

Noevir Holdings Co., Ltd.

Results for the First Half of Fiscal 2015

(October 1, 2014 – March 31, 2015)

May 27, 2015

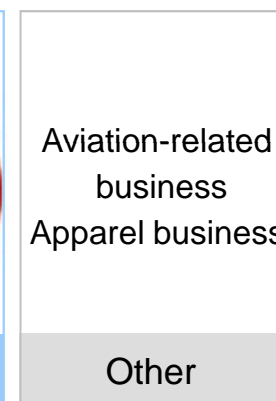
Noevir Holdings Co., Ltd.

Takashi Okura, President and CEO

Noevir Holdings Co., Ltd.

Ticker: 4928

- 📅 Date of Establishment March 22, 2011 (Noevir Co., Ltd. was founded in April 1964.)
- 💰 Paid-in Capital ¥7,319 million
- 🏭 Line of Business



- ◆ Consolidated Subsidiaries 13 subsidiaries (5 domestic / 8 international)
- ◆ Employees 121 (Non-consolidated), 1,641 (Consolidated) As of Sep. 30, 2014
- ◆ Number of shareholders 18,646
- ◆ Outstanding Shares 35,451,653
- ◆ Market Capitalization ¥88.23 billion (May 26, 2015 @ ¥2,489)

First Half of 2015 Fiscal Highlights



Net sales 23,635 million yen (down 3.9% YoY), operating income 3,563 million yen (down 23.3% YoY). Secured a 15.1% operating income margin despite sales and profits being lower following the last-minute surge in demand before the consumption tax was raised in the previous fiscal year. Results were mostly in line with forecasts due mainly to the growth in self-selection cosmetics and other business lines.

	1 st half ended March 31, 2015		1 st half ended March 31, 2014		YoY change (%)		1 st half ended March 31, 2013 (Reference)	
	Amount	Sales ratio	Amount	Sales ratio			(Millions of yen)	(%)
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)		
Net sales	23,635	100.0	24,600	100.0	(965)	(3.9)	22,487	+ 5.1
Cost of sales	8,084	34.2	7,809	31.7	+275	+3.5		
Gross profit	15,550	65.8	16,791	68.3	(1,240)	(7.4)		
SG&A	11,987	50.7	12,148	49.4	(160)	(1.3)		
Operating income	3,563	15.1	4,643	18.9	(1,079)	(23.3)	3,268	+ 9.0
Non-operating income/expenses	362	-	160	-	+202	-		
Ordinary income	3,926	16.6	4,803	19.5	(877)	(18.3)	3,390	+ 15.8
Extraordinary income/loss	(2)	-	(32)	-	+29	-		
Income before income taxes	3,923	-	4,770	-	(847)	-		
Income taxes	2,424	-	2,500	-	(76)	-		
Net income	1,499	6.3	2,269	9.2	(770)	(34.0)	1,599	(6.3)

*Net income was affected by a revision in the taxation system

*Consolidated operating forecasts for the fiscal year ending September 30, 2015:

Net sales 48,500 million yen, operating income 7,500 million yen, ordinary income 7,700 million yen, net income 4,700 million yen

First Half of 2015 Fiscal Highlights (Segments)



Segment	1 st half ended March 31, 2015	1 st half ended March 31, 2014			1 st half ended March 31, 2013 (Reference)	
	(Millions of yen)	(Millions of yen)	YoY change	Sales ratio (%)	(Millions of yen)	Sales ratio (%)
Cosmetics (Net sales)	16,494	17,380	(885)	(5.1)	15,284	+7.9
(Segment income)	4,239	5,166	(927)	(17.9)	3,669	+15.5
Pharmaceuticals & Health Food (Net sales)	6,186	6,645	(458)	(6.9)	6,318	(2.1)
(Segment income)	460	415	+44	+10.7	432	+6.6
Other (Net sales)	954	574	+379	+66.0	883	+8.0
(Segment income)	(122)	(19)	(103)	—	56	—
Consolidated net sales	23,635	24,600	(965)	(3.9)	22,487	+5.1

- In the Cosmetics segment, net sales and segment income were higher than forecast as a result of growth in self-selection cosmetics and other business lines. This was despite operating results being lower year on year following the last-minute surge in demand before the consumption tax was raised in the previous fiscal year.
- In the Pharmaceuticals & Health Food segment, net sales fell while segment income rose year on year, with improved operating efficiency making up for sluggish functional drink sales.
- In the Other segment, net sales rose while segment income fell year on year.

