

April 25, 2019

Noevir Holdings Announces Consolidated Results for the First Six Months of the Fiscal Year Ending September 30, 2019 (based on Japan GAAP)

Trade name: Noevir Holdings Co., Ltd.
 Listing: Tokyo Stock Exchange, First Section (Securities Code: 4928)
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Submission of securities report: May 9, 2019 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)

1. Operating results for the first six months of the fiscal year ending September 30, 2019 (October 1, 2018 – March 31, 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 | |
|---------------------------------|-----------|------|------------------|-------|-----------------|-------|---|-------|
| Six months ended March 31, 2019 | 29,483 | 3.7% | 6,061 | 3.6% | 6,169 | 4.2% | 2,821 | 22.1% |
| Six months ended March 31, 2018 | 28,433 | 6.4% | 5,851 | 24.2% | 5,919 | 21.4% | 2,309 | 13.0% |

Note: Comprehensive income:

Six months ended March 31, 2019: 2,815 million yen 17.7%

Six months ended March 31, 2018: 2,391 million yen (5.4)%

| | EPS (Yen) | Diluted EPS (Yen) |
|---------------------------------|-----------|-------------------|
| Six months ended March 31, 2019 | 82.59 | — |
| Six months ended March 31, 2018 | 67.00 | — |

(2) Consolidated financial position

(Millions of yen)

| | Total assets | Net assets | Equity ratio (%) |
|---------------------------------|--------------|------------|------------------|
| Six months ended March 31, 2019 | 79,522 | 48,666 | 60.9 |
| Year ended September 30, 2018 | 82,809 | 51,998 | 62.6 |

[Reference] Equity:

Six months ended March 31, 2019: 48,439 million yen

Year ended September 30, 2018: 51,836 million yen

2. Cash dividends

(Yen)

| | Annual dividends | | | | |
|---|------------------|-------------|-------------|----------|--------|
| | 1st quarter | 2nd quarter | 3rd quarter | Year-end | Total |
| Year ended September 30, 2018 | — | 0.00 | — | 180.00 | 180.00 |
| Year ending September 30, 2019 | — | 0.00 | — | 180.00 | 180.00 |
| Year ending September 30, 2019 (forecast) | — | — | — | 180.00 | 180.00 |

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

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2019
(October 1, 2018 – September 30, 2019)

(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 | 59,500 | 2.9% | 11,700 | 3.1% | 11,900 | 2.8% | 8,000 | 2.0% | 234.22 |

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, 2019: 34,156,623
 - As of September 30, 2018: 34,156,623
 - 2) Treasury shares outstanding
 - As of March 31, 2019: 56
 - As of September 30, 2018: 56
 - 3) Average shares outstanding over quarter
 - As of March 31, 2019: 34,156,567
 - As of March 31, 2018: 34,469,685

* 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, 2019 (October 1, 2018 to March 31, 2019)

| | Six months ended March 31, 2018 | | Six months ended March 31, 2019 | | Change (Millions of yen) | Change (%) |
|----------------------------------|------------------------------------|---------------------|------------------------------------|---------------------|-----------------------------|---------------|
| | Sales (Millions of yen) | % of total sales | Sales (Millions of yen) | % of total sales | | |
| Total sales | 28,433 | 100.0 | 29,483 | 100.0 | 1,050 | 3.7 |
| Cosmetics | 21,277 | 74.8 | 22,438 | 76.1 | 1,160 | 5.5 |
| Pharmaceuticals & Health Food | 6,202 | 21.8 | 5,926 | 20.1 | (275) | (4.4) |
| Other | 954 | 3.4 | 1,118 | 3.8 | 164 | 17.3 |

| | Six months ended March 31, 2018 | | Six months ended March 31, 2019 | | Change (Millions of yen) | Change (%) |
|---|------------------------------------|---------------------|------------------------------------|---------------------|-----------------------------|---------------|
| | Amount (Millions of yen) | % of total sales | Amount (Millions of yen) | % of total sales | | |
| Operating income | 5,851 | 20.6 | 6,061 | 20.6 | 210 | 3.6 |
| Ordinary income | 5,919 | 20.8 | 6,169 | 20.9 | 250 | 4.2 |
| Net income attributable to owners of the parent | 2,309 | 8.1 | 2,821 | 9.6 | 511 | 22.1 |

During the first six months of fiscal 2019 (the fiscal year ending September 30, 2019) (October 1, 2018 to March 31, 2019), the Japanese economy continued recovering gradually, mainly due to further improvements in corporate earnings and the employment situation. However, economic trends remained opaque due to uncertainty in economies overseas, among other factors.

