

November 7, 2023

Noevir Holdings Announces 2023 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, 2023

Date of commencement of dividend payments: December 11, 2023

Submission of securities report: December 8, 2023

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, 2023 (October 1, 2022 – September 30, 2023)

(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, 2023	62,552	2.3%	11,024	9.0%	11,295	8.5%	7,673	1.1%
Year ended September 30, 2022	61,143	—	10,115	—	10,406	—	7,589	—

Note: Comprehensive income:

Year ended September 30, 2023: 8,224 million yen [4.1%]

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

	EPS (Yen)	Diluted EPS (Yen)	ROE (%)	Ordinary income/Total assets (%)	Operating income/Total sales (%)
Year ended September 30, 2023	224.66	—	14.6	14.7	17.6
Year ended September 30, 2022	222.20	—	14.6	13.2	16.5

[Reference]

Equity in gain/losses of affiliated companies

Year ended September 30, 2023: — million yen

Year ended September 30, 2022: — 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, 2023	77,246	53,205	68.3	1,545.54
Year ended September 30, 2022	76,781	52,384	67.8	1,524.05

[Reference] Equity:

Year ended September 30, 2023: 52,790 million yen

Year ended September 30, 2022: 52,055 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, 2023	7,624	(3,544)	(7,493)	26,166
Year ended September 30, 2022	5,845	(255)	(7,380)	29,530

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, 2022	—	0.00	—	215.00	215.00	7,343	96.8	14.1
Year ended September 30, 2023	—	0.00	—	220.00	220.00	7,514	97.9	14.3
Year ending September 30, 2024 (forecast)	—	0.00	—	220.00	220.00		96.3	

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2024

(October 1, 2023 – September 30, 2024)

(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)
Full year	63,000	0.7%	11,200	1.6%	11,400	0.9%	7,800	1.6%	228.36

* 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, 2023: 34,156,623

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

2) Treasury shares outstanding

As of September 30, 2023: 270

As of September 30, 2022: 270

3) Average shares outstanding for the period

Year ended September 30, 2023: 34,156,353

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

Note: Please refer to “Per-share information” on page 21 of the Attached Material 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, 2022		Year ended September 30, 2023		Change (Millions of yen)	Change (%)
	Net Sales (Millions of yen)	% of Total	Net Sales (Millions of yen)	% of Total		
Net sales	61,143	100.0	62,552	100.0	1,408	2.3
Cosmetics	47,032	76.9	48,175	77.0	1,143	2.4
Pharmaceuticals & Health Food	11,408	18.7	11,985	19.2	577	5.1
Other	2,703	4.4	2,391	3.8	(311)	(11.5)

	Year ended September 30, 2022		Year ended September 30, 2023		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of Net sales	Amount (Millions of yen)	% of Net sales		
Operating income	10,115	16.5	11,024	17.6	908	9.0
Ordinary income	10,406	17.0	11,295	18.1	889	8.5
Net income attributable to owners of the parent	7,589	12.4	7,673	12.3	83	1.1

During fiscal 2023 (October 1, 2022 to September 30, 2023), economic trends remained uncertain, although some signs of gradual recovery were observed.

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, 2023 came to 62,552 million yen (up 2.3% year on year), operating income was 11,024 million yen (up 9.0%), ordinary income was 11,295 million yen (up 8.5%), and net income attributable to owners of the parent was 7,673 million yen (up 1.1%).

<<Segment results>>

(a) Cosmetics

(Millions of yen)

	Year ended September 30, 2022	Year ended September 30, 2023	Change (Millions of yen)	Change (%)
Net sales	47,032	48,175	1,143	2.4
Segment income	10,814	11,867	1,052	9.7

Sales in the Cosmetics segment totaled 48,175 million yen (up 2.4% year on year), and segment income came to 11,867 million yen (up 9.7%).

(b) Pharmaceuticals & Health Food

(Millions of yen)

	Year ended September 30, 2022	Year ended September 30, 2023	Change (Millions of yen)	Change (%)
Net sales	11,408	11,985	577	5.1
Segment income	1,157	1,185	27	2.4

Sales in the Pharmaceuticals & Health Food segment totaled 11,985 million yen (up 5.1% year on year), and segment income came to 1,185 million yen (up 2.4%).

(c) Other

	(Millions of yen)			
	Year ended September 30, 2022	Year ended September 30, 2023	Change (Millions of yen)	Change (%)
Net sales	2,703	2,391	(311)	(11.5)
Segment income	381	260	(120)	(31.6)

Sales in the Other segment came to 2,391 million yen (down 11.5% year on year), while segment income came to 260 million yen (down 31.6%).

