AXXZIA



September 14th ,2023

Financial Results Presentation for FY07/23

AXXZIA Inc.

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AXXZIA

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1. Executive Summary

Executive Summary

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FY07/23 Consolidated Results

Sales at our Douyin flagship store tripled YoY. Consolidated sales surpassed 10 billion yen for the first time, achieving record-high sales and profits.

■ Net sales:	11.34bn yen	(+38.0% YoY	Vs. initial target	+9.6%)
■ Operating income:	1.89bn yen	(+16.3% YoY	Vs. initial target	+4.5%)
■ Profit attributable to owners of parent:	1.33bn yen	(+19.2% YoY	Vs. initial target	+13.5%)

FY07/24 Consolidated Forecast

We anticipate sustaining steady growth in sales. We will intensify investments for medium to long-term growth while also aiming to reduce costs, striving for even greater profitability.

■ Net sales:	13.00bn yen	(+14.6% YoY)
■ Operating income:	2.40bn yen	(+26.3% YoY)
■ Profit attributable to owners of parent:	1.63bn yen	(+22.9% YoY)

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2. Business Results: Highlights

Net Sales and Profit (FY07/23 consolidated results)

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Despite the challenging macro environment in China due to lockdowns and the pandemic, we achieved an **increase in both sales and profit**.

(Unit: Millions of yen)

	FY07/22	FY07/23	YoY change	Versus forecast
Net sales	8,215	**11,341**	+3,125 (+38.0%)	+989 (+9.6%)
Operating income	1,633	**1,899**	+266 (+16.3%)	+81 (+4.5%)
Operating margin	19.9%	**16.8%**	-3.1ppt	-0.8ppt
Ordinary income	1,746	**1,902**	+155 (+8.9%)	+104 (+5.8%)
Profit attributable to owners of parent	1,116	**1,330**	+214 (+19.2%)	+158 (+13.5%)
Earnings per share (yen)	43.28	**51.80**	+8.52	+6.37

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CoGS and SG&A expenses (FY07/23 consolidated results)

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Sales rose by **38.0% YoY**. With this robust increase, we boosted our advertising spend beyond initial projections. While this raised SG&A expenses beyond our plans, the successful **reduction of the COGS ratio** contributed to a **16.3% increase in operating income YoY.**

(Unit: Millions of yen)

	FY07/22		FY07/23		YoY change	Vs. forecast
	Amount	Ratio to Net sales	Amount	Ratio to Net sales		
Net sales	8,215	100.0%	**11,341**	**100.0%**	-	-
Cost of goods sold	1,994	24.3%	**2,397**	**21.1%**	-3.1pt	-2.8pt
SG&A expenses	4,587	55.8%	**7,043**	**62.1%**	+6.3pt	+3.6pt
（Personnel expenses）	860	10.5%	**1,280**	**11.3%**	+0.8pt	-1.8pt
（Advertising expenses）	1,578	19.2%	**2,464**	**21.7%**	+2.5pt	+1.6pt
（Commissions paid）	1,252	15.3%	**1,892**	**16.7%**	+1.4pt	+3.3pt
Operating income	1,633	19.9%	**1,899**	**16.8%**	-3.1pt	-0.8pt

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Consolidated B/S (FY07/23 consolidated results)

We've **maintained ample** cash and deposits, while sustaining a healthy financial structure with an equity ratio of **83.2%**. Additionally, by repurchasing our own shares, we reduced net assets, contributing to an improved ROE of **15.4%**.

(Unit: Millions of yen)

	End-FY07/22	End-FY07/23	YoY change
	Amount	Amount	Amount
Current assets	8,795	**9,150**	+354
(Cash and deposits)	6,389	**5,787**	-601
Non-current assets	1,257	**1,550**	+292
Total assets	10,053	**10,701**	+647
Current liabilities	1,243	**1,363**	+119
Non-current liabilities	414	**436**	+22
Total liabilities	1,657	**1,799**	+142
(Interest-bearing liabities)	654	**632**	-21
Total net assets	8,396	**8,901**	+505
(Retained earnings)	4,142	**5,473**	+1,330
(Treasury shares)	-	**-891**	-891
Total liabilities and net assets	10,053	**10,701**	+647

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Consolidated Cash Flows (FY07/23 consolidated results)

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Leveraging our ample cash reserves, we continued to invest for medium to long-term growth. As part of our shareholder return strategy, we conducted a share buyback, resulting in a cash outflow of 896 million yen.

