

Noevir Holdings Co., Ltd.

Results for Fiscal 2020

(October 1, 2019 – September 30, 2020)

November 12, 2020
Noevir Holdings Co., Ltd.
Ikkou Yoshida, Director,
Management Strategy and Public & Investor Relations

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 |
| Consolidated Subsidiaries | 13 subsidiaries (6 domestic / 7 international) |
| Employees | 1,507 (Consolidated) |
| Number of shareholders | 19,188 |
| Outstanding Shares | 34,156 thousand shares |
| Market Capitalization | ¥161.390 billion (November 11, 2020 @ ¥ 4,725) |
| Line of Business | |

NOEVIR



本舗
なめら



excel
TOKYO RICH CASUAL



毛穴隠して崩れない
毛穴パテ職人



NOV



Cosmetics



Pharmaceuticals & Health Food

Apparel
business
Aviation-related
business

Other

1. Results for Fiscal 2020

2. Fiscal 2020 Segment-Based Highlights

3. Medium-Term Management Plan

4. Forecasts and Initiatives for Fiscal 2021

Maintained an operating income margin of 15.5% despite a decrease in sales and profits due to a rebound accompanying the rise in the consumption tax and the impact of COVID-19

| | Fiscal 2020 | Year-on-year change |
|-------------------------|--------------------|---------------------|
| Net sales | 51,800 million yen | -12.5% |
| Operating income | 8,000 million yen | -32.8% |
| Operating income margin | 15.5% | -4.7pt |

➤ Impact of rebound due to rise in consumption tax
Net sales - 600 million yen

➤ Impact due to COVID-19
Net sales - 5,300 million yen

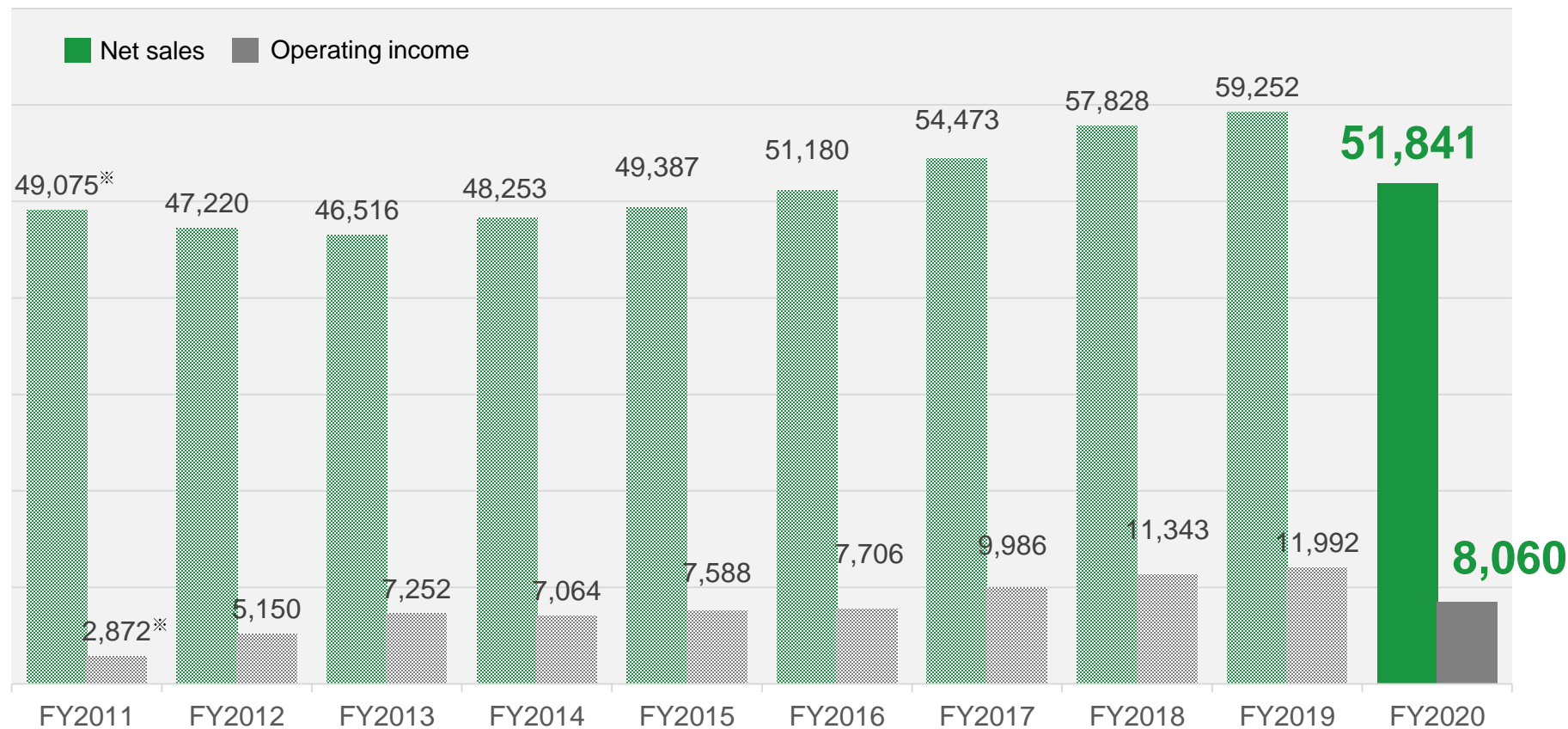
Maintained operating income ratio of 15.5%

