

February 7, 2023

Noevir Holdings Announces Consolidated Results for the First Three Months of the Fiscal Year Ending September 30, 2023 (based on Japan GAAP)

Trade name: Noevir Holdings Co., Ltd.
 Listing: Tokyo Stock Exchange, Prime Market (Securities Code: 4928)
 URL: <https://www.noevirholdings.co.jp/>
 Representative: Takashi Okura, President and CEO
 Contact: Mitsuyoshi Hanyu, Executive Officer, Accounting
 Tel. +81-78-303-5121

Submission of securities report: February 13, 2023 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 three months of the fiscal year ending September 30, 2023 (October 1, 2022 – December 31, 2022)

(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	
Three months ended December 31, 2022	16,208	4.1 %	3,329	20.0 %	3,356	18.7 %	1,180	37.7 %
Three months ended December 31, 2021	15,571	—%	2,773	—%	2,828	—%	856	—%

Note: Comprehensive income:

Three months ended December 31, 2022: 1,168 million yen [6.3%]

Three months ended December 31, 2021: 1,098 million yen [—%]

	EPS (Yen)	Diluted EPS (Yen)
Three months ended December 31, 2022	34.56	—
Three months ended December 31, 2021	25.09	—

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the three months ended December 31, 2021. The figures for the first three months of the fiscal year ending September 30, 2022 are presented after application of this accounting standard, etc. Therefore, year-on-year changes for these figures are not disclosed.

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
Three months ended December 31, 2022	71,865	46,209	63.8
Year ended September 30, 2022	76,781	52,384	67.8

[Reference] Equity:

As of December 31, 2022: 45,845 million yen

As of September 30, 2022: 52,055 million yen

2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Year ended September 30, 2022	—	0.00	—	215.00	215.00
Year ending September 30, 2023	—				
Year ending September 30, 2023 (forecast)		0.00	—	215.00	215.00

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

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2023 (October 1, 2022 – September 30, 2023)

(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)
Half year	30,200	0.1%	5,300	1.3%	5,400	1.4%	2,400	(19.5)%	70.27
Full year	61,600	0.7%	10,700	5.8%	10,900	4.7%	7,700	1.5%	225.43

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: Yes

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 December 31, 2022: 34,156,623

As of September 30, 2022: 34,156,623

2) Treasury shares outstanding

As of December 31, 2022: 270

As of September 30, 2022: 270

3) Average shares outstanding over quarter

Three months ended December 31, 2022: 34,156,353

Three months ended December 31, 2021: 34,156,388

* 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	4
(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
(Changes in accounting principles)	11
(Segment information).....	12

1. Qualitative information regarding quarterly consolidated business performance

(1) Operating results

Operating results for the first three months of the fiscal year ending September 30, 2023
(October 1, 2022 – December 31, 2022)

	Three months ended December 31, 2021		Three months ended December 31, 2022		Change (Millions of yen)	Change (%)
	Net sales (Millions of yen)	% of Total	Net sales (Millions of yen)	% of Total		
Net sales	15,571	100.0	16,208	100.0	636	4.1
Cosmetics	12,754	81.9	13,086	80.7	331	2.6
Pharmaceuticals & Health Food	2,627	16.9	2,788	17.2	160	6.1
Other	189	1.2	332	2.1	143	75.7

	Three months ended December 31, 2021		Three months ended December 31, 2022		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of Net sales	Amount (Millions of yen)	% of Net sales		
Operating income	2,773	17.8	3,329	20.5	555	20.0
Ordinary income	2,828	18.2	3,356	20.7	527	18.7
Net income attributable to owners of the parent	856	5.5	1,180	7.3	323	37.7

During the first three months of fiscal 2023 (October 1, 2022 to December 31, 2022), economic trends remained uncertain, although some signs of gradual recovery were observed.

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 three months of fiscal 2023 came to 16,208 million yen (up 4.1% year on year), operating income was 3,329 million yen (up 20.0%), ordinary income was 3,356 million yen (up 18.7%), and net income attributable to owners of the parent came to 1,180 million yen (up 37.7%).

In the Cosmetics segment, net sales totaled 13,086 million yen (up 2.6% year on year), and segment income came to 3,457 million yen (up 15.2%).

In the Pharmaceuticals & Health Food segment, net sales totaled 2,788 million yen (up 6.1% year on year), and segment income came to 407 million yen (up 11.7%).

In the Other segment, net sales totaled 332 million yen (up 75.7% year on year), and segment income came to 49 million yen (up 109.4%).

