

NOEVIR HOLDINGS

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ANNUAL REPORT 2022

Year ended September 30, 2022

Business Model

Segment Information

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

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

Other



The Other segment encompasses apparel and aircraft sales and leasing.

Channels

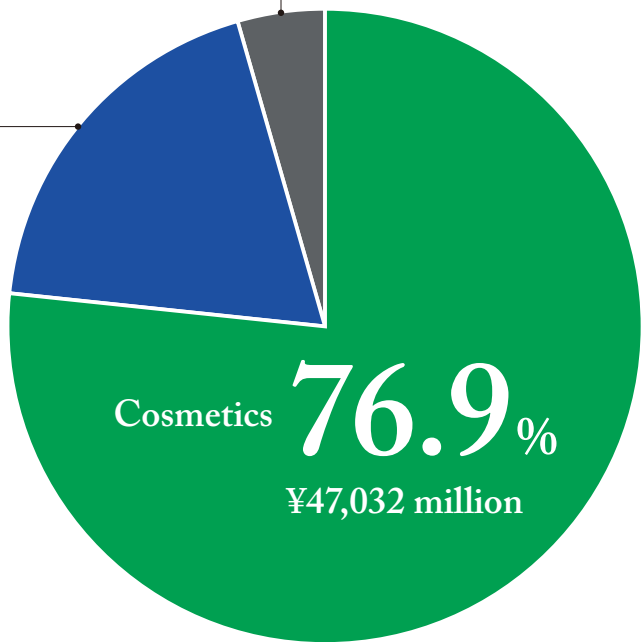
- Face-to-face Sales

Fiscal 2022 Sales by Segment

Pharmaceuticals & Health Food

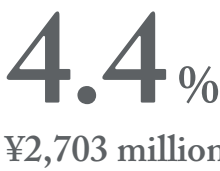


¥11,408 million



Cosmetics 76.9%
¥47,032 million

Other



¥2,703 million

Luxury Line

Face-to-face Channel Cosmetics

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



Standard Line

Self-selection Cosmetics

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

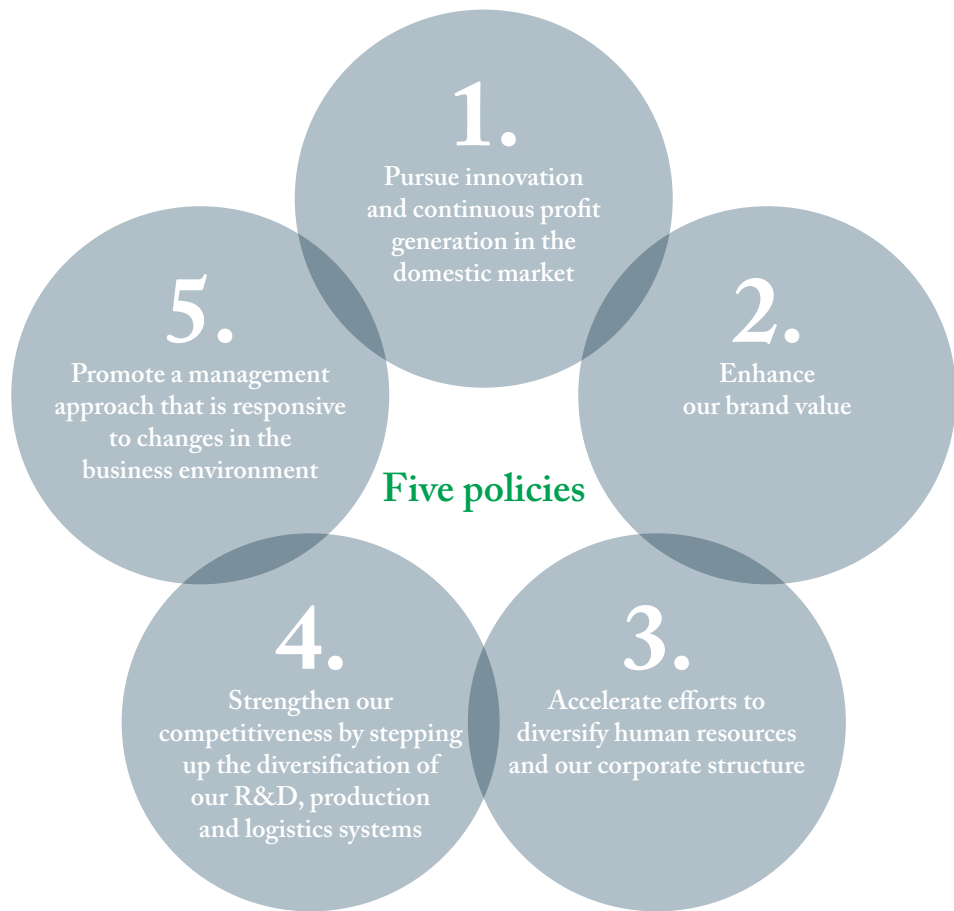
Overseas Business

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

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 2023

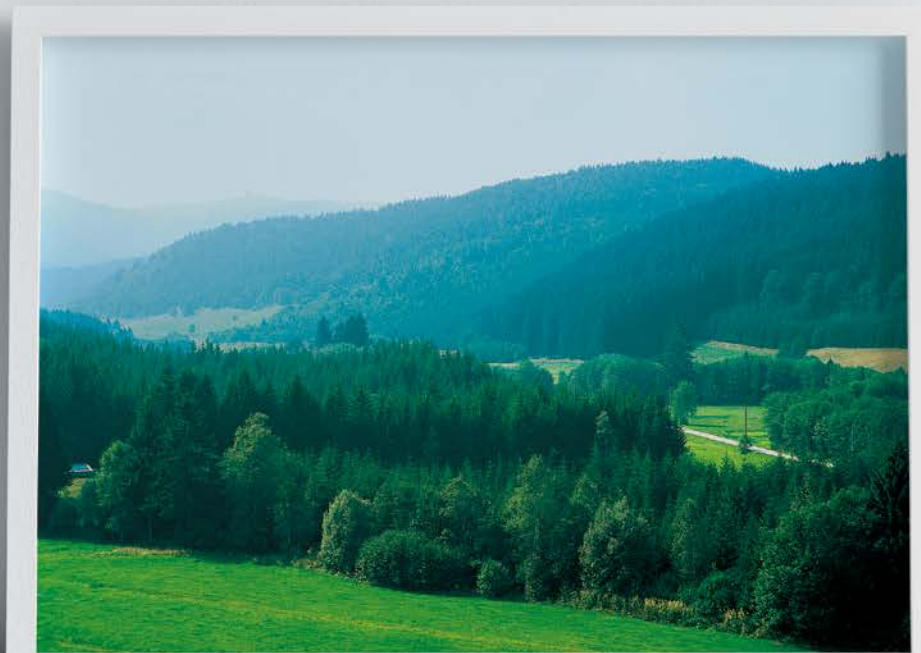
Net Sales **¥61,600 million**
Operating income **¥10,700 million**

Noevir Co., Ltd.

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

Noevir Holdings Co., Ltd.

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



Striving to Satisfy Diversifying Customer Needs to Achieve Stable Growth

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 2022 Business Results

During fiscal 2022 (October 1, 2021 to September 30, 2022), economic trends remained uncertain, mainly due to the continuing impact of the novel coronavirus (COVID-19) pandemic, although some signs of recovery were observed.

Against this backdrop, the Noevir Group has striven to accommodate ever-diversifying customer needs in the face 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 and otherwise endeavored to achieve higher profitability even amid the COVID-19 pandemic.