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

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 2019 came to 29,483 million yen (up 3.7% year on year), operating income was 6,061 million yen (up 3.6%), ordinary income amounted to 6,169 million yen (up 4.2%), and net income attributable to owners of the parent came to 2,821 million yen (up 22.1%). Operating income, ordinary income, and net income attributable to owners of the parent all achieved record highs.

In the Cosmetics segment, sales totaled 22,438 million yen (up 5.5% year on year), and segment income came to 6,614 million yen (up 3.9%). Face-to-face channel cosmetics saw brisk sales for high-end lines. Self-selection cosmetics continued to deliver strong sales.

In the Pharmaceutical & Health Food segment, sales totaled 5,926 million yen (down 4.4% year on year), and segment income came to 676 million yen (up 23.0%). Profits increased mainly because of efficient management of selling, general and administrative (SG&A) expenses.

In the Other segment, sales came to 1,118 million yen (up 17.3% year on year), while the segment income was 46 million yen (up 4.3%).

(2) Financial position

Total assets as of March 31, 2019 stood at 79,522 million yen, a decrease of 3,287 million yen from the previous fiscal year-end. This was mainly due to a decrease in cash and cash equivalents of 2,199 million yen.

Total liabilities came to 30,855 million yen, an increase of 44 million yen from the previous fiscal year-end. This was mainly due to an increase in income taxes payable of 423 million yen, which was partly offset by decreases of 246 million yen in guarantee deposits received and 153 million yen in other accounts payable.

Net assets came to 48,666 million yen, a decrease of 3,332 million yen from the previous fiscal year-end. This was primarily attributable to a decrease in retained earnings of 3,327 million yen, due to payment of 6,148 million yen in dividends at the previous fiscal year-end, which was partly offset by net income attributable to owners of the parent of 2,821 million yen.

As a result, the equity ratio stood at 60.9%.

(Consolidated cash flow)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis for the period under review stood at 26,505 million yen, a decrease of 2,196 million yen compared with the 28,701 million yen at 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 2019 are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 5,236 million yen (3,792 million yen more than in the corresponding period of the previous fiscal year). The main item increasing cash was the posting of 6,170 million yen in income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities came to 1,202 million yen (487 million yen more than in the corresponding period of the previous fiscal year). The principal cash outflow was 1,206 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 6,197 million yen (9,142 million yen less than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 6,140 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, 2018, announced on November 7, 2018, remain unchanged.

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

(Millions of yen)

| | Previous fiscal year (As of September 30, 2018) | As of March 31, 2019 |
|--------------------------------------|---|-------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 28,775 | 26,575 |
| Notes and accounts receivable | 11,764 | 11,651 |
| Merchandise and finished goods | 6,618 | 6,950 |
| Work in progress | 104 | 116 |
| Raw materials and purchased supplies | 1,448 | 1,665 |
| Other receivables | 4,087 | 2,238 |
| Other | 546 | 473 |
| Allowance for doubtful accounts | (23) | (19) |
| Total current assets | 53,321 | 49,650 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 4,259 | 4,202 |
| Equipment and vehicles, net | 2,717 | 2,693 |
| Land | 13,716 | 13,713 |
| Lease assets, net | 1,331 | 1,281 |
| Construction in progress | 601 | 1,142 |
| Other, net | 222 | 204 |
| Total property, plant and equipment | 22,849 | 23,236 |
| Intangible assets | | |
| Goodwill | 2 | 1 |
| Software | 131 | 129 |
| Other | 91 | 78 |
| Total intangible assets | 225 | 209 |
| Investments and other assets | | |
| Investment securities | 2,490 | 2,458 |
| Net defined benefit asset | 192 | 218 |
| Deferred tax assets | 2,477 | 2,454 |
| Other | 1,277 | 1,339 |
| Allowance for doubtful accounts | (25) | (45) |
| Total investments and other assets | 6,413 | 6,425 |
| Total non-current assets | 29,488 | 29,871 |
| Total assets | 82,809 | 79,522 |

