

# ANNUAL REPORT

# 2015

Year ended  
September 30, 2015





## Noevir Holdings Co., Ltd.

is a comprehensive corporate group mainly comprising two key operating companies: Noevir Co., Ltd. and Tokiwa Pharmaceutical Co., Ltd. Striving to contribute to health and beauty, the Group is active in the manufacture and sale of skincare and makeup products, health foods, functional drinks and OTC pharmaceuticals.

At the beginning of fiscal 2016, the Group renewed its medium-term management plan goals with a focus on strengthening manufacturing competitiveness and thereby generating profit through domestic business while pursuing overseas market development. To secure sustainability in every business segment, the Noevir Group will continue to promote corporate activities, building on the social trust it has cultivated over the years.

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#### Notes to Financial Statements

Translations of consolidated financial statements and performance in this annual report are based on the Company's quarterly financial reports prepared in accordance with disclosure conditions stipulated by the Tokyo Stock Exchange. Quarterly financial reports are prepared based on Japan's Generally Accepted Accounting Principles (Japanese GAAP).

## A Discussion with Top Management

# Constantly Strengthening Our Profit Base for Further Future Growth

Takashi Okura  
President and CEO

### Q1 *What is your assessment of the operating environment surrounding the Noevir Group and the areas in which its competitiveness lies?*

**A1** During the 2014–2015 period, the overall market environment for cosmetics was robust thanks to the release of a number of hit high-end specialty skincare products and a surge in inbound marketing demand due to the October 2014 revision in the consumption tax exemption program to include cosmetics in the category of tax-free consumables available to foreign tourists.

The Noevir Group has distinctive strengths in two key fields that are at opposite poles of the product spectrum—namely, prestige counseling

cosmetics available primarily through direct sales and low-priced self-selection cosmetics sold through retailers, both of which enjoy robust market demand. Our highly-functional products created through extensive R&D targeting these fields boast significant market presence in Japan.

Given these circumstances, we are emphasizing innovation in the domestic market in line with a medium-term management plan launched in November 2013, thereby achieving greater profitability and improving ROE.

**Q2** Please tell us about the Company's fiscal 2015 business results.

**A2** Consolidated net sales were ¥49,387 million, while operating income and net income totaled ¥7,588 million and ¥4,890 million, respectively, and all three of these indicators exceeded our performance forecasts. In addition to the increase in revenues, we recorded considerable growth in operating income and net income, achieving record-high earnings. Our operating income margin improved 0.8 of a percentage point to 15.4%. This was attributable to recovery in the market environment as well as the realization of more profit-oriented management thanks to the success of operational reforms involving streamlining and cost reduction efforts that we have been pursuing since well before the inauguration of Noevir Holdings Co., Ltd.



Sana Namerakahonpo Wrinkle skincare line

**Q3** Please tell us about progress under the medium-term management plan.

**A3** At present, we are implementing a medium-term management plan centered on ongoing cost reductions—for example, in the cost of sales—as well as customer loyalty and business profitability initiatives. To better achieve its overarching goal of “Realizing steady corporate growth by securing sustainability in every business segment,” we revised the plan in November 2015, setting management goals for fiscal 2020 based on projections that see the year 2020 bringing us significant growth opportunities. Please see page 5 for details.



Providing makeup tips at a directly managed store

Our fiscal 2015 operating results for the Cosmetics business included increases in both revenues and earnings. This was mainly attributable to growth in profit backed by burgeoning sales of mainstay self-selection cosmetics brands, reflecting the introduction of new product lines and brand restructuring that attracted new customers. In counseling cosmetics, although sales of some products released in fiscal 2014 have gone from robust to sluggish, overall sales were supported by strong showings of newly introduced functional cosmetics. Moreover, we have successfully launched a new marketing channel for this product category, leveraging the medicine kit deposit system handled by a consolidated subsidiary of Tokiwa Pharmaceutical Co., Ltd., and are enjoying favorable sales. Overseas, we have been constantly focusing on expanding our Asian operations since 2014 and as a result have expanded the number of stores that handle our products.

In the Pharmaceuticals & Health Food business, ongoing initiatives to streamline selling, general and administrative expenses have yielded considerable profit increase despite a decrease in sales.

**Q4** What is the medium-term outlook for fiscal 2016 and beyond?

**A4** Overall market conditions for cosmetics are likely to become favorable on the back of growing expectations for an increase in demand from foreign tourists supported by inbound marketing. However, the Noevir Group believes that it must not be dependent on demand growth driven by such an unreliable factor. Rather, the Group will endeavor to achieve steady business expansion in the domestic market.

In the Cosmetics business, we upgraded the anti-aging serum *Noevir BIOSIGN inner treatment* in November 2015. This counseling cosmetics line is the embodiment of the Group's extensive R&D accomplishments backed by longstanding bioresearch efforts and is expected to be a key sales contributor. We also remain vigilant, ready to seize any chance to expand suitable distribution channels to better accommodate market needs. While augmenting the network of Noevir Beauty Studios that serve as our primary outlets, we are strengthening such sales routes as mail order services and the deposit system marketing channel, thereby securing a greater breadth of customer contact points. In self-selection cosmetics, we introduced *NOV L&W*, a skincare line that provides anti-aging solutions, in October 2015, enhancing our lineup of *NOV* hypoallergenic cosmetics to capture a more age-diverse customer base. Moreover, we implemented sales promotion campaigns to secure greater recognition for the *Sana Namerakahonpo* skincare line as well as the *Sana Excel* and *Sana Pore Putty* makeup lines, which already enjoy favorable sales, thereby winning new customers.

Overseas, we are continuously striving to expand into the Asian market from a long-term perspective. We have been focusing on marketing our products through retailers who highly appreciate our brand value. This

approach had helped us better position ourselves to avoid price competition and solidify the reputation of our brand. Looking ahead, we will actively bolster our overseas operations by, for example, increasing the number of stores that handle our products.

In the Pharmaceuticals & Health Food business, Tokiwa Pharmaceutical Co., Ltd. established a new drink production line at its Mie Factory in November 2015, thereby boosting the factory's production capacity 30%. This move is expected to help secure stable orders for and greater sales of functional drinks, pharmaceuticals and quasi-drugs.

We expect both revenues and earnings to increase in fiscal 2016 (from October 1, 2015 to September 30, 2016), with consolidated performance forecasts comprising net sales of ¥50,500 million, operating income of ¥7,700 million and net income attributable to owners of the parent\* totaling ¥5,100 million.

\* From fiscal 2016, designation “net income” will be changed to “net income attributable to owners of the parent” to reflect revisions in such regulations as the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21).



Expanded lineup of NOV hypoallergenic skincare line

**Q5** Finally, do you have a few words for Noevir Holdings' stakeholders?

**A5** We have positioned the return of profit to our shareholders as an important management issue. In line with our basic policy of ensuring stable shareholder returns, for fiscal 2015 we decided to pay out cash dividends of ¥100 per share. Not only is this amount ¥40 higher than the dividend forecast made at the beginning of the year, it is our fourth consecutive annual increase in dividends. We also plan to pay ¥100 per share for fiscal 2016. In addition, we purchased treasury stock in November 2014 to improve ROE, a key management indicator that reflects our capital

efficiency. This move was also intended to improve shareholder value.