Net sales 51,841 million yen (down 12.5% YoY), operating income 8,060 million yen (down 32.8% YoY), ordinary income 8,242 million yen (down 32.7% YoY), net income attributable to owners of the parent 5,618 million yen (down 22.3% YoY).

| | Year ended September 30, 2020 | Year ended September 30, 2019 | Year-on-year change | | Revised forecast | |
|--|----------------------------------|----------------------------------|---------------------|--------|------------------|--------|
| | Millions of yen | Millions of yen | Millions of yen | % | Millions of yen | % |
| Net sales | 51,841 | 59,252 | (7,411) | (12.5) | 54,000 | (4.0) |
| Cost of sales | 18,760 | 21,039 | (2,279) | (10.8) | | |
| Gross profit | 33,081 | 38,213 | (5,131) | (13.4) | | |
| SG&A | 25,020 | 26,220 | (1,200) | (4.6) | | |
| Operating income | 8,060 | 11,992 | (3,931) | (32.8) | 9,500 | (15.1) |
| Non-operating income/expenses | 181 | 255 | (73) | (28.9) | | |
| Ordinary income | 8,242 | 12,247 | (4,005) | (32.7) | 9,700 | (15.0) |
| Extraordinary income/loss | (9) | (1,214) | 1,204 | — | | |
| Income before income taxes | 8,233 | 11,033 | (2,800) | (25.4) | | |
| Income taxes | 2,614 | 3,807 | (1,192) | (31.2) | | |
| Net income attributable to owners of the parent | 5,618 | 7,226 | (1,608) | (22.3) | 6,600 | (14.9) |
| Cost ratio (%) | 36.2 | 35.5 | 0.7 | — | — | — |
| Operating income margin (%) | 15.5 | 20.2 | (4.7) | — | 17.6 | — |
| Ordinary income margin (%) | 15.9 | 20.7 | (4.8) | — | 18.0 | — |
| Net income attributable to owners of the parent margin (%) | 10.8 | 12.2 | (1.4) | — | 12.2 | — |
| SG&A ratio (%) | 48.3 | 44.3 | 4.0 | — | — | — |

Trends in sales and operating income

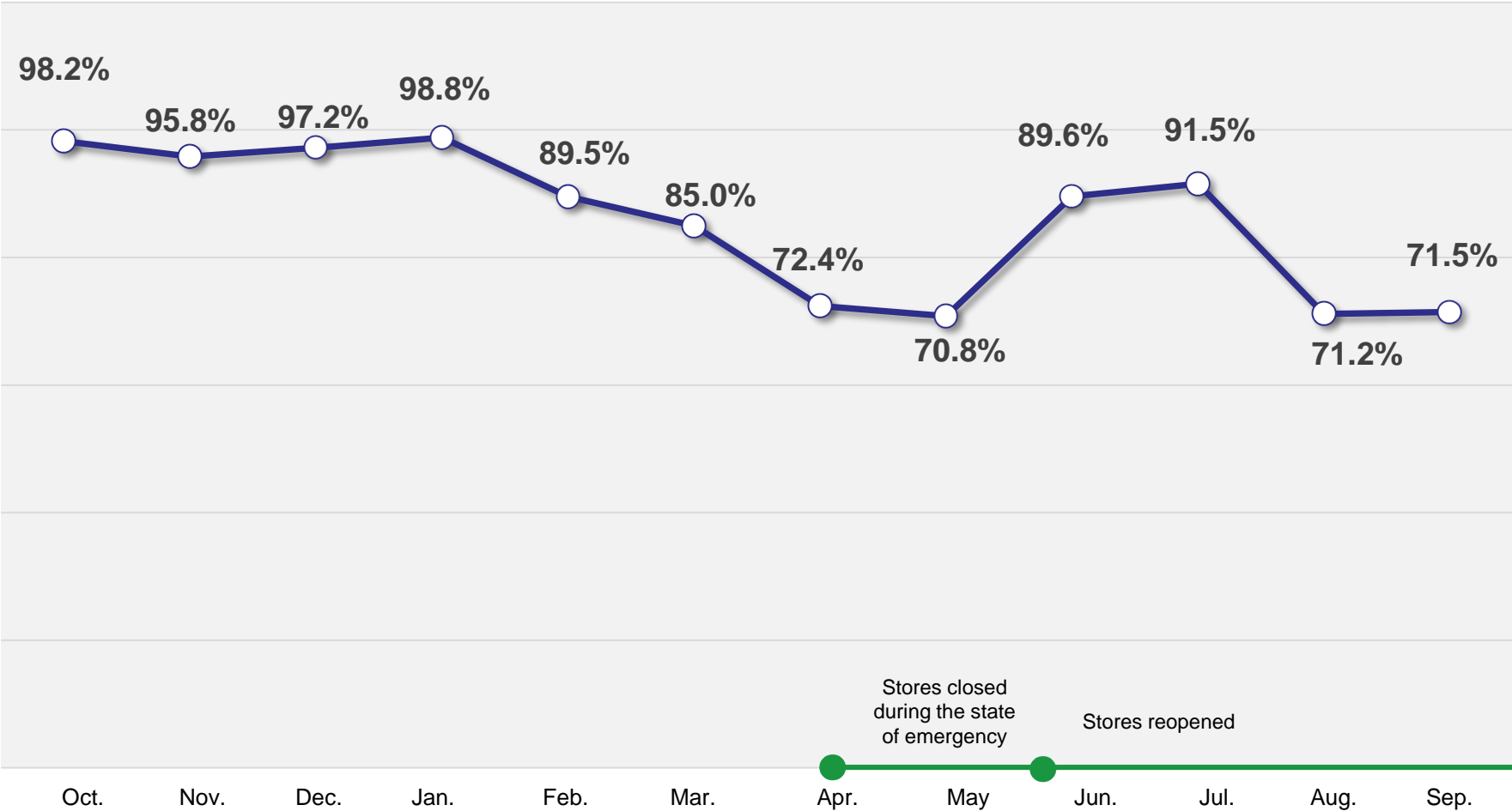
(Millions of yen)



