

July 28, 2020

Noevir Holdings Announces Consolidated Results for the First Nine Months of the Fiscal Year Ending September 30, 2020 (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: August 4, 2020 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, 2020 (October 1, 2019 – June 30, 2020)

(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, 2020	39,720	(11.0)%	6,925	(26.4)%	7,036	(26.4)%	3,577	(27.4)%
Nine months ended June 30, 2019	44,618	2.2%	9,408	2.5%	9,561	3.0%	4,930	12.5%

Note: Comprehensive income:

Nine months ended June 30, 2020: 3,967 million yen [(17.7)%]

Nine months ended June 30, 2019: 4,823 million yen [7.9%]

	EPS (Yen)	Diluted EPS (Yen)
Nine months ended June 30, 2020	104.72	—
Nine months ended June 30, 2019	144.35	—

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
Nine months ended June 30, 2020	78,692	50,060	63.3
Year ended September 30, 2019	83,330	52,946	63.3

[Reference] Equity:

Nine months ended June 30, 2020: 49,781 million yen

Year ended September 30, 2019: 52,728 million yen

2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Year ended September 30, 2019	—	0.00	—	200.00	200.00
Year ending September 30, 2020	—	0.00	—	—	—
Year ending September 30, 2020 (forecast)	—	—	—	200.00	200.00

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

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2020
(October 1, 2019 – September 30, 2020)

(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	54,000	(8.9)%	9,500	(20.8)%	9,700	(20.8)%	6,600	(8.7)%	193.23

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 June 30, 2020: 34,156,623
 - As of September 30, 2019: 34,156,623
 - 2) Treasury shares outstanding
 - As of June 30, 2020: 56
 - As of September 30, 2019: 56
 - 3) Average shares outstanding over quarter
 - Nine months ended June 30, 2020: 34,156,567
 - Nine months ended June 30, 2019: 34,156,567

* 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, 2020
(October 1, 2019 to June 30, 2020)

	Nine months ended June 30, 2019		Nine months ended June 30, 2020		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Total sales	44,618	100.0	39,720	100.0	(4,897)	(11.0)
Cosmetics	34,267	76.8	30,225	76.1	(4,041)	(11.8)
Pharmaceuticals & Health Food	8,982	20.1	8,202	20.6	(780)	(8.7)
Other	1,367	3.1	1,292	3.3	(75)	(5.5)

	Nine months ended June 30, 2019		Nine months ended June 30, 2020		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	9,408	21.1	6,925	17.4	(2,482)	(26.4)
Ordinary income	9,561	21.4	7,036	17.7	(2,525)	(26.4)
Net income attributable to owners of the parent	4,930	11.1	3,577	9.0	(1,353)	(27.4)

During the first nine months of the fiscal year ending September 30, 2020 (October 1, 2019 to June 30, 2020), the Japanese economy continued recovering gradually, mainly due to further improvements in corporate earnings and the employment situation. However, uncertain economic trends were heightened due to the impact of the COVID-19 pandemic.

Although, diverse latent consumer demand is anticipated in the domestic and overseas markets where the Group conducts business operations, it has been impacted by an increase in consumption tax and the COVID-19 pandemic.

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 2020 came to 39,720 million yen (down 11.0% year on year), operating income was 6,925 million yen (down 26.4%), ordinary income amounted to 7,036 million yen (down 26.4%), and net income attributable to owners of the parent came to 3,577 million yen (down 27.4%).

In the Cosmetics segment, net sales totaled 30,225 million yen (down 11.8% year on year), and segment income came to 8,026 million yen (down 21.9%). Sales were sluggish in face-to-face channel cosmetics and self-selection cosmetics.

In the Pharmaceuticals & Health Food segment, net sales totaled 8,202 million yen (down 8.7% year on year), and segment income came to 991 million yen (down 5.9%).

In the Other segment, net sales came to 1,292 million yen (down 5.5% year on year), while the segment recorded a loss of 14 million yen (compared with segment income of 37 million yen in the corresponding period of the previous fiscal year).

