

May 10, 2023

Noevir Holdings Announces Consolidated Results for the First Six Months of the Fiscal Year Ending September 30, 2023 (based on Japan GAAP)

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

Submission of securities report: May 15, 2023

Date of commencement of dividend payments: –

Supplemental materials for the financial results prepared: Yes

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

(Amounts under one million yen have been rounded down)

1. Operating results for the first six months of the fiscal year ending September 30, 2023 (October 1, 2022 – March 31, 2023)

(1) Consolidated operating results

(Millions of yen; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Six months ended March 31, 2023	30,896	2.4%	5,750	10.0%	5,809	9.0%	2,672	(10.4)%
Six months ended March 31, 2022	30,161	–%	5,229	–%	5,327	–%	2,982	–%

Note: Comprehensive income:

Six months ended March 31, 2023: 3,047 million yen [(3.0)%]

Six months ended March 31, 2022: 3,142 million yen [–%]

	EPS (Yen)	Diluted EPS (Yen)
Six months ended March 31, 2023	78.23	—
Six months ended March 31, 2022	87.31	—

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) etc. has been applied from the beginning of the three months ended December 31, 2021. The figures for the first six months of the fiscal year ended September 2022 are presented after application of this accounting standard, etc. Therefore, year-on-year changes for these figures are not disclosed.

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
As of March 31, 2023	74,064	48,088	64.4
As of September 30, 2022	76,781	52,384	67.8

[Reference] Equity:

As of March 31, 2023: 47,687 million yen

As of September 30, 2022: 52,055 million yen

2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal year ended September 30, 2022	—	0.00	—	215.00	215.00
Fiscal year ended September 30, 2023	—	0.00			
Fiscal year ending September 30, 2023 (forecast)			—	215.00	215.00

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

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2023 (October 1, 2022 – September 30, 2023)

(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	61,600	0.7%	10,700	5.8%	10,900	4.7%	7,700	1.5%	225.43

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: Yes

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, 2023: 34,156,623

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

2) Treasury shares outstanding

As of March 31, 2023: 270

As of September 30, 2022: 270

3) Average shares outstanding over quarter

Six months ended March 31, 2023: 34,156,353

Six months ended March 31, 2022: 34,156,387

* Quarterly 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 "(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, 2023
(October 1, 2022 to March 31, 2023)

	Six months ended March 31, 2022		Six months ended March 31, 2023		Change (Millions of yen)	Change (%)
	Net sales (Millions of yen)	% of Total	Net sales (Millions of yen)	% of Total		
Net sales	30,161	100.0	30,896	100.0	734	2.4
Cosmetics	23,743	78.7	24,091	78.0	348	1.5
Pharmaceuticals & Health Food	5,450	18.1	5,579	18.0	129	2.4
Other	967	3.2	1,225	4.0	257	26.6

	Six months ended March 31, 2022		Six months ended March 31, 2023		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of Net sales	Amount (Millions of yen)	% of Net sales		
Operating income	5,229	17.3	5,750	18.6	520	10.0
Ordinary income	5,327	17.7	5,809	18.8	481	9.0
Net income attributable to owners of the parent	2,982	9.9	2,672	8.6	(310)	(10.4)

During the first six months of fiscal 2023 (October 1, 2022 to March 31, 2023), economic trends remained uncertain, although some signs of gradual recovery were observed.

In this environment, the Company is working to realize the concept of its medium-term management plan: “Realizing steady corporate growth by securing sustainability in every Group business segment.”

As a result, net sales for the first six months of fiscal 2023 came to 30,896 million yen (up 2.4% year on year), operating income was 5,750 million yen (up 10.0%), and ordinary income was 5,809 million yen (up 9.0%). Net income attributable to owners of the parent was 2,672 million yen (down 10.4%) due to the recording of gain on revision of retirement benefit plan in the previous fiscal year.

In the Cosmetics segment, net sales totaled 24,091 million yen (up 1.5% year on year), and segment income came to 6,174 million yen (up 13.6%).

In the Pharmaceuticals & Health Food segment, net sales totaled 5,579 million yen (up 2.4% year on year), and segment income came to 542 million yen (down 29.3%).

In the Other segment, net sales came to 1,225 million yen (up 26.6% year on year), and segment income came to 164 million yen (down 1.2%).

(2) Financial position

Total assets as of March 31, 2023 stood at 74,064 million yen, a decrease of 2,717 million yen from the previous fiscal year-end. This was mainly due to a decrease in cash and cash equivalents of 3,151 million yen.