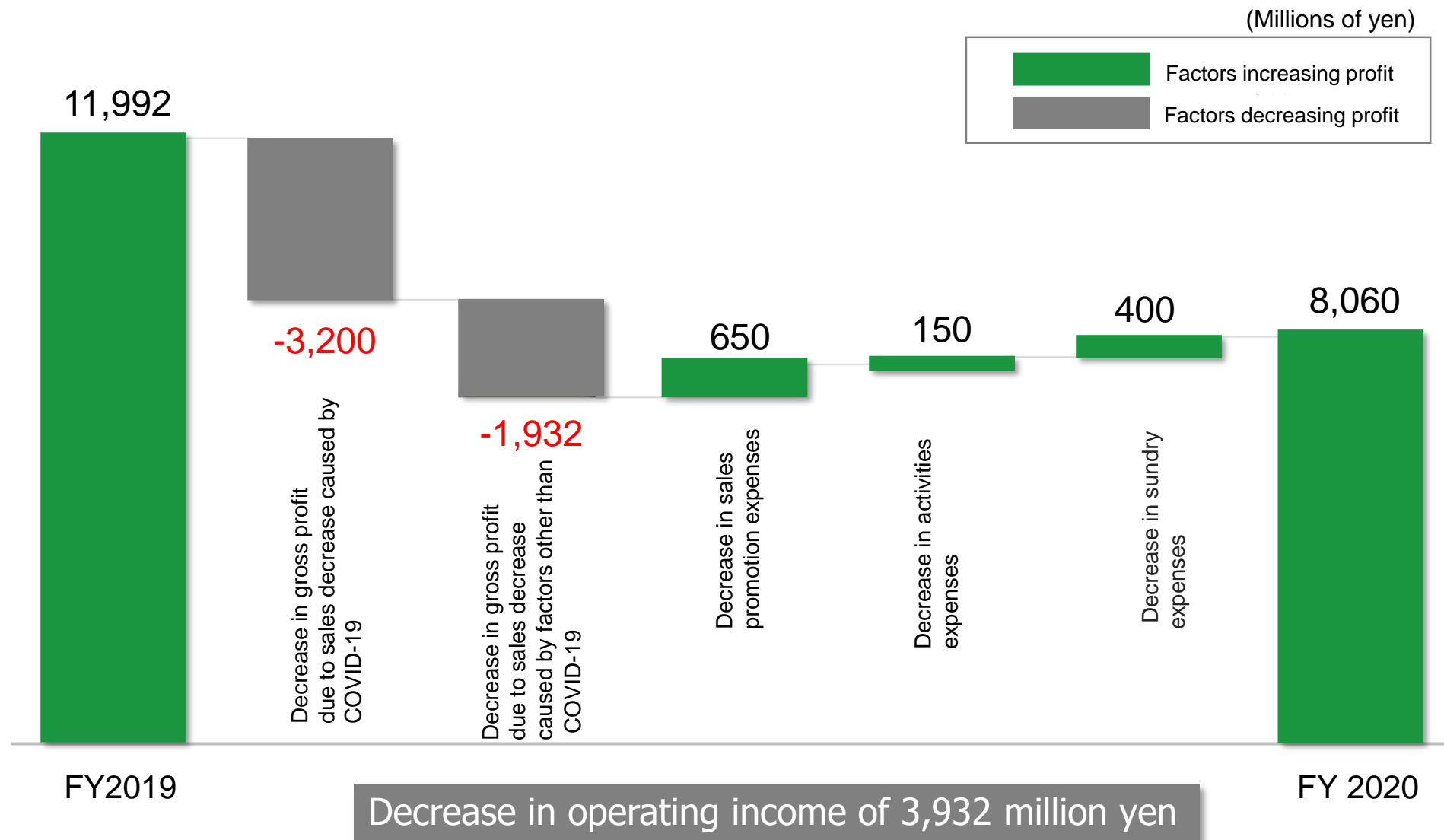
Fiscal 2020 net sales and operating income both decreased