Net sales: 16,494 million yen Previous 1st half: 17,380 million yen (-885 million yen, -5.1%)

Segment income: 4,239 million yen Previous 1st half: 5,166 million yen (-927 million yen, -17.9%)

Sales composition ratio

69.8%

● Sales of cosmetics sold through individual consultation and high-end basic skincare products declined year on year after demand for them before the increase in Japan's consumption tax settled down.



Noevir 99 Plus skincare line

- Product renewal bolstered sales of the core *Noevir 99 Plus* skincare line.
- Sales of the high-end skincare line fell year on year after the product renewal effect leveled out.

● Sales of mainstay brands in self-selection cosmetics were strong.



Nameraka Honpo skincare line NOV skincare line

- Sales of the *Nameraka Honpo* skincare line grew due to new product launches and the effects of sales promotions.
- Sales of the *Sana Excel* and *Sana Pore Putty* makeup line grew due to new product launches and the effects of sales promotions.
- Sales of the *NOV* skincare line fell year on year after a rise in demand before the increase in the consumption tax.



Sana Excel makeup line

● Overseas and OEM business sales grew.



Sana Pore Putty makeup line
fall sales promotion in 2015

Net sales: 6,186 million yen Previous 1st half: 6,645 million yen (-458 million yen, -6.9%)

Segment income: 460 million yen Previous 1st half: 415 million yen (+44 million yen, +10.7%)

Sales composition ratio

26.2%

- Sales of functional drinks (pharmaceutical and quasi-drug designation) and nutritional supplements decreased year on year.
- New product launch of *Geki Kyo Da Ha* strengthened sales of the *Min Min Da Ha* functional drinks.



Min Min Da Ha functional drinks

Net sales: 954 million yen Previous 1st half: 574 million yen (+379 million yen, +66.0%)

Segment income: -122 million yen Previous 1st half: -19 million yen (-103 million yen)

Sales composition ratio

4.0%

- Apparel and intimate Apparel and aviation-related business sales increased year on year.

Balance Sheets

(Millions of yen)

	As of Mar. 31, 2015	As of Mar. 31, 2014	Change
Current assets	57,022	61,029	(4,007)
Cash and cash equivalents	36,687 ①	39,292	(2,604)
Notes and accounts receivable	10,114	11,076	(961)
Non-current assets	27,482	25,616	1,866
Property, plant and equipment	22,987 ②	21,323	1,664
Buildings and structures, net	4,471	4,610	(139)
Equipment and vehicles, net	2,781	2,412	369
Land	13,642	13,642	0
Construction in progress	1,782	384	1,398
Intangible assets	377	436	(59)
Goodwill	166	193	(26)
Investments and other assets	4,117	3,855	261
Investment securities	1,191 ③	758	433
Total assets	84,504	86,645	(2,140)
Current liabilities	12,452	11,749	703
Long-term liabilities	20,621	21,135	(514)
Guarantee deposits received	15,619 ④	16,244	(625)
Total liabilities	33,073	32,884	189
Shareholders' equity	50,843	53,656	(2,813)
Common stock	7,319	7,319	0
Additional paid-in capital	—	3,484	(3,484)
Retained earnings	43,524	42,853	671
Total net assets	51,431 ⑤	53,761	(2,330)
Total liabilities and net assets	84,504	86,645	(2,140)