(2) Financial position

Total assets as of December 31, 2022 stood at 71,865 million yen, a decrease of 4,916 million yen from the previous fiscal year-end. This was mainly due to a decrease in cash and cash equivalents of 5,603 million yen.

Total liabilities came to 25,655 million yen, an increase of 1,258 million yen from the previous fiscal year-end. This was mainly due to an increase of 1,101 million yen in other under current liabilities.

Net assets came to 46,209 million yen, a decrease of 6,175 million yen from the previous fiscal year-end.

This was primarily attributable to a decrease in retained earnings of 6,163 million yen, due to payment of 7,343 million yen in dividends at the previous fiscal year-end, which was partly offset by net income attributable to owners of the parent of 1,180 million yen.

As a result, the equity ratio stood at 63.8%.

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis for the period under review stood at 23,927 million yen, a decrease of 5,603 million yen compared with the previous fiscal year-end.

The status of each cash flow together with the factors contributing to their increase or decrease for the first three months of fiscal 2023 are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 2,163 million yen (124 million yen less than in the corresponding period of the previous fiscal year). The main item increasing cash was 3,356 million yen in income before income taxes, and the main item decreasing cash was a 1,049 million yen increase in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities came to 318 million yen (30 million yen more than in the corresponding period of the previous fiscal year). The principal cash outflows were 164 million yen for the purchase of intangible assets and 154 million yen for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 7,298 million yen (163 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 7,270 million yen in dividends.

(3) Estimates and forecasts pertaining to future plans and business results

The consolidated business performance forecasts for the first half and full year ending September 30, 2023, announced on November 10, 2022, remain unchanged.

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

(Millions of yen)

	Previous fiscal year (As of September 30, 2022)	As of December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	29,747	24,144
Notes and accounts receivable	8,970	9,996
Merchandise and finished goods	6,242	6,667
Work in progress	140	109
Raw materials and purchased supplies	1,467	1,457
Other receivables	3,391	2,548
Other	617	623
Allowance for doubtful accounts	(7)	(4)
Total current assets	50,569	45,541
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,106	5,082
Equipment and vehicles, net	784	673
Land	13,554	13,554
Lease assets, net	928	905
Construction in progress	123	140
Other, net	195	186
Total property, plant and equipment	20,692	20,543
Intangible assets		
Goodwill	209	201
Software	119	109
Other	90	289
Total intangible assets	418	600
Investments and other assets		
Investment securities	2,132	2,324
Deferred tax assets	1,729	1,646
Other	1,257	1,228
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	5,100	5,179
Total non-current assets	26,212	26,323
Total assets	76,781	71,865

(Millions of yen)

	Previous fiscal year (As of September 30, 2022)	As of December 31, 2022
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,935	2,762
Lease obligations	93	86
Other accounts payable	3,197	3,359
Income tax payable	1,085	1,378
Reserve for bonuses	101	58
Other	2,239	3,340
Total current liabilities	9,653	10,985
Long-term liabilities		
Lease obligations	912	892
Guarantee deposits received	12,001	11,896
Deferred tax liabilities	311	394
Net defined benefit liability	514	518
Other	1,003	967
Total long-term liabilities	14,743	14,670
Total liabilities	24,397	25,655
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Retained earnings	42,982	36,819
Treasury stock	(1)	(1)
Total shareholders' equity	50,300	44,136
Accumulated other comprehensive income		
Net unrealized gain on other securities	1,278	1,410
Foreign currency translation adjustments	486	305
Remeasurements of defined benefit plans, net of tax	(8)	(7)
Total accumulated other comprehensive income	1,755	1,708
Non-controlling interests	328	363
Total net assets	52,384	46,209
Total liabilities and net assets	76,781	71,865

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income
First three months of the fiscal year ending September 30, 2023

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Net sales	15,571	16,208
Cost of sales	4,551	4,837
Gross profit	11,020	11,370
Selling, general and administrative expenses	8,247	8,041
Operating income	2,773	3,329
Non-operating income		
Interest income	1	5
Dividend income	8	11
Exchange differences	16	—
Other	28	37
Total	55	53
Non-operating expenses		
Loss on currency translation	—	26
Other	0	0
Total	0	26
Ordinary income	2,828	3,356
Extraordinary income		
Gain on sale of fixed assets	0	0
Total	0	0
Extraordinary losses		
Loss on disposal of fixed assets	4	0
Total	4	0
Income before income taxes	2,824	3,356
Income taxes – basic	1,724	2,010
Income taxes – deferred	212	107
Total	1,937	2,117
Net income	887	1,239
Net income attributable to non-controlling interests	31	58
Net income attributable to owners of the parent	856	1,180