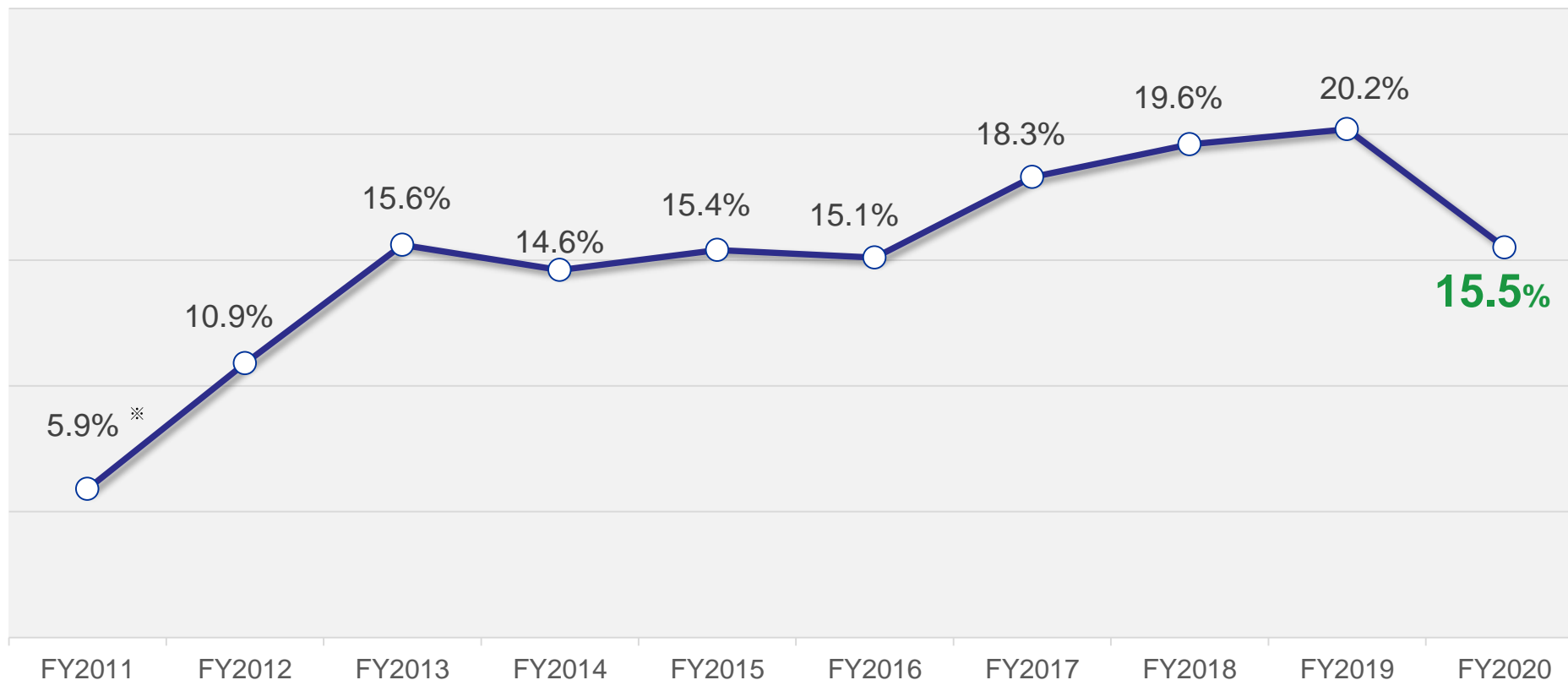
*Net sales and operating income for Fiscal 2011 are the sum value of results from Noevir Co., Ltd. for Q2 Fiscal 2011 and Noevir Holdings Co., Ltd. for Fiscal 2011.

Fiscal 2020 Monthly Net Sales in the Cosmetics Segment



Fiscal 2020 Reasons for Change in Operating Income





Maintained a high profit margin despite a decrease in Fiscal 2020

* The operating income margin for Fiscal 2011 was calculated from a sum of results for Noevir Co., Ltd. for Q2 Fiscal 2011 and Noevir Holdings Co., Ltd. for Fiscal 2011.

