

November 5, 2020

Noevir Holdings Announces 2020 Consolidated Results (based on Japan GAAP)

Trade name: Noevir Holdings Co., Ltd.
 Listing: Tokyo Stock Exchange, First Section (Securities Code: 4928)
 URL: <https://www.noevirholdings.co.jp/>
 Representative: Takashi Okura, President and CEO
 Contact: Shoji Arasoe, General Manager, Accounting
 Tel. +81-78-303-5121

Annual General Meeting of Shareholders: December 4, 2020

Date of commencement of dividend payments: December 7, 2020

Submission of securities report: December 4, 2020

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, 2020 (October 1, 2019 – September 30, 2020)

(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, 2020	51,841 (12.5)%	8,060 (32.8)%	8,242 (32.7)%	5,618 (22.3)%
Year ended September 30, 2019	59,252 2.5%	11,992 5.7%	12,247 5.8%	7,226 (7.9)%

Note: Comprehensive income:

Year ended September 30, 2020: 6,151 million yen [(13.6)%]

Year ended September 30, 2019: 7,120 million yen [(11.3)%]

	EPS (Yen)	Diluted EPS (Yen)	ROE (%)	Ordinary income/Total assets (%)	Operating income/Total sales (%)
Year ended September 30, 2020	164.48	—	10.7	10.1	15.5
Year ended September 30, 2019	211.57	—	13.8	14.7	20.2

[Reference]

Equity in gain/losses of affiliated companies

Year ended September 30, 2020: — million yen

Year ended September 30, 2019: — million yen

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 30, 2020	80,052	52,243	64.9	1,521.77
Year ended September 30, 2019	83,330	52,946	63.3	1,543.72

[Reference] Equity:

Year ended September 30, 2020: 51,978 million yen

Year ended September 30, 2019: 52,728 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, 2020	7,312	(1,615)	(6,962)	29,199
Year ended September 30, 2019	10,191	(2,067)	(6,287)	30,448

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, 2019	—	0.00	—	200.00	200.00	6,831	94.5	13.1
Year ended September 30, 2020	—	0.00	—	205.00	205.00	7,002	124.6	13.4
Year ending September 30, 2021 (forecast)	—	0.00	—	205.00	205.00		111.1	

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2021

(October 1, 2020 – September 30, 2021)

(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	25,500	(8.2)%	4,000	(21.1)%	4,100	(20.2)%	1,900	(20.8)%	55.63
Full year	52,500	1.3%	9,000	11.7%	9,200	11.6%	6,300	12.1%	184.45

* Notes

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

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

1) Changes associated with revision in accounting standards: None

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, 2020: 34,156,623

As of September 30, 2019: 34,156,623

2) Treasury shares outstanding

As of September 30, 2020: 104

As of September 30, 2019: 56

3) Average shares outstanding for the period

Year ended September 30, 2020: 34,156,562

Year ended September 30, 2019: 34,156,567

* 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 4 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>>

	Year ended September 30, 2019		Year ended September 30, 2020		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Total sales	59,252	100.0	51,841	100.0	(7,411)	(12.5)
Cosmetics	45,175	76.2	38,742	74.7	(6,432)	(14.2)
Pharmaceuticals & Health Food	12,036	20.3	11,273	21.8	(763)	(6.3)
Other	2,041	3.5	1,825	3.5	(215)	(10.5)

	Year ended September 30, 2019		Year ended September 30, 2020		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	11,992	20.2	8,060	15.5	(3,931)	(32.8)
Ordinary income	12,247	20.7	8,242	15.9	(4,005)	(32.7)
Net income attributable to owners of the parent	7,226	12.2	5,618	10.8	(1,608)	(22.3)

During fiscal 2020 (October 1, 2019 to September 30, 2020), the Japanese economy continued recovering gradually, mainly due to further improvements in corporate earnings and the employment situation. However, economic trends were subject to increasingly uncertain conditions due to the COVID-19 pandemic. Diverse latent consumer demand is anticipated in the domestic and overseas markets where the Group conducts business operations. Meanwhile, in these markets, the Group has been impacted by an increase in consumption tax and the COVID-19 pandemic.