(Unit: Millions of yen)

Classification	FY07/22	FY07/23	YoY change
	Amount	Amount	Amount
Balance at period start	5,935	**6,389**	454
Operating CF	797	**707**	-89
Investing CF	-775	**-438**	336
Financing CF	386	**-862**	-1,249
(Increase (decrease) in interest-bearing liabities)	419	**14**	-405
(Purchase of treasury shares)	-	**-896**	-896
Forex adjustment	45	**-8**	-53
Balance at period end	6,389	**5,787**	-601
Increase / Decrease (Amount)	454	**-601**	-1,056

FY07/23

- 286 million yen was allocated to establish our own logistics center, Fujisanroku PLC (set to start operations in April 2024).
- 55 million yen went towards equipment investment for Huit Laboratories.

FY07/22

- 646 million yen was used to acquire shares of Huit Laboratories.

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3. Status by Sales Channel

Net Sales by Region and Channel (FY07/23 consolidated results)

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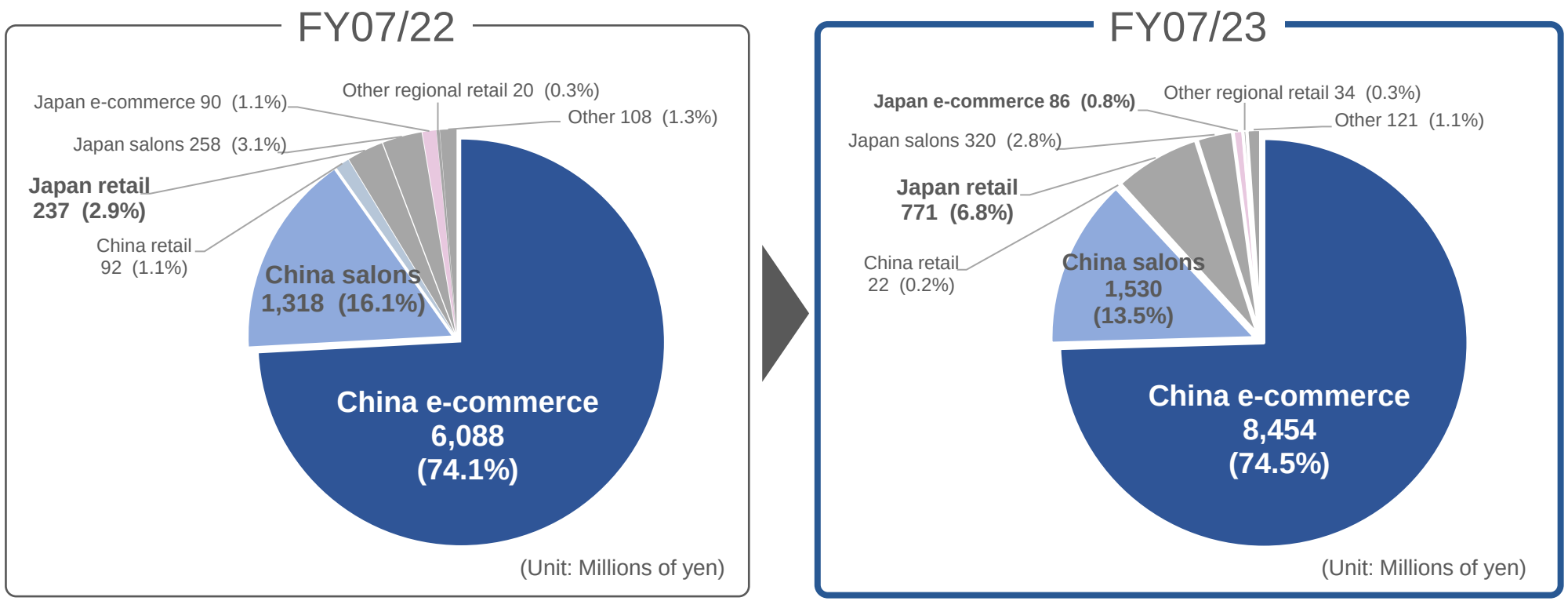
Sales in our primary market, China, remained **strong.** Achieved sales of **10 billion yen** in China alone.
In Japan, thanks to the complete acquisition of Huit Laboratories and the recovery of inbound demand, retail sales increased approximately **3x** YoY.

