

November 7, 2019

Noevir Holdings Announces 2019 Consolidated Results (based on Japan GAAP)

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

Annual General Meeting of Shareholders: December 5, 2019

Date of commencement of dividend payments: December 6, 2019

Submission of securities report: December 5, 2019

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, 2019 (October 1, 2018 – September 30, 2019)

* 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, 2019	59,252	2.5%	11,992	5.7%	12,247	5.8%	7,226	(7.9)%
Year ended September 30, 2018	57,828	6.2%	11,343	13.6%	11,577	12.5%	7,842	10.8%

Note: Comprehensive income:

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

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

	EPS (Yen)	Diluted EPS (Yen)	ROE (%)	Ordinary income/Total assets (%)	Operating income/Total sales (%)
Year ended September 30, 2019	211.57	—	13.8	14.7	20.2
Year ended September 30, 2018	228.56	—	14.1	13.1	19.6

[Reference]

Equity in gains/losses of affiliated companies

Year ended September 30, 2019: — million yen

Year ended September 30, 2018: — million yen

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 30, 2019	83,330	52,946	63.3	1,543.72
Year ended September 30, 2018	82,809	51,998	62.6	1,517.61

[Reference] Equity:

Year ended September 30, 2019: 52,728 million yen

Year ended September 30, 2018: 51,836 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, 2019	10,191	(2,067)	(6,287)	30,448
Year ended September 30, 2018	4,965	(1,119)	(15,503)	28,701

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, 2018	—	0.00	—	180.00	180.00	6,148	78.8	11.3
Year ended September 30, 2019	—	0.00	—	200.00	200.00	6,831	94.5	13.1
Year ending September 30, 2020 (forecast)	—	0.00	—	200.00	200.00		80.4	

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2020 (October 1, 2019 – September 30, 2020)

(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	0.7%	6,100	0.6%	6,200	0.5%	2,900	2.8%	84.90
Full year	59,800	0.9%	12,300	2.6%	12,500	2.1%	8,500	17.6%	248.85

* 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, 2019: 34,156,623

As of September 30, 2018: 34,156,623

2) Treasury shares outstanding

As of September 30, 2019: 56

As of September 30, 2018: 56

3) Average shares outstanding for the period

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

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

* 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."

Contents of the Attached Material	
1. Operating results and financial information.....	5
(1) Analysis of operating results	5
(2) Analysis of financial position	7
(3) Profit distribution/dividend payment for the reporting term and the current term	8
2. Management strategy	8
(1) Basic management policies and medium- to long-term strategy	8
(2) Numerical targets and achievements	8
(3) Key issues.....	8
3. Basic Approach to Selecting Accounting Principles.....	8
4. Consolidated financial statements	9
(1) Consolidated balance sheets	9
(2) Consolidated statements of income and comprehensive income.....	11
(3) Consolidated changes to equity	13
Year ended (September 30, 2018).....	13
Year ended (September 30, 2019).....	14
(4) Consolidated statements of cash flows	15
(Segment information)	16
(Per-share information)	20
(Important subsequent events)	20

1. Operating results and financial information

(1) Analysis of operating results

1) Operating results for the reporting fiscal period

Background

	Year ended September 30, 2018		Year ended September 30, 2019		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Total sales	57,828	100.0	59,252	100.0	1,424	2.5
Cosmetics	42,616	73.7	45,175	76.2	2,558	6.0
Pharmaceuticals & Health Food	13,199	22.8	12,036	20.3	(1,162)	(8.8)
Other	2,013	3.5	2,041	3.5	28	1.4

	Year ended September 30, 2018		Year ended September 30, 2019		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	11,343	19.6	11,992	20.2	648	5.7
Ordinary income	11,577	20.0	12,247	20.7	670	5.8
Net income attributable to owners of the parent	7,842	13.6	7,226	12.2	(616)	(7.9)

During fiscal 2019 (October 1, 2018 to September 30, 2019), the Japanese economy continued to register a modest but steady recovery, mainly due to further improvements in corporate earnings and the employment situation. However, future economic trends remained uncertain due to such factors as increasing volatility in economies overseas.

Against this backdrop, 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, 2019 came to 59,252 million yen (up 2.5% year on year), operating income was 11,992 million yen (up 5.7%), ordinary income amounted to 12,247 million yen (up 5.8%), and net income attributable to owners of the parent came to 7,226 million yen (down 7.9%). Of these, operating income and ordinary income were record highs.

