

Noevir Holdings Co., Ltd.

Results for Fiscal 2019

(October 1, 2018 – September 30, 2019)

November 14, 2019

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

 <p>Cosmetics</p>	 <p>Pharmaceuticals & Health</p>	<p>Apparel business Aviation-related business</p> <p>Other</p>
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◆Consolidated Subsidiaries

13 subsidiaries (6 domestic / 7 international)

◆Employees

1,530 (Consolidated)

◆Number of shareholders

17,117

◆Outstanding Shares

34,156,623

◆Market Capitalization

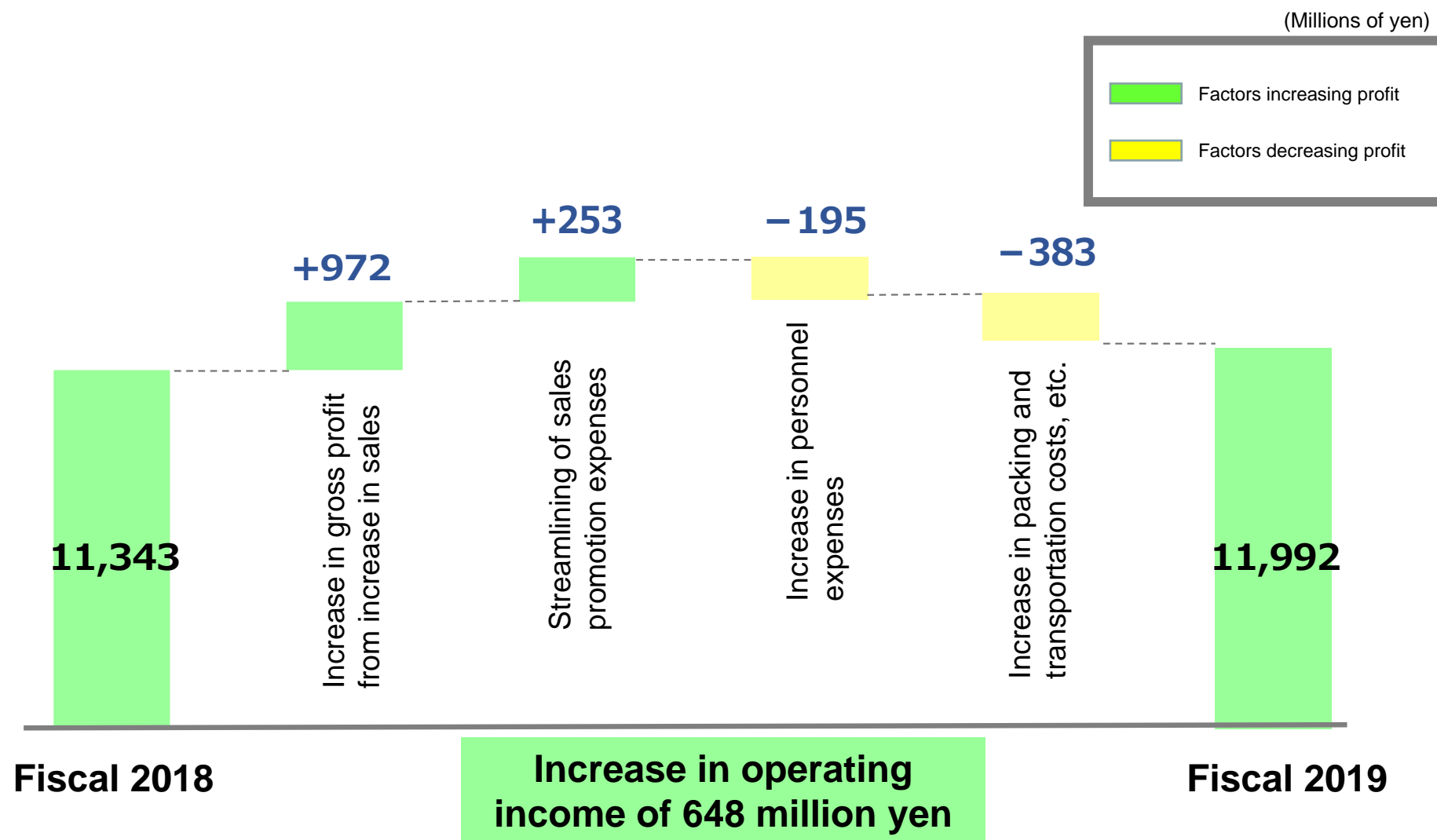
¥209.721 billion (November 13, 2019 @ ¥ 6,140)

Fiscal 2019 Highlights

Net sales 59,252 million yen (up 2.5% YoY), operating income 11,992 million yen (up 5.7% YoY), ordinary income 12,247 million yen (up 5.8% YoY), net income attributable to owners of the parent 7,226 million yen (down 7.9% YoY).
Operating income and ordinary income increased year on year and surpassed forecasts to achieve record highs.