~ Balance Sheets

Current assets: 57,022 million yen
(compared to Mar. 31, 2014: -4,007 million yen)

•Purchase of treasury stock 3,964 million yen
(1,991 thousand shares in November 2014)

•Balance of net cash and deposits 21.0 billion yen
(down 1.9 billion yen YoY)
= ① Cash and cash equivalents 36.6 billion yen
– ④ Guarantee deposits received 15.6 billion yen

Non-current assets: 27,482 million yen (+1,866 million yen)

② Property, plant and equipment: +1,664 million yen
③ Investments securities: +433 million yen

Total liabilities and net assets: 84,504 million yen
(-2,140 million yen)

⑤ Equity ratio: 60.7% (Mar. 31, 2014: 62.0%)

● Capital Expenditures / Depreciation

(Millions of yen)

	1st half ended March 31, 2015	1st half ended March 31, 2014	Change
Capital expenditures	1,926	2,406	(479)
Depreciation	542	435	107

● Cash Flows

(Millions of yen)

	1st half ended March 31, 2015	1st half ended March 31, 2014	Change
Cash flows from operating activities	2,320	2,353	(33)
Cash flows from investing activities	(1,430)	(3,296)	1,865
Cash flows from financing activities	(6,207)	(1,871)	(4,336)
Cash and cash equivalents, end of year	36,632	39,262	(2,629)

Fiscal 2015 Full-Year Forecasts & Main Strategies for the 2nd Half

Theme

Realizing steady corporate growth by securing sustainability in every business segment