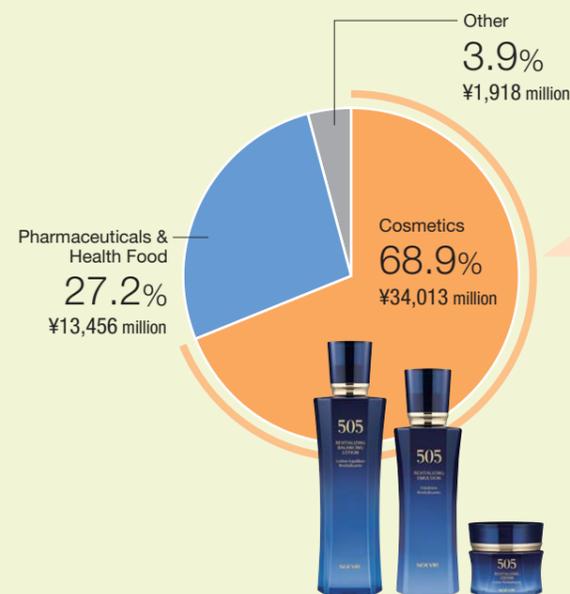
Striving to contribute to health and beauty, the Noevir Group has long been helping to maintain and improve the quality of people's lives through its business operations. Thanks to this dedication, the Group has won the trust of society. Looking ahead, we will continue to enhance our corporate value while boosting our ability to quickly and flexibly accommodate market changes and diversifying needs.

# Noevir Group at a Glance

The Noevir Group's core operating domain lies in the domestic cosmetics market. The Group was able to improve performance in this market for the third consecutive year thanks to the showings of its multiple hit products, the introduction of new offerings to accommodate the latest consumer needs and the positive effect of an increase in demand generated by inbound marketing.

The Noevir Group is implementing a medium-term management plan with goals set for fiscal 2020. Please see the facing page for details of the plan.

## Fiscal 2015 Sales by Segment



## Sales in the Cosmetics Business by Sales Route

### Counseling cosmetics

Cosmetics principally represented by prestige skincare products, sold under Noevir brand through such direct sales channels as sales representatives and directly managed stores as well as mail order services

### Self-selection cosmetics

Cosmetics produced by Tokiwa Pharmaceutical Co., Ltd. that are sold through general retailers and mail order services

### Overseas business

Overseas sales of counseling cosmetics and self-selection cosmetics

### OEM

The contract manufacturing of cosmetics and quasi-drugs on an OEM basis, utilizing the Group's know-how in both fields

## The Size of the Domestic Cosmetics Market in 2014



# Medium-Term Management Plan

Since November 2013, the Noevir Group has been implementing a medium-term management plan. Having renewed its management goals in November 2015 and reset the plan's final year to fiscal 2020, the Group is pursuing initiatives to best accommodate ever changing and increasingly diversifying market needs. Specifically, the Group is rallying its collective strengths to promptly execute the following five policies aimed at enhancing profitability and developing new markets.

## Medium-term management plan concept:

“Realizing steady corporate growth by securing sustainability in every business segment”

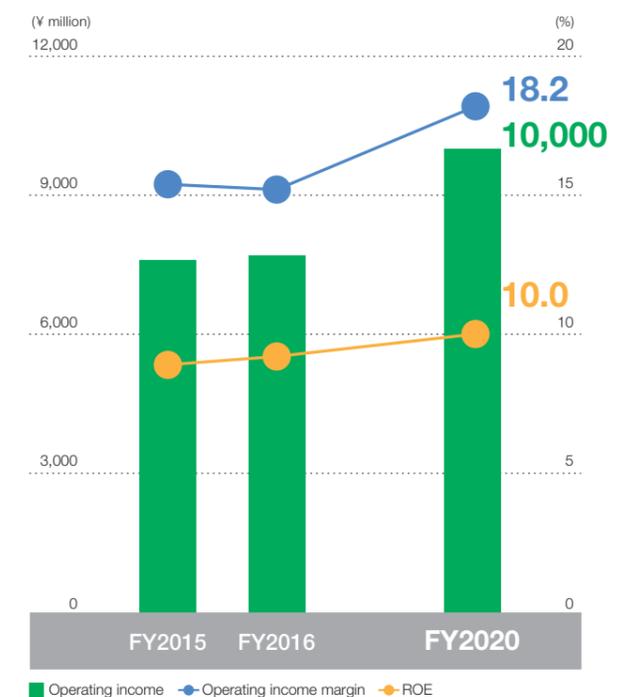
## Five policies

1. Pursue innovation and continuous profit generation in Japan
2. Enhance our brand value and develop new markets in countries worldwide
3. Diversify and globalize human resources and our corporate structure
4. Strengthen our manufacturing competitiveness
5. Promote a management approach that is responsive to changes in the business environment

## Numerical Targets and Achievements

Having positioned the operating income margin and return on equity (ROE) as key management indicators, the Noevir Group aims to maximize its corporate value and enhance profitability.

	Fiscal 2015 results	Fiscal 2016 forecasts	Fiscal 2020 targets
Net sales	¥49,387	¥50,500	¥55,000
Operating income	7,588	7,700	10,000
Operating income margin (%)	15.4%	15.2%	18.2%
ROE (%)	8.9%	9.2%	10.0%



Segment Information

# Cosmetics

Overview

The Group develops, produces and sells a versatile collection of products under well-regarded brand names, including *Noevir* high-performance functional counseling skincare products; the popular *Sana* products for the self-selection cosmetics market, including the *Sana Namerakahonpo* skincare line and the *Sana Excel* makeup line; and *NOV* hypoallergenic cosmetics. In addition, consolidated subsidiary Bonanza Co., Ltd. undertakes the contract manufacturing of cosmetics.

Fiscal 2015 Results

Sales of counseling cosmetics edged down year on year as sales of products in the mainstay *Noevir 505* skincare line, which had been upgraded in fiscal 2014, went from robust to sluggish. In contrast, sales of self-selection cosmetics grew thanks to the introduction of new *Sana Namerakahonpo* skincare products and the upgrade of the *NOV II* skincare line as well as aggressive spending on marketing.

As a result, sales in the Cosmetics segment increased year on year to ¥34,013 million, and segment income rose to ¥8,705 million.

Channels

- Direct Sales
- Drugstores
- Variety Stores
- Supermarkets
- Mail Order
- Directly Managed Stores
- Contract Manufacturing



Noevir Actrice makeup line



Noevir NEWROGIC Serum



NOV L&W skincare line



Sana Excel makeup line

# Pharmaceuticals & Health Food

Overview

The Group develops, produces and sells such flagship items as the long-selling *Nanten Nodo Ame* cough drops, functional drinks, such as the *Min Min Da Ha* lineup, and other OTC pharmaceuticals, including cold remedies and digestive aids, as well as nutritional supplements featuring high-quality natural ingredients and such health food products as tea.

Fiscal 2015 Results

In the functional drink market, energy and beauty-care drinks have attracted growing interest, evolving into independent product categories. At the same time, market competition has intensified. Although the Group introduced a new functional drink product in the mainstay *Min Min Da Ha* line, sales of pharmaceuticals and pharmaceutical drinks remained sluggish and edged down year on year. The Group also streamlined selling, general and administrative expenses.

As a result, sales in the Pharmaceuticals & Health Food segment fell year on year to ¥13,456 million. However, segment income rose to ¥1,012 million, up 50.1% year on year, displaying a considerable improvement in profitability.

Channels

- Direct Sales
- Convenience Stores
- Drugstores
- Supermarkets
- Deposit Sales
- Mail Order
- Directly Managed Stores
- Contract Manufacturing



Nanten Nodo Ame cough drops



Min Min Da Ha functional drink brand

# Other

Overview

The Other segment encompasses apparel and aircraft sales and leasing.

Fiscal 2015 Results

Sales in the apparel business stayed virtually unchanged year on year, while sales in the aviation-related business fell year on year.

As a result, sales in the Other segment decreased year on year to ¥1,918 million. Segment loss increased to ¥241 million compared with the previous fiscal year.

Channels

- Direct Sales



Apparel product catalog

## Product Strategy

The Noevir Group boasts a broad product lineup. For high-end markets, we provide prestige skincare products as well as functional cosmetics that we have developed through extensive R&D. In addition, our affordably priced skincare products enjoy a strong presence in the general retail market. While responding

to the needs of these markets, which are at opposite poles of the product spectrum, we are reinforcing our anti-aging and skin brightening solutions. Moreover, we leverage our cosmetics development know-how to offer items that promote beauty and health, such as nutritional supplements, energy drinks and pharmaceuticals.

