

April 28, 2017

Noevir Holdings Announces Consolidated Results for the First Six Months of the Fiscal Year Ending September 30, 2017 (based on Japan GAAP)

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 Listing: Tokyo Stock Exchange, First Section (Code Number: 4928)
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 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 first six months of the fiscal year ending September 30, 2017 (October 1, 2016 – March 31, 2017)

* 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	
Six months ended March 31, 2017	26,715	7.2%	4,711	26.8%	4,874	32.7%	2,044	64.1%
Six months ended March 31, 2016	24,926	5.5%	3,716	4.3%	3,673	(6.4)%	1,245	(16.9)%

Note: Comprehensive income:

Six months ended March 31, 2017: 2,528 million yen 99.7%

Six months ended March 31, 2016: 1,266 million yen (29.8)%

	EPS (Yen)	Diluted EPS (Yen)
Six months ended March 31, 2017	57.67	—
Six months ended March 31, 2016	35.14	—

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
Six months ended March 31, 2017	89,233	54,182	60.5
Year ended September 30, 2016	89,709	55,908	62.2

[Reference] Equity:

Six months ended March 31, 2017: 54,016 million yen Year ended September 30, 2016: 55,783 million yen

2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Year ended September 30, 2016	—	0.00	—	120.00	120.00
Year ending September 30, 2017	—	0.00			
Year ending September 30, 2017 (forecast)			—	120.00	120.00

Note: Revisions from the most recently announced dividend forecast: None

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2017
(October 1, 2016 – September 30, 2017)

(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	52,000	1.6%	8,500	10.3%	8,700	11.1%	5,800	14.9%	163.60

Note: Revisions from the most recently announced consolidated earnings forecast: None

* Notes

- (1) Significant changes in subsidiaries (scope of consolidation) during period: None
- (2) Special accounting treatment for preparation of quarterly consolidated financial statements: None
- (3) 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
- (4) Shares outstanding (common stock)
 - 1) Shares outstanding (including treasury stock)
 - As of March 31, 2017: 35,451,653
 - As of September 30, 2016: 35,451,653
 - 2) Treasury shares outstanding
 - As of March 31, 2017: 30
 - As of September 30, 2016: 30
 - 3) Average shares outstanding over quarter
 - As of March 31, 2017: 35,451,623
 - As of March 31, 2016: 35,451,633

* Quarterly financial results are not audited.

* 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 "(3) Estimates and forecasts pertaining to future plans and business results" under "1. Qualitative information regarding quarterly consolidated business performance" on page 5 of the Attached Material.

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1. Qualitative information regarding quarterly consolidated business performance

(1) Operating results

Consolidated operating results for the first six months of the fiscal year ending September 30, 2017 (October 1, 2016 to March 31, 2017)

	Six months ended March 31, 2016		Six months ended March 31, 2017		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Total sales	24,926	100.0	26,715	100.0	1,788	7.2
Cosmetics	18,256	73.2	19,478	72.9	1,221	6.7
Pharmaceuticals & Health Food	5,846	23.5	6,273	23.5	427	7.3
Other	823	3.3	962	3.6	139	16.9

	Six months ended March 31, 2016		Six months ended March 31, 2017		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	3,716	14.9	4,711	17.6	994	26.8
Ordinary income	3,673	14.7	4,874	18.2	1,200	32.7
Net income attributable to owners of the parent	1,245	5.0	2,044	7.7	798	64.1

During the first six months of fiscal 2017 (the fiscal year ending September 30, 2017) (October 1, 2016 to March 31, 2017), the Japanese economy continued along the track of recovering gradually, mainly due to improvements in corporate earnings and the employment situation. However, economic trends remained uncertain due to dramatic fluctuations in foreign exchange rates and increasing uncertainty in economies overseas.

In domestic and overseas markets where the Group conducts business operations, diverse latent consumer demand is anticipated.