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, 2020 came to 51,841 million yen (down 12.5% year on year), operating income was 8,060 million yen (down 32.8%), ordinary income amounted to 8,242 million yen (down 32.7%), and net income attributable to owners of the parent came to 5,618 million yen (down 22.3%).

<<Segment results>>

(a) Cosmetics

(Millions of yen)

	Year ended September 30, 2019	Year ended September 30, 2020	Change (Millions of yen)	Change (%)
Total sales	45,175	38,742	(6,432)	(14.2)
Segment income	13,183	9,505	(3,678)	(27.9)

Sales in the Cosmetics segment totaled 38,742 million yen (down 14.2% year on year), and segment income came to 9,505 million yen (down 27.9%).

Sales were sluggish in face-to-face channel cosmetics and self-selection cosmetics due to the impact of an increase in consumption tax and the COVID-19 pandemic.

(b) Pharmaceuticals & Health Food

(Millions of yen)

	Year ended September 30, 2019	Year ended September 30, 2020	Change (Millions of yen)	Change (%)
Total sales	12,036	11,273	(763)	(6.3)
Segment income	1,312	1,261	(50)	(3.8)

Sales in the Pharmaceuticals & Health Food segment totaled 11,273 million yen (down 6.3% year on year), and segment income came to 1,261 million yen (down 3.8%).

Sales of functional and nutritional drinks were lackluster.

Sales of nutritional supplements performed strongly.

(c) Other

(Millions of yen)

	Year ended September 30, 2019	Year ended September 30, 2020	Change (Millions of yen)	Change (%)
Total sales	2,041	1,825	(215)	(10.5)
Segment income	70	10	(60)	(85.8)

Sales in the Other segment came to 1,825 million yen (down 10.5% year on year), while segment income came to 10 million yen (down 85.8%).

Sales in the apparel-related business and the aviation-related business were sluggish.

Note: Segment operating income (loss) represents the amount before adjustment for intersegment eliminations and unallocated corporate expenses. For details on the segment income (loss) adjustment for the fiscal year ended September 30, 2020, please see “3) Information concerning sales, income and loss, assets, liabilities and other item amounts in each reporting segment (Note 1) in (Segment information)” on pages 16 and 17.

2) Forecast for the current fiscal year ending September 30, 2021

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, 2021 is for net sales of 52,500 million yen, operating income of 9,000 million yen, ordinary income of 9,200 million yen, and net income attributable to owners of the parent of 6,300 million yen.

(2) Analysis of financial position

1) Assets, liabilities and net assets

Total assets at fiscal 2020 year-end stood at 80,052 million yen, a decrease of 3,277 million yen from the previous fiscal year-end. This result was mainly due to decreases of 1,598 million yen in notes and accounts receivable and 1,283 million yen in cash and cash equivalents.

Total liabilities came to 27,809 million yen, a decrease of 2,574 million yen from the previous fiscal year-end. This result was mainly due to decreases of 1,040 million yen in income tax payable, 566 million yen in other accounts payable, and 556 million yen in notes and accounts payable.

Net assets came to 52,243 million yen, a decrease of 703 million yen from the previous fiscal year-end. This was primarily attributable to a decrease in retained earnings of 1,213 million yen, reflecting the payment of 6,831 million yen in year-end dividends for the previous fiscal year and the recording of net income attributable to owners of the parent totaling 5,618 million yen.

As a result, the equity ratio stood at 64.9%, up 1.7 of a percentage point from the previous fiscal year-end, and net assets per share stood at 1,521.77 yen, a decrease of 21.95 yen.

2) Cash flow

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis as of September 30, 2020 stood at 29,199 million yen, a decrease of 1,249 million yen compared with the 30,448 million yen at the previous fiscal year-end.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 7,312 million yen (2,879 million yen less than in the corresponding period of the previous fiscal year). The main item increasing cash was 8,233 million yen in income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities came to 1,615 million yen (452 million yen less than in the corresponding period of the previous fiscal year). The principal cash outflow was 1,635 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 6,962 million yen (674 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 6,827 million yen in dividends.

