

November 9, 2021

Noevir Holdings Announces 2021 Consolidated Results (based on Japan GAAP)

Trade name: Noevir Holdings Co., Ltd.
Listing: Tokyo Stock Exchange, First Section (Securities Code: 4928)
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Annual General Meeting of Shareholders: December 6, 2021

Date of commencement of dividend payments: December 7, 2021

Submission of securities report: December 6, 2021

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, 2021 (October 1, 2020 – September 30, 2021)

(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, 2021	51,272 (1.1)%	8,557 6.2%	8,972 8.9%	6,383 13.6%
Year ended September 30, 2020	51,841 (12.5)%	8,060 (32.8)%	8,242 (32.7)%	5,618 (22.3)%

Note: Comprehensive income:

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

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

	EPS (Yen)	Diluted EPS (Yen)	ROE (%)	Ordinary income/Total assets (%)	Operating income/Total sales (%)
Year ended September 30, 2021	186.88	—	12.3	11.2	16.7
Year ended September 30, 2020	164.48	—	10.7	10.1	15.5

[Reference]

Equity in gain/losses of affiliated companies

Year ended September 30, 2021: — million yen

Year ended September 30, 2020: — million yen

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 30, 2021	80,448	52,233	64.5	1,520.27
Year ended September 30, 2020	80,052	52,243	64.9	1,521.77

[Reference] Equity:

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

Year ended September 30, 2020: 51,978 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, 2021	9,063	(416)	(7,181)	30,841
Year ended September 30, 2020	7,312	(1,615)	(6,962)	29,199

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, 2020	—	0.00	—	205.00	205.00	7,002	124.6	13.4
Year ended September 30, 2021	—	0.00	—	210.00	210.00	7,172	112.4	13.8
Year ending September 30, 2022 (forecast)	—	0.00	—	210.00	210.00		110.4	

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2022

(October 1, 2021 – September 30, 2022)

(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	29,400	13.7%	4,600	1.6%	4,700	1.6%	2,100	4.8%	61.48
Full year	58,500	14.1%	9,200	7.5%	9,400	4.8%	6,500	1.8%	190.30

Note: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. will be applied from the beginning of the fiscal year ending September 30, 2022. This new standard will result in changes such as the expensing of certain items that had previously been deducted from net sales. If figures for the fiscal year ended September 30, 2021 were calculated based on the same standard, net sales for the full fiscal year would be expected to increase by 0.3% year on year. These changes are expected to have a negligible impact on operating income, ordinary income, and net income attributable to owners of the parent.

* 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: 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, 2021: 34,156,623

As of September 30, 2020: 34,156,623

2) Treasury shares outstanding

As of September 30, 2021: 235

As of September 30, 2020: 104

3) Average shares outstanding for the period

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

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

Note: Please refer to “Per Share Information” on page 20 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>>

	Year ended September 30, 2020		Year ended September 30, 2021		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Total sales	51,841	100.0	51,272	100.0	(569)	(1.1)
Cosmetics	38,742	74.7	38,325	74.7	(416)	(1.1)
Pharmaceuticals & Health Food	11,273	21.8	11,117	21.7	(155)	(1.4)
Other	1,825	3.5	1,828	3.6	2	0.2

	Year ended September 30, 2020		Year ended September 30, 2021		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	8,060	15.5	8,557	16.7	497	6.2
Ordinary income	8,242	15.9	8,972	17.5	729	8.9
Net income attributable to owners of the parent	5,618	10.8	6,383	12.4	765	13.6

During fiscal 2021 (October 1, 2020 to September 30, 2021), the Japanese economy faced a difficult situation, as corporate earnings and the employment situation remained under pressure and economic trends grew increasingly uncertain due to the COVID-19 pandemic.

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, 2021 came to 51,272 million yen (down 1.1% year on year), operating income was 8,557 million yen (up 6.2%), ordinary income amounted to 8,972 million yen (up 8.9%), and net income attributable to owners of the parent came to 6,383 million yen (up 13.6%).

