March 15, 2022

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Notice Concerning a Change in the Planned Use of Funds Obtained through AXXZIA's Public Listing

AXXZIA Inc. (the "Company") announces that, during a meeting held on March 4, 2022, its Board of Directors reached the decision to partially change the intended uses of funds raised through the Company's initial public offering on February 18, 2021 and the timing at which these funds will be allocated. Earlier, the Company had expressed different intended uses for these funds, as well as divergent timings for their allocation, through a securities registration statement dated January 15, 2021 and later amendments to this statement dated February 1 and 9, 2021. Further details are included below.

1. Reason for change

The Company had previously planned to use 2,000mn yen of the 4,023mn yen raised through its listing on the Mothers section of the Tokyo Stock Exchange on February 18, 2021 to fund capital expenditures associated with the construction of a new plant before the conclusion of FY07/23.

However, the Company has decided to use these funds to acquire shares in Huit Laboratories, Inc. because doing so will shorten the time required for the construction and launch of the plant and reduce risks associated with securing manufacturing expertise and human resources before this launch. Acquiring all shares in Huit Laboratories will enable the AXXZIA Group to assemble skincare brands of different price ranges that can be separated and classified by sales channel and customer base. Additionally, this acquisition will allow the Group to utilize Huit Laboratories' manufacturing facilities, thereby speeding up its product development. Furthermore, the acquisition will enable the Group to leverage the expertise that Huit Laboratories has developed through its OEM business to quickly develop thematic cosmetics and quasi-pharmaceutical products that will form new pillars of its business strategy.

The total funds used to complete this acquisition will be less than the amount the Company planned to use for the establishment of the plant when it conducted its initial public offering. The Company will utilize the difference to invest in safe and secure financial instruments and other assets until a tangible demand for funds arises and the timing at which these funds must be disbursed is determined.

2. Details of changes

(Before changes)

Specified uses	Amount (mn yen)	Scheduled date of allocation
Capital investment fund for the construction of a new plant	2,000	FY07/22–FY07/23
Capital investment fund for opening new directly managed stores	100	FY07/21–FY07/23
Fund for R&D investment targeting future product launches	30	FY07/23
Additional working capital for business expansion	274	FY07/21–FY07/23
Investment in safe and secure financial instruments, etc.	1,619	—
Total	4,023	

(After changes)

Specified uses	Amount (mn yen)	Scheduled date of allocation
M&A fund for the acquisition of a company with plant capabilities	860	FY07/22
Capital investment fund for opening new directly managed stores	100	FY07/21–FY07/23
Fund for R&D investment targeting future product launches	30	FY07/23
Additional working capital for business expansion	274	FY07/21–FY07/23
Investment in safe and secure financial instruments, etc.	2,759	—
Total	4,023	

3. Impact on business performance

The Company anticipates that this change in the intended uses of available funds will have only a negligible impact on its business performance.