(Millions of yen)

| | Previous fiscal year (As of September 30, 2018) | As of March 31, 2019 |
|---|---|-------------------------|
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Notes and accounts payable | 3,000 | 3,123 |
| Lease obligations | 115 | 114 |
| Other accounts payable | 3,119 | 2,965 |
| Income tax payable | 2,155 | 2,578 |
| Reserve for bonuses | 81 | 102 |
| Reserve for product returns | 391 | 374 |
| Other | 938 | 919 |
| Total current liabilities | 9,802 | 10,179 |
| Long-term liabilities | | |
| Lease obligations | 1,325 | 1,272 |
| Guarantee deposits received | 13,875 | 13,628 |
| Deferred tax liabilities | 432 | 450 |
| Net defined benefit liability | 5,240 | 5,189 |
| Other | 135 | 135 |
| Total long-term liabilities | 21,008 | 20,676 |
| Total liabilities | 30,811 | 30,855 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 7,319 | 7,319 |
| Retained earnings | 43,796 | 40,469 |
| Treasury stock | (0) | (0) |
| Total shareholders' equity | 51,115 | 47,788 |
| Accumulated other comprehensive income | | |
| Net unrealized gain on other securities | 913 | 890 |
| Foreign currency translation adjustments | (97) | (148) |
| Remeasurements of defined benefit plans, net of tax | (95) | (90) |
| Total accumulated other comprehensive income | 720 | 650 |
| Non-controlling interests | 162 | 226 |
| Total net assets | 51,998 | 48,666 |
| Total liabilities and net assets | 82,809 | 79,522 |

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income
First six months of the fiscal year ending September 30, 2019

(Millions of yen)

| | Six months ended March 31, 2018 | Six months ended March 31, 2019 |
|---|------------------------------------|------------------------------------|
| Net sales | 28,433 | 29,483 |
| Cost of sales | 9,944 | 10,596 |
| Gross profit | 18,489 | 18,887 |
| Selling, general and administrative expenses | 12,638 | 12,825 |
| Operating income | 5,851 | 6,061 |
| Non-operating income | | |
| Interest income | 3 | 3 |
| Dividend income | 6 | 5 |
| Insurance income | 0 | 47 |
| Other | 67 | 53 |
| Total | 77 | 110 |
| Non-operating expenses | | |
| Exchange differences | 8 | 2 |
| Other | 0 | 0 |
| Total | 9 | 2 |
| Ordinary income | 5,919 | 6,169 |
| Extraordinary income | | |
| Gain on sale of fixed assets | 10 | 2 |
| Total | 10 | 2 |
| Extraordinary losses | | |
| Loss on disposal of fixed assets | 17 | 0 |
| Total | 17 | 0 |
| Income before income taxes | 5,912 | 6,170 |
| Income taxes – basic | 3,420 | 3,237 |
| Income taxes – deferred | 136 | 48 |
| Total | 3,557 | 3,285 |
| Net income | 2,354 | 2,885 |
| Net income attributable to non-controlling interests | 45 | 64 |
| Net income attributable to owners of the parent | 2,309 | 2,821 |

Quarterly consolidated statements of comprehensive income

(Millions of yen)

| | Six months ended March 31, 2018 | Six months ended March 31, 2019 |
|--|------------------------------------|--|
| Net income | 2,354 | 2,885 |
| Other comprehensive income | | |
| Net unrealized gain on other securities | 118 | (23) |
| Foreign currency translation adjustments | (83) | (50) |
| Remeasurements of defined benefit plans, net of tax | 1 | 4 |
| Total | 36 | (69) |
| Comprehensive income | 2,391 | 2,815 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent | 2,346 | 2,751 |
| Comprehensive income attributable to non-controlling interests | 44 | 64 |

