AXXZIA

October 25, 2022



Presentation Material for Our Business Plan and Growth Potential

AXXZIA Inc.

Copyright © AXXZIA Inc. All rights reserved.

AXXZIA

Contents

01 | Corporate Information
02 | Market Environment
03 | Competitive Advantage
04 | Growth Strategy
05 | Risk Information
06 | Appendix

Copyright © AXXZIA Inc. All rights reserved.

1. Corporate Information

Management Philosophy

AXXZIA

The name AXXZIA symbolizes the “beauty of the female chromosome” (XX) and the desire to transmit the “beauty of Asia” (AZIA). With innovation and passion, we will continue to propose beauty from Japan to the world.



VISION

❶ To be a trusted global beauty company that continues to create value.

❷ To be a group of professionals who meets high expectations.

❸ To make everyone beautiful and happy by continuing to propose advanced and innovative beauty products with speed and flexibility.

CODE OF CONDUCT

❶ Take action first and think outside the box.

❷ Be considerate and humble.

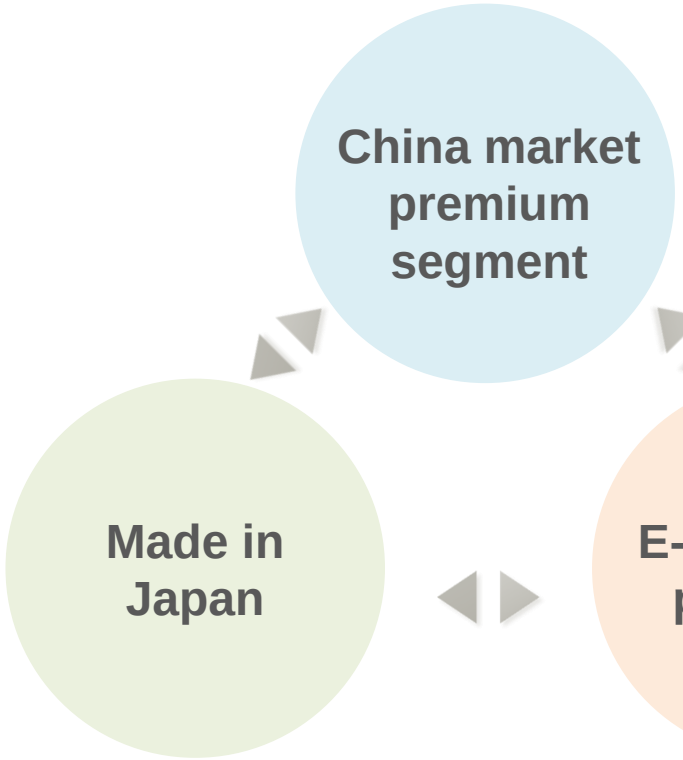
Copyright © AXXZIA Inc. All rights reserved.

AXXZIA

Develop **Japanese products** that make use of **the real voices of Chinese users,** sell them **mainly through e-commerce,** and build **a reliable brand** in the **premium skin care** market.

Invest management resources in segments where we can take advantage of our strengths and execute highly efficient management aiming to be number one in niche markets.

Three Characteristics



■ The premium skincare market in China is our main battleground

■ We will utilize the plant of Huit Laboratories, which we acquired on April 1, 2022.

■ Focus on sales on large platforms

Copyright © AXXZIA Inc. All rights reserved.

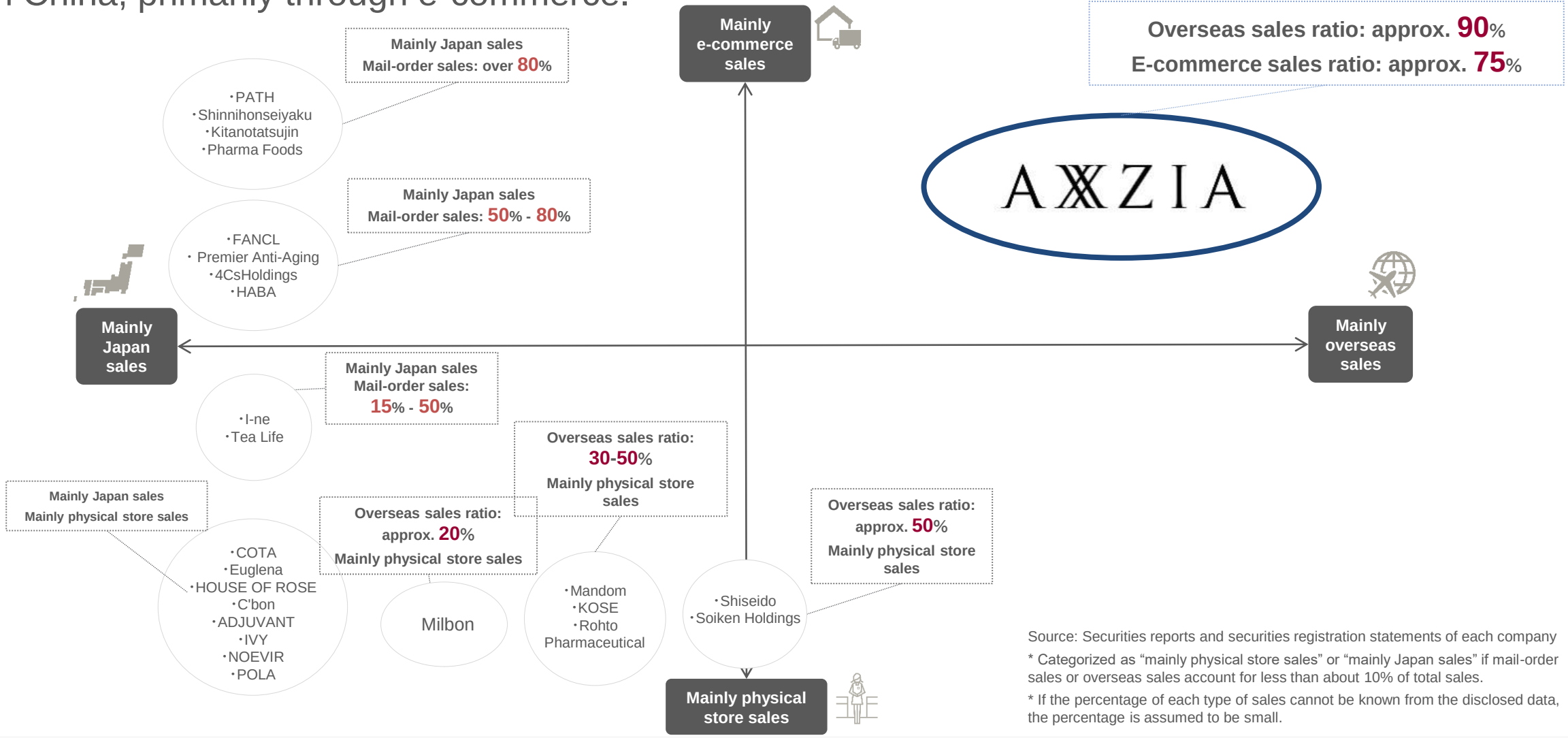
We will leverage our high recognition and success in China to expand our business globally as a premium Japanese cosmetics brand, from "Japan to China" and "China to the world."



Copyright © AXXZIA Inc. All rights reserved.

Positioning Among Japanese Cosmetic Companies

We are a cosmetics company with a distinct market positioning, with most of our sales coming from China, primarily through e-commerce.



Source: Securities reports and securities registration statements of each company

* Categorized as “mainly physical store sales” or “mainly Japan sales” if mail-order sales or overseas sales account for less than about 10% of total sales.

* If the percentage of each type of sales cannot be known from the disclosed data, the percentage is assumed to be small.

Copyright © AXXZIA Inc. All rights reserved.

Product Features

Our primary products are **cosmetics and supplements in mid- to high-end price range.**
Cosmetics are generally divided into three categories: skincare, makeup, and fragrance.
At AXXZIA, we mainly handle **skincare products**.

	High-end Avg. selling price: Over 10,000 yen	Medium-range to high-end Avg. selling price: Over 5,000 yen		Medium-range Avg. selling price: 3,000 yen
Brands	**Salon-exclusive brand**	**Main Brands**	**Up-and-Coming**	
	Le Ciel de L'aube	AXXZIA	LisBeau	[LisBlanc]
				 Natural basic skincare product sold for over 40 years.
	THE B	AGtheory	Venus Recipe®	*This is the brand of Huit Laboratories, which became a wholly owned subsidiary on April 1, 2022.
				

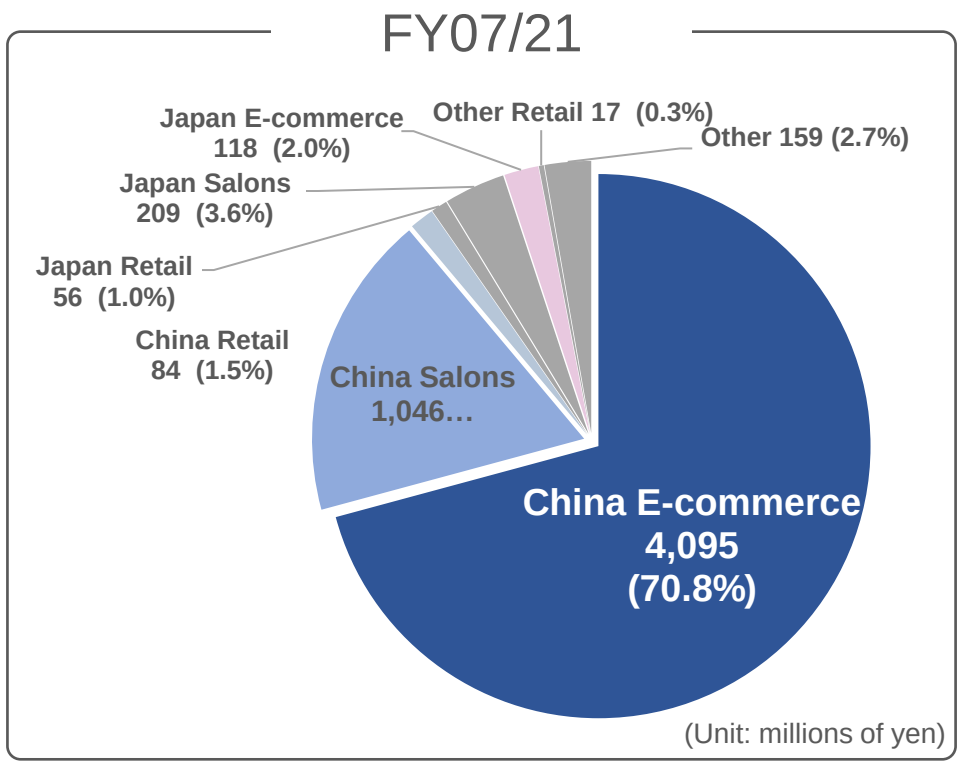
Copyright © AXXZIA Inc. All rights reserved.