In the Cosmetics business, we periodically release functional cosmetics—the crown jewels of our R&D activities in our fields of strength. In fiscal 2015, we focused on introducing beauty serums in response to particularly strong demand in the ever-growing market for anti-aging solutions. In June 2015, we

released the *Noevir NEWROGIC Serum*, a highly-functional product created employing the Group's cutting-edge scientific expertise, aiming to meet market needs for a solution capable of providing multifaceted skincare with a single product.

# Developing Highly Functional Products with a Unique Perspective



Moreover, building on the fruits of our state-of-the-art R&D in the area of skin brightening, we introduced *Noevir TOUT BLANC*, a series of skincare products that prevent the production of melanin at every stage of the skin's metabolism while supporting its moisture retention.

In the mainstay *Sana Namerakahonpo* brand, we augmented the *Wrinkle* product lines while introducing a new sheet mask. The *Sana Excel* line, a popular makeup line tailored to meet the latest customer needs, enjoyed strong showings thanks to favorable reviews from various consumer age groups, especially

those in their 20s. Marking the 30th anniversary of the launch of the *NOV* line, hypoallergenic cosmetics boasting a constantly strong market presence, in October 2015 we released the *NOV L&W* skincare line to provide anti-aging solutions for those with sensitive skin.

In the Pharmaceuticals & Health Food business, we introduced *Gekikyo Da Ha*, a functional drink that wakes up and energizes users, thereby expanding our functional drink lineup.

**Research and Development**

Continually striving to expand the scope of its R&D activities, the Noevir Group has built a wealth of expertise in brain science, genetics and neuroscience that, in addition to its strengths in botanical research—a field in which it has been engaged in since its founding—have enabled it to establish a robust research network consisting of multiple R&D sites. The Noevir Group Research Laboratory is our core R&D base and takes advantage of abundant high-quality water resources provided by the nearby Suzuka mountain range in Shiga Prefecture. The Suzuka Alpine Plants Research Center extracts and matures active ingredients from plants collected from all around the world. The Kitami Okhotsk Northern Botanical Research Center, based in Hokkaido, boasts an extensive repository of plant specimens, including those used in the region’s traditional medicines. The Minami Daito Island Marine Research Center engages in research centered on extracts of active ingredients from sea water and indigenous plants. The Hokkaido Shokanbetsu Mountain Pilot Farm cultivates and conducts basic research on native plants that thrive in that frigid region’s severe climate as well as various other medicinal plants. In addition, the Group

established the Tokyo Research Laboratory in April 2015 to reinforce its R&D capabilities in cutting-edge scientific fields and support its marketing activities.

In July 2014, the Hokkaido Shokanbetsu Mountain Pilot Farm acquired certification under the Japanese Agricultural Standard (JAS) for Organic Plants, initiating the full-scale cultivation of such flora. In response to ever-increasing calls for cosmetics makers to ensure product safety, we are striving to independently develop organic cosmetic materials while establishing a standalone, integrated system for managing plant cultivation, material production and processing, with an eye to releasing a completely organic cosmetic product within several years.

Moreover, we are stepping up collaboration with universities, medical institutions and other external research organizations. Rallying its overall strengths, the Noevir Group is taking on the challenge of entering new R&D fields as it aims to deliver products with greater market competitiveness.

We will pursue R&D aimed at creating new value, thereby delivering unique products that are insulated from price competition.

**TOPIC 1: Establishing the Tokyo Research Laboratory —Futuristic Communication Laboratory**

Prompted by rapid social change due to demographic aging, the advance of information technologies and ongoing globalization, businesses are striving to supply products and services that satisfy diversifying consumer needs and reflect changes in their lifestyles. With this in mind, we established the Tokyo Research Laboratory in April 2015 to facilitate robust communication aimed at creating new value and support our marketing activities. With the aim of better accommodating changing consumer needs, we will leverage this facility to establish an integrated research network encompassing the planning, research and development of diverse products, including cosmetics, health foods and pharmaceuticals.

Specifically, the laboratory will engage in marketing research through trails in which general consumers are invited to test cosmetics product prototypes. It will also host dialogues with representatives from educational institutions and external researchers.

Furthermore, the laboratory is expected to boost the Group’s research capabilities in such cutting-edge fields as brain science and neuroscience by stepping up industry-academia collaboration. In these ways, we will augment our ability to gather consumer feedback, apply it to our R&D activities and swiftly deliver new products and services capable of ensuring greater customer satisfaction.



Tokyo Research Laboratory

**TOPIC 2: The Tokiwa Mie Factory Sets up New Energy Drink Production Line Compliant with Pharmaceutical and Quasi-Drug GMP**

In November 2015, Tokiwa Pharmaceutical Co., Ltd. established a new energy drink production line at its Mie Factory, initiating full-scale operations. This facility expansion is expected to boost the factory’s production capacity by 30% while enhancing production efficiency. Moreover, with the aim of

securing stable orders and greater sales, we have developed a factory environment that enables visitors to tour plant facilities at any time. The Tokiwa Mie Factory, equipped with a sophisticated manufacturing management system satisfying GMP standards,\* is striving to reinforce its systems for ensuring food defense\*\* and superior product quality. In addition, the new production line employs highly efficient LNG-fed boiler systems in a bid to promote the use of clean energy and reduce CO<sub>2</sub> emissions. Efforts are now under way to reduce the production line’s energy consumption and boost its capability to resume operations at times of emergency with an eye to securing business continuity and mitigating disaster risk.



Tokiwa Mie Factory

\* Good Manufacturing Practices: Standards for the manufacture and quality control of pharmaceuticals and quasi-drugs  
 \*\* Initiatives to prevent deliberate contamination from occurring in foodstuff manufacturing processes



**Quality Assurance**

The Noevir Group works to ensure the stable provision of high-quality products capable of satisfying stringent safety standards. Accordingly, the Group has established a management system that satisfies the technical requirements stipulated in Good Manufacturing Practice (GMP) guidelines for the manufacture and quality control of cosmetics alongside its in-house manufacturing management

system encompassing all its production sites. Also, Noevir’s Intellectual Property & Quality Assurance Department takes the lead in quality control activities. In October 2015, our Shiga Factory, a key manufacturing facility for cosmetics and quasi-drugs, acquired certification for compliance with ISO 22716: Cosmetics—Good Manufacturing Practices (GMP)—Guidelines on Good Manufacturing Practices.

## Sales Strategy

### Promoting Beauty Salon Operations

In 2011, we began certifying Noevir Beauty Studios, salons that serve as key outlets for direct sales backed by our sales representatives. As of September 30, 2015, more than 1,600 salons have been certified as Noevir Beauty Studios handling high-end skincare lines as primary items. Certifying excellent salons helps enhance

the level of sales representatives' service quality and techniques. This certification scheme also aims to develop human resources and boost the motivation of salon managers and staff while focusing on securing younger salon specialists. Once deployed, they are expected to capture new customers in their 20s to 30s while enhancing the customer retention rate.

### Securing Greater Brand Recognition

Noevir Co., Ltd. employs a network of stores directly managed by its headquarters to market high-end skincare brand lines, which require detailed face-to-face counseling. Serving as contact points with potential customers, these nine stores are located in major cities across Japan, providing regularly scheduled beauty

lessons on product usage. Their efforts help stimulate customer purchasing while increasing brand recognition.

Meanwhile, Tokiwa Pharmaceutical Co., Ltd., another key operating company boasting skincare and makeup products offered at reasonable prices as well as pharmaceutical and health food brands, maintains a constant focus on enhancing product recognition among

# Constantly Enhancing Our Sales Abilities

The Noevir Group has introduced multilateral sales methods in response to diversifying customer needs.

