

August 1, 2017

Noevir Holdings Announces Consolidated Results for the First Nine 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: None
 Results briefing for the reporting period held: None

1. Operating results for the first nine months of the fiscal year ending September 30, 2017 (October 1, 2016 – June 30, 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	
Nine months ended June 30, 2017	41,145	6.8%	8,394	30.4%	8,607	35.5%	4,368	52.9%
Nine months ended June 30, 2016	38,529	3.9%	6,437	2.1%	6,351	(6.2)%	2,857	(8.3)%

Note: Comprehensive income:

Nine months ended June 30, 2017: 4,967 million yen 78.1%

Nine months ended June 30, 2016: 2,788 million yen (21.3)%

	EPS (Yen)	Diluted EPS (Yen)
Nine months ended June 30, 2017	123.24	—
Nine months ended June 30, 2016	80.61	—

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
Nine months ended June 30, 2017	91,735	56,603	61.5
Year ended September 30, 2016	89,709	55,908	62.2

[Reference] Equity:

Nine months ended June 30, 2017: 56,438 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	53,500	4.5%	9,400	22.0%	9,700	23.8%	6,500	28.7%	183.35

Note: Revisions from the most recently announced consolidated earnings forecast: Yes

* 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 June 30, 2017: 35,451,653
 - As of September 30, 2016: 35,451,653
 - 2) Treasury shares outstanding
 - As of June 30, 2017: 30
 - As of September 30, 2016: 30
 - 3) Average shares outstanding over quarter (cumulative; consolidated)
 - As of June 30, 2017: 35,451,623
 - As of June 30, 2016: 35,451,630

* 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 nine months of the fiscal year ending September 30, 2017 (October 1, 2016 to June 30, 2017)

	Nine months ended June 30, 2016		Nine months ended June 30, 2017		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Total sales	38,529	100.0	41,145	100.0	2,615	6.8
Cosmetics	28,280	73.4	30,177	73.4	1,896	6.7
Pharmaceuticals & Health Food	9,077	23.6	9,719	23.6	642	7.1
Other	1,171	3.0	1,248	3.0	76	6.5

	Nine months ended June 30, 2016		Nine months ended June 30, 2017		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	6,437	16.7	8,394	20.4	1,956	30.4
Ordinary income	6,351	16.5	8,607	20.9	2,256	35.5
Net income attributable to owners of the parent	2,857	7.4	4,368	10.6	1,511	52.9

During the first nine months of fiscal 2017 (the fiscal year ending September 30, 2017) (October 1, 2016 to June 30, 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 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 nine months of fiscal 2017 came to 41,145 million yen (up 6.8% year on year). Operating income was 8,394 million yen (up 30.4%), ordinary income totaled 8,607 million yen (up 35.5%), and net income attributable to owners of the parent came to 4,368 million yen (up 52.9%).

Sales in the Cosmetics segment totaled 30,177 million yen (up 6.7% year on year), and segment income came to 8,991 million yen (up 12.2%). Sales of face-to-face channel cosmetics were brisk for placenta-enriched aging skin care lotion and the high-end basic skincare series. Self-selection cosmetics continued to deliver strong sales for new products and existing lines.

Sales in the Pharmaceutical & Health Food segment came to 9,719 million yen (up 7.1% year on year), while segment income was 853 million yen (compared to a segment loss of 66 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 1,248 million yen (up 6.5% year on year), while segment income was 71 million yen (compared to a segment loss of 123 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 June 30, 2017 stood at 91,735 million yen, an increase of 2,025 million yen over the previous fiscal year-end. This was mainly due to increases in cash and cash equivalents of 1,320 million yen and merchandise and finished goods of 683 million yen.

Total liabilities came to 35,132 million yen, an increase of 1,330 million yen over the previous fiscal year-end. This was mainly due to increases in income tax payable of 839 million yen and notes and accounts payable of 835 million yen.

Net assets came to 56,603 million yen, an increase of 694 million yen from the previous fiscal year-end. This was primarily attributable to an increase in accumulated other comprehensive income of 540 million yen and an increase in retained earnings of 114 million yen, reflecting a decrease due to payment of 4,254 million yen in dividends at the previous fiscal year-end, which was absorbed by net income attributable to owners of the parent of 4,368 million yen.