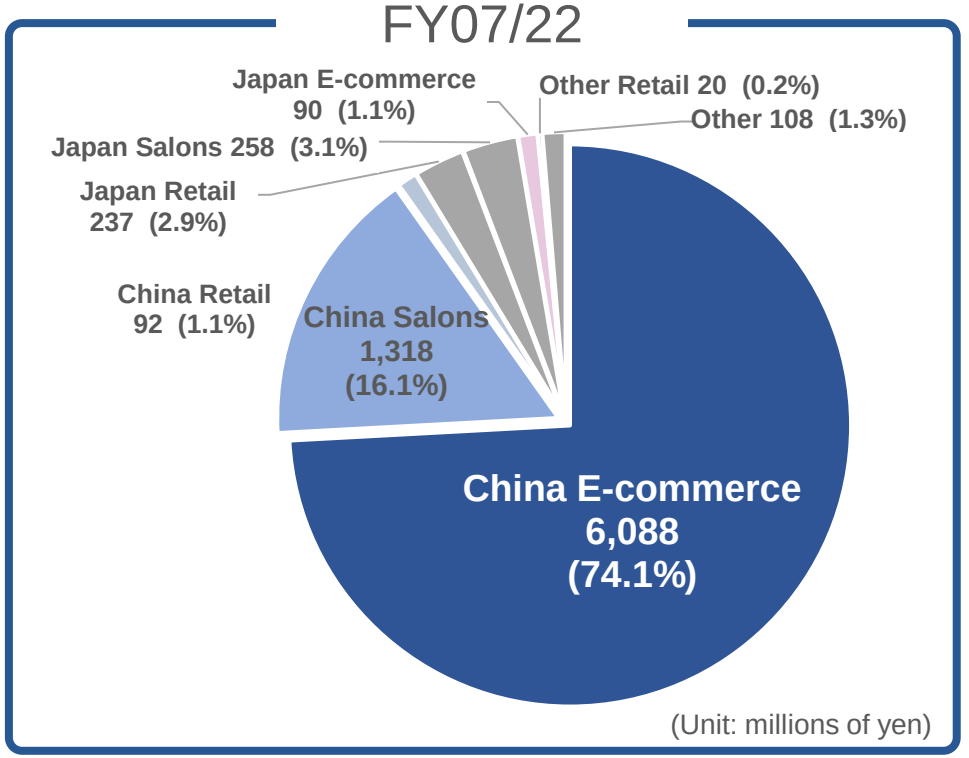
Net Sales by Region and Channel (FY07/22 results)

AXXZIA

More than 90% of our sales come from China.

- China net sales* **7.5bn yen**(**+44% YoY**) **91.3%** of total sales
- Japan and other regions net sales* **700mn yen**(**+28% YoY**) **8.7%** of total sales





* Sales figures in China and Japan are the total of e-commerce, salon, and retail sales.

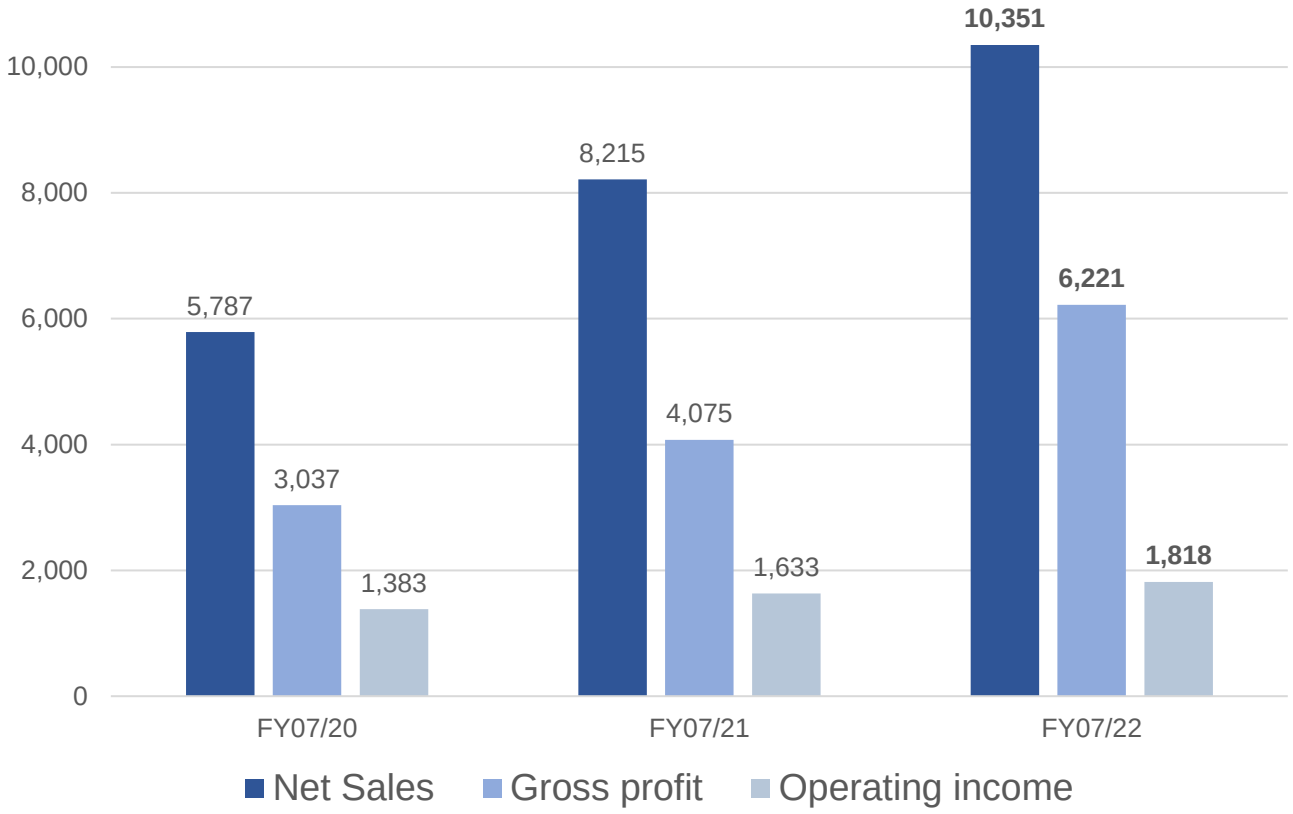
Copyright © AXXZIA Inc. All rights reserved.

Operating Results (Consolidated)

We have continued to increase sales and profits despite the headwind of the Shanghai lockdown and various regulatory tightening in China.

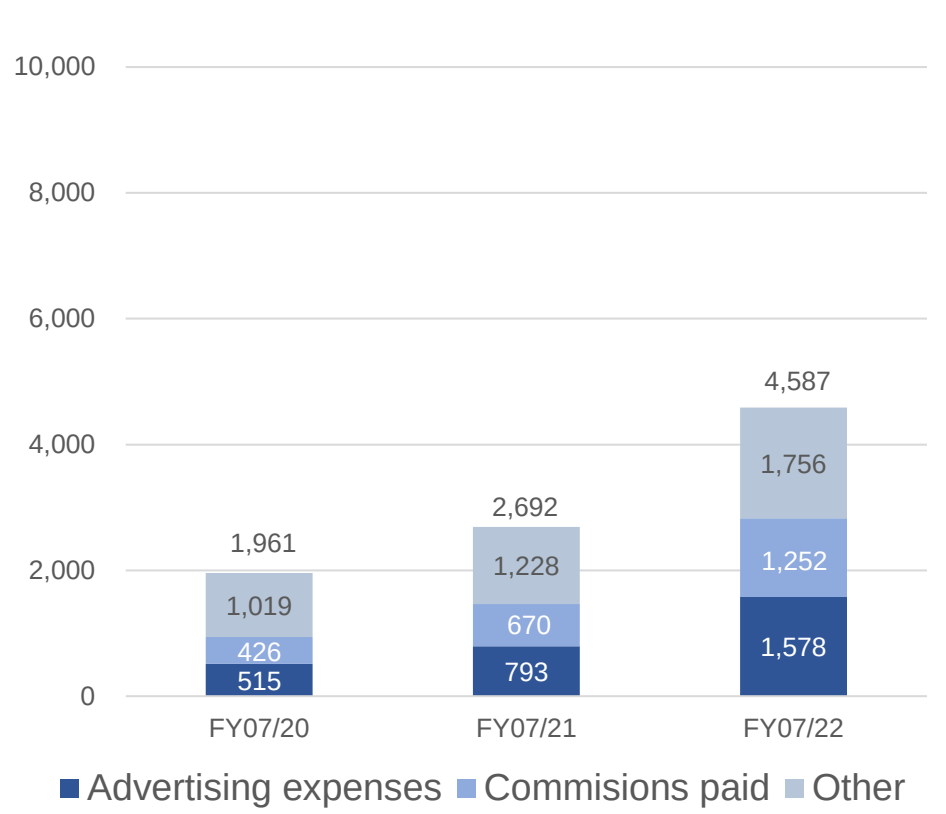
Sales and Profits

(Unit: millions of yen)



SG&A Expenses

(Unit: millions of yen)



Copyright © AXXZIA Inc. All rights reserved.

2. Market Environment

Market Environment (Highlights)

The **premium skincare market in China**, our main market, has grown at a higher rate than in Japan. The **Chinese e-commerce market,** which accounts for 70% of our sales, has grown significantly over the past five years.

Market Environment 1

Chinese skincare and supplement market

- Accounts for a large portion of the Chinese cosmetics market.
- Expanding significantly on the back of rising income levels and a growing population of cosmetics users.

Market Environment 2

Chinese premium skincare market

- Has a particularly high growth rate in the Chinese skincare market.
- Share of the total market is also on the rise.

Market Environment 3

Chinese e-commerce market

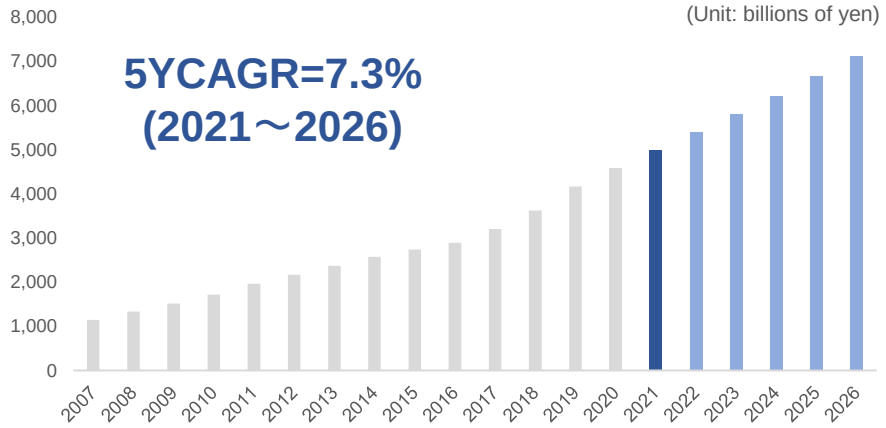
- E-commerce purchases have become common in China.
  (E-commerce for skincare grew from 20.8% to 37.0% in 5 years.)

Copyright © AXXZIA Inc. All rights reserved.

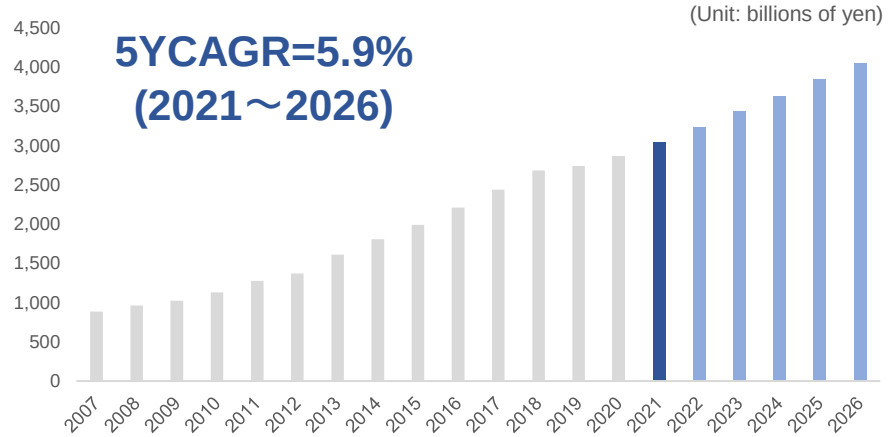
[Market Environment 1] Skincare and Supplement Market

The Chinese skincare and supplements market is **expanding significantly** on the back of a growing population of cosmetics users.