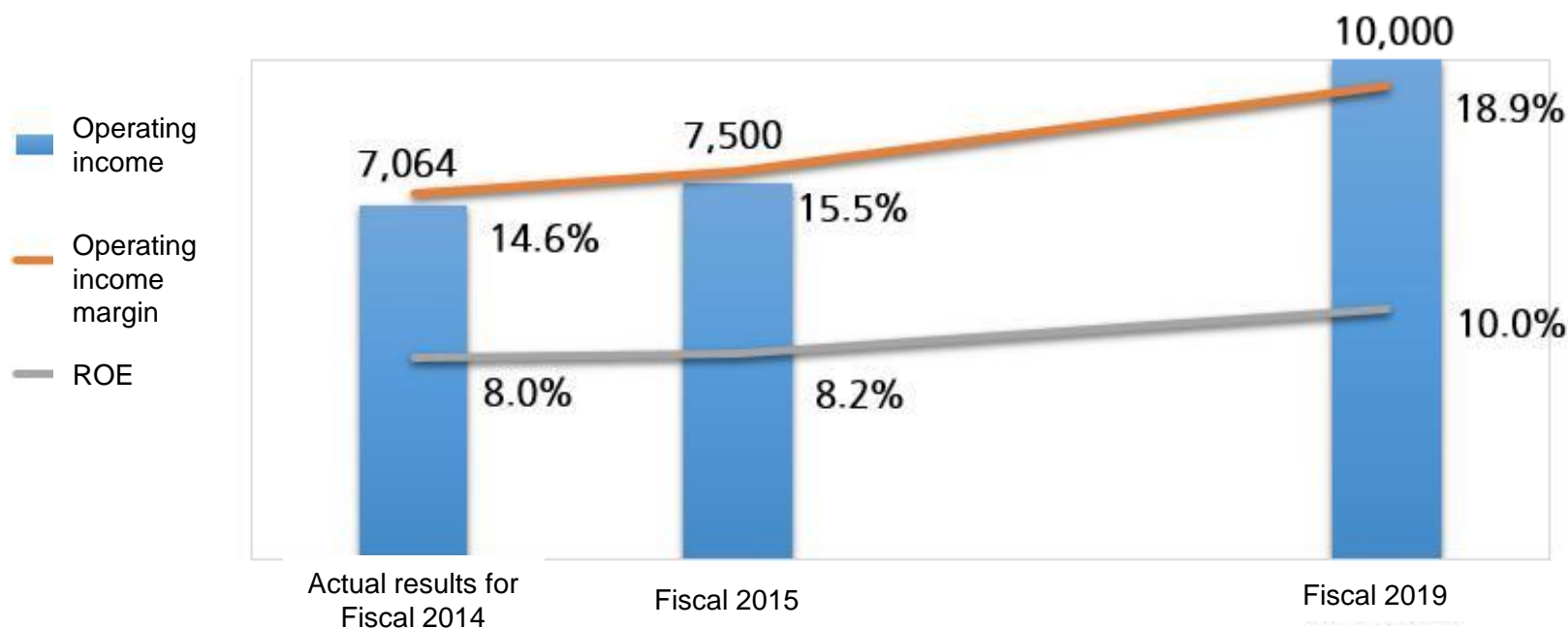
Five policies

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

Medium-Term Management Plan and Forecast —Fiscal 2019—

Management targets for fiscal 2019 Operating income 10,000 million yen ROE 10%

	Actual results for Fiscal 2014	Fiscal 2015	Fiscal 2019 (Millions of yen)
Net Sales	48,253	48,500	53,000
Operating Income	7,064	7,500	10,000
Operating Income margin	14.6%	15.5%	18.9%
ROE	8.0%	8.2%	10.0%



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

Fiscal 2015 Forecasts

	Net Sales (Millions of yen)	Operating Income (Millions of yen)	Ordinary Income (Millions of yen)	Net Income (Millions of yen)	EPS (Yen)
Fiscal 2015 1st Half Results	23,635	3,563	3,926	1,499	41.58
Fiscal 2015 2nd Half Forecasts	24,865	3,936	3,774	3,201	88.79
Fiscal 2015 Full Year Forecasts (A)	48,500	7,500	7,700	4,700	125.53

Fiscal 2014 Results (B)	48,253	7,064	7,513	4,349	116.16
Change (A-B)	+247	+436	+187	+351	—
Change (%)	+0.5%	+6.2%	+2.5%	+8.1%	—

*No changes were made to the fiscal year ending September 2015 forecasts

Cosmetics

● Cosmetics sold through individual consultation

- Launch and concentrate on sales expansion of top-of-the-line skincare lotion *Noevir NEWROGIC* medicated serum 50,000 yen. (not including consumption tax)
- Improve service quality and concentrate on sales with Noevir Beauty Studios as an important point of contact with customers.
- Begin distributing the Noevir brand through the home delivery channel of medicine.

● Self-selection cosmetics

- Expand sales of the *Nameraka Honpo* skincare line by launching a new wrinkle cream product and strengthening sales promotions featuring popular singer Rino Sashihara.
- Further expand sales of the *Sana Excel* makeup line by launching 24 new products, including new eye shadow colors, and strengthening sales promotions featuring fashion model Kana Oya.
- Further expand sales of the *Sana Pore Putty* makeup line by strengthening sales promotions featuring TV personality Nana Suzuki.
- Concentrate on expanding sales of the *NOV* skincare line through product renewal of the mainstay *NOV II* skincare line.

● Continue to concentrate on overseas, OEM business, and Asian market sales.



Noevir NEWROGIC medicated serum



Sana Excel makeup line fall sales promotion in 2015



Sana Pore Putty makeup line fall sales promotion in 2015

Pharmaceuticals & Health Food

- *Min Min Da Ha* functional drinks
Strengthen the brand further with the *Geki Kyo Da Ha* high-function drink fortified with energy supplements. (launched in March 2015)
Develop sales promotions featuring the *Three Min Min Brothers* as new characters.
- Concentrate on new business opportunities for PB and OEM products.



Three Min Min Brothers

Other

- Launch new apparel and intimate apparel products.
- Proceed with caution in the aviation-related business, even though demand appears to be recovering in the European and U.S. market.



Min Min Da Ha functional drinks



NOEVIR HOLDINGS

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