- China net sales* **10bn yen** (Weighting 91.3% → **88.2%**) **+33.4%** YoY
- Japan and other regions net sales* **1.3bn yen** (Weighting 8.7% → **11.8%**) **+86.3%** YoY



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

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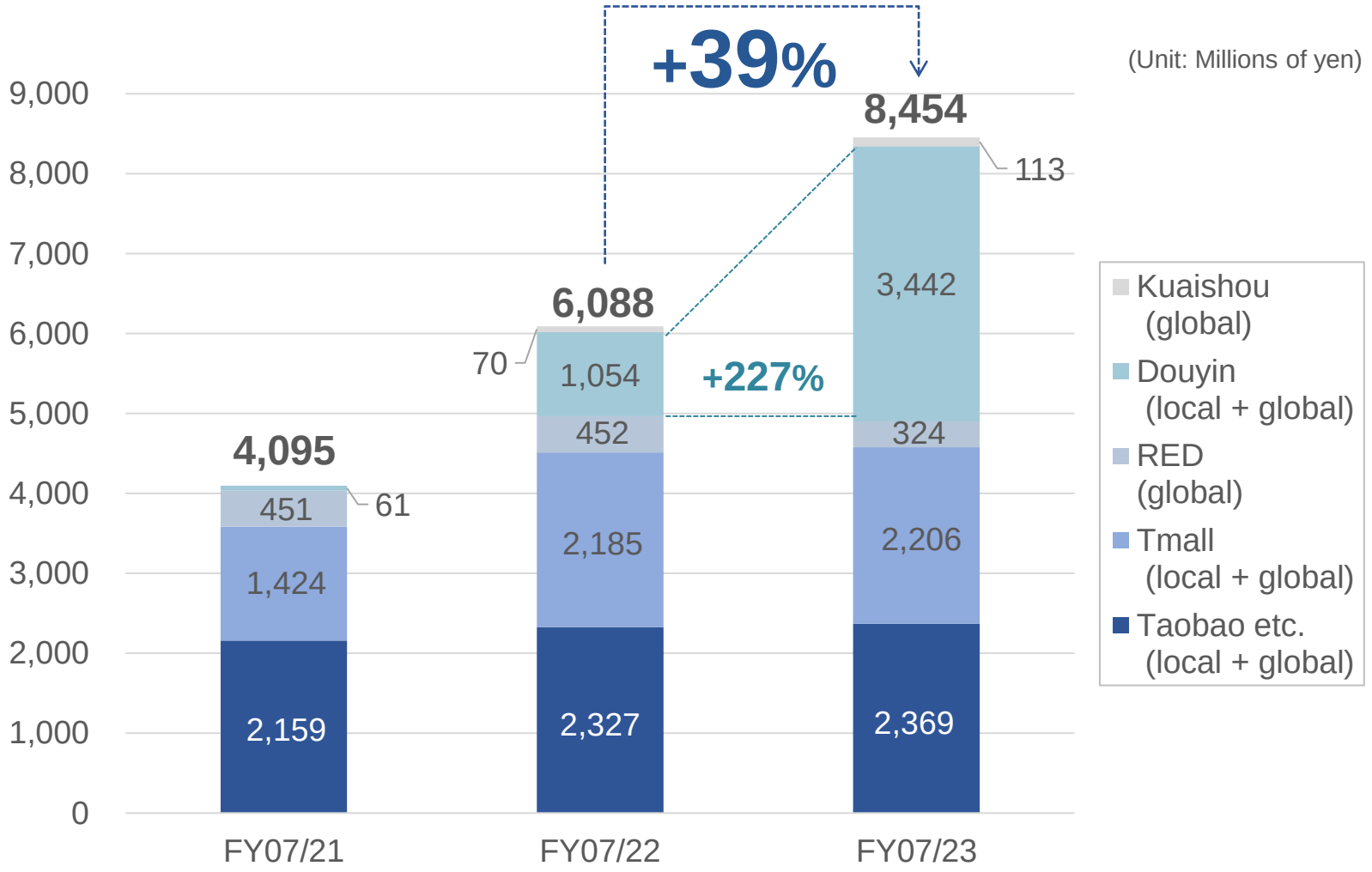
China E-commerce Sales Trend (FY07/23 consolidated results)

Our sales on the mainland China version of TikTok, Douyin, continued to be **robust**, growing over 3x YoY, driving the overall e-commerce sales in China.