(2) Financial position

Total assets on a consolidated basis as of June 30, 2020 stood at 78,692 million yen, a decrease of 4,637 million yen from the previous fiscal year-end. This was mainly due to decreases of 2,285 million yen in notes and accounts receivable and 1,876 million yen in cash and cash equivalents.

Total liabilities came to 28,632 million yen, a decrease of 1,751 million yen from the previous fiscal year-end. This was mainly due to decreases of 942 million yen in income tax payable, 431 million in accounts payable and 378 million yen in guarantee deposits received.

Net assets came to 50,060 million yen, a decrease of 2,886 million yen from the previous fiscal year-end. This was primarily attributable to payment of 6,831 million yen in dividends at the previous fiscal year-end and a decrease in retained earnings of 3,276 million yen, which were partly offset by net income attributable to owners of the parent of 3,577 million yen.

As a result, the equity ratio stood at 63.3%.

(Consolidated cash flow)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis for the period under review stood at 28,596 million yen, a decrease of 1,851 million yen compared with the 30,448 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 nine months of fiscal 2020 on a consolidated basis are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 6,169 million yen (719 million yen less than in the corresponding period of the previous fiscal year). The main item increasing cash was 7,036 million yen in income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities came to 1,135 million yen (745 million yen less than in the corresponding period of the previous fiscal year). The principal cash outflow was 1,149 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 6,907 million yen (674 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 6,823 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, 2020, announced on May 13, 2020, remain unchanged.

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

(Millions of yen)

	Previous fiscal year (As of September 30, 2019)	As of June 30, 2020
ASSETS		
Current assets		
Cash and cash equivalents	30,739	28,863
Notes and accounts receivable	10,827	8,541
Merchandise and finished goods	7,050	7,271
Work in progress	98	111
Raw materials and purchased supplies	1,494	1,497
Other receivables	3,309	2,389
Other	537	679
Allowance for doubtful accounts	(36)	(18)
Total current assets	54,021	49,336
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,946	5,484
Equipment and vehicles, net	2,451	1,834
Land	13,713	13,755
Lease assets, net	1,227	1,156
Construction in progress	614	496
Other, net	261	237
Total property, plant and equipment	23,213	22,963
Intangible assets		
Goodwill	302	279
Software	114	91
Other	78	79
Total intangible assets	494	450
Investments and other assets		
Investment securities	1,522	1,922
Deferred tax assets	2,542	2,467
Other	1,567	1,574
Allowance for doubtful accounts	(32)	(22)
Total investments and other assets	5,600	5,942
Total non-current assets	29,309	29,356
Total assets	83,330	78,692

(Millions of yen)

	Previous fiscal year (As of September 30, 2019)	As of June 30, 2020
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	2,704	2,733
Lease obligations	112	112
Other accounts payable	2,968	2,537
Income tax payable	2,150	1,207
Reserve for bonuses	101	57
Reserve for product returns	360	331
Other	1,237	1,307
Total current liabilities	9,634	8,286
Long-term liabilities		
Lease obligations	1,217	1,140
Guarantee deposits received	13,371	12,993
Deferred tax liabilities	469	562
Net defined benefit liability	5,315	5,273
Other	375	375
Total long-term liabilities	20,749	20,345
Total liabilities	30,383	28,632
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	44,875	41,598
Treasury stock	(0)	(0)
Total shareholders' equity	52,193	48,916
Accumulated other comprehensive income		
Net unrealized gain on other securities	861	1,139
Foreign currency translation adjustments	(218)	(187)
Remeasurements of defined benefit plans, net of tax	(109)	(86)
Total accumulated other comprehensive income	534	864
Non-controlling interests	218	278
Total net assets	52,946	50,060
Total liabilities and net assets	83,330	78,692

(2) Quarterly consolidated statements of income and comprehensive income
 Quarterly consolidated statements of income

(Millions of yen)