For counseling cosmetics, which are represented by high-end skincare products, the Group mainly employs direct sales channels backed by sales representatives as well as directly managed stores while offering mail order services. Regarding medium- and low-priced self-selection cosmetics, the Group mainly utilizes such general retailer channels as general merchandise stores, drugstores and variety stores while also selling these products online through each brand's website. For pharmaceuticals, the Group employs deposit sales, in which products are delivered on regular basis to contracted households and companies. In addition, the Group markets a variety of products, including functional drinks and cough drops, through drugstores and convenience stores nationwide. Moreover, the Group undertakes the contract manufacturing of cosmetics and quasi-drugs on an OEM basis, utilizing its know-how in both fields.



The "Min Min Brothers," the new sales promotion characters for the Min Min Da Ha functional drink brand

Moreover, we award Noevir Beauty Studio Premium certificates to salons that satisfy even higher standards and provide them with exhaustive support, including business consultation through our headquarters, aiming to create a model for salons nationwide.



A sales promotion event for Sana Excel makeup line

Providing optimal customer services with a spirit of hospitality



"Color & Makeup Lesson" at Noevir Beauty Studio

drugstores, retailers and general consumers through sales promotion events and campaigns. To promote the Min Min Da Ha functional drink brand and develop a broader customer base, Tokiwa Pharmaceutical carries out campaigns featuring cartoon characters via such social network services (SNSs) as LINE and Twitter as well as transportation advertising while hosting events at highway service areas to raise awareness of how to prevent accidents due to drowsy driving. At the same time, Tokiwa Pharmaceutical strives to increase consumer recognition of its Sana Excel makeup brand lines through such means as on-the-street promotion events carried out in concert

with web campaigns. These efforts help increase contact points with consumers, thereby securing greater brand recognition. In addition, the company is presently conducting sales promotion campaigns for Sana Namerakahonpo skincare lines featuring a young female pop singer as well as an actress in her 40s who is renowned for her beautiful skin, with the aim of boosting sales of anti-aging products. In these ways, we are implementing proactive sales promotion campaigns tailored to the characteristics of each brand through TV commercials, transportation ads and SNSs while hosting sales promotion events in locations nationwide.

**TOPIC 1:** Boosting Our Sales Capabilities by Nurturing Competitive Frontline Staff



**Yuuko Narikawa**  
Executive Officer and General Manager of Training,  
Noevir Co., Ltd.

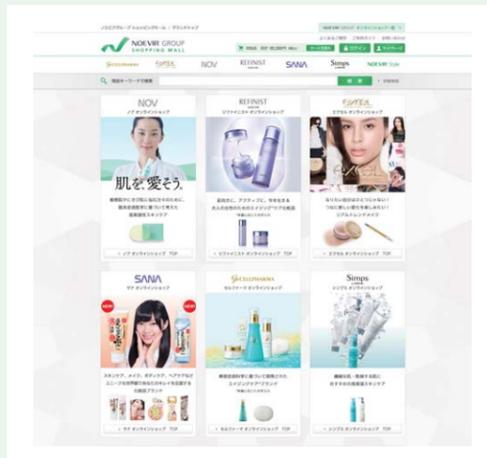
Developing the relationship of trust between sales representatives and customers is key to marketing our counseling cosmetics. Therefore, we recognize that accurately understanding the needs of customers and gaining insights into their unconscious desires is of importance. In line with this recognition, we are providing sales representatives with technical training and other educational programs aimed at enhancing their abilities to offer optimal customer services, including the creation of proposals tailored to the characteristics and life stages of individual customers with due consideration to climatic and other conditions. In addition, the Training Department employs individuals with extensive experience in

supervising directly managed stores, appointing them to serve as trainers and thus helping to disseminate Noevir's service know-how. Leveraging our proprietary color selection technique, which led to the introduction of our unique "Color & Makeup Lesson" counseling method, we are working to enhance sales representatives' counseling capabilities and enable them to provide more personalized customer services.

In these ways, we are assiduously providing employee education to nurture competitive storefront staff and tirelessly providing services best tailored to each customer, with the aim of achieving greater customer retention rate.

**TOPIC 2:** "The Noevir Group Shopping Mall" Online Shop Opens

Due to the popularization of smartphones and tablet terminals, the value of mail order cosmetics purchases has grown 1.5 times\* over the nine years from 2005 to 2014. To better accommodate diversifying customer needs and lifestyles, the Noevir Group has integrated the six online shops\*\* it previously maintained for individual brands, creating the Noevir Group Shopping Mall in October 2015. This move enhances convenience for customers and is expected to enable us to provide better services while improving the recognition of the entire family of brands that comprise the Group.



The Noevir Group Shopping Mall—new online shop

\* Source: *Marketing Handbook of Cosmetics 2015 (General Summary)* by Fuji Keizai Co., Ltd.  
\*\* NOV, Noevir REFINIST, Sana Excel, SANA, CELLPHARMA and Simps

# Corporate Governance

## Fundamental Concepts on Corporate Governance

To realize the ongoing enhancement of corporate value and maintain the trust of all of its stakeholders, including shareholders, Noevir Holdings has positioned corporate governance as a key management issue. Accordingly, the Group has developed a robust management structure while strengthening auditing functions to ensure strict compliance with laws, regulations and corporate ethics as well as its articles of incorporation. Moreover, Noevir Holdings has set up internal control and risk management systems, both of which are constantly upgraded.

In order to deepen the understanding of its stakeholders and ensure their appropriate evaluation, Noevir Holdings discloses important information pertaining to the Group in a fair, timely and appropriate manner. To disseminate investor relations (IR) information, Noevir Holdings established a dedicated department, created the position of IR director, and regularly holds briefings for analysts and institutional investors in addition to updating IR information posted on its website.

## Fundamental Concepts on Internal Control System

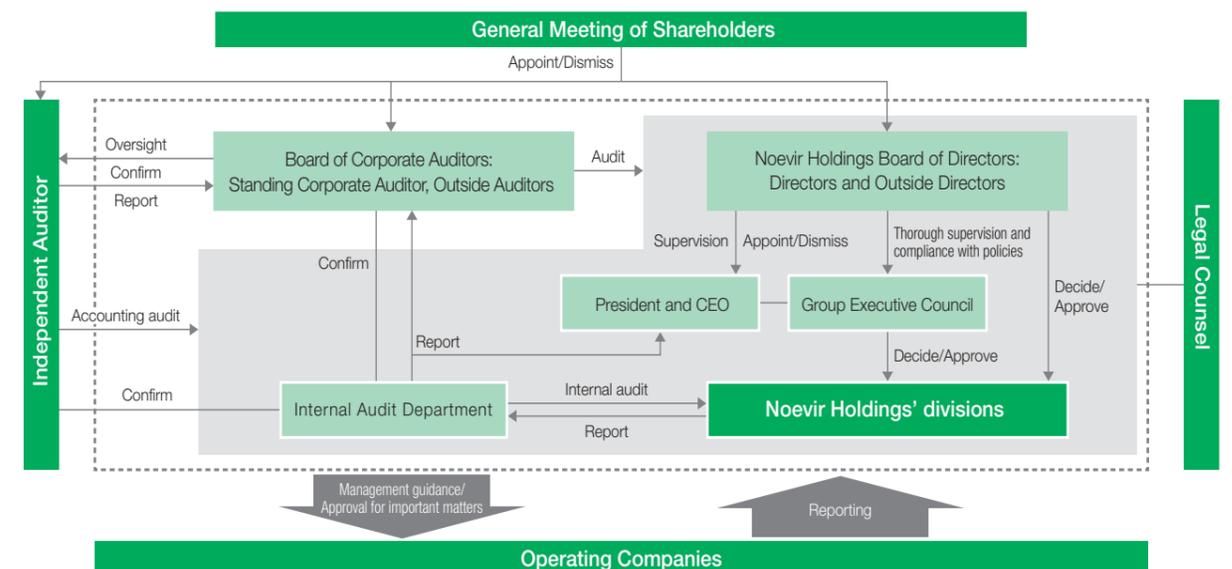
To ensure the appropriate and sound execution of its business operations, Noevir Holdings endeavors to maintain an internal control system that strictly adheres to legal requirements and its articles of incorporation. The Company undertakes the storage and management of information associated with directors' duties, the execution of which is thoroughly streamlined. The Company works to maintain clarity in its risk management structure as well as to strengthen and promote its compliance structure under the Noevir Group Strategy and the Noevir Group Code of

Conduct. By securing a structure for reporting to an independent board of auditors and conducting effective audits and reliable financial reporting, Noevir Holdings continues to further enhance its internal control system.