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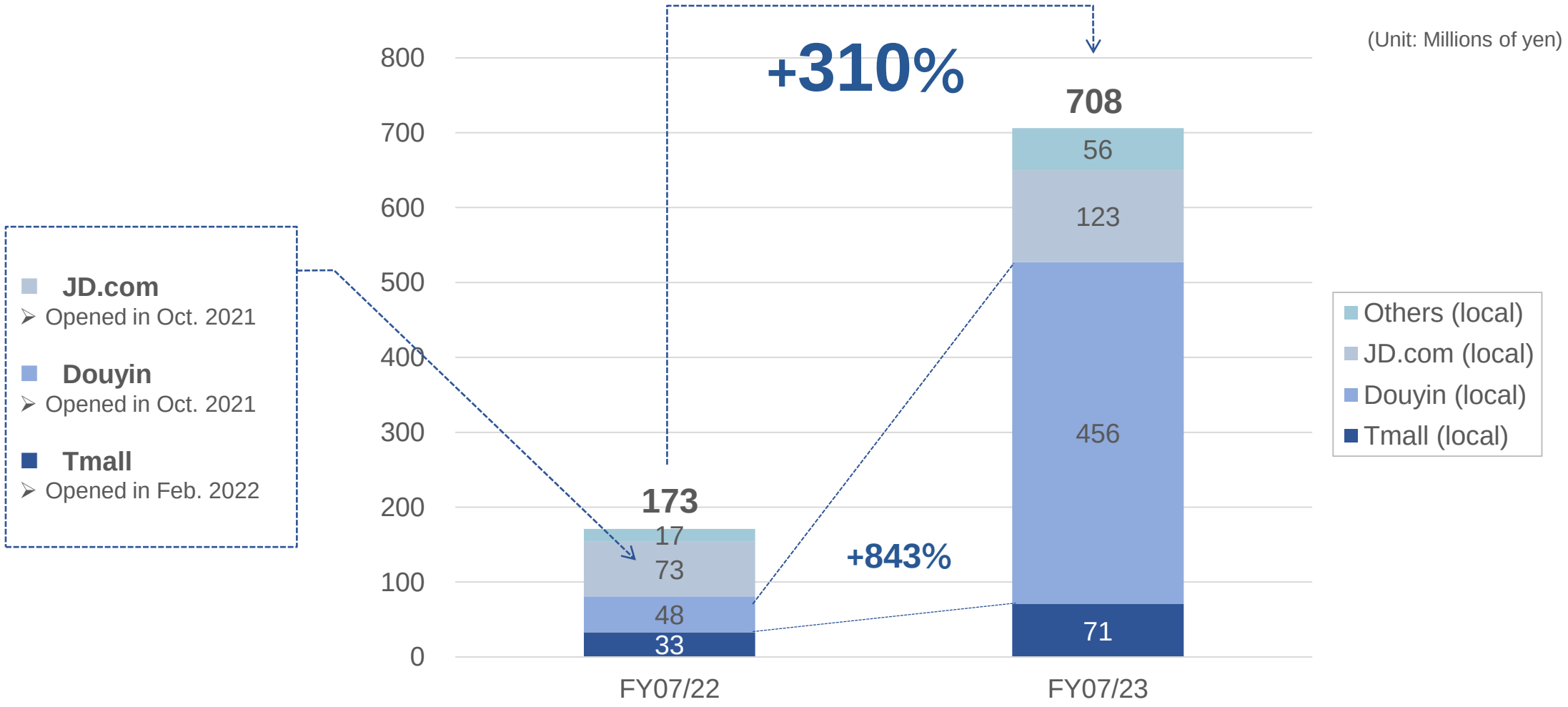
Local China E-Commerce Sales Trend (FY07/23, Shanghai Subsidiary)

Our Shanghai subsidiary, which is focused on local Chinese e-commerce, saw Douyin leading the sales growth (**over 9x** YoY). As a result, overall sales rose substantially, showing approximately **4x** growth.
The essential **NMPA registration** for local Chinese e-commerce sales continues to progress smoothly.



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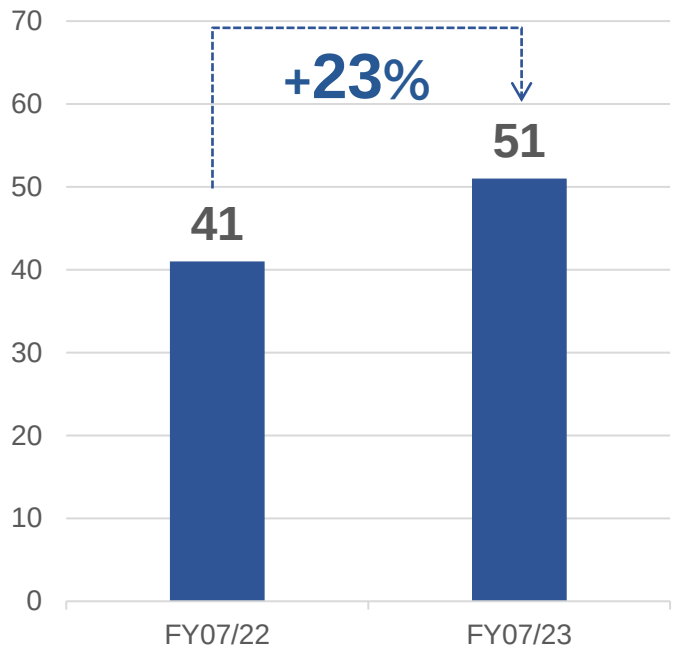
GMV of three main e-commerce events in China (FY07/23)

