009. 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. At present, we are proactively promoting the development of products with *Lithospermum erythrorhizon* that leverage our findings, in addition to expanding our network of growing partners in Japan. By using this rare plant sustainably, we will ensure that the value of traditional plants endures into the future.

* Oil-soluble red stone-root extract (1), hydrogenated soy phospholipids (moisturizing ingredients)

Number of products containing <i>Lithospermum erythrorhizon</i> *	50
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* PERFECT ONE and PERFECT ONE FOCUS products (excluding limited items)



Lithospermum erythrorhizon growing at a growing partner's facility

Adopting FSC®-certified paper

The world's forests are declining rapidly, so we are actively promoting the adoption of FSC®-certified paper, which is made from wood from forests verified to be properly managed following international standards, and other materials that support sustainable use of forest resources.

At present, we use FSC®-certified paper in the product packages of the PERFECT ONE All-in-One Gel series and PERFECT ONE FOCUS, and are expanding our adoption of it for new products in due order. We also use FSC®-certified paper in our delivery boxes in an effort to reduce our environmental impact. (FSC® N003734) (www.fsc.org)



PERFECT ONE Super Moisture Gel

Response to Water and Chemical Substances



At our Yoshizuka Office—our R&D center in Fukuoka City—we are making efforts to comply with environment-related laws and regulations.

Preventing water and soil contamination

At our research facilities, 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 and store, move, and discard waste.



Our Yoshizuka Office in Fukuoka City

Chemical substance risk assessment

The Industrial Safety and Health Act requires risk assessment of certain hazardous chemical substances at all workplaces where they are handled. We comply with this act—we conduct risk assessments of target chemical substances and use the results in measures to reduce the risk of danger and health hazards. Specifically, we are implementing the following six initiatives.

1 Conducting regular medical examinations

We conduct special medical examinations once every six months for employees engaged in work considered particularly harmful in terms of occupational health measures stipulated in the Industrial Safety and Health Act.

2 Measuring work environments

To prevent employees from suffering from health problems caused by harmful factors, we measure their work environments once a year.

3 Properly 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 before and after their use, who used them, and other information to manage them properly.

4 Permanently stationing organic solvent work chiefs

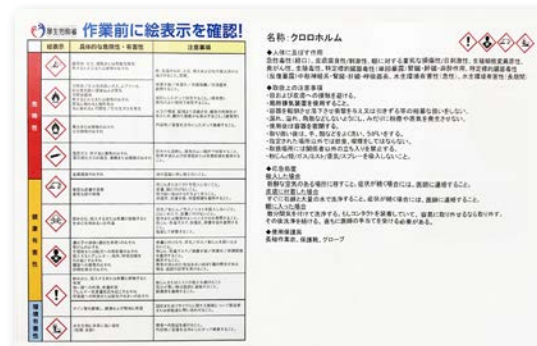
We permanently station employees who have completed a training course for supervisors in charge of instructing employees on workplaces and work methods for handling organic solvents.

5 Providing education and training

We conduct study sessions based on government textbooks to improve knowledge of safety pertaining to chemicals (especially organic solvents).

6 Properly managing chemical waste

To dispose of chemicals, we prepare waste tanks and carry out specific treatment for each type of chemical, 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 our customers, we work with our suppliers 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 so that all employees can satisfy our customers through our products and services.

Our concept of customer satisfaction consists of the following six indicators, which we believe will result in the very best customer satisfaction.

Indicators for our view of customer satisfaction



Promotion system

In FY2024, we set KPIs for each of six indicators and established a system that encourages related divisions to take responsibility for efforts to achieve the targets. In FY2025, we introduced processes for regularly monitoring and assessing achievement of these targets. Now that we can visualize progress and swiftly identify issues, our improvement process is stronger.

This has increased the effectiveness of the indicators, expedited improvement actions, facilitated cross-division sharing of issues, and substantially advanced our operation of the PDCA cycle. We will institutionalize these monitoring and assessment processes in an effort to continuously improve our KPIs and to increase customer satisfaction.

KPIs based on six indicators

Assessment: ✓ Achieved target (90% or more)
✗ Failed to achieve target (Less than 90%)

Indicator	KPIs	FY2025 assessment
(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	Implementation rate of activities for realizing our PURPOSE	✓
(vi) Achieving customer satisfaction to work toward our PURPOSE	Contribution to 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 conduct stability tests and use the results to check quality according to predetermined standards. 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 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 for internal use to ensure thorough quality control and quality assurance.

FY2025 activities for safety and security

Indicator improvement rate according to quality audits	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 willingness to face challenges 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

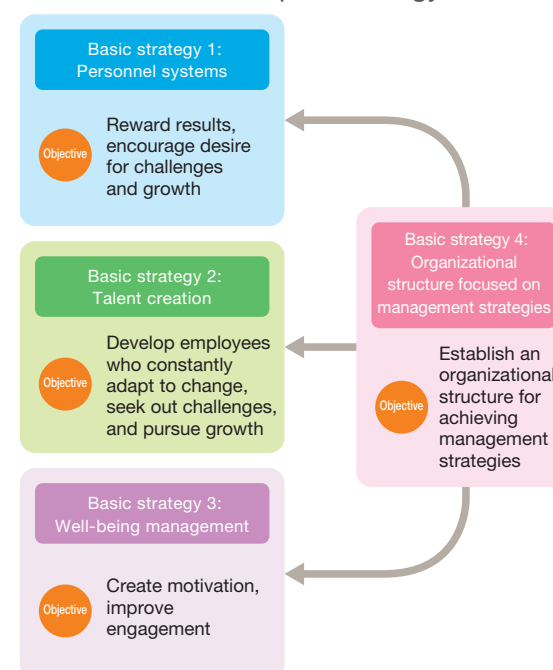


Promoting human capital management efforts: Proposed 2027 Human Capital Management Policy

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: 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 commensurate with results

Our personnel systems are structured such that they reward employees' efforts and results and encourage their desire for challenges and growth. We also provide base pay increases and year-end bonuses as rewards for contributing to profits based on salary increase rates that reflect recent inflation.

