

A collection of various green herbs, including sage, dill, and other leafy greens, arranged in a decorative pattern in the top right corner of the page.

# ANNUAL REPORT 2023

Year ended September 30, 2023



## Business Model

### Segment Information

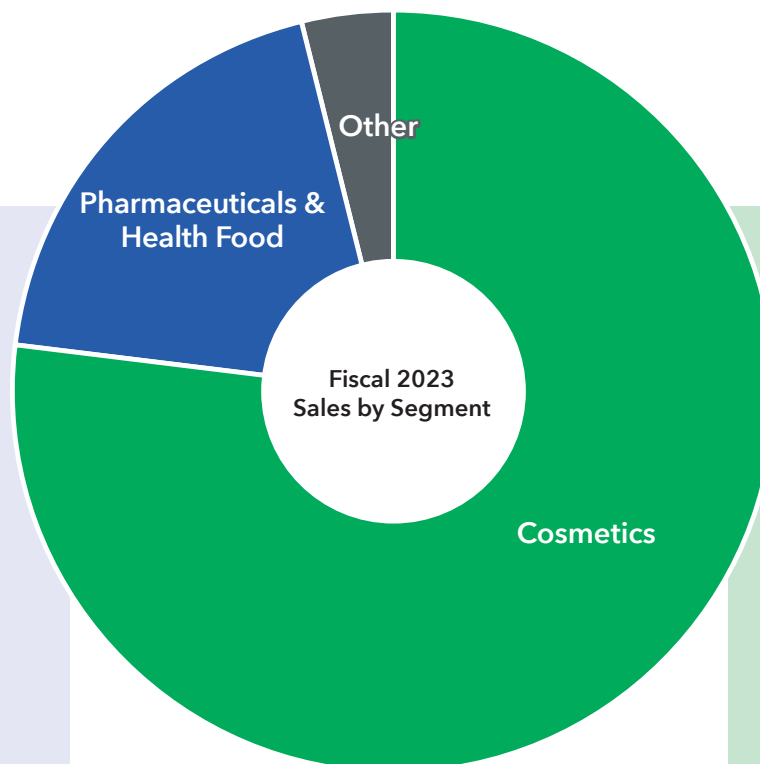
#### Pharmaceuticals & Health Food



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



#### 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

#### Other



The Other segment encompasses apparel and aircraft sales and leasing.

#### Channels

- Face-to-face Sales

### Face-to-face Channel Cosmetics



## Luxury Line

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

- Approximately 2,000 NOEVIR Beauty Studios, along with Noevir's own retail stores, operate in regions nationwide
- 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



### Self-selection Cosmetics



## Standard Line

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 eight regions overseas: China, Taiwan, South Korea, Hong Kong, Singapore, Thailand, The United States, Canada

## Medium-term Management Plan

Medium-term Management Plan Concept:

# 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.

Consolidated Earnings Forecasts for Fiscal 2024

Net Sales **¥63,000** million

Operating income **¥11,200** million

### Five policies

1

Pursue innovation and continuous profit generation in the domestic market

2

Enhance our brand value

3

Accelerate efforts to diversify human resources and our corporate structure

4

Strengthen our competitiveness by stepping up the diversification of our R&D, production and logistics systems

5

Promote a management approach that is responsive to changes in the business environment



## History of the Noevir Group

### Noevir Co., Ltd.

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

### Noevir Holdings Co., Ltd.

|             |  |
|-------------|--|
| <b>2011</b> | Noevir Holdings Co., Ltd. established, listing its stock on the Second Section of the Tokyo Stock Exchange<br>Acquired equity in three subsidiaries (TOKIWA Pharmaceutical Co., Ltd., Bonanza Co., Ltd. and Noevir Aviation Co., Ltd.) of Noevir Co., Ltd. |
| <b>2012</b> | Noevir Holdings Co., Ltd. listed on the First Section of the Tokyo Stock Exchange  |
| <b>2022</b> | Transitioned to the Tokyo Stock Exchange's Prime Market<br>Transferred shares in Noevir Aviation Co., Ltd. to Noevir Co., Ltd.<br>Transferred shares in Bonanza Co., Ltd. to Noevir Co., Ltd.  |



## Management Report

# Winning the Hearts of a Wide-Range of Customers by Delivering Quality Products Designed to Meet Their Diverse Needs

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 2023 Business Results

During fiscal 2023 (October 1, 2022 to September 30, 2023), economic trends remained uncertain, although some signs of gradual recovery were observed.

Against this backdrop, the Noevir Group has striven to accommodate ever-diversifying customer needs in the aftermath of the COVID-19 pandemic, 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. In addition, we continued with stringent efforts to streamline selling, general & administrative (SG&A) expenses to achieve higher profitability.

As a result, consolidated net sales came to ¥62,552 million, while operating income totaled ¥11,024 million. Net income attributable to owners of the parent stood at ¥7,673 million, with the operating income margin amounting to 17.6%.

