

NOEVIR HOLDINGS

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ANNUAL REPORT 2021

Year ended September 30, 2021

Segment Information

Cosmetics



The Group develops, produces and sells a versatile collection of products under well-regarded brand names, including *Noevir* high-performance functional face-to-face channel skincare products; various popular products for the self-selection cosmetics market, including the *Nameraka Honpo* skincare brand and *excel* makeup brand; and the *NOV* hypoallergenic brand. The Group also undertakes the contract manufacturing of cosmetics.

- Channels
- Face-to-face Sales
 - Drugstores
 - Specialty Goods Stores
 - GMS (General Merchandise Stores)
 - Supermarkets
 - Online Stores
 - Noevir's Own Retail Stores
 - Convenience Stores
 - Contract Manufacturing

Pharmaceuticals & Health Food



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

- Channels
- Face-to-face Sales
 - Convenience Stores
 - Drugstores
 - GMS (General Merchandise Stores)
 - Supermarkets
 - Online Stores
 - Contract Manufacturing

Other



The Other segment encompasses apparel and aircraft sales and leasing.

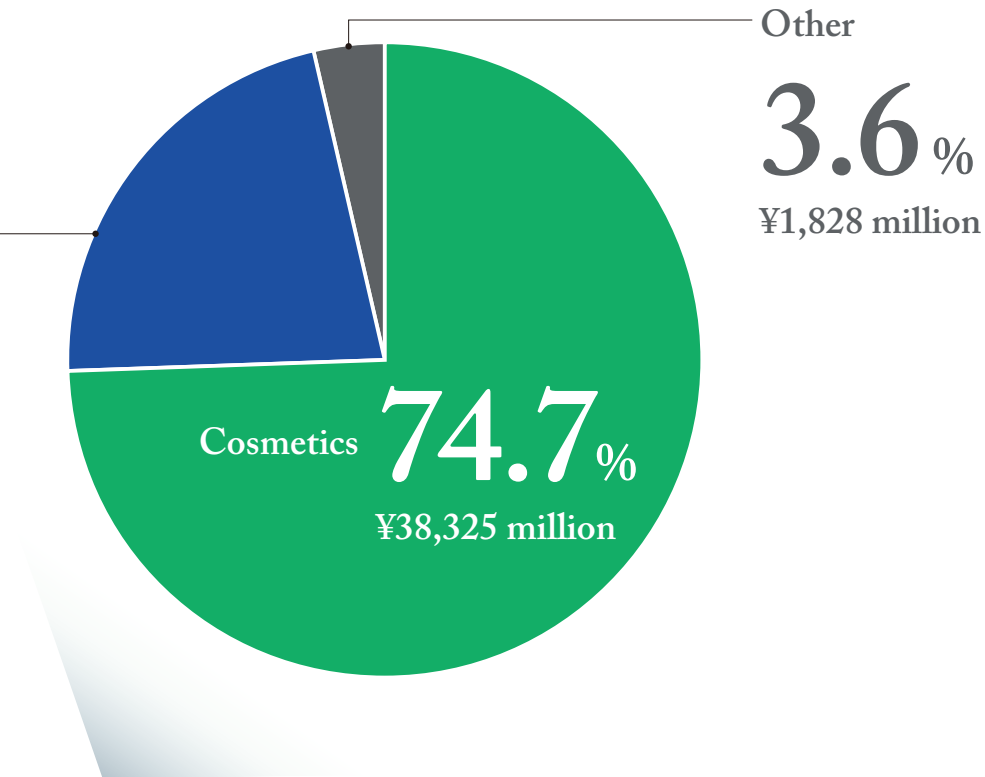
- Channels
- Face-to-face Sales

Fiscal 2021 Sales by Segment

Pharmaceuticals & Health Food



¥11,117 million



Cosmetics 74.7%
¥38,325 million

Other

3.6%
¥1,828 million

Luxury Line

Face-to-face Channel Cosmetics

Cosmetics principally represented by prestige products sold through face-to-face sales channels

- Approximately 2,000 NOEVIR Beauty Studios operate in regions around the country, while Noevir's own retail stores cover mainly metropolitan areas
- These sales outlets engage in face-to-face sales employing consulting to both propose skincare products and provide facials
- Our high-end skincare products have garnered a solid reputation due to their superior anti-aging and skin-brightening functionalities



A Unique Approach to R&D and Robust Manufacturing Systems Capable of Achieving both High Quality and Environmental Friendliness

- Employing multiple research facilities run by Group companies, which handle cosmetics, pharmaceuticals and food, to expand the scope of research activities and to promote the ongoing development of unique products that fully leverage the Group's diverse R&D capabilities and assets
- Stepping up joint research with external business corporations as well as governmental and academic institutions
- Implementing thoroughgoing quality control while operating environment-friendly manufacturing systems



Standard Line

Self-selection Cosmetics

Cosmetics principally represented by affordably priced products sold through general retailers

- Sold mainly through drugstores, specialty goods stores and general merchandise stores
- Boasting a robust sales structure backed by storefront promotional campaigns as well as advertising utilizing SNSs and other media
- Product planning capabilities that help create trendsetting items and unique offerings aimed at addressing specialized customer needs



OEM
(Original Equipment Manufacturing)

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

Overseas Business

Sales of face-to-face channel cosmetics and self-selection cosmetics in nine regions overseas:

- China
- Taiwan
- South Korea
- Hong Kong
- Singapore
- Thailand
- The United States
- Canada
- Russia

Realizing steady corporate growth by securing sustainability in every Group business segment

The Noevir Group is striving to best accommodate ever changing and increasingly diverse market needs. To this end, in addition to executing the following five policies, we have positioned net sales, operating income and return on equity (ROE) as key management indicators, thereby maximizing our corporate value and enhancing profitability.



Note: Above figures are based on "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29: March 31, 2020), etc., adopted at the beginning of the fiscal year ending September 30, 2022.

Noevir Co., Ltd.

