

July 30, 2021

Noevir Holdings Announces Consolidated Results for the First Nine 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: August 6, 2021 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, 2021 (October 1, 2020 – June 30, 2021)

(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, 2021	38,826	(2.3)%	6,961	0.5%	7,191	2.2%	3,601	0.7%
Nine months ended June 30, 2020	39,720	(11.0)%	6,925	(26.4)%	7,036	(26.4)%	3,577	(27.4)%

Note: Comprehensive income:

Nine months ended June 30, 2021: 4,069 million yen [2.6%]

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

	EPS (Yen)	Diluted EPS (Yen)
Nine months ended June 30, 2021	105.45	—
Nine months ended June 30, 2020	104.72	—

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
Nine months ended June 30, 2021	78,414	49,240	62.3
Year ended September 30, 2020	80,052	52,243	64.9

[Reference] Equity:

Nine months ended June 30, 2021: 48,865 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 June 30, 2021: 34,156,623
 - As of September 30, 2020: 34,156,623
 - 2) Treasury shares outstanding
 - As of June 30, 2021: 192
 - As of September 30, 2020: 104
 - 3) Average shares outstanding over quarter
 - Nine months ended June 30, 2021: 34,156,493
 - Nine months ended June 30, 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.

Contents of the Attached Material

1. Qualitative information regarding quarterly consolidated business performance	4
(1) Operating results	4
(2) Financial position	5
(3) Estimates and forecasts pertaining to future plans and business results.....	5
2. Quarterly consolidated financial statements and notes	6
(1) Quarterly consolidated balance sheets	6
(2) Quarterly consolidated statements of income and comprehensive income	8
(3) Quarterly consolidated statements of cash flows	10
(4) Notes to the quarterly consolidated financial statements	11
(Note on assumptions for going concern).....	11
(Note on significant changes in the amount of shareholders' equity).....	11
(Additional information).....	11
(Segment information).....	12

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, 2021
(October 1, 2020 to June 30, 2021)

	Nine months ended June 30, 2020		Nine months ended June 30, 2021		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Total sales	39,720	100.0	38,826	100.0	(893)	(2.3)
Cosmetics	30,225	76.1	29,579	76.2	(646)	(2.1)
Pharmaceuticals & Health Food	8,202	20.6	8,075	20.8	(126)	(1.5)
Other	1,292	3.3	1,171	3.0	(120)	(9.3)

	Nine months ended June 30, 2020		Nine months ended June 30, 2021		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	6,925	17.4	6,961	17.9	35	0.5
Ordinary income	7,036	17.7	7,191	18.5	154	2.2
Net income attributable to owners of the parent	3,577	9.0	3,601	9.3	24	0.7

During the first nine months of fiscal 2021 (October 1, 2020 to June 30, 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 nine months of fiscal 2021 came to 38,826 million yen (down 2.3% year on year), operating income was 6,961 million yen (up 0.5%), ordinary income amounted to 7,191 million yen (up 2.2%), and net income attributable to owners of the parent came to 3,601 million yen (up 0.7%).

In the Cosmetics segment, net sales totaled 29,579 million yen (down 2.1% year on year), and segment income came to 7,860 million yen (down 2.1%). Sales decreased slightly 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, net sales totaled 8,075 million yen (down 1.5% year on year), and segment income came to 1,068 million yen (up 7.8%).

In the Other segment, sales came to 1,171 million yen (down 9.3% year on year), while segment income was 65 million yen (compared to segment loss of 14 million yen in the corresponding period of the previous fiscal year).

(2) Financial position

Total assets on a consolidated basis as of June 30, 2021 stood at 78,414 million yen, a decrease of 1,638 million yen from the previous fiscal year-end. This was mainly due to decreases of 737 million yen in other receivables and 729 million yen in property, plant and equipment, respectively.

Total liabilities came to 29,173 million yen, an increase of 1,364 million yen from the previous fiscal year-end. This was mainly due to increases of 628 million yen in notes and accounts payable and 611 million yen in income tax payable, respectively.

Net assets came to 49,240 million yen, a decrease of 3,002 million yen from the previous fiscal year-end. This was primarily attributable to payment of 7,002 million yen in dividends at the previous fiscal year-end and a decrease in retained earnings of 3,469 million yen, which were partly offset by net income attributable to owners of the parent of 3,601 million yen.

As a result, the equity ratio stood at 62.3%.

(Consolidated cash flow)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis for the period under review stood at 29,136 million yen, a decrease of 62 million yen compared to the end of the previous fiscal year.

The status of each cash flow together with the factors contributing to their increase or decrease for the first nine months of fiscal 2021 on a consolidated basis are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 7,200 million yen (1,031 million yen more than in the corresponding period of the previous fiscal year). The main item increasing cash was 7,192 million yen in income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities came to 333 million yen (801 million yen less than in the corresponding period of the previous fiscal year). The principal cash outflow was 309 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 7,085 million yen (177 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 7,001 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 June 30, 2021
ASSETS		
Current assets		
Cash and cash equivalents	29,456	29,396
Notes and accounts receivable	9,229	8,986
Merchandise and finished goods	6,603	6,456
Work in progress	90	94
Raw materials and purchased supplies	1,384	1,351
Other receivables	3,032	2,295
Other	638	649
Allowance for doubtful accounts	(19)	(16)
Total current assets	50,416	49,213
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,628	5,362
Equipment and vehicles, net	1,631	1,631
Land	13,920	13,964
Lease assets, net	1,130	1,053
Construction in progress	490	88
Other, net	221	194
Total property, plant and equipment	23,023	22,294
Intangible assets		
Goodwill	271	248
Software	83	73
Other	75	115
Total intangible assets	430	437
Investments and other assets		
Investment securities	2,064	2,384
Deferred tax assets	2,570	2,659
Other	1,569	1,446
Allowance for doubtful accounts	(22)	(20)
Total investments and other assets	6,181	6,469
Total non-current assets	29,636	29,201
Total assets	80,052	78,414

