



August 5, 2025

To whom it may concern:

Company name: Shinnihonseiyaku Co., Ltd.
 Representative name: Takahiro Goto, President & Representative Director of the Board and Chief Executive Officer (Securities Code: 4931, TSE Prime)
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Notice Concerning Absorption-Type Merger of Wholly Owned Subsidiary (Simplified Merger/Short-Form Merger) and Recording of Extraordinary Loss in Non-consolidated Financial Results Due to Waiver of Claims

Shinnihonseiyaku Co., Ltd. (the Company) announces that on August 5, 2025, the Company resolved to conduct an absorption-type merger (the "Merger") of Flatcraft, Inc. ("Flatcraft"), a wholly owned subsidiary of the Company, with the effective date scheduled for October 1, 2025. The Company further resolved to waive a portion of its claims against Flatcraft in conjunction with the decision for this merger, as detailed below.

Note that since this merger is a simplified absorption-type merger of a wholly owned subsidiary, some terms and details have been omitted from the disclosure. Furthermore, since losses related to waiver of claims are recorded only on a non-consolidated basis and are eliminated in the consolidated financial statements, there is no impact on the consolidated financial results.

1. Purpose of the Merger

The Company is promoting initiatives aimed at achieving the goals set forth in "Growth Next 2027," the Medium-Term Management Plan to realize its PURPOSE "Beyond innovation, for a beautiful smile!"

The merger with Flatcraft, a wholly owned subsidiary of the Healthcare Business, will maximize synergy effects due to knowledge sharing, strengthen systems that enable efficient use of management resources and rapid and flexible decision-making, and further accelerate the Company's efforts to achieve the targets of the Medium-Term Management Plan.

2. Summary of the Merger

(1) Schedule of the Merger

Date of resolution of Board of Directors	August 5, 2025
Date of execution of merger agreement	August 5, 2025
Effective date of absorption-type merger	October 1, 2025 (planned)

Note: The Merger is a simplified merger under Article 796, Paragraph (2) of the Companies Act for the Company and a short-form merger under Article 784, Paragraph (1) of the Companies Act for Flatcraft; accordingly, neither company will hold a shareholders meeting to approve the merger agreement.

(2) Method of the Merger

The Merger is an absorption-type merger in which the Company is the surviving company and Flatcraft is the dissolved company.

Note that Flatcraft is currently in a state of excess of liabilities over assets due to an inability to achieve the originally anticipated revenue levels as a result of changes in the business environment. However, prior to this merger, the Company plans to waive a portion of its claims against Flatcraft to eliminate its excess of

liabilities over assets before proceeding with the merger.

Type of claims to be waived	Loans receivable
Amount of claims to be waived	900 million yen (planned)
Effective date	August 5, 2025

(3) Details of Allotments Pertaining to Merger

As the Merger is a merger with a wholly owned subsidiary of the Company, there will be no allotment of shares or delivery of any other compensation in the Merger.

(4) Handling of Share Acquisition Rights and Bonds with Share Acquisition Rights of Dissolved Company
Not applicable

3. Overview of the Companies Involved in the Merger

	Surviving company		Dissolved company	
(1) Name	Shinnihonseiyaku Co., Ltd.		Flatcraft, Inc.	
(2) Location	1-4-7 Otemon, Chuo-ku, Fukuoka City, Fukuoka Prefecture		1-4-7 Otemon, Chuo-ku, Fukuoka City, Fukuoka Prefecture	
(3) Title and name of representative	Takahiro Goto, President & Representative Director of the Board and Chief Executive Officer		Mitsuyoshi Fukuhara, President	
(4) Business description	Product development and sales of cosmetics and healthcare products		Food import, wholesale, and retail sale	
(5) Share capital	4,158 million yen		150 million yen	
(6) Date of establishment	March 11, 1992		June 10, 2021	
(7) Total number of shares issued	21,855,200 shares		3,000 shares	
(8) Fiscal year end	September 30		September 30	
(9) Major shareholders and shareholding ratio (as of September 30, 2024)	Eijiro Yamada	21.00%	Shinnihonseiyaku Co., Ltd.	100.00%
	Megumi Yamada	14.59%		
	Lapis Co., Ltd.	13.82%		
	The Shinnihon	8.29%		
	Foundation of Advanced Medical Treatment Research			
	The Master Trust Bank of Japan, Ltd. (trust account)	4.78%		
	Takahiro Goto	4.00%		
	Shinnihonseiyaku	0.64%		
	Employee Stock Ownership Plan			
	Custody Bank of Japan, Ltd. (trust account)	0.56%		
	Sagawa Printing Co., Ltd.	0.54%		
	BNP PARIBAS NEW YORK BRANCH – PRIME BROKERAGE CLEARANCE ACCOUNT (Permanent Representative: Custody Operations Department, Tokyo Branch, The Hongkong & Shanghai Banking Corporation Limited)	0.44%		

(10) Operating results and financial position for the most recent fiscal year		
Fiscal year end	Fiscal year ended September 30, 2024 (consolidated)	Fiscal year ended September 30, 2024 (non-consolidated)
Net assets	21,792 million yen	(46 million yen)
Total assets	27,222 million yen	1,428 million yen
Net assets per share	1,006.66 yen	(15,634.86 yen)
Net sales	40,043 million yen	1,101 million yen
Operating profit	4,176 million yen	(112 million yen)
Ordinary profit	4,103 million yen	(188 million yen)
Profit attributable to owners of parent	2,795 million yen	(167million yen)
Basic earnings per share	129.69 yen	(55,831.51 yen)

4. Status After the Merger

There will be no changes to the name, location, representative's title and name, business description, share capital, or fiscal period of the Company after this merger.

5. Future Outlook

As the Merger is a merger with a wholly owned subsidiary of the Company, the impact on the consolidated financial results of the Company will be immaterial.

Due to the waiver of its loans receivable to Flatcraft, the Company plans to record an extraordinary loss of 900 million yen in its non-consolidated financial statements for the fiscal year ending September 30, 2025. However, this waiver of claims will have no impact on consolidated financial results as it will be offset in the consolidated financial statements.

(Reference) Financial results forecast for the current fiscal year (announced on November 12, 2024)
and financial results for the previous fiscal year (consolidated) (Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Financial results forecast for the current fiscal year (ending September 30, 2025)	42,000	4,500	4,520	3,100
Financial results for the previous fiscal year (ended September 30, 2024)	40,043	4,176	4,103	2,795