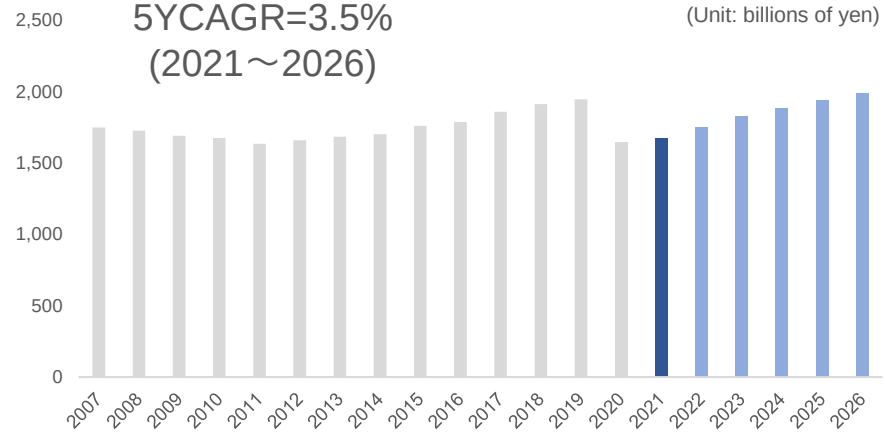
Skincare market size in China: 5,000.2bn yen (retail sales in 2021)



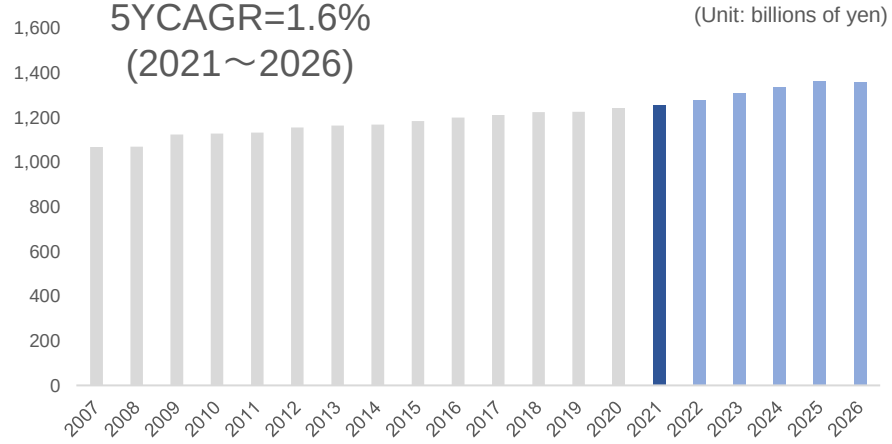
Supplements market size in China: 3,045.6bn yen (retail sales in 2021)



Skincare market size in Japan: 1,669.6bn yen (retail sales in 2021)



Supplements market size in Japan: 1,254.3bn yen (retail sales in 2021)



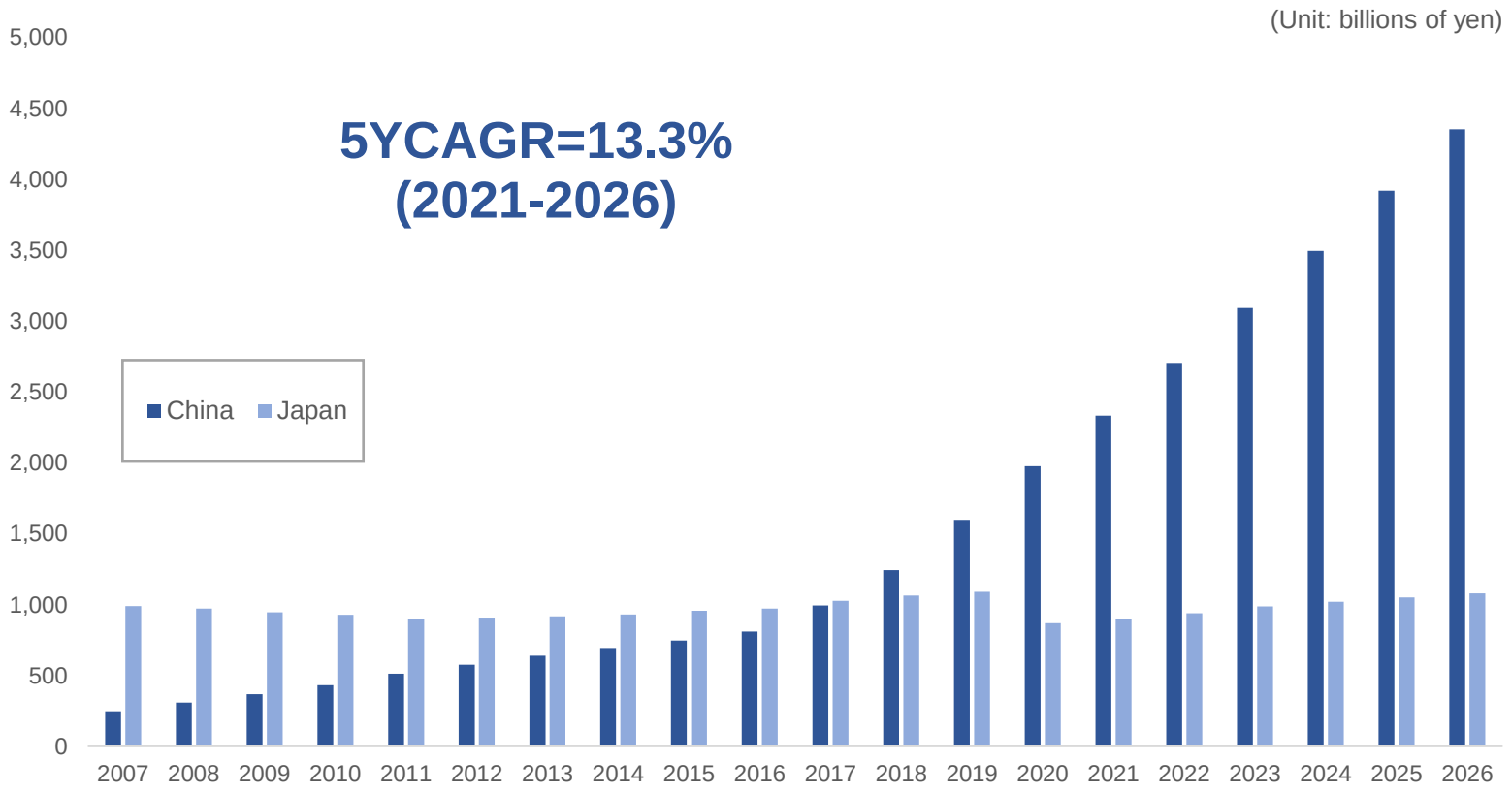
Source :Euromonitor International Limited, Beauty and Personal Care 2021 edition, retail value RSP fixed 2021 exchange rates, current prices, data extracted on 23 August 2022
Source :Euromonitor International Limited, Consumer Health 2021 edition, retail value RSP, fixed 2021 exchange rates, current prices, data extracted on 23 August 2022
*Used an average annual exchange rate of 0.059 yuan per yen for 2021 (conversions were made to the fourth decimal place).

Copyright © AXXZIA Inc. All rights reserved.

[Market Environment 2] Premium Skincare Market

In the Chinese skincare market, the premium segment is growing fast and **increasing its share of the overall market**.

Skincare premium market in China and Japan



（Source：Euromonitor International Limited, Beauty and Personal Care 2021 edition, retail value RSP fixed 2021 exchange rates, current prices, data extracted on 23 August 2022）

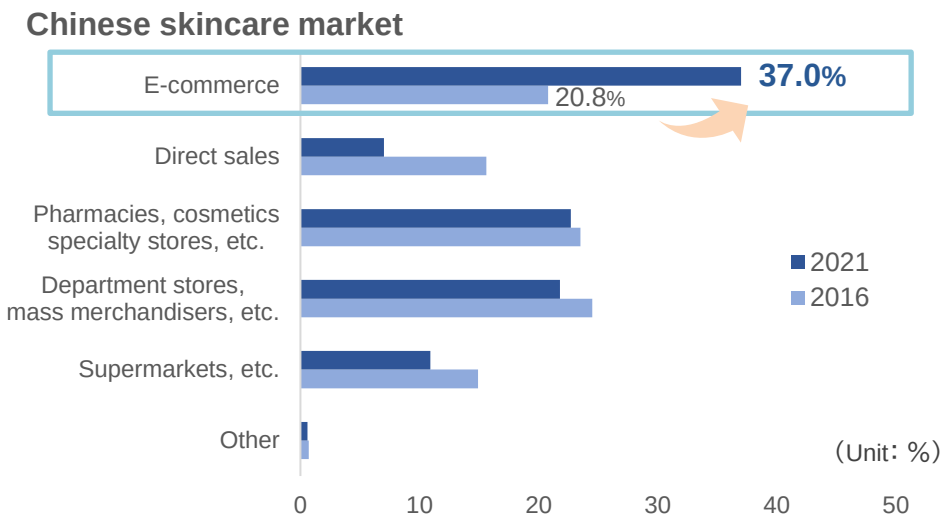
*Premium = high-end cosmetics. Luxury lineup for customers who are highly conscious of beauty and are willing to spend more money on beauty products and services. Positioned as series exclusively for premium channels such as department stores and directly-managed shops.

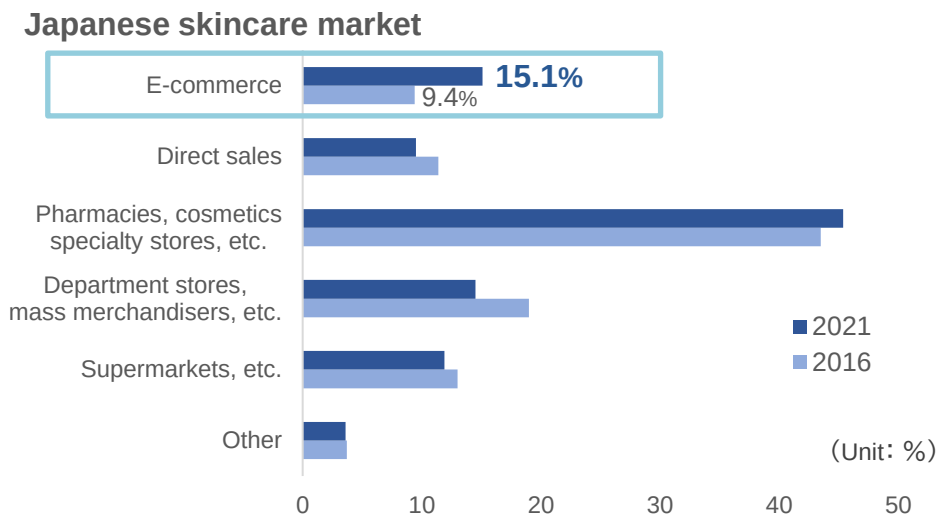
*Uses the annual average exchange rate of 1 yen = 0.059 yuan in 2021 (the conversion is based on the numbers after the 4th decimal place.)