Segment results

(a) Cosmetics

	(Millions of yen)			
	Year ended September 30, 2018	Year ended September 30, 2019	Change (Millions of yen)	Change (%)
Total sales	42,616	45,175	2,558	6.0
Segment income	12,155	13,183	1,028	8.5

Sales in the Cosmetics segment totaled 45,175 million yen (up 6.0% year on year), and segment income came to 13,183 million yen (up 8.5 %).

Sales of face-to-face channel cosmetics were solid due to strong showings of high-end product lines. In self-selection cosmetics, sales of new and existing product lines were robust.

(b) Pharmaceuticals & Health Food

	(Millions of yen)			
	Year ended September 30, 2018	Year ended September 30, 2019	Change (Millions of yen)	Change (%)
Total sales	13,199	12,036	(1,162)	(8.8)
Segment income	1,309	1,312	2	0.2

Sales in the Pharmaceuticals & Health Food segment totaled 12,036 million yen (down 8.8% year on year), and segment income came to 1,312 million yen (up 0.2%).

In the Pharmaceuticals & Health Food segment, the Group saw a decrease in sales of functional drinks and nutritional supplements from fiscal 2018. However, segment income grew year on year thanks mainly to initiatives to enhance the efficiency of SG&A expenses.

(c) Other

	(Millions of yen)			
	Year ended September 30, 2018	Year ended September 30, 2019	Change (Millions of yen)	Change (%)
Total sales	2,013	2,041	28	1.4
Segment income	135	70	(64)	(47.7)

Sales in the Other segment came to 2,041 million yen (up 1.4% year on year), while segment income came to 70 million yen (down 47.7%).

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, 2019, 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, 2020

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, 2020 is for net sales of 59,800 million yen, operating income of 12,300 million yen, ordinary income of 12,500 million yen, and net income attributable to owners of the parent of 8,500 million yen.

(2) Analysis of financial position

1) Assets, liabilities and net assets

Total assets at fiscal 2019 year-end stood at 83,330 million yen, an increase of 520 million yen from the previous fiscal year-end. This was mainly due to an increase in cash and cash equivalents of 1,964 million yen.

Total liabilities came to 30,383 million yen, a decrease of 427 million yen from the previous fiscal year-end. This was mainly due to a decrease in guarantee deposits received of 503 million yen.

Net assets came to 52,946 million yen, an increase of 947 million yen from the previous fiscal year-end. This was primarily attributable to an increase in retained earnings of 1,078 million yen, reflecting the payment of 6,148 million yen in year-end dividends for the previous fiscal year and the recording of net income attributable to owners of the parent totaling 7,226 million yen.

As a result, the equity ratio stood at 63.3%, up 0.7 of a percentage point from the previous fiscal year-end, and net assets per share stood at 1,543.72 yen, an increase of 26.11 yen.

2) Cash flow

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis as of September 30, 2019 stood at 30,448 million yen, an increase of 1,746 million yen compared with the 28,701 million yen at the previous fiscal year-end.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 10,191 million yen (5,226 million yen more than in the previous fiscal year). The main item increasing cash was the posting of 11,033 million yen in income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities came to 2,067 million yen (948 million yen more than in previous fiscal year). The principal cash outflow was 1,832 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 6,287 million yen (9,215 million yen less than in the previous fiscal year). This was mainly due to the payment of 6,147 million yen in dividends.

(Reference)

	Year ended Sept. 30, 2015	Year ended Sept. 30, 2016	Year ended Sept. 30, 2017	Year ended Sept. 30, 2018	Year ended Sept. 30, 2019
Equity ratio (%)	62.4	62.2	63.2	62.6	63.3
Equity ratio (market capitalization, %)	104.9	121.7	234.9	255.3	231.2
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 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 2019 (ended September 30, 2019), based on the aforementioned policy, we plan to pay a year-end dividend of 200 yen per share, which is a 20 yen increase from our most recent dividend forecast.