As a result, consolidated net sales came to ¥61,143 million, while operating income totaled ¥10,115 million. Net income attributable to owners of the parent stood at ¥7,589 million, with the operating income margin amounting to 16.5%. In fiscal 2022, the Group adopted the Accounting Standard for Revenue Recognition. If operating results for fiscal 2021 were to be retrospectively recalculated in accordance with said standard, consolidated net sales and operating income would increase by 4.1% and 16.3%, respectively.



NOEVIR SALON DE SPECIALE OMOTESANDO

Our Fiscal 2022 Initiatives

In fiscal 2022, our Cosmetics business saw increases in both revenues and profit compared with the previous fiscal year when fiscal 2021 operating results are retrospectively recalculated using the revised accounting standards. (Hereinafter, the above recalculation of fiscal 2021 operating results applies to all year-on-year comparisons of operating results.) In face-to-face channel cosmetics, sales of *Noevir SERUMUNE* aging-care serum, which was released in November 2021, were consistently robust, thanks to the growing consumer trend toward incorporating special skincare solutions into day-to-day skincare routines. This trend similarly supported continued strong sales of *Noevir BIOSIGN BLANC BEAUTÉ*, a medicated skin-brightening serum released in May 2022.

Also during the year, we provided customers with counseling and beauty lessons while implementing preventive measures against COVID-19 infection. In these and other ways, we strove to motivate purchasing while increasing opportunities for contacts with customers. Consequently, revenues from face-to-face channel cosmetics edged down only slightly amid fallout from the COVID-19 pandemic, with existing customers supporting sales.