### Our Fiscal 2023 Initiatives

In fiscal 2023, our Cosmetics business saw increases in both revenues and profit compared with the previous fiscal year. In face-to-face channel cosmetics, although overall sales of skincare products decreased, sales were robust for *Noevir HUKKULA SERUM*, which was released in November 2022 and incorporates collagen, as were sales for existing *Noevir SPECIALE* skincare line. The popularity of these particular products was due to the growing trend toward taking

off one's mask when going outdoors, which, in turn, invigorated customer needs for products designed to make their skin appear beautiful. Also, the release of *Noevir Dewdrop Glow Serum* in May 2023 contributed to sales, as this beauty serum boasts superior functionalities that help enhance the skin's ability to retain moisture.

In self-selection cosmetics, sales increased, buoyed by the robust performance of skincare products. Sales of the *Nameraka Honpo* brand line remained firm, thanks in part to the updating of the *Moisture* skincare line in the previous fiscal year and the inclusion of the *Wrinkle Brightening* series products into the *Aging-Care Line* of this brand lineup in August 2023. The release of updated versions of mainstay *NOV III* series skincare line products similarly contributed to sales. Meanwhile, demand for makeup products got on a recovery track due to the lifting of pandemic-related movement restrictions and resulting recovery in shopper traffic, supporting the ongoing robustness of sales of base makeup products sold under the *Pore Putty* brand. Having released new products in the *excel* makeup line, we also implemented sales promotion initiatives through SNSs and held a variety of collaborative events with partner companies from different sectors to expand new customer contact points.

The Pharmaceuticals & Health Food segment saw increases in both revenues and profit, with strong showings of *Min Min Da Ha* (functional drinks) and nutritional supplements, as well as the release of new products, contributing to sales. The Other business segment, which encompasses apparel- and aircraft-related operations, recorded decreases in both revenues and profit. This was attributable to a decline in sales from aircraft-related operations.

## Future Outlook

With regard to face-to-face channel cosmetics in the Cosmetics business, we will strive to enhance our sales capabilities, to this end focusing on providing customers with treatment and counseling services at physical shops and otherwise engaging in face-to-face sales activities. By doing so, we will expend contact points with customers. In self-selection cosmetics, we will continue with the timely provision of products equipped with superior market competitiveness and designed to accurately meet customer needs.

Taking these factors into account, our consolidated performance forecasts for fiscal 2024 (from October 1, 2023 to September 30, 2024) comprise net sales of ¥63,000 million, operating income of ¥11,200 million and net income attributable to owners of the parent of ¥7,800 million. Looking ahead, we will stay focused on securing profitability and strive to live up to our earnings forecasts via, for example, efficient cost management.

## Concepts on Sustainability

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, we are implementing proactive initiatives aimed at contributing to the realization of a sustainable society under five themes: customers and business partners; shareholders; employees; society; and the environment.

For more details, please visit our corporate website.

 <https://www.noevirholdings.co.jp/english/csr/index.htm>

## 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 goals and strengthen our management structure. The above undertakings are backed by efforts to maximize corporate value and improve profitability. In line with this policy, we decided to raise year-end dividends for fiscal 2023 by ¥5 per share from the previous dividend forecast, thereby bringing full-year cash dividends to ¥220 per share. As a result, we achieved a 12th consecutive annual increase in dividends, with the dividend payout ratio amounting to 97.9%.

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.

Wrinkle Brightening series products sold under the Nameraka Honpo brand



Noevir HUKKULA SERUM



## Face-to-face Channel Cosmetics

### Main Brands

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



NOEVIR Dewdrop Glow Serum



## 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 2023, we released two beauty serums: *Noevir HUKKULA SERUM*, which contributes to the firmness and elasticity of the skin through a unique combination of collagen and other ingredients developed through the application of our expertise in botany and dermatology, fields in which we have pursued R&D for many years, and *NOEVIR Dewdrop Glow Serum*, which enhances the skin's ability to retain moisture due to the incorporation of plant extracts identified through our proprietary research. In light of the growing trend toward taking off one's mask when going outdoors, we have also tackled product development aimed at responding to strong needs among customers for products designed to make their skin appear beautiful.

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. These retail stores form a network that serves major cities across Japan, securing contact points with potential customers and enhancing brand recognition. 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, 2023, more than 2,000 salons have been certified.

In fiscal 2023, we continued to employ face-to-face sales as our mainstay method for customer engagement. By doing so, we strove to achieve even higher customer satisfaction among existing customers while winning new customers through the provision of finely tuned counseling to meet individual needs. Furthermore, we leveraged our online platform to deliver beauty lessons and follow-up counseling for purchasers of our products. In these and other ways, we endeavored to ensure that the platform serves as a helpful tool for both our customers and sales representatives in the post-COVID-19 environment.

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.