1. Results for Fiscal 2020

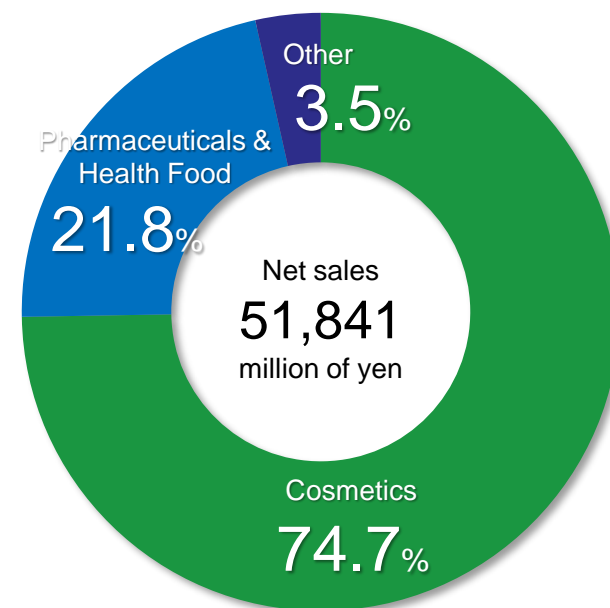
2. Fiscal 2020 Segment-Based Highlights

3. Medium-Term Management Plan

4. Forecasts and Initiatives for Fiscal 2021

Fiscal 2020 Segment-Based Highlights

| | Year ended September 30, 2020 | Year ended September 30, 2019 | Year-on-year change | |
|--|----------------------------------|----------------------------------|---------------------|--------|
| | Millions of yen | Millions of yen | Change | % |
| Cosmetics | | | | |
| Net sales | 38,742 | 45,175 | (6,432) | (14.2) |
| Segment income | 9,505 | 13,183 | (3,678) | (27.9) |
| Pharmaceuticals & Health Food | | | | |
| Net sales | 11,273 | 12,036 | (763) | (6.3) |
| Segment income | 1,261 | 1,312 | (50) | (3.8) |
| Other | | | | |
| Net sales | 1,825 | 2,041 | (215) | (10.5) |
| Segment income | 10 | 70 | (60) | (85.8) |
| Consolidated net sales | 51,841 | 59,252 | (7,411) | (12.5) |



Composition of net sales in Fiscal 2020

Cosmetics

Sales and profits decreased year on year
Face-to-face channel cosmetics and self-selection cosmetics performed sluggishly

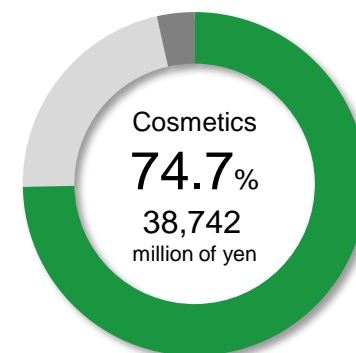
Pharmaceuticals & Health Food

Sales and profits decreased year on year
Nutritional supplements were steady but functional and nutritional drinks were sluggish

Other

Sales and profits decreased year on year
Sales in the apparel-related business and the aviation-related business were sluggish

| | Year ended September 30, 2020 Millions of yen | Previous year Millions of yen | Year-on-year change | |
|----------------|---|----------------------------------|---------------------|--------|
| | | | Change | % |
| Net sales | 38,742 | 45,175 | (6,432) | (14.2) |
| Segment income | 9,505 | 13,183 | (3,678) | (27.9) |



Composition of net sales in Fiscal 2020

Face-to-face channel cosmetics

- Impact of rebound due to rise in consumption tax
- Sales decreased year on year, mainly in existing series, due to the impact of COVID-19
- New product *Noevir NEUROGIC SERUM* contributed to sales

Self-selection cosmetics

- Sales decreased for *excel* brand lineup due to COVID-19
- Strong sales of new products in the *Nameraka Honpo* skincare brand, but decreased mainly through existing series
- Performed solidly despite decrease in sales, mainly in the *NOV* makeup line

Overseas and OEM business sales

- Overseas sales decreased due to COVID-19
- OEM performed strongly



Noevir NEUROGIC SERUM

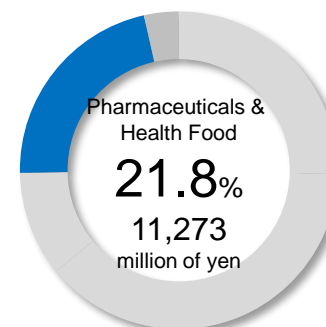


excel brand lineup

Fiscal 2020 Pharmaceuticals & Health Food

| | Year ended September 30, 2020 Millions of yen | Previous year Millions of yen | Year-on-year change | |
|----------------|---|----------------------------------|---------------------|-------|
| | | | Change | % |
| Net sales | 11,273 | 12,036 | (763) | (6.3) |
| Segment income | 1,261 | 1,312 | (50) | (3.8) |

- Sales decreased due to sluggish sales of national brand drinks in spite of solid sales of nutritional supplements
- Profits remained on line with the previous year through efficient management of selling, general and administrative expenses



Composition of net sales in Fiscal 2020



Noevir AGARICUS HYPER EX

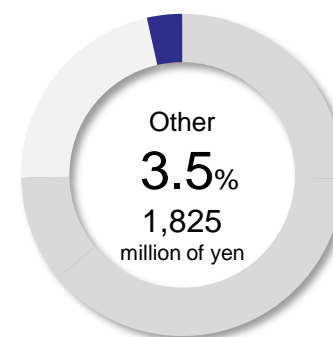


Min Min Da Ha
functional drink brand
lineup

Fiscal 2020 Other

| | Year ended September 30, 2020 Millions of yen | Previous year Millions of yen | Year-on-year change | |
|----------------|---|----------------------------------|---------------------|--------|
| | | | Change | % |
| Net sales | 1,825 | 2,041 | (215) | (10.5) |
| Segment income | 10 | 70 | (60) | (85.8) |

- Sales in the apparel-related business and the aviation-related business were sluggish due to COVID-19