	Year ended September 30, 2019	Year ended September 30, 2018	Year-on-year change		Earnings forecast target	
	Millions of yen	Millions of yen	Millions of yen	(%)	Millions of yen	(%)
Net sales	59,252	57,828	1,424	2.5	59,500	(0.4)
Cost of sales	21,039	20,588	451	2.2		
Gross profit	38,213	37,240	972	2.6		
SG&A	26,220	25,896	324	1.3		
Operating income	11,992	11,343	648	5.7	11,700	2.5
Non-operating income/expenses	255	234	21	9.1		
Ordinary income	12,247	11,577	670	5.8	11,900	2.9
Extraordinary income/loss	(1,214)	27	(1,241)	—		
Income before income taxes	11,033	11,604	(571)	(4.9)		
Income taxes	3,807	3,762	44	1.2		
Net income attributable to owners of the parent	7,226	7,842	(616)	(7.9)	8,000	(9.7)
Cost ratio (%)	35.5	35.6	(0.1)	—	—	—
Operating income margin (%)	20.2	19.6	0.6	—	19.7	—
Ordinary income margin (%)	20.7	20.0	0.6	—	20.0	—
Net income attributable to owners of the parent margin (%)	12.2	13.6	(1.4)	—	13.4	—
SG&A ratio (%)	44.3	44.8	(0.5)	—	—	—
EPS	¥211.57	¥228.56				
ROE	13.8%	14.1%				

Reasons for Change in Operating Income



Segment-Based Highlights

	Year ended September 30, 2019 Millions of yen	Year ended September 30, 2018		
		Millions of yen	Year-on-year change	(%)
Cosmetics				
(Net sales)	45,175	42,616	2,558	6.0
(Segment income)	13,183	12,155	1,028	8.5
Pharmaceuticals & Health Food				
(Net sales)	12,036	13,199	(1,162)	(8.8)
(Segment income)	1,312	1,309	2	0.2
Other				
(Net sales)	2,041	2,013	28	1.4
(Segment income)	70	135	(64)	(47.7)
Consolidated net sales	59,252	57,828	1,424	2.5

- **Cosmetics segment:** Sales and profit increased year on year
Face-to-face channel cosmetics were solid due to strong showings of high-end product lines.
Self-selection cosmetics performed briskly.
- **Pharmaceuticals & Health Food segment:** Sales declined and profits increased year on year
The Group saw a decrease in sales of functional drinks and nutritional supplements from fiscal 2018.
Segment income grew year on year thanks mainly to initiatives to enhance the efficiency of SG&A expenses.
- **Other segment:** Sales increased and profits decreased year on year
Sales in the apparel-related business and the aviation-related business performed strongly.

Net sales: 45,175 million yen

Previous year: 42,616 million yen (+2,558 million yen, +6.0%)

Segment income: 13,183 million yen

Previous year: 12,155 million yen (+1,028 million yen, +8.5%)

Sales composition
ratio**76.2%**

● Face-to-face channel cosmetics

- Strong sales of prestige skincare *Noevir SPECIALE* skincare line
- Increased the opening of NOEVIR Beauty Studio locations
- Opened the directly-managed NOEVIR SALON DE SPECIALE GINZA store

*Noevir SPECIALE* skincare line

● Self-selection cosmetics

- Sales increased due to the effect of new products in the *excel* brand makeup line and expansion of the customer base
- Sales decreased in the *Nameraka Honpo* skincare brand due to factors including the effects of the enactment of China's e-commerce law
- Sales increased for the *New Born* and the *Pore Putty* makeup brand
- Strong performance due to growth of the *NOV III* skincare line

*excel* brand lineup*NOV III* skincare product

● Overseas and OEM business sales

- Overseas sales were the same level year on year
- OEM business performed briskly

Net sales: 12,036 million yen

Previous year: 13,199 million yen (– 1,162 million yen, – 8.8%)

Segment income: 1,312 million yen

Previous year: 1,309 million yen (+2 million yen, +0.2%)