Noevir SPECIALE skincare line



Noevir 505 skincare line



Noevir 99 Plus skincare line



## Self-Selection Cosmetics, Pharmaceuticals & Health Food

### Product Strategy

Our self-selection cosmetics brands include the mainstay *Nameraka Honpo* brand line, which is the market leader\* in terms of soymilk-based skincare products. In 2023, we enhanced the *Aging-Care Line* of this brand by releasing the *Wrinkle Brightening* series products. For the first time in 12 years, we also updated flagship *NOVIII* series products marketed under our hypoallergenic *NOV* brand, which enjoys a similarly considerable market share in Japan. 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.

In addition, base makeup products sold under the *Pore Putty* brand have continued to garner extremely favorable customer reviews, along with the *New Born* brand specializing in eye makeup, since the period of the COVID-19 pandemic. Recently, we also released the *esorani* skincare brand line designed for Direct-to-Consumer (D2C) marketing.

At the same time, our Pharmaceuticals & Health Food segment provides an array of unique products, including *Nanten Nodo Ame*—long-selling cough drops classified as pharmaceutical products—as well as *Min Min Da Ha* functional drinks and *GRONVITER* nutritional drinks.

\* Based on the storefront sales of self-selection skincare products incorporating soymilk ingredients calculated from POS data gleaned by five retailers throughout 2022

#### Main Brands

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

### Cosmetics



*Nameraka Honpo* skincare brand lineup



*excel* brand makeup lineup

## Sales Strategy

As for the marketing channels for self-selection cosmetics brands, 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.

We have been implementing ongoing sales promotion initiatives through SNSs, for example, livestreaming and live commerce events, for the mainstay *Nameraka Honpo* cosmetics brand and the *excel* makeup line. We have also held a variety of collaborative events with partner companies from different sectors to expand new customer contact points. At the same time, we have continued to reach out to medical institutions around Japan, especially dermatology clinics, as part of efforts to promote the hypoallergenic *NOV* brand.

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



Advertisement for *excel* powder eyebrow color available in a range of versatile palettes to complement individual skin colors and achieve preferred looks



New Born makeup brand lineup



esorani skincare brand lineup



Nov brand lineup



Pore Putty makeup brand lineup

## Pharmaceuticals & Health Food



Nanten Noto Ame cough drop brand lineup



Min Min Da Ha functional drink brand lineup



GRONVITER nutritional drink brand



## Sustainability

Working toward the realization of a 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 are implementing proactive initiatives aimed at contributing to the realization of a sustainable society under five themes: customers and business partners; shareholders; employees; society; and the environment.



### Environmental Activities

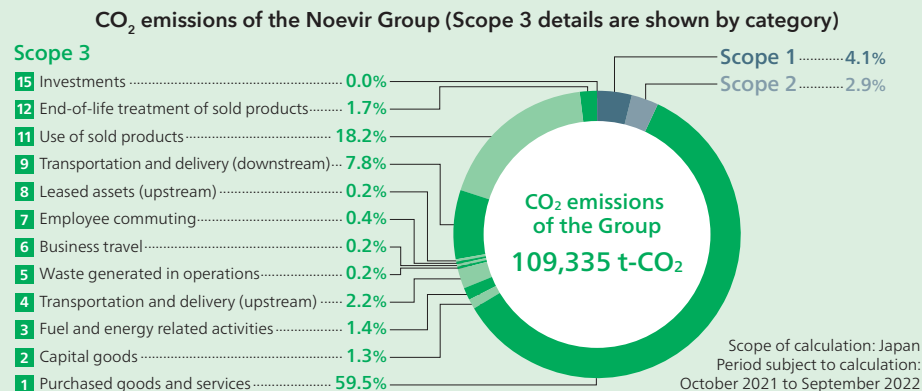
#### Initiatives to Protect the Environment

The Noevir Group established the "Environment Committee," with a membership consisting of directors and other officers in charge of departments involved in the identification of risks and opportunities arising from climate change. This move reflects management's intention to push ahead further with the Group's ongoing initiatives aimed at reducing environmental burden throughout its operations. Through this committee, we consolidate challenges the Group is now confronting in connection with climate change and other environmental issues, as well as actions to be taken to address such challenges, while delivering reports on these matters to the Board of Directors in a timely manner. In these ways, we are rallying the strength of the entire Group to reduce our environmental footprint by, for example, developing products designed to address environmental concerns and curbing CO<sub>2</sub> emissions attributable to our operations.

As part of our initiatives to address climate change, which calls for an urgent response, we have calculated the volume of CO<sub>2</sub> emissions from our Group operations, striving to reduce this volume in phases.

For more details, please also visit our corporate website.

<https://www.noevirholdings.co.jp/english/csr/environment/index.htm>



#### 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 support a project headed by alpinist Ken Noguchi. This project is aimed at promoting forest rehabilitation as well as raising money for school construction in villages at the foot of Manaslu, a steep summit in the Himalayas, and otherwise providing educational support of the region's children, who are the future of these villages. 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)

#### A Manufacturing Approach That Gives Due Consideration to the Environment

We have been promoting the development of eco-friendly products based on the "Noevir ECO Package Guidelines."

