

Noevir Holdings Co., Ltd.

Results for the First Half of Fiscal 2018

(October 1, 2017 – March 31, 2018)

May 11, 2018

Noevir Holdings Co., Ltd.

Ikkou Yoshida, Director,

Management Strategy and Public & Investor Relations

Company Overview

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



Cosmetics

Pharmaceuticals & Health Food

Apparel
business
Aviation-related
business

Other

◆ Consolidated Subsidiaries

12 subsidiaries (5 domestic / 7 international)

◆ Employees

1,560 (Consolidated)

◆ Number of shareholders

15,885

◆ Outstanding Shares

34,156,623

◆ Market Capitalization

¥261.298 billion (May 10, 2018 @ ¥ 7,650)

First Half of Fiscal 2018 Highlights

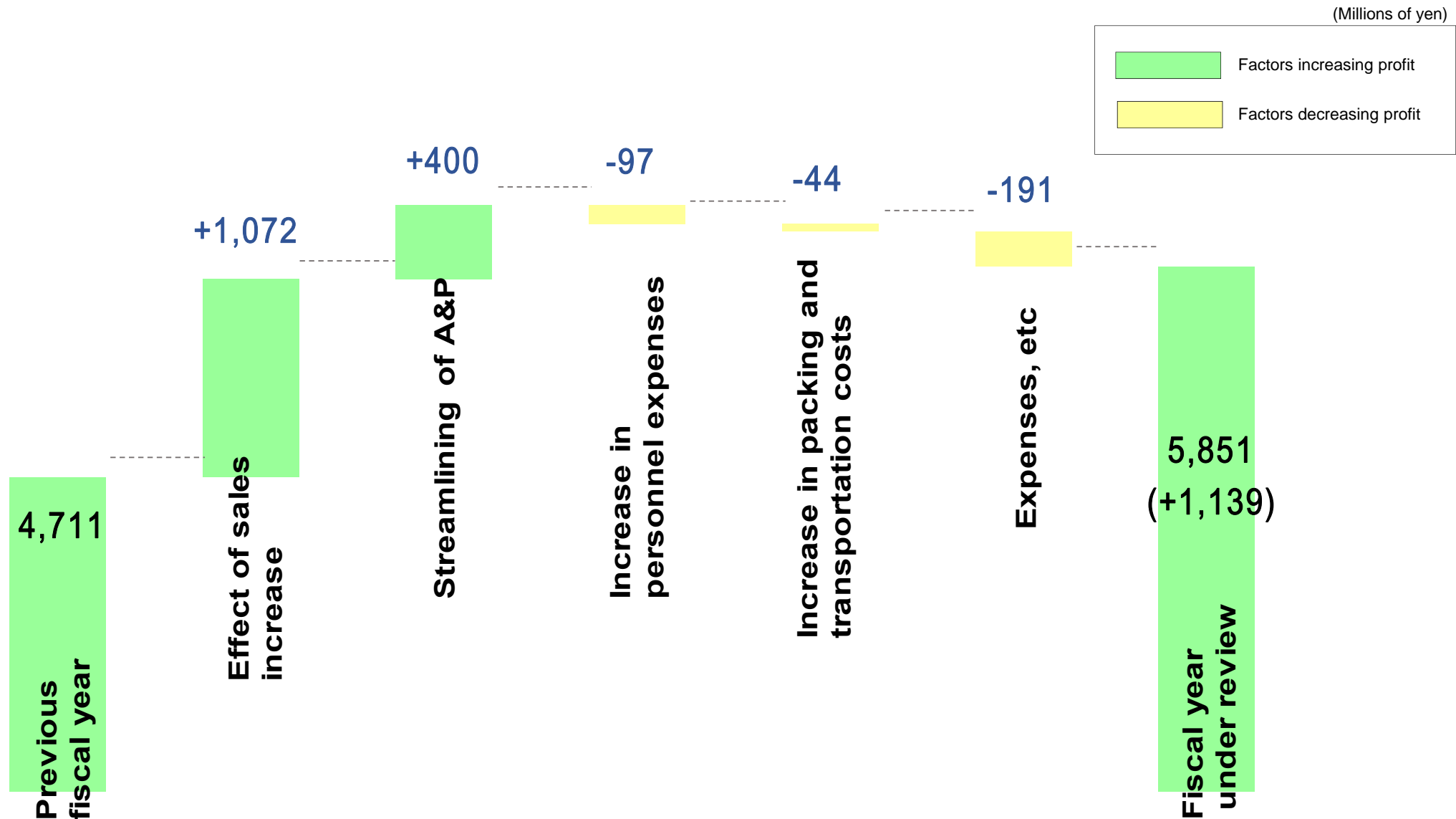
Net sales 28,433 million yen (up 6.4% YoY), operating income 5,851 million yen (up 24.2% YoY), ordinary income 5,919 million yen (up 21.4% YoY), net income attributable to owners of the parent 2,309 million yen (up 13.0% YoY).

