

November 7, 2018

Noevir Holdings Announces 2018 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 7, 2018

Date of commencement of dividend payments: December 10, 2018

Submission of securities report: December 7, 2018

Supplemental materials for the financial results prepared: Yes

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

1. Operating results for the fiscal year ended September 30, 2018 (October 1, 2017 – September 30, 2018)

* Amounts under one million yen have been rounded down.

(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, 2018	57,828	6.2%	11,343	13.6%	11,577	12.5%	7,842	10.8%
Year ended September 30, 2017	54,473	6.4%	9,986	29.6%	10,291	31.4%	7,077	40.2%

Note: Comprehensive income:

Year ended September 30, 2018: 8,024 million yen 3.8%

Year ended September 30, 2017: 7,729 million yen 59.2 %

	EPS (Yen)	Diluted EPS (Yen)	ROE (%)	Ordinary income/Total assets (%)	Operating income/Total sales (%)
Year ended September 30, 2018	228.56	—	14.1	13.1	19.6
Year ended September 30, 2017	199.64	—	12.3	11.2	18.3

[Reference]

Equity in gains/losses of affiliated companies

Year ended September 30, 2018: — million yen

Year ended September 30, 2017: — million yen

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 30, 2018	82,817	51,998	62.6	1,517.61
Year ended September 30, 2017	93,567	59,365	63.2	1,669.18

[Reference] Equity:

Year ended September 30, 2018: 51,836 million yen

Year ended September 30, 2017: 59,175 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, 2018	4,965	(1,119)	(15,503)	28,701
Year ended September 30, 2017	8,136	(1,426)	(4,389)	40,350

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, 2017	—	0.00	—	150.00	150.00	5,317	75.1	9.3
Year ended September 30, 2018	—	0.00	—	180.00	180.00	6,148	78.8	11.3
Year ending September 30, 2019 (forecast)	—	0.00	—	180.00	180.00		76.9	

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2019 (October 1, 2018 – September 30, 2019)

(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	29,700	4.5%	5,900	0.8%	6,000	1.4%	2,500	8.2%	73.19
Full year	59,500	2.9%	11,700	3.1%	11,900	2.8%	8,000	2.0%	234.22

* Other

(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, 2018: 34,156,623

As of September 30, 2017: 35,451,653

2) Treasury shares outstanding

As of September 30, 2018: 56

As of September 30, 2017: 30

3) Average shares outstanding over quarter

Year ended September 30, 2018: 34,312,699

Year ended September 30, 2017: 35,451,623

* 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, 2017		Year ended September 30, 2018		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Total sales	54,473	100.0	57,828	100.0	3,354	6.2
Cosmetics	39,197	72.0	42,616	73.7	3,419	8.7
Pharmaceuticals & Health Food	13,488	24.8	13,199	22.8	(289)	(2.1)
Other	1,788	3.2	2,013	3.5	224	12.6

	Year ended September 30, 2017		Year ended September 30, 2018		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	9,986	18.3	11,343	19.6	1,357	13.6
Ordinary income	10,291	18.9	11,577	20.0	1,286	12.5
Net income attributable to owners of the parent	7,077	13.0	7,842	13.6	764	10.8

During fiscal 2018 (October 1, 2017 to September 30, 2018), the Japanese economy continued to register a modest but steady recovery, mainly due to further improvements in corporate earnings and the employment situation. However, economic trends remained uncertain due to fluctuations in foreign exchange rates and increasing volatility in economies overseas, among other factors.

In this environment, the Company worked 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, 2018 came to 57,828 million yen (up 6.2% year on year), operating income was 11,343 million yen (up 13.6%), ordinary income amounted to 11,577 million yen (up 12.5%), and net income attributable to owners of the parent came to 7,842 million yen (up 10.8%). Operating income, ordinary income, and net income attributable to owners of the parent all achieved record highs.

