

August 7, 2023

Noevir Holdings Announces Consolidated Results for the First Nine 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)
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Submission of securities report: August 14, 2023 Date of commencement of dividend payments: –
Supplemental materials for the financial results prepared: None
Results briefing for the reporting period held: None

(Amounts under one million yen have been rounded down)

1. Operating results for the first nine months of the fiscal year ending September 30, 2023 (October 1, 2022 – June 30, 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	
Nine months ended June 30, 2023	46,882	2.2%	8,781	10.3%	8,959	10.2%	4,695	0.9%
Nine months ended June 30, 2022	45,892	–%	7,959	–%	8,127	–%	4,653	–%

Note: Comprehensive income:

Nine months ended June 30, 2023: 5,450 million yen [11.9%]

Nine months ended June 30, 2022: 4,869 million yen [–%]

	EPS (Yen)	Diluted EPS (Yen)
Nine months ended June 30, 2023	137.48	—
Nine months ended June 30, 2022	136.25	—

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 nine 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 (%)
Nine months ended June 30, 2023	75,151	50,491	66.6
Year ended September 30, 2022	76,781	52,384	67.8

[Reference] Equity:

Nine months ended June 30, 2023: 50,034 million yen

Year ended September 30, 2022: 52,055 million yen

2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Year ended September 30, 2022	—	0.00	—	215.00	215.00
Year ending September 30, 2023	—	0.00	—		
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 June 30, 2023: 34,156,623
 - As of September 30, 2022: 34,156,623
 - 2) Treasury shares outstanding
 - As of June 30, 2023: 270
 - As of September 30, 2022: 270
 - 3) Average shares outstanding over quarter
 - Nine months ended June 30, 2023: 34,156,353
 - Nine months ended June 30, 2022: 34,156,386

* 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 nine months of the fiscal year ending September 30, 2023 (October 1, 2022 to June 30, 2023)

	Nine months ended June 30, 2022		Nine months ended June 30, 2023		Change (Millions of yen)	Change (%)
	Net sales (Millions of yen)	% of Total	Net sales (Millions of yen)	% of Total		
Net sales	45,892	100.0	46,882	100.0	989	2.2
Cosmetics	35,991	78.4	36,600	78.1	609	1.7
Pharmaceuticals & Health Food	8,200	17.9	8,646	18.4	446	5.4
Other	1,700	3.7	1,634	3.5	(65)	(3.9)

	Nine months ended June 30, 2022		Nine months ended June 30, 2023		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of Net sales	Amount (Millions of yen)	% of Net sales		
Operating income	7,959	17.3	8,781	18.7	821	10.3
Ordinary income	8,127	17.7	8,959	19.1	831	10.2
Net income attributable to owners of the parent	4,653	10.1	4,695	10.0	41	0.9

During the first nine months of fiscal 2023 (October 1, 2022 to June 30, 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 nine months of fiscal 2023 came to 46,882 million yen (up 2.2% year on year), operating income was 8,781 million yen (up 10.3%), ordinary income was 8,959 million yen (up 10.2%), and net income attributable to owners of the parent was 4,695 million yen (up 0.9%).

In the Cosmetics segment, net sales totaled 36,600 million yen (up 1.7% year on year), and segment income came to 9,326 million yen (up 9.7%).

In the Pharmaceuticals & Health Food segment, net sales totaled 8,646 million yen (up 5.4% year on year), and segment income came to 1,003 million yen (up 8.2%).

In the Other segment, net sales came to 1,634 million yen (down 3.9% year on year), and segment income came to 167 million yen (down 28.2%).

(2) Financial position

Total assets as of June 30, 2023 stood at 75,151 million yen, a decrease of 1,630 million yen from the previous fiscal year-end. This was mainly due to a decrease in cash and cash equivalents of 2,303 million yen.

Total liabilities came to 24,659 million yen, an increase of 262 million yen from the previous fiscal year-end. This mainly reflected increases in income tax payable of 903 million yen and notes and accounts payable of 327 million yen, as well as a decrease in long-term liabilities (other) of 878 million yen.

Net assets came to 50,491 million yen, a decrease of 1,892 million yen from the previous fiscal year-end. This was primarily attributable to a decrease in retained earnings of 2,647 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 4,695 million yen.