Under these circumstances, net sales for the first six months of fiscal 2017 came to 26,715 million yen (up 7.2% year on year). Operating income was 4,711 million yen (up 26.8%), ordinary income totaled 4,874 million yen (up 32.7%), and net income attributable to owners of the parent came to 2,044 million yen (up 64.1%).

Sales in the Cosmetics segment totaled 19,478 million yen (up 6.7% year on year), and segment income came to 5,453 million yen (up 12.4%). Sales of face-to-face channel cosmetics increased year on year, mainly due to the new demand stimulated by placenta-enriched aging care skincare lotion and the high-end basic skincare series. Self-selection cosmetics delivered strong sales as new products and existing lines won support from a wide range of customers.

Sales in the Pharmaceutical & Health Food segment came to 6,273 million yen (up 7.3% year on year), while segment income was 246 million yen (compared to a segment loss of 121 million yen in the corresponding period of the previous fiscal year). Sales of pharmaceuticals rose year on year. Health food sales were brisk.

Sales in the Other segment came to 962 million yen (up 16.9% year on year), while segment income was 60 million yen (compared to a segment loss of 86 million yen in the corresponding period of the previous fiscal year). Sales in the apparel-related business were lower year on year, while sales in the aviation-related business increased.

(2) Financial position

Total assets as of March 31, 2017 stood at 89,233 million yen, a decrease of 476 million yen over the previous fiscal year-end. This was mainly due to a decrease in property, plant and equipment of 743 million yen and an increase in cash and cash equivalents of 251 million yen.

Total liabilities came to 35,050 million yen, an increase of 1,249 million yen over the previous fiscal year-end. This was mainly due to increases in income tax payable of 768 million yen and notes and accounts payable of 428 million yen.

Net assets came to 54,182 million yen, a decrease of 1,726 million yen from the previous fiscal year-end. This was primarily attributable to a decrease in retained earnings of 2,209 million yen, reflecting a decrease due to payment of 4,254 million yen in dividends at the previous fiscal year-end, which was partially offset by net income attributable to owners of the parent of 2,044 million yen.

As a result, the equity ratio stood at 60.5%.

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis for the period under review stood at 38,139 million yen, an increase of 243 million yen compared with the 37,895 million yen at the previous fiscal year-end.

The status of each cash flow together with the factors contributing to an increase or decrease for the six-months ended March 31, 2017 are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 4,464 million yen (1,424 million yen more than in the corresponding period of the previous fiscal year). The main items increasing cash were income before income taxes of 4,884 million yen and depreciation of 816 million yen. The main item decreasing cash was net income tax paid of 1,429 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 28 million yen (219 million yen less than in the corresponding period of the previous fiscal year). The principal cash outflows were 274 million yen for purchase of property, plant and equipment and 90 million yen for purchase of investment securities. The principal inflow was proceeds from sale of property, plant and equipment of 352 million yen.

(Cash flows from financing activities)

Net cash used in financing activities came to 4,309 million yen (734 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 4,250 million yen in dividends.

(3) Estimates and forecasts pertaining to future plans and business results

The consolidated business performance forecasts for the full year ending September 30, 2017, announced on November 8, 2016, remain unchanged.

2. Summary information (Notes)

(1) Additional information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

"Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) has been applied from the first quarter of fiscal 2017.

3. Quarterly consolidated financial statements and notes
(1) Quarterly consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of September 30, 2016)	As of March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	37,959	38,210
Notes and accounts receivable	10,880	10,902
Merchandise and finished goods	5,787	5,975
Work in progress	110	114
Raw materials and purchased supplies	1,319	1,288
Deferred tax assets	807	852
Other receivables	3,088	2,461
Other	627	500
Allowance for doubtful accounts	(28)	(21)
Total current assets	60,552	60,285
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,672	4,503
Equipment and vehicles, net	3,711	3,423
Land	13,832	13,446
Lease assets, net	1,551	1,494
Construction in progress	210	370
Other, net	219	216
Total property, plant and equipment	24,198	23,455
Intangible assets		
Goodwill	94	71
Software	143	128
Other	90	98
Total intangible assets	328	298
Investments and other assets		
Investment securities	1,641	1,943
Net defined benefit asset	—	235
Deferred tax assets	1,855	1,801
Other	1,171	1,254
Allowance for doubtful accounts	(39)	(39)
Total investments and other assets	4,629	5,193
Total non-current assets	29,157	28,948
Total assets	89,709	89,233