As a result, the equity ratio stood at 61.5%.

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis for the period under review stood at 39,207 million yen, an increase of 1,311 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 first nine months of fiscal 2017 are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 6,732 million yen (2,426 million yen more than in the corresponding period of the previous fiscal year). The main item increasing cash was the posting of 8,616 million yen in income before income taxes. The main item decreasing cash was net income tax paid of 2,764 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 1,203 million yen (100 million yen more than in the corresponding period of the previous fiscal year). The principal cash outflow was 1,315 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 4,340 million yen (731 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 4,252 million yen in dividends.

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

The consolidated business performance forecast for the full year ending September 30, 2017 has been revised in consideration of the Company's progress on earnings in the first nine months of fiscal 2017.

For details of the revision, please refer to the press release "Noevir Holdings Revises Forecast for Fiscal 2017 Group Earnings" that was issued today.

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

(1) Quarterly consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of September 30, 2016)	As of June 30, 2017
ASSETS		
Current assets		
Cash and cash equivalents	37,959	39,279
Notes and accounts receivable	10,880	11,407
Merchandise and finished goods	5,787	6,471
Work in progress	110	87
Raw materials and purchased supplies	1,319	1,106
Deferred tax assets	807	758
Other receivables	3,088	2,446
Other	627	607
Allowance for doubtful accounts	(28)	(21)
Total current assets	60,552	62,143
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,672	4,527
Equipment and vehicles, net	3,711	3,853
Land	13,832	13,716
Lease assets, net	1,551	1,467
Construction in progress	210	6
Other, net	219	217
Total property, plant and equipment	24,198	23,788
Intangible assets		
Goodwill	94	60
Software	143	132
Other	90	109
Total intangible assets	328	302
Investments and other assets		
Investment securities	1,641	2,243
Net defined benefit asset	—	249
Deferred tax assets	1,855	1,783
Other	1,171	1,264
Allowance for doubtful accounts	(39)	(39)
Total investments and other assets	4,629	5,501
Total non-current assets	29,157	29,592
Total assets	89,709	91,735

(Millions of yen)

	Previous fiscal year (As of September 30, 2016)	As of June 30, 2017
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	5,570	6,406
Lease obligations	117	116
Other accounts payable	3,407	3,294
Income tax payable	1,425	2,264
Reserve for bonuses	65	48
Reserve for product returns	375	417
Other	959	1,058
Total current liabilities	11,921	13,606
Long-term liabilities		
Lease obligations	1,557	1,467
Guarantee deposits received	14,827	14,422
Deferred tax liabilities	264	363
Net defined benefit liability	5,093	5,137
Other	136	134
Total long-term liabilities	21,880	21,526
Total liabilities	33,801	35,132
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	48,420	48,534
Treasury stock	(0)	(0)
Total shareholders' equity	55,739	55,853
Accumulated other comprehensive income		
Net unrealized gain on other securities	453	684
Foreign currency translation adjustments	(292)	(123)
Remeasurements of defined benefit plans, net of tax	(116)	23
Total accumulated other comprehensive income	44	584
Non-controlling interests	125	164
Total net assets	55,908	56,603
Total liabilities and net assets	89,709	91,735

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

(Millions of yen)

	Nine months ended June 30, 2016	Nine months ended June 30, 2017
Net sales	38,529	41,145
Cost of sales	13,159	13,740
Gross profit	25,369	27,404
Selling, general and administrative expenses	18,932	19,010
Operating income	6,437	8,394
Non-operating income		
Interest income	11	4
Dividend income	12	12
Exchange differences	—	22
Lease income	53	10
Settlement received	—	87
Other	80	77
Total	156	214
Non-operating expenses		
Interest expenses	1	—
Exchange differences	239	—
Other	1	1
Total	243	1
Ordinary income	6,351	8,607
Extraordinary income		
Gain on sale of fixed assets	0	177
Gain on revision of retirement benefit plan	—	37
Total	0	215
Extraordinary losses		
Loss on disposal of fixed assets	6	6
Impairment loss	—	199
Loss on valuation of membership rights	4	—
Total	10	206
Income before income taxes	6,340	8,616
Income taxes – basic	3,367	4,143
Income taxes – deferred	83	58
Total	3,450	4,201
Net income	2,890	4,415
Net income attributable to non-controlling interests	32	46
Net income attributable to owners of the parent	2,857	4,368