## Corporate Governance Structure Overview

Type of governance model	A company with auditors
Number of directors (of whom, outside directors)	7 (2)
Number of corporate auditors (of whom, outside corporate auditors)	3 (2)
Number of independent directors and corporate auditors (within outside directors and corporate auditors)	4 (2:2)
Directors' term	One year
Frequency of Board of Directors' meetings	Holding monthly regular meetings (along with extraordinary meetings convened on an as-needed basis)
Number of Board of Directors' meetings held during fiscal 2015	13
The establishment of an internal audit department	Yes
Adoption of an executive officer system	Yes
Advisory body supporting president's decision making	Group Executive Council
Remuneration systems for directors and corporate auditors	Directors: Performance-based remuneration system Corporate auditors: Fixed remuneration
Accounting auditor	Deloitte Touche Tohmatsu LLC
Systems for supporting outside directors and corporate auditors	Persons in charge of support are appointed from Corporate Affairs Department

## Corporate Governance Organizational Structure



# Corporate Social Responsibility

## Basic Philosophy

Working toward the realization of affluent lifestyles for all stakeholders, the Noevir Group is engaged in the creation of beauty and health. With a clear awareness of the responsibilities that we bear for each stakeholder, namely, customers, business partners, shareholders, employees, society and the environment, we will proactively contribute to the development of society while aiming to achieve further business growth.

## Initiatives Undertaken by Noevir Co., Ltd.

### Supporting Female Athletes through the NOEVIR Sailing Team

As part of initiatives to promote sports activities, Noevir Co., Ltd. established a female sailing team in March 2014 in concert with the celebration of the 50th anniversary of its founding. Consisting of two female athletes and one coach, in September 2015 the team took part in ISAF\* Sailing World Cup—a worldwide championship open only to those with leading world rankings—successfully competing against numerous formidable competitors to garner a silver medal in the two-person dinghy 470 Class. To assist female athletes who aspire to enter the 2020 Summer Olympics in Tokyo, we will implement ongoing sports promotion initiatives while enhancing our brand value.

\* International Sailing Federation



NOEVIR Sailing Team

### Helping Figure Skaters Succeed



Wakaba Higuchi, a rising star in Japan's figure skating world (Photo by Yohei Osada/AFLO SPORT)

In April 2015, Noevir Co., Ltd. signed a sponsorship contract with Wakaba Higuchi, an up-and-coming female figure skater. In November 2015, Ms. Higuchi won the first prize at the Japan Junior Figure Skating Championships for the second consecutive year. Entitled to take part in the World Junior Figure Skating Championships 2016, she is expected to garner even higher scores at this international meet in which she had ranked third in 2015. Moreover, the Japan Skating Federation has named her as a certified athlete and a possible member of the national team that will compete at the 2018 Winter Olympics in PyeongChang.

Going forward, we will continue to help female athletes succeed as part of our efforts to contribute to society and enhance our brand value.

### Launching a Residential Program at Yoro Green House, a Dormitory Surrounded by Nature

Noevir Co., Ltd. has opened Yoro Green House, a dormitory for children who are elementary through junior high school age, on Yoro Island, which is situated to the south of Amami Ohshima Island, Kagoshima Prefecture. In April 2015, this facility welcomed the first three students, thus initiating its unique residential program. These students are taken care of by house parents while they attend a local school. We believe that the program will help nurture independent-minded children who have a rich sense of wonder as they come into contact with the island's beautiful and sometimes wild natural environment

and engage with the local people. To assist in the revitalization of the region's island communities, which have long been supporters of our local R&D and production site, we will continuously implement CSR activities in a way only the Noevir Group is capable of doing.



Children and caregivers enjoying rowing canoes as a part of the Yoro Green House residential program

### An Initiative Undertaken by Tokiwa Pharmaceutical Co., Ltd.

#### Welcoming Junior High School Students to Join Company Visit Programs

In recent years, growing attention has been paid to corporate initiatives to provide workplace tours aimed at encouraging children to develop a positive attitude toward becoming productive members of society.

Agreeing with the objectives of the School Support Center, an NPO specializing in youth education assistance, Tokiwa Pharmaceutical Co., Ltd. is collaborating with the center's activities aimed at encouraging junior high school students to consider their future careers. As part of these activities, in May

2015 Tokiwa Pharmaceutical hosted a company visit program—the third such event—welcoming seven local students. Going forward, we will continue these programs, which provide students with opportunities to think seriously about their future careers.



Junior high school students participating in a company visit program

### An Initiative Undertaken by the Noevir Green Foundation

#### Supporting the Sound Upbringing of Children through Sports Promotion

The Noevir Green Foundation is a public interest incorporated foundation that strives to contribute to the preservation of the environment, the sound upbringing of children and the development of an affluent society.

In 2015, the foundation provided subsidies to five organizations that engage in activities focused on supporting the sound upbringing of children and youth by, for example, enhancing the general public's understanding of sports events for people with disabilities and by helping children develop their athletic abilities. At the same time, the foundation subsidized six

amateur athletes aged 18 or younger who are aiming to take part in international tournaments or the Olympics.

Also, the foundation holds annual environmental educational classes for children. In 2015, classes included diverse activities aimed at teaching children about the natural world and the importance of preserving the environment.



Numerous children taking part in an environmental educational class

# Financial Section

## Management's Discussion and Analysis

### Overview

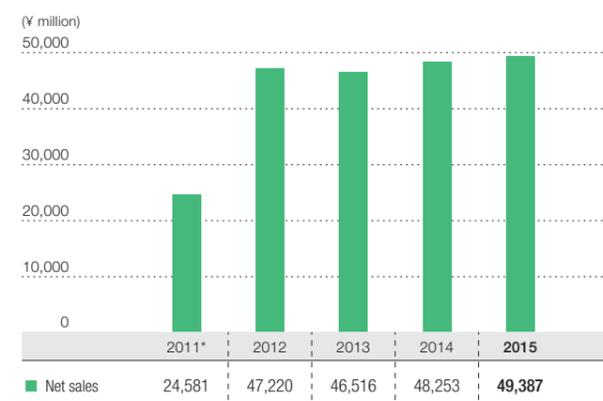
During fiscal 2015 (October 1, 2014 to September 30, 2015), the Japanese economy continued on the gradual recovery track it had been following since the fall in demand in the aftermath of the April 2014 consumption tax hike. However, the outlook remains cloudy due to concerns that certain sectors of the global economy may slow down.

The cosmetics market in Japan—the Group's main business domain—has saturated and matured, while consumer needs have changed rapidly, particularly in terms of diversity and segmentation.

Under these circumstances, in the Cosmetics segment, sales of counseling cosmetics were down year on year as the initial demand surge that accompanies new product releases, in this case in the previous fiscal year, abated. Sales of self-selection cosmetics were up due to new product launches and aggressive spending on marketing. In the Pharmaceuticals & Health Food segment, sales of pharmaceuticals and pharmaceutical drinks were sluggish. Meanwhile, SG&A expenses were streamlined.