As a result, the equity ratio stood at 66.6%.

(Consolidated cash flow)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis for the period under review stood at 27,226 million yen, a decrease of 2,303 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 nine months of fiscal 2023 are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 5,954 million yen (1,467 million yen more than in the corresponding period of the previous fiscal year). The main factor increasing cash was income before income taxes of 8,963 million yen, and the main factor decreasing cash was net income tax paid of 1,894 million.

(Cash flows from investing activities)

Net cash used in investing activities came to 844 million yen (472 million yen more than in the corresponding period of the previous fiscal year). The principal cash outflows were 537 million yen for the purchase of property, plant and equipment and 315 million yen for the purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities came to 7,411 million yen (161 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 7,340 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 June 30, 2023
ASSETS		
Current assets		
Cash and cash equivalents	29,747	27,443
Notes and accounts receivable	8,970	9,477
Merchandise and finished goods	6,242	6,834
Work in progress	140	152
Raw materials and purchased supplies	1,467	1,662
Other receivables	3,391	2,354
Other	617	720
Allowance for doubtful accounts	(7)	(5)
Total current assets	50,569	48,640
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,106	4,950
Equipment and vehicles, net	784	794
Land	13,554	13,554
Lease assets, net	928	866
Construction in progress	123	0
Other, net	195	190
Total property, plant and equipment	20,692	20,356
Intangible assets		
Goodwill	209	186
Software	119	98
Other	90	425
Total intangible assets	418	709
Investments and other assets		
Investment securities	2,132	3,005
Deferred tax assets	1,729	1,308
Other	1,257	1,151
Allowance for doubtful accounts	(19)	(20)
Total investments and other assets	5,100	5,444
Total non-current assets	26,212	26,510
Total assets	76,781	75,151

(Millions of yen)

	Previous fiscal year (As of September 30, 2022)	As of June 30, 2023
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,935	3,262
Lease obligations	93	87
Other accounts payable	3,197	3,314
Income tax payable	1,085	1,989
Reserve for bonuses	101	54
Other	2,239	2,191
Total current liabilities	9,653	10,899
Long-term liabilities		
Lease obligations	912	849
Long-term guarantee deposits	12,001	11,667
Deferred tax liabilities	311	593
Net defined benefit liability	514	525
Other	1,003	125
Total long-term liabilities	14,743	13,760
Total liabilities	24,397	24,659
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	42,982	40,334
Treasury stock	(1)	(1)
Total shareholders' equity	50,300	47,652
Accumulated other comprehensive income		
Net unrealized gain on other securities	1,278	1,883
Foreign currency translation adjustments	486	504
Remeasurements of defined benefit plans, net of tax	(8)	(5)
Total accumulated other comprehensive income	1,755	2,382
Non-controlling interests	328	457
Total net assets	52,384	50,491
Total liabilities and net assets	76,781	75,151

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

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Net sales	45,892	46,882
Cost of sales	13,981	14,503
Gross profit	31,911	32,378
Selling, general and administrative expenses	23,951	23,597
Operating income	7,959	8,781
Non-operating income		
Interest income	6	21
Dividend income	16	21
Exchange differences	73	—
Other	72	140
Total	169	184
Non-operating expenses		
Loss on currency translation	—	6
Other	1	0
Total	1	6
Ordinary income	8,127	8,959
Extraordinary income		
Gain on sale of fixed assets	121	7
Gain on revision of retirement benefit plan	961	—
Total	1,083	7
Extraordinary losses		
Loss on disposal of fixed assets	5	3
Impairment loss	310	—
Total	315	3
Income before income taxes	8,895	8,963
Income taxes – basic	3,095	3,698
Income taxes – deferred	1,078	436
Total	4,173	4,134
Net income	4,722	4,828
Net income attributable to non-controlling interests	68	132
Net income attributable to owners of the parent	4,653	4,695

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

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Net income	4,722	4,828
Other comprehensive income		
Net unrealized gain on other securities	(507)	604
Foreign currency translation adjustments	535	14
Remeasurements of defined benefit plans, net of tax	119	2
Total	147	622
Comprehensive income	4,869	5,450
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,739	5,322
Comprehensive income attributable to non-controlling interests	130	128