<<Segment results>>

(a) Cosmetics

(Millions of yen)

	Year ended September 30, 2020	Year ended September 30, 2021	Change (Millions of yen)	Change (%)
Total sales	38,742	38,325	(416)	(1.1)
Segment income	9,505	9,600	95	1.0

Sales in the Cosmetics segment totaled 38,325 million yen (down 1.1% year on year), and segment income came to 9,600 million yen (up 1.0%).

Sales decreased slightly in face-to-face channel cosmetics and self-selection cosmetics due to the impact of the COVID-19 pandemic.

(b) Pharmaceuticals & Health Food

(Millions of yen)

	Year ended September 30, 2020	Year ended September 30, 2021	Change (Millions of yen)	Change (%)
Total sales	11,273	11,117	(155)	(1.4)
Segment income	1,261	1,442	180	14.3

Sales in the Pharmaceuticals & Health Food segment totaled 11,117 million yen (down 1.4% year on year), and segment income came to 1,442 million yen (up 14.3%).

(c) Other

(Millions of yen)

	Year ended September 30, 2020	Year ended September 30, 2021	Change (Millions of yen)	Change (%)
Total sales	1,825	1,828	2	0.2
Segment income	10	156	146	1,454.5

Sales in the Other segment came to 1,828 million yen (up 0.2% year on year), while segment income came to 156 million yen (up 1,454.5%).

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, 2021, 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 17 and 18.

2) Forecast for the current fiscal year ending September 30, 2022

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, 2022 is for net sales of 58,500 million yen, operating income of 9,200 million yen, ordinary income of 9,400 million yen, and net income attributable to owners of the parent of 6,500 million yen.

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. will be applied from the beginning of the fiscal year ending September 30, 2022. This new standard will result in changes such as the expensing of certain items that had previously been deducted from net sales. If figures for the fiscal year ended September 30, 2021 were calculated based on the same standard, net sales for the full fiscal year would be expected to increase by 0.3% year on year. These changes are expected to have a negligible impact on operating income, ordinary income, and net income attributable to owners of the parent.

(2) Analysis of financial position

1) Assets, liabilities and net assets

Total assets on a consolidated basis as of September 30, 2021 stood at 80,448 million yen, an increase of 396 million yen from the previous fiscal year-end. The main changes were increases of 1,645 million yen in cash and cash equivalents and 714 million yen in investment securities, and decreases of 982 million yen in property, plant and equipment, 651 million yen in merchandise and finished goods, and 196 million yen in other receivables.

Total liabilities came to 28,215 million yen, an increase of 406 million yen from the previous fiscal year-end. This was mainly due to an increase of 540 million yen in income tax payable.

Net assets came to 52,233 million yen, a decrease of 10million yen from the previous fiscal year-end. The main changes were a decline in retained earnings of 621 million yen, which reflected a decrease of 7,002 million yen from year-end dividends for the previous fiscal year and net income attributable to owners of the parent of 6,383 million yen, and an increase in net unrealized gain on other securities of 493 million yen.

As a result, the equity ratio stood at 64.5%, down 0.4 of a percentage point from the previous fiscal year-end, and net assets per share stood at 1,520.27 yen, a decrease of 1.50 yen.

2) Cash flow

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis as of September 30, 2021 stood at 30,841 million yen, an increase of 1,641 million yen compared with the previous fiscal year-end.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 9,063 million yen (1,751 million yen more than in the corresponding period of the previous fiscal year). The main item increasing cash was 8,966 million yen in income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities came to 416 million yen (1,199 million yen less than in the corresponding period of the previous fiscal year). The principal cash outflow was 376 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 7,181 million yen (219 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 7,002 million yen in dividends.