For the current fiscal year, ending September 30, 2020, we plan to pay a dividend of 200 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

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
(1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2018	As of September 30, 2019
ASSETS		
Current assets		
Cash and cash equivalents	28,775	30,739
Notes and accounts receivable	11,764	10,827
Merchandise and finished goods	6,618	7,050
Work in progress	104	98
Raw materials and purchased supplies	1,448	1,494
Other receivables	4,087	3,309
Other	546	537
Allowance for doubtful accounts	(23)	(36)
Total current assets	53,321	54,021
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,259	4,946
Equipment and vehicles, net	2,717	2,451
Land	13,716	13,713
Lease assets, net	1,331	1,227
Construction in progress	601	614
Other, net	222	261
Total property, plant and equipment	22,849	23,213
Intangible assets		
Goodwill	2	302
Software	131	114
Other	91	78
Total intangible assets	225	494
Investments and other assets		
Investment securities	2,490	1,522
Net defined benefit asset	192	—
Deferred tax assets	2,477	2,542
Other	1,277	1,567
Allowance for doubtful accounts	(25)	(32)
Total investments and other assets	6,413	5,600
Total non-current assets	29,488	29,309
Total assets	82,809	83,330

(Millions of yen)

	As of September 30, 2018	As of September 30, 2019
LIABILITIES		
Current liabilities		
Notes and accounts payable	3,000	2,704
Lease obligations	115	112
Other accounts payable	3,119	2,968
Income tax payable	2,155	2,150
Reserve for bonuses	81	101
Reserve for product returns	391	360
Other	938	1,237
Total current liabilities	9,802	9,634
Long-term liabilities		
Lease obligations	1,325	1,217
Guarantee deposits received	13,875	13,371
Deferred tax liabilities	432	469
Net defined benefit liability	5,240	5,315
Other	135	375
Total long-term liabilities	21,008	20,749
Total liabilities	30,811	30,383
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	43,796	44,875
Treasury stock	(0)	(0)
Total shareholders' equity	51,115	52,193
Accumulated other comprehensive income		
Net unrealized gain on other securities	913	861
Foreign currency translation adjustments	(97)	(218)
Remeasurements of defined benefit plans, net of tax	(95)	(109)
Total accumulated other comprehensive income	720	534
Non-controlling interests	162	218
Total net assets	51,998	52,946
Total liabilities and net assets	82,809	83,330

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

(Millions of yen)

	Year ended September 30, 2018	Year ended September 30, 2019
Net sales	57,828	59,252
Cost of sales	20,588	21,039
Gross profit	37,240	38,213
Selling, general and administrative expenses		
Cost of sales	4,804	4,648
Advertising expenses	1,389	1,293
Salaries and bonuses	6,394	6,387
Accrued allowance for bonuses	88	83
Retirement benefits for employees	529	521
Depreciation	1,214	1,219
Research and development expenses	1,046	1,097
Other	10,428	10,968
Total	25,896	26,220
Operating income	11,343	11,992
Non-operating income		
Interest income	6	7
Dividend income	15	13
Insurance income	2	60
Dividend income of insurance	103	83
Other	131	112
Total	259	278
Non-operating expenses		
Exchange differences	22	23
Other	2	0
Total	25	23
Ordinary income	11,577	12,247
Extraordinary income		
Gain on sale of fixed assets	15	2
Gain on sales of investment securities	58	4
Total	73	6
Extraordinary losses		
Loss on disposal of fixed assets	46	5
Loss on sales of investment securities	—	5
Loss on valuation of investment securities	—	898
Loss on abolishment of retirement benefit plan	—	311
Total	46	1,220
Income before income taxes	11,604	11,033
Income taxes – basic	3,553	3,751
Income taxes – deferred	132	(41)
Total	3,685	3,709
Net income	7,919	7,324
Net income attributable to non-controlling interests	76	97
Net income attributable to owners of the parent	7,842	7,226

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended September 30, 2018	Year ended September 30, 2019
Net income	7,919	7,324
Other comprehensive income		
Net unrealized gain on other securities	94	(52)
Foreign currency translation adjustments	6	(137)
Remeasurements of defined benefit plans, net of tax	4	(13)
Total	104	(203)
Comprehensive income	8,024	7,120
(Breakdown)		
Comprehensive income attributable to owners of the parent	7,950	7,040
Comprehensive income attributable to non-controlling interests	73	80

(3) Consolidated changes to equity
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

Year ended (September 30, 2019)

(Millions of yen)

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

	Accumulated other comprehensive income				non-controlling interests	Total net assets
	Net unrealized gain on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	913	(97)	(95)	720	162	51,998
Changes during the reporting period						
Distribution of dividends from retained earnings						(6,148)
Net income attributable to owners of the parent						7,226
Changes during the reporting period, excluding shareholders' equity	(52)	(120)	(13)	(186)	56	(130)
Total changes during the period	(52)	(120)	(13)	(186)	56	947
Balance at end of the year	861	(218)	(109)	534	218	52,946