 Sales composition
ratio

20.3%

- Sales decreased due to sluggish sales of national brand drinks in spite of steady sales of private brand drinks
- Profits increased mainly because of efficient management of selling, general and administrative (SG&A) expenses



Nanten Noda Ame cough drop brand product



Min Min Da Ha functional drink brand lineup

Net sales: 2,041 million yen

Previous year: 2,013 million yen (+28 million yen, +1.4%)

Segment income: 70 million yen

Previous year: 135 million yen (–64 million yen, –47.7%)

 Sales composition
ratio

3.5%

- Sales in the apparel-related business and the aviation-related business performed strongly

Balance Sheets

(Million of yen)

	As of Sep. 30, 2018	As of Sep. 30, 2019	Change
Current assets	53,321	54,021	699
Cash and cash equivalents	28,775	① 30,739	1,964
Notes and accounts receivable	11,764	10,827	(936)
Other	12,782	12,455	(329)
Non-current assets	29,488	29,309	(178)
Property, plant and equipment	22,849	23,213	364
Buildings and structures, net	4,259	4,946	686
Equipment and vehicles, net	2,717	2,451	(266)
Land	13,716	13,713	(2)
Lease assets, net	1,331	1,227	(104)
Construction in progress	601	614	13
Intangible assets	225	494	269
Goodwill	2	302	299
Investments and other assets	6,413	5,600	(812)
Investment securities	2,490	1,522	③ (967)
Total assets	82,809	83,330	520
Current liabilities	9,802	9,634	(167)
Long-term liabilities	21,008	20,749	(259)
Guarantee deposits received	13,875	② 13,371	(503)
Total liabilities	30,811	30,383	(427)
Shareholders' equity	51,115	52,193	1,078
Common stock	7,319	7,319	—
Retained earnings	43,796	44,875	1,078
Total net assets	51,998	52,946	④ 947
Total liabilities and net assets	82,809	83,330	⑤ 520

● Balance Sheets

Current assets: 54,021 million yen
(compared to Sept. 30, 2018: +699 million yen)

Balance of net cash and deposits: 17.3 billion yen (up 2.4 billion yen year on year) = ① Cash and cash equivalents: 30.7 billion yen – ② Guarantee deposits received: 13.3 billion yen

Total assets / Total liabilities and net assets:
83,330 million yen (+520 million yen year on year)

Loss on valuation of investment securities (③)

Equity ratio (④⑤) 62.6%→63.3%

● Capital Expenditures / Depreciation

(Million of yen)

	Year ended Sep. 30, 2018	Year ended Sep. 30, 2019	Change
Capital Expenditures	1,375	1,994	618
Depreciation	1,850	1,808	(41)

Medium-Term Management Plan, Main Forward-Looking Initiatives and Forecasts

Medium-Term Management Plan and Forecast

– Three-Year Plan through Fiscal 2022 –

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 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



Management Targets for Fiscal 2022

Net sales	61,000 million yen	Operating income	13,000 million yen	ROE	15%
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(Millions of yen)

	Fiscal 2019 Results	Fiscal 2020	Fiscal 2021	Fiscal 2022
Net sales	59,252	59,800	60,400	61,000
Operating income	11,992	12,300	12,600	13,000
ROE	13.8%	15%	15%	15%