(Millions of yen)

	Previous fiscal year (As of September 30, 2016)	As of March 31, 2017
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	5,570	5,998
Lease obligations	117	116
Other accounts payable	3,407	3,694
Income tax payable	1,425	2,193
Reserve for bonuses	65	83
Reserve for product returns	375	388
Other	959	949
Total current liabilities	11,921	13,424
Long-term liabilities		
Lease obligations	1,557	1,497
Guarantee deposits received	14,827	14,562
Deferred tax liabilities	264	339
Net defined benefit liability	5,093	5,092
Other	136	134
Total long-term liabilities	21,880	21,626
Total liabilities	33,801	35,050
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	48,420	46,210
Treasury stock	(0)	(0)
Total shareholders' equity	55,739	53,529
Accumulated other comprehensive income		
Net unrealized gain on other securities	453	600
Foreign currency translation adjustments	(292)	(126)
Remeasurements of defined benefit plans, net of tax	(116)	12
Total accumulated other comprehensive income	44	487
Non-controlling interests	125	165
Total net assets	55,908	54,182
Total liabilities and net assets	89,709	89,233

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income
First six months of the fiscal year ending September 30, 2017

(Millions of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Net sales	24,926	26,715
Cost of sales	8,711	9,298
Gross profit	16,214	17,416
Selling, general and administrative expenses	12,498	12,705
Operating income	3,716	4,711
Non-operating income		
Interest income	9	3
Dividend income	5	5
Exchange differences	—	19
Lease income	36	7
Settlement received	—	84
Other	52	45
Total	103	164
Non-operating expenses		
Interest expenses	1	—
Exchange differences	142	—
Other	1	1
Total	146	1
Ordinary income	3,673	4,874
Extraordinary income		
Gain on sale of fixed assets	0	175
Gain on revision of retirement benefit plan	—	37
Total	0	212
Extraordinary losses		
Loss on disposal of fixed assets	3	2
Impairment loss	—	199
Total	3	202
Income before income taxes	3,670	4,884
Income taxes – basic	2,346	2,844
Income taxes – deferred	53	(35)
Total	2,399	2,809
Net income	1,271	2,075
Net income attributable to non-controlling interests	25	30
Net income attributable to owners of the parent	1,245	2,044

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Net income	1,271	2,075
Other comprehensive income		
Net unrealized gain on other securities	9	147
Foreign currency translation adjustments	(89)	176
Remeasurements of defined benefit plans, net of tax	74	129
Total	(5)	453
Comprehensive income	1,266	2,528
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,251	2,487
Comprehensive income attributable to non-controlling interests	14	40