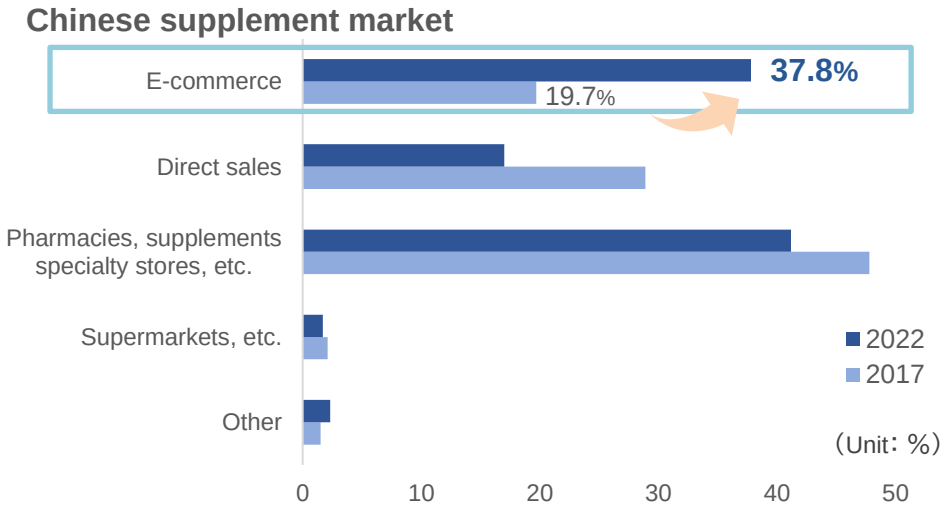
Copyright © AXXZIA Inc. All rights reserved.

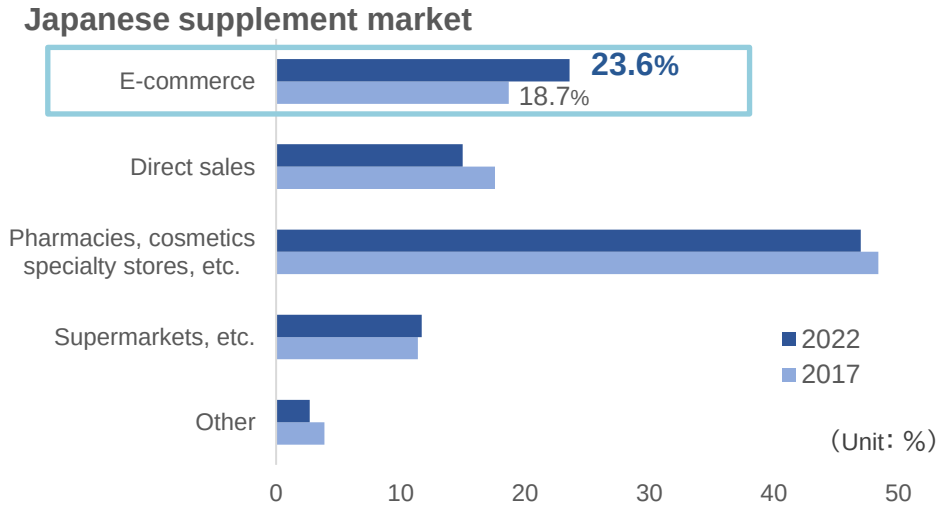
[Market Environment 3] E-commerce Market

Unlike in Japan, e-commerce is commonly used in the Chinese market to purchase skincare products and supplements.









Source: Euromonitor International Limited, Skin Care 2022 edition, retail value RSP fixed 2021 exchange rates, current prices, data extracted on 17 October 2022

Source: Euromonitor International Limited, Consumer Health 2022 edition, retail value RSP, fixed 2022 exchange rates, current prices, data extracted on 14 October 2021

Copyright © AXXZIA Inc. All rights reserved.

3. Competitive Advantage

Competitive Advantages (Highlights)

AXXZIA

Because we **develop and market (localize) products for the Chinese market,** we have an advantage over other Japanese companies that develop products for the Japanese market and then expand them horizontally in China.

Market Environment 1

Sales & marketing

- Products are sold simultaneously in Japan & China, with Chinese e-commerce as the primary focus.
- Bottom-up approach

Market Environment 2

Product development（market-in approach)

- Product development incorporates the tastes of Chinese consumers (market-in)
- Speedy product development (about 6 months from conception to mass production)

Market Environment 3

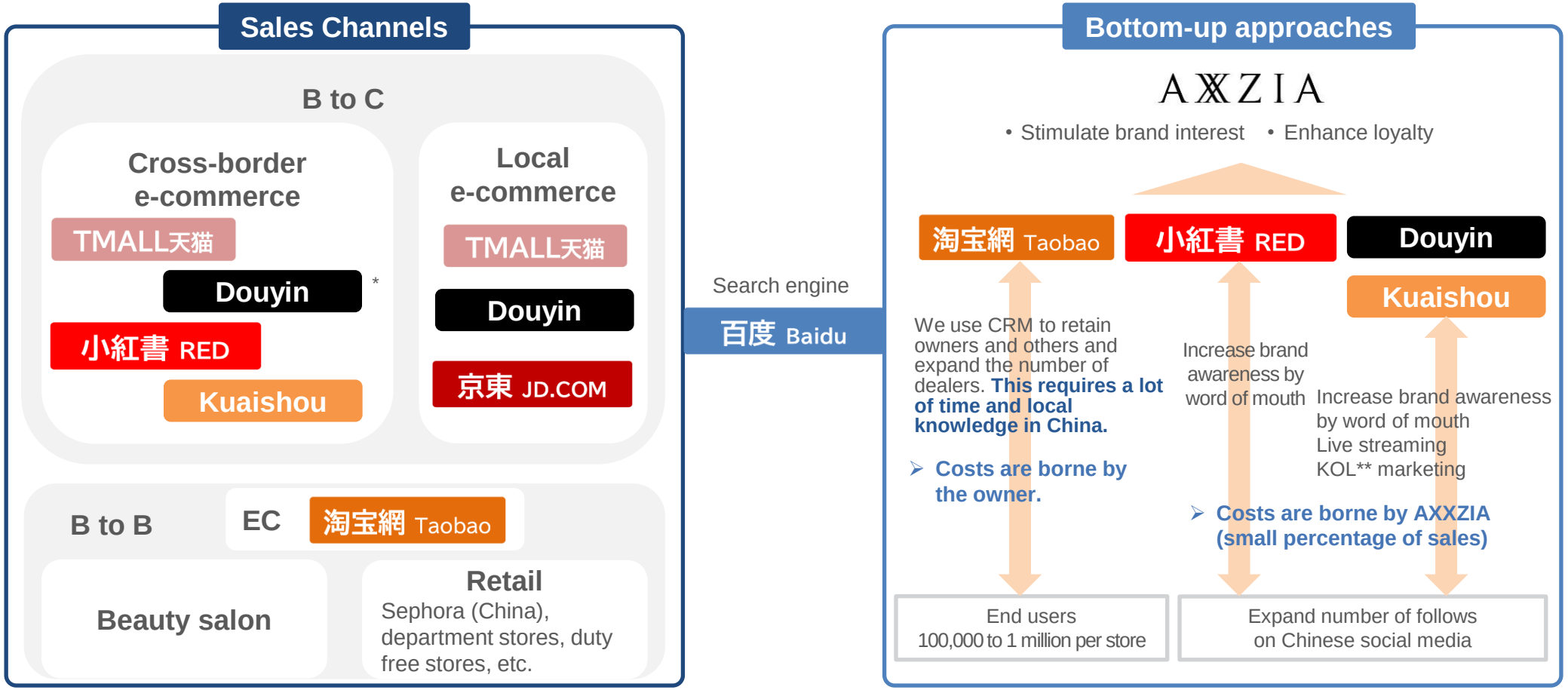
Brand

- Products are designed with an emphasis on NMPA-approved ingredients and formulations
- High-end skincare products are sold as “Made in Japan” products

Copyright © AXXZIA Inc. All rights reserved.

[Competitive Advantage 1] Sales & Marketing

We focus on e-commerce, salons, and retail in China with an emphasis on web marketing, but primarily take a bottom-up approach to sales promotion and advertising.

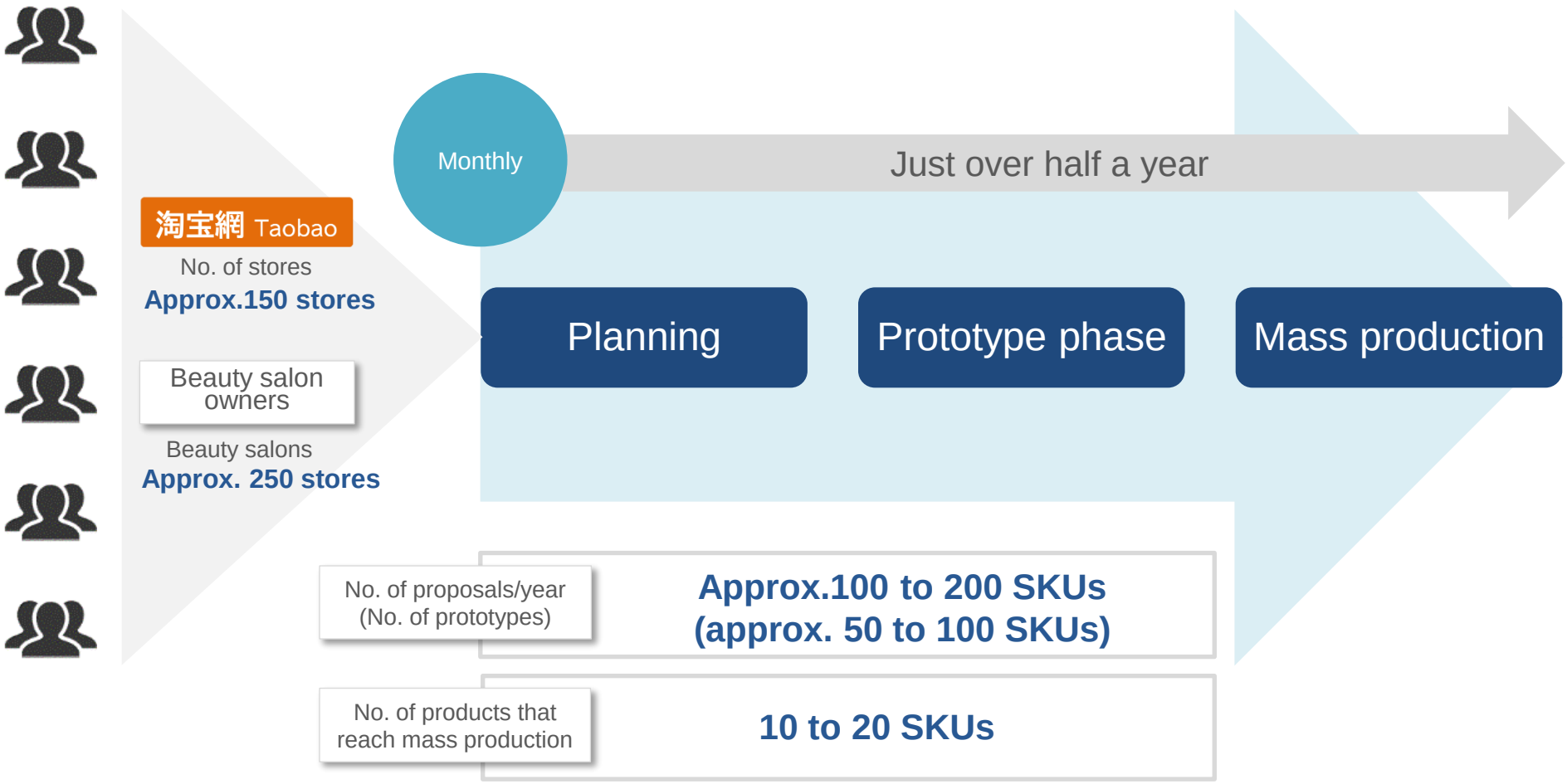


* Douyin is the mainland Chinese version of the video platform TikTok.
** KOL stands for Key Opinion Leader and refers to a person who has a large number of followers on blogs and social media, especially in Greater China, and who disseminates information about products and brands that he/she recommends.