Fiscal 2020 Forecasts

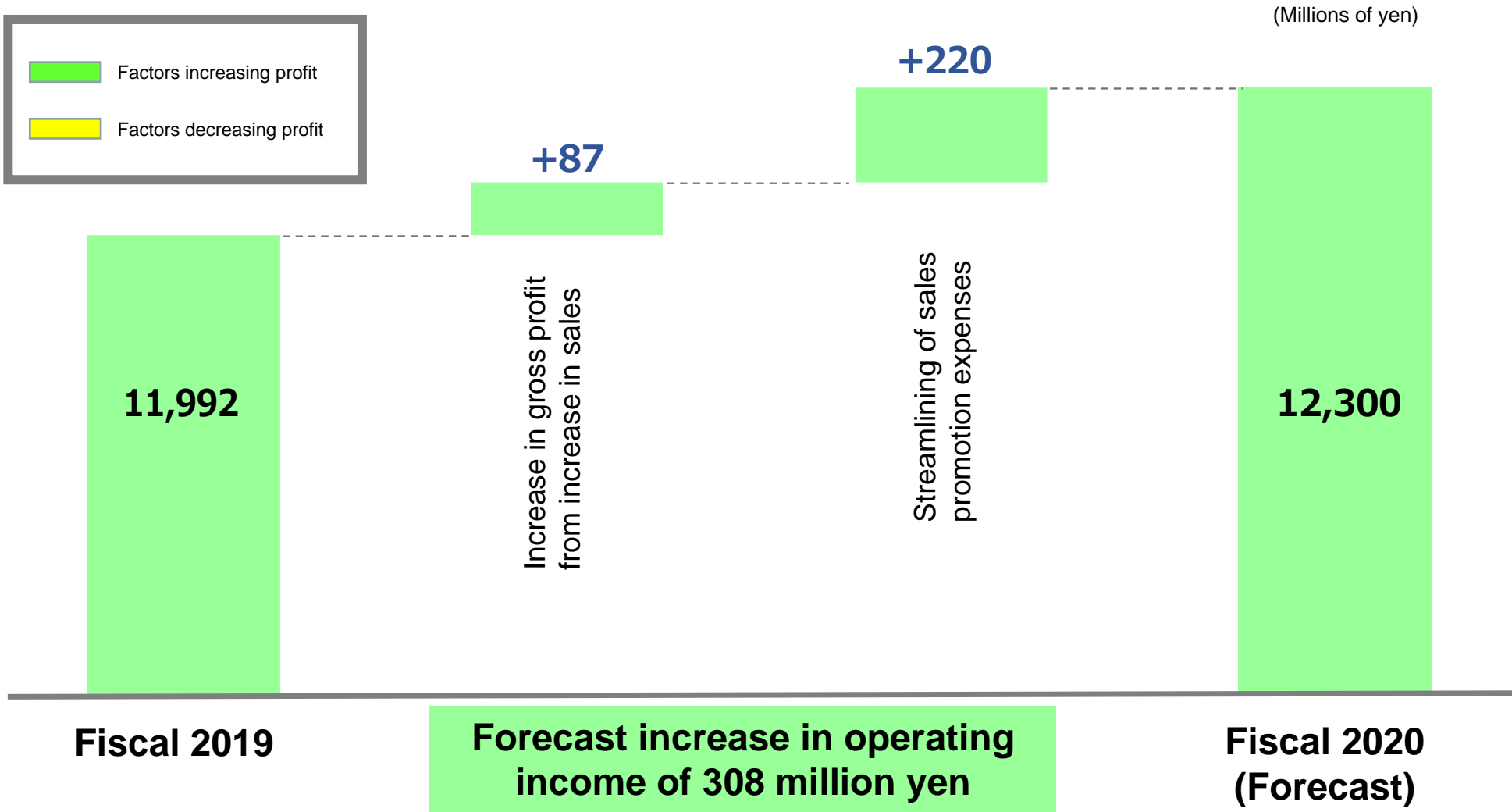
	Net Sales Millions of yen	Operating Income Millions of yen	Ordinary Income Millions of yen	Net Income Attributable to Owners of Parent Millions of yen	EPS Yen
Full Year Forecasts	59,800	12,300	12,500	8,500	248.85
Fiscal 2019 Results	59,252	11,992	12,247	7,226	211.57
Change	0.9%	2.6%	2.1%	17.6%	—

1st Half Forecast	29,700	6,100	6,200	2,900	84.90
Fiscal 2019 1st Half Results	29,483	6,061	6,169	2,821	82.59
Change	0.7%	0.6%	0.5%	2.8%	—

2nd Half Forecast	30,100	6,200	6,300	5,600	163.94
Fiscal 2019 2nd Half Results	29,769	5,930	6,078	4,405	128.98
Change	1.1%	4.5%	3.7%	27.1%	—

Fiscal 2020 Reasons for Change in Operating Income Forecast

Operating income will increase YoY due to the effect of increased sales in the Cosmetics Segment and cost controls



Launch new products that encapsulate customer needs in the face-to-face channel and self-selection cosmetics, increase profitability as a core business

● Face-to-face channel cosmetics

- Launch new products such as *Noevir NEUROGIC Serum* anti-aging skincare serum, etc., and concentrate on expanding sales
- NOEVIR Beauty Studio
Improve service quality and concentrate on sales with NOEVIR Beauty Studios as an important point of contact with customers
- Accelerate spread of NOEVIR support, an online ordering system for sales outlets
- Expand earnings at the directly-managed NOEVIR Style and NOEVIR SALON DE SPECIALE stores



Noevir NEUROGIC Serum



excel brand lineup

● Self-selection cosmetics

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

● Overseas and OEM business sales

- Expand earnings overseas, mainly in the Asia market
- Acquire further new OEM orders