Basic strategy 2: Talent creation

Objective: Develop 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)

We operate Shinnihon University, a corporate university that provides training tailored to different levels. We also hold Innovation Business Conferences (IBCs) for managers and Junior Board Conferences for select employees (mostly young) on a regular basis to develop a shared understanding of our history and vision and foster a key mindset. Through these efforts, we aim to swiftly develop the core people who will actualize our 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 knowledge and expertise gained from varied work experience based on our value chain.

c. Promoting autonomous career development

To encourage employees to develop their own careers, we use career design sheets to learn what they want out of their careers and then support their careers. Then, through one-on-one meetings, they learn more about themselves and gain a sense of personal growth while mapping out their own careers.

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

Under our health and productivity management declaration, we engage in efforts to promote physical and mental health. In terms of mental health care, we have established an external contact for consultations, enlist professional counselors to provide support, and operate a program developed in collaboration with our occupational physician to help employees return to work after a period of leave. As for physical health, we encourage regular medical examinations and have also established a system that allows female employees of all ages to receive breast cancer screenings.

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 daily specials and a "smart lunch" prepared under the supervision of a registered dietitian and designed to provide nutritional balance such that it provides around one third of the daily energy intake needed by adult women.



A smart lunch served in the company cafeteria

c. Award programs for encouraging pioneering

Our award programs encourage employees to voluntarily and proactively explore new frontiers based on our CREDO, "Act in a challenge, change, and growth-oriented manner." With the Shinnihon Award recognizing unprecedented success, the Challenge

Award for achieving results with innovative efforts, and other events to recognize employee efforts, we are fostering a culture that admires challenging themselves from many perspectives.

d. Commemorative gifts for long service

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

e. Revised rules on childcare and nursing care leave

In April 2025, we revised our childcare and nursing care leave system to reflect changes in society. We expanded nursing care leave to a maximum of 180 days and introduced measures such as allowing employees to reduce their working hours by up to two hours per day when providing long-term care to family members who require it. With these revisions and the 12 days of time off for nursing adult family members provided annually, we aim to strike a balance between a supportive work environment and sustainable growth.

Basic strategy 4: Organizational structure focused on management strategies

Objective: Establish an organizational structure for achieving management strategies

- (1) Organizational strategies:
Identify strategic divisions and establish a personnel structure for achieving the Medium-Term Management Plan → Formulate and execute organizational strategies (organizational introspection) and workforce planning
- (2) Personnel KPIs:
Establish and monitor based on organizational strategies

We maximize the performance of teams and individuals by examining how to structure the organization to actualize management strategies and visualizing employees' skills and experience to leverage in human capital strategy for assigning and developing human resources. We have also established personnel KPIs and proactively implement personnel measures designed to fill gaps in an effort to enhance our corporate value.

a. Workforce planning

Based on organizational strategies, we formulate workforce plans that reflect not only headcount, but also the skills and experience required at each level. We use written job descriptions to ensure objectivity in qualitative assessments, and execute workforce planning through outside hiring and promoting from within.

b. Scheduled monitoring and improvement action on personnel KPIs

By regularly monitoring personnel KPIs to visualize the progress of our human capital strategy and revising measures in response to issues, we enhance the effectiveness of our human capital strategy and contribute to the actualization of our management strategies.

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 business partners to conduct business activities that respect human rights throughout the supply chain.

Respect 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 busy women in any number of diversified lifestyles can experience the benefits of skincare without spending much time or 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.

* This action plan has been published 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 childcare and nursing 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 Up to 180 days can be taken
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 reduced by up to two hours a day 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 (12 days per fiscal year, regardless of the number of 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

	FY2023	FY2024	FY2025
Employment rate for people with disabilities*	4.0%	3.6%	3.1%

* Employment rate (including non-regular employees) as of June 1 each fiscal year according to government calculation basis

Supply Chain Management



Cooperation with suppliers is essential for sustaining our business and addressing social issues. We are committed to sustainable procurement activities, including compliance with laws, regulations, and social norms and consideration of the environment, human rights, and occupational safety and health.

Formulating the Shinnihonseiyaku Group Supplier Guidelines

We have Shinnihonseiyaku Group Supplier Guidelines in place 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.

(1) Compliance with laws	Conduct business in compliance with laws, regulations, and international and social norms
(2) Fair, equitable trade	Prohibit corruption and bribery
	Exclude antisocial forces
	Establish a whistleblowing desk
(3) 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
(4) Environmentally friendly business activities	Reduce waste
	Reduce CO ₂ emissions
	Take measures to prevent environmental pollution
	Conserve biodiversity
(5) Human rights	Respect human rights and diversity
	Eliminate child labor and forced labor

(6) Labor	Maintain safe and secure work environments
	Prohibit long working hours
(7) 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
(8) Sustainable supply	Establish systems for dependable supply
	Sustainably procure raw materials
(9) Information disclosure	Disclose information to stakeholders properly

Promotion system

We administer SAQ* to our main suppliers in pursuit of more advanced sustainability and risk management throughout the supply chain. In FY2024, we used the SAQ to collect basic data and gain a better understanding of our suppliers' compliance on key issues such as laws and regulations, the environment, human rights, and labor. Based on our findings, in FY2025, we further enhanced our efforts and implemented a series of processes that included administering the SAQ as well as conducting assessments based on internal standards, cross-checking responses, and engaging in communication geared toward improvement. We engage in constructive communication with our suppliers to clarify issues and drive improvements based on assessment results and continuously monitor progress through follow-up. Through these efforts, we have established an operational framework for a continuous improvement cycle centered on the SAQ. Looking ahead, we will continue to enhance this cycle while building stronger trust with our suppliers and working to enhance transparency and resilience throughout the supply chain.

* CSR procurement self-assessment questionnaires



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	Sales and marketing activities	Daily
	Call Center, websites, and other customer touchpoints	Daily
	Websites	Constantly
	Customer questionnaires	Daily
	Customer satisfaction surveys	As needed
Shareholders and investors	General Meeting of Shareholders	Once per year
	Financial results briefings	Regular
	Small meetings with investors	As needed
	Individual interviews	As needed
	Corporate website	As needed
	Responses to questionnaires and surveys from ESG rating agencies	As needed
Suppliers	Procurement activities	Daily
	Supplier briefings	As needed
	Quality Conferences	Regular
	SAQ	Regular

Stakeholders	Dialogue and communication	Frequency
Employees	Employee attitude surveys (motivation surveys)	Once per year
	Workplace Representative Committee	As needed
	Health Committee	Once per month
	Other meetings	As needed
	Management policy presentations	Once per year
	Intranet and internal newsletters	As needed
Local communities	Internal mixers	As needed
	Participation in local events	As needed
NPOs, NGOs	CSR	As needed
	Meetings and collaboration with NPOs and NGOs	As needed
National and local governments, industries, and academic societies	Participation in industry activities	As needed
	Research in collaboration between industry and academia	As needed
	Local community revitalization measures	As needed



Dialogue with shareholders and investors

General Meeting of Shareholders, financial results briefings, and individual interviews

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 78 individual interviews and small meetings in FY2025. We also hold a General Meeting of Shareholders each year and endeavor to engage in dialogues with shareholders.