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

| | Six months ended March 31, 2018 | Six months ended March 31, 2019 |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Income before income taxes | 5,912 | 6,170 |
| Depreciation | 894 | 840 |
| Amortization of goodwill | 22 | 1 |
| Increase (decrease) in reserve for doubtful accounts | (10) | 17 |
| Increase (decrease) in reserve for bonuses | 0 | 20 |
| Increase (decrease) in reserve for product returns | (8) | (16) |
| Increase (decrease) in net defined benefit asset and liability | 21 | (75) |
| Interest and dividends received | (9) | (9) |
| Gain/loss on currency translation | 1 | 1 |
| Gain/loss on sales of property, plant and equipment | 7 | (1) |
| Decrease (increase) in trade receivables | 325 | 83 |
| Decrease (increase) in inventories | (496) | (570) |
| Increase (decrease) in trade payables | (1,941) | 127 |
| Increase (decrease) in guarantee deposits | (231) | (246) |
| Other | (570) | (62) |
| Subtotal | 3,916 | 6,281 |
| Interest and dividends received | 9 | 8 |
| Income tax (paid) refunded | (2,481) | (1,052) |
| Net cash provided by (used in) operating activities | 1,444 | 5,236 |
| Cash flows from investing activities | | |
| Expenditure for deposit to time deposits | (22) | (22) |
| Proceeds from withdrawal of time deposits | 50 | 22 |
| Purchase of investment securities | (0) | (0) |
| Purchase of property, plant and equipment | (774) | (1,206) |
| Proceeds from sale of property, plant and equipment | 35 | 5 |
| Purchase of intangible assets | (2) | (0) |
| Net cash provided by (used in) investing activities | (715) | (1,202) |
| Cash flows from financing activities | | |
| Purchase of treasury stock | (9,971) | — |
| Cash dividends paid | (5,310) | (6,140) |
| Other | (58) | (57) |
| Net cash provided by (used in) financing activities | (15,340) | (6,197) |
| Effects of exchange rate changes on cash and cash equivalents | (51) | (33) |
| Net change in cash and cash equivalents | (14,662) | (2,196) |
| Cash and cash equivalents, beginning of the period | 40,350 | 28,701 |
| Cash and cash equivalents, end of the period | 25,687 | 26,505 |

(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

(Additional information)

Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc."

The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc."

(Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the three months ended December 31, 2018. Accordingly, deferred tax assets have been presented under investments and other assets and deferred tax liabilities have been presented under long-term liabilities.

(Segment information)

I Consolidated results for the first six months of the fiscal year ended September 30, 2018
(October 1, 2017 to March 31, 2018)

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 | 21,277 | 6,202 | 954 | 28,433 | — | 28,433 |
| (2) Intersegment sales | — | — | 88 | 88 | (88) | — |
| Total | 21,277 | 6,202 | 1,042 | 28,521 | (88) | 28,433 |
| Segment income | 6,369 | 549 | 44 | 6,964 | (1,113) | 5,851 |

(Note 1) Intersegment eliminations totaling 347 million yen and unallocated corporate expenses totaling (1,461) million yen have been included in the segment income adjustment totaling (1,113) 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, 2019
(October 1, 2018 to March 31, 2019)

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 | 22,438 | 5,926 | 1,118 | 29,483 | — | 29,483 |
| (2) Intersegment sales | — | — | 83 | 83 | (83) | — |
| Total | 22,438 | 5,926 | 1,202 | 29,567 | (83) | 29,483 |
| Segment income | 6,614 | 676 | 46 | 7,337 | (1,276) | 6,061 |

(Note 1) Intersegment eliminations totaling 346 million yen and unallocated corporate expenses totaling (1,622) million yen have been included in the segment income adjustment totaling (1,276) 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