

April 30, 2021

Noevir Holdings Announces Consolidated Results for the First Six Months of the Fiscal Year Ending September 30, 2021 (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 12, 2021 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, 2021 (October 1, 2020 – March 31, 2021)

* 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, 2021	25,860 (6.9)%	4,529 (10.6)%	4,626 (9.9)%	2,004 (16.4)%
Six months ended March 31, 2020	27,789 (5.7)%	5,068 (16.4)%	5,135 (16.8)%	2,398 (15.0)%

Note: Comprehensive income:

Six months ended March 31, 2021: 2,292 million yen [(8.2)]%

Six months ended March 31, 2020: 2,496 million yen [(11.3)]%

	EPS (Yen)	Diluted EPS (Yen)
Six months ended March 31, 2021	58.67	—
Six months ended March 31, 2020	70.22	—

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
Six months ended March 31, 2021	76,726	47,530	61.5
Year ended September 30, 2020	80,052	52,243	64.9

[Reference] Equity:

Six months ended March 31, 2021: 47,184 million yen

Year ended September 30, 2020: 51,978 million yen

2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Year ended September 30, 2020	—	0.00	—	205.00	205.00
Year ending September 30, 2021	—	0.00			
Year ending September 30, 2021 (forecast)			—	205.00	205.00

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

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2021
(October 1, 2020 – September 30, 2021)

(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	52,500	1.3%	9,000	11.7%	9,200	11.6%	6,300	12.1%	184.45

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, 2021: 34,156,623
 - As of September 30, 2020: 34,156,623
 - 2) Treasury shares outstanding
 - As of March 31, 2021: 150
 - As of September 30, 2020: 104
 - 3) Average shares outstanding over quarter
 - As of March 31, 2021: 34,156,510
 - Six months ended March 31, 2020: 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 six months of the fiscal year ending September 30, 2021
(October 1, 2020 to March 31, 2021)

	Six months ended March 31, 2020		Six months ended March 31, 2021		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Total sales	27,789	100.0	25,860	100.0	(1,928)	(6.9)
Cosmetics	21,182	76.2	19,655	76.0	(1,527)	(7.2)
Pharmaceuticals & Health Food	5,597	20.2	5,359	20.7	(238)	(4.3)
Other	1,008	3.6	845	3.3	(162)	(16.2)

	Six months ended March 31, 2020		Six months ended March 31, 2021		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	5,068	18.2	4,529	17.5	(538)	(10.6)
Ordinary income	5,135	18.5	4,626	17.9	(508)	(9.9)
Net income attributable to owners of the parent	2,398	8.6	2,004	7.7	(394)	(16.4)

During the first six months of fiscal 2021 (October 1, 2020 to March 31, 2021), the Japanese economy faced a difficult situation, as corporate earnings and the employment situation remained severe and economic trends grew increasingly uncertain due to the COVID-19 pandemic.

The Group has been impacted by the COVID-19 pandemic in markets where it conducts business operations.

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 2021 came to 25,860 million yen (down 6.9% year on year), operating income was 4,529 million yen (down 10.6%), ordinary income amounted to 4,626 million yen (down 9.9%), and net income attributable to owners of the parent came to 2,004 million yen (down 16.4%).

In the Cosmetics segment, sales totaled 19,655 million yen (down 7.2% year on year), and segment income came to 5,123 million yen (down 9.9%). Sales were sluggish in face-to-face channel cosmetics and self-selection cosmetics due to the impact of the COVID-19 pandemic.

In the Pharmaceuticals & Health Food segment, sales totaled 5,359 million yen (down 4.3% year on year), and segment income came to 691 million yen (up 0.4%).

In the Other segment, sales came to 845 million yen (down 16.2% year on year), while the segment income was 87 million yen (down 4.9%).

(2) Financial position

Total assets as of March 31, 2021 stood at 76,726 million yen, a decrease of 3,326 million yen from the previous fiscal year-end. This was mainly due to declines in cash and cash equivalents of 2,461 million yen and other receivables of 762 million yen, respectively.