Composition of net sales in Fiscal 2020

Balance Sheets

(Millions of yen)

| | Previous year As of September 30, 2019 | Year ended September 30, 2020 As of September 30, 2020 | Change |
|----------------------------------|---|--|---------|
| Current assets | 54,021 | 50,416 | (3,605) |
| Cash and cash equivalents | 30,739 | 29,456 | (1,283) |
| Notes and accounts receivable | 10,827 | 9,229 | (1,598) |
| Non-current assets | 29,309 | 29,636 | 327 |
| Property, plant and equipment | 23,213 | 23,023 | (190) |
| Buildings and structures, net | 4,946 | 5,628 | 682 |
| Equipment and vehicles, net | 2,451 | 1,631 | (819) |
| Intangible assets | 494 | 430 | (63) |
| Goodwill | 302 | 271 | (31) |
| Investments and other assets | 5,600 | 6,181 | 581 |
| Investment securities | 1,522 | 2,064 | 541 |
| Total assets | 83,330 | 80,052 | (3,277) |
| Current liabilities | 9,634 | 7,580 | (2,054) |
| Long-term liabilities | 20,749 | 20,229 | (520) |
| Guarantee deposits received | 13,371 | 12,894 | (477) |
| Total liabilities | 30,383 | 27,809 | (2,574) |
| Shareholders' equity | 52,193 | 50,980 | (1,213) |
| Common stock | 7,319 | 7,319 | - |
| Retained earnings | 44,875 | 43,662 | (1,213) |
| Total net assets | 52,946 | 52,243 | (703) |
| Total liabilities and net assets | 83,330 | 80,052 | (3,277) |
| Equity ratio | 63.3% | 64.9% | 1.7pt |
| | Previous year | Year ended September 30, 2020 | Change |
| Capital Expenditures | 1,994 | 1,456 | (537) |
| Depreciation | 1,808 | 1,668 | (140) |

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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

1. Results for Fiscal 2020

2. Fiscal 2020 Segment-Based Highlights

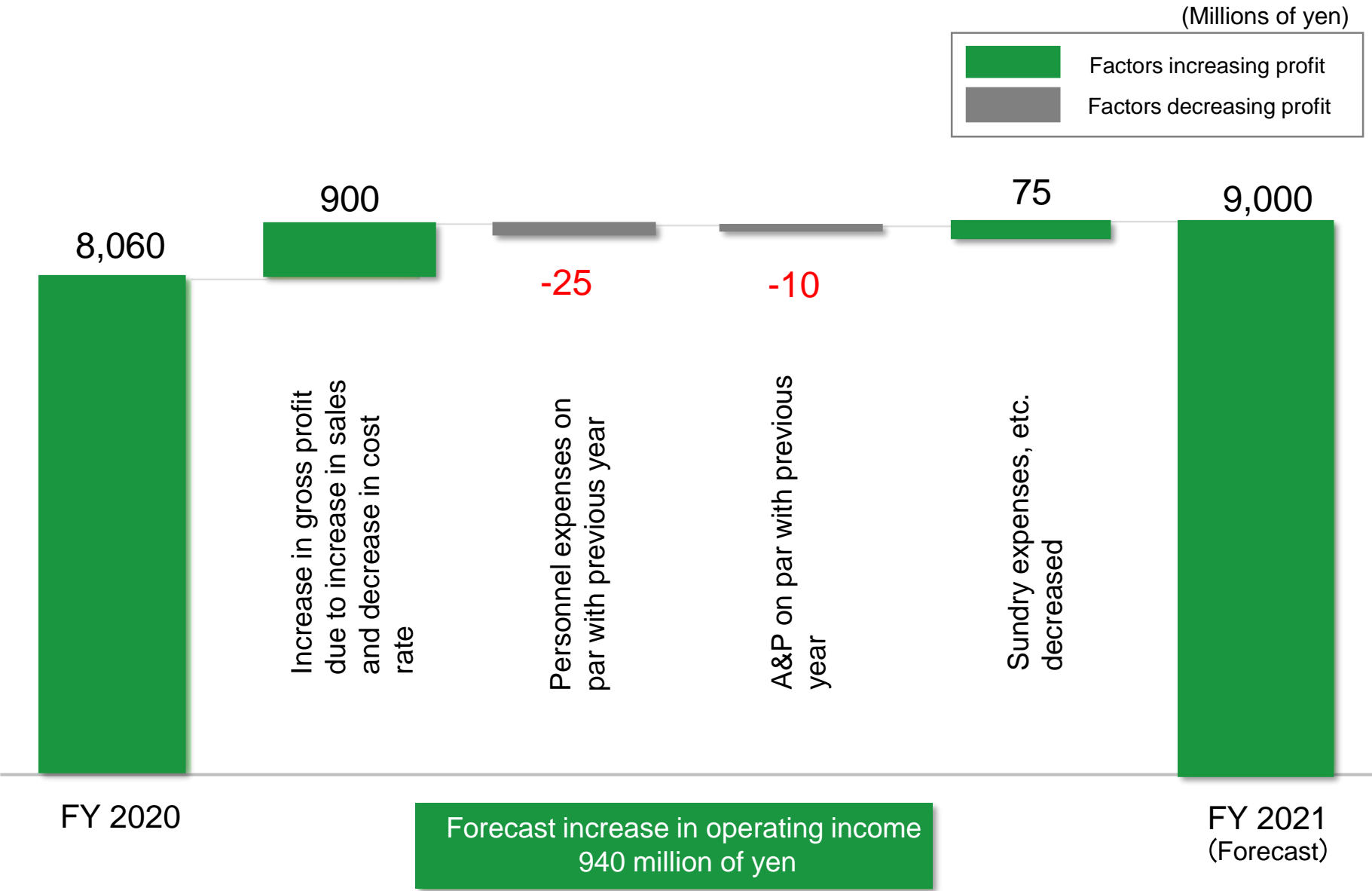
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Fiscal 2021 Forecasts

