

November 10, 2022

## Noevir Holdings Announces 2022 Consolidated Results (based on Japan GAAP)

Trade name: Noevir Holdings Co., Ltd.  
Listing: Tokyo Stock Exchange, Prime Market (Securities Code: 4928)  
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Annual General Meeting of Shareholders: December 8, 2022

Date of commencement of dividend payments: December 9, 2022

Submission of securities report: December 8, 2022

Supplemental materials for the financial results prepared: Yes

Results briefing for the reporting period held: Yes (for institutional investors and analysts)

(Amounts under one million yen have been rounded down)

### 1. Operating results for the fiscal year ended September 30, 2022 (October 1, 2021 – September 30, 2022)

#### (1) Consolidated operating results

(Millions of yen; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Year ended September 30, 2022	61,143	—	10,115	—	10,406	—	7,589	—
Year ended September 30, 2021	51,272	(1.1)%	8,557	6.2%	8,972	8.9%	6,383	13.6%

Note: Comprehensive income:

Year ended September 30, 2022: 7,900 million yen [—%]

Year ended September 30, 2021: 7,061 million yen [14.8%]

	EPS (Yen)	Diluted EPS (Yen)	ROE (%)	Ordinary income/Total assets (%)	Operating income/Total sales (%)
Year ended September 30, 2022	222.20	—	14.6	13.2	16.5
Year ended September 30, 2021	186.88	—	12.3	11.2	16.7

[Reference]

Equity in gain/losses of affiliated companies

Year ended September 30, 2022: — million yen

Year ended September 30, 2021: — million yen

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the fiscal year ended September 30, 2022. The figures for the fiscal year ended September 30, 2022 are presented after application of this accounting standard, etc. Therefore, year-on-year changes for these figures are not disclosed.

#### (2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 30, 2022	76,781	52,384	67.8	1,524.05
Year ended September 30, 2021	80,448	52,233	64.5	1,520.27

[Reference] Equity:

Year ended September 30, 2022: 52,055 million yen

Year ended September 30, 2021: 51,926 million yen

### (3) Consolidated cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of year
Year ended September 30, 2022	5,845	(255)	(7,380)	29,530
Year ended September 30, 2021	9,063	(416)	(7,181)	30,841

### 2. Cash dividends

(Yen)

	Annual dividends					Total dividend amount (Millions of yen) (Annual)	Payout ratio (%) (Consolidated)	Dividends/ Shareholders' equity (%) (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Total			
Year ended September 30, 2021	—	0.00	—	210.00	210.00	7,172	112.4	13.8
Year ended September 30, 2022	—	0.00	—	215.00	215.00	7,343	96.8	14.1
Year ending September 30, 2023 (forecast)	—	0.00	—	215.00	215.00		95.4	

### 3. Consolidated earnings forecasts for the fiscal year ending September 30, 2023

(October 1, 2022 – September 30, 2023)

(Millions of yen; percentage figures denote year-on-year change)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of the parent		EPS (Yen)
Half year	30,200	0.1%	5,300	1.3%	5,400	1.4%	2,400	(19.5)%	70.27
Full year	61,600	0.7%	10,700	5.8%	10,900	4.7%	7,700	1.5%	225.43

#### \* Notes

(1) Significant changes in subsidiaries (scope of consolidation) during period: None

(2) Changes in accounting principles, procedures, disclosure methods

1) Changes associated with revision in accounting standards: Yes

2) Other changes: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Shares outstanding (common stock)

1) Shares outstanding (including treasury stock)

As of September 30, 2022: 34,156,623

As of September 30, 2021: 34,156,623

2) Treasury shares outstanding

As of September 30, 2022: 270

As of September 30, 2021: 235

3) Average shares outstanding for the period

Year ended September 30, 2022: 34,156,378

Year ended September 30, 2021: 34,156,472

Note: Please refer to “Per Share Information” on page 21 of the supplementary materials regarding the formula used to calculate earnings per share (consolidated).

\* These financial results are not audited by a certified public accountant or audit company.