1964	J.H. Okura & Co., Ltd. established, initiating the import and sale of aircraft parts, medical equipment and commodities
1971	J.H. Okura & Co., Ltd. reorganized as a limited liability company, initiating the import and sale of natural cosmetics incorporating herbal extracts
1978	Company name changed to Noevir Co., Ltd. and the full-scale manufacture and marketing of cosmetics in Japan initiated
1979	Noevir, Inc. (now Noevir U.S.A., Inc.) established in the United States
1985	Nov Co., Ltd. established
1986	Sana Co., Ltd. established
1988	Noevir stock registered on the over-the-counter (OTC) market of the Japan Securities Dealers Association
1991	Noevir U.S.A., Inc. made Noevir Canada, Inc. its subsidiary
1993	Noevir International Corporation (now Noevir Aviation, Inc.) established in the United States
1994	Noevir Co., Ltd. made Japan Air Trust Co., Ltd. (now Noevir Aviation Co., Ltd.) its subsidiary, entering the aviation transport business
1996	Noevir Co., Ltd. made Noevir Taiwan, Inc. its subsidiary
	Bonanza Co., Ltd. established, initiating the OEM of cosmetics
2001	Noevir Holding of America, Inc. established in the United States, making Noevir Aviation, Inc., Noevir U.S.A., Inc. and Noevir Canada, Inc. its subsidiaries
2002	Noevir Co., Ltd. made TOKIWA Pharmaceutical Co., Ltd. its subsidiary, entering the pharmaceutical business
2004	TOKIWA Pharmaceutical Co., Ltd. merged with Nov Co., Ltd. and Sana Co., Ltd. Noevir stock listed on the JASDAQ Securities Exchange
2005	Noevir Europe s.r.l. established in San Marino
2007	Shanghai Noevir Co., Ltd. established as a joint venture Noevir stock listed on the Second Section of the Tokyo Stock Exchange
2011	Noevir Holdings Co., Ltd. established, with Noevir Co., Ltd. delisting its stock and becoming the former's subsidiary

Noevir Holdings Co., Ltd.

2011	Noevir Holdings Co., Ltd. established, listing its stock on the Second Section of the Tokyo Stock Exchange Acquired equity in three subsidiaries (TOKIWA Pharmaceutical Co., Ltd., Bonanza Co., Ltd. and Noevir Aviation Co., Ltd.) of Noevir Co., Ltd.
2012	Noevir Holdings Co., Ltd. listed on the First Section of the Tokyo Stock Exchange

Exercising an Agile Management Approach Evolving Customer Needs Shaped by New

The Noevir Group has strengths in diverse product spectrums, including prestige face-to-face channel cosmetics available primarily through face-to-face sales and affordable self-selection cosmetics sold through retailers. Our highly functional products created through extensive R&D targeting both these fields boast significant market presence in Japan.

In the course of our medium-term management plan, we focused on innovation in the domestic market. To better embody the plan's concept of "Realizing steady corporate growth by securing sustainability in every Group business segment," we have endeavored to strengthen our competitiveness, to this end enhancing our brand value, developing our organizational structure and pursuing R&D. In these ways, we have striven to secure sustainable sources of profit.

The Operating Environment and Fiscal 2021 Business Results

In fiscal 2021, the Japanese economy was largely affected by the novel coronavirus (COVID-19) pandemic, with a murkier economic outlook than ever before.

Against this backdrop, the Noevir Group has striven to accommodate new customer needs arising from changes in lifestyle norms, to this end taking an agile approach to management decision making. For example, we updated existing product lines while introducing new products with superior functionalities via the use of findings from cutting-edge R&D activities. Furthermore, we enhanced the content of online services offered to our customers in order to expand points of contact with them. In addition, we continued with stringent efforts to streamline selling, general & administrative (SG&A) expenses and otherwise endeavored to achieve higher profitability even amid the COVID-19 pandemic. As a result, consolidated net sales came to ¥51,272 million, while operating income totaled ¥8,557 million. Net income attributable to owners of the parent amounted to ¥6,383 million. Although net sales represented a slight decrease of 1.1% year on year, operating income rose 6.2% from the previous fiscal year, with the operating income margin improving 1.2 percentage point to 16.7%.



Store display of the NOV skincare line

Our Fiscal 2021 Initiatives

In fiscal 2021, our Cosmetics business saw a slight decrease in revenues and an increase in profit. In face-to-face channel cosmetics, the need for special skincare solutions grew stronger as the new norms under the COVID-19 pandemic prompted a growing number of consumers to reconsider their day-to-day skincare. Buoyed by this trend, *Noevir BIOSIGN INNER TREATMENT LIPOSOME*, a functional serum released in May 2021, sold firmly. In addition, sales of the *Noevir SPECIALE* high-end skincare line remained virtually unchanged despite fewer opportunities for face-to-face marketing amid growing calls for preventive measures against COVID-19 infection. This product line's sales were supported mainly by existing customers as we offered online counseling aimed at motivating purchases.

For customers, we began utilizing Instagram Live to keep them updated on products while providing them with online skincare troubleshooting beauty lessons that include tips on how to address seasonal skin issues. In addition, we continued to offer online beauty counseling along with specialized webinars featuring lectures by external experts. For sales representatives, we promoted Noevir Support, a web-based ordering system that helps improve convenience and thus bolsters their operations. We also held online briefings on new products to help them achieve even higher service levels.

In self-selection cosmetics, sales of makeup products were affected by pandemic-induced market stagnation, while sales of skincare products were solid. Given these circumstances, we endeavored to enhance the brand recognition of the *excel* makeup line by, for example, distributing makeup proposals via SNSs and live commerce events with an eye to securing an advantageous position in anticipation of a post-pandemic boom in market competition. Meanwhile, immediately after its renewal in September 2021, the *Aging Care* line of *Nameraka Honpo* skincare products enjoyed firm sales. Also, the *NOV AC ACTIVE* skincare line specializing in hypoallergenic anti-acne products was updated in May 2021 and contributed to sales on the back of the growing customer need for solutions designed to address skin troubles arising from new lifestyle norms, such as the practice of wearing a mask for prolonged periods.

The Pharmaceuticals & Health Food business saw a slight decrease in revenues coupled with an increase in profit. Showings of *Noevir WEIGHT BALANCE*, a product registered as a food with functional

While Closely Assessing Lifestyle Norms

claims due to the incorporation of functional substances that help reduce visceral fat, have been quite strong and contributed to sales thanks to rising public health awareness.

The Other business segment, which encompasses apparel- and aircraft-related operations, recorded increases in both revenues and profit.

Future Outlook

In the Cosmetics business, we will promote face-to-face channel cosmetics and, to this end, continue to take advantage of face-to-face sales, our mainstay sales method. At the same time, we will proactively utilize online counseling sales and e-commerce to secure a robust structure for sales assistance. In self-selection cosmetics, we will continue with the timely provision of products that accurately meet customer needs.