In self-selection cosmetics, sales of skincare products were consistently firm. In particular, strong showings of *Nameraka Honpo* brand products contributed to sales in a significant way, with the *Moisture* skincare line sold under this brand being updated in February and August 2022. Sales were also buoyed by the release of updated products in the *NOV III* skincare line as well as by the launch of *NOV L&W Lift Essence*, which supports skin elasticity, as part of the *L&W* skincare line known for functionality in providing highly moisturizing aging care for sensitive skin.

On the other hand, although there were signs of recovery in sales of makeup products on the back of the relaxation of pandemic-related movement restrictions, these products were still affected by ongoing fallout from market shrinkage induced by the COVID-19 pandemic. However, we were able to secure sales in the *excel* makeup line on par with the level recorded in the previous fiscal year, reflecting efforts undertaken in conjunction with the release of new products under this line to enhance brand recognition by implementing SNS-based campaigns, holding live commerce events and displaying digital advertising signage at beauty salons.

The Pharmaceuticals & Health Food business saw decreases in both revenues and profit despite strong sales of *Min Min Da Ha* functional drinks and *Nanten Nodo Ame* cough drops, due to stagnant sales of nutrient tonic drinks.

The Other business segment, which encompasses apparel- and aircraft-related operations, recorded increases in both revenues and profit. This was attributable to a rise in sales from aircraft-related operations.



Noevir BIOSIGN
BLANC BEAUTÉ

Future Outlook

With regard to face-to-face channel cosmetics in the Cosmetics business, we will strive to enhance our face-to-face sales capabilities, to this end reinstating our focus on a traditional sales approach involving attracting customers to physical shops, visiting customers and providing them with face-to-face counseling. In self-selection cosmetics, we will continue with the timely provision of products that accurately meet customer needs.

Reflecting factors, our consolidated performance forecasts for fiscal 2023 (from October 1, 2022 to September 30, 2023) comprise net sales of ¥61,600 million, operating income of ¥10,700 million and net income attributable to owners of the parent of ¥7,700 million. While looking to seize opportunities arising from market recovery, we will stay focused on securing profitability and strive to live up to our earnings forecasts via, for example, efficient cost management.



An example of a storefront display of the *Moisture* skincare line sold under the *Nameraka Honpo* brand

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 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 2022 by ¥5 per share from the previous dividend forecast, thereby bringing full-year cash dividends to ¥215 per share. As a result, we achieved an 11th consecutive annual increase in dividends, with the dividend payout ratio amounting to 96.8%.

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.



Noevir SERUMUNE

Main Brands

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



Noevir SPECIALE skincare line



Noevir 505 skincare line



Noevir 99 Plus skincare line

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 2022, we released two beauty serums: *Noevir SERUMUNE*, a new anti-aging serum developed through the application of our expertise in botany and dermatology, fields in which we pursued R&D for many years, and *Noevir BIOSIGN BLANC BEAUTÉ*, a medicated serum incorporating two types of active ingredient that directly address mechanisms causing dark patches to appear on the skin and thereby support skin brightening. Amid the COVID-19 pandemic, we have also tackled product development aimed at responding to growing skincare needs, especially those associated with skin troubles arising from the new practice of wearing a mask for prolonged periods.

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, 2022, approximately 2,000 salons have been certified.

With the aim of maintaining robust customer communications despite the effects of the COVID-19 pandemic, we have also offered alternative counseling methods, even as we continued to employ face-to-face sales as our mainstay method for customer engagement. Furthermore, as we did in fiscal 2021, we provided customers with free-of-charge online makeup lessons by leveraging the platform afforded by our NOEVIR Beauty Academy, which offers makeup clinics in which external specialists deliver lectures and is usually available only to sales representatives for a charge. Going forward, we will strive to constantly deliver these lessons so that the platform serves as a helpful tool for both our customers and sales representatives.

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.



Self-Selection Cosmetics, Pharmaceuticals & Health Food

Product Strategy

Constituting another pillar of the Noevir Group’s Cosmetics business, our self-selection cosmetics boast *Nameraka Honpo*—our mainstay brand—which comprises affordably priced products incorporating skincare ingredients that have gained growing customer interest. This brand is the market leader* in terms of soymilk-based skincare products. In February and August 2022, we updated the *Moisture* skincare line sold under this brand, thereby achieving the steady expansion of our customer base through the enhancement of our lineup designed to address diverse skin issues. We have also updated two lines under our hypoallergenic *NOV* brand, which similarly enjoys considerable market share in Japan. Specifically, we released the new *NOV III* skincare line focused on bolstering and supplementing the skin barrier function while launching *NOV L&W Lift Essence*, which supports skin elasticity, as part of the *L&W* skincare line, which is known for the functionality of its aging-care serums as well as its superior ability to enhance the skin’s moisture retention. By meeting their evolving needs amid the COVID-19 pandemic, these offerings won the support of our customers. 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.