\* Explanation regarding the appropriate use of business performance forecasts

Forward-looking statements included in these materials, such as forecasts of business performance, are based on information known to the Company's management as of the time of writing, and reflect judgments believed to be reasonable on the basis of that information. There is, therefore, a possibility that actual business performance figures will differ substantially from our forecasts as a result of changes in the economic situation and other unforeseeable factors. Please refer to "(1) Analysis of operating results" under "1. Operating results and financial information" on page 5 of "Attached Material."

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## 1. Operating results and financial information

### (1) Analysis of operating results

#### 1) Operating results for the reporting fiscal period

##### <<Background>>

During fiscal 2022 (October 1, 2021 to September 30, 2022), economic trends remained uncertain, mainly due to the continuing impact of COVID-19, although some signs of recovery were observed.

The Group has been impacted by the COVID-19 pandemic in markets where it conducts business operations.

In this environment, the Company is working to realize the concept of its medium-term management plan: “Realizing steady corporate growth by securing sustainability in every Group business segment.”

As a result, net sales for the fiscal year ended September 30, 2022 came to 61,143 million yen, operating income was 10,115 million yen, ordinary income amounted to 10,406 million yen, and net income attributable to owners of the parent came to 7,589 million yen.

##### <<Segment results>>

#### (a) Cosmetics

Sales in the Cosmetics segment totaled 47,032 million yen, and segment income came to 10,814 million yen.

#### (b) Pharmaceuticals & Health Food

Sales in the Pharmaceuticals & Health Food segment totaled 11,408 million yen, and segment income came to 1,157 million yen.

#### (c) Other

Sales in the Other segment came to 2,703 million yen, while segment income came to 381 million yen.

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the fiscal year ended September 30, 2022. As a result, the accounting treatment of revenue differs from that for the previous fiscal year, so business performance is explained without presenting year-on-year changes. If operating results for the fiscal year ended September 30, 2021 had been calculated based on the same standard, the year-on-year changes in operating results for the fiscal year ended September 30, 2022 would have been as follows: an increase of 4.1% year on year in net sales, an increase of 16.3% year on year in operating income and an increase of 14.2% in ordinary income.

Segment operating income (loss) represents the amount before adjustment for intersegment eliminations and unallocated corporate expenses. For details on the segment income (loss) adjustment, please see “3) Information concerning sales, income and loss, assets, liabilities and other item amounts in each reporting segment and revenue breakdown information (Note 1) in (Segment information)” on pages 18 and 19.

#### 2) Forecast for the current fiscal year ending September 30, 2023

The outlook for the impact of the COVID-19 pandemic is expected to remain uncertain.

In this environment, the Company will move forward aiming to realize the concept of its medium-term management plan: “Realizing steady corporate growth by securing sustainability in every Group business segment.” With this aim in mind, the Company’s consolidated forecast for the fiscal year ending September 30, 2023 is for net sales of 61,600 million yen, operating income of 10,700 million yen, ordinary income of 10,900 million yen, and net income attributable to owners of the parent of 7,700 million yen.

## (2) Analysis of financial position

### 1) Assets, liabilities and net assets

Total assets on a consolidated basis as of September 30, 2022 stood at 76,781 million yen, a decrease of 3,667 million yen from the previous fiscal year-end. The main changes were decreases of 1,354 million yen in cash and cash equivalents, 1,349 million yen in property, plant and equipment, and 646 million yen in investment securities.

Total liabilities came to 24,397 million yen, a decrease of 3,818 million yen from the previous fiscal year-end. This was mainly due to a decrease of 5,016 million yen in net defined benefit liability and an increase of 796 million yen in other accounts payable.

Net assets came to 52,384 million yen, an increase of 151 million yen from the previous fiscal year-end. This was primarily attributable to an increase in total accumulated other comprehensive income of 186 million yen.

As a result, the equity ratio stood at 67.8%, up 3.3 percentage points from the previous fiscal year-end, and net assets per share stood at 1,524.05 yen, an increase of 3.78 yen.

### 2) Cash flow

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis as of September 30, 2022 stood at 29,530 million yen, a decrease of 1,310 million yen compared with the previous fiscal year-end.