(Reference)

	Year ended Sept. 30, 2016	Year ended Sept. 30, 2017	Year ended Sept. 30, 2018	Year ended Sept. 30, 2019	Year ended Sept. 30, 2020
Equity ratio (%)	62.2	63.2	62.6	63.3	64.9
Equity ratio market capitalization (%)	121.7	234.9	255.3	231.2	209.9
Cash flows/ interest-bearing debt ratio (%)	—	—	—	—	—
Interest coverage ratio (times)	3,280.3	—	—	—	—

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 2020 (ended September 30, 2020), based on the aforementioned policy, we plan to pay a year-end dividend of 205 yen per share, which is a 5 yen increase from our most recent dividend forecast.

For the current fiscal year, ending September 30, 2021, we plan to pay a dividend of 205 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, 2019	As of September 30, 2020
ASSETS		
Current assets		
Cash and cash equivalents	30,739	29,456
Notes and accounts receivable	10,827	9,229
Merchandise and finished goods	7,050	6,603
Work in progress	98	90
Raw materials and purchased supplies	1,494	1,384
Other receivables	3,309	3,032
Other	537	638
Allowance for doubtful accounts	(36)	(19)
Total current assets	54,021	50,416
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,946	5,628
Equipment and vehicles, net	2,451	1,631
Land	13,713	13,920
Lease assets, net	1,227	1,130
Construction in progress	614	490
Other, net	261	221
Total property, plant and equipment	*1 23,213	*1 23,023
Intangible assets		
Goodwill	302	271
Software	114	83
Other	78	75
Total intangible assets	494	430
Investments and other assets		
Investment securities	1,522	2,064
Deferred tax assets	2,542	2,570
Other	1,567	1,569
Allowance for doubtful accounts	(32)	(22)
Total investments and other assets	5,600	6,181
Total non-current assets	29,309	29,636
Total assets	83,330	80,052

(Millions of yen)

	As of September 30, 2019	As of September 30, 2020
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	2,704	2,148
Lease obligations	112	112
Other accounts payable	2,968	2,402
Income tax payable	2,150	1,109
Reserve for bonuses	101	101
Reserve for product returns	360	472
Other	1,237	1,233
Total current liabilities	9,634	7,580
Long-term liabilities		
Lease obligations	1,217	1,112
Guarantee deposits received	13,371	12,894
Deferred tax liabilities	469	596
Net defined benefit liability	5,315	5,250
Other	375	375
Total long-term liabilities	20,749	20,229
Total liabilities	30,383	27,809
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	44,875	43,662
Treasury stock	(0)	(0)
Total shareholders' equity	52,193	50,980
Accumulated other comprehensive income		
Net unrealized gain on other securities	861	1,236
Foreign currency translation adjustments	(218)	(203)
Remeasurements of defined benefit plans, net of tax	(109)	(35)
Total accumulated other comprehensive income	534	997
Non-controlling interests	218	265
Total net assets	52,946	52,243
Total liabilities and net assets	83,330	80,052

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

(Millions of yen)

	Year ended September 30, 2019	Year ended September 30, 2020
Net sales	59,252	51,841
Cost of sales	21,039	18,760
Gross profit	38,213	33,081
Selling, general and administrative expenses		
Cost of sales	4,648	4,000
Advertising expenses	1,293	1,202
Salaries and bonuses	6,387	6,265
Accrued allowance for bonuses	83	95
Retirement benefits for employees	521	569
Depreciation	1,219	1,129
Research and development expenses	1,097	1,065
Other	10,968	10,692
Total	26,220	25,020
Operating income	11,992	8,060
Non-operating income		
Interest income	7	7
Dividend income	13	15
Exchange differences	—	2
Dividend income of insurance	83	52
Other	173	104
Total	278	183
Non-operating expenses		
Exchange differences	23	—
Other	0	1
Total	23	1
Ordinary income	12,247	8,242
Extraordinary income		
Gain on sale of fixed assets	2	—
Gain on sales of investment securities	4	—
Total	6	—
Extraordinary losses		
Loss on disposal of fixed assets	5	5
Loss on sales of investment securities	5	—
Loss on valuation of investment securities	898	—
Loss on valuation of membership	—	3
Loss on abolishment of retirement benefit plan	311	—
Total	1,220	9
Income before income taxes	11,033	8,233
Income taxes – basic	3,751	2,650
Income taxes – deferred	(41)	(98)
Total	3,709	2,551
Net income	7,324	5,681
Net income attributable to non-controlling interests	97	63
Net income attributable to owners of the parent	7,226	5,618