(Millions of yen)

	Previous fiscal year (As of September 30, 2020)	As of June 30, 2021
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	2,148	2,776
Lease obligations	112	112
Other accounts payable	2,402	2,701
Income tax payable	1,109	1,721
Reserve for bonuses	101	55
Reserve for product returns	472	583
Other	1,233	1,291
Total current liabilities	7,580	9,242
Long-term liabilities		
Lease obligations	1,112	1,028
Guarantee deposits received	12,894	12,501
Deferred tax liabilities	596	672
Net defined benefit liability	5,250	5,353
Other	375	375
Total long-term liabilities	20,229	19,931
Total liabilities	27,809	29,173
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	43,662	40,192
Treasury stock	(0)	(1)
Total shareholders' equity	50,980	47,510
Accumulated other comprehensive income		
Net unrealized gain on other securities	1,236	1,457
Foreign currency translation adjustments	(203)	(58)
Remeasurements of defined benefit plans, net of tax	(35)	(43)
Total accumulated other comprehensive income	997	1,355
Non-controlling interests	265	375
Total net assets	52,243	49,240
Total liabilities and net assets	80,052	78,414

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

(Millions of yen)

	Nine months ended June 30, 2020	Nine months ended June 30, 2021
Net sales	39,720	38,826
Cost of sales	13,981	13,601
Gross profit	25,739	25,225
Selling, general and administrative expenses	18,813	18,264
Operating income	6,925	6,961
Non-operating income		
Interest income	5	6
Dividend income	14	16
Exchange differences	6	38
Surrender value of insurance policies	—	127
Other	85	82
Total	112	270
Non-operating expenses		
Litigation settlement	—	40
Other	1	0
Total	1	40
Ordinary income	7,036	7,191
Extraordinary income		
Gain on sale of fixed assets	—	6
Total	—	6
Extraordinary losses		
Loss on disposal of fixed assets	0	5
Total	0	5
Income before income taxes	7,036	7,192
Income taxes – basic	3,363	3,615
Income taxes – deferred	36	(104)
Total	3,399	3,511
Net income	3,636	3,681
Net income attributable to non-controlling interests	59	79
Net income attributable to owners of the parent	3,577	3,601

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended June 30, 2020	Nine months ended June 30, 2021
Net income	3,636	3,681
Other comprehensive income		
Net unrealized gain on other securities	277	220
Foreign currency translation adjustments	30	175
Remeasurements of defined benefit plans, net of tax	22	(8)
Total	331	388
Comprehensive income	3,967	4,069
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,907	3,959
Comprehensive income attributable to non-controlling interests	60	110

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended June 30, 2020	Nine months ended June 30, 2021
Cash flows from operating activities		
Income before income taxes	7,036	7,192
Depreciation	1,234	1,060
Amortization of goodwill	23	23
Increase (decrease) in reserve for doubtful accounts	(28)	(4)
Increase (decrease) in reserve for bonuses	(44)	(45)
Increase (decrease) in reserve for product returns	(28)	110
Increase (decrease) in net defined benefit asset and liability	(41)	102
Interest and dividends received	(20)	(22)
Loss (gain) on currency translation	(0)	(6)
Loss (gain) on sales of property, plant and equipment	0	(0)
Surrender value of insurance policies	—	(127)
Decrease (increase) in trade receivables	2,308	273
Decrease (increase) in inventories	(228)	219
Increase (decrease) in trade payables	23	605
Increase (decrease) in guarantee deposits	(378)	(393)
Other	(202)	194
Subtotal	9,654	9,180
Interest and dividends received	19	20
Income tax refunded (paid)	(3,504)	(2,256)
Surrender value of insurance policies received	—	255
Net cash provided by (used in) operating activities	6,169	7,200
Cash flows from investing activities		
Expenditure for deposit to time deposits	(165)	(187)
Proceeds from withdrawal of time deposits	191	187
Purchase of investment securities	(1)	(1)
Purchase of property, plant and equipment	(1,149)	(309)
Proceeds from sale of property, plant and equipment	—	20
Purchase of intangible assets	(9)	(43)
Net cash provided by (used in) investing activities	(1,135)	(333)
Cash flows from financing activities		
Purchase of treasury stock	—	(0)
Cash dividends paid	(6,823)	(7,001)
Other	(83)	(83)
Net cash provided by (used in) financing activities	(6,907)	(7,085)
Effects of exchange rate changes on cash and cash equivalents	22	139
Net change in cash and cash equivalents	(1,851)	(79)
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	28,596	29,136

(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 nine months of the fiscal year ended 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 (loss) 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, 2021
(October 1, 2020 to June 30, 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	29,579	8,075	1,171	38,826	—	38,826
(2) Intersegment sales	—	—	194	194	(194)	—
Total	29,579	8,075	1,366	39,021	(194)	38,826
Segment income	7,860	1,068	65	8,994	(2,032)	6,961

(Note 1) Intersegment eliminations totaling 627 million yen and unallocated corporate expenses totaling (2,660) million yen have been included in the segment income adjustment totaling (2,032) 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