Taking these factors into account, our consolidated performance forecasts for fiscal 2022 (from October 1 2021, to September 30, 2022) comprise net sales of ¥58,500 million, operating income of ¥9,200 million and net income attributable to owners of the parent of ¥6,500 million. We will stay focused on securing profitability and strive to live up to our earnings forecasts via, for example, efficient cost management.

In light of the new listing categories defined by the Tokyo Stock Exchange, Inc. (TSE) and set for introduction in April 2022, Noevir Holdings Co., Ltd. has chosen to be listed in the "Prime Market"* based on the results of primary screening undertaken by TSE with regard to the Company's conformity with listing requirements.

* Of the three new categories, the Prime Market is oriented to companies that center their business on constructive dialogue with global investors.

Our Policy regarding Shareholder Returns

We have positioned the return of profit to our shareholders as an important management issue. Accordingly, our basic policy is to deliver a stable stream of dividends to our shareholders even as we secure internal reserves for supporting our endeavors to achieve medium- to long-term business development and strengthen our management structure. In line with this policy, we decided to raise year-end dividends for fiscal 2021 by ¥5 per share from the previous dividend forecast, thereby bringing full-year cash dividends to ¥210 per share. As a result, we achieved a 10th consecutive annual increase in dividends, with the dividend payout ratio amounting to 112.4%.

Striving to contribute to health and beauty, the Noevir Group has long been helping people maintain and improve their quality of life 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 BIOSIGN INNER
TREATMENT LIPOSOME



Noevir
WRINKLE SERUM

Main Brands

- *Noevir SPECIALE*
- *Noevir 99 Plus*
- *Noevir 505*
- *Noevir 105*
- *Noevir 80 pure*
- *Noevir EXTRA*
- *Noevir TOUT BLANC*
- *Noevir BIOSIGN*



Noevir SPECIALE skincare line



Noevir 505 skincare line



Noevir 99 Plus skincare line

Product Strategy

Our face-to-face channel cosmetics brand portfolio consists mainly of prestige skincare products, which boast strengths as anti-aging and skin brightening solutions and provide users with a superior skincare experience, as well as beauty serums and other functional cosmetics, the lineups of which are periodically expanded and renewed to reflect our latest R&D accomplishments.

In fiscal 2021, we released two beauty serums: *Noevir WRINKLE SERUM*, the first medicated anti-wrinkle serum to be marketed by Noevir Co., Ltd., and *Noevir BIOSIGN INNER TREATMENT LIPOSOME*, which leverages the permeation effect afforded by liposomes (spherical vesicles with one or more lipid bilayers, a structure similar to that of skin cells). These two serums have been created through the application of our expertise in botany and dermatology, fields in which we pursued R&D for many years. Amid the COVID-19 pandemic, we have also tackled product development aimed at responding to urgent calls for solutions capable of accommodating recent changes in skincare needs, especially those associated with skin troubles arising from the new practice of wearing a mask for prolonged periods.

Aiming to enrich our face-to-face channel cosmetics brands, we are fully leveraging our distinctive strengths in R&D, thereby maintaining a constant stream of new products with superior functionality.

Sales Strategy

The Noevir Group markets its face-to-face channel cosmetics brands mainly through face-to-face sales channels backed by beauty studios while also offering them through retail stores operated by Noevir Co., Ltd. In addition, the Group has enhanced its sales capabilities by introducing an in-house system that certifies those NOEVIR Beauty Studios that demonstrate service quality and techniques that meet strict standards. As of September 30, 2021, approximately 2,000 salons have been certified. With the aim of maintaining robust customer communications despite the effects of the COVID-19 pandemic, we have also introduced alternative counseling methods, including online counseling.

In fiscal 2021, we offered online makeup lectures to customers who hope to learn the best makeup techniques for looking beautiful while wearing a mask. These lectures were delivered free of charge by leveraging the platform afforded by our NOEVIR Beauty Academy, which offers skincare and makeup clinics in which external specialists deliver lectures and is usually available only to sales representatives for a charge.

The network of retail stores operated by Noevir Co., Ltd. serves major cities across Japan, securing contact points with potential customers and enhancing brand recognition.

In addition, we strive to accommodate diversifying consumer needs by enhancing the content of services offered via NOEVIR Style, an online shopping website aimed at winning loyal customers. We also provide NOEVIR Support, an online ordering system specializing in supporting our sales representatives.



Self-Selection Cosmetics, Pharmaceuticals & Health Food

Product Strategy

Constituting another pillar of the Noevir Group's Cosmetics business, our self-selection cosmetics boast *Nameraka Honpo*—our mainstay brand of affordable skincare products and the market leader* in terms of soymilk-based skincare products, with its *Aging Care* line being updated in September 2021. In addition, we updated the anti-acne skincare line marketed under the hypoallergenic *NOV* brand, which enjoys considerable market share in Japan. We have been enriching these two brands, releasing new products designed to meet changes in customer needs amid the COVID-19 pandemic and strengthening their lines with distinctive functional features, in order to bolster the steady expansion of our customer base. Moreover, the Noevir Group's unique product planning strategies have helped the popular *excel* brand makeup line garner a solid reputation among consumers in Japan and other Asian countries, and the line's large number of loyal customers cover a broad age range.

At the same time, our Pharmaceuticals & Health Food segment provides an array of unique products, including the long-selling *Nanten Nodo Ame* cough drops, *Min Min Da Ha* functional drinks, the lineup of which was updated in April 2021, and *GRONVITER* nutritional drinks.