Segment results

(a) Cosmetics

	(Millions of yen)			
	Year ended September 30, 2017	Year ended September 30, 2018	Change (Millions of yen)	Change (%)
Total sales	39,197	42,616	3,419	8.7
Segment income	11,002	12,155	1,152	10.5

Sales in the Cosmetics segment totaled 42,616 million yen (up 8.7% year on year), and segment income came to 12,155 million yen (up 10.5 %).

Face-to-face channel cosmetics saw solid sales for a new serums and prestige skincare lines.

Self-selection cosmetics continued to deliver strong sales for new products and existing lines in skincare, make up, and color cosmetics.

(b) Pharmaceuticals & Health Food

	(Millions of yen)			
	Year ended September 30, 2017	Year ended September 30, 2018	Change (Millions of yen)	Change (%)
Total sales	13,488	13,199	(289)	(2.1)
Segment income	745	1,309	564	75.6

Sales in the Pharmaceutical & Health Food segment totaled 13,199 million yen (down 2.1% year on year), and segment income came to 1,309 million yen (up 75.6%).

Profits increased mainly because of efficient management of selling, general and administrative (SG&A) expenses.

(c) Other

	(Millions of yen)			
	Year ended September 30, 2017	Year ended September 30, 2018	Change (Millions of yen)	Change (%)
Total sales	1,788	2,013	224	12.6
Segment income	128	135	6	5.2

Sales in the Other segment came to 2,013 million yen (up 12.6% year on year), while segment income came to 135 million yen (up 5.2%).

Sales in the apparel-related business and the aviation-related business performed strongly.

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, 2018, 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, 2019

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.”

Based on the above, the Company’s consolidated forecast for the fiscal year ending September 30, 2019 is for net sales of 59,500 million yen, operating income of 11,700 million yen, ordinary income of 11,900 million yen, and net income attributable to owners of the parent of 8,000 million yen.

(2) Analysis of financial position

1) Assets, liabilities and equity

Total assets at fiscal 2018 year-end stood at 82,817 million yen, a decrease of 10,750 million yen over the previous fiscal year-end. This was mainly due to a decrease in cash and cash equivalents of 11,649 million yen.

Total liabilities came to 30,818 million yen, a decrease of 3,383 million yen over the previous fiscal year-end. This was mainly due to a decrease in notes and accounts payable of 2,860 million yen.

Net assets came to 51,998 million yen, a decrease of 7,366 million yen from the previous fiscal year-end. This was primarily attributable to a decrease in retained earnings of 7,446 million yen due to cancellation of treasury stock of 9,971 million yen, a decrease due to payment of 5,317 million yen in dividends for the previous fiscal year-end, and recording of net income attributable to owners of the parent of 7,842 million yen.

As a result, the equity ratio stood at 62.6%, down 0.7 percentage points from the previous fiscal year end, and net assets per share stood at 1,517.61 yen, a decrease of 151.57 yen.

2) Cash flow

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis as of September 30, 2018 stood at 28,701 million yen, a decrease of 11,648 million yen compared with the 40,350 million yen at the previous fiscal year-end.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 4,965 million yen (3,170 million yen less than in the previous fiscal year). The main item increasing cash was the posting of 11,604 million yen in income before income taxes. The main items decreasing cash were income tax paid of 4,024 million yen and decrease in trade payables of 2,857 million yen..

(Cash flows from investing activities)

Net cash used in investing activities came to 1,119 million yen (307 million yen less than in the corresponding period of the previous fiscal year). The principal cash outflow was 1,261 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 15,503 million yen (11,114 million yen more than in the previous fiscal year). This was mainly due to purchase of treasury stock of 9,971 million yen and the payment of 5,315 million yen in dividends.