Photo from the 37th 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 division 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

Participation in a local event: Hakata Dontaku Harbor Festival

The Hakata Dontaku Harbor Festival is a local festival held in Fukuoka City in early May that attracts more than 2 million visitors and dates back nearly 840 years. Each year, with the aim of injecting energy into Fukuoka—where our headquarters is located—and expressing our unending gratitude to the local community, we form the Shinnihonseiyaku Dontaku Troupe to appear in the festival's parade. In FY2025, a group of more than 100 employees performed a “Yosakoi” dance with smiles on their faces to a famous Kyushu-style tune about the Gods of Fortune from across Japan.



More than 100 people formed this year's Shinnihonseiyaku Dontaku Troupe

Dialogue with national and local governments, industries, and academic societies

Local community revitalization measure: Illustrating a future with beautiful smiles through beauty and health—Illustration Contest in collaboration with the Fukuoka City hometown tax donation program

Inspired by our participation in Fukuoka City's hometown tax donation program, we teamed with the city and its soccer team, Avispa Fukuoka, to hold an illustration contest open to children aged 12 and under in Japan. With the theme of “a future with beautiful smiles through beauty and health,” we held an awards ceremony to honor the three winning entries selected from among the 60 total submissions through a rigorous judging process. The winning illustrations were used as limited-edition packaging for *PERFECT ONE Wrinkle Stretch Gel* gifts sent to people who donated their taxes to Fukuoka. Looking ahead, we will continue to collaborate with local governments and groups to promote initiatives that revitalize local communities and support children's beautiful smiles in daily life.



Photo of the awards ceremony

CSR

We are committed to CSR activities that bring beautiful smiles 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 since 2021 at an Avispa Fukuoka home match for which we serve as the title sponsor. We are also working with NPO Happy Mamma to raise awareness of medical examinations by putting up educational posters and distributing original goods.



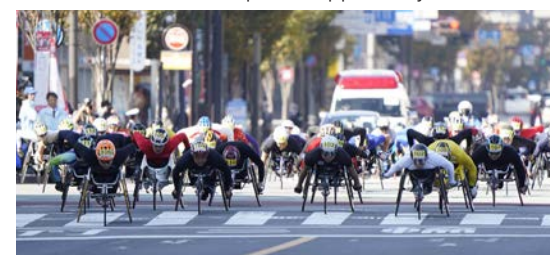
Breast cancer screening targets

Breast cancer screening availability for employees	Maintain 100%
Improve breast cancer screening rate in Fukuoka Prefecture	55% or more by 2026*

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

Oita International Wheelchair Marathon

First held in 1981 as the world's first international competition exclusively for wheelchair athletes in Oita, a leading prefecture in sports for people with disabilities, this race has since grown into one of the planet's largest wheelchair marathons, and is a major goal for wheelchair runners worldwide. We endorse the marathon's mission and have been a sponsor since 2009. We also have new employees participate as volunteers to serve as a human resource development opportunity.



Supporting efforts for a future with beautiful smiles: Japan Heart Asia Children's Medical Center

With their vision of “Build a world where everyone can be grateful for the gift of life,” we have long supported the activities of International Medical Volunteers Japan Heart, an organization that provides medical care in underserved areas. In FY2025, Japan Heart Asia Children's Medical Center opened just outside the Cambodian capital of Phnom Penh. The opening ceremony was attended by around 300 people, including

local government officials, medical professionals, and Japanese companies—including us—as well as individual supporters. The new hospital focuses on treating pediatric cancer—an area where international support is lacking and disparities are pronounced—in addition to training local medical personnel in pursuit of sustainability.



Main CSR activities

Collaborator	Activity content
Avispa Fukuoka	Premium Uniform Partner
RIZING ZEPHYR FUKUOKA	Official Partner, Wheelchair Team Sponsorship
International Medical Volunteers Japan Heart	Sponsorship
Heartspace Approved Specified Nonprofit Corporation	Sponsorship
Oita International Wheelchair Marathon	Sponsorship
Fukuoka Marathon	Sponsorship
C's Athlete, an employment center for athletes with disabilities	Sponsorship
Kyushu Pro-Wrestling, Non-Profit Organization	Kyushu Genkitai Platinum Member

Corporate Governance



Back row, left to right: Keiichi Zenmyo, Independent Outside Director of the Board/Full-time Audit & Supervisory Committee Member; Yuji Nakanishi, Independent Outside Director of the Board/Audit & Supervisory Committee Member; Takashi Tanabe, Independent Outside Director of the Board/Audit & Supervisory Committee Member

Front row, left to right: Asako Minamitani, Independent Outside Director of the Board; Takahiro Goto, President & Representative Director of the Board and Chief Executive Officer; Sachiyo Yasuda, Independent Outside Director of the Board; Mitsuyoshi Fukuhara, Senior Managing Director of the Board and Chief Operating Officer