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Cash flows from operating activities		
Income before income taxes	8,895	8,963
Depreciation	1,051	869
Impairment loss	310	—
Amortization of goodwill	23	23
Increase (decrease) in reserve for doubtful accounts	(1)	(0)
Increase (decrease) in reserve for bonuses	(47)	(47)
Increase (decrease) in net defined benefit asset and liability	(4,046)	10
Increase (decrease) in accounts payable due to transition to a retirement benefit plan	1,876	(992)
Interest and dividends received	(23)	(43)
Loss (gain) on currency translation	(26)	2
Loss (gain) on sales of disposal of non-current assets	(116)	(3)
Gain on revision of retirement benefit plan	(961)	—
Decrease (increase) in trade receivables	198	(501)
Decrease (increase) in inventories	(402)	(790)
Increase (decrease) in trade payables	712	331
Increase (decrease) in guarantee deposits	(327)	(334)
Other	624	328
Subtotal	7,740	7,813
Interest and dividends received	22	35
Income tax (paid) refunded	(3,275)	(1,894)
Net cash provided by (used in) operating activities	4,486	5,954
Cash flows from investing activities		
Expenditure for deposit to time deposits	(238)	(196)
Proceeds from withdrawal of time deposits	238	196
Purchase of investment securities	(1)	(1)
Purchase of property, plant and equipment	(512)	(537)
Proceeds from sale of property, plant and equipment	207	10
Purchase of intangible assets	(66)	(315)
Net cash provided by (used in) investing activities	(372)	(844)
Cash flows from financing activities		
Purchase of treasury stock	(0)	—
Cash dividends paid	(7,165)	(7,340)
Other	(84)	(71)
Net cash provided by (used in) financing activities	(7,249)	(7,411)
Effects of exchange rate changes on cash and cash equivalents	416	(1)
Net change in cash and cash equivalents	(2,718)	(2,303)
Cash and cash equivalents, beginning of the period	30,841	29,530
Cash and cash equivalents, end of the period	28,122	27,226

(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 June 30, 2023, other in intangible assets increased by 29 million yen, other in current liabilities increased by 18 million yen, and other in long-term liabilities increased by 11 million yen respectively. Furthermore, there will be no impact on operating results for the first nine months of the fiscal year ending September 30, 2023.

(Segment information)

I Consolidated results for the first nine months of the fiscal year ended September 30, 2022
(October 1, 2021 to June 30, 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	35,991	8,200	1,636	45,828	—	45,828
Other revenue	—	—	64	64	—	64
Sales, external	35,991	8,200	1,700	45,892	—	45,892
Intersegment sales	—	—	218	218	(218)	—
Total	35,991	8,200	1,919	46,111	(218)	45,892
Segment income	8,502	927	233	9,664	(1,704)	7,959

(Note 1) Intersegment eliminations totaling 381 million yen and unallocated corporate expenses totaling (2,085) million yen have been included in the segment income adjustment totaling (1,704) 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
(Impairment loss for non-current assets)

The carrying amount of land and buildings, etc., of facilities the Company decided to sell were written down to the recoverable amount, and the amount of the decrease was recorded as impairment loss.

The following amounts were recorded as impairment losses for the first nine months of the fiscal year under review: 276 million yen in the Cosmetics segment, 27 million yen in the Pharmaceuticals & Health Food segment, and 6 million yen in the Other segment.

II Consolidated results for the first nine months of the fiscal year ending September 30, 2023
(October 1, 2022 to June 30, 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	36,600	8,646	1,573	46,821	—	46,821
Other revenue	—	—	61	61	—	61
Sales, external	36,600	8,646	1,634	46,882	—	46,882
Intersegment sales	—	—	209	209	(209)	—
Total	36,600	8,646	1,844	47,091	(209)	46,882
Segment income	9,326	1,003	167	10,498	(1,716)	8,781

(Note 1) Intersegment eliminations totaling 402 million yen and unallocated corporate expenses totaling (2,119) million yen have been included in the segment income adjustment totaling (1,716) 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