	Year ended Sept. 30, 2014	Year ended Sept. 30, 2015	Year ended Sept. 30, 2016	Year ended Sept. 30, 2017	Year ended Sept. 30, 2018
Equity ratio (%)	63.5	62.4	62.2	63.2	62.6
Equity ratio (market capitalization, %)	88.1	104.9	121.7	234.9	255.3
Cash flows/ interest-bearing debt ratio (%)	—	5.5	—	—	—
Interest coverage ratio (times)	—	7,802.6	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 returning profits to shareholders while ensuring the necessary reserves for business expansion in the medium and long term and a stronger management structure. For fiscal 2018 (ended September 30, 2018), based on the aforementioned policy, we plan to pay a year-end dividend of 180 yen per share, which is a 30 yen increase from our most recent dividend forecast.

For the current fiscal year, ending September 30, 2019, we plan to pay a dividend of 180 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 Japan
2. Enhance our brand value and develop new markets in countries worldwide
3. Diversify and globalize human resources and our corporate structure
4. Strengthen our manufacturing competitiveness
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

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, 2017	As of September 30, 2018
ASSETS		
Current assets		
Cash and cash equivalents	40,424	28,775
Notes and accounts receivable	11,922	11,764
Merchandise and finished goods	5,859	6,618
Work in progress	107	104
Raw materials and purchased supplies	1,240	1,448
Deferred tax assets	782	745
Other receivables	3,250	4,087
Other	633	546
Allowance for doubtful accounts	(20)	(23)
Total current assets	64,200	54,067
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,477	4,259
Equipment and vehicles, net	3,505	2,717
Land	13,716	13,716
Lease assets, net	1,439	1,331
Construction in progress	54	601
Other, net	192	222
Total property, plant and equipment	23,384	22,849
Intangible assets		
Goodwill	48	2
Software	153	131
Other	85	91
Total intangible assets	288	225
Investments and other assets		
Investment securities	2,438	2,490
Net defined benefit asset	161	192
Deferred tax assets	1,861	1,739
Other	1,270	1,277
Allowance for doubtful accounts	(38)	(25)
Total investments and other assets	5,693	5,674
Total non-current assets	29,366	28,749
Total assets	93,567	82,817

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018
LIABILITIES		
Current liabilities		
Notes and accounts payable	5,860	3,000
Lease obligations	116	115
Other accounts payable	3,077	3,119
Income tax payable	1,993	2,155
Reserve for bonuses	83	81
Reserve for product returns	388	391
Other	1,166	938
Total current liabilities	12,687	9,802
Long-term liabilities		
Lease obligations	1,438	1,325
Guarantee deposits received	14,323	13,875
Deferred tax liabilities	422	440
Net defined benefit liability	5,196	5,240
Other	134	135
Total long-term liabilities	21,515	21,016
Total liabilities	34,202	30,818
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	51,243	43,796
Treasury stock	(0)	(0)
Total shareholders' equity	58,562	51,115
Accumulated other comprehensive income		
Net unrealized gain on other securities	819	913
Foreign currency translation adjustments	(107)	(97)
Remeasurements of defined benefit plans, net of tax	(99)	(95)
Total accumulated other comprehensive income	612	720
Non-controlling interests	189	162
Total net assets	59,365	51,998
Total liabilities and net assets	93,567	82,817

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

(Millions of yen)

	Year ended September 30, 2017	Year ended September 30, 2018
Net sales	54,473	57,828
Cost of sales	18,712	20,588
Gross profit	35,761	37,240
Selling, general and administrative expenses		
Cost of sales	4,822	4,804
Advertising expenses	1,609	1,389
Salaries and bonuses	6,450	6,394
Accrued allowance for bonuses	88	88
Retirement benefits for employees	597	529
Depreciation	1,175	1,214
Research and development expenses	1,132	1,046
Other	9,899	10,428
Total	25,775	25,896
Operating income	9,986	11,343
Non-operating income		
Interest income	6	6
Dividend income	13	15
Exchange differences	23	—
Dividend income of insurance	70	103
Other	192	134
Total	306	259
Non-operating expenses		
Exchange differences	—	22
Other	1	2
Total	1	25
Ordinary income	10,291	11,577
Extraordinary income		
Gain on sale of fixed assets	177	15
Gain on sales of investment securities	—	58
Gain on revision of retirement benefit plan	37	—
Total	215	73
Extraordinary losses		
Loss on disposal of fixed assets	16	46
Impairment loss	199	—
Total	216	46
Income before income taxes	10,289	11,604
Income taxes – basic	3,134	3,553
Income taxes – deferred	11	132
Total	3,145	3,685
Net income	7,144	7,919
Net income attributable to non-controlling interests	66	76
Net income attributable to owners of the parent	7,077	7,842