| | 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 | 52,500 | 9,000 | 9,200 | 6,300 | 184.45 |
| Fiscal 2020 Results | 51,841 | 8,060 | 8,242 | 5,618 | 164.48 |
| Change | 1.3% | 11.7% | 11.6% | 12.1% | — |
| 1st Half Forecast | 25,500 | 4,000 | 4,100 | 1,900 | 55.63 |
| Fiscal 2020 1st Half Results | 27,789 | 5,068 | 5,135 | 2,398 | 70.22 |
| Change | △8.2% | △21.1% | △20.2% | △20.8% | — |
| 2nd Half Forecast | 27,000 | 5,000 | 5,100 | 4,400 | 128.82 |
| Fiscal 2020 2nd Half Results | 24,052 | 2,992 | 3,107 | 3,219 | 94.26 |
| Change | 12.3% | 67.1% | 64.1% | 36.7% | — |

Fiscal 2020 Reasons for Change in Operating Income Forecast



Strive for improved profitability as a core business

Face-to-face
channel
cosmetics

Expand customer contact points in e-commerce
and online based on face-to-face sales

Self-selection
cosmetics

Present products timely with an understanding of
customers' needs

Face-to-face channel cosmetics

Noevir

Focus on based on face-to face sales

Sales outlets conduct NOEVIR Beauty Studios salons

- Improve service quality, focus on sales
- Roll out to about 1,900 stores nationwide, focusing on regional areas



Directly-managed NOEVIR Style and NOEVIR SALON DE SPECIALE stores

- Strengthen Customer Attraction and Profitability
- NOEVIR SALON DE SPECIALE Ikebukuro Opened in October 2020
- Roll out 10 stores, mainly in major cities



Face-to-face channel cosmetics

Noevir

Promote use of e-commerce and online sales

- Dedicated online ordering system for sales outlets
Promote use of NOEVIR Support
- Beauty education for sales outlets
New product briefings and makeup training online
- Customer service
Online counseling sales



Online makeup training for sales outlets

Face-to-face channel cosmetics

Noevir

Sell and focus on sales expansion of new products

NOEVIR

A Noevir First

Wrinkle serum

Noevir WRINKLE SERUM
28,000 yen (tax exclusive)
On sale December 5, 2020



Self-selection cosmetics

excel/ brand

Sell and focus on sales expansion of attractive new products

excel
TOKYO RICH CASUAL by NOEVIR



Official *excel/* brand lineup Instagram account
Live streaming of new product releases
(for image purposes)



excel/ brand lineup image model
In-store display (for image purposes)

Self-selection cosmetics

Nameraka Honpo skincare brand

Acquire a wide array of customers and further expand earnings



* Suppresses generation of melanin, prevents blemishes and freckles

Self-selection cosmetics

NOV

NOV brand

Focus on Expanding Sales of Mainstay Series



NOV III skincare line
(Skincare for sensitive and dry skin)



NOV AC ACTIVE skincare line
(Proactive skincare for adult acne)



NOV L&W skincare line
(High moisturization aging care for sensitive skin)



Strengthen expansion of sales to medical institutions (dermatologists, etc.), dispensing pharmacies, specialty goods stores and drug stores throughout Japan



- Launch distinctive new products centered on functional and nutritional drinks and increase profitability by strengthening cost control
- Strengthen orders for private brands, OEM

Pharmaceuticals

Aim to increase earnings by capturing new customers through launch of special products and new products, etc.