As a result, net sales for the fiscal year ended September 30, 2015 came to ¥49,387 million, while the cost of sales amounted to ¥16,800 million and as a percentage of net sales was 34.0%. Selling, general and administrative (SG&A) expenses were ¥24,999 million and as a percentage of net sales came to 50.6%. The cost of sales and SG&A expenses ratios thus improved 0.2 and 0.5 of a percentage

### Net Sales



point year on year, respectively. Operating income totaled ¥7,588 million and net income came to ¥4,890 million. The Group thus posted record-high earnings at the operating income, ordinary income and net income levels.

### Assets, Liabilities and Net Assets

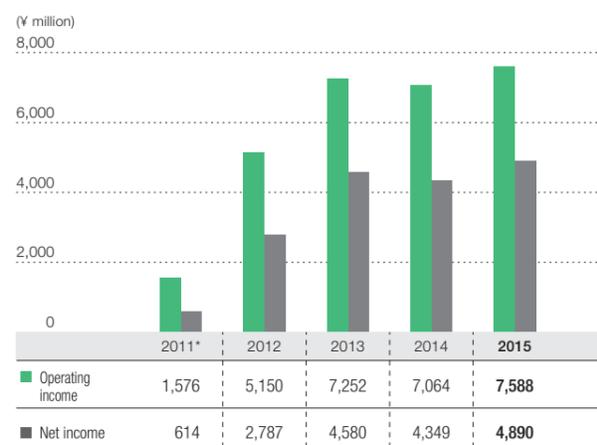
The Company's total assets at the fiscal 2015 year-end stood at ¥87,348 million, down ¥709 million compared with the previous fiscal year-end. This largely reflected a decline in cash and cash equivalents of ¥4,039 million partly offset by increases in equipment and vehicles, net, of ¥1,054 million and merchandise and finished goods of ¥503 million.

Total liabilities at the fiscal year-end increased ¥710 million year on year to ¥32,749 million. This was mainly due to an increase in notes and accounts payable of ¥533 million.

Net assets at the fiscal year-end decreased ¥1,420 million to ¥54,598 million. This was largely attributable to a decrease in additional paid-in capital of ¥3,484 million resulting from the retirement of treasury stock, despite a ¥1,983 million increase in retained earnings that reflected the posting of net income of ¥4,890 million and the distribution of dividends from retained earnings totaling ¥2,246 million.

As a result of the foregoing, the equity ratio stood at 62.4%, while net assets per share came to ¥1,536.84, representing a decrease of 1.2 percentage points in the equity ratio and an increase of ¥42.70 in net assets per share.

### Operating Income/Net Income



### Cash Flows

Cash and cash equivalents on a consolidated basis at the reporting year-end stood at ¥37,139 million, a decrease of ¥4,700 million compared with ¥41,840 million at the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥4,822 million. This was mainly due to the posting of income before income taxes of ¥8,077 million and depreciation of ¥1,237 million, against an outflow of ¥2,989 million for income tax paid.

Net cash used in investing activities came to ¥3,412 million. The primary outflows were expenditure for deposit to time deposits of ¥2,694 million and purchase of property, plant and equipment of ¥2,352 million. The primary inflow was proceeds from withdrawal of time deposits of ¥2,028 million.

Net cash used in financing activities amounted to ¥6,209 million. This was largely attributable to the purchase of treasury stock of ¥3,964 million and cash dividends paid of ¥2,245 million.

### Five-Year Summary

Fiscal Year	(Millions of yen)				
	2011*	2012	2013	2014	2015
Period/Item	March 22, 2011– September 30, 2011	October 1, 2011– September 30, 2012	October 1, 2012– September 30, 2013	October 1, 2013– September 30, 2014	October 1, 2014– September 30, 2015
Net sales	¥ 24,581	¥ 47,220	¥ 46,516	¥ 48,253	¥ 49,387
Operating income	1,576	5,150	7,252	7,064	7,588
Net income	614	2,787	4,580	4,349	4,890
Total assets	87,427	83,701	86,871	88,058	87,348
Net assets	51,595	49,689	53,278	56,018	54,598
Capital expenditures	186	234	701	2,989	3,225
Depreciation	910	1,702	1,107	1,021	1,237
R&D expenses**	675	1,095	974	1,044	1,106
Cash dividends per share (yen)	¥ 36.00	¥ 40.00	¥ 50.00	¥ 60.00	¥ 100.00
Earnings per share (yen)	¥ 14.88	¥ 73.37	¥ 122.34	¥ 116.16	¥ 136.79
Net assets per share (yen)	¥1,248.02	¥1,325.88	¥1,421.42	¥1,494.14	¥1,536.84
ROE (%)***	—	5.5%	8.9%	8.0%	8.9%
ROA (%)***	—	3.3%	5.4%	5.0%	5.6%
Equity ratio (%)	59.0%	59.3%	61.3%	63.5%	62.4%
Number of employees (consolidated)	2,097	1,798	1,670	1,641	1,674
<b>Cosmetics</b>					
Net sales	¥ 16,167	¥ 32,223	¥ 31,278	¥ 32,100	¥ 34,013
Operating income/Segment income	2,273	5,591	7,775	8,413	8,705
<b>Pharmaceuticals &amp; Health Food</b>					
Net sales	6,821	13,595	13,549	14,067	13,456
Segment income	94	1,245	1,295	674	1,012
<b>Other</b>					
Net sales	1,592	1,401	1,688	2,085	1,918
Operating income/Segment income	75	70	3	(158)	(241)

\* Noevir Holdings Co., Ltd. was established on March 22, 2011 as the Group's stock holding company. Accordingly, fiscal 2011 comprises only the period from March 22 to September 30, 2011.

\*\* The total of R&D expenses recorded as part of SG&A expenses and those recorded as part of production costs during the fiscal year under review.

\*\*\* 2011 was an irregular accounting period due to the establishment of the holdings company. Accordingly, ROE and ROA are not presented for 2011 due to the difficulty in calculating a year-on-year comparison of indices.

\* Noevir Holdings Co., Ltd. was established on March 22, 2011 as the Group's stock holding company. Accordingly, fiscal 2011 comprises only the period from March 22 to September 30, 2011.

## Consolidated Financial Statements

### Consolidated Balance Sheets

	(Millions of yen)	
	As of September 30, 2015	As of September 30, 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	¥37,832	¥41,871
Notes and accounts receivable	10,814	10,504
Merchandise and finished goods	5,555	5,052
Work in progress	140	92
Raw materials and purchased supplies	1,167	1,087
Deferred tax assets	888	1,006
Other receivables	2,302	2,027
Other	501	658
Allowance for doubtful accounts	(31)	(32)
<b>Total current assets</b>	<b>59,170</b>	<b>62,268</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	4,406	4,446
Equipment and vehicles, net	3,439	2,384
Land	13,834	13,642
Lease assets, net	283	51
Construction in progress	1,291	661
Other, net	265	274
<b>Total property, plant and equipment</b>	<b>23,521</b>	<b>21,461</b>
Intangible assets		
Goodwill	140	171
Software	99	118
Other	157	86
<b>Total intangible assets</b>	<b>397</b>	<b>376</b>
Investments and other assets		
Investment securities	1,272	899
Deferred tax assets	1,846	1,943
Other	1,180	1,157
Allowance for doubtful accounts	(41)	(50)
<b>Total investments and other assets</b>	<b>4,258</b>	<b>3,950</b>
<b>Total non-current assets</b>	<b>28,177</b>	<b>25,789</b>
<b>Total assets</b>	<b>¥87,348</b>	<b>¥88,058</b>