Copyright © AXXZIA Inc. All rights reserved.

[Competitive Advantage 2] Product Development (Market-in Approach)

By incorporating the opinions of Taobao owners and salon owners in the product development and prototype stages, we can capture the tastes of Chinese users and continue to create hit products.



Copyright © AXXZIA Inc. All rights reserved.

[Competitive Advantage 3] Brand

In the Chinese market, only a few players focus on **high-end/skincare products**.
Our focus on NMPA*-approved ingredients and formulations has helped us to achieve smooth approval.

Brands entering the Chinese market

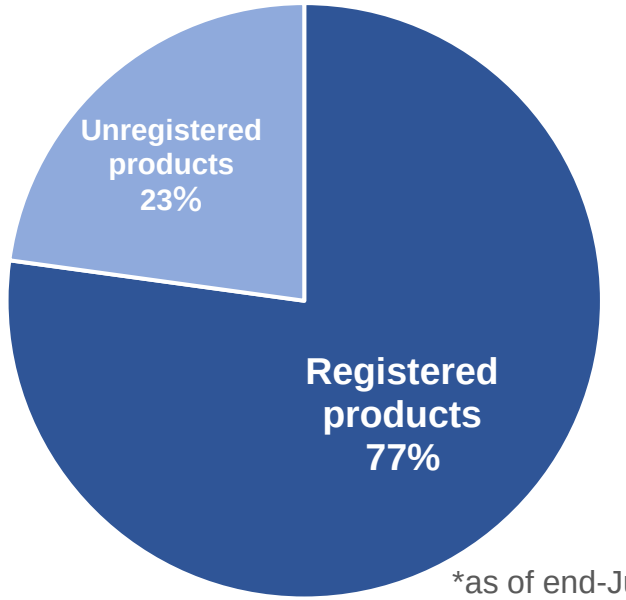
We sell products as a "**Made in Japan**" brand. Japanese brands are **popular for their high quality and reliability.**

	Main products
AXXZIA	Skincare / Makeup; High-end / Mid-range / Low-end
European/ American brands	Skincare / Makeup; High-end / Mid-range / Low-end
Korean brands	Skincare / Makeup; High-end / Mid-range / Low-end
Chinese brands	Skincare / Makeup; High-end / Mid-range / Low-end

NMPA registration ratio (all products)

Approx. 77% of the total SKUs of 92 products are NMPA approved.

3-month average application period.
(Generally, average of 6 months).



*as of end-Jul. 2022

*NMPA: National Medical Products Administration. A government agency administering requirements and review permits in China for sales of medical devices, pharmaceuticals, pharmaceutical packaging materials, cosmetics, and health foods in the Chinese market.
Figures in the pie chart are related only to cosmetics, as AXXZIA's dietary supplements are sold as general foods and beverages.

Copyright © AXXZIA Inc. All rights reserved.

4. Growth Strategy

AXXZIA

Record net sales and profit despite Shanghai Lockdown and tightened Chinese government restrictions on faster-than-expected e-commerce growth in China.

(Net sales **+220mn yen** and operating income **+130mn yen** vs. revised forecast announced on July 14, 2022)

(Unit: millions of yen)

	FY07/21	FY07/22	YoY change	FY07/22 initial forecast
Net sales	5,787	**8,215**	2,428 (+42.0%)	7,117
Operating income	1,383	**1,633**	250 (+18.1%)	1,466
Operating margin	23.9%	**19.9%**	-4.0pt	20.6%
Ordinary income	1,370	**1,746**	376 (+27.4%)	1,424
Profit attributable to owners of parent	868	**1,116**	248 (+28.6%)	930
Earnings per share (yen)	35.97	**43.28**	-	36.06

Copyright © AXXZIA Inc. All rights reserved.

Assumptions of the Medium-Term Management Plan (FY07/23-FY07/25)

Assumption 1	We expect the Chinese premium skincare market, our main market, to continue to grow at a CAGR of approximately 13%. **⇒ We will capture the organic growth of the Chinese market, which accounts for 90% of our sales.**
Assumption 2	The e-commerce ratio at the time of purchase in the Chinese skincare and supplements market is 30% to 40%, and we expect the ratio to continue to grow. **⇒We will capture the growth of the e-commerce market by diversifying our sales channels. In addition to our cross-border e-commerce flagship store, we plan to open local e-commerce flagship stores in China.**
Assumption 3	We expect the operating margin to rise due to a decrease in the fixed cost ratio on higher sales, while advertising and commissions paid for Chinese e-commerce platforms are variable costs.

*This plan only assumes organic growth of current businesses and does not include growth through M&A or alliances.

Copyright © AXXZIA Inc. All rights reserved.

Medium-Term Management Plan (FY07/23-FY07/25)

We will strive to **expand our business in a well-balanced manner** by **strengthening investment in growth while maintaining high profitability** and taking on the challenge of expanding our business in Japan and Southeast Asia, **centered on the expansion of our Chinese e-commerce business.**

KPIs for the next 3 years

CAGR	Net sales Advertising cost ratio
20% or more	around **20%**

Changed from CAGR of 25% or more to 20% or more in line with our growth stage

Goals for the next 4 years

Net sales	Operating margin
¥20.0 billion	**20%** or more

Unchanged from our previous target

	FY07/22 Actual	**FY07/23 Forecast**	**FY07/25 Plan (Final year of 3yr period)**	CAGR (FY07/22-FY07/25)
Net Sales	8,215	**10,351**	**14,600**	21.1%
Operating income	1,633	**1,818**	**3,200**	25.1%
Operating margin	19.9%	17.6%	21.9%	

*We aim to achieve the goals over the next 4 years by means including M&A.
*Acquisition of Huit Laboratories, Inc. in April 2022 is factored in the above plan.

Copyright © AXXZIA Inc. All rights reserved.

Strengthen e-commerce business in China and promote its growth, as well as accelerate **R&D and human resource investment, and progress M&A and alliances** to further diversify business and revenue base.

Strategy 1

Brand strategies

① Launch branded product series and nurture hit product
② Prompt registration of cosmetics with NMPA to protect brand
③ Strengthen R&D by building new laboratories

Strategy 2

Marketing strategies

① Deepen and diversify Chinese e-commerce channels
② Step up expansion into new regions
(explore expansion into regions other than China)

Strategy 3

Policies on M&A and alliances

① Strengthen manufacturing and R&D and create synergies
② Expand domestic business and secure sales channels
③ Increase revenue by accelerating sales of quality Japanese products in Chinese market

Copyright © AXXZIA Inc. All rights reserved.

[Growth Strategy 1] Brand Strategies (FY07/23-FY07/25)

Nurture brands and turn them into hit products in the **skin whitening market** (a large market where differentiation by fulfilling a niche need is possible) as well as strengthening two core brands.



❶ Launch branded product series and nurture hit products

Grow and nurture products for the skin whitening market into hit products.
Hit products raise the brand's profile and enable sustained growth of the whole brand series.



❷ Prompt registration of cosmetics with NMPA to protect brand

Develop products on the premise of registering them with NMPA in China to ensure approval is obtained smoothly. Help the brand grow and gain a solid reputation through intellectual property registration (trademark/design) and introduction of a security label system in major markets.



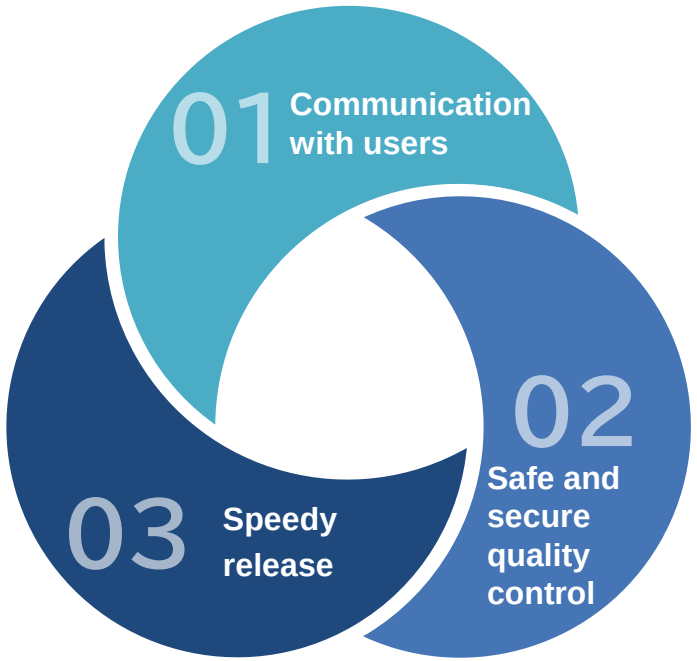
❸ Strengthen R&D by building new laboratories