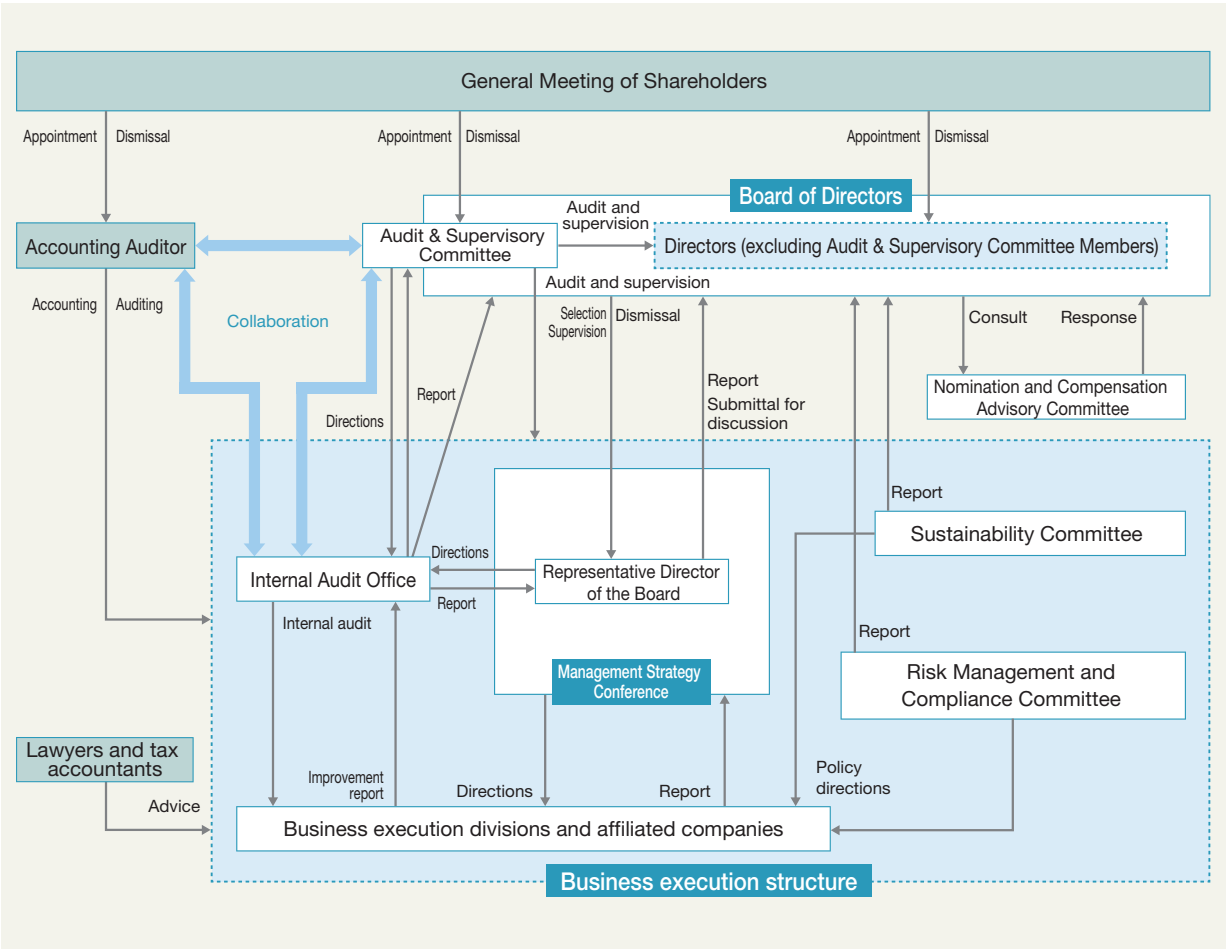
We believe that streamlining management and increasing its soundness and transparency as well as compliance will help improve our corporate value over the long term. Accordingly, we are actively working to build an organizational structure that can respond quickly and flexibly to changes in the business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

Changes in corporate governance

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

Corporate governance system

We have adopted the company with an Audit & 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

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. By inviting Independent Outside Directors with ample insight and experience in other industries to serve on the Board of Directors, the Board makes management decisions based on broader perspective, provides more targeted recommendations from an objective, neutral standpoint, and supervises 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	9
Attendance rate	100%

* Calculation period: October 2024 to September 2025

Audit & Supervisory Committee

The Audit & Supervisory Committee comprises three Independent Outside Directors—one full-time Audit & Supervisory Committee Member and two part-time Audit & 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 & Supervisory Committee Audit Plan and Regulations, the system is set up so that the full-time Audit & 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 & Supervisory Committee

Committee Chair	Full-time Audit & Supervisory Committee Member
Number of meetings	18
Attendance rate	98.1%

* Calculation period: October 2024 to September 2025

Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory 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 & Supervisory Committee Members, policy for remuneration, etc. of Directors of the Board (excluding those who are Audit & 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 Advisory Committee

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

* Calculation period: October 2024 to September 2025

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 Directors of the Board (except part-time Directors of the Board and Directors of the Board who are Audit & Supervisory Committee Members), Senior Executive Officers, Executive Officers, and Division Managers. In principle, the committee meets once a quarter, but when necessary, extraordinary committee meetings are held. At the committee meetings, the committee discusses and decides on the overall management of company-wide risks, compliance issues, and specific issues and policies for response to risks that arise. The committee also plans, manages, and implements compliance education for officers and employees.

Meetings of the Risk Management and Compliance Committee

Committee Chair	President & Representative Director of the Board and Chief Executive Officer
Number of meetings	3
Attendance rate	100%

* Calculation period: October 2024 to September 2025

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 Directors of the Board (except part-time Directors of the Board and Directors of the Board who are Audit & Supervisory Committee Members), Senior Executive Officers, Executive Officers, and Division Managers. 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

Committee Chair	President & Representative Director of the Board and Chief Executive Officer
Number of meetings	5
Attendance rate	94.3%

* Calculation period: October 2024 to September 2025

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 2025

Respondents: All Directors of the Board (7)

Method: 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

- Appropriateness of the number, and sufficiency of the diversity of the Board of Directors
- Appropriateness of the executions of duties by Directors of the Board
- Sufficiency of the insights and abilities of, and appropriateness of concurrent positions and term lengths of Outside Directors

(2) 9 questions about the operation of the Board of Directors

- Appropriateness of schedule and frequency of meetings of the Board of Directors
- Appropriateness of details and length of written agendas for meetings of the Board of Directors, sufficiency of time to consider in advance and discuss agenda items
- Appropriateness of progress of proceedings of meetings of the Board of Directors, status and mood of statements made at meetings

(3) 12 questions about the agenda of the Board of Directors

- Appropriateness of agenda items for meetings of the Board of Directors, timeliness of proposals, appropriateness of discussions in terms of content
- Appropriateness and sufficiency of discussion of succession plans; remuneration, appointment, and dismissal of executives; and the Medium-Term Management Plan

(4) 8 questions about the structure that supports the Board of Directors

- Sufficiency of information provided to Outside Directors and Audit & Supervisory Committee Members

- Sufficiency of collaboration between Directors of the Board and Audit & Supervisory Committee Members
- Appropriateness of the members, operation, and reporting of the Nomination and Compensation Advisory Committee

Main agenda items of meetings of the Board of Directors in FYE Sept. 2025

Theme	Main agenda items
Medium-Term Management Plan	■ Human capital strategy ■ Company-wide digitization centered on AI utilization
Sustainability	■ Reports on progress of measures based on material issues
Corporate governance	■ Enhancement of company-wide risk management system