Sales Strategy

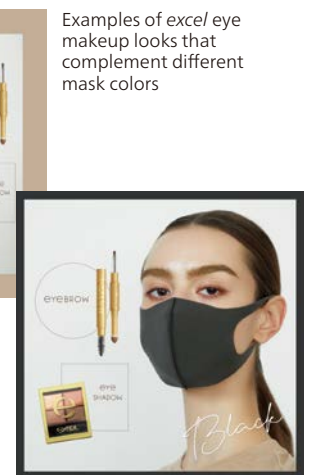
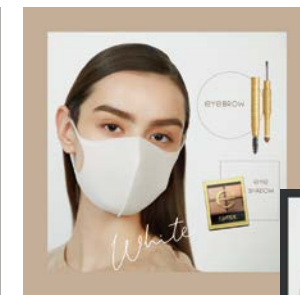
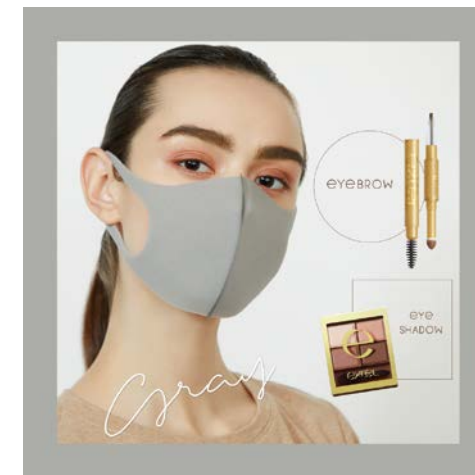
As for the marketing channels for self-selection cosmetics, the Group utilizes such general retailers as general merchandise stores, drugstores and specialty goods stores. With regard to pharmaceuticals, the Group markets a variety of products, including functional drinks and cough drops, through such outlets as drugstores and convenience stores in addition to employing face-to-face sales channels to secure contracted households and companies to which products are delivered on regular basis.

Amid the COVID-19 pandemic, which makes it difficult to proactively carry out storefront promotional campaigns, we have been employing SNSs to implement ongoing sales promotion initiatives for the *excel* makeup brand. For example, we have livestreamed the unveiling of new products via Instagram while beginning to stream live commerce events from July 2021. At the same time, we have been working to boost sales of *NOV* brand hypoallergenic cosmetics by stepping up collaboration with medical institutions. These initiatives are designed to communicate product information in a way that evokes a sense of intimacy and trust.

In addition, the Group undertakes the contract manufacturing of cosmetics and nutritional drink on an OEM basis.

Main Brands

- *Nameraka Honpo*
- *excel*
- *NOV*
- *Pore Putty*
- *New Born*
- *Nanten Nodo Ame*
- *Min Min Da Ha*
- *GRONVITER*
- *VITAC*



Examples of *excel* eye makeup looks that complement different mask colors

* Based on the storefront sales of self-selection skincare products incorporating soymilk ingredients calculated from POS data gleaned by five retailers throughout 2020



Nameraka Honpo skincare brand lineup



Nameraka Honpo skincare brand lineup



excel brand makeup lineup



Pore Putty makeup brand lineup



New Born makeup brand lineup



NOV hypoallergenic cosmetics displayed at a retail store in Taiwan



NOV brand lineup



Nanten Nodo Ame cough drop brand lineup



Min Min Da Ha functional drink brand lineup
GRONVITER nutritional drink brand

Research and Development, Quality Assurance

The Noevir Group is taking full advantage of R&D capabilities and assets in place at research facilities run by Group companies, which handle cosmetics, pharmaceuticals and food, to expand the scope of its research activities and to promote the ongoing development of products with distinctive strengths. The Group is thus rallying its overall resources to take on the challenge of entering new R&D fields as it strives to enhance the market competitiveness of its products. Also, we are actively engaged in collaboration with universities, medical institutions and other external research organizations with the aim of creating unique products that are insulated from price competition.



Research and Development

With the Noevir Group Research Laboratory in Shiga Prefecture serving as the core, our robust network of R&D facilities includes the Suzuka Alpine Plants Research Center, Minami Daito Island Marine Research Center and Hokkaido Shokanbetsu Mountain Pilot Farm. These facilities engage in basic research on such subjects as native plants that thrive in extreme climates.

In addition, we have long been focused on creating synergies by engaging in external collaboration with a range of partners and by rallying the Group's R&D resources, including those of Noevir Co., Ltd. and TOKIWA Pharmaceutical Co., Ltd. For example, we have been helping the University of Tokyo's Department of Immunology provide an endowed course on osteoimmunology since 2016, and findings acquired through this initiative led to the commercialization of a product incorporating immune-related proteins. Through these and other efforts, we are expanding our R&D fields as we endeavor to remain on-trend with increasingly complex value systems characterizing the highly mature cosmetics market in Japan.

Striving to swiftly accommodate evolving consumer mindsets and needs influenced by the fallout from the COVID-19 pandemic, we will promote R&D activities aimed at exploring new possibilities of cosmetics, harnessing their potential to enhance customers' quality of life (QOL).

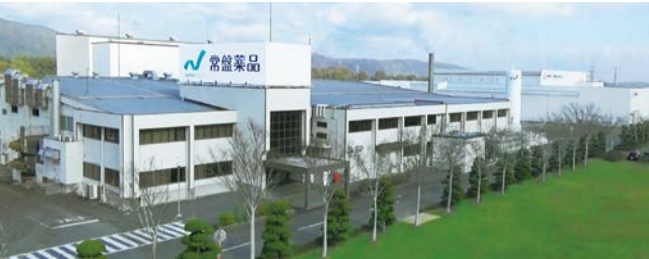
Quality Assurance

The Noevir Group provides high-quality products capable of satisfying stringent safety standards designed to live up to customer expectations. The Shiga Factory maintains an in-house manufacturing management system encompassing all its production lines in addition to a management system established in conformity with the technical requirements stipulated in Good Manufacturing Practice (GMP) guidelines for the manufacture and quality control of cosmetics. Also, this factory undergoes annual examinations conducted by a third-party certification body to determine its conformity with ISO 22716: Cosmetics—Good Manufacturing Practices (GMP).

The Mie Factory, meanwhile, is certified by Mie Prefecture as a food manufacturing facility satisfying Hazard Analysis and Critical Control Point (HACCP) standards for voluntary hygiene management, while maintaining compliance with Standards for Manufacturing Control and Quality Control for Drugs and Quasi-drugs (pharmaceutical GMP based on a ministerial ordinance). Having put in place ever more sophisticated quality assurance systems, this factory is engaged in the production of such offerings as energy drinks and other health foods.



The Noevir Group Research Laboratory



The Mie Factory

Corporate Governance

1. Fundamental Concepts of Corporate Governance

To realize the ongoing enhancement of corporate value and maintain the trust of all of its stakeholders, including shareholders, the Noevir Group 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, the Group has set up internal control and risk management systems, both of which are constantly upgraded.