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 2021

Sales Strategy

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

Amid the COVID-19 pandemic, which has made it difficult to proactively carry out storefront promotional campaigns, we have been implementing ongoing sales promotion initiatives through SNSs, for example, livestreaming on YouTube and Instagram, in addition to holding live commerce events, for the mainstay *Nameraka Honpo* cosmetics brand and the *excel* makeup line. At the same time, we have been reaching out to medical institutions around Japan, especially dermatology clinics, as part of efforts to win a greater number of users for the hypoallergenic *NOV* brand. These initiatives are designed to communicate product information in a way that evokes a sense of intimacy and trust.

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

Main Brands

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



Advertising featuring a popular TV personality greatly contributed to sales of the *Moisture* skincare line, one of our mainstay *Nameraka Honpo* cosmetics brand lines.



Nameraka Honpo skincare brand lineup



Nameraka Honpo skincare brand lineup



excel brand makeup lineup



Pore Putty makeup brand lineup



New Born makeup brand lineup



NOV hypoallergenic cosmetics displayed at a retail store in Taiwan



NOV brand lineup



Nanten Nodo Ame cough drop brand lineup

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Min Min Da Ha functional drink brand lineup
GRONVITER nutritional drink brand



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

Quality Assurance

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.

Corporate Governance

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. Accordingly, 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.

To deepen the understanding of its stakeholders and ensure their appropriate evaluation, Noevir Holdings Co., Ltd. voluntarily and consistently discloses important information pertaining to the Group in a fair, timely and appropriate manner. To disseminate investor relations (IR) information, Noevir Holdings established a dedicated division, appointed a director to be in charge of IR, and regularly holds briefings for analysts and institutional investors in addition to updating IR information posted on its website.

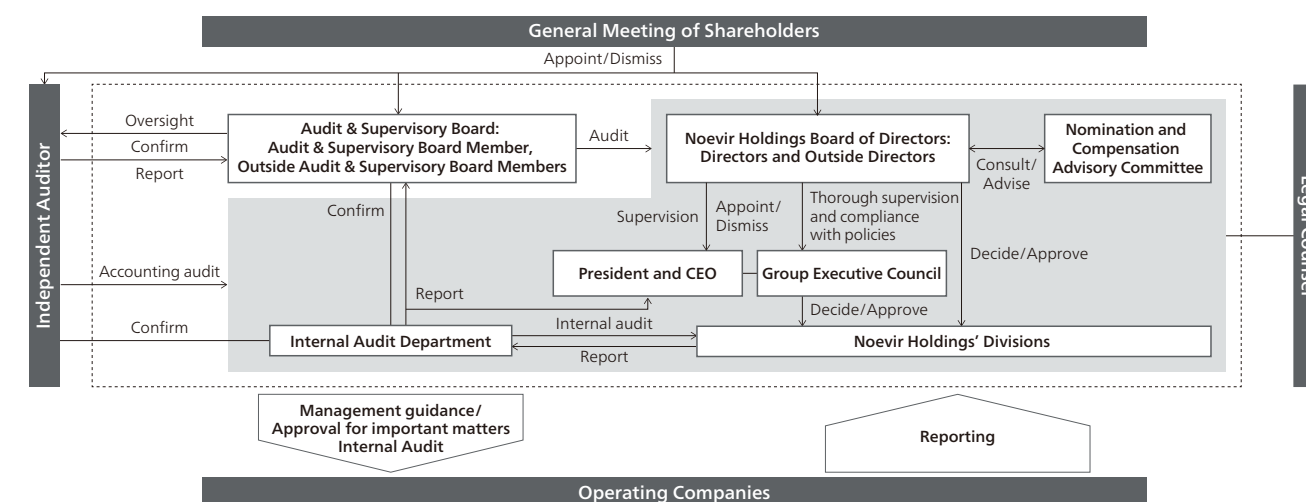
2. Corporate Governance Structure Overview

Type of governance model	A company with auditors
Number of directors (of whom, outside directors)	11 (6)
Number of Audit & Supervisory Board members (of whom, outside members)	3 (2)
Number of independent directors and Audit & Supervisory Board members (within outside directors and outside Audit & Supervisory Board members)	8 (6;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 2022	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 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

To ensure the appropriate and sound execution of its Group operations, Noevir Holdings undertakes the storage, management and streamlining of information associated with the execution of directors' duties while endeavoring to maintain clarity in its risk management structure as well as to strengthen and promote its compliance structure under the Corporate Governance Policy and the Noevir Group Code of Conduct.