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended June 30, 2016	Nine months ended June 30, 2017
Net income	2,890	4,415
Other comprehensive income		
Net unrealized gain on other securities	25	231
Foreign currency translation adjustments	(237)	181
Remeasurements of defined benefit plans, net of tax	111	139
Total	(101)	552
Comprehensive income	2,788	4,967
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,783	4,909
Comprehensive income attributable to non-controlling interests	5	58

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended June 30, 2016	Nine months ended June 30, 2017
Cash flows from operating activities		
Income before income taxes	6,340	8,616
Depreciation	1,178	1,304
Impairment loss	—	199
Amortization of goodwill	34	34
Increase (decrease) in reserve for doubtful accounts	(4)	(8)
Increase (decrease) in reserve for bonuses	(26)	(18)
Increase (decrease) in reserve for product returns	(32)	42
Increase (decrease) in net defined benefit liability	55	—
Increase (decrease) in net defined benefit asset and liability	—	(168)
Interest and dividends received	(23)	(17)
Interest expenses	1	—
Gain/loss on currency translation	95	(8)
Gain/loss on sales of property, plant and equipment	6	(171)
Gain on revision of retirement benefit plan	—	(37)
Decrease (increase) in trade receivables	412	(481)
Decrease (increase) in inventories	(667)	(397)
Increase (decrease) in trade payables	827	823
Increase (decrease) in guarantee deposits	4	—
Loss on valuation of membership rights	(412)	(405)
Other	(141)	176
Subtotal	7,648	9,480
Interest and dividends received	19	16
Interest paid	(1)	—
Income tax (paid) refunded	(3,359)	(2,764)
Net cash provided by (used in) operating activities	4,306	6,732
Cash flows from investing activities		
Expenditure for deposit to time deposits	(70)	(70)
Proceeds from withdrawal of time deposits	688	70
Purchase of securities	(9,996)	—
Proceeds from redemption of securities	10,000	—
Purchase of investment securities	(271)	(269)
Purchase of property, plant and equipment	(1,423)	(1,315)
Proceeds from sale of property, plant and equipment	0	423
Purchase of intangible assets	(31)	(42)
Net cash provided by (used in) investing activities	(1,103)	(1,203)
Cash flows from financing activities		
Purchase of treasury stock	(0)	—
Cash dividends paid	(3,541)	(4,252)
Other	(67)	(88)
Net cash provided by (used in) financing activities	(3,608)	(4,340)
Effects of exchange rate changes on cash and cash equivalents	(191)	123
Net change in cash and cash equivalents	(597)	1,311
Cash and cash equivalents, beginning of the period	37,139	37,895
Cash and cash equivalents, end of the period	36,542	39,207

(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 nine months of the fiscal year ended September 30, 2016
(October 1, 2015 to June 30, 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	28,280	9,077	1,171	38,529	—	38,529
(2) Intersegment sales	—	—	138	138	(138)	—
Total	28,280	9,077	1,309	38,667	(138)	38,529
Segment income (loss)	8,012	(66)	(123)	7,821	(1,383)	6,437

(Note 1) Intersegment eliminations totaling 495 million yen and unallocated corporate expenses totaling (1,879) million yen have been included in the segment income (loss) adjustment totaling (1,383) 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 nine months of the fiscal year ending September 30, 2017
(October 1, 2016 to June 30, 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	30,177	9,719	1,248	41,145	—	41,145
(2) Intersegment sales	—	—	131	131	(131)	—
Total	30,177	9,719	1,379	41,276	(131)	41,145
Segment income (loss)	8,991	853	71	9,916	(1,522)	8,394

(Note 1) Intersegment eliminations totaling 404 million yen and unallocated corporate expenses totaling (1,926) million yen have been included in the segment income (loss) adjustment totaling (1,522) 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 nine months of fiscal 2017 were recognized as 189 million yen in the Cosmetics segment and 10 million yen in the Pharmaceutical & Health Food segment.