Net sales, operating income, ordinary income, and net income attributable to owners of the parent all increased year on year and surpassed forecasts.

	1st half ended March 31, 2018	1st half ended March 31, 2017	Year-on-year change		Earnings forecast target	
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen	%
Net sales	28,433	26,715	1,718	6.4	27,600	3.0
Cost of sales	9,944	9,298	645	6.9		
Gross profit	18,489	17,416	1,072	6.2		
SG&A	12,638	12,705	(67)	(0.5)		
Operating income	5,851	4,711	1,139	24.2	5,000	17.0
Non-operating income/expenses	68	162	(94)	(58.1)		
Ordinary Income	5,919	4,874	1,045	21.4	5,100	16.1
Extraordinary Income/loss	(7)	10	(17)	-		
Income before income taxes	5,912	4,884	1,027	21.0		
Income taxes	3,602	2,840	762	26.6		
Net income attributable to owners of the parent	2,309	2,044	264	13.0	1,800	28.3
Cost ratio (%)	35.0	34.8	0.2	-	-	-
Operating income margin (%)	20.6	17.6	2.9	-	18.1	-
Ordinary income margin (%)	20.8	18.2	2.6	-	18.5	-
Net income attributable to owners of the parent margin (%)	8.1	7.7	0.5	-	6.5	-
SG&A ratio (%)	44.4	47.6	(3.1)	-	-	-

Reasons for Change in Operating Income

Operating income rose year on year due to the effect of higher sales in the Cosmetics segment.



Segment-Based Highlights

	1st half ended March 31, 2018 Millions of yen	1st half ended March 31, 2017		
		Millions of yen	Year-on-year change	%
Cosmetics				
(Net sales)	21,277	19,478	1,798	9.2
(Segment income)	6,369	5,453	915	16.8
Pharmaceuticals & Health Food				
(Net sales)	6,202	6,273	(71)	(1.1)
(Segment income)	549	246	303	123.0
Other				
(Net sales)	954	962	(8)	(0.9)
(Segment income)	44	60	(15)	(26.0)
Consolidated net sales	28,433	26,715	1,718	6.4

- Cosmetics segment: Higher sales and segment income year on year, with steady sales of the high-end basic skincare lines in face-to-face channel cosmetics and brisk sales of self-selection cosmetics.
- Pharmaceuticals & Health Food segment: Lower sales but higher segment income year on year.
- Other segment: Net sales declined year on year, but segment income maintained a profit.

Net sales: 21,277 million yen Previous year: 19,478 million yen (+1,798 million yen, +9.2%)
Segment income: 6,369 million yen Previous year: 5,453 million yen (+915 million yen, +16.8%)

Sales composition
ratio
74.8%

● Face-to-face channel cosmetics

- Strong sales of new products and high-end basic skincare lines
- Increased the opening of Noevir Beauty Studio locations

● Self-selection cosmetics

- Sales increased due the effect of new products in the *Nameraka Honpo* skincare line and the *excel* makeup line along with increased merchants handling products / an expanded customer base
- Sales increased due to renewal of the *Pore Putty* makeup line
- Sales increased due to increased products in the *NOV L&W* skincare line and renewal of the *NOV AC ACTIVE* skincare line

● Overseas and OEM business sales

- Increase in the number of merchants distributing products, mainly in Asian markets



Noevir Enrich 55



NOV L&W skincare line



excel makeup line

Net sales: 6,202 million yen

Previous year: 6,273 million yen (-71 million yen, -1.1%)

Segment income: 549 million yen

Previous year: 246 million yen (+303 million yen, +123.0%)

 Sales composition
ratio

21.8%

- Lackluster sales of both pharmaceuticals and foods
 - Solid sales of medicated cough drops
- Increase in profit due to cost control



Nanten Noda Ame cough drops



Min Min Da Ha functional drinks

Net sales: 954 million yen

Previous year: 962 million yen (-8 million yen, -0.9%)

Segment income: 44 million yen

Previous year: 60 million yen (-15 million yen, -26.0%)

 Sales composition
ratio

3.4%

- Firm sales in the apparel-related business
- Remained in the black despite a slight decline in aviation-related business

(Millions of yen)