Released in June 2023, updated versions of *Noevir Tokara Sea Mineral Series* products include those with simplified packaging, those bearing barcode labels made of FSC-certified paper, and those whose containers are made of plant-based biomass plastics. Not only do we ensure that our new products are environmentally friendly, we strive to update existing products that have long been loved by our customers in line with the aforementioned guidelines. By doing so, we endeavor to reduce the environmental footprint of our products.



*Noevir Tokara Sea Mineral Series* products using eco-friendly packaging and containers



## Social Activities

### Signing a Sponsorship Agreement with Figure Skater Mao Shimada and Maintaining Our Existing Agreement with Wakaba Higuchi

As a company striving to create beauty and health through the provision of products incorporating and celebrating the rich blessings of nature, Noevir supports up-and-coming figures in various related fields. In particular, we are an enthusiastic sponsor of athletes pursuing their dreams. In figure skating, for example, we signed a sponsorship agreement with Wakaba Higuchi in April 2015 that we have continued to maintain. And, in May 2023, we newly signed a sponsorship agreement with Mao Shimada.

Looking ahead, we will strive for the promotion of sports activities by assisting athletes in their efforts to take on challenges on the global stage. In this way, we will enhance the value of the Noevir Group brand.



Wakaba Higuchi

Mao Shimada

### Participation in Government-Private Collaboration under the “Healthy Immune Project”

TOKIWA Pharmaceutical Co., Ltd. is a participant in the “Healthy Immune Project,” a government-private collaboration project launched by Kirin Holdings Company, Limited in May 2023 with the aim of raising public awareness of immune-related healthcare. To help ensure that everyone can stay healthy and enjoy their daily lives, TOKIWA Pharmaceutical Co., Ltd. is engaged in such activities as hosting on-demand classes at elementary schools nationwide to help students raise their literacy on how to keep their immune systems robust, distributing leaflets at pharmacies, and otherwise working in collaboration with other participant corporations and partner municipalities. Currently, a total of 25 entities are participating in this project (as of November 2023).

This project involves collaboration with Kanagawa Prefecture, the Smart City Strategy Department of Osaka Prefecture and other like-minded partner municipal bodies aiming to play their part in raising public awareness of immune care. As such, TOKIWA Pharmaceutical Co., Ltd. also intends to assist these municipalities in their efforts to improve the health of their citizens.



Key project members who gathered to announce the “Healthy Immune Project”

### Development of a Working Environment Supportive of Diverse Working Styles

The Noevir Group is developing an employee-friendly working environment that ensures respect for diversity and empowers employees with diverse backgrounds to fully realize their individual competencies. Specifically, we strive to enable employees to choose from diverse workstyle options free of constraints regarding time and location so that they can confidently exercise their creativity, be more productive and realize innovation. We also aim to ensure that every employee is allowed to pursue ongoing career development even if they give birth to a child, engage in child rearing or have to take on the nursing care of family members. To this end, we have developed various measures to help employees strike a balance between work and private life. Furthermore, we provide assistance to support employees’ health promotion efforts, taking a management approach that places great emphasis on ensuring employee health.

At present, our aim is to ensure that the representation of men and women among those in managerial positions is equal across the Group. As such, the Group is proactively striving to offer equal opportunities for career development irrespective of employee gender. As of September 30, 2023, the representation of women in the Noevir Group’s workforce by position is as follows.

| Total number of Group employees        | Male-female ratio among managers |
|--|----------------------------------|
| 1,368, including 648 men and 720 women | 7 male : 3 female                |





## Governance

### Basic Concepts of Corporate Governance and an Overview of Our Governance Structure

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.

Noevir Holdings Co., Ltd. is equipped with an Audit & Supervisory Board consisting of one full-time member and two outside members. Meanwhile, the Company's Board of Directors consists of 13 directors, with seven outside directors making up the majority to ensure that business execution is robustly overseen from a fair and neutral standpoint. The Company has thus strengthened its supervisory functions over the Board of Directors.

In addition, the Nominating and Compensation Committee is in place as a non-mandatory body with a majority membership consisting of outside directors. This committee provides

advice to the Board of Directors in order to secure the fairness, transparency and objectivity of the processes used to determine director compensation and nominate officers.