To deepen the understanding of its stakeholders and ensure their appropriate evaluation, Noevir Holdings Co., Ltd. voluntarily and consistently 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 division, appointed a director to be in charge of IR, and regularly holds briefings for analysts and institutional investors in addition to updating IR information posted on its website.

2. Corporate Governance Structure Overview

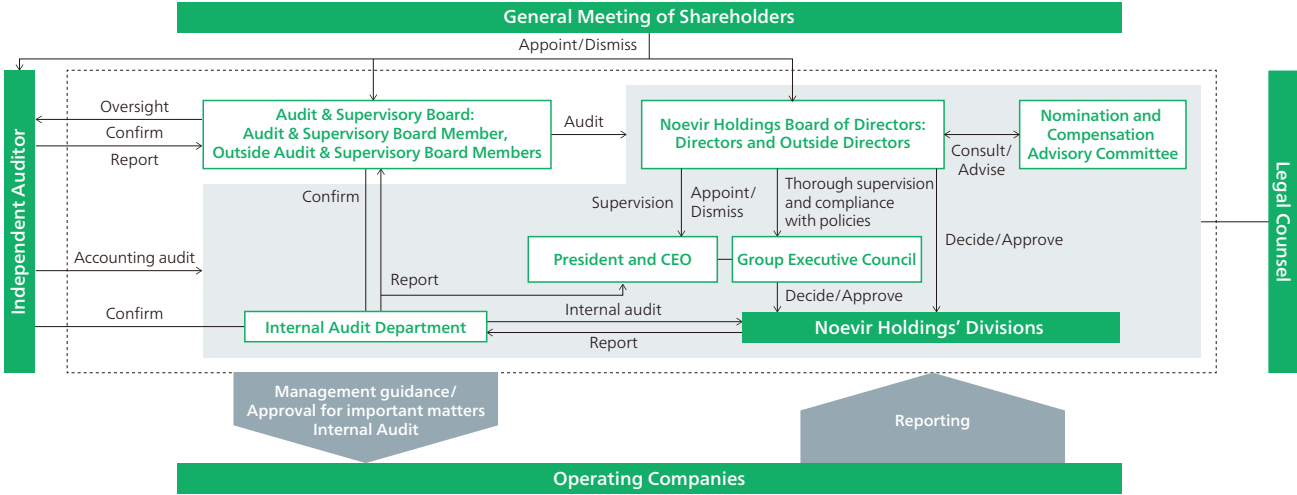
Type of governance model	A company with auditors
Number of directors (of whom, outside directors)	11 (6)
Number of Audit & Supervisory Board members (of whom, outside members)	3 (2)
Number of independent directors and Audit & Supervisory Board members (within outside directors and outside Audit & Supervisory Board members)	8 (6;2)
Directors' term	One year
Frequency of Board of Directors' meetings	Monthly (plus extraordinary meetings convened on an as-needed basis)
Number of Board of Directors' meetings held during fiscal 2021	12
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 Audit & Supervisory Board members	Directors: Determined based on individual contributions to annual operating results Audit & Supervisory Board members: Determined based on comprehensive assessments of individuals' auditing skills and track records
Accounting auditor	Deloitte Touche Tohmatsu LLC
Systems for supporting outside directors and outside Audit & Supervisory Board members	Persons in charge of support are appointed from the Legal Affairs Department

3. Fundamental Concepts of Internal Control System

To ensure the appropriate and sound execution of its Group operations, Noevir Holdings undertakes the storage, management and streamlining of information associated with the execution of directors' duties while endeavoring to maintain clarity in its risk management structure as well as to strengthen and promote its compliance structure under the Corporate Governance Policy and the Noevir Group Code of Conduct.

With the aim of securing a structure for reporting to the Audit & Supervisory Board and conducting effective audits and reliable financial reporting, Noevir Holdings continues to further enhance its internal control and compliance systems in order to ensure strict adherence to laws, regulations and its articles of incorporation.

4. Corporate Governance Organizational Structure



Corporate Social Responsibility

Basic Philosophy

Working toward the realization of high quality of life for all stakeholders, the Noevir Group is engaged in the creation of beauty and health. In addition to pursuing further business growth, we have clearly defined the responsibilities we are called on to fulfill as a good corporate citizen and are implementing proactive initiatives aimed at contributing to sound social development under five themes: customers and business partners; shareholders; employees; society; and the environment.

Ongoing Fundraising via Noevir Green Charity

Since 2010, Noevir Co., Ltd. has been engaged in an ongoing fundraising campaign via Noevir Green Charity, setting aside a portion of proceeds from designated items sold during biannual skincare product fairs for donation to the Manaslu fund. Headed by alpinist Ken Noguchi, this fund aims to raise money for school construction at the foot of the Himalayas and for the provision of other support of the region’s children. As we are in full agreement with Mr. Noguchi’s aspiration to support education and thereby help local communities thrive, we will encourage a growing number of Group members to take part in social contribution activities of this kind.



Social contribution activity undertaken at the foot of the Himalayas (©KEN NOGUCHI OFFICE)

Noevir WATERY OIL SERUM Wins an Award under the 2021 Glass Bottle Award Program

Noevir WATERY OIL SERUM was chosen to receive a judges’ award under the 2021 Glass Bottle Award program sponsored by the Japan Glass Bottle Association. This program, which commends glass bottles created with an eye to superior design, functionality and eco friendliness, marked its 17th round in 2021. Over the course of its history, the program’s selection criteria have evolved to incorporate environmental considerations based on the perspective of resource recycling along with an appreciation of aesthetic form, reflecting the accelerating trend toward across-the-board efforts to facilitate the United Nations Sustainable Development Goals (SDGs).

In addition to its beauty, the Noevir WATERY OIL SERUM bottle was highly evaluated for its recycling-oriented structure, which enables users to easily separate the plastic cap and shoulder parts from the glass bottle.



The Noevir Group’s Work Style Reform Initiatives

Amid the ongoing repercussions of the COVID-19 pandemic, businesses are facing growing calls to gear up efforts to promote work style reforms. Since April 2015, the Noevir Group has been pushing ahead with the diversification of employee work styles by, for example, furnishing employees with mobile phones and laptops that allow them to work remotely as well as by introducing a location-free office platform and a work-at-home scheme. These endeavors are, in turn, expected to empower employees to utilize their time more effectively and achieve higher productivity. We have also expanded the scope of employees eligible to choose unconventional work styles while taking our fiscal 2021 education programs for new hires and beauty



consultants online. Looking ahead, we will continue to help employees fully realize their individual competencies even as they work with confidence and strike a balance between their job and family duties or other private activities.