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, 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, 2024

Although a gradual economic recovery is anticipated, the outlook is expected to remain uncertain due to factors such as the risk of downward pressure on consumer spending caused by rising prices.

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, 2024 is for net sales of 63,000 million yen, operating income of 11,200 million yen, ordinary income of 11,400 million yen, and net income attributable to owners of the parent of 7,800 million yen.

(2) Analysis of financial position

1) Assets, liabilities and net assets

Total assets on a consolidated basis as of September 30, 2023 stood at 77,246 million yen, an increase of 464 million yen from the previous fiscal year-end. This was mainly due to an increase in notes and accounts receivable of 1,524 million yen and a decrease in cash and cash equivalents of 864 million yen.

Total liabilities came to 24,040 million yen, a decrease of 356 million yen from the previous fiscal year-end. This mainly reflected a decrease in long-term guarantee deposits of 418 million yen.

Net assets came to 53,205 million yen, an increase of 820 million yen from the previous fiscal year-end. This was primarily attributable to an increase in retained earnings of 329 million yen and an increase in net unrealized gain on other securities of 329 million yen, due to net income attributable to owners of the parent of 7,673 million yen, which was partly offset by the payment of 7,343 million yen in dividends at the previous fiscal year-end.

As a result, the equity ratio stood at 68.3%, up 0.5 percentage points from the previous fiscal year-end, and net assets per share stood at 1,545.54 yen, an increase of 21.49 yen.

2) Cash flow

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis as of September 30, 2023 stood at 26,166 million yen, a decrease of 3,364 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, 2023 are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 7,624 million yen (1,778 million yen more than in the corresponding period of the previous fiscal year). The main factor increasing cash was income before income taxes of 11,298 million yen, and the main factor decreasing cash was income tax paid of 1,979 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 3,544 million yen (3,289 million yen more than in the corresponding period of the previous fiscal year). The principal cash outflows were 2,717 million yen for expenditure for deposit to time deposits and 736 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 7,493 million yen (112 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 7,341 million yen in dividends.

(Reference)

	Year ended Sept. 30, 2019	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Equity ratio (%)	63.3	64.9	64.5	67.8	68.3
Equity ratio market capitalization (%)	231.2	209.9	226.3	252.7	233.9
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 2023 (ended September 30, 2023), based on the aforementioned policy, we plan to pay a year-end dividend of 220 yen per share, which is a 5 yen increase from our most recent dividend forecast.

For the current fiscal year, ending September 30, 2024, we plan to pay a dividend of 220 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

Although a gradual economic recovery is anticipated, the outlook is expected to remain uncertain due to factors such as the risk of downward pressure on consumer spending caused by rising prices. 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, 2022	As of September 30, 2023
ASSETS		
Current assets		
Cash and cash equivalents	29,747	28,883
Notes and accounts receivable	8,970	10,495
Merchandise and finished goods	6,242	6,352
Work in progress	140	141
Raw materials and purchased supplies	1,467	1,653
Other receivables	3,391	3,057
Other	617	597
Allowance for doubtful accounts	(7)	(6)
Total current assets	50,569	51,175
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,106	4,887
Equipment and vehicles, net	784	650
Land	13,554	13,554
Lease assets, net	928	846
Construction in progress	123	71
Other, net	195	183
Total property, plant and equipment	*1 20,692	*1 20,193
Intangible assets		
Goodwill	209	178
Software	119	89
Other	90	431
Total intangible assets	418	699
Investments and other assets		
Investment securities	2,132	2,611
Deferred tax assets	1,729	1,455
Other	1,257	1,132
Allowance for doubtful accounts	(19)	(20)
Total investments and other assets	5,100	5,178
Total non-current assets	26,212	26,071
Total assets	76,781	77,246

(Millions of yen)