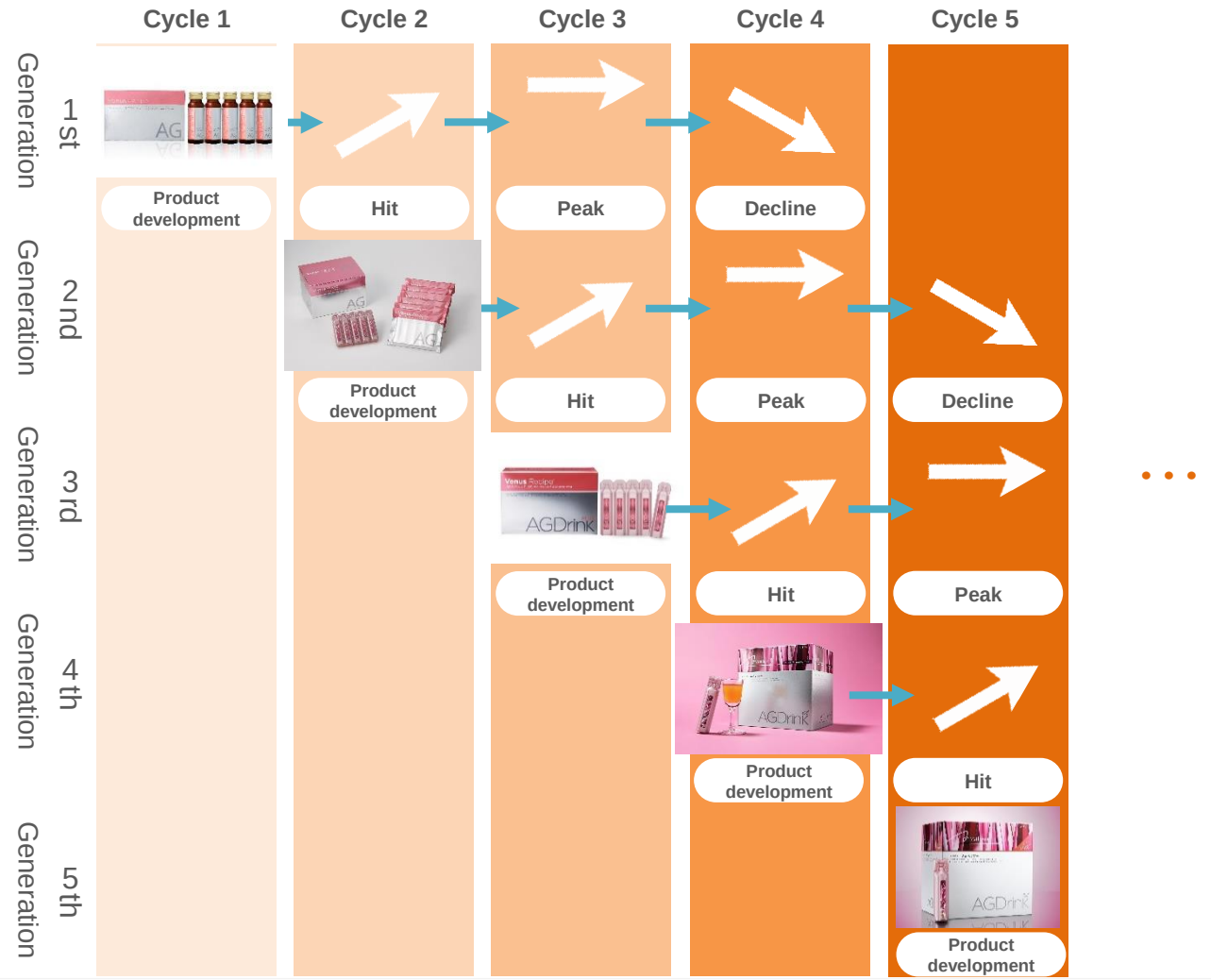
Planning construction of new laboratory facilities to extend manufacturing function (an initiative to strengthen R&D).

Copyright © AXXZIA Inc. All rights reserved.

Ref: Hit Cycle Leveraging Our Product Development Capabilities

By combining "Communication with users“, “Safe and secure quality control”, and “Speedy release”, we will constantly develop products ahead of time in preparation for the peak out of existing products.

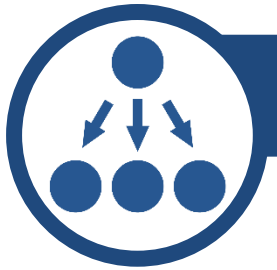




Copyright © AXXZIA Inc. All rights reserved.

[Growth Strategy 2] Marketing Strategies (FY07/23-FY07/25)

Strengthen expansion into other areas (including Japan) while deepening and diversifying Chinese e-commerce channels.



❶ Deepen and diversify Chinese e-commerce channels

【Diversification】

Continue to develop e-commerce platforms in China after Douyin and Kuaishou in FY07/22.

Raise AXXZIA's profile further and attract new customer segments, as well as diversify channel risk.

【Deepening】

Establish brand's position through a bottom-up approach (word of mouth, social media, and live commerce).

Analyze customer segments and approach potential customers using big data; promote D2C.



❷ Step up expansion into regions other than China

Operate a global business to diversify revenue base and grow net sales.

- Strengthen messaging in Japanese social media and operate physical stores (Haneda Airport Garden, major department stores)
- Aggressively expand into other regions (Australia, Canada, Southeast Asia, etc.)

Copyright © AXXZIA Inc. All rights reserved.

[Growth Strategy 3] Policy on M&A and Alliances (FY07/23-FY07/25)

Promote synergies from acquisition of Huit Laboratories and **continue to promote M&A and alliances** using abundant cash for **aggressive business expansion and revenue base diversification.**

❶ Strengthen manufacturing and R&D and create synergies

Leverage Huit Laboratories (acquired in April 2022) to utilize manufacturing and research facilities further, seeking revenue growth by contract manufacturing of other companies' products as well as timely R&D and manufacturing of group products.

❷ Expand domestic business and secure sales channels

Target quality cosmetics businesses for M&A to accelerate and expand domestic business.

❸ Increase revenue by accelerating sales of quality Japanese products in Chinese market

Promote alliances with quality domestic manufacturers to expand business in China and provide marketing support leveraging AXXZIA's Chinese sales network to increase revenue.

Copyright © AXXZIA Inc. All rights reserved.

Initiatives for Sustainability Management

Under our corporate philosophy of “transmitting the beauty of Asia from Japan to the world,” we are committed to balancing social sustainability with corporate growth and profitability.

Diversity

- We practice **diversity management** that respects diversity in terms of gender, race, nationality, etc.

(as of end-July 2022)

	Total	Female
Total number of employees	103	60
Number of employees in management positions	39	16
Number of non-Japanese employees	34	22

Ratio of female managers
41.0%

Ratio of non-Japanese employees
33.0%

* Figures are for AXXZIA headquarters only. Includes directors and officers.

Environment

- We promote the use of environmentally friendly materials (e.g., recycled materials) for containers and packaging materials.
- We encourage “going paperless” for product catalogs, meeting materials, and other materials in order to contribute to the conservation of forest resources and waste reduction.

Regional contribution

- We have helped local communities through initiatives such as contributing to disaster-stricken areas and donating masks to medical and welfare organizations in the face of the COVID-19 outbreak.

Copyright © AXXZIA Inc. All rights reserved.

5. Risk Information

Perceived Risks and Measures

Main risks	Evaluation	Risk overview	Measures
Business activities in China	Likelihood of occurrence: Medium Period of likelihood of occurrence: Long term Impact: Medium	・Operational risks such as unpredictable and opaque policy management, inadequate or revised legal systems, revision of preferential treatment for foreign capital, and labor problems ・Risks such as anti-Japanese protests, deterioration of public safety, outbreak of terrorism or war, and social disorder due to infectious disease outbreaks ・Risk of being affected by changes in the management policies or business conditions of Alibaba Group	・We will strive to understand the local situation and implement early workaround measures for risk management. ・We have been strengthening our sales capabilities in mainland China from early on. We will take additional steps such as building our own branding and marketing system in mainland China.
Impact from inbound demand	Likelihood of occurrence: High Period of likelihood of occurrence: Short term Impact: Medium	・Risk of sluggish demand due to factors such as unpredictable changes in local economic conditions, changes in policies, deterioration in Japan-China relations, and spread of infectious diseases	・We are closely monitoring inbound trends, and depending on the nature of these trends, we will flexibly hold Board of Directors' meetings and take measures.
Dependence on specific brands and products	Likelihood of occurrence: Medium Period of likelihood of occurrence: No specific period Impact: Medium	・Risk of sluggish sales of the current mainstay brands (AGtheory and AXXZIA) due to some factors ・Risk of not achieving initially intended results since performance is subject to uncertainties caused by various factors, given the nature of business activities to increase the number of brands and product lines	・We are closely monitoring inbound trends, and depending on the nature of these trends, we will flexibly hold Board of Directors' meetings and take measures.

Copyright © AXXZIA Inc. All rights reserved.

Perceived Risks and Measures

Main risks	Evaluation	Risk overview	Measures
Inventory	Likelihood of occurrence: Medium Period of likelihood of occurrence: No specific period Impact: Medium	・Risk of slow-moving inventory due to deviations in demand and sales forecasts from actual conditions caused by factors such as changes in the market environment due to revisions in laws and regulations in Japan and overseas, changes in consumer needs, and competition with competitors' products	・We will conduct monthly inspections of inventory holdings and monthly reviews of production plans, including ordering plans for parts and materials. In addition, we will plan and implement sales promotion measures as needed for products for which there is concern about slow-moving inventory.
Intensifying competition	Likelihood of occurrence: Medium Period of likelihood of occurrence: No specific period Impact: Medium	・Risk of unpredictable moves by competitors	・We will invest in the development of new brands and products. ・We will actively invest in securing intellectual property rights. ・We will take various measures, such as obtaining first-mover advantage in niche markets and creating unique packaging and shape, in order to prevent competitors from developing similar products.
Compliance with laws and regulations	Likelihood of occurrence: Medium Period of likelihood of occurrence: No specific period Impact: Medium	・Risk of temporary restrictions on the Group's activities due to changes in laws and regulations or the establishment of unpredictable new laws and regulations ・Risk of incurring expenses for compliance with laws and regulations, etc.	・We will establish and operate compliance management regulations, check with the ministries and agencies that have jurisdiction over various laws and regulations as necessary, disseminate the regulations to officers and employees, and conduct training sessions.

*The above is an excerpt of the main risks that we recognize as having the potential to significantly impact the realization of growth and our business plan among those described in the "Business and Other Risks" section of the Annual Securities Report.

*For other risks, please refer to "Business and Other Risks" in the Annual Securities Report.

Copyright © AXXZIA Inc. All rights reserved.

6. Appendix

AXXZIA

AXXZIA

Creating things and experiences
that amaze people.

Company Overview

Establishment	December 21, 2011
Capital	2,109 million yen （As of end of July 2022）
Location	Tokyo, JAPAN
Office	Tokyo Head Office, Osaka Sales Office, Fukuoka Sales Office AXXZIA GINZA SIX
Business Activities	Manufacturing, sales of cosmetics and supplements
Market	TSE Growth (4936)

Board of Directors

President	Dan Taku
Executive Vice President	Xiaowei Amano
Managing Director	Wu Jun
Managing Director	Zhang Hui
Director	Masahiro Yoshida
Director	Yasuhito Fukui
Outside Director	Yujiro Arakawa
Outside Director	Reiko Akemine
Corporate Auditor	Masahiro Miyajima
Outside Corporate Auditor	Kenji Shimizu
Outside Corporate Auditor	Kuninobu Okuda

Consolidated Subsidiaries

- Xiaozi Cosmetic (Shanghai) Inc.
- AXXZIA (HongKong) International Limited
- Huit Laboratories, Inc.

Copyright © AXXZIA Inc. All rights reserved.

Corporate History

Date	Topics
2011	Established Orientina Cosme Co.,Ltd. in Tokyo, Japan (Capital: 9 million yen) Started development and production of cosmetics for beauty salons
2012	Changed company name from Orientina Cosme Co.,Ltd. to AXXZIA Inc.
2013	Launched Le Cier de L'aube, skincare brand for beauty salons and spas
2016	Launched Beauty Eyes, eye care and skincare brand for the retail market Launched Venus Recipe, supplemental brand for retail the market
2018	Established Xiaozi Cosmetic (Shanghai) Inc. as a consolidated subsidiary (100%)
2019	Opened AXXZIA Flagship Store, an e-commerce flagship store on Xiaohongshu (RED), one of China's largest social commerce platforms Opened AXXZIA Flagship Store, an e-commerce flagship store on Tmall Global, another of China's largest social commerce platforms Launched AGtheory, skincare brand for the retail market
2021	Listed on the Mothers market (section) of the Tokyo Stock Exchange Launched The B Pro, a salon-exclusive skincare brand Opened AXXZIA GINZA SIX Store, the Company's first directly managed store Launched LisBeau, skincare brand for the retail market Opened AXXZIA flagship store for China's largest mobile video app Douyin/TikTok Shanghai subsidiary opened flagship skincare product store for Douyin/TikTok Opened AXXZIA flagship store for major Chinese e-commerce platform JD.com
2022	Made Huit Laboratories a wholly owned subsidiary Listed on Tokyo Stock Exchange Growth Market following the exchange's market restructuring Opened AXXZIA flagship store for major Chinese mobile video app Kuaishou













Copyright © AXXZIA Inc. All rights reserved.