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended September 30, 2017	Year ended September 30, 2018
Net income	7,144	7,919
Other comprehensive income		
Net unrealized gain on other securities	366	94
Foreign currency translation adjustments	202	6
Remeasurements of defined benefit plans, net of tax	16	4
Total	585	104
Comprehensive income	7,729	8,024
(Breakdown)		
Comprehensive income attributable to owners of the parent	7,646	7,950
Comprehensive income attributable to non-controlling interests	83	73

(3) Consolidated changes to equity
Year ended (September 30, 2017)

(Millions of yen)

	Shareholders' equity			
	Common stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,319	48,420	(0)	55,739
Changes during the reporting period				
Distribution of dividends from retained earnings		(4,254)		(4,254)
Net income attributable to owners of the parent		7,077		7,077
Changes during the reporting period, excluding shareholders' equity				
Total changes during the period	—	2,823	—	2,823
Balance at end of the year	7,319	51,243	(0)	58,562

	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	453	(292)	(116)	44	125	55,908
Changes during the reporting period						
Distribution of dividends from retained earnings						(4,254)
Net income attributable to owners of the parent						7,077
Changes during the reporting period, excluding shareholders' equity	366	185	16	568	64	633
Total changes during the period	366	185	16	568	64	3,456
Balance at end of the year	819	(107)	(99)	612	189	59,365

Year ended (September 30, 2018)

(Millions of yen)

	Shareholders' equity			
	Common stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,319	51,243	(0)	58,562
Changes during the reporting period				
Distribution of dividends from retained earnings		(5,317)		(5,317)
Net income attributable to owners of the parent		7,842		7,842
Purchase of own shares			(9,971)	(9,971)
Cancellation of treasury stock		(9,971)	9,971	—
Changes during the reporting period, excluding shareholders' equity				
Total changes during the period	—	(7,446)	(0)	(7,447)
Balance at end of the year	7,319	43,796	(0)	51,115

	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	819	(107)	(99)	612	189	59,365
Changes during the reporting period						
Distribution of dividends from retained earnings						(5,317)
Net income attributable to owners of the parent						7,842
Purchase of own shares						(9,971)
Cancellation of treasury stock						—
Changes during the reporting period, excluding shareholders' equity	94	9	4	108	(27)	80
Total changes during the period	94	9	4	108	(27)	(7,366)
Balance at end of the year	913	(97)	(95)	720	162	51,998

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended September 30, 2017	Year ended September 30, 2018
Cash flows from operating activities		
Income before income taxes	10,289	11,604
Depreciation	1,845	1,850
Impairment loss	199	—
Amortization of goodwill	45	45
Increase (decrease) in allowance for doubtful accounts	(9)	(10)
Increase (decrease) in reserve for bonuses	16	(1)
Increase (decrease) in reserve for product returns	13	3
Increase (decrease) in net defined benefit asset and liability	(22)	12
Interest and dividends received	(19)	(22)
Loss (gain) on currency translation	(9)	(1)
Loss (gain) on sales of investment securities	—	(58)
Loss (gain) on sales of property, plant and equipment	(160)	30
Gain on revision of retirement benefit plan	(37)	—
Decrease (increase) in trade receivables	(992)	168
Decrease (increase) in inventories	64	(969)
Increase (decrease) in trade payables	277	(2,857)
Increase (decrease) in guarantee deposits	(505)	(447)
Other	(19)	(377)
Subtotal	10,976	8,969
Interest and dividends received	18	19
Income tax (paid) refunded	(2,858)	(4,024)
Net cash provided by (used in) operating activities	8,136	4,965
Cash flows from investing activities		
Expenditure for deposit to time deposits	(72)	(72)
Proceeds from withdrawal of time deposits	72	72
Purchase of investment securities	(270)	(1)
Proceeds from sales of investment securities	—	145
Purchase of property, plant and equipment	(1,517)	(1,261)
Proceeds from sale of property, plant and equipment	423	43
Purchase of intangible assets	(62)	(44)
Net cash provided by (used in) investing activities	(1,426)	(1,119)
Cash flows from financing activities		
Purchase of treasury stock	—	(9,971)
Cash dividends paid	(4,252)	(5,315)
Cash dividends paid to non-controlling interests	(18)	(100)
Other	(117)	(115)
Net cash provided by (used in) financing activities	(4,389)	(15,503)
Effects of exchange rate changes on cash and cash equivalents	134	8
Net change in cash and cash equivalents	2,454	(11,648)
Cash and cash equivalents, beginning of year	37,895	40,350
Cash and cash equivalents, end of year	40,350	28,701