The status of each cash flow together with the factors contributing to their increase or decrease for the fiscal year ended September 30, 2022 are presented as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to 5,845 million yen (3,217 million yen less than in the previous fiscal year). The main item increasing cash was 11,161 million yen in income before income taxes, and the main item decreasing cash was a 4,056 million yen decrease in net defined benefit asset and liability.

#### (Cash flows from investing activities)

Net cash used in investing activities came to 255 million yen (161 million yen less than in the corresponding period of the previous fiscal year). The principal cash outflow was 546 million yen for purchase of property, plant and equipment.

#### (Cash flows from financing activities)

Net cash used in financing activities came to 7,380 million yen (199 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 7,166 million yen in dividends.

#### (Reference)

	Year ended Sept. 30, 2018	Year ended Sept. 30, 2019	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Year ended Sept. 30, 2022
Equity ratio (%)	62.6	63.3	64.9	64.5	67.8
Equity ratio market capitalization (%)	255.3	231.2	209.9	226.3	252.7
Cash flows/ interest-bearing debt ratio (%)	—	—	—	—	—
Interest coverage ratio (times)	—	—	—	—	—

#### Notes:

Equity ratio = Shareholders' equity/Total assets

Equity ratio (market capitalization) = Market capitalization/Total assets

Cash flow versus interest-bearing debt ratio = Interest-bearing debt/Operating cash flow

Interest coverage ratio = Operating cash flow/Interest expense

\* All figures are calculated on a consolidated basis.

\* Market capitalization is calculated based on shares outstanding excluding treasury stock.

\* Interest-bearing debt covers all debt (excluding lease obligations by the interest-paid inclusive method) recorded on the balance sheets for which interest is paid.

### (3) Profit distribution/dividend payment for the reporting term and the current term

The Company regards profit distribution to shareholders as an important management issue. Therefore, its basic policy is to continue to pay dividends with a focus on retuning profits to shareholders while ensuring the necessary reserves for business expansion in the medium and long term and a stronger management structure. For fiscal 2022 (ended September 30, 2022), based on the aforementioned policy, we plan to pay a year-end dividend of 215 yen per share, which is a 5 yen increase from our most recent dividend forecast.

For the current fiscal year, ending September 30, 2023, we plan to pay a dividend of 215 yen per share.

## 2. Management strategy

### (1) Basic management policies and medium- to long-term strategy

To achieve the Noevir Group's medium-term management plan concept, "Realizing steady corporate growth by securing sustainability in every Group business segment," the Group will execute the following five policies.

1. Pursue innovation and continuous profit generation in the domestic market
2. Enhance our brand value
3. Accelerate efforts to diversify human resources and our corporate structure
4. Strengthen our competitiveness by stepping up the diversification of our R&D, production and logistics systems
5. Promote a management approach that is responsive to changes in the business environment

### (2) Numerical targets and achievements

Having positioned net sales, operating income and return on equity (ROE) as key management indicators, the Noevir Group aims to maximize its corporate value and enhance profitability.

### (3) Key issues

The outlook for the impact of the COVID-19 pandemic is expected to remain uncertain. In this environment, to respond to change and diversification in the markets for the Group's core Cosmetics and Pharmaceuticals & Health Food businesses, the Group recognizes that promoting its medium-term management plan concept, "Realizing steady corporate growth by securing sustainability in every Group business segment" is an important priority.

## 3. Basic Approach to Selecting Accounting Principles

For the foreseeable future, the Group plans to prepare consolidated financial statements based on generally accepted accounting principles in Japan. This policy takes into account factors such as the need to maintain comparability between the accounting periods of the consolidated financial statements and the fact that the Group has very little need to procure funds in overseas markets. Going forward, the Group plans to give due consideration to the adoption of international financial reporting standards (IFRS), taking into account conditions in Japan and overseas.