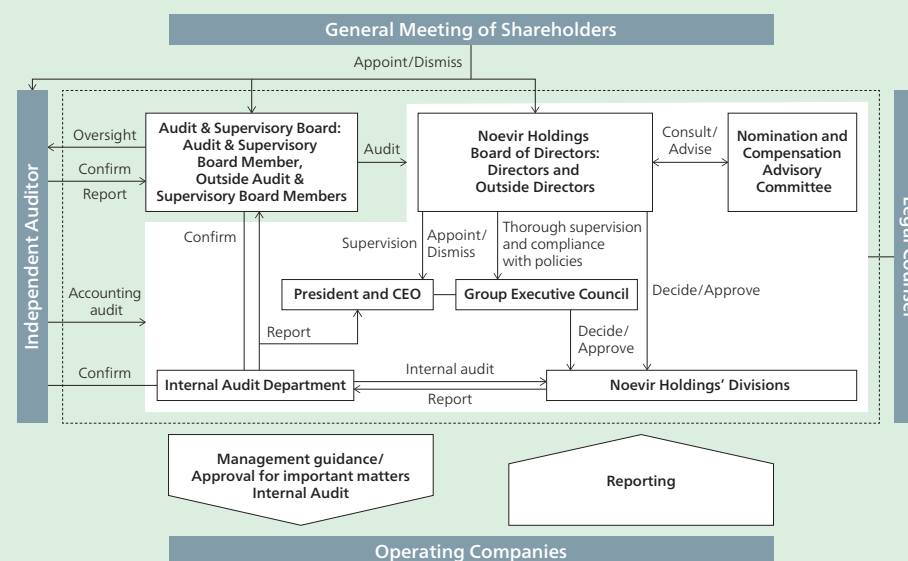
The Nomination and Compensation Committee is chaired by Outside Director Ryo Tsuchida, with Outside Director Maho Kinami, Outside Director Emima Abe and President & CEO Takashi Okura serving as its members.

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.

### Corporate Governance Structure Overview

|   |   |
|---|---|
| Type of governance model  | A company with auditors   |
| Number of directors (of whom, outside directors)  | 13 (7)  |
| Number of Audit & Supervisory Board members (of whom, outside members)  | 3 (2)   |
| Number of independent directors and Audit & Supervisory Board members (within which, outside directors and outside Audit & Supervisory Board members) | 9 (7;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 2023  | 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<br>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 Corporate and Legal Affairs   |

### Corporate Governance Organizational Structure





## Research and Development, Quality Assurance

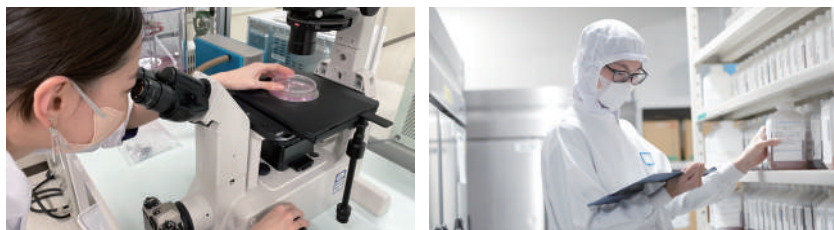
The Noevir Group is taking full advantage of R&D capabilities and assets in place at research facilities run by Group companies, which handle cosmetics, pharmaceuticals and food, to expand the scope of its research activities and to promote the ongoing development of products with distinctive strengths. 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 Tokyo Research Laboratory, 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. In March 2023, the Hokkaido Shokanbetsu Mountain Pilot Farm succeeded in developing a novel type of *Echinacea purpurea* extract. This extract enhances the positive effects of acylceramides, naturally occurring substances that play an important part in the skin barrier function. We have thus promoted the development of skincare products via the application of this research finding.

Recently, consumer awareness regarding skincare and makeup has grown in step with the relaxation of protocols on wearing masks. With this in mind, we will promote R&D activities aimed at exploring new possibilities of cosmetics, pharmaceuticals and food, 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

## Management's Discussion and Analysis

### Overview

During fiscal 2023 (October 1, 2022 to September 30, 2023), economic trends remained uncertain, although some signs of gradual recovery were observed.

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, 2023 came to ¥62,552 million. The cost of sales amounted to ¥19,988 million and as a percentage of net sales was 32.0%. Selling, general and administrative (SG&A) expenses were ¥31,540 million and as a percentage of net sales were 50.4%, reflecting the Group's efforts to streamline advertising

and sales promotion costs. As a result, operating income was ¥11,024 million, and net income attributable to owners of the parent came to ¥7,673 million. The Group has thus seen increases in both revenues and profit. The operating income margin stood at 17.6%, suggesting consistently high profitability.

Although a gradual economic recovery is anticipated, the outlook is expected to remain uncertain because of such factors as the risk of downward pressure on consumer spending due to rising prices. However, the Company's consolidated forecast for the fiscal year ending September 30, 2024 is for net sales of ¥63,000 million, operating income of ¥11,200 million, and net income attributable to owners of the parent of ¥7,800 million.

### Segment Information

#### Cosmetics

Sales in the Cosmetics segment totaled ¥48,175 million, and segment income came to ¥11,867 million. These results represent increases in both revenues and profit compared with the previous fiscal year. In face-to-face channel cosmetics, overall revenues from skincare products declined despite robust sales of the *Noevir Speciale* skincare line. However, self-selection cosmetics enjoyed favorable results thanks to the updating of skincare product lines as well as higher sales of makeup products on the back of the March 2023 lifting of pandemic-related movement restrictions and resulting recovery in shopper traffic.