	As of Mar. 31, 2017	As of Mar. 31, 2018	Change
Current assets	60,285	49,070	(11,214)
Cash and cash equivalents	38,210	25,732 ①	(12,478)
Notes and accounts receivable	10,902	11,602	699
Non-current assets	28,948	29,360	412
Property, plant and equipment	23,455	23,316	(138)
Buildings and structures, net	4,503	4,324	(179)
Equipment and vehicles, net	3,423	3,170	(252)
Land	13,446	13,716	270
Lease assets, net	1,494	1,385	(109)
Construction in progress	370	509	138
Intangible assets	298	238	(60)
Goodwill	71	25	(45)
Investments and other assets	5,193	5,805	611
Investment securities	1,943	2,610	667
Total assets	89,233	78,431	(10,802)
Current liabilities	13,424	10,649	(2,774)
Long-term liabilities	21,626	21,314	(311)
Guarantee deposits received	14,562	14,091 ②	(470)
Total liabilities	35,050	31,964	(3,086)
Shareholders' equity	53,529	45,582	(7,946)
Common stock	7,319	7,319	-
Retained earnings	46,210	38,263 ③	(7,946)
Total net assets	54,182	46,466	(7,715)
Total liabilities and net assets	89,233	78,431	(10,802)

Balance Sheets

Current assets: 49,070 million yen
(compared to Mar. 31, 2017: -11,214 million yen)

Balance of net cash and deposits: 11.6 billion yen (down: 12 billion yen year on year) = ① Cash and cash equivalents: 25.7 billion yen - ② Guarantee deposits received: 14 billion yen

Total assets / Total liabilities and net assets:
78,431 million yen (-10,802 million yen year on year)

Causes of YoY change in ① and ③
Acquisition and cancelation of treasury stock: 9,971 million yen
Increase in dividend: 1,063 million yen

Capital Expenditures / Depreciation

(Millions of yen)

	1st half ended Mar. 31, 2017	1st half ended Mar. 31, 2018	Change
Capital Expenditures	510	844	334
Depreciation	816	894	78

Medium-Term Management Plan and Main Initiatives in the Second Half of the Year

Medium-Term Management Plan and Forecast

– Three-Year Plan Through Fiscal 2020 –

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



Medium-Term Management Plan Concept

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



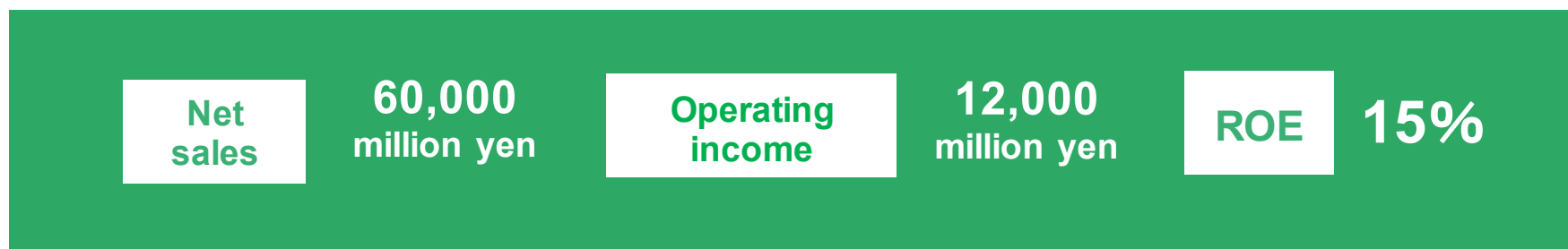
Five policies

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

– Three-Year Plan Through Fiscal 2020 –

Management Targets for Fiscal 2020



(Millions of yen)

	Fiscal 2017 Results	Fiscal 2018	Fiscal 2019	Fiscal 2020
Net sales	54,473	56,000	58,000	60,000
Operating income	9,986	10,700	11,500	12,000
ROE	12.3%	13.0%	14.0%	15.0%

Launch new products that encapsulate customer needs in high-end basic skincare and self-selection cosmetics, increase profitability as a core business

● Face-to-face channel cosmetics

- Focus on launch and sales expansion of *Noevir AQUATURE* super-moisturizing skincare lotion
- Noevir Beauty Studio
Improve service quality and concentrate on sales with Noevir Beauty Studios as an important point of contact with customers



Noevir AQUATURE

● Self-selection cosmetics

- Acquire a wide customer base and aim to expand sales with the launch of new products in the *Nameraka Honpo* skincare line, *excel* makeup line and *Pore Putty* makeup line
- Focus on sales expansion of *NOV mainstay III*, *L&W* and *AC ACTIVE* skincare lines



excel makeup line



Pore Putty makeup line

● Overseas and OEM business sales

- Increase in the number of merchants distributing products, mainly in Asian markets



NOV AC ACTIVE skincare line

Launch distinctive new products centered on drinks and increase profitability by strengthening cost control