#### 4. Consolidated financial statements and notes

##### (1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2021	As of September 30, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	31,101	29,747
Notes and accounts receivable	9,307	8,970
Merchandise and finished goods	5,951	6,242
Work in progress	116	140
Raw materials and purchased supplies	1,263	1,467
Other receivables	2,836	3,391
Other	571	617
Allowance for doubtful accounts	(20)	(7)
Total current assets	51,128	50,569
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	5,322	5,106
Equipment and vehicles, net	1,418	784
Land	13,964	13,554
Lease assets, net	1,027	928
Construction in progress	122	123
Other, net	186	195
Total property, plant and equipment	※1 22,041	※1 20,692
Intangible assets		
Goodwill	240	209
Software	70	119
Other	120	90
Total intangible assets	431	418
Investments and other assets		
Investment securities	2,779	2,132
Deferred tax assets	2,705	1,729
Other	1,382	1,257
Allowance for doubtful accounts	(20)	(19)
Total investments and other assets	6,847	5,100
Total non-current assets	29,320	26,212
<b>Total assets</b>	<b>80,448</b>	<b>76,781</b>



(Millions of yen)

	As of September 30, 2021	As of September 30, 2022
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Notes and accounts payable	2,592	2,935
Lease obligations	112	93
Other accounts payable	2,401	3,197
Income tax payable	1,649	1,085
Reserve for bonuses	102	101
Reserve for product returns	589	—
Other	1,192	2,239
Total current liabilities	8,639	9,653
<b>Long-term liabilities</b>		
Lease obligations	1,000	912
Guarantee deposits received	12,415	12,001
Deferred tax liabilities	492	311
Net defined benefit liability	5,531	514
Other	136	1,003
Total long-term liabilities	19,575	14,743
<b>Total liabilities</b>	28,215	24,397
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	7,319	7,319
Retained earnings	43,040	42,982
Treasury stock	(1)	(1)
Total shareholders' equity	50,357	50,300
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on other securities	1,730	1,278
Foreign currency translation adjustments	(27)	486
Remeasurements of defined benefit plans, net of tax	(134)	(8)
Total accumulated other comprehensive income	1,568	1,755
Non-controlling interests	306	328
<b>Total net assets</b>	52,233	52,384
<b>Total liabilities and net assets</b>	80,448	76,781

(2) Consolidated statements of income and comprehensive income  
Consolidated statements of income

(Millions of yen)

	Year ended September 30, 2021	Year ended September 30, 2022
<b>Net sales</b>	51,272	61,143
<b>Cost of sales</b>	18,241	19,050
Gross profit	33,031	42,093
<b>Selling, general and administrative expenses</b>		
Sales commission	—	8,180
Cost of sales	3,707	2,878
Salaries and bonuses	6,171	6,244
Accrued allowance for bonuses	92	92
Retirement benefits for employees	551	412
Other	13,949	14,169
Total	24,473	31,977
Operating income	8,557	10,115
<b>Non-operating income</b>		
Interest income	8	10
Dividend income	17	18
Exchange differences	39	103
Surrender value of insurance policies	183	—
Dividend income of insurance	56	22
Compensation for damages received	5	44
Other	145	92
Total	455	291
<b>Non-operating expenses</b>		
Litigation settlement	40	—
Other	1	0
Total	41	0
Ordinary income	8,972	10,406
<b>Extraordinary income</b>		
Gain on sale of fixed assets	6	121
Gain on revision of retirement benefit plan	—	961
Total	6	1,083
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	12	18
Impairment loss	—	310
Total	12	329
<b>Income before income taxes</b>	8,966	11,161
<b>Income taxes – basic</b>	2,915	2,359
<b>Income taxes – deferred</b>	(409)	1,147
<b>Total</b>	2,506	3,506
<b>Net income</b>	6,459	7,654
<b>Net income attributable to non-controlling interests</b>	76	64
<b>Net income attributable to owners of the parent</b>	6,383	7,589

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended September 30, 2021	Year ended September 30, 2022
<b>Net income</b>	6,459	7,654
<b>Other comprehensive income</b>		
Net unrealized gain on other securities	493	(452)
Foreign currency translation adjustments	207	572
Remeasurements of defined benefit plans, net of tax	(99)	125
Total	602	245
<b>Comprehensive income</b>	7,061	7,900
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,954	7,776
Comprehensive income attributable to non-controlling interests	107	123

(3) Consolidated changes to equity  
Year ended (September 30, 2021)

(Millions of yen)