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended September 30, 2019	Year ended September 30, 2020
Net income	7,324	5,681
Other comprehensive income		
Net unrealized gain on other securities	(52)	374
Foreign currency translation adjustments	(137)	20
Remeasurements of defined benefit plans, net of tax	(13)	74
Total	(203)	469
Comprehensive income	7,120	6,151
(Breakdown)		
Comprehensive income attributable to owners of the parent	7,040	6,081
Comprehensive income attributable to non-controlling interests	80	69

(3) Consolidated changes to equity
Year ended (September 30, 2019)

(Millions of yen)

	Shareholders' equity			
	Common stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,319	43,796	(0)	51,115
Changes during the reporting period				
Distribution of dividends from retained earnings		(6,148)		(6,148)
Net income attributable to owners of the parent		7,226		7,226
Purchase of own shares				—
Cancellation of treasury stock				
Changes during the reporting period, excluding shareholders' equity				
Total changes during the period	—	1,078	—	1,078
Balance at end of the year	7,319	44,875	(0)	52,193

	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	913	(97)	(95)	720	162	51,998
Changes during the reporting period						
Distribution of dividends from retained earnings						(6,148)
Net income attributable to owners of the parent						7,226
Purchase of own shares						—
Changes during the reporting period, excluding shareholders' equity	(52)	(120)	(13)	(186)	56	(130)
Total changes during the period	(52)	(120)	(13)	(186)	56	947
Balance at end of the year	861	(218)	(109)	534	218	52,946

Year ended (September 30, 2020)

	Shareholders' equity			
	Common stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,319	44,875	(0)	52,193
Changes during the reporting period				
Distribution of dividends from retained earnings		(6,831)		(6,831)
Net income attributable to owners of the parent		5,618		5,618
Purchase of own shares			(0)	(0)
Changes during the reporting period, excluding shareholders' equity				
Total changes during the period	—	(1,213)	(0)	(1,213)
Balance at end of the year	7,319	43,662	(0)	50,980

	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	861	(218)	(109)	534	218	52,946
Changes during the reporting period						
Distribution of dividends from retained earnings						(6,831)
Net income attributable to owners of the parent						5,618
Purchase of own shares						(0)
Changes during the reporting period, excluding shareholders' equity	374	14	74	463	46	510
Total changes during the period	374	14	74	463	46	(703)
Balance at end of the year	1,236	(203)	(35)	997	265	52,243

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended September 30, 2019	Year ended September 30, 2020
Cash flows from operating activities		
Income before income taxes	11,033	8,233
Depreciation	1,808	1,668
Amortization of goodwill	10	31
Increase (decrease) in allowance for doubtful accounts	20	(27)
Increase (decrease) in reserve for bonuses	15	0
Increase (decrease) in reserve for product returns	(31)	112
Increase (decrease) in net defined benefit asset and liability	(43)	(64)
Interest and dividends received	(21)	(23)
Loss (gain) on currency translation	2	0
Loss (gain) on sales of investment securities	0	—
Loss (gain) on valuation of investment securities	898	—
Loss (gain) on sales of property, plant and equipment	3	5
Loss on valuation of membership	—	3
Loss on abolishment of retirement benefit plan	311	—
Decrease (increase) in trade receivables	905	1,619
Decrease (increase) in inventories	(513)	569
Increase (decrease) in trade payables	(284)	(562)
Increase (decrease) in guarantee deposits	(503)	(477)
Other	(545)	(290)
Subtotal	13,068	10,799
Interest and dividends received	19	20
Income tax refunded (paid)	(2,895)	(3,507)
Net cash provided by (used in) operating activities	10,191	7,312
Cash flows from investing activities		
Expenditure for deposit to time deposits	(170)	(256)
Proceeds from withdrawal of time deposits	170	291
Purchase of investment securities	(1)	(1)
Proceeds from sales of investment securities	49	—
Purchase of property, plant and equipment	(1,832)	(1,635)
Proceeds from sale of property, plant and equipment	5	—
Purchase of intangible assets	(24)	(12)
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(263)	—
Net cash provided by (used in) investing activities	(2,067)	(1,615)
Cash flows from financing activities		
Purchase of treasury stock	—	(0)
Cash dividends paid	(6,147)	(6,827)
Cash dividends paid to non-controlling interests	(24)	(22)
Repayments of lease obligations	(115)	(111)
Net cash provided by (used in) financing activities	(6,287)	(6,962)
Effects of exchange rate changes on cash and cash equivalents	(89)	16
Net change in cash and cash equivalents	1,746	(1,249)
Cash and cash equivalents, beginning of year	28,701	30,448
Cash and cash equivalents, end of year	30,448	29,199