	As of September 30, 2022	As of September 30, 2023
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	2,935	2,903
Lease obligations	93	87
Other accounts payable	3,197	3,012
Income tax payable	1,085	2,146
Reserve for bonuses	101	97
Other	2,239	2,258
Total current liabilities	9,653	10,506
Long-term liabilities		
Lease obligations	912	827
Guarantee deposits received	12,001	11,583
Deferred tax liabilities	311	461
Net defined benefit liability	514	534
Other	1,003	127
Total long-term liabilities	14,743	13,534
Total liabilities	24,397	24,040
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	42,982	43,312
Treasury stock	(1)	(1)
Total shareholders' equity	50,300	50,629
Accumulated other comprehensive income		
Net unrealized gain on other securities	1,278	1,607
Foreign currency translation adjustments	486	558
Remeasurements of defined benefit plans, net of tax	(8)	(5)
Total accumulated other comprehensive income	1,755	2,160
Non-controlling interests	328	415
Total net assets	52,384	53,205
Total liabilities and net assets	76,781	77,246

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

(Millions of yen)

	Year ended September 30, 2022	Year ended September 30, 2023
Net sales	61,143	62,552
Cost of sales	19,050	19,988
Gross profit	42,093	42,564
Selling, general and administrative expenses		
Sales commission	8,180	7,966
Cost of sales	2,878	2,725
Salaries and bonuses	6,244	6,319
Accrued allowance for bonuses	92	90
Retirement benefits for employees	412	347
Other	14,169	14,090
Total	31,977	31,540
Operating income	10,115	11,024
Non-operating income		
Interest income	10	30
Dividend income	18	24
Exchange differences	103	1
Surrender value of insurance policies	—	46
Dividend income of insurance	22	52
Compensation for damages received	44	9
Other	92	106
Total	291	271
Non-operating expenses		
Other	0	0
Total	0	0
Ordinary income	10,406	11,295
Extraordinary income		
Gain on sale of fixed assets	121	7
Gain on revision of retirement benefit plan	961	—
Total	1,083	7
Extraordinary losses		
Loss on disposal of fixed assets	18	4
Impairment loss	310	—
Total	329	4
Income before income taxes	11,161	11,298
Income taxes – basic	2,359	3,207
Income taxes – deferred	1,147	276
Total	3,506	3,484
Net income	7,654	7,814
Net income attributable to non-controlling interests	64	140
Net income attributable to owners of the parent	7,589	7,673

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended September 30, 2022	Year ended September 30, 2023
Net income	7,654	7,814
Other comprehensive income		
Net unrealized gain on other securities	(452)	329
Foreign currency translation adjustments	572	77
Remeasurements of defined benefit plans, net of tax	125	2
Total	245	409
Comprehensive income	7,900	8,224
(Breakdown)		
Comprehensive income attributable to owners of the parent	7,776	8,077
Comprehensive income attributable to non-controlling interests	123	146

(3) Consolidated changes to equity
Year ended (September 30, 2022)

(Millions of yen)

	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 effects of 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 effects of 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

Year ended (September 30, 2023)

(Millions of yen)

	Shareholders' equity			
	Common stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,319	42,982	(1)	50,300
Changes during the reporting period				
Distribution of dividends from retained earnings		(7,343)		(7,343)
Net income attributable to owners of the parent		7,673		7,673
Changes during the reporting period, excluding shareholders' equity				
Total changes during the period	—	329	—	329
Balance at end of the year	7,319	43,312	(1)	50,629

	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	1,278	486	(8)	1,755	328	52,384
Changes during the reporting period						
Distribution of dividends from retained earnings						(7,343)
Net income attributable to owners of the parent						7,673
Changes during the reporting period, excluding shareholders' equity	329	72	2	404	86	490
Total changes during the period	329	72	2	404	86	820
Balance at end of the year	1,607	558	(5)	2,160	415	53,205