Quarterly consolidated statements of comprehensive income
 First three months of the fiscal year ending September 30, 2023

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Net income	887	1,239
Other comprehensive income		
Net unrealized gain on other securities	106	131
Foreign currency translation adjustments	96	(203)
Remeasurements of defined benefit plans, net of tax	7	0
Total	210	(71)
Comprehensive income	1,098	1,168
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,053	1,133
Comprehensive income attributable to non-controlling interests	45	34

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Cash flows from operating activities		
Income before income taxes	2,824	3,356
Depreciation	344	273
Amortization of goodwill	7	7
Increase (decrease) in reserve for doubtful accounts	(0)	(3)
Increase (decrease) in reserve for bonuses	(46)	(43)
Increase (decrease) in net defined benefit asset and liability	(46)	4
Increase (decrease) in accounts payable due to transition to a retirement benefit plan	—	(42)
Interest and dividends received	(10)	(16)
Loss (gain) on currency translation	(3)	8
Loss (gain) on sales of disposal of non-current assets	4	0
Decrease (increase) in trade receivables	(667)	(1,049)
Decrease (increase) in inventories	161	(459)
Increase (decrease) in trade payables	(24)	(151)
Increase (decrease) in guarantee deposits	(111)	(105)
Other	1,670	1,323
Subtotal	4,102	3,104
Interest and dividends received	8	15
Income tax (paid) refunded	(1,823)	(955)
Net cash provided by (used in) operating activities	2,288	2,163
Cash flows from investing activities		
Expenditure for deposit to time deposits	(14)	(14)
Proceeds from withdrawal of time deposits	14	14
Purchase of investment securities	(0)	(0)
Purchase of property, plant and equipment	(266)	(154)
Proceeds from sale of property, plant and equipment	3	0
Purchase of intangible assets	(25)	(164)
Net cash provided by (used in) investing activities	(288)	(318)
Cash flows from financing activities		
Cash dividends paid	(7,107)	(7,270)
Other	(28)	(28)
Net cash provided by (used in) financing activities	(7,135)	(7,298)
Effects of exchange rate changes on cash and cash equivalents	72	(149)
Net change in cash and cash equivalents	(5,063)	(5,603)
Cash and cash equivalents, beginning of the period	30,841	29,530
Cash and cash equivalents, end of the period	25,777	23,927

(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

(Changes in accounting principles)

(Application of FASB Accounting Standards Codification (ASC) Topic 842, "Leases")

The Company's overseas consolidated subsidiaries that apply U.S. GAAP have applied ASC Topic 842, "Leases," from the beginning of the three months ended December 31, 2022, and have decided, in principle, to record all lease transactions by lessees at its overseas consolidated subsidiaries as assets and liabilities on the balance sheet.

In applying the accounting standard, the Company follows the transitional treatment, and has adopted a method that recognizes the cumulative effects caused by the change in accounting policy beginning on the initial date of application.

As a result, as of December 31, 2022, "Other" increased by 34 million yen under "Intangible assets," increased by 16 million yen under "Current liabilities," and increased by 18 million yen under "Long-term liabilities," respectively. Furthermore, there will be no impact on operating results for the first three months of the fiscal year ending September 30, 2023.

(Segment information)

I Consolidated results for the first three months of the fiscal year ending September 30, 2022
(October 1, 2021 to December 31, 2021)

1. Net 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						
Revenue from contracts with customers	12,754	2,627	166	15,548	—	15,548
Other revenue	—	—	23	23	—	23
Sales, external	12,754	2,627	189	15,571	—	15,571
Intersegment sales	—	—	65	65	(65)	—
Total	12,754	2,627	255	15,637	(65)	15,571
Segment income	3,000	365	23	3,389	(616)	2,773

(Note 1) Intersegment eliminations totaling 129 million yen and unallocated corporate expenses totaling (745) million yen have been included in the segment income adjustment totaling (616) 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 three months of the fiscal year ending September 30, 2023
(October 1, 2022 to December 31, 2022)

1. Net 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						
Revenue from contracts with customers	13,086	2,788	312	16,187	—	16,187
Other revenue	—	—	20	20	—	20
Sales, external	13,086	2,788	332	16,208	—	16,208
Intersegment sales	—	—	69	69	(69)	—
Total	13,086	2,788	402	16,277	(69)	16,208
Segment income	3,457	407	49	3,914	(585)	3,329

(Note 1) Intersegment eliminations totaling 131 million yen and unallocated corporate expenses totaling (716) million yen have been included in the segment income adjustment totaling (585) 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