With the aim of securing a structure for reporting to the Audit & Supervisory Board and conducting effective audits and reliable financial reporting, Noevir Holdings continues to further enhance its internal control and compliance systems in order to ensure strict adherence to laws, regulations and its articles of incorporation.

4. Corporate Governance Organizational Structure



Basic Philosophy

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 to pursuing further business growth, we have clearly defined the responsibilities we are called on to fulfill as a good corporate citizen and are implementing proactive initiatives aimed at contributing to sound social development under five themes: customers and business partners; shareholders; employees; society; and the environment.

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. 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)

The Noevir Group's Work Style Reform Initiatives

Amid the ongoing repercussions of the COVID-19 pandemic, businesses are facing growing calls to gear up efforts to promote work style reforms. Against this backdrop, the Noevir Group has been pushing ahead with the diversification of employee work styles in order to empower employees to utilize their time more effectively and achieve higher productivity while expanding the scope of employees eligible to choose unconventional work styles. As in fiscal 2021, we offered our fiscal 2022 education programs for new hires and managers online. Looking ahead, we will continue to help employees fully realize their individual competencies even as they work with confidence and strike a balance between their job and family duties or other private activities.

Also, we strive to ensure that the career development paths of all individuals in our workforce are unconstrained by such events as childbirth, child rearing or nursing care. We encourage employees to fully utilize annual paid leave while endeavoring to minimize overtime. Moreover, we have implemented various initiatives, including enhancing childcare leave plans. In addition, we have formulated concrete action plans and set numerical targets with an eye to pushing forward initiatives that support women aiming for career success. 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 raise the overall ratio of managerial positions held by women to 30% or more by December 2025. As such, the Group

Initiatives to Protect the Environment

In 2022, 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. Through this committee, we deliberate business challenges we are now confronting in connection with environmental issues, including climate change, and determine what to do to take on such challenges. To this end, 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 CO₂ emissions attributable to our operations.

In the course of developing containers and packaging for cosmetics and other products, we use eco-friendly materials, such as bioplastics, which are plant-based plastics, and FSC-certified paper. Moreover, as part of our efforts to cut back on the volume of plastic waste deriving from our products and thus improve their environmental friendliness, in July 2022 we renewed the packaging specifications for the Noevir SPECIALE skincare line.



Noevir SPECIALE skincare line with renewed, eco-friendly packaging

is striving to promote gender equality in terms of weight of tasks and responsibilities assigned to employees while ensuring equal opportunities for career development. As of September 30, 2022, the representation of women in the Noevir Group's workforce by position is as follows.

- **Total number of Group employees:** 1,398, including 667 men and 731 women
- **Individuals in team leader or other supervisory positions:** 365, including 97 women (26.6%)
- **Managerial employees in assistant manager or higher positions:** 174, including 54 women (31.0%)



Overview

During fiscal 2022 (October 1, 2021 to September 30, 2022), economic trends remained uncertain, mainly due to the continuing impact of COVID-19, although some signs of 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, 2022 came to ¥61,143 million. This includes the impact of the adoption of the Accounting Standard for Revenue Recognition, etc., in said fiscal year, which resulted in an increase of 7,603 million. Similarly, if the operating results for the previous fiscal year were retrospectively recalculated in accordance with this standard, that year's net sales would be 4.1% higher. The cost of sales amounted to ¥19,050 million and as a percentage of net sales was 31.2%. Selling, general and administrative (SG&A)

expenses were ¥31,977 million and as a percentage of net sales were 52.3%. This reflects the inclusion, due to changes in accounting standards, of some sales promotion fees that previously had been deducted from net sales into SG&A expenses, leading to an increase despite the Group's efforts to streamline advertising and sales promotion costs. As a result, operating income was ¥10,115 million, and net income attributable to owners of the parent came to ¥7,589 million. The Group has thus seen increases in both revenues and profit. The operating income margin stood at 16.5%, suggesting consistently high profitability.

The full impact of the COVID-19 pandemic and thus the business outlook remains uncertain. However, the Company's consolidated forecast for the fiscal year ending September 30, 2023 is for net sales of ¥61,600 million, operating income of ¥10,700 million, and net income attributable to owners of the parent of ¥7,700 million.