#### Pharmaceuticals & Health Food

Sales in the Pharmaceuticals & Health Food segment totaled ¥11,985 million, and segment income came to ¥1,185 million. Compared with the previous fiscal year, this segment thus saw increases in both revenues and profit. While sales of functional drinks and nutritional supplements remained robust, the release of new products contributed to sales, leading to higher revenues.

#### Other

Sales in the Other segment came to ¥2,391 million, while segment income came to ¥260 million. A decline in sales from aircraft-related operations led to decreases in segment revenues and profit.

### Assets, Liabilities and Net Assets

Total assets on a consolidated basis as of September 30, 2023 stood at ¥77,246 million, an increase of ¥464 million from the previous fiscal year-end. The main changes were an increase of ¥1,524 million in notes and accounts receivable and a decrease of ¥864 million in cash and cash equivalents.

Total liabilities came to ¥24,040 million, a decrease of ¥356 million from the previous fiscal year-end. This was mainly due to a decrease of ¥418 million in long-term guarantee deposits.

Net assets came to ¥53,205 million, an increase of ¥820 million from the previous fiscal year-end. This was primarily attributable to an increase of ¥329 million in retained earnings and an increase of ¥329 million in net unrealized gain on other securities, the former of which reflects the recording of net income attributable to owners of the parent of ¥7,673 million, with these positive factors partially offset by the payment of ¥7,343 million in dividends at the previous fiscal year-end.

As a result, the equity ratio stood at 68.3%, up 0.5 of a percentage point from the previous fiscal year-end, and net assets per share stood at ¥1,545.54, an increase of ¥21.49.

### Cash Flows

Cash and cash equivalents on a consolidated basis as of September 30, 2023 stood at ¥26,166 million, a decrease of ¥3,364 million compared with the previous fiscal year-end.

Net cash provided by operating activities amounted to ¥7,624 million. The main item increasing cash was ¥11,298 million in income before income taxes, and the main item decreasing cash was income tax paid of ¥1,979 million.

Net cash used in investing activities came to ¥3,544 million. The principal cash outflows were ¥2,717 million in expenditure for deposit to time deposits and ¥736 million for the purchase of property, plant and equipment.

Net cash used in financing activities came to ¥7,493 million. This was mainly due to the payment of ¥7,341 million in dividends.

## Five-Year Summary

(Millions of yen)

| Fiscal Year<br>Period/Item                      | 2019<br>October 1, 2018–<br>September 30, 2019 | 2020<br>October 1, 2019–<br>September 30, 2020 | 2021<br>October 1, 2020–<br>September 30, 2021 | 2022<br>October 1, 2021–<br>September 30, 2022 | 2023<br>October 1, 2022–<br>September 30, 2023 |
|---|--|--|--|--|--|
| Net sales                                       | ¥ 59,252                                       | ¥ 51,841                                       | ¥ 51,272                                       | ¥ 61,143                                       | ¥ 62,552                                       |
| Operating income                                | 11,992   | 8,060  | 8,557  | 10,115   | 11,024   |
| Net income attributable to owners of the parent | 7,226  | 5,618  | 6,383  | 7,589  | 7,673  |
| Total assets                                    | 83,330   | 80,052   | 80,448   | 76,781   | 77,246   |
| Net assets                                      | 52,946   | 52,243   | 52,233   | 52,384   | 53,205   |
| Capital expenditures                            | 1,994  | 1,456  | 539  | 605  | 974  |
| Depreciation                                    | 1,808  | 1,668  | 1,463  | 1,420  | 1,189  |
| R&D expenses*                                   | 1,097  | 1,065  | 1,041  | 1,063  | 1,029  |
| Cash dividends per share (yen)                  | ¥ 200.00                                       | ¥ 205.00                                       | ¥ 210.00                                       | ¥ 215.00                                       | ¥ 220.00                                       |
| Earnings per share (yen)**                      | ¥ 211.57                                       | ¥ 164.48                                       | ¥ 186.88                                       | ¥ 222.20                                       | ¥ 224.66                                       |
| Net assets per share (BPS) (yen)                | ¥1,543.72                                      | ¥1,521.77                                      | ¥1,520.27                                      | ¥1,524.05                                      | ¥1,545.54                                      |
| ROE (%)   | 13.8%  | 10.7%  | 12.3%  | 14.6%  | 14.6%  |
| Equity ratio (%)                                | 63.3%  | 64.9%  | 64.5%  | 67.8%  | 68.3%  |
| Number of employees (consolidated)              | 1,530  | 1,507  | 1,453  | 1,398  | 1,368  |
| Cosmetics                                       |  |  |  |  |  |
| Net sales                                       | ¥ 45,175                                       | ¥ 38,742                                       | ¥ 38,325                                       | ¥ 47,032                                       | ¥ 48,175                                       |
| Segment income                                  | 13,183   | 9,505  | 9,600  | 10,814   | 11,867   |
| Pharmaceuticals & Health Food                   |  |  |  |  |  |
| Net sales                                       | 12,036   | 11,273   | 11,117   | 11,408   | 11,985   |
| Segment income                                  | 1,312  | 1,261  | 1,442  | 1,157  | 1,185  |
| Other   |  |  |  |  |  |
| Net sales                                       | 2,041  | 1,825  | 1,828  | 2,703  | 2,391  |
| Segment income                                  | 70   | 10   | 156  | 381  | 260  |

\* 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.