Health Food

Deploy promotions using internet and social media



➤ Improve Profitability

Apparel business

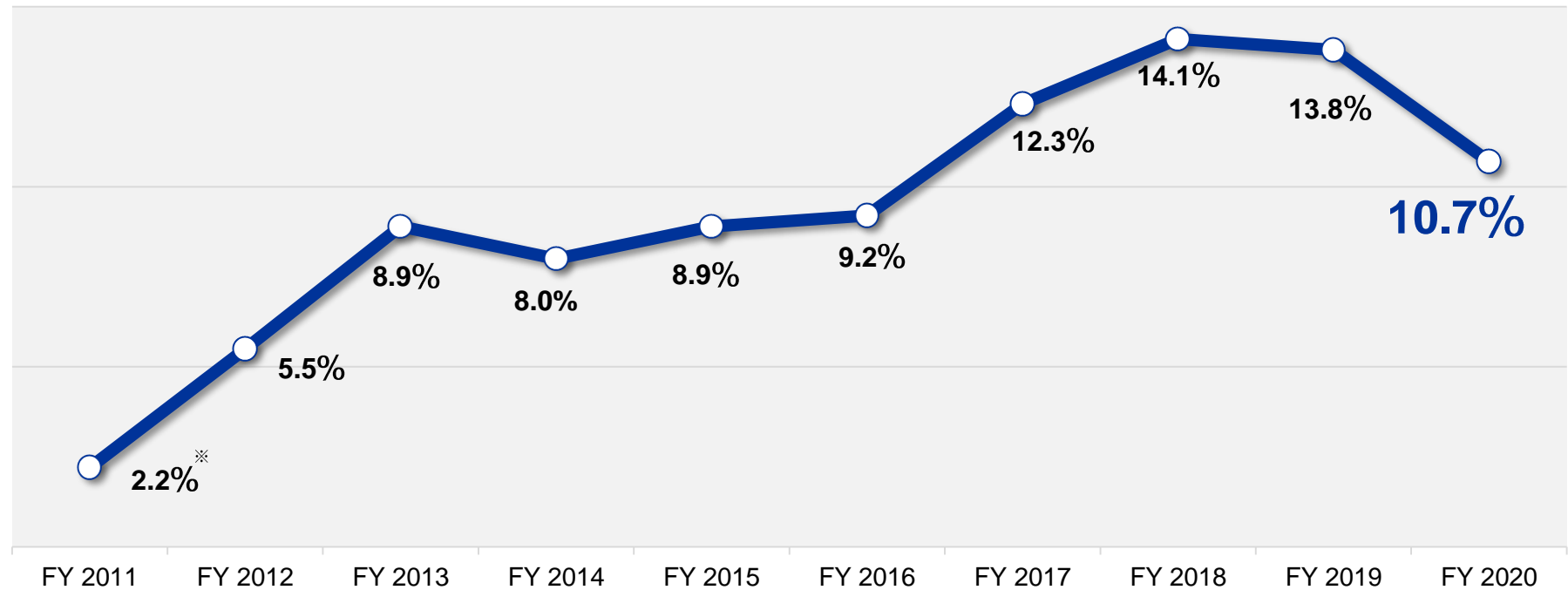
Launch new products

NOEVIR



Aviation-related business

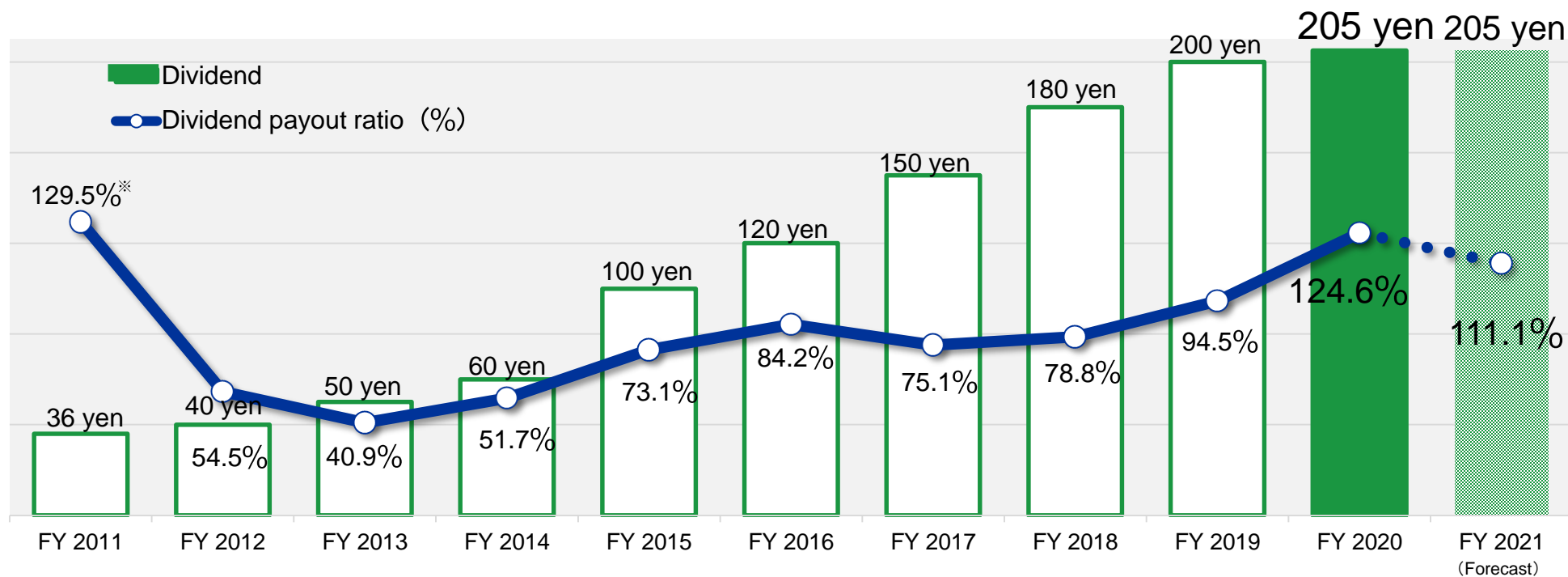
Continue responding
carefully



Enhance profitability through efficient management

* ROE for Fiscal 2011 was calculated from the sum of net income attributable to owners of the parent of Noevir Co, Ltd. for Q2 Fiscal 2011 and Noevir Holdings Co., Ltd. for Fiscal 2011.

Dividend and Dividend Payout Ratio



Continue stable shareholder return by maximizing corporate value
and enhancing profitability

* Dividend payout ratio for Fiscal 2011 was calculated from the sum of net income attributable to owners of the parent of Noevir Co, Ltd. for Q2 Fiscal 2011 and Noevir Holdings Co., Ltd. for Fiscal 2011.



NOEVIR HOLDINGS

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