	Nine months ended June 30, 2019	Nine months ended June 30, 2020
Net sales	44,618	39,720
Cost of sales	15,670	13,981
Gross profit	28,947	25,739
Selling, general and administrative expenses	19,538	18,813
Operating income	9,408	6,925
Non-operating income		
Interest income	6	5
Dividend income	11	14
Exchange differences	—	6
Other	147	85
Total	164	112
Non-operating expenses		
Exchange differences	11	—
Other	0	1
Total	11	1
Ordinary income	9,561	7,036
Extraordinary income		
Gain on sale of fixed assets	2	—
Total	2	—
Extraordinary losses		
Loss on disposal of fixed assets	0	0
Total	0	0
Income before income taxes	9,563	7,036
Income taxes – basic	4,431	3,363
Income taxes – deferred	117	36
Total	4,549	3,399
Net income	5,014	3,636
Net income attributable to non-controlling interests	83	59
Net income attributable to owners of the parent	4,930	3,577

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended June 30, 2019	Nine months ended June 30, 2020
Net income	5,014	3,636
Other comprehensive income		
Net unrealized gain on other securities	(75)	277
Foreign currency translation adjustments	(123)	30
Remeasurements of defined benefit plans, net of tax	8	22
Total	(190)	331
Comprehensive income	4,823	3,967
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,751	3,907
Comprehensive income attributable to non-controlling interests	72	60

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended June 30, 2019	Nine months ended June 30, 2020
Cash flows from operating activities		
Income before income taxes	9,563	7,036
Depreciation	1,290	1,234
Amortization of goodwill	2	23
Increase (decrease) in reserve for doubtful accounts	25	(28)
Increase (decrease) in reserve for bonuses	(23)	(44)
Increase (decrease) in reserve for product returns	(2)	(28)
Increase (decrease) in net defined benefit asset and liability	(92)	(41)
Interest and dividends received	(17)	(20)
Loss (gain) on currency translation	1	(0)
Loss (gain) on sales of property, plant and equipment	(1)	0
Decrease (increase) in trade receivables	413	2,308
Decrease (increase) in inventories	(1,272)	(228)
Increase (decrease) in trade payables	452	23
Increase (decrease) in guarantee deposits	(389)	(378)
Other	(254)	(202)
Subtotal	9,694	9,654
Interest and dividends received	16	19
Income tax refunded (paid)	(2,821)	(3,504)
Net cash provided by (used in) operating activities	6,888	6,169
Cash flows from investing activities		
Expenditure for deposit to time deposits	(70)	(165)
Proceeds from withdrawal of time deposits	70	191
Purchase of investment securities	(1)	(1)
Purchase of property, plant and equipment	(1,607)	(1,149)
Proceeds from sale of property, plant and equipment	5	—
Purchase of intangible assets	(14)	(9)
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(263)	—
Net cash provided by (used in) investing activities	(1,880)	(1,135)
Cash flows from financing activities		
Cash dividends paid	(6,146)	(6,823)
Other	(86)	(83)
Net cash provided by (used in) financing activities	(6,233)	(6,907)
Effects of exchange rate changes on cash and cash equivalents	(82)	22
Net change in cash and cash equivalents	(1,307)	(1,851)
Cash and cash equivalents, beginning of the period	28,701	30,448
Cash and cash equivalents, end of the period	27,393	28,596

(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, 2019
(October 1, 2018 to June 30, 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	34,267	8,982	1,367	44,618	—	44,618
(2) Intersegment sales	—	—	127	127	(127)	—
Total	34,267	8,982	1,495	44,745	(127)	44,618
Segment income	10,275	1,054	37	11,366	(1,958)	9,408

(Note 1) Intersegment eliminations totaling 520 million yen and unallocated corporate expenses totaling (2,478) million yen have been included in the segment income adjustment totaling (1,958) 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, 2020
(October 1, 2019 to June 30, 2020)

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	30,225	8,202	1,292	39,720	—	39,720
(2) Intersegment sales	—	—	184	184	(184)	—
Total	30,225	8,202	1,476	39,904	(184)	39,720
Segment income (loss)	8,026	991	(14)	9,003	(2,077)	6,925

(Note 1) Intersegment eliminations totaling 568 million yen and unallocated corporate expenses totaling (2,646) million yen have been included in the segment income adjustment totaling (2,077) 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