Also, we strive to ensure that the career development paths of all individuals in our workforce are unconstrained by such events as childbirth, child rearing or nursing care. We encourage employees to fully utilize annual paid leave while endeavoring to minimize overtime. Moreover, we have implemented various initiatives, including enhancing childcare leave plans. In addition, we have formulated concrete action plans and set numerical targets with an eye to pushing forward initiatives that support women aiming for career success.

Furthermore, we provide assistance to support employees’ health promotion efforts, taking a management approach that places great emphasis on ensuring employee health.

As of September 30, 2021, the number of Noevir Group employees totaled 1,453 with a male to female composition of 684 to 769 that suggests that women are serving as key players. Of the 388 Group employees in team leader or other supervisory positions 102, or 26.3%, are women. Moreover, of the 201 managerial employees in assistant manager or higher positions, 48, or 23.9%, are women. At present, our aim is to raise the overall ratio of managerial positions held by women to 30% or more by December 2022. As such, the Group is striving to promote gender equality in terms of weight of tasks and responsibilities assigned to employees while ensuring equal opportunities for career development.

Management’s Discussion and Analysis

Overview

In fiscal 2021 (October 1, 2020 to September 30, 2021), the Japanese economy was affected by the COVID-19 pandemic, with economic trends becoming increasingly uncertain due to continuously harsh conditions for corporate earnings and employment.

Against this backdrop, the Company worked 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 fiscal year ended September 30, 2021 came to ¥51,272 million. The cost of sales amounted to ¥18,241 million and as a percentage of net sales was 35.6%. Selling, general and administrative (SG&A) expenses were ¥24,473 million and as a percentage of net sales were 47.7%, as the Group strove to streamline advertising and sales promotion costs.

Operating income was ¥8,557 million, and net income attributable to owners of the parent came to ¥6,383 million. In sum, despite a decline in revenues, the Company achieved profit growth compared with the previous fiscal year, with the operating income margin standing at 16.7%, up 1.2 percentage points year on year.

Although the outlook is expected to remain unclear as the extent of the impact of the COVID-19 pandemic is still uncertain, the Company’s consolidated forecasts for the fiscal year ending September 30, 2022 include net sales of ¥58,500 million, operating income of ¥9,200 million, and net income attributable to owners of the parent of ¥6,500 million. In addition, at the beginning of the fiscal year ending September 30, 2022, the Company adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29: March 31, 2020), etc. Reflecting this, some items that had been subtracted from net sales are now treated as expenses. If these and other changes arising from the abovementioned adoption are retrospectively applied to the calculation of operating results for the fiscal year ended September 30, 2021, net sales would be up 0.3% year on year. On the other hand, the impact of these changes on operating income, ordinary income and net income attributable to owners of the parent are expected to be minor.

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 face-to-face channel skincare products; various popular products for the self-selection cosmetics market, including the Nameraka Honpo skincare brand and excel makeup brand; and the NOV brand. The Group also undertakes the contract manufacturing of cosmetics.

Fiscal 2021 Results

The Cosmetics segment saw a slight decrease in revenues and an increase in profit, with segment sales and income totaling ¥38,325 million and ¥9,600 million, respectively. The slight year-on-year decrease in net sales is attributable to sluggish showings of makeup products due to the COVID-19 pandemic. However, sales of mainstay skincare products were robust, contributing to growth in profit.

Pharmaceuticals & Health Food

Overview

The Group develops, produces and sells such flagship items as the long-selling Nanten Nodo Ame cough drop brand, functional drinks,

such as the Min Min Da Ha functional drink brand lineup, and other OTC pharmaceuticals, including cold remedies and digestive aids, as well as nutritional supplements, health food and other products featuring high-quality natural ingredients.

Fiscal 2021 Results

The Pharmaceuticals & Health Food segment similarly saw a slight decrease in revenues and an increase in profit, with segment sales and income totaling ¥11,117 million and ¥1,442 million, respectively. Due to the COVID-19 pandemic, sales of flagship energy drinks were stagnant. However, showings of nutritional supplements, which boast high profitability, were robust. As a result, segment profit was up 14.3% year on year.

Other

Overview

The Other segment encompasses apparel and aircraft sales and leasing.

Fiscal 2021 Results

The Other segment recorded segment sales of ¥1,828 million and segment income of ¥156 million, with both revenues and profit increasing year on year due to the solid performance of the apparel related-business.

Assets, Liabilities and Net Assets

Total assets at the fiscal 2021 year-end stood at ¥80,448 million, an increase of ¥396 million from the previous fiscal year-end. This result was mainly due to increases of ¥1,645 million in cash and cash equivalents and ¥714 million in investment securities, as well as decreases of ¥982 million in property, plant and equipment, ¥651 million in merchandise and finished goods, and ¥196 million in other receivables.

Total liabilities came to ¥28,215 million, an increase of ¥406 million from the previous fiscal year-end. This result was mainly due to an increase of ¥540 million in income tax payable.

Net assets came to ¥52,233 million, a decrease of ¥10 million from the previous fiscal year-end. This was primarily due to a decrease of ¥621 million in retained earnings, which reflected the payment of ¥7,002 million in year-end dividends for the previous fiscal year despite the posting of ¥6,383 million in net income attributable to owners of the parent, as well as an increase of ¥493 million in net unrealized gain on other securities.

As a result, the equity ratio stood at 64.5%, down 0.4 of a percentage point from the previous fiscal year-end, and net assets per share stood at ¥1,520.27, a decrease of ¥1.50.

Cash Flows

Cash and cash equivalents on a consolidated basis as of September 30, 2021 stood at ¥ 30,841 million, an increase of ¥1,641 million compared with the previous fiscal year-end.

Net cash provided by operating activities amounted to ¥9,063 million. The main item increasing cash was the posting of ¥8,966 million in income before income taxes.

Net cash used in investing activities came to ¥416 million. The principal cash outflow was ¥376 million for the purchase of property, plant and equipment.

Net cash used in financing activities came to ¥7,181 million. This was mainly due to the payment of ¥7,002 million in dividends.