Evaluation

According to the results of the effectiveness evaluation questionnaire for the fiscal year ended September 2025, a high percentage of the responses to most questions were “sufficient” or “proper.” In the second section on the operation of the Board of Directors, there were comments commending the Board’s timely coordination with the secretariat and prompt response, confirming that improvements had been made compared to the previous year. However, in the first section on the composition of the Board of Directors and the third section on agenda items of the Board of Directors, there were comments and recommendations as to implementing Board of Directors meetings with greater precision, and issues were raised regarding discussions on medium- and long-term strategies and lack of talent to join the Board of Directors. Given these results, we will continue to implement measures to improve the effectiveness of the Board of Directors by devoting energy to creating a system for devising and discussing agendas more strategically and accounting for importance with the aim of further strengthening the functions of the Board of Directors. Additionally, based on the opinion on strengthening the structure of the Board of Directors in the section on composition, we will further enhance our efforts by promoting the succession plan at the Nomination and Compensation Advisory Committee and hiring outside experts. Taking the above results into consideration, we believe that the effectiveness of the Board of Directors for the fiscal year ended September 2025 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. We do so to further enhance our corporate governance and aim to continuously improve our corporate value.

**Takahiro Goto**

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

Career summary

July 1995	Joined Shinnihonliving Co., Ltd. (currently Shinnihonseiyaku Co., Ltd. (the “Company”))
September 1998	Division Manager, the Company
December 2005	President & Representative Director of the Board, the Company
April 2014	Director, Shinnihon Holdings Co., Ltd. (currently the Company)
March 2016	President & Representative Director, Shinnihoniyaku 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 Advisory Committee Member

Career summary

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

**Sachiyo Yasuda**

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

Career summary

April 1992	Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)	April 2013 General Manager, Tokai and Kansai Area Sales Department, Assessment Department, Recruit Co., Ltd. (concurrently)
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 Director, 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 Advisory Committee Member

Career summary

October 2002	Joined Fukuoka Office of ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC)	September 2020 Audit & Supervisory Board Member (part-time), Saga University (current position)
October 2016	Opened Asako Minamitani Certified Public Accounting Office (currently Asako Minamitani Certified Public Accounting and Certified Public Tax Accounting Office); Director (current position)	June 2024 Audit & Supervisory Committee Member, YAMAU Holdings Corporation (current position)
April 2017	Audit & Supervisory Board Member (part-time), Onojo Madokapia (current position)	June 2024 Audit & Supervisory Board Member (part-time), Hisayama Research Institute For Lifestyle Diseases (current position)
April 2018	Audit & Supervisory Board Member (part-time), Fukuoka Women's University (current position)	December 2024 Director of the Board, the Company (current position)
		June 2025 Outside Auditor, MARUTAI CO., LTD. (current position)

**Keiichi Zenmyo**

Independent Outside Director of the Board/Full-time Audit & Supervisory Committee Member/
Nomination and Compensation Advisory Committee Member

Career summary

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

**Takashi Tanabe**

Independent Outside Director of the Board/Audit & Supervisory Committee Member

Career summary

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

**Yuji Nakanishi**

Independent Outside Director of the Board/Audit & 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 Accounting Office (current position)	December 2023 Director of the Board (Audit & Supervisory Committee Member), the Company (current position)

Skills matrix

	Name	Position at the company	Age	Gender	Years in office	Expertise & experience						
						Corporate 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 Advisory Committee Member	54	Male	20	●	●		●	●		●
	Mitsuyoshi Fukuhara	Senior Managing Director of the Board and Chief Operating Officer, Nomination and Compensation Advisory Committee Member	53	Male	9	●	●	●			●	●
	Sachiyo Yasuda	Independent Outside Director, Nomination and Compensation Advisory Committee Member	56	Female	2	●	●					●
	Asako Minamitani	Independent Outside Director, Nomination and Compensation Advisory Committee Member	50	Female	1						●	●
Audit & Supervisory Committee Members	Keiichi Zenmyo	Independent Outside Director, Full-time Audit & Supervisory Committee Member, Nomination and Compensation Advisory Committee Member	68	Male	2	●		●		●		●
	Takashi Tanabe	Independent Outside Director, Audit & Supervisory Committee Member	64	Male	2				●	●		●
	Yuji Nakanishi	Independent Outside Director, Audit & Supervisory Committee Member	64	Male	2	●			●		●	●

Mitsuyoshi Fukuhara

Senior Managing Director of the Board
and Chief Operating Officer



Expanding the business portfolio and optimizing growth investment

“Growth Next 2027,” the Medium-Term Management Plan, is generally progressing as planned. That said, there is room for improvement in terms of investment efficiency, and it has become increasingly important to determine where we can best allocate our limited management resources. The company has grown around *PERFECT ONE* in the past, but the healthcare domain has expanded beyond expectations in recent years and growth opportunities have diversified. Given these changes, we do not rely on specific brands and instead invest in multiple domains in a balanced manner, selecting investment areas based on potential and profitability to build a foundation for sustainable growth. Now that we have surplus funds, their strategic utilization is an important management issue. We will make disciplined capital distributions that balance shareholder returns and investment in domains that will yield growth while examining the accuracy and speed of investment recovery.

Business growth based on customer touchpoints

Our competitiveness is founded on our use of database marketing that helps us understand the Voice of customer (what our customers want). We reflect insights from various touchpoints in our product development and service

improvement and then use test marketing to verify customer acquisition efficiency and retention. Our growth is underpinned by swift decision making and processes that identify highly reproducible success models. We are also well positioned to propose combinations of products in the closely related domain of beauty and health. We will continue to offer novel value that encompasses the entire lifestyles of individual customers in an effort to deepen engagement and improve LTV.

Enhancing the supply chain and responding to the environment

As we expand our business, it is increasingly important to build a supply chain that comprehensively delivers quality and dependable supply while also considering the environment. Especially in the context of global expansion, we must prioritize quality above all else and consistently improve our systems with an eye toward localization in the future. As a fabless manufacturer, we offer our products through partnerships. We continuously conduct rigorous factory audits and quality checks to ensure safety and reliability, maintain the quality of raw materials and manufacturing processes, and ensure long-term stability. To minimize our impact on the environment, we take steps to reduce our environmental footprint in manufacturing and logistics by revising packaging and improving delivery efficiency. These efforts also help improve cost efficiency and brand value, among other benefits.