Total liabilities came to 29,196 million yen, an increase of 1,386 million yen from the previous fiscal year-end. This was mainly due to increases of 1,051 million yen in income tax payable and 437 million yen in notes and accounts payable.

Net assets came to 47,530 million yen, a decrease of 4,712 million yen from the previous fiscal year-end. This was primarily attributable to a decrease in retained earnings of 5,000 million yen, due to payment of 7,002 million yen in dividends at the previous fiscal year-end, which was partly offset by net income attributable to owners of the parent of 2,004 million yen.

As a result, the equity ratio stood at 61.5%.

(Consolidated cash flow)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis for the period under review stood at 26,735 million yen, a decrease of 2,463 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 2021 are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 4,800 million yen (10 million yen more than in the corresponding period of the previous fiscal year). The main item increasing cash was the posting of 4,627 million yen in income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities came to 350 million yen (752 million yen less than in the corresponding period of the previous fiscal year). The principal cash outflow was 339 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 7,053 million yen (178 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 6,997 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, 2021, announced on November 5, 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, 2020)	As of March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	29,456	26,994
Notes and accounts receivable	9,229	9,568
Merchandise and finished goods	6,603	6,073
Work in progress	90	153
Raw materials and purchased supplies	1,384	1,524
Other receivables	3,032	2,270
Other	638	569
Allowance for doubtful accounts	(19)	(16)
Total current assets	50,416	47,136
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,628	5,459
Equipment and vehicles, net	1,631	1,380
Land	13,920	13,964
Lease assets, net	1,130	1,078
Construction in progress	490	642
Other, net	221	212
Total property, plant and equipment	23,023	22,738
Intangible assets		
Goodwill	271	255
Software	83	85
Other	75	78
Total intangible assets	430	419
Investments and other assets		
Investment securities	2,064	2,186
Deferred tax assets	2,570	2,696
Other	1,569	1,569
Allowance for doubtful accounts	(22)	(21)
Total investments and other assets	6,181	6,432
Total non-current assets	29,636	29,589
Total assets	80,052	76,726

(Millions of yen)

	Previous fiscal year (As of September 30, 2020)	As of March 31, 2021
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,148	2,585
Lease obligations	112	112
Other accounts payable	2,402	2,350
Income tax payable	1,109	2,161
Reserve for bonuses	101	101
Reserve for product returns	472	563
Other	1,233	1,319
Total current liabilities	7,580	9,193
Long-term liabilities		
Lease obligations	1,112	1,056
Long-term guarantee deposits	12,894	12,650
Deferred tax liabilities	596	618
Net defined benefit liability	5,250	5,300
Other	375	375
Total long-term liabilities	20,229	20,002
Total liabilities	27,809	29,196
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	43,662	38,661
Treasury stock	(0)	(0)
Total shareholders' equity	50,980	45,979
Accumulated other comprehensive income		
Net unrealized gain on other securities	1,236	1,320
Foreign currency translation adjustments	(203)	(74)
Remeasurements of defined benefit plans, net of tax	(35)	(40)
Total accumulated other comprehensive income	997	1,205
Non-controlling interests	265	346
Total net assets	52,243	47,530
Total liabilities and net assets	80,052	76,726

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

(Millions of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Net sales	27,789	25,860
Cost of sales	10,024	9,311
Gross profit	17,765	16,548
Selling, general and administrative expenses	12,696	12,019
Operating income	5,068	4,529
Non-operating income		
Interest income	3	3
Dividend income	6	8
Exchange differences	6	32
Other	51	51
Total	67	96
Non-operating expenses		
Other	0	0
Total	0	0
Ordinary income	5,135	4,626
Extraordinary income		
Gain on sale of fixed assets	—	2
Total	—	2
Extraordinary losses		
Loss on disposal of fixed assets	0	1
Total	0	1
Income before income taxes	5,134	4,627
Income taxes – basic	2,719	2,704
Income taxes – deferred	(27)	(135)
Total	2,692	2,568
Net income	2,442	2,059
Net income attributable to non-controlling interests	43	55
Net income attributable to owners of the parent	2,398	2,004