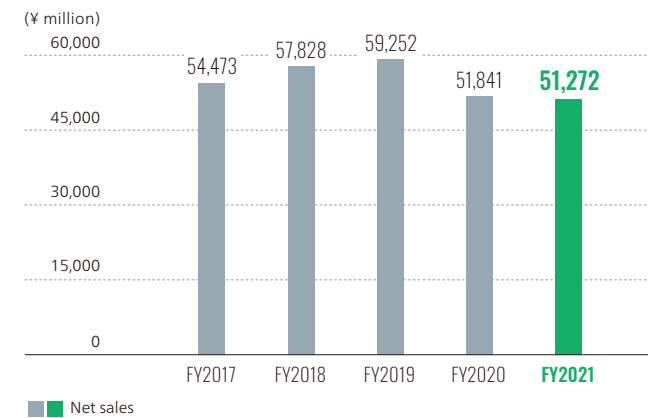
Five-Year Summary

(Millions of yen)					
Fiscal Year	2017	2018	2019	2020	2021
Period/Item	October 1, 2016– September 30, 2017	October 1, 2017– September 30, 2018	October 1, 2018– September 30, 2019	October 1, 2019– September 30, 2020	October 1, 2020– September 30, 2021
Net sales	¥ 54,473	¥ 57,828	¥ 59,252	¥ 51,841	¥ 51,272
Operating income	9,986	11,343	11,992	8,060	8,557
Net income attributable to owners of the parent	7,077	7,842	7,226	5,618	6,383
Total assets	93,567	82,809	83,330	80,052	80,448
Net assets	59,365	51,998	52,946	52,243	52,233
Capital expenditures	1,497	1,375	1,994	1,456	539
Depreciation	1,845	1,850	1,808	1,668	1,463
R&D expenses*	1,134	1,046	1,097	1,065	1,041
Cash dividends per share (yen)	¥ 150.00	¥ 180.00	¥ 200.00	¥ 205.00	¥ 210.00
Earnings per share, basic (yen)	¥ 199.64	¥ 228.56	¥ 211.57	¥ 164.48	¥ 186.88
Net assets per share (BPS) (yen)	¥1,669.18	¥1,517.61	¥1,543.72	¥1,521.77	¥1,520.27
ROE (%)	12.3%	14.1%	13.8%	10.7%	12.3%
Equity ratio (%)	63.2%	62.6%	63.3%	64.9%	64.5%
Number of employees (consolidated)	1,560	1,531	1,530	1,507	1,453
Cosmetics					
Net sales	¥ 39,197	¥ 42,616	¥ 45,175	¥ 38,742	¥ 38,325
Segment income	11,002	12,155	13,183	9,505	9,600
Pharmaceuticals & Health Food					
Net sales	13,488	13,199	12,036	11,273	11,117
Segment income	745	1,309	1,312	1,261	1,442
Other					
Net sales	1,788	2,013	2,041	1,825	1,828
Segment income	128	135	70	10	156

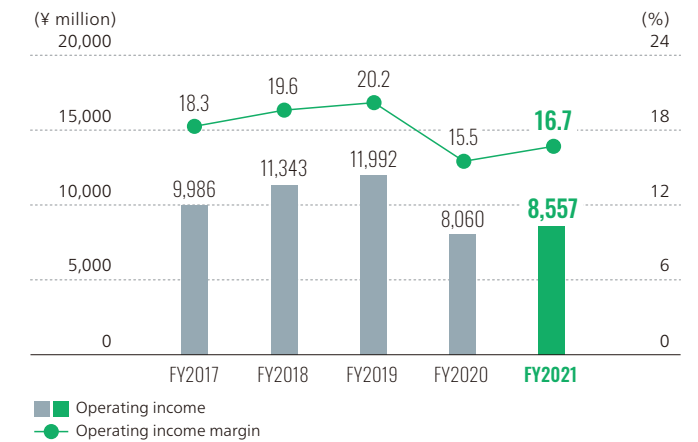
* The total of R&D expenses recorded as part of SG&A expenses and those recorded as part of production costs during the fiscal year under review.

Financial Highlights

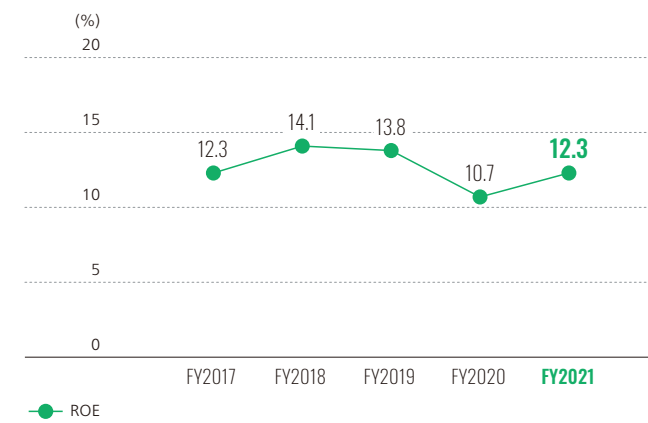
Net Sales



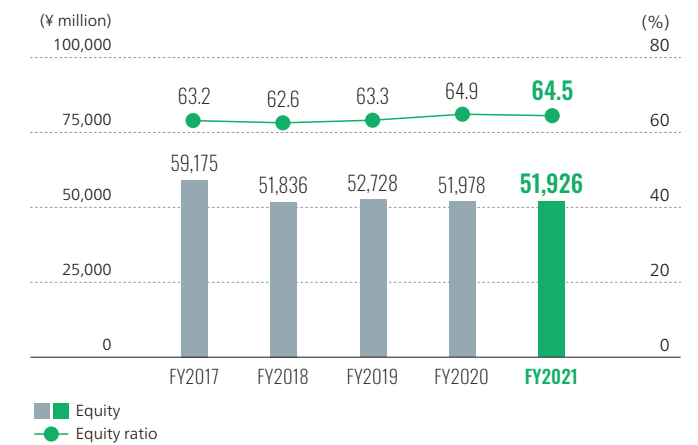
Operating Income / Operating Income Margin