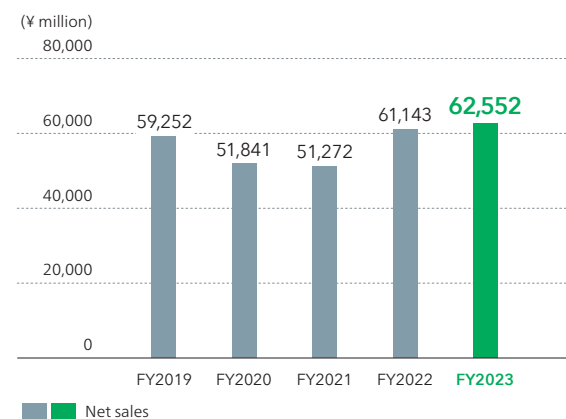
\*\* The calculation of earnings per share takes into account the annual average of total number of stocks outstanding, excluding treasury stock.

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

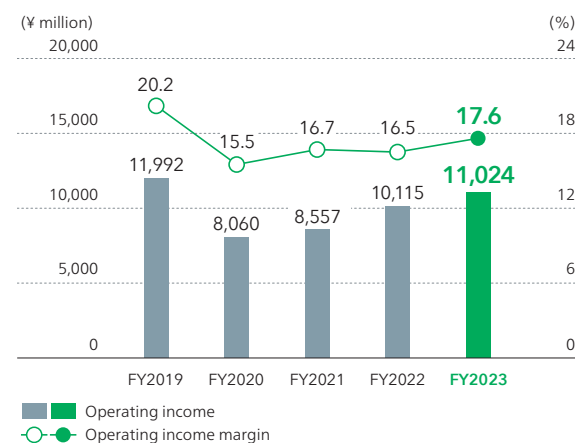


## Financial Highlights

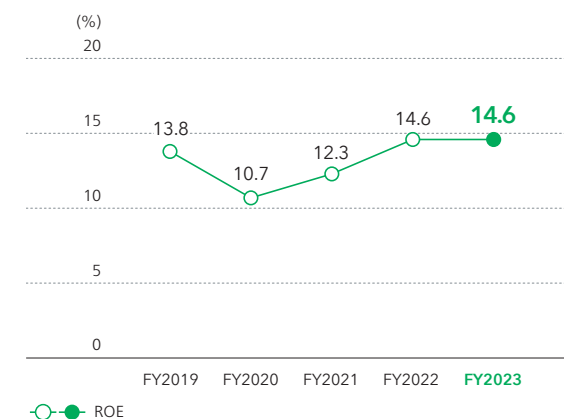
### Net Sales



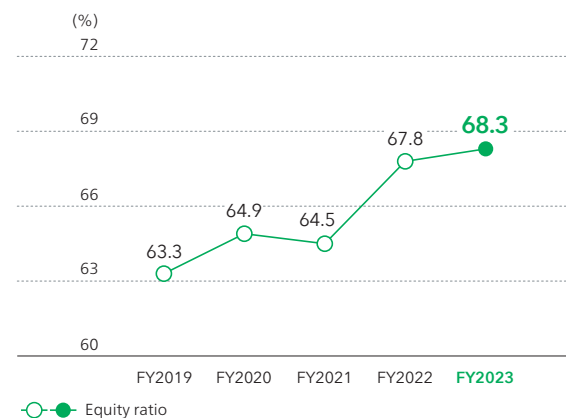
### Operating Income / Operating Income Margin