	(Millions of yen)	
	As of September 30, 2015	As of September 30, 2014
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Notes and accounts payable	¥ 5,038	¥ 4,505
Lease obligations	28	14
Other accounts payable	3,842	3,565
Income tax payable	1,475	1,416
Reserve for bonuses	65	262
Reserve for product returns	429	430
Other	1,098	1,116
<b>Total current liabilities</b>	<b>11,979</b>	<b>11,312</b>
<b>Long-term liabilities</b>		
Lease obligations	274	32
Guarantee deposits received	15,351	15,922
Deferred tax liabilities	258	250
Net defined benefit liability	4,735	4,336
Other	150	183
<b>Total long-term liabilities</b>	<b>20,770</b>	<b>20,727</b>
<b>Total liabilities</b>	<b>32,749</b>	<b>32,039</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	7,319	7,319
Additional paid-in capital	—	3,484
Retained earnings	46,915	44,932
Treasury stock	—	(0)
<b>Total shareholders' equity</b>	<b>54,234</b>	<b>55,735</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on other securities	377	294
Foreign currency translation adjustments	(59)	(140)
Remeasurements of defined benefit plans, net of tax	(68)	55
<b>Total accumulated other comprehensive income</b>	<b>248</b>	<b>208</b>
Minority interests	115	74
<b>Total net assets</b>	<b>54,598</b>	<b>56,018</b>
<b>Total liabilities and net assets</b>	<b>¥87,348</b>	<b>¥88,058</b>

## Consolidated Statements of Income

	(Millions of yen)	
	Year ended September 30, 2015	Year ended September 30, 2014
<b>Net sales</b>	<b>¥49,387</b>	¥48,253
<b>Cost of sales</b>	<b>16,800</b>	16,523
Gross profit	<b>32,587</b>	31,730
<b>Selling, general and administrative expenses</b>		
Cost of sales	4,196	3,959
Advertising expenses	1,936	1,852
Salaries and bonuses	6,942	6,849
Accrued allowance for bonuses	70	210
Retirement benefits for employees	406	592
Depreciation	661	563
Research and development expenses	1,102	1,040
Other	9,681	9,597
Total	<b>24,999</b>	24,666
Operating income	<b>7,588</b>	7,064
<b>Non-operating income</b>		
Interest income	18	11
Dividend income	13	10
Exchange differences	255	173
Lease income	70	89
Other	146	168
Total	<b>504</b>	453
<b>Non-operating expenses</b>		
Interest expenses	0	—
Commitment fee	—	3
Other	0	0
Total	<b>1</b>	4
Ordinary income	<b>8,091</b>	7,513
<b>Extraordinary income</b>		
Gain on sale of fixed assets	11	3
Total	<b>11</b>	3
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	25	30
Impairment loss	—	27
Total	<b>25</b>	58
<b>Income before income taxes</b>	<b>8,077</b>	7,458
<b>Income taxes—basic</b>	<b>2,774</b>	2,823
<b>Income taxes—deferred</b>	<b>375</b>	275
<b>Total</b>	<b>3,149</b>	3,098
<b>Income before minority interests</b>	<b>4,927</b>	4,360
<b>Minority interests</b>	<b>37</b>	11
<b>Net income</b>	<b>¥ 4,890</b>	¥ 4,349

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Year ended September 30, 2015	Year ended September 30, 2014
Income before minority interests	<b>¥4,927</b>	¥4,360
Other comprehensive income		
Net unrealized gain on other securities	82	50
Foreign currency translation adjustments	84	147
Remeasurements of defined benefit plans, net of tax	(123)	—
Total	<b>43</b>	197
Comprehensive income	<b>¥4,971</b>	¥4,558
(Breakdown)		
Comprehensive income attributable to owners of the parent	<b>4,930</b>	4,539
Comprehensive income attributable to minority interests	<b>40</b>	18

## Consolidated Changes to Equity

	(Millions of yen)				
	Shareholders' equity				
Year ended September 30, 2014	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	¥7,319	¥3,484	¥42,455	¥(0)	¥53,258
Cumulative impact due to changes in accounting policies					
Balance at the beginning of the year, reflecting changes in accounting policies	7,319	3,484	42,455	(0)	53,258
Changes during the reporting period					
Distribution of dividends from retained earnings			(1,872)		(1,872)
Net income			4,349		4,349
Purchase of own shares				(0)	(0)
Changes during the reporting period, excluding shareholders' equity					
Total changes during the period	—	—	2,477	(0)	2,476
Balance at end of the year	¥7,319	¥3,484	¥44,932	¥(0)	¥55,735

	Accumulated other comprehensive income					
	Net unrealized gain on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of the year	¥244	¥(281)	—	¥ (36)	¥56	¥53,278
Cumulative impact due to changes in accounting policies						
Balance at the beginning of the year, reflecting changes in accounting policies	244	(281)	—	(36)	56	53,278
Changes during the reporting period						
Distribution of dividends from retained earnings						(1,872)
Net income						4,349
Purchase of own shares						(0)
Changes during the reporting period, excluding shareholders' equity	50	140	55	245	18	263
Total changes during the period	50	140	55	245	18	2,740
Balance at end of the year	¥294	¥(140)	¥55	¥208	¥74	¥56,018

## Consolidated Changes to Equity (Continued)

Year ended September 30, 2015

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	¥7,319	¥ 3,484	¥44,932	¥ (0)	¥55,735
Cumulative impact due to changes in accounting policies			(180)		(180)
Balance at the beginning of the year, reflecting changes in accounting policies	7,319	3,484	44,751	(0)	55,554
Changes during the reporting period					
Distribution of dividends from retained earnings			(2,246)		(2,246)
Net income			4,890		4,890
Purchase of own shares				(3,964)	(3,964)
Retirement of treasury stock		(3,484)	(479)	3,964	—
Changes during the reporting period, excluding shareholders' equity					
Total changes during the period	—	(3,484)	2,164	0	(1,320)
Balance at end of the year	¥7,319	—	¥46,915	—	¥54,234

### Accumulated other comprehensive income

	Accumulated other comprehensive income					Total net assets
	Net unrealized gain on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	
Balance at beginning of the year	¥294	¥(140)	¥ 55	¥208	¥ 74	¥56,018
Cumulative impact due to changes in accounting policies						(180)
Balance at the beginning of the year, reflecting changes in accounting policies	294	(140)	55	208	74	55,838
Changes during the reporting period						
Distribution of dividends from retained earnings						(2,246)
Net income						4,890
Purchase of own shares						(3,964)
Retirement of treasury stock						—
Changes during the reporting period, excluding shareholders' equity	82	80	(123)	40	40	80
Total changes during the period	82	80	(123)	40	40	(1,239)
Balance at end of the year	¥377	¥ (59)	¥ (68)	¥248	¥115	¥54,598

## Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended September 30, 2015	Year ended September 30, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ 8,077	¥ 7,458
Depreciation	1,237	1,021
Impairment loss	—	27
Amortization of goodwill	45	42
Increase (decrease) in reserve for doubtful accounts	(9)	(8)
Increase (decrease) in reserve for bonuses	(196)	(26)
Increase (decrease) in reserve for product returns	(1)	(112)
Increase (decrease) in net defined benefit liability	(125)	(228)
Interest and dividends received	(31)	(21)
Interest expenses	0	—
Gain/loss on currency translation	(189)	(123)
Gain/loss on sales of property, plant and equipment	14	27
Decrease (increase) in trade receivables	(282)	481
Decrease (increase) in inventories	(569)	779
Increase (decrease) in trade payables	526	532
Increase (decrease) in guarantee deposits	(571)	(655)
Other	(131)	612
Subtotal	7,793	9,807
Interest and dividends received	19	16
Interest paid	(0)	—
Income tax (paid) refunded	(2,989)	(4,417)
Net cash provided by operating activities	4,822	5,406
<b>Cash flows from investing activities</b>		
Expenditure for deposit to time deposits	(2,694)	(4,029)
Proceeds from withdrawal of time deposits	2,028	4,034
Purchase of securities	(19,992)	(11,995)
Proceeds from redemption of securities	20,002	12,000
Purchase of investment securities	(271)	(91)
Purchase of property, plant and equipment	(2,352)	(2,939)
Proceeds from sale of property, plant and equipment	41	33
Purchase of intangible assets	(83)	(46)
Payments for transfer of business	(90)	(810)
Net cash used in investing activities	(3,412)	(3,844)
<b>Cash flows from financing activities</b>		
Purchase of treasury stock	(3,964)	(0)
Cash dividends paid	(2,245)	(1,874)
Net cash used in financing activities	(6,209)	(1,874)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	98	89
<b>Net change in cash and cash equivalents</b>	(4,700)	(222)
<b>Cash and cash equivalents, beginning of year</b>	41,840	42,062
<b>Cash and cash equivalents, end of year</b>	¥37,139	¥41,840