	Shareholders' equity			
	Common stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,319	43,662	(0)	50,980
Changes during the reporting period				
Distribution of dividends from retained earnings		(7,002)		(7,002)
Net income attributable to owners of the parent		6,383		6,383
Purchase of own shares			(0)	(0)
Increase (decrease) resulting from changes in the accounting period of consolidated subsidiaries		(3)		(3)
Changes during the reporting period, excluding shareholders' equity				
Total changes during the period	—	(621)	(0)	(622)
Balance at end of the year	7,319	43,040	(1)	50,357

	Accumulated other comprehensive income				non-controlling interests	Total net assets
	Net unrealized gain on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	1,236	(203)	(35)	997	265	52,243
Changes during the reporting period						
Distribution of dividends from retained earnings						(7,002)
Net income attributable to owners of the parent						6,383
Purchase of own shares						(0)
Increase (decrease) resulting from changes in the accounting period of consolidated subsidiaries						(3)
Changes during the reporting period, excluding shareholders' equity	493	176	(99)	570	41	612
Total changes during the period	493	176	(99)	570	41	(10)
Balance at end of the year	1,730	(27)	(134)	1,568	306	52,233

Year ended (September 30, 2022)

	Shareholders' equity			
	Common stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,319	43,040	(1)	50,357
Cumulative impact due to changes in accounting policies		(474)		(474)
Balance at the beginning of the year, reflecting changes in accounting policies	7,319	42,565	(1)	49,883
Changes during the reporting period				
Distribution of dividends from retained earnings		(7,172)		(7,172)
Net income attributable to owners of the parent		7,589		7,589
Purchase of own shares			(0)	(0)
Changes during the reporting period, excluding shareholders' equity				
Total changes during the period	—	416	(0)	416
Balance at end of the year	7,319	42,982	(1)	50,300

	Accumulated other comprehensive income				non-controlling interests	Total net assets
	Net unrealized gain on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	1,730	(27)	(134)	1,568	306	52,233
Cumulative impact due to changes in accounting policies						(474)
Balance at the beginning of the year, reflecting changes in accounting policies	1,730	(27)	(134)	1,568	306	51,758
Changes during the reporting period						
Distribution of dividends from retained earnings						(7,172)
Net income attributable to owners of the parent						7,589
Purchase of own shares						(0)
Changes during the reporting period, excluding shareholders' equity	(452)	513	125	186	22	209
Total changes during the period	(452)	513	125	186	22	626
Balance at end of the year	1,278	486	(8)	1,755	328	52,384

## (4) Consolidated statements of cash flows

(Millions of yen)

	Year ended September 30, 2021	Year ended September 30, 2022
<b>Cash flows from operating activities</b>		
Income before income taxes	8,966	11,161
Depreciation	1,463	1,420
Impairment loss	—	310
Amortization of goodwill	31	31
Increase (decrease) in allowance for doubtful accounts	(1)	(15)
Increase (decrease) in reserve for bonuses	1	(0)
Increase (decrease) in reserve for product returns	116	—
Increase (decrease) in net defined benefit asset and liability	280	(4,056)
Increase (decrease) in accounts payable due to transition to a retirement benefit plan	—	1,832
Interest and dividends received	(25)	(28)
Loss (gain) on currency translation	(7)	(43)
Loss (gain) on sales of property, plant and equipment	6	(103)
Gain on revision of retirement benefit plan	—	(961)
Decrease (increase) in trade receivables	(47)	(343)
Decrease (increase) in inventories	801	(284)
Increase (decrease) in trade payables	413	282
Surrender value of insurance policies	(183)	—
Increase (decrease) in guarantee deposits	(478)	(414)
Other	(384)	403
Subtotal	10,950	9,189
Interest and dividends received	23	25
Income tax refunded (paid)	(2,299)	(3,370)
Surrender value of insurance policies received	390	—
Net cash provided by (used in) operating activities	9,063	5,845
<b>Cash flows from investing activities</b>		
Expenditure for deposit to time deposits	(258)	(264)
Proceeds from withdrawal of time deposits	258	311
Purchase of investment securities	(1)	(1)
Purchase of property, plant and equipment	(376)	(546)
Proceeds from sale of property, plant and equipment	20	312
Purchase of intangible assets	(57)	(67)
Net cash provided by (used in) investing activities	(416)	(255)
<b>Cash flows from financing activities</b>		
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(7,002)	(7,166)
Cash dividends paid to non-controlling interests	(66)	(101)
Other	(111)	(112)
Net cash provided by (used in) financing activities	(7,181)	(7,380)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	159	479
<b>Net change in cash and cash equivalents</b>	1,625	(1,310)
<b>Cash and cash equivalents, beginning of year</b>	29,199	30,841
<b>Increase (decrease) in cash and cash equivalents resulting from changes in the accounting period of consolidated subsidiaries</b>	16	—
<b>Cash and cash equivalents, end of year</b>	30,841	29,530