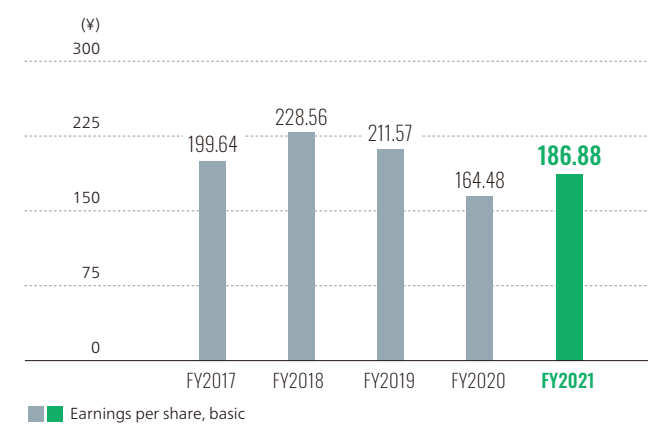
ROE



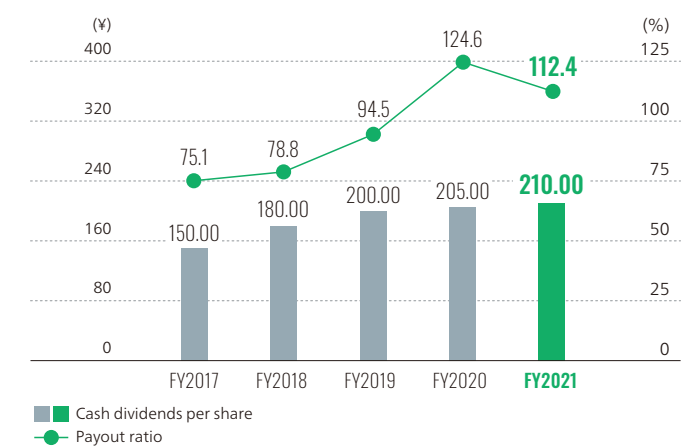
Equity / Equity Ratio



Earnings per Share, Basic



Cash Dividends per Share / Payout Ratio



Principal Consolidated Subsidiaries (As of September 30, 2021)

Name	Location	Issued Share Capital (millions of yen, except as otherwise stated)	Direct or Indirect Ownership by the Company (percent)	Principal Business
Noevir Co., Ltd.	6-13-1 Minatojima-nakamachi Chuo-ku Kobe 650-8521 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
TOKIWA Pharmaceutical Co., Ltd.	6-13-1 Minatojima-nakamachi Chuo-ku Kobe 650-8521 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
TOKIWA Medical Service Co., Ltd.	6-13-1 Minatojima-nakamachi Chuo-ku Kobe 650-8521 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
Bonanza Co., Ltd.	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
Noevir Aviation Co., Ltd.	2-12 Yao Airport Yao, Osaka 581-0043 Japan	¥35	100.00	Air transportation and provision of charter flights, ground handling services and hangar rental
Nihon Flight Safety Co., Ltd.	Tokyo Heliport 4-7-44 Shinkiba, Koto-ku Tokyo 136-0082 Japan	¥100	100.00	Provision of aircraft flight training
Noevir Holding of America, Inc.	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
Noevir U.S.A., Inc.	1095 Main Street Irvine, California 92614 U.S.A.	US\$5,900 thousand	100.00	Sale of cosmetics, makeup products, toiletries and food products
Noevir Canada, Inc.	7360 River Road, Richmond British Columbia V6X 1X6 Canada	C\$1,131 thousand	100.00	Sale of cosmetics, makeup products, toiletries and food products
Noevir Aviation, Inc.	200 West Grand Avenue Montvale, New Jersey 07645 U.S.A.	US\$1,350 thousand	100.00	Purchase and sale of aircraft and vessels as well as aviation-related operations
Noevir Taiwan, Inc.	8th Fl.-2, No. 111 Songjiang Road, Zhongshan District Taipei City 10486 Taiwan	NT\$31,000 thousand	100.00	Sale of cosmetics, makeup products, toiletries and food products
Shanghai Noevir Co., Ltd.	Room 605, Hongwell International Plaza A No.1600, Zhongshan West Rd. Xuhui District, Shanghai 200235 China	5,000 thousand Chinese yuan	50.00	Sale of cosmetics, makeup products and toiletries as well as procurement and sale of sales promotion goods for the Noevir Group
Noevir Europe s.r.l.	Via Tre Settembre, 99 (3°-#116) 47891 Dogana Republic of San Marino	26,000 euro	100.00	Market research in Europe

Board of Directors and Auditors (As of December 6, 2021)

Chairman and Representative Director

Hiroshi Okura

President and CEO

Takashi Okura

Managing Director

Ikkou Yoshida

Directors

Yasuo Kaiden

Masataka Nakano

Outside Directors

Sanae Tanaka*

Maho Kinami*

Emima Abe*

Ryo Tsuchida*

Mari Ishimitsu*

Haruhi Kuroda*

Audit & Supervisory Board Member

Masayuki Hamaguchi

Outside Audit & Supervisory Board Members

Kazuya Sugimoto**

Kayo Sato**

* Independent directors

** Independent Audit & Supervisory Board members

Profiles of Outside Directors

Sanae Tanaka	Representative of Sanae Tanaka Law Office Outside director of PILOT CORPORATION Outside director of Shochiku Co., Ltd. Outside director of Kintetsu World Express, Inc.
Maho Kinami	Representative of Kinami Law Office
Emima Abe	Attorney-at-law, Max General Law Firm
Ryo Tsuchida	Outside director of UPR Corp. Professor of Sophia Law School
Mari Ishimitsu	Attorney-at-law, Mikan Law Office
Haruhi Kuroda	Attorney-at law, Homma & Partners

Profiles of Outside Audit & Supervisory Board Members

Kazuya Sugimoto	Representative of Sugimoto CPA Office
Kayo Sato	Representative of LAW OFFICE TAITO Outside Audit & Supervisory Board member of Advanced Media, Inc.

Investor Information (As of September 30, 2021)

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.	12,382	36.25
Takashi Okura	3,699	10.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,338	6.85
Hiroshi Okura	1,000	2.93
Sumitomo Mitsui Banking Corporation	900	2.63
Custody Bank of Japan, Ltd. (Trust Account)	661	1.94
JAPAN POST INSURANCE Co., Ltd.	466	1.36
Noevir Holdings Employees Shareholdings Scheme	397	1.16
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON TREATY ACCOUNT 15.315 PCT	345	1.01
Nihon Kolmar Co., Ltd.	310	0.91

Note: The shareholding ratio is calculated excluding treasury stock
(235 shares) and is rounded off to two decimal places.

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.