Nameraka Honpo Wrinkle skincare line

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

- *Min Min Da Ha* functional drink brand
Deploy promotions using internet and social media
- *Nanten Nodo Ame* cough drop brand
Aim to increase earnings by capturing new customers through launch of special products and new products, etc.
- Strengthen orders for private brands and OEM



Min Min Da Ha functional drink brand lineup

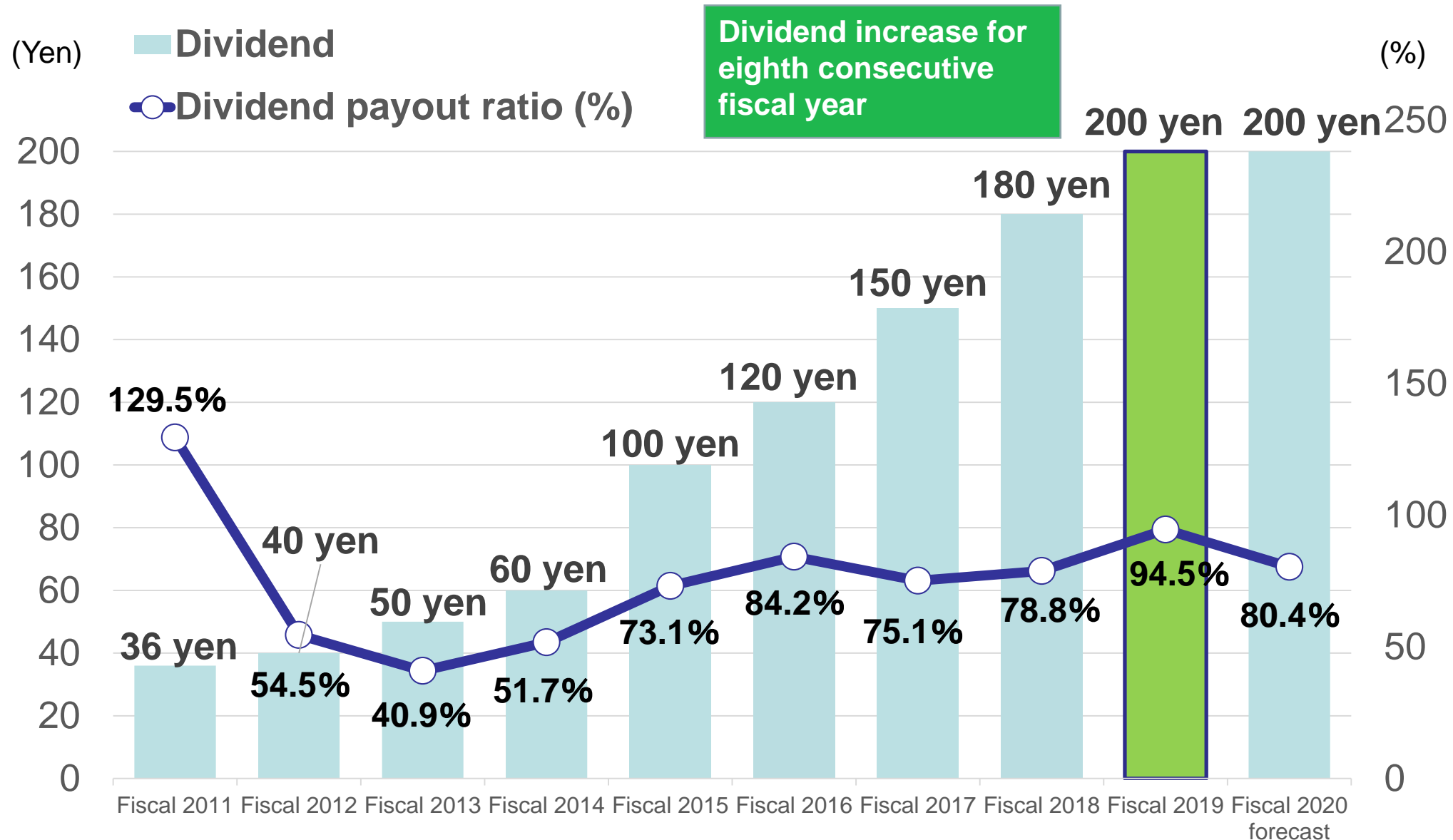


Nanten Nodo Ame cough drop brand lineup

Improve profitability

- Launch new apparel and intimate apparel products
- Continue to proceed with caution in the aviation-related business

Dividend and Dividend Payout Ratio





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