(Reference)

	Year ended Sept. 30, 2017	Year ended Sept. 30, 2018	Year ended Sept. 30, 2019	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Equity ratio (%)	63.2	62.6	63.3	64.9	64.5
Equity ratio market capitalization (%)	234.9	255.3	231.2	209.9	226.3
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 2021 (ended September 30, 2021), based on the aforementioned policy, we plan to pay a year-end dividend of 210 yen per share, which is a 5 yen increase from our most recent dividend forecast.

For the current fiscal year, ending September 30, 2022, we plan to pay a dividend of 210 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, 2020	As of September 30, 2021
ASSETS		
Current assets		
Cash and cash equivalents	29,456	31,101
Notes and accounts receivable	9,229	9,307
Merchandise and finished goods	6,603	5,951
Work in progress	90	116
Raw materials and purchased supplies	1,384	1,263
Other receivables	3,032	2,836
Other	638	571
Allowance for doubtful accounts	(19)	(20)
Total current assets	50,416	51,128
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,628	5,322
Equipment and vehicles, net	1,631	1,418
Land	13,920	13,964
Lease assets, net	1,130	1,027
Construction in progress	490	122
Other, net	221	186
Total property, plant and equipment	※1 23,023	※1 22,041
Intangible assets		
Goodwill	271	240
Software	83	70
Other	75	120
Total intangible assets	430	431
Investments and other assets		
Investment securities	2,064	2,779
Deferred tax assets	2,570	2,705
Other	1,569	1,382
Allowance for doubtful accounts	(22)	(20)
Total investments and other assets	6,181	6,847
Total non-current assets	29,636	29,320
Total assets	80,052	80,448

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	2,148	2,592
Lease obligations	112	112
Other accounts payable	2,402	2,401
Income tax payable	1,109	1,649
Reserve for bonuses	101	102
Reserve for product returns	472	589
Other	1,233	1,192
Total current liabilities	7,580	8,639
Long-term liabilities		
Lease obligations	1,112	1,000
Guarantee deposits received	12,894	12,415
Deferred tax liabilities	596	492
Net defined benefit liability	5,250	5,531
Other	375	136
Total long-term liabilities	20,229	19,575
Total liabilities	27,809	28,215
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	43,662	43,040
Treasury stock	(0)	(1)
Total shareholders' equity	50,980	50,357
Accumulated other comprehensive income		
Net unrealized gain on other securities	1,236	1,730
Foreign currency translation adjustments	(203)	(27)
Remeasurements of defined benefit plans, net of tax	(35)	(134)
Total accumulated other comprehensive income	997	1,568
Non-controlling interests	265	306
Total net assets	52,243	52,233
Total liabilities and net assets	80,052	80,448

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

(Millions of yen)

	Year ended September 30, 2020	Year ended September 30, 2021
Net sales	51,841	51,272
Cost of sales	18,760	18,241
Gross profit	33,081	33,031
Selling, general and administrative expenses		
Cost of sales	4,000	3,707
Advertising expenses	1,202	1,171
Salaries and bonuses	6,265	6,171
Accrued allowance for bonuses	95	92
Retirement benefits for employees	569	551
Depreciation	1,129	989
Research and development expenses	1,065	1,041
Other	10,692	10,747
Total	25,020	24,473
Operating income	8,060	8,557
Non-operating income		
Interest income	7	8
Dividend income	15	17
Exchange differences	2	39
Surrender value of insurance policies	—	183
Dividend income of insurance	52	56
Other	104	151
Total	183	455
Non-operating expenses		
Litigation settlement	—	40
Other	1	1
Total	1	41
Ordinary income	8,242	8,972
Extraordinary income		
Gain on sale of fixed assets	—	6
Total	—	6
Extraordinary losses		
Loss on disposal of fixed assets	5	12
Loss on valuation of membership	3	—
Total	9	12
Income before income taxes	8,233	8,966
Income taxes – basic	2,650	2,915
Income taxes – deferred	(98)	(409)
Total	2,551	2,506
Net income	5,681	6,459
Net income attributable to non-controlling interests	63	76
Net income attributable to owners of the parent	5,618	6,383