Total liabilities came to 25,975 million yen, an increase of 1,578 million yen from the previous fiscal year-end. This was mainly due to an increase of income tax payable of 1,341 million yen.

Net assets came to 48,088 million yen, a decrease of 4,296 million yen from the previous fiscal year-end. This was primarily attributable to a decrease in retained earnings of 4,671 million yen, due to the payment of 7,343 million yen in dividends at the previous fiscal year-end, which was partly offset by net income attributable to owners of the parent of 2,672 million yen.

As a result, the equity ratio stood at 64.4%.

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis as of the end of the period under review stood at 26,378 million yen, a decrease of 3,151 million yen compared to the previous fiscal year-end.

The status of each cash flow together with the factors contributing to their increase or decrease for the first six months of fiscal 2023 are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 4,926 million yen (1,350 million yen more than in the corresponding period of the previous fiscal year). The main item increasing cash was 5,807 million yen in income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities came to 532 million yen (170 million yen more than in the corresponding period of the previous fiscal year). The principal cash outflows were 352 million yen for the purchase of property, plant and equipment and 179 million yen for the purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities came to 7,386 million yen (167 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 7,336 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, 2023, announced on November 10, 2022, remain unchanged.

2. Quarterly consolidated financial statements and notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of September 30, 2022)	As of March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	29,747	26,595
Notes and accounts receivable	8,970	9,606
Merchandise and finished goods	6,242	6,259
Work in progress	140	171
Raw materials and purchased supplies	1,467	1,535
Other receivables	3,391	2,375
Other	617	585
Allowance for doubtful accounts	(7)	(5)
Total current assets	50,569	47,125
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,106	4,997
Equipment and vehicles, net	784	770
Land	13,554	13,554
Lease assets, net	928	885
Construction in progress	123	138
Other, net	195	206
Total property, plant and equipment	20,692	20,552
Intangible assets		
Goodwill	209	193
Software	119	103
Other	90	426
Total intangible assets	418	723
Investments and other assets		
Investment securities	2,132	2,808
Deferred tax assets	1,729	1,700
Other	1,257	1,175
Allowance for doubtful accounts	(19)	(21)
Total investments and other assets	5,100	5,663
Total non-current assets	26,212	26,939
Total assets	76,781	74,064

(Millions of yen)

	Previous fiscal year (As of September 30, 2022)	As of March 31, 2023
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,935	2,997
Lease obligations	93	86
Other accounts payable	3,197	3,214
Income tax payable	1,085	2,426
Reserve for bonuses	101	96
Other	2,239	2,466
Total current liabilities	9,653	11,287
Long-term liabilities		
Lease obligations	912	870
Guarantee deposits received	12,001	11,799
Deferred tax liabilities	311	539
Net defined benefit liability	514	526
Other	1,003	951
Total long-term liabilities	14,743	14,688
Total liabilities	24,397	25,975
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	42,982	38,311
Treasury stock	(1)	(1)
Total shareholders' equity	50,300	45,628
Accumulated other comprehensive income		
Net unrealized gain on other securities	1,278	1,746
Foreign currency translation adjustments	486	320
Remeasurements of defined benefit plans, net of tax	(8)	(6)
Total accumulated other comprehensive income	1,755	2,059
Non-controlling interests	328	400
Total net assets	52,384	48,088
Total liabilities and net assets	76,781	74,064

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income
First six months of the fiscal year ending September 30, 2023

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Net sales	30,161	30,896
Cost of sales	9,193	9,629
Gross profit	20,968	21,267
Selling, general and administrative expenses	15,739	15,517
Operating income	5,229	5,750
Non-operating income		
Interest income	4	12
Dividend income	8	11
Gain on currency translation	37	—
Other	48	74
Total	98	98
Non-operating expenses		
Loss on currency translation	—	39
Other	0	0
Total	0	39
Ordinary income	5,327	5,809
Extraordinary income		
Gain on sale of fixed assets	3	0
Gain on revision of retirement benefit plan	961	—
Total	965	0
Extraordinary losses		
Loss on disposal of fixed assets	4	1
Total	4	1
Income before income taxes	6,288	5,807
Income taxes – basic	2,374	2,999
Income taxes – deferred	877	48
Total	3,251	3,048
Net income	3,037	2,759
Net income attributable to non-controlling interests	54	87
Net income attributable to owners of the parent	2,982	2,672

Quarterly consolidated statements of comprehensive income
First six months of the fiscal year ending September 30, 2023