- **Min Min Da Ha functional drinks**

Utilize the Internet and social media in promotions to strengthen brands

- **Nanten Nodo Ame cough drops**

Aim to expand sales for the 50th anniversary by capturing new customers through launch of special products and new products, etc

- **Strengthen orders for private brands and OEM**



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



Min Min Da Ha functional drinks

Improve profitability

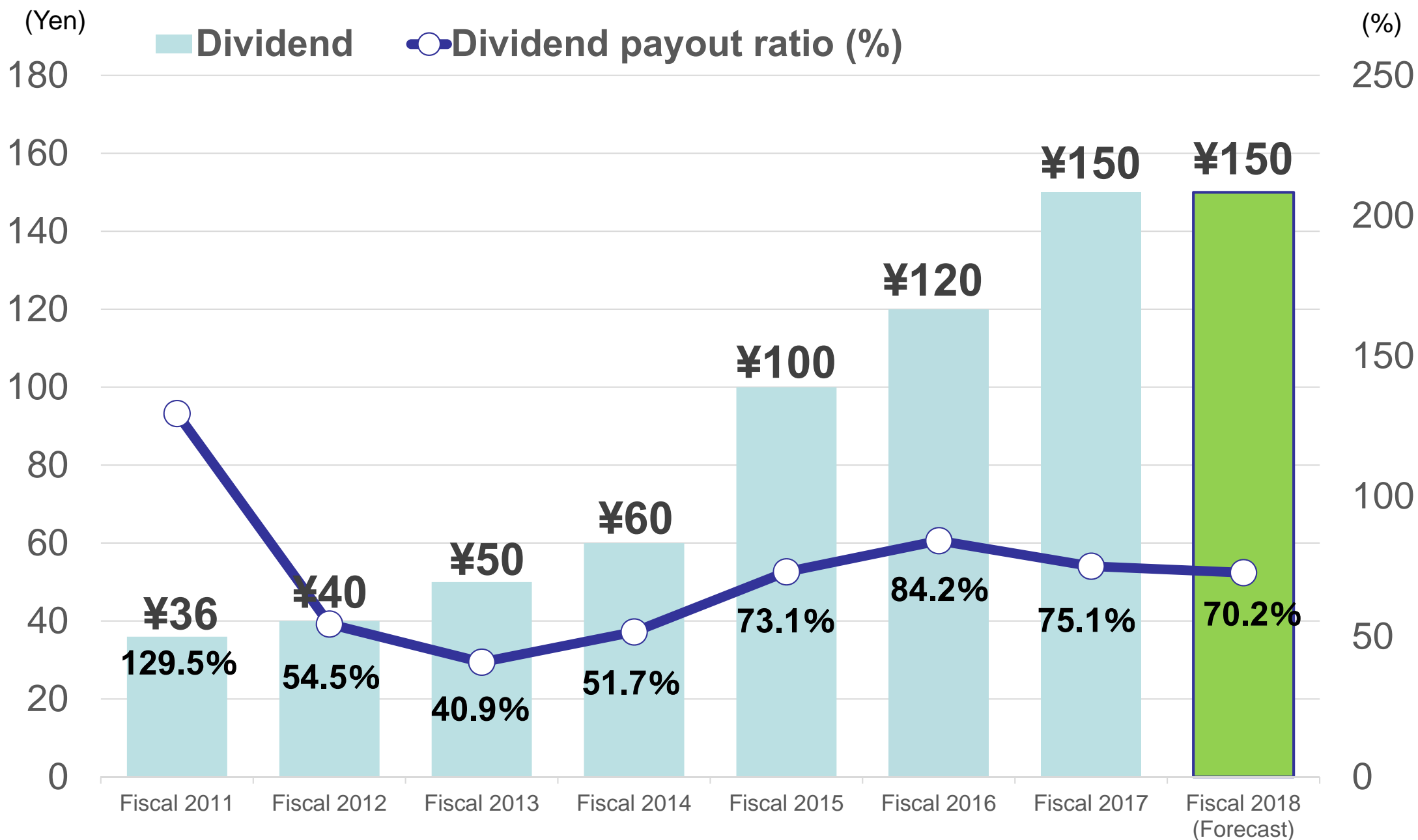
- **Launch new apparel and intimate apparel products**

- **Continue to proceed with caution in the aviation-related business**



Nanten Nodo Ame cough drops

Dividend and Dividend Payout Ratio





NOEVIR HOLDINGS

[Inquiries] Noevir Holdings Co., Ltd. Public & Investor Relations Tel: +81-03-5568-0305 Fax: +81-03-5568-0441
E-mail: ir@noevirholdings.co.jp WEB: <http://www.noevirholdings.co.jp/english/index.htm>

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