Creating value through dialogue with stakeholders

By reflecting what our customers and other stakeholders want in our business and management decisions and providing value in return, we are laying the groundwork for sustainable growth. We remain committed to listening to our stakeholders, which is what allows us to offer safe, reliable products and services as we return the insights we gain into our business.

Takashi Tanabe

Outside Director
(Audit & Supervisory Committee Member)



Improving the quality of decision making by the Board of Directors

Meetings of the Board of Directors feature frank exchanges of opinions between the executive side and Audit & Supervisory Committee Members and multifaceted, substantive discussions on key management issues. Under the executive system centered on the President and Senior Managing Director, discussions go deeper while incorporating the perspectives of the Outside Directors and decisions are made in response to changes in the business environment. I commend the continuous improvements made in the operation of the Board of Directors. For M&A and other important matters, the Board conducts due diligence on multiple options and makes judgments after discussing them from many perspectives at its meetings. The Board uses this process to inform decisions that achieve a balance between capturing growth opportunities and properly managing risks. The company is characterized by the speed and agility of its decision making. One source of its competitive advantages is the fact that decisions are made swiftly within a compact management structure, which results in a continuous stream of new business and product development initiatives.

Human capital challenges for the next stage of growth

Strengthening human capital is a key theme for the company to grow further in the future. The specific issue the Board of Directors is constantly discussing is securing and developing the people responsible for upcoming growth areas, including promoting overseas business and executing M&A. The Board of Directors needs people with expertise in finance and business to participate to enhance the effectiveness of governance. To date, the company has focused energy on hiring outside talent, but with increasing competition for experts, it now must sustain further efforts to secure and retain human capital. Given these circumstances, the company must strengthen the human capital infrastructure that underpins future growth by both developing internal human resources and hiring people from outside.

Role as an Audit & Supervisory Committee Member

As an Audit & Supervisory Committee Member, my role is to help balance management acceleration and braking. While companies must take on the challenge of new areas to grow, they also require proper risk management and legal compliance. I intend to use my expertise as a lawyer to supervise management in terms of compliance and legality and to express my opinions from an independent standpoint when necessary to help improve the quality of discussions by the Board of Directors. I will continue to support the decision making of the Board of Directors by ensuring proper risk control and sound governance, while respecting the speed and willingness to take on challenges required of management.

Sachiyo Yasuda

Outside Director



Strengthening human capital infrastructure

For a company to grow sustainably, it must make decisions with the aim of enhancing not only short-term results but also corporate value over the medium and long term. As an Outside Director, I carefully monitor whether these perspectives are sufficiently discussed at meetings of the Board of Directors and whether strategies and measures are implemented consistently and present my perspectives by raising issues and offering corrections when necessary. In the past year, discussions on human capital and developing the next generation of leaders have translated into more concrete measures and the company has made steady progress in terms of systematizing human resource development as an organization and visualizing the next generation of human capital. The Board of Directors continues to discuss mechanisms for human resource development including on- and off-the-job training, as well as efforts to secure and develop the people who will take over management in the future. The award programs have been improved by revising some of the existing awards and developing them into the Challenge Award program that recognizes taking on challenges as well as achievements. The result is a system that encourages employees to take it upon themselves to explore new frontiers. As I see it, the idea of shining light not only on results but

also on the process and the challenges overcome helps increase employee motivation while also enhancing the vitality of the organization and helping enhance corporate value over the medium and long term.

Creating organizations that underpin sustainable growth

As a B2C company, we provide products and services directly to customers, so each employee's life experiences and values are reflected in their daily work and efforts to create products, which has the effect of creating value for customers. Revising work styles and systems has a key role to play in pursuit of enhancing corporate value, among other things. Specifically, expanding systems to support employees' balancing of childcare/nursing care and work is an important part of creating environments where employees have the peace of mind to be able to demonstrate their abilities. Creating environments where employees with different circumstances can demonstrate their abilities promotes their success, which ultimately improves the company's competitiveness. Efforts to raise the percentage of women in management positions are also proceeding apace, establishing the foundation for incorporating more diverse perspectives into management.

Recommendations for human capital management

To enhance corporate value, it is imperative that we take the required steps to balance short-term results and medium- and long-term investments. In addition to investing in human capital, initiatives aimed at new growth opportunities—for example AI utilization and overseas expansion—have emerged as key themes that should be evaluated from the perspective of their linkage with human capital investment and their return on investment. As an Outside Director, I intend to continue contributing to constructive discussions at meetings of the Board of Directors while confirming whether these measures are in fact enhancing corporate value over the medium and long term. Going forward, I will fulfill my role through investment in human capital and organization building, so that the company can continue to be a company that grows sustainably and provides value to society.

Yuji Nakanishi

Outside Director
(Audit & Supervisory Committee Member)



Leveraging expertise to supervise management

At meetings of the Board of Directors, I am committed to using my expertise, posing questions, and making confirmations to enhance the quality of the discussions. As an accountant, I focus in particular on the logic behind decisions, theoretical integrity, and economic rationality. I strive to verify the validity and improve the quality of management decisions by checking for inconsistencies in the members' explanations and confirming whether transactions and investments are sufficiently rational and asking questions, as necessary. I am also aware that expert opinions can sometimes have a strong influence. Therefore, I always pay attention to the way I speak so that I do not unduly limit the scope of management decisions by overemphasizing my opinions. In my view, our role as Outside Directors and Audit & Supervisory Committee Members is to improve the quality of decision making by supporting management as they take on challenges and presenting risks and issues that tend to be overlooked.

Transparency to stakeholders

Over the past several years, stakeholders' expectations of companies have changed substantially, and disclosures have become even more important. I review whether our various disclosures, including timely disclosures, financial

results materials, and press releases, are provided at a level that enhances investors' understanding and enables appropriate evaluation. In terms of ESG, I not only receive explanations about the company's environmental response and product-based value offerings but also check the validity of the assumptions and indicators and relevance to corporate value. In my view, the company's efforts in this regard are generally reasonable at this time. The company's business model connects it directly with customers through its mail-order and EC business, so it is important to consider risks pertaining to trust from customers, including quality control and how advertising is worded. The Audit & Supervisory Committee not only receives reports on these matters, but also provides opinions for confirmation and improvement, as necessary.