Segment Information

Cosmetics

Overview

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 brand. The Group also undertakes the contract manufacturing of cosmetics.

Fiscal 2022 Results

Sales in the Cosmetics segment totaled ¥47,032 million, and segment income came to ¥10,814 million. These results represent increases in both revenues and profit compared with the previous fiscal year when fiscal 2021 operating results are retrospectively recalculated using the revised accounting standards. (Hereinafter, the above recalculation of fiscal 2021 operating results applies to all year-on-year comparisons of operating results.) While face-to-face channel cosmetics saw a slight decrease in revenues, self-selection cosmetics performed robustly. This was thanks to the updating of skincare product lines as well as higher sales of makeup products on the back of the relaxation of pandemic-related movement restrictions.

Assets, Liabilities and Net Assets

Total assets on a consolidated basis as of September 30, 2022 stood at ¥76,781 million, a decrease of ¥3,667 million from the previous fiscal year-end. The main changes were decreases of ¥1,354 million in cash and cash equivalents, ¥1,349 million in property, plant and equipment, and ¥646 million in investment securities.

Total liabilities came to ¥24,397 million, a decrease of ¥3,818 million from the previous fiscal year-end. This was mainly due to a decrease of ¥5,016 million in net defined benefit liability and an increase of ¥796 million in other accounts payable.

Net assets came to ¥52,384 million, an increase of ¥151 million from the previous fiscal year-end. This was primarily attributable to an increase in total accumulated other comprehensive income of ¥186 million.

As a result, the equity ratio stood at 67.8%, up 3.3 percentage points from the previous fiscal year-end, and net assets per share stood at ¥1,524.05, an increase of ¥3.78.

Pharmaceuticals & Health Food

Overview

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.

Fiscal 2022 Results

Sales in the Pharmaceuticals & Health Food segment totaled ¥11,408 million, and segment income came to ¥1,157 million. Compared with the previous fiscal year, this segment thus saw decreases in both revenues and profit. Despite robust sales of functional drinks and cough drops, the latter of which are classified as pharmaceutical products, stagnant sales of energy drinks led to the decline in segment revenues.

Other

Overview

The Other segment encompasses apparel and aircraft sales and leasing.

Fiscal 2022 Results

Sales in the Other segment came to ¥2,703 million, while segment income came to ¥381 million. Growth in sales from aircraft-related operations led to increases in segment revenues and profit.

Cash Flows

Cash and cash equivalents on a consolidated basis as of September 30, 2022 stood at ¥29,530 million, a decrease of ¥1,310 million compared with the previous fiscal year-end.

Net cash provided by operating activities amounted to ¥5,845 million. The main item increasing cash was ¥11,161 million in income before income taxes, and the main item decreasing cash was a ¥4,056 million decrease in net defined benefit asset and liability.

Net cash used in investing activities came to ¥255 million. The principal cash outflow was ¥546 million for purchase of property, plant and equipment.

Net cash used in financing activities came to ¥7,380 million. This was mainly due to the payment of ¥7,166 million in dividends.

Five-Year Summary

(Millions of yen)					
Fiscal Year	2018	2019	2020	2021	2022
Period/Item	October 1, 2017– September 30, 2018	October 1, 2018– September 30, 2019	October 1, 2019– September 30, 2020	October 1, 2020– September 30, 2021	October 1, 2021– September 30, 2022
Net sales	¥ 57,828	¥ 59,252	¥ 51,841	¥ 51,272	¥ 61,143
Operating income	11,343	11,992	8,060	8,557	10,115
Net income attributable to owners of the parent	7,842	7,226	5,618	6,383	7,589
Total assets	82,809	83,330	80,052	80,448	76,781
Net assets	51,998	52,946	52,243	52,233	52,384
Capital expenditures	1,375	1,994	1,456	539	605
Depreciation	1,850	1,808	1,668	1,463	1,420
R&D expenses*	1,046	1,097	1,065	1,041	1,063
Cash dividends per share (yen)	¥ 180.00	¥ 200.00	¥ 205.00	¥ 210.00	¥ 215.00
Earnings per share (yen)**	¥ 228.56	¥ 211.57	¥ 164.48	¥ 186.88	¥ 222.20
Net assets per share (BPS) (yen)	¥1,517.61	¥1,543.72	¥1,521.77	¥1,520.27	¥1,524.05
ROE (%)	14.1%	13.8%	10.7%	12.3%	14.6%
Equity ratio (%)	62.6%	63.3%	64.9%	64.5%	67.8%
Number of employees (consolidated)	1,531	1,530	1,507	1,453	1,398
Cosmetics					
Net sales	¥ 42,616	¥ 45,175	¥ 38,742	¥ 38,325	¥ 47,032
Segment income	12,155	13,183	9,505	9,600	10,814
Pharmaceuticals & Health Food					
Net sales	13,199	12,036	11,273	11,117	11,408
Segment income	1,309	1,312	1,261	1,442	1,157
Other					
Net sales	2,013	2,041	1,825	1,828	2,703
Segment income	135	70	10	156	381