(5) Notes to the quarterly consolidated financial statements

**(Note on assumptions for going concern)**

Not applicable

**(Changes in accounting principles)**

(Application of “Accounting Standard for Revenue Recognition”, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) (hereinafter, “Revenue Recognition Accounting Standards”), etc. from the beginning of the fiscal year ended September 30, 2022. Under this accounting standard, the Company recognizes revenue as the amount of consideration it expects to obtain in exchange for promised goods or services when the control of the goods or services is transferred to customers. Moreover, the Company has applied the alternative treatment specified in Paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) Under this alternative treatment, the Company recognizes revenue for merchandise and products sold in Japan upon shipment when there is a normal period of time from shipment until control of merchandise or products is transferred to customers.

As a result, while the Company previously recognized revenue upon sales to directly contracted sales representatives, the Company has switched to a method of recognizing this revenue upon shipment to customers. It has also switched to a method of recording sales commissions, which had previously been deducted from net sales, as selling, general and administrative expenses. Moreover, some sales promotion fees paid to customers, which had previously been recorded as selling, general and administrative expenses, are now deducted from net sales. Furthermore, the estimated loss on product returns for sales with product return options had previously been recorded as reserve for product returns. For these sales, the Company has switched to a method of recording refund liabilities for the projected product return component and for sales rebates, which had previously been recorded in estimated amounts, in accordance with rules on variable consideration for each of these items.

In applying the Revenue Recognition Accounting Standards, etc., the Company follows the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standards. The cumulative effect of retroactively applying the new accounting principles to periods prior to the beginning of the fiscal year ended September 30, 2022, has been added to or subtracted from retained earnings at the beginning of the fiscal year ended September 30, 2022, and the new accounting principles have been applied from the beginning balance of the fiscal year ended September 30, 2022.

As a result, for the fiscal year ended September 30, 2022, net sales increased by 7,603 million yen, cost of sales decreased by 91 million yen, gross profit increased by 7,695 million yen, and selling, general and administrative expenses increased by 7,599 million yen. Operating income, ordinary income, and income before income taxes each increased by 95 million yen. In addition, the balance of retained earnings at the beginning of the fiscal year ended September 30, 2022 decreased by 474 million yen.

As a result of applying the Revenue Recognition Accounting Standards, etc., reserve for product returns, which was presented under current liabilities on the consolidated balance sheet for the previous fiscal year, has been included in other under current liabilities as refund liabilities, from the fiscal year ended September 30, 2022. The Company has not reclassified the consolidated financial statements for the previous fiscal year using the new presentation method in accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standards. Furthermore, information about breakdown of revenue from contracts with customers for the previous fiscal year has not been presented in accordance with the transitional treatment stipulated in Paragraph 89-3 of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020).

**(Application of Accounting Standard for Fair Value Measurement, etc.)**

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) (hereinafter, “Fair Value Measurement Accounting Standards”), etc. from the beginning of the fiscal year ended September 30, 2022. In accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standards and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policies set forth in the Fair Value Measurement Accounting Standards, etc. into the future. This will have no effect on the consolidated financial statements.

