

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