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended September 30, 2022	Year ended September 30, 2023
Cash flows from operating activities		
Income before income taxes	11,161	11,298
Depreciation	1,420	1,189
Impairment loss	310	—
Amortization of goodwill	31	31
Increase (decrease) in allowance for doubtful accounts	(15)	(0)
Increase (decrease) in reserve for bonuses	(0)	(4)
Increase (decrease) in net defined benefit asset and liability	(4,056)	20
Increase (decrease) in accounts payable due to transition to a retirement benefit plan	1,832	(1,004)
Interest and dividends received	(28)	(55)
Loss (gain) on currency translation	(43)	(3)
Loss (gain) on sales of property, plant and equipment	(103)	(2)
Gain on revision of retirement benefit plan	(961)	—
Decrease (increase) in trade receivables	(343)	(1,518)
Decrease (increase) in inventories	(284)	(261)
Increase (decrease) in trade payables	282	(39)
Surrender value of insurance policies	—	(46)
Increase (decrease) in guarantee deposits	(414)	(418)
Other	403	301
Subtotal	9,189	9,484
Interest and dividends received	25	51
Income tax refunded (paid)	(3,370)	(1,979)
Surrender value of insurance policies received	—	67
Net cash provided by (used in) operating activities	5,845	7,624
Cash flows from investing activities		
Expenditure for deposit to time deposits	(264)	(2,717)
Proceeds from withdrawal of time deposits	311	217
Purchase of investment securities	(1)	(1)
Purchase of property, plant and equipment	(546)	(736)
Proceeds from sale of property, plant and equipment	312	10
Purchase of intangible assets	(67)	(316)
Net cash provided by (used in) investing activities	(255)	(3,544)
Cash flows from financing activities		
Purchase of treasury stock	(0)	—
Cash dividends paid	(7,166)	(7,341)
Cash dividends paid to non-controlling interests	(101)	(59)
Other	(112)	(92)
Net cash provided by (used in) financing activities	(7,380)	(7,493)
Effects of exchange rate changes on cash and cash equivalents	479	49
Net change in cash and cash equivalents	(1,310)	(3,364)
Cash and cash equivalents, beginning of year	30,841	29,530
Cash and cash equivalents, end of year	29,530	26,166

(5) Notes to the quarterly consolidated financial statements

(Note on assumptions for going concern)

Not applicable

(Changes in accounting principles)

(Application of FASB Accounting Standards Codification (ASC) Topic 842, “Leases”)

The Company’s overseas consolidated subsidiaries that apply U.S. GAAP have applied ASC Topic 842, “Leases,” from the beginning of the fiscal year ended September 30, 2023, and have decided, in principle, to record all lease transactions by lessees at its overseas consolidated subsidiaries as assets and liabilities on the balance sheet.

In applying the accounting standard, the Company follows the transitional treatment, and has adopted a method that recognizes the cumulative effects caused by the change in accounting policy beginning on the initial date of application.

As a result, on a consolidated basis as of September 30, 2023, other in intangible assets increased by 25 million yen, other in current liabilities increased by 18 million yen, and other in long-term liabilities increased by 7 million yen respectively. Furthermore, there will be no impact on operating results for the fiscal year ended September 30, 2023.

(Consolidated balance sheet)

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

	(Millions of yen)	
	As of September 30, 2022	As of September 30, 2023
Accumulated depreciation of property, plant and equipment	30,416	31,287

(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 8, 2022).

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 and revenue breakdown information

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

Consolidated results for fiscal 2023 (October 1, 2022 to September 30, 2023)

(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	48,175	11,985	2,308	62,469	—	62,469
Other revenue	—	—	83	83	—	83
Sales, external	48,175	11,985	2,391	62,552	—	62,552
Intersegment sales	—	—	276	276	(276)	—
Total	48,175	11,985	2,668	62,829	(276)	62,552
Segment income	11,867	1,185	260	13,313	(2,289)	11,024
Segment assets	50,047	16,879	2,582	69,509	(7,736)	77,246
Other items						
Depreciation	731	401	87	1,220	(30)	1,189
Amortization of goodwill	—	—	31	31	—	31
Increases of property, plant and equipment and intangible assets	503	268	202	974	—	974

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 546 million yen and unallocated corporate expenses totaling (2,835) million yen have been included in the segment income adjustment totaling (2,289) 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, 2021 to September 30, 2022)

(Millions of yen)

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

Reporting fiscal year (October 1, 2022 to September 30, 2023)

Not applicable

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

Previous 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.

Reporting fiscal year (October 1, 2022 to September 30, 2023)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Balance at the end of the year	—	—	178	—	178

(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, 2022	Year ended September 30, 2023
Net assets per share	1,524.05	1,545.54
Net income per share	222.20	224.66

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, 2022	As of September 30, 2023
Total net assets (millions of yen)	52,384	53,205
Amount deducted from total net assets (millions of yen)	328	415
(Of which, non-controlling interests) (millions of yen)	(328)	(415)
Net assets at the end of the period attributable to common stock (millions of yen)	52,055	52,790
Number of common shares at the fiscal year-end used for calculation of net assets per share (shares)	34,156,353	34,156,353

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

Item	Year ended September 30, 2022	Year ended September 30, 2023
Net income attributable to owners of the parent (millions of yen)	7,589	7,673
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Net income attributable to owners of the parent (millions of yen)	7,589	7,673
Average number of common shares for the period (shares)	34,156,378	34,156,353

(Important subsequent events)

Not applicable