Governance supporting enhancement of corporate value

As a relatively new company, investing in human capital is crucial for sustainable growth. The Audit & Supervisory Committee discusses the key themes of securing and developing core people and creating a career development mechanism. I believe that creating environments where employees feel motivated to work over the long term and enhancing organizational strength through the retention and growth of human capital will eventually enhance the company's corporate value. M&A are another key means of business expansion. Expanding growth opportunities involves risk, so I strive to improve the quality of decision making by verifying the validity of target companies through discussions about assessing them and confirming the associated risks. As an Audit & Supervisory Committee Member, I intend to help enhance the company's corporate value while serving as a part of the foundation upholding the advancement of the company's management.

Executive Compensation System



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

Basic policy on executive compensation

Executive compensation comprises 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 for our executives, shareholders decided at the 27th Annual General Meeting of Shareholders held on June 20, 2016 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 & 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 (excluding Outside Directors)

Compensation for Directors of the Board (excluding Outside Directors) comprises basic compensation, stock-based compensation linked to performance (performance-linked stock-based compensation), and stock-based compensation in lieu of retirement benefits (retirement-benefit stock-based compensation). The payment ratio is designed to be 70% for basic compensation, 20% for performance-linked stock-based compensation, and 10% for retirement-benefit stock-based compensation (when KPIs are fully achieved).

Outside Directors (excluding Audit & Supervisory Committee Members)

Compensation for Outside Directors comprises basic compensation only.

Directors of the Board who are Audit & Supervisory Committee Members

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

Process of determining compensation

Regarding compensation for Directors of the Board, the Nomination and Compensation Advisory 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 recommends to the Board of Directors. In response to the committee's recommendation, 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 & Supervisory Committee Members is determined by consultation of the Audit & 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	Basic compensation	Stock-based compensation	Total amount of remuneration, etc.
Directors of the Board (excluding Outside Directors)	2	83 million yen	89 million yen	172 million yen
Outside Directors (excluding Audit & Supervisory Committee Members)	4	12 million yen	—	12 million yen
Directors of the Board who are Audit & Supervisory Committee Members	3	27 million yen	—	27 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 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, 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 determine critical risks using scoring-based priority assignment. We then determine the main divisions responsible for responding to each risk and form teams 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 around once a quarter.

The committee is chaired by the President & Representative Director of the Board and Chief Executive Officer, and participants include Directors of the Board (except part-time Directors of the Board and Directors of the Board who are Audit & Supervisory Committee Members), Senior Executive Officers, Executive Officers, 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.

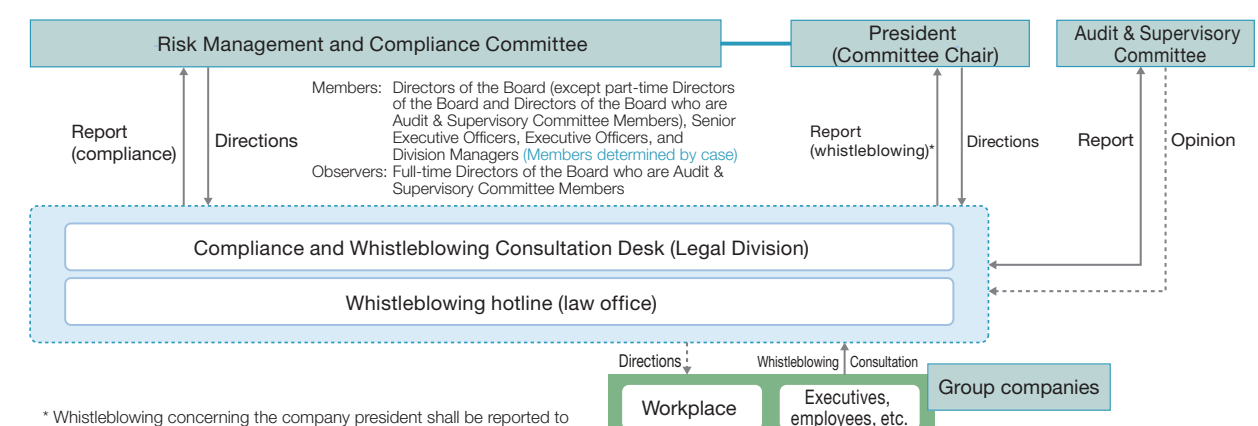
Compliance Consultation Desk (internal whistleblowing system)

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 persons who consult and whistleblowers are not treated unfavorably.

Number of notifications and consultations from our internal whistleblowing system	3
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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 & 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 6.6 million pieces of customer 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	100%
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Measures against unauthorized access

In 2024, we experienced a ransomware attack. Although we did not confirm that any information had leaked outside the company associated with this unauthorized access, we have continued to strengthen our overall security measures and management and operation protocol.

We are also taking measures to capitalize on opportunities and combat risks pertaining to the rising

use of generative AI and other recent trends, and will continue to make efforts to reinforce security, centered on the following.

- (1) Strengthen network security measures
- (2) Strengthen endpoint security measures
- (3) Rigorous vulnerability control
- (4) Strengthen penetration testing (e.g., vulnerability diagnosis)
- (5) Revise IT system business continuity plan (BCP)
- (6) Reinforce security measures against generative AI, shadow IT, etc.

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.

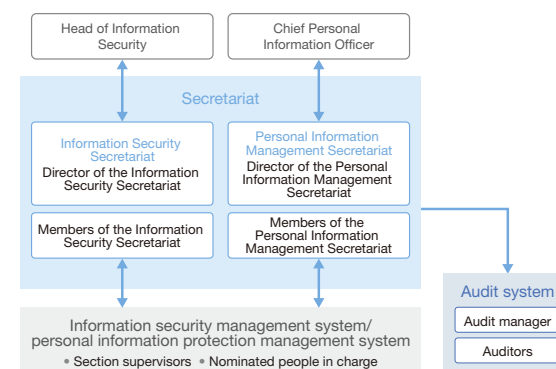
Attendance rate for e-learning courses on protecting personal information	100%
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Obtaining PrivacyMark

In 2005, we obtained PrivacyMark to become certified as a business that has an appropriate system for handling personal information.