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended September 30, 2018	Year ended September 30, 2019
Cash flows from operating activities		
Income before income taxes	11,604	11,033
Depreciation	1,850	1,808
Amortization of goodwill	45	10
Increase (decrease) in allowance for doubtful accounts	(10)	20
Increase (decrease) in reserve for bonuses	(1)	15
Increase (decrease) in reserve for product returns	3	(31)
Increase (decrease) in net defined benefit asset and liability	12	(43)
Interest and dividends received	(22)	(21)
Loss (gain) on currency translation	(1)	2
Loss (gain) on sales of investment securities	(58)	0
Loss (gain) on valuation of investment securities	—	898
Loss (gain) on sales of property, plant and equipment	30	3
Loss on abolishment of retirement benefit plan	—	311
Decrease (increase) in trade receivables	168	905
Decrease (increase) in inventories	(969)	(513)
Increase (decrease) in trade payables	(2,857)	(284)
Increase (decrease) in guarantee deposits	(447)	(503)
Other	(377)	(545)
Subtotal	8,969	13,068
Interest and dividends received	19	19
Income tax refunded (paid)	(4,024)	(2,895)
Net cash provided by (used in) operating activities	4,965	10,191
Cash flows from investing activities		
Expenditure for deposit to time deposits	(72)	(170)
Proceeds from withdrawal of time deposits	72	170
Purchase of investment securities	(1)	(1)
Proceeds from sales of investment securities	145	49
Purchase of property, plant and equipment	(1,261)	(1,832)
Proceeds from sale of property, plant and equipment	43	5
Purchase of intangible assets	(44)	(24)
Purchase of shares in subsidiaries resulting in change in scope of consolidation	—	(263)
Net cash provided by (used in) investing activities	(1,119)	(2,067)
Cash flows from financing activities		
Purchase of treasury stock	(9,971)	—
Cash dividends paid	(5,315)	(6,147)
Cash dividends paid to non-controlling interests	(100)	(24)
Other	(115)	(115)
Net cash provided by (used in) financing activities	(15,503)	(6,287)
Effects of exchange rate changes on cash and cash equivalents	8	(89)
Net change in cash and cash equivalents	(11,648)	1,746
Cash and cash equivalents, beginning of year	40,350	28,701
Cash and cash equivalents, end of year	28,701	30,448

(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 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 7, 2018).

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 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	8,257	82,809
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 or loss refers to operating income as reported in the consolidated statements of income, after adjustment.

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

(Millions of yen)

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

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 693 million yen and unallocated corporate expenses totaling (3,268) million yen have been included in the segment income adjustment totaling (2,574) million yen. Corporate expenses refer to parent company administration costs which do not come under any reportable segments.
- 2) The segment income adjustment is for assets of the entire Company that are not allocated to each reportable segment. Assets of the entire Company are primarily the Company's financial assets (cash and cash equivalents, investment securities, etc.) that do not belong to reporting segments and assets related to administrative divisions.
- 3) The depreciation adjustment is for the depreciation of assets related to elimination/corporate.
- 4) The adjustment on the increases of property, plant and equipment and intangible assets is due to intersegment eliminations.

(Note 2) Segment income 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, 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.

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

(Millions of yen)

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

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

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

Not applicable

(Per-share information)

(Yen)

	Year ended September 30, 2018	Year ended September 30, 2019
Net assets per share	1,517.61	1,543.72
Net income per share	228.56	211.57

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, 2018	As of September 30, 2019
Total net assets (millions of yen)	51,998	52,946
Amount deducted from total net assets (millions of yen)	162	218
(Of which, non-controlling interests)	(162)	(218)
Net assets at the end of the period attributable to common stock (millions of yen)	51,836	52,728
Number of common shares at the fiscal year-end used for calculation of net assets per share (shares)	34,156,567	34,156,567

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

Item	Year ended September 30, 2018	Year ended September 30, 2019
Net income attributable to owners of the parent (millions of yen)	7,842	7,226
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Net income attributable to owners of the parent (millions of yen)	7,842	7,226
Average number of common shares for the period (shares)	34,312,699	34,156,567

(Important subsequent events)

Not applicable