

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)
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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 (%) |
|--------------------------|--------------|------------|------------------|
| As of December 31, 2022 | 71,865 | 46,209 | 63.8 |
| As of 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 |
| Fiscal year ended September 30, 2022 | — | 0.00 | — | 215.00 | 215.00 |
| Fiscal year ended September 30, 2023 | — | | | | |
| Fiscal 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.

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1. Qualitative information regarding quarterly consolidated business performance

(1) Operating results

Consolidated 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 as of the end of 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 |
| Gain on currency translation | 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