(Segment information)

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 Pharmaceutical & 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, 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 7, 2017).

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 2017 (October 1, 2016 to September 30, 2017)

(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	39,197	13,488	1,788	54,473	—	54,473
Intersegment sales	—	—	187	187	(187)	—
Total	39,197	13,488	1,975	54,661	(187)	54,473
Segment income	11,002	745	128	11,877	(1,891)	9,986
Segment assets	57,236	22,903	1,453	81,594	11,973	93,567
Other items						
Depreciation	1,138	714	33	1,886	(40)	1,845
Amortization of goodwill	2	43	—	45	—	45
Increases of property, plant and equipment and intangible assets	1,220	274	25	1,520	(22)	1,497

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 591 million yen and unallocated corporate expenses totaling (2,482) million yen have been included in the segment income adjustment totaling (1,891) 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 2018 (October 1, 2017 to September 30, 2018)

(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	42,616	13,199	2,013	57,828	—	57,828
Intersegment sales	—	—	190	190	(190)	—
Total	42,616	13,199	2,203	58,019	(190)	57,828
Segment income	12,155	1,309	135	13,600	(2,257)	11,343
Segment assets	53,181	20,062	1,308	74,552	8,264	82,817
Other items						
Depreciation	1,312	627	38	1,978	(128)	1,850
Amortization of goodwill	2	43	—	45	—	45
Increases of property, plant and equipment and intangible assets	1,133	222	44	1,400	(25)	1,375

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 696 million yen and unallocated corporate expenses totaling (2,954) million yen have been included in the segment income adjustment totaling (2,257) 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
 Previous fiscal year (October 1, 2016 to September 30, 2017)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Impairment loss	189	10	—	—	199

Reporting fiscal year (October 1, 2017 to September 30, 2018)

Not applicable

Amortization and unamortized balance of goodwill for each reportable segment

Previous fiscal year (October 1, 2016 to September 30, 2017)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Balance at the end of the year	2	46	—	—	48

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

Reporting fiscal year (October 1, 2017 to September 30, 2018)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Balance at the end of the year	0	2	—	—	2

(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, 2017	Year ended September 30, 2018
Net assets per share	1,669.18	1,517.61
Net income per share	199.64	228.56

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, 2017	As of September 30, 2018
Total net assets (millions of yen)	59,365	51,998
Amount deducted from total net assets (millions of yen)	189	162
(Of which, non-controlling interests)	(189)	(162)
Net assets at the end of the period attributable to common stock (millions of yen)	59,175	51,836
Number of common shares at the fiscal year-end used for calculation of net assets per share (shares)	35,451,623	34,156,567

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

Item	Year ended September 30, 2017	Year ended September 30, 2018
Net income attributable to owners of the parent (millions of yen)	7,077	7,842
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Net income attributable to owners of the parent (millions of yen)	7,077	7,842
Average number of common shares for the period (shares)	35,451,623	34,312,699

(Important subsequent events)

Not applicable