Awards in Japan

2016	Awarded 2016 Best of Venture Award by Beauty and Healthcare News Inc.
2017	Ranked 1st Place in Rakuten Research Ranking in the Cosmetics Popular Among Adult Women category
	Awarded 2017 Growth Company Brand by Beauty and Healthcare News Inc.
2018	Awarded 2018 Monde Selection Bronze Award Awarded product: Venus Recipe AG Drink Plus
	Awarded Smile Award, Gritter Award, and Happy Award in Girls Happy Style Selection 2018 (selected by Japanese TV program Girls Happy Style) Awarded product: AGtheory Clarifying Essence, Venus Recipe AG Drink Plus
	Ranked 1st Place in selection by JMRO, Inc. in Cosmetics Popular Among Adult Women category Survey overview: November 2018 image survey
2019	Ranked 3rd Place in @cosme word-of-mouth ranking in the Skincare Beauty Appliances category Survey period: May 1, 2019 to July 31, 2019 (three months) Awarded product: MATE FOR EYES
2021	Ranked 1st Place in selection by JMRO, Inc. in the Eye Care Cosmetics Recommended by Beauty Professionals category According to JMRI, Inc.'s survey Survey overview: February 2021 brand image survey Survey period: January 19, 2021 to February 2, 2021
2022	Awarded Gold Prize in Esthe Selection 2022 Awards announced in *Esthetic Wired* (professional magazine for beauty salon operators) August 2022 issue (published July 10, 2022) by Beauty and Healthcare News Inc. Awarded product: THE B MAISON series



2016 Best of Venture Award



2017 Popular Cosmetics Among Adult Women



2017 Growth Companies



2018 Monde Selection Bronze Award



Girls Happy Style Selection 2018
「Smile Award」「Gritter Award」「Happy Award」



2018 Popular Cosmetics Among Adult Women



2021
Eye Care Cosmetics Recommended by Beauty Professionals
No. 1 in Category

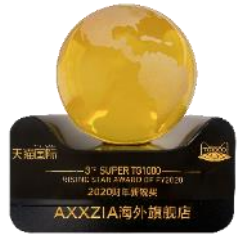
Copyright © AXXZIA Inc. All rights reserved.

International Awards

2019	Winner of 医药保健双11-新店成长奖 (Winner of Supplement Category W11 Rapid Growth Award by Tmall)
2020	Winner of 财年新锐奖 (Winner of 2020 Emerging Company of the Year Award by Tmall)
2021	Winner of 优质战略合作品牌方 (Winner of 2020 Outstanding Strategic Alliance Enterprise Award by Japan Buyers Community)
	Winner of 卓越价值品牌 (Winner of Excellent Value Brand Award by Japan Buyers Community)
	Winner of 2021小红书美护趋势品牌 (Winner of 2021 RED Skincare Trends Brand Award)
	Winner of 2021畅销抗衰眼膜大奖 (Winner of 2021 Bestseller Anti-aging Eye Sheet Grand Prize)
2022	Winner of 2021 Top 100潜力新品牌 (Winner of Top 100 Brands with Potential Award)
	Winner of 新勢力品牌榜 Top 10 (Winner of 2021-2022 Top 10 Newcomer Brands Award)



Tmall
Supplement Category
W11 Rapid Growth Award



Tmall
2020 Emerging Company of the Year Award



Japan Buyers Community
2020 Outstanding Strategic Alliance Enterprise Award



Japan Buyers Community
Excellent Value Brand Award



2021 RED Skincare Trends
Brand Award



2021 Bestseller Anti-aging Eye Sheet
Grand Prize

Copyright © AXXZIA Inc. All rights reserved.

Strengthen Management Base to Support Growth

We are making the following investments to strengthen the management base that will support our robust growth over the medium term.

Research

- Build R&D structure
- Develop new products using new technologies and ingredients
- Establish new laboratory (research facility) [Planned]
  [JPY30 million for each fiscal year from FY07/23]

Manufacturing

- Optimize R&D and manufacturing efficiency by using both factories and OEMs
- Acquired Huit Laboratories, Inc.
  [The JPY2 billion that was planned to be used for plant construction at the time of IPO was instead used for the acquisition because construction takes time and from the perspective of reducing risk until the plant is operational.]

IT system

- Renew backbone system (to be operated from 2022)
  [Already invested JPY50 million in FY07/22]
- Improve business processing capacity and productivity
- Strengthen security

Personnel

- Hire talented personnel (mid-career, new graduates) by taking advantage of the increased name recognition of our brand as a result of listing on the Mothers section of the Tokyo Stock Exchange.
- Revise personnel system and establish an education & training system.
- Manage personnel regardless of nationality or gender and promote diversity.
  [Increase the no. of employees (consolidated) from 167 in FY07/22 to 250 in FY07/25].

*The use of the JPY2,759 million in surplus funds as announced in “Notice Concerning a Change in the Planned Use of Funds Obtained through AXXZIA”s Public Listing” dated March 4, 2022 has not yet been determined.

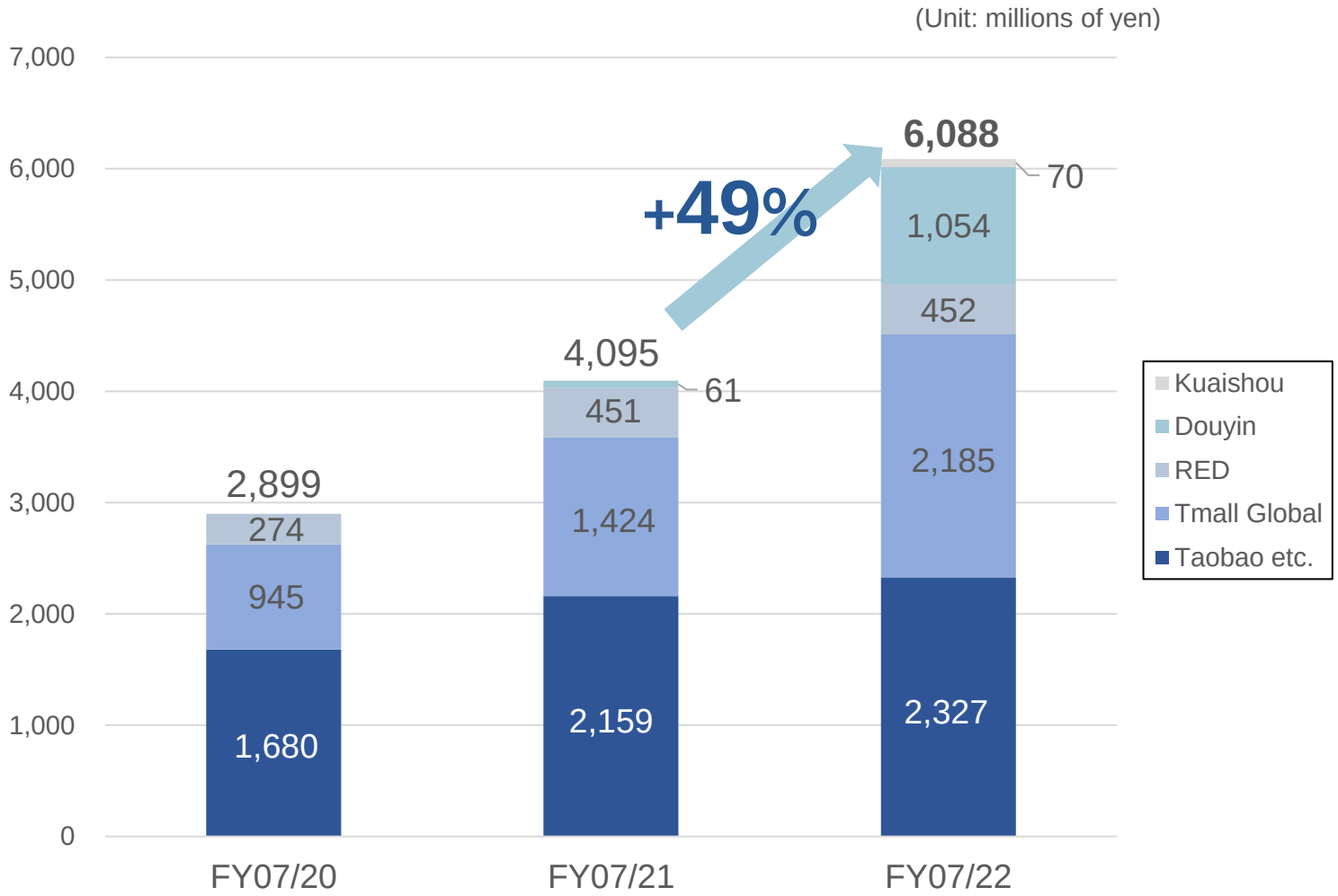
Copyright © AXXZIA Inc. All rights reserved.

China E-commerce Sales Trend (FY07/22 results)

AXXZIA

Steady growth of Douyin, the mainland China version of video platform TikTok.

Sharp growth of **+49% YoY**.



Copyright © AXXZIA Inc. All rights reserved.

Essence Sheet sales **continued to grow,** driving sales increase of Eye Care series (net sales **+3.7bn yen**, **+39% YoY**).

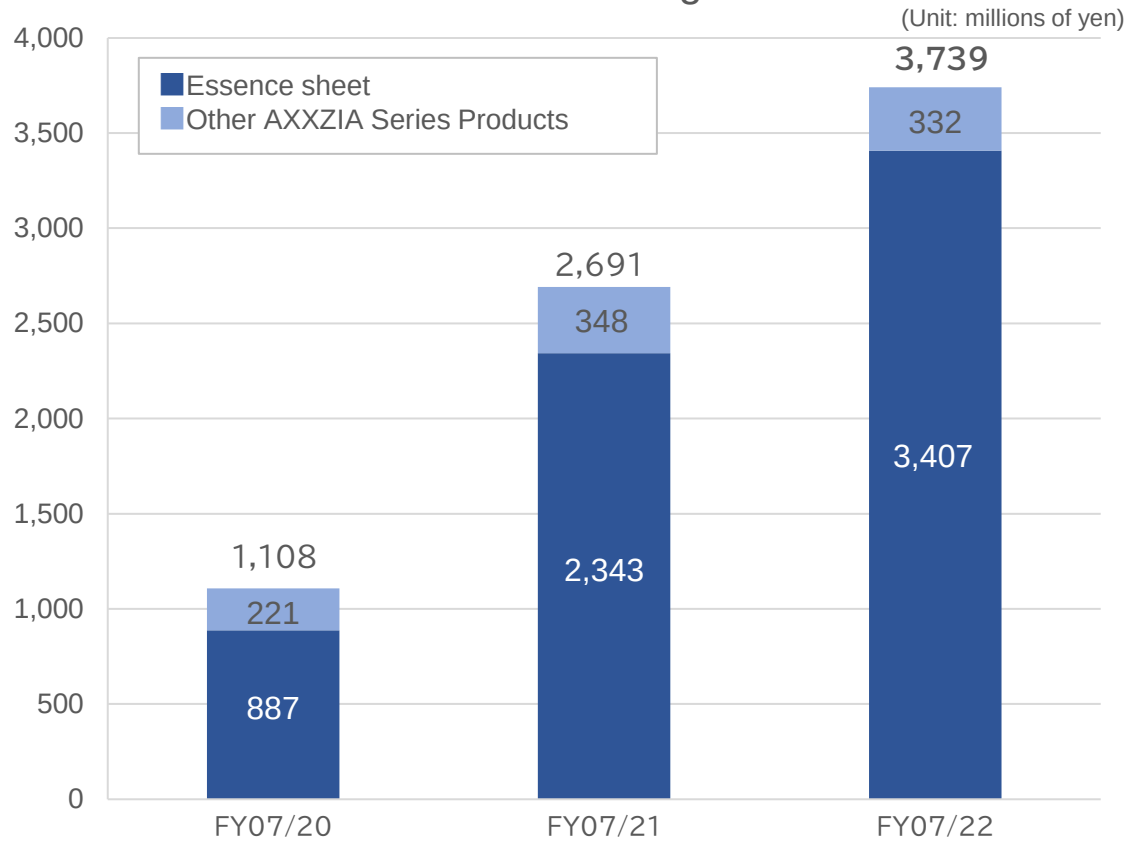
Core retail brand centered on eye care products



Milestones for sustained growth

- Brought product range to market centered on Essence Sheet
- Launched Essence Sheet Premium in December 2020, which has been selling well
- Added new sunscreen product in spring 2022; making it a second growth driver

AXXZIA Series – change in sales



*The sales figures shown above represent AXXZIA 's stand-alone sales.