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Net income	2,442	2,059
Other comprehensive income		
Net unrealized gain on other securities	7	83
Foreign currency translation adjustments	31	155
Remeasurements of defined benefit plans, net of tax	15	(5)
Total	54	233
Comprehensive income	2,496	2,292
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,451	2,211
Comprehensive income attributable to non-controlling interests	45	80

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Cash flows from operating activities		
Income before income taxes	5,134	4,627
Depreciation	810	664
Amortization of goodwill	15	15
Increase (decrease) in reserve for doubtful accounts	(23)	(4)
Increase (decrease) in reserve for bonuses	(2)	0
Increase (decrease) in reserve for product returns	(6)	90
Increase (decrease) in net defined benefit asset and liability	(83)	49
Interest and dividends received	(10)	(12)
Gain/loss on currency translation	(0)	(6)
Gain/loss on sales of property, plant and equipment	0	(1)
Decrease (increase) in trade receivables	918	(316)
Decrease (increase) in inventories	223	361
Increase (decrease) in trade payables	(76)	415
Increase (decrease) in guarantee deposits	(242)	(243)
Other	(28)	111
Subtotal	6,628	5,752
Interest and dividends received	9	11
Income tax (paid) refunded	(1,848)	(963)
Net cash provided by (used in) operating activities	4,789	4,800
Cash flows from investing activities		
Expenditure for deposit to time deposits	(52)	(123)
Proceeds from withdrawal of time deposits	52	123
Purchase of investment securities	(0)	(0)
Purchase of property, plant and equipment	(1,097)	(339)
Proceeds from sale of property, plant and equipment	—	9
Purchase of intangible assets	(5)	(19)
Net cash provided by (used in) investing activities	(1,103)	(350)
Cash flows from financing activities		
Purchase of treasury stock	—	(0)
Cash dividends paid	(6,819)	(6,997)
Other	(56)	(55)
Net cash provided by (used in) financing activities	(6,875)	(7,053)
Effects of exchange rate changes on cash and cash equivalents	24	124
Net change in cash and cash equivalents	(3,164)	(2,479)
Cash and cash equivalents, beginning of the period	30,448	29,199
Increase (decrease) in cash and cash equivalents resulting from changes in the accounting period of consolidated subsidiaries	—	16
Cash and cash equivalents, end of the period	27,283	26,735

(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)

(Accounting estimates concerning the impact of the COVID-19 pandemic)

There are no major changes from the accounting estimates concerning the impact of the COVID-19 pandemic that were included in the "Additional information" section of the securities report for the fiscal year ended September 30, 2020.

(Segment information)

I Consolidated results for the first six months of the fiscal year ended September 30, 2020
(October 1, 2019 to March 31, 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	21,182	5,597	1,008	27,789	—	27,789
(2) Intersegment sales	—	—	123	123	(123)	—
Total	21,182	5,597	1,131	27,912	(123)	27,789
Segment income	5,683	688	92	6,464	(1,396)	5,068

(Note 1) Intersegment eliminations totaling 379 million yen and unallocated corporate expenses totaling (1,775) million yen have been included in the segment income adjustment totaling (1,396) 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, 2021
(October 1, 2020 to March 31, 2021)

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	19,655	5,359	845	25,860	—	25,860
(2) Intersegment sales	—	—	129	129	(129)	—
Total	19,655	5,359	975	25,989	(129)	25,860
Segment income	5,123	691	87	5,902	(1,372)	4,529

(Note 1) Intersegment eliminations totaling 419 million yen and unallocated corporate expenses totaling (1,791) million yen have been included in the segment income adjustment totaling (1,372) 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