Information security promotion system



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
Share capital	4,158 million yen
Number of employees	582
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 • Japanese Cosmetic Science Society • Japan Advertising Review Organization • The Society of Cosmetic Chemists of Japan • Fukuoka Dietetic Association • Skin Safety Case Information Network • The Pharmaceutical Manufacturer's Association of Fukuoka • Japan Cosmetic Center • Fukuoka Industrial Technology Center Club • Marketing License for Cosmetics • License for Store-Based Sale of Pharmaceuticals • License for Wholesale Distribution • Class II License for Marketing of Pharmaceuticals • Marketing License for Quasi-Pharmaceutical Products
Other offices	Tokyo Office Yoshizuka Office Logistics Center Itoshima Call Center

Stock Information

Securities code	4931
Listed stock exchange	Tokyo Stock Exchange Prime Market
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 issued	21,855,200
Number of shareholders	31,547

Financial and Company Information

Financial Data

* All figures shown on a consolidated basis

Business results

	Unit	FY2023	FY2024	FY2025
Net sales	million yen	37,653	40,043	41,140
Gross profit		30,312	31,812	32,894
Selling, general and administrative expenses		26,557	27,635	28,112
Operating profit		3,754	4,176	4,782
Ordinary profit*		3,652	4,110	4,877
Profit attributable to owners of parent		2,394	2,795	2,554
Advertising expenses	million yen	10,602	11,274	11,310
Sales promotion expenses		4,901	5,269	5,897

* All calculations made using figures modified to reflect changes to our reporting methods starting in FY2026

Financial position

	Unit	FY2023	FY2024	FY2025
Net assets	million yen	19,661	21,792	22,809
Total assets		25,501	27,222	28,251

Cash flows

	Unit	FY2023	FY2024	FY2025
Cash flows from operating activities	million yen	3,468	2,097	4,690
Cash flows from investing activities		-208	-382	-1,794
Cash flows from financing activities		-2,101	-902	-2,098
Cash and cash equivalents at the end of the period		15,518	16,341	17,118

Per share information

	Unit	FY2023	FY2024	FY2025
Basic earnings per share	yen	111.37	129.69	120.48
Net assets per share		906.72	1,006.66	1,078.69
Dividend per share		33.00	45.00	52.00

Financial indicators

	Unit	FY2023	FY2024	FY2025
Operating profit margin	%	10.0	10.4	11.6
Return on equity		12.9	13.6	11.5
Ordinary profit to total assets ratio		15.1	15.6	17.6
Equity ratio		76.5	79.8	80.7
Payout ratio		29.6	34.7	43.2

Non-financial Data

Environment

	Unit	FY2023	FY2024	FY2025
Amount of industrial waste* ¹	t	54.1	59.3	-
CO ₂ emissions	Scope 1	1.9	6.0	3.3
	Scope 2* ²	548.0	552.1	568.5
	Scope 3* ³	75,790.6	91,813.2	85,248.1
	Scope 1 + 2 + 3	76,340.5	92,371.3	85,819.9
Water consumption (domestic water and sewage)* ⁴	m ³	2,038.1	2,120.9	2,296.7

*1 Calculation period: April of each year to March of the following year. 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 FY2025 are scheduled to be calculated in or after May 2026.

*2 Using market standards. Calculation method revised in FY2023.

*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, Logistics Center, and Itoshima Call Center.

Resource usage

	Unit	FY2022 (base year)	FY2024	FY2025
Resource usage	Plastic usage	580.8	629.2	600.2
	Paper usage	1,460.3	1,219.8	1,151.2
	Total	2,041.1	1,849.0	1,751.4
Net sales	million yen	36,107	40,043	41,140
Resource usage per unit of revenue	kg/million yen	56.5	46.2	42.6
Rate of reduction from base year (FY2022)	%	-	-18.3	-24.7

Human capital

	Scope of report		Unit	FY2023	FY2024	FY2025
Number of employees	Full-time employees	Female	-	206	213	208
		Male		95	96	101
		Total		301	309	309
	Contract employees	Female		158	240	243
		Male		21	21	22
		Total		179	261	265
	Dispatch employees	Female		2	6	7
		Male		1	3	1
		Total		3	9	8
	Grand total			483	579	582
Average years of service	Female	years	8.8	8.6	8.5	
	Male		6.4	6.7	6.5	
	Total		8.0	8.0	7.9	
Average age	Female	years	37.7	37.3	36.9	
	Male		40.1	40.0	39.9	
	Total		38.5	38.2	37.9	
Number of managers	Female	-	5	8	9	
	Male		29	25	24	
	Total		34	33	33	
Percentage of female managers		%	14.7	24.2	27.3	
Percentage of female employees			75.7	79.2	78.7	
Employment rate for people with disabilities			4.0	3.6	3.1	
Number of childcare leave system users	Female	-	13	10	13	
	Male		4	4	3	
	Total		17	14	16	
Percentage of employees taking childcare leave		%	85.0	93.3	94.1	
Percentage of paid leave taken			84.7	79.0	81.9	
Percentage of employees using the self-development allowance*			12.3	12.8	10.7	
Percentage of employees using the filial allowance*			67.1	67.4	69.8	

* 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	FY2025
Number of Directors of the Board	Internal	Female	-	0
		Male		2
		Total internal		2
	Outside	Female		2
		Male		3
		Independent		Female
	Male			3
	Total outside			5
	Grand total			7
	Percentage of Independent Outside Directors			%
Percentage of female Directors of the Board			28.6	
Number of Audit & Supervisory Committee Members	Internal	Female	-	0
		Male		0
	Independent Outside	Female		0
		Male		3
	Grand total			3
Percentage of Independent Outside Audit & Supervisory Committee Members			%	100.0
Term of Directors of the Board			years	1
Number of Board of Directors meetings*			-	9
Attendance at Board of Directors meetings	Directors of the Board		%	100.0
	Audit & Supervisory Committee Members			100.0
Number of Audit & Supervisory Committee meetings*			-	18
Attendance at Audit & Supervisory Committee meetings	Audit & Supervisory Committee Members		%	98.1
	Independent Outside Audit & Supervisory Committee Members			98.1
Number of Executive Officers		Female	-	1
		Male		4
		Grand total		5
Percentage of female Executive Officers			%	20.0
Number of Nomination and Compensation Advisory Committee Members	Internal Directors of the Board	Female	-	0
		Male		2
	Independent Outside Directors	Female		2
		Male		1
	Grand total			5
Number of Nomination and Compensation Advisory Committee meetings*			-	4
Attendance at Nomination and Compensation Advisory Committee meetings			%	100.0
Compliance			Unit	FY2025
Number of notifications and consultations from our internal whistleblowing system			-	3
Number of legal violations				0
Number of personal information leaks				0

* Calculation period: October 2024 to September 2025