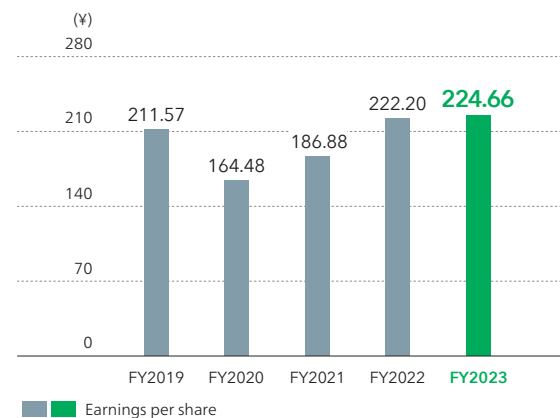
### ROE



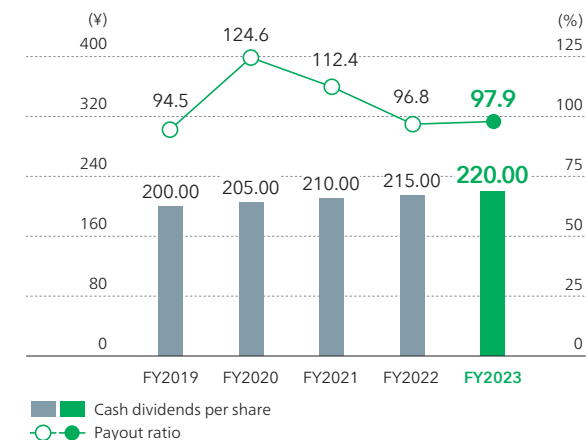
### Equity Ratio



### Earnings per Share



### Cash Dividends per Share / Payout Ratio



## Principal Consolidated Subsidiaries (As of September 30, 2023)

| Name                             | Location   | Issued Share Capital<br>(millions of yen,<br>except as otherwise stated) | Direct or Indirect<br>Ownership by the<br>Company (percent) | Principal Business  |
|----------------------------------|--|--|---|---|
| Noevir Co., Ltd.                 | 6-13-1 Minatojima-nakamachi, Chuo-ku,<br>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,<br>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,<br>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,<br>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<br>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,<br>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,<br>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,<br>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,<br>No.1600, Zhongshan West Rd., Xuhui District<br>Shanghai 200235, China | 5,000 thousand<br>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,<br>Republic of San Marino  | 26,000 euro  | 100.00  | Market research in Europe   |

## Board of Directors and Auditors (As of December 8, 2023)

|   | Name            | Profiles  |
|---|-----------------|---|
| Chairman and Representative Director        | Hiroshi Okura   | —   |
| President and CEO                           | Takashi Okura   | CEO of Noevir Holding of America, Inc.  |
| Managing Director                           | Ikkou Yoshida   | —   |
| Directors                                   | Yasuo Kaiden    | President and CEO of Noevir Co., Ltd.   |
|   | Masataka Nakano | Representative Director, Chairman and President of TOKIWA Pharmaceutical Co., Ltd.  |
|   | Takeshi Okura   | —   |
| Outside Directors*                          | Ryo Tsuchida    | Outside Director of UPR Corporation<br>Professor of Sophia Law School<br>Attorney-at law, Frontier Law Firm   |
|   | Maho Kinami     | Representative of Kinami Law Office<br>Outside Audit & Supervisory Board member of Sourcnext Corporation  |
|   | Emima Abe       | Attorney at Miyamasuzaka the Firm Law & Accounting Office<br>Outside Director of B-R 31 Ice Cream Co., Ltd.<br>Outside Director (Audit and Supervisory Committee Member) of Lifenet Insurance Company |
|   | Mari Ishimitsu  | Attorney-at-law, Mikan Law Office   |
|   | Haruhi Kuroda   | Attorney-at law, Homma & Partners<br>Outside Director of Saison Information Systems Co., Ltd.   |
|   | Emi Kanagasaki  | Representative of Jujo Oji Law Office   |
|   | Mari Tomita     | Attorney-at law, Shiroyama Tower Law Office   |
| Audit & Supervisory Board Member            | Takashi Oyama   | —   |
| Outside Audit & Supervisory Board Members** | Kazuya Sugimoto | Representative of Sugimoto CPA Office   |
|   | Kayo Sato       | Representative of LAW OFFICE TAITO<br>Outside Audit & Supervisory Board member of Advanced Media, Inc.<br>Outside Director of ISB Corporation (Audit and Supervisory Committee member)                |

\* Independent directors

\*\* Independent Audit & Supervisory Board members

### 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.

## Investor Information (As of September 30, 2023)

|                              |  |
|------------------------------|--|
| 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 (Prime Market) [Ticker:4928]  |
| Transfer Agent and Registrar | Sumitomo Mitsui Trust Bank, Limited<br>1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan |

|                    | Name   | Number of Shares Held (thousands) | Percentage of Shareholding (%) |
|--------------------|--|-----------------------------------|--------------------------------|
| Major Shareholders | NII Co., Ltd.  | 12,382                            | 36.25                          |
|                    | Takashi Okura  | 3,700                             | 10.83                          |
|                    | The Master Trust Bank of Japan, Ltd. (Trust Account) | 2,461                             | 7.21                           |
|                    | Hiroshi Okura  | 1,000                             | 2.93                           |
|                    | Sumitomo Mitsui Banking Corporation                  | 900                               | 2.63                           |
|                    | Custody Bank of Japan, Ltd. (Trust Account)          | 821                               | 2.41                           |
|                    | JAPAN POST INSURANCE Co., Ltd.                       | 502                               | 1.47                           |
|                    | Noevir Holdings Employees Shareholdings Scheme       | 369                               | 1.08                           |
|                    | Nihon Kolmar Co., Ltd.                               | 310                               | 0.91                           |
|                    | Sumitomo Life Insurance Company                      | 300                               | 0.88                           |
|                    |  |                                   |                                |

Note: The shareholding ratio is calculated excluding treasury stock (270 shares) and is rounded off to two decimal places.



# NOEVIR HOLDINGS

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