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Net income	3,037	2,759
Other comprehensive income		
Net unrealized gain on other securities	(266)	467
Foreign currency translation adjustments	254	(182)
Remeasurements of defined benefit plans, net of tax	117	1
Total	105	287
Comprehensive income	3,142	3,047
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,048	2,975
Comprehensive income attributable to non-controlling interests	93	71

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from operating activities		
Income before income taxes	6,288	5,807
Depreciation	694	551
Amortization of goodwill	15	15
Increase (decrease) in reserve for doubtful accounts	(1)	(0)
Increase (decrease) in reserve for bonuses	(3)	(5)
Increase (decrease) in net defined benefit asset and liability	(4,054)	12
Increase (decrease) in accounts payable due to transition to a retirement benefit plan	2,876	(120)
Interest and dividends received	(13)	(23)
Loss (gain) on currency translation	(14)	18
Loss (gain) on sales of disposal of non-current assets	1	1
Gain on revision of retirement benefit plan	(961)	—
Decrease (increase) in trade receivables	(432)	(654)
Decrease (increase) in inventories	333	(161)
Increase (decrease) in trade payables	320	80
Increase (decrease) in guarantee deposits	(210)	(201)
Other	587	395
Subtotal	5,427	5,715
Interest and dividends received	11	22
Income tax (paid) refunded	(1,864)	(811)
Net cash provided by (used in) operating activities	3,575	4,926
Cash flows from investing activities		
Expenditure for deposit to time deposits	(121)	(105)
Proceeds from withdrawal of time deposits	121	105
Purchase of investment securities	(0)	(0)
Purchase of property, plant and equipment	(334)	(352)
Proceeds from sale of property, plant and equipment	11	0
Purchase of intangible assets	(38)	(179)
Net cash provided by (used in) investing activities	(362)	(532)
Cash flows from financing activities		
Purchase of treasury stock	(0)	—
Cash dividends paid	(7,162)	(7,336)
Other	(56)	(49)
Net cash provided by (used in) financing activities	(7,218)	(7,386)
Effects of exchange rate changes on cash and cash equivalents	196	(158)
Net change in cash and cash equivalents	(3,809)	(3,151)
Cash and cash equivalents, beginning of the period	30,841	29,530
Cash and cash equivalents, end of the period	27,031	26,378

(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

(Changes in accounting principles)

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

The Company's overseas consolidated subsidiaries that apply U.S. GAAP have applied ASC Topic 842, "Leases," from the beginning of the three months ended December 31, 2022, and have decided, in principle, to record all lease transactions by lessees at its overseas consolidated subsidiaries as assets and liabilities on the balance sheet.

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

As a result, as of March 31, 2023, other in intangible assets increased by 31 million yen, other in current liabilities increased by 17 million yen, and other in long-term liabilities increased by 14 million yen respectively. Furthermore, there will be no impact on operating results for the first six months of the fiscal year ending September 30, 2023.

(Segment information)

I Consolidated results for the first six months of the fiscal year ended September 30, 2022
(October 1, 2021 to March 31, 2022)

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

(Millions of yen)

	Cosmetics	Pharmaceutic als & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in quarterly consolidated statements of income (Note 2)
Net sales						
Revenue from contracts with customers	23,743	5,450	924	30,118	—	30,118
Other revenue	—	—	43	43	—	43
Sales, external	23,743	5,450	967	30,161	—	30,161
Intersegment sales	—	—	130	130	(130)	—
Total	23,743	5,450	1,098	30,292	(130)	30,161
Segment income	5,435	766	166	6,368	(1,139)	5,229

(Note 1) Intersegment eliminations totaling 254 million yen and unallocated corporate expenses totaling (1,393) million yen have been included in the segment income adjustment totaling (1,139) 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, 2023
(October 1, 2022 to March 31, 2023)

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

(Millions of yen)

	Cosmetics	Pharmaceutic als & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in quarterly consolidated statements of income (Note 2)
Net sales						
Revenue from contracts with customers	24,091	5,579	1,184	30,855	—	30,855
Other revenue	—	—	41	41	—	41
Sales, external	24,091	5,579	1,225	30,896	—	30,896
Intersegment sales	—	—	134	134	(134)	—
Total	24,091	5,579	1,359	31,031	(134)	30,896
Segment income	6,174	542	164	6,880	(1,130)	5,750

(Note 1) Intersegment eliminations totaling 270 million yen and unallocated corporate expenses totaling (1,401) million yen have been included in the segment income adjustment totaling (1,130) 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