## Principal Consolidated Subsidiaries (As of September 30, 2015)

Name	Location	Issued Share Capital (millions of yen, except as otherwise stated)	Direct or Indirect Ownership by the Company (percent)	Principal Business
<b>Noevir Co., Ltd.</b>	(Kobe Headquarters) 6-13-1 Minatojima-nakamachi Chuo-ku, Kobe 650-8521 Japan (Tokyo Headquarters) 7-6-15 Ginza, Chuo-ku Tokyo 104-8208 Japan	¥7,319	100.00	Production and sale of cosmetics, toiletries and food products as well as purchase and sale of makeup items and apparel
<b>Tokiwa Pharmaceutical Co., Ltd.</b>	3-5-12 Azuchi-machi Chuo-ku, Osaka 541-0052 Japan	¥4,301	100.00	Production and sale of cosmetics, toiletries and food products as well as purchase and sale of makeup items/Production and sale of over-the-counter (OTC) pharmaceuticals and quasi-drugs
<b>Bonanza Co., Ltd.</b>	6-13-1 Minatojima-nakamachi Chuo-ku, Kobe 650-8521 Japan	¥10	100.00	Production and sale of cosmetics and toiletries as well as purchase and sale of makeup items
<b>Tokiwa Medical Service Co., Ltd.</b>	3-12-23 Kitahorie Nishi-ku, Osaka 550-0014 Japan	¥98	100.00	Sale of cosmetics, toiletries and food products as well as purchase and sale of makeup items/Production and sale of over-the-counter (OTC) pharmaceuticals and quasi-drugs
<b>Noevir Aviation Co., Ltd.</b>	2-12 Yao Airport Yao, Osaka 581-0043 Japan	¥35	100.00	Air transportation business
<b>Noevir Holding of America, Inc.</b>	1095 Main Street Irvine, California 92614 U.S.A.	US\$7,250 thousand	100.00	Holding company for two U.S. subsidiaries and one Canadian subsidiary
<b>Noevir U.S.A., Inc.</b>	1095 Main Street Irvine, California 92614 U.S.A.	US\$5,900 thousand	100.00	Sale of cosmetics and food products
<b>Noevir Canada, Inc.</b>	7360 River Road, Richmond British Columbia V6X 1X6 Canada	C\$1,131 thousand	100.00	Sale of cosmetics and food products
<b>Noevir Taiwan, Inc.</b>	8th Fl.-2, No. 111 Songjiang Road, Zhongshan District Taipei City 10486 Taiwan	NT\$31,000 thousand	100.00	Sale of cosmetics and food products
<b>Noevir Shanghai, Inc.</b>	Room 802, No. 6 Jilong Road Waigaoqiao Free Trade Zone Pudong New Area, Shanghai 200131, China	3,311 thousand Chinese yuan	100.00	Procurement and sale of sales promotion goods for the Noevir Group
<b>Shanghai Noevir Co., Ltd.</b>	Room 2206, Feidiao International Plaza No. 1065A Zhaojiabang Road Shanghai 200030, China	5,000 thousand Chinese yuan	50.00	Sale of cosmetics as well as procurement and sale of sales promotion goods for the Noevir Group
<b>Noevir Aviation, Inc.</b>	200 West Grand Avenue Montvale, New Jersey 07645 U.S.A.	US\$1,350 thousand	100.00	Purchase from and sale to companies outside the Noevir Group of aircraft and vessels
<b>Noevir Europe s.r.l.</b>	Via Tre Settembre, 99 (5°-#183) 47891 Dogana Repubblica di San Marino	26,000 euro	100.00	Market research in Europe

## Board of Directors and Auditors (As of December 9, 2015)

**Chairman and Representative Director**  
Hiroshi Okura

**President and CEO**  
Takashi Okura

**Directors**  
Ikkou Yoshida  
Yasuo Kaiden  
Masataka Nakano

**Outside Directors**  
Sanae Tanaka\*  
Yukino Kikuma\*

**Standing Corporate Auditor**  
Masashi Akagawa

**Outside Corporate Auditors**  
Masakazu Ueda\*\*  
Kazuhiro Kida\*\*

\* Independent directors  
\*\* Independent corporate auditors

### Profile of Outside Directors

Sanae Tanaka	Representative of Sanae Tanaka Law Office Director of The Foundation for the Advancement of Life & Insurance Around the World (a public interest incorporated foundation) Vice chairperson of TV Asahi Corporation Program Assessment Council Outside director of PILOT CORPORATION Outside director of Shochiku Co., Ltd. Outside director of Kintetsu World Express, Inc.
Yukino Kikuma	Attorney-at-law, MATSUO & KOSUGI Law Office

### Profile of Outside Corporate Auditors

Masakazu Ueda	Representative of Ueda Law Office Professor of Law at Toinkyokohama Law School
Kazuhiro Kida	Representative of Kida Certified Public Accountant Office Representative partner of Haruka Audit Corporation

## Investor Information (As of September 30, 2015)

**Name**  
Noevir Holdings Co., Ltd.

**Date of Establishment**  
March 22, 2011  
(Noevir Co., Ltd. was founded in April 1964.)

**Paid-in Capital**  
¥7,319 million

**Headquarters**  
• Kobe  
6-13-1 Minatojima-nakamachi  
Chuo-ku, Kobe 650-8521, Japan

• Tokyo  
7-6-15 Ginza, Chuo-ku  
Tokyo 104-8208, Japan

**Stock Listing**  
Tokyo Stock Exchange, First Section (Ticker: 4928)

**Transfer Agent and Registrar**  
Sumitomo Mitsui Trust Bank, Limited  
1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan

### Major Shareholders

Name	Number of Shares Held (thousands)	Percentage of Total Shares Issued (percent)
NII Co., Ltd.*	6,972	19.66
Hiroshi Okura	6,438	18.15
Takashi Okura	3,699	10.43
Okura Kohsan Co., Ltd.*	1,000	2.82
Sumitomo Mitsui Banking Corporation	900	2.53
Noevir Holdings Employees Shareholdings Scheme	651	1.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	648	1.82
Mizuho Bank, Ltd.	600	1.69
Japan Trustee Services Bank, Ltd. (Trust Account)	450	1.27
Nihon Kolmar Co., Ltd.	300	0.84
Sumitomo Life Insurance Company	300	0.84
Total	23,789	61.94

\* On December 1, 2015, Okura Kohsan Co., Ltd., one of major shareholders of Noevir Holdings Co., Ltd., merged with NII Co., Ltd., another major shareholder. The surviving company, Okura Kohsan Co., Ltd. changed its name to NII Co., Ltd. on the same day. Upon this merger, NII Co., Ltd. has become the primary shareholder of Noevir Holdings Co., Ltd.

### Forward-Looking Statements

Statements in this annual report with respect to Noevir Holdings' plans, strategies, projected financial results and beliefs as well as other statements that are not historical facts are forward-looking statements based on information currently available, and such statements involve risks and uncertainties that could cause actual results to differ substantially from expectations.

# NOEVIR HOLDINGS

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