**(Change in presentation method)**

(Consolidated statements of income)

In the fiscal year ended September 30, 2021, advertising expenses, depreciation, and research and development expenses were reported as separate items under selling, general and administrative expenses. In the fiscal year ended September 30, 2022, they were included in other because of a decrease in their monetary importance. Furthermore, in the fiscal year ended September 30, 2021, compensation for damages received was included in other under non-operating income. Due to its increased financial significance, it has been reported as a separate item in the fiscal year ended September 30, 2022. The consolidated financial statements for the fiscal year ended September 30, 2021 have been restated to reflect this change in presentation method.

As a result, advertising expenses of 1,171 million yen, depreciation of 989 million yen, and research and development expenses of 1,041 million yen that were shown under selling, general and administrative expenses in the consolidated statements of income for the fiscal year ended September 30, 2021 have been included in other under selling, general and administrative expenses. In addition, other of 151 million yen that was shown under non-operating income has been restated as compensation for damages received of 5 million yen and other of 145 million yen.

**(Additional information)**

(Accounting estimates concerning the impact of the COVID-19 pandemic)

The outlook for the impact of the COVID-19 pandemic is expected to remain uncertain.

In this environment, the COVID-19 pandemic could possibly impact the Group’s accounting estimates for the following fiscal year and beyond.

**(Consolidated balance sheet)**

\*1. Accumulated depreciation of property, plant and equipment is as follows.

	(Millions of yen)	
	As of September 30, 2021	As of September 30, 2022
Accumulated depreciation of property, plant and equipment	29,515	30,416



**(Segment information, etc.)**  
(Segment information)

1) Reportable segments

The Company's reportable segments are the subject of regular management review, for the purposes of decision-making for resource allocation and performance evaluation by the Board of Directors, in as much as financial information relating to individual units of the Company are available.

The Group engages principally in the manufacture and marketing of cosmetics, pharmaceuticals and health foods, as well as operating other businesses including apparel- and aviation-related businesses.

The Group's business activities are based on strategies tailored to the changing and diversifying market environment.

Accordingly, the Group has the following three reportable segments, comprising business segments based on the products handled by the Group.

The Cosmetics segment manufactures and markets cosmetics products.

In the Pharmaceuticals & Health Food segment, the Company manufactures and sells pharmaceuticals and food products.

In the Other segment, we mainly operate apparel-businesses, purchase and sale of aircraft and vessels, aviation-related operations, pilot training operations and others.

2) Method for calculating sales, income and loss, assets, liabilities and other item amounts in each reporting segment

The accounting procedure for reporting business segments is largely the same as described in Basis for Presentation of Consolidated Financial Reports, which was disclosed in the latest securities report (submitted December 6, 2021).

Reportable segment income figures are on an operating income basis.

Internal rates of return and transfer within the Group are based on the actual market price.

As described in changes in accounting principles, the Company has applied the Revenue Recognition Accounting Standards, etc. in the consolidated financial statements for the fiscal year ended September 30, 2022 and has changed its accounting treatment for revenue recognition. For this reason, the Company has made the same changes to its calculation method for income or loss of business segments.

As a result of these changes, for the fiscal year ended September 30, 2022, net sales in the Cosmetics segment increased by 6,820 million yen while segment income increased by 262 million yen; net sales in the Pharmaceuticals & Health Food segment increased by 529 million yen while segment income decreased by 167 million yen, and net sales in the Other segment increased by 254 million yen while segment income increased by 0 million yen, compared to what would have been recorded under the previous method.

3) Information concerning sales, income and loss, assets, liabilities and other item amounts in each reporting segment and revenue breakdown information

Consolidated results for fiscal 2021 (October 1, 2020 to September 30, 2021)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in consolidated statements of income (Note 2)
Net Sales						
Sales, external	38,325	11,117	1,828	51,272	—	51,272
Intersegment sales	—	—	260	260	(260)	—
Total	38,325	11,117	2,089	51,532	(260)	51,272
Segment income	9,600	1,442	156	11,200	(2,642)	8,557
Segment assets	53,400	17,422	2,474	73,298	7,150	80,448
Other items						
Depreciation	947	489	59	1,496	(32)	1,463
Amortization of goodwill	—	—	31	31	—	31
Increases of property, plant and equipment and intangible assets	417	114	7	539	—	539