(5) Notes to the quarterly consolidated financial statements

(Note on assumptions for going concern)

Not applicable

(Change in presentation method)

(Consolidated statements of income)

In the fiscal year ended September 30, 2019, insurance income was reported as a separate item under non-operating income. In the fiscal year ended September 30, 2020, insurance income was included in other because of a decrease in its monetary importance. The consolidated financial statements for the fiscal year ended September 30, 2019 have been restated to reflect this change in presentation method.

As a result, insurance income of 60 million yen, which was previously shown under non-operating income on the consolidated statement of income for the fiscal year ended September 30, 2019, was included in other in non-operating income.

(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, 2019	As of September 30, 2020
Accumulated depreciation of property, plant and equipment	27,520	28,510

(Segment information, etc.)

(Segment information, etc.)

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 5, 2019).

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.

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

Consolidated results for fiscal 2019 (October 1, 2018 to September 30, 2019)

(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	45,175	12,036	2,041	59,252	—	59,252
Intersegment sales	—	—	180	180	(180)	—
Total	45,175	12,036	2,221	59,433	(180)	59,252
Segment income	13,183	1,312	70	14,566	(2,574)	11,992
Segment assets	55,310	17,823	2,388	75,523	7,807	83,330
Other items						
Depreciation	1,266	557	44	1,868	(59)	1,808
Amortization of goodwill	0	2	7	10	—	10
Increases of property, plant and equipment and intangible assets	1,661	264	104	2,029	(35)	1,994

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 693 million yen and unallocated corporate expenses totaling (3,268) million yen have been included in the segment income adjustment totaling (2,574) 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 2020 (October 1, 2019 to September 30, 2020)

(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	38,742	11,273	1,825	51,841	—	51,841
Intersegment sales	—	—	258	258	(258)	—
Total	38,742	11,273	2,084	52,100	(258)	51,841
Segment income	9,505	1,261	10	10,777	(2,716)	8,060
Segment assets	53,553	16,249	2,498	72,302	7,750	80,052
Other items						
Depreciation	1,020	515	112	1,648	20	1,668
Amortization of goodwill	—	—	31	31	—	31
Increases of property, plant and equipment and intangible assets	1,217	237	35	1,489	(33)	1,456

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 757 million yen and unallocated corporate expenses totaling (3,474) million yen have been included in the segment income adjustment totaling (2,716) 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 refers to operating income as reported in the consolidated statements of income, after adjustment.

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

Not applicable

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

Previous fiscal year (October 1, 2018 to September 30, 2019)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Balance at the end of the year	—	—	302	—	302

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

Reporting fiscal year (October 1, 2019 to September 30, 2020)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Balance at the end of the year	—	—	271	—	271

(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, 2019	Year ended September 30, 2020
Net assets per share	1,543.72	1,521.77
Net income per share	211.57	164.48

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, 2019	As of September 30, 2020
Total net assets (millions of yen)	52,946	52,243
Amount deducted from total net assets (millions of yen)	218	265
(Of which, non-controlling interests)	(218)	(265)
Net assets at the end of the period attributable to common stock (millions of yen)	52,728	51,978
Number of common shares at the fiscal year-end used for calculation of net assets per share (shares)	34,156,567	34,156,519

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

Item	Year ended September 30, 2019	Year ended September 30, 2020
Net income attributable to owners of the parent (millions of yen)	7,226	5,618
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Net income attributable to owners of the parent (millions of yen)	7,226	5,618
Average number of common shares for the period (shares)	34,156,567	34,156,562

(Important subsequent events)

Not applicable