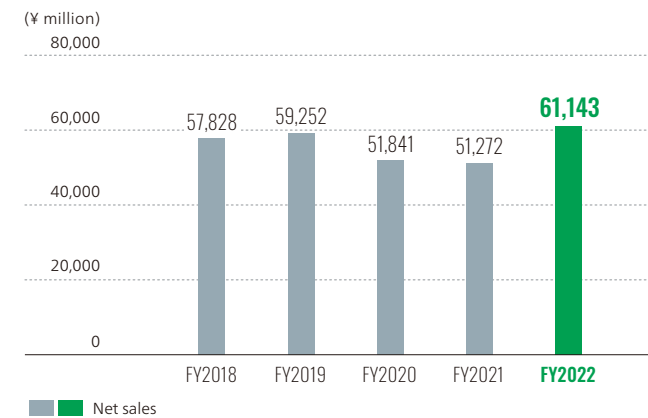
* The total of R&D expenses recorded as part of SG&A expenses and those recorded as part of production costs during the fiscal year under review.

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

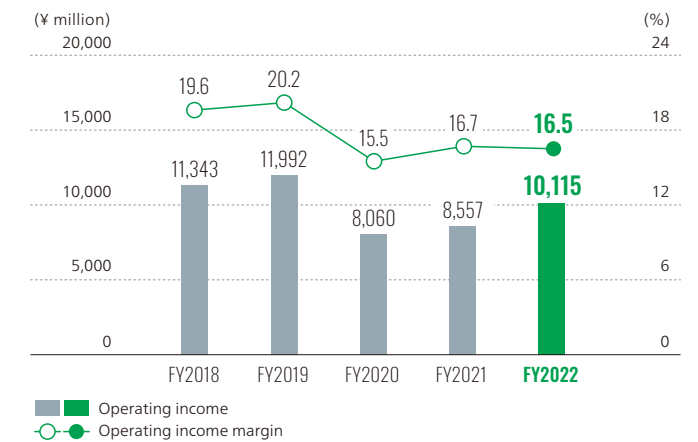
Note: Above figures for the fiscal year ending September 30, 2022 are based on "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29: March 31, 2020), etc., adopted at the beginning of said fiscal year.

Financial Highlights

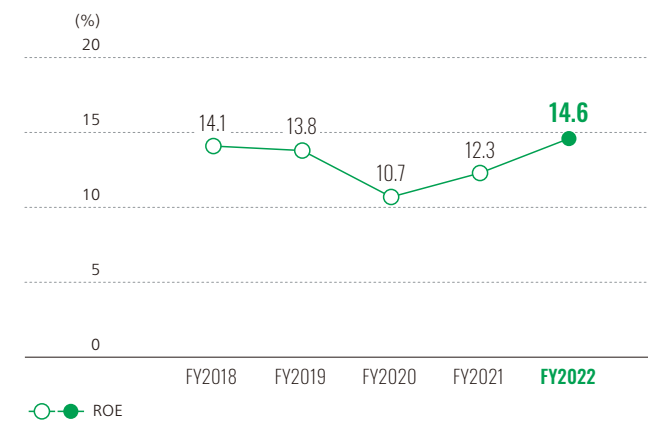
Net Sales



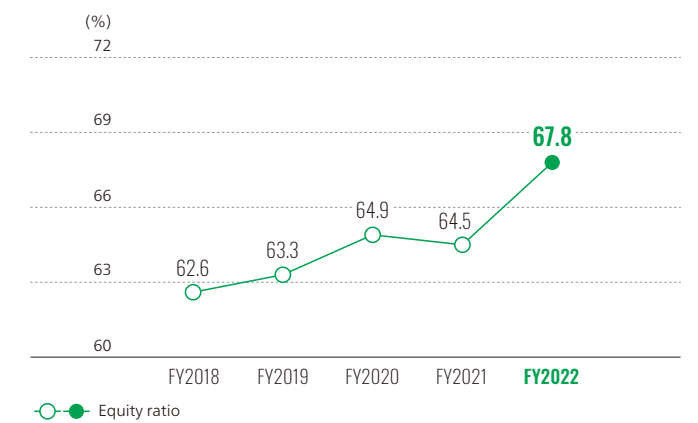
Operating Income / Operating Income Margin