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 804million yen and unallocated corporate expenses totaling (3,446) million yen have been included in the segment income adjustment totaling (2,642) million yen. Corporate expenses refer to parent company administration costs which do not come under any reportable segments.
- 2) The segment income adjustment is for assets of the entire Company that are not allocated to each reportable segment. Assets of the entire Company are primarily the Company's financial assets (cash and cash equivalents, investment securities, etc.) that do not belong to reporting segments and assets related to administrative divisions.
- 3) The depreciation adjustment is for the depreciation of assets related to elimination/corporate.
- 4) The adjustment on the increases of property, plant and equipment and intangible assets is due to intersegment eliminations.

(Note 2) Segment income or loss refers to operating income as reported in the consolidated statements of income, after adjustment.

Consolidated results for fiscal 2022 (October 1, 2021 to September 30, 2022)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in consolidated statements of income (Note 2)
Net Sales						
Revenue from contracts with customers	47,032	11,408	2,617	61,057	—	61,057
Other revenue	—	—	85	85	—	85
Sales, external	47,032	11,408	2,703	61,143	—	61,143
Intersegment sales	—	—	265	265	(265)	—
Total	47,032	11,408	2,968	61,409	(265)	61,143
Segment income	10,814	1,157	381	12,353	(2,238)	10,115
Segment assets	50,596	16,753	2,721	70,072	6,709	76,781
Other items						
Depreciation	945	471	34	1,451	(30)	1,420
Amortization of goodwill	—	—	31	31	—	31
Increases of property, plant and equipment and intangible assets	397	206	1	605	—	605

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 516 million yen and unallocated corporate expenses totaling (2,754) million yen have been included in the segment income adjustment totaling (2,238) million yen. Corporate expenses refer to parent company administration costs which do not come under any reportable segments.
- 2) The segment income adjustment is for assets of the entire Company that are not allocated to each reportable segment. Assets of the entire Company are primarily the Company's financial assets (cash and cash equivalents, investment securities, etc.) that do not belong to reporting segments and assets related to administrative divisions.
- 3) The depreciation adjustment is for the depreciation of assets related to elimination/corporate.

(Note 2) Segment income refers to operating income as reported in the consolidated statements of income, after adjustment.

(Impairment loss for non-current assets by reportable segment)

Previous fiscal year (October 1, 2020 to September 30, 2021)

Not applicable

Reporting fiscal year (October 1, 2021 to September 30, 2022)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Impairment loss	276	27	6	—	310

(Amortization and unamortized balance of goodwill for each reportable segment)

Previous fiscal year (October 1, 2020 to September 30, 2021)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Balance at the end of the year	—	—	240	—	240

(Note) Amortization of goodwill is omitted because similar information is disclosed in Segment Information.

Reporting fiscal year (October 1, 2021 to September 30, 2022)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Balance at the end of the year	—	—	209	—	209

(Note) Amortization of goodwill is omitted because similar information is disclosed in Segment Information.

(Information about gain on bargain purchase for each reportable segment)

Not applicable

## (Per-share information)

(Yen)

	Year ended September 30, 2021	Year ended September 30, 2022
Net assets per share	1,520.27	1,524.05
Net income per share	186.88	222.20

Notes: 1. Diluted income per share is not disclosed since there were no potentially dilutive shares.  
2. The basis for calculation of net assets per share is as follows.

Item	As of September 30, 2021	As of September 30, 2022
Total net assets (millions of yen)	52,233	52,384
Amount deducted from total net assets (millions of yen)	306	328
(Of which, non-controlling interests)	(306)	(328)
Net assets at the end of the period attributable to common stock (millions of yen)	51,926	52,055
Number of common shares at the fiscal year-end used for calculation of net assets per share (shares)	34,156,388	34,156,353

3. The basis for calculation of net income per share is as follows.

Item	Year ended September 30, 2021	Year ended September 30, 2022
Net income attributable to owners of the parent (millions of yen)	6,383	7,589
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Net income attributable to owners of the parent (millions of yen)	6,383	7,589
Average number of common shares for the period (shares)	34,156,472	34,156,378

## (Important subsequent events)

Not applicable