Copyright © AXXZIA Inc. All rights reserved.

AGtheory (FY07/22 results)

Launched cosmetics series with same concept as **AGDrink** for the product's fans.
Sales grew (net sales: **2.9bn yen; +39% YoY**) **on success of live commerce.**

Second core retail brand integrating cosmetics with AGDrink



Milestones for sustained growth

- Renewed AGDrink to launch fifth generation in March 2021; sales stable at around 10,000 units per month
- Completed AGtheory cosmetics range in October 2021 with addition of cleanser/face wash



*The sales figures shown above represent AXXZIA 's stand-alone sales.

Copyright © AXXZIA Inc. All rights reserved.

Up-and-Coming (Whitening Appeal) Series (FY07/22 results)

AXXZIA

The White Drink and sunscreen (UV Veil EX) are growing steadily as up-and-coming products that **we hope will become our third major brand** (sales of The White Drink, launched in February 2022, totaled **400mn yen**).

Positioned beauty supplements and sunscreen as up-and-coming products to turn into third major brand

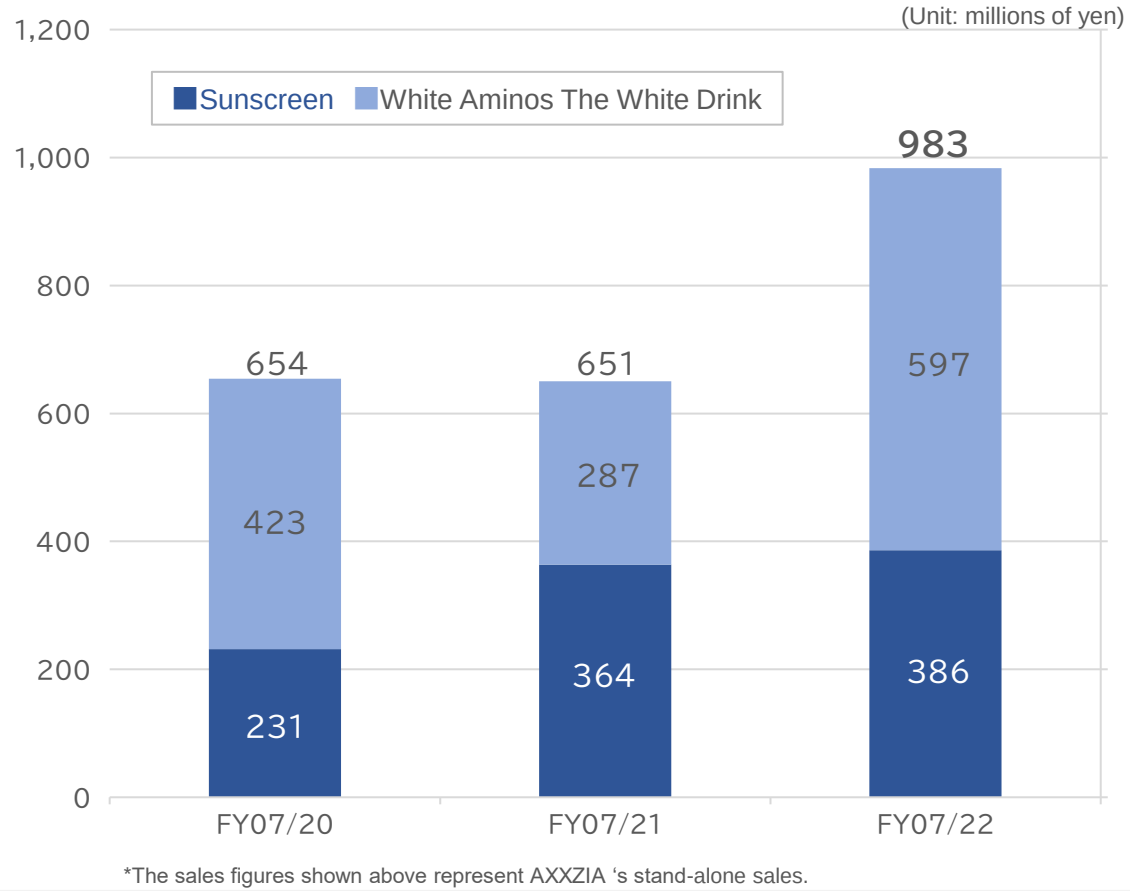




Milestones for turning into main series

- Renewed White Aminos Drink with unique container
- Launched AXXZIA's first Whitening Appeal cosmetics series (quasi drug)
- Completed NMPA special cosmetics registration in July 2022 (first special cosmetics registration for AXXZIA). To begin sales in China of products imported by Shanghai subsidiary.

Up-and-coming (Whitening Appeal) sales trends



*The sales figures shown above represent AXXZIA 's stand-alone sales.

Copyright © AXXZIA Inc. All rights reserved.

Salon-Exclusive (Professional) Series (FY07/22 results)

AXXZIA

Includes long-selling Le Ciel de L'aube and The B premium skincare range.

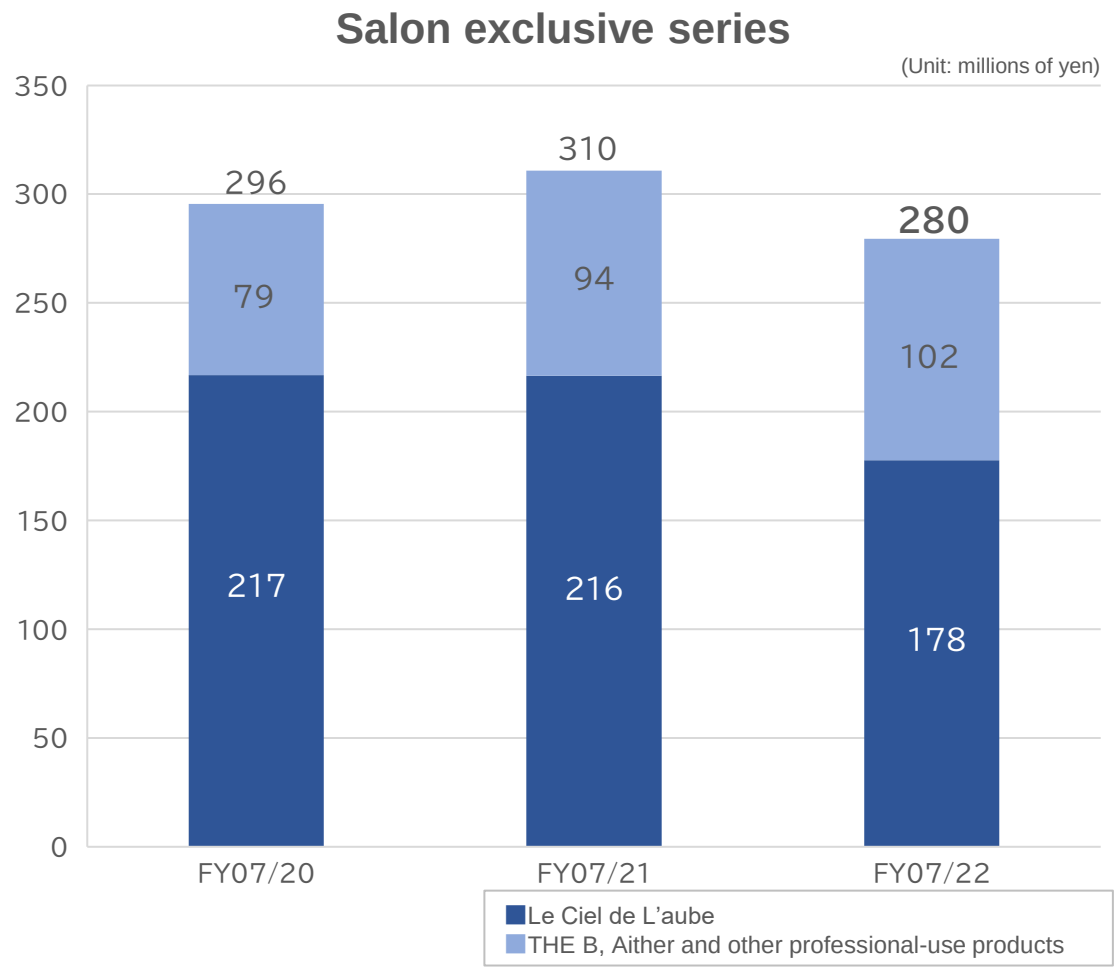
Salon-exclusive products have been AXXZIA's strength and distinctive business area since its founding





Milestones for sustained growth

- Launched The B premium skincare brand in March 2021. To nurture into new earnings pillar by development and expansion of cosmetics catering to special-care needs
- To use the series also as new trial products that harness new technologies and ingredients



*The sales figures shown above represent AXXZIA 's stand-alone sales.

Copyright © AXXZIA Inc. All rights reserved.

Disclaimer and notes regarding the future outlook

- This document is intended solely to provide information about AXXZIA Inc., and is not intended to solicit investment in securities issued by the Company. AXXZIA Inc. does not guarantee the accuracy, completeness, validity, etc. of the numerical figures, information, opinions, and other statements in this document, and will not pay any compensation for any damages, losses, or consequences resulting from use of or reliance on these numerical figures, information, opinions, or any other statement.

- Information provided in this document and this presentation includes forward-looking statements. These statements are based on current expectations, forecasts, and assumptions with a degree of risk, and therefore include some uncertainties that could lead to substantially different results.

- These risks and uncertainties include general Japanese and international economic conditions, such as general industry and market conditions, interest rates, and currency exchange fluctuations.

- We plan to disclose an update to this material around October after the end of this fiscal year.

Creating things and experiences that amaze people.

[Contact]

AXXZIA Inc. (Securities code: 4936)

Management department
E-mail：axxzia-ir@axxzia.co.jp
URL ：https://axxzia.co.jp/en/ir/

Copyright © AXXZIA Inc. All rights reserved.