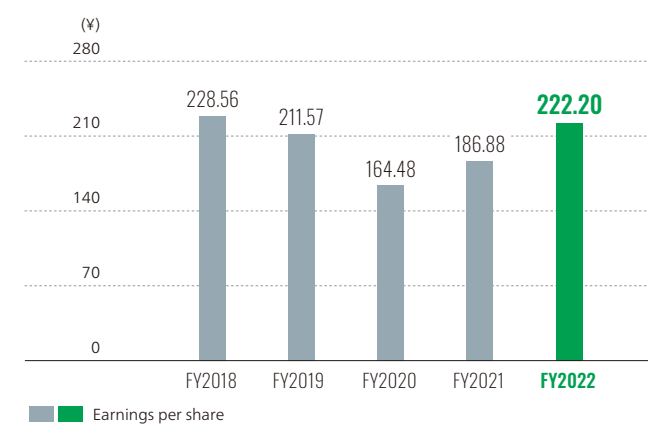
ROE



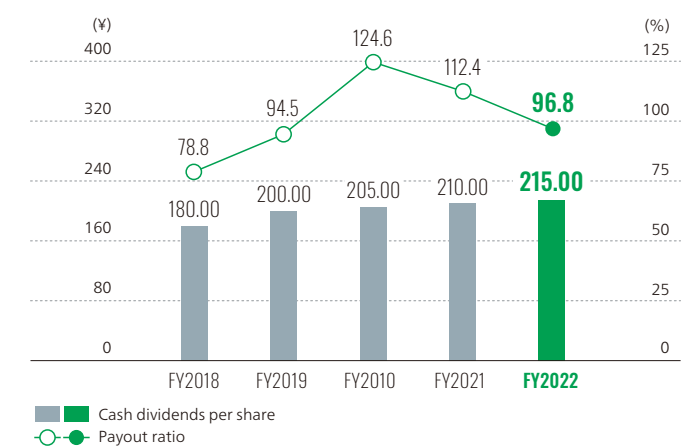
Equity Ratio



Earnings per Share



Cash Dividends per Share / Payout Ratio



Principal Consolidated Subsidiaries (As of September 30, 2022)

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

Board of Directors and Auditors (As of December 8, 2022)

Chairman and Representative Director

Hiroshi Okura

President and CEO

Takashi Okura

Managing Director

Ikkou Yoshida

Directors

Yasuo Kaiden

Masataka Nakano

Outside Directors

Ryo Tsuchida*

Sanae Tanaka*

Maho Kinami*

Emima Abe*

Mari Ishimitsu*

Haruhi Kuroda*

Audit & Supervisory Board Member

Takashi Oyama

Outside Audit & Supervisory Board Members

Kazuya Sugimoto**

Kayo Sato**

* Independent directors

** Independent Audit & Supervisory Board members

Profiles of Outside Directors

Ryo Tsuchida	Outside director of UPR Corp. Professor of Sophia Law School Attorney-at law, Frontier Law Firm
Sanae Tanaka	Representative of Sanae Tanaka Law Office Outside director of PILOT CORPORATION Outside director of Shochiku Co., Ltd.
Maho Kinami	Representative of Kinami Law Office Outside Audit & Supervisory Board member of Sourcenext Corporation
Emima Abe	Attorney-at Miyamasuzaka the Firm Law & Accounting Office Outside director of B-R 31 Ice Cream Co., Ltd.
Mari Ishimitsu	Attorney-at-law, Mikan Law Office
Haruhi Kuroda	Attorney-at law, Homma & Partners

Profiles of Outside Audit & Supervisory Board Members

Kazuya Sugimoto	Representative of Sugimoto CPA Office
Kayo Sato	Representative of LAW OFFICE TAITO Outside Audit & Supervisory Board member of Advanced Media, Inc. Outside director of ISB Corporation (Audit and Supervisory Committee member)

Investor Information (As of September 30, 2022)

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

1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan

Major Shareholders

Name	Number of Shares Held (thousands)	Percentage of Shareholding (%)
NII Co., Ltd.	12,382	36.25
Takashi Okura	3,700	10.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,390	7.00
Hiroshi Okura	1,000	2.93
Sumitomo Mitsui Banking Corporation	900	2.63
Custody Bank of Japan, Ltd. (Trust Account)	762	2.23
JAPAN POST INSURANCE Co., Ltd.	481	1.41
Noevir Holdings Employees Shareholdings Scheme	386	1.13
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.

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.