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended September 30, 2020	Year ended September 30, 2021
Net income	5,681	6,459
Other comprehensive income		
Net unrealized gain on other securities	374	493
Foreign currency translation adjustments	20	207
Remeasurements of defined benefit plans, net of tax	74	(99)
Total	469	602
Comprehensive income	6,151	7,061
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,081	6,954
Comprehensive income attributable to non-controlling interests	69	107

(3) Consolidated changes to equity
Year ended (September 30, 2020)

(Millions of yen)

	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

Year ended (September 30, 2021)

	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

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended September 30, 2020	Year ended September 30, 2021
Cash flows from operating activities		
Income before income taxes	8,233	8,966
Depreciation	1,668	1,463
Amortization of goodwill	31	31
Increase (decrease) in allowance for doubtful accounts	(27)	(1)
Increase (decrease) in reserve for bonuses	0	1
Increase (decrease) in reserve for product returns	112	116
Increase (decrease) in net defined benefit asset and liability	(64)	280
Interest and dividends received	(23)	(25)
Loss (gain) on currency translation	0	(7)
Loss (gain) on sales of property, plant and equipment	5	6
Loss on valuation of membership	3	—
Decrease (increase) in trade receivables	1,619	(47)
Decrease (increase) in inventories	569	801
Increase (decrease) in trade payables	(562)	413
Surrender value of insurance policies	—	(183)
Increase (decrease) in guarantee deposits	(477)	(478)
Other	(290)	(384)
Subtotal	10,799	10,950
Interest and dividends received	20	23
Income tax refunded (paid)	(3,507)	(2,299)
Surrender value of insurance policies received	—	390
Net cash provided by (used in) operating activities	7,312	9,063
Cash flows from investing activities		
Expenditure for deposit to time deposits	(256)	(258)
Proceeds from withdrawal of time deposits	291	258
Purchase of investment securities	(1)	(1)
Purchase of property, plant and equipment	(1,635)	(376)
Proceeds from sale of property, plant and equipment	—	20
Purchase of intangible assets	(12)	(57)
Net cash provided by (used in) investing activities	(1,615)	(416)
Cash flows from financing activities		
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(6,827)	(7,002)
Cash dividends paid to non-controlling interests	(22)	(66)
Other	(111)	(111)
Net cash provided by (used in) financing activities	(6,962)	(7,181)
Effects of exchange rate changes on cash and cash equivalents	16	159
Net change in cash and cash equivalents	(1,249)	1,625
Cash and cash equivalents, beginning of year	30,448	29,199
Increase (decrease) in cash and cash equivalents resulting from changes in the accounting period of consolidated subsidiaries	—	16
Cash and cash equivalents, end of year	29,199	30,841

(5) Notes to the quarterly consolidated financial statements

(Note on assumptions for going concern)

Not applicable

(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, 2020	As of September 30, 2021
Accumulated depreciation of property, plant and equipment	28,510	29,515

(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 4, 2020).

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 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 or loss refers to operating income as reported in the consolidated statements of income, after adjustment.

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 804 million 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.

(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, 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.

Reporting 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.

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

Not applicable

(Per-share information)

(Yen)

	Year ended September 30, 2020	Year ended September 30, 2021
Net assets per share	1,521.77	1,520.27
Net income per share	164.48	186.88

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, 2020	As of September 30, 2021
Total net assets (millions of yen)	52,243	52,233
Amount deducted from total net assets (millions of yen)	265	306
(Of which, non-controlling interests)	(265)	(306)
Net assets at the end of the period attributable to common stock (millions of yen)	51,978	51,926
Number of common shares at the fiscal year-end used for calculation of net assets per share (shares)	34,156,519	34,156,388

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

Item	Year ended September 30, 2020	Year ended September 30, 2021
Net income attributable to owners of the parent (millions of yen)	5,618	6,383
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Net income attributable to owners of the parent (millions of yen)	5,618	6,383
Average number of common shares for the period (shares)	34,156,562	34,156,472

(Important subsequent events)

Not applicable