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Cash flows from operating activities		
Income before income taxes	3,670	4,884
Depreciation	774	816
Impairment loss	—	199
Amortization of goodwill	22	22
Increase (decrease) in reserve for doubtful accounts	(5)	(7)
Increase (decrease) in reserve for bonuses	(0)	16
Increase (decrease) in reserve for product returns	(17)	13
Increase (decrease) in net defined benefit liability	26	—
Increase (decrease) in net defined benefit asset and liability	—	(199)
Interest and dividends received	(14)	(8)
Interest expenses	1	—
Gain/loss on currency translation	133	(6)
Gain/loss on sales of property, plant and equipment	3	(172)
Gain on revision of retirement benefit plan	—	(37)
Decrease (increase) in trade receivables	1,050	22
Decrease (increase) in inventories	(709)	(111)
Increase (decrease) in trade payables	670	417
Increase (decrease) in guarantee deposits	(269)	(265)
Other	(270)	303
Subtotal	5,065	5,886
Interest and dividends received	10	8
Interest paid	(1)	—
Income tax (paid) refunded	(2,035)	(1,429)
Net cash provided by (used in) operating activities	3,039	4,464
Cash flows from investing activities		
Expenditure for deposit to time deposits	(51)	(38)
Proceeds from withdrawal of time deposits	651	38
Purchase of securities	(9,996)	—
Proceeds from redemption of securities	10,000	—
Purchase of investment securities	(270)	(90)
Purchase of property, plant and equipment	(552)	(274)
Proceeds from sale of property, plant and equipment	0	352
Purchase of intangible assets	(30)	(16)
Net cash provided by (used in) investing activities	(248)	(28)
Cash flows from financing activities		
Purchase of treasury stock	(0)	—
Cash dividends paid	(3,538)	(4,250)
Other	(36)	(59)
Net cash provided by (used in) financing activities	(3,575)	(4,309)
Effects of exchange rate changes on cash and cash equivalents	(83)	117
Net change in cash and cash equivalents	(867)	243
Cash and cash equivalents, beginning of the period	37,139	37,895
Cash and cash equivalents, end of the period	36,271	38,139

(4) Notes to the quarterly consolidated financial statements
(Note on assumptions for going concern)
Not applicable

(Note on significant changes in the amount of shareholders' equity)
Not applicable

(Segment information)

I Consolidated results for the first six months of the fiscal year ended September 30, 2016
(October 1, 2015 to March 31, 2016)

1. Sales and income (loss) data, by reportable segment

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in quarterly consolidated statements of income (Note 2)
Net Sales						
(1) Sales, external	18,256	5,846	823	24,926	—	24,926
(2) Intersegment sales	—	—	86	86	(86)	—
Total	18,256	5,846	909	25,012	(86)	24,926
Segment income (loss)	4,852	(121)	(86)	4,644	(928)	3,716

(Note 1) Intersegment eliminations totaling 331 million yen and unallocated corporate expenses totaling (1,259) million yen have been included in the segment income (loss) adjustment totaling (928) million yen. Corporate expenses refer to Noevir Holdings Co., Ltd.'s administration costs which do not come under any reportable segments.

(Note 2) Segment income refers to operating income as reported in the quarterly consolidated statements of income, after adjustment.

2. Impairment loss for non-current assets and goodwill, by reportable segment

Not applicable

II Consolidated results for the first six months of the fiscal year ending September 30, 2017
(October 1, 2016 to March 31, 2017)

1. Sales and income (loss) data, by reportable segment

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in quarterly consolidated statements of income (Note 2)
Net Sales						
(1) Sales, external	19,478	6,273	962	26,715	—	26,715
(2) Intersegment sales	—	—	85	85	(85)	—
Total	19,478	6,273	1,047	26,800	(85)	26,715
Segment income (loss)	5,453	246	60	5,761	(1,050)	4,711

(Note 1) Intersegment eliminations totaling 217 million yen and unallocated corporate expenses totaling (1,276) million yen have been included in the segment income (loss) adjustment totaling (1,050) million yen. Corporate expenses refer to Noevir Holdings Co., Ltd.'s administration costs, which do not come under any reportable segments.

(Note 2) Segment income refers to operating income as reported in the quarterly consolidated statements of income, after adjustment.

2. Impairment loss for non-current assets and goodwill, by reportable segment

(Significant impairment loss related to property, plant and equipment)

In the Cosmetics and the Pharmaceutical & Health Food segments, the Company wrote down the carrying amount of land and buildings of facilities that are to be sold to the recoverable amount, and recognized the amount of the write-down as impairment losses.

The impairment losses for the first six months of fiscal 2017 were recognized as 189 million yen in the Cosmetics segment and 10 million yen in the Pharmaceutical & Health Food segment.