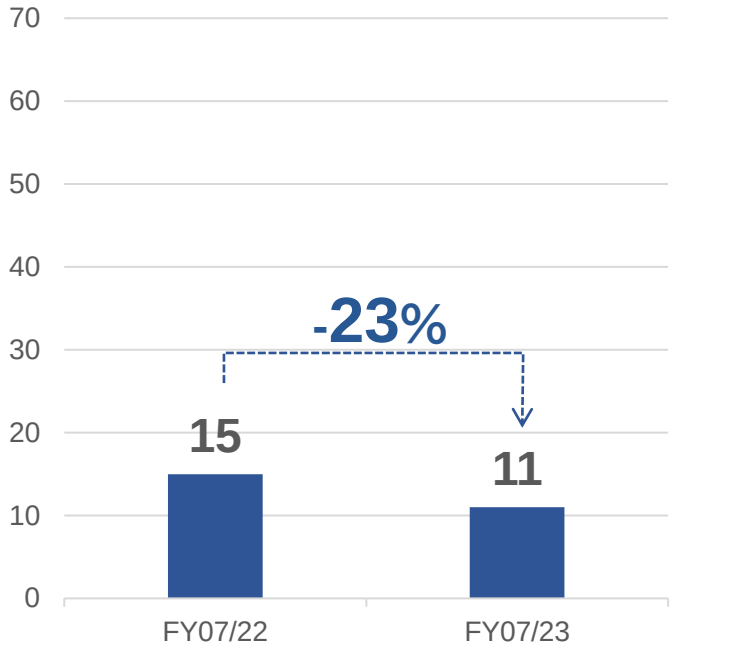
Douyin drove sales, **recording the highest-ever results (GMV)** during the W11 and 618 events.
However, for the smaller 3.8 event, growth was sluggish due to the overall market contraction.

W11



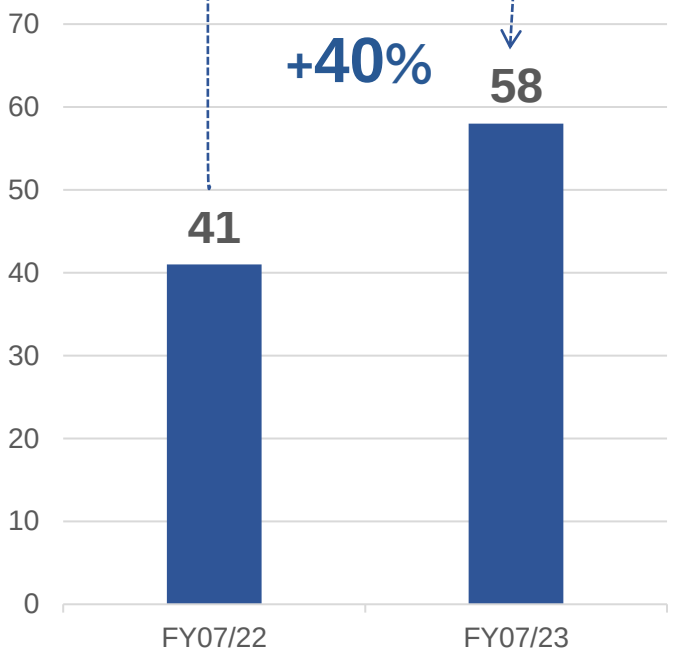
- Singles' Day (November 11) event in China; largest e-commerce sale in China

3.8



- E-commerce sale of products for women held on March 8, International Women's Day

618



- E-commerce sale held around June 18 by Chinese e-commerce site JD.com

Note: The above figures are compiled based on the Gross Merchandise Volume (GMV) from our cross-border e-commerce flagship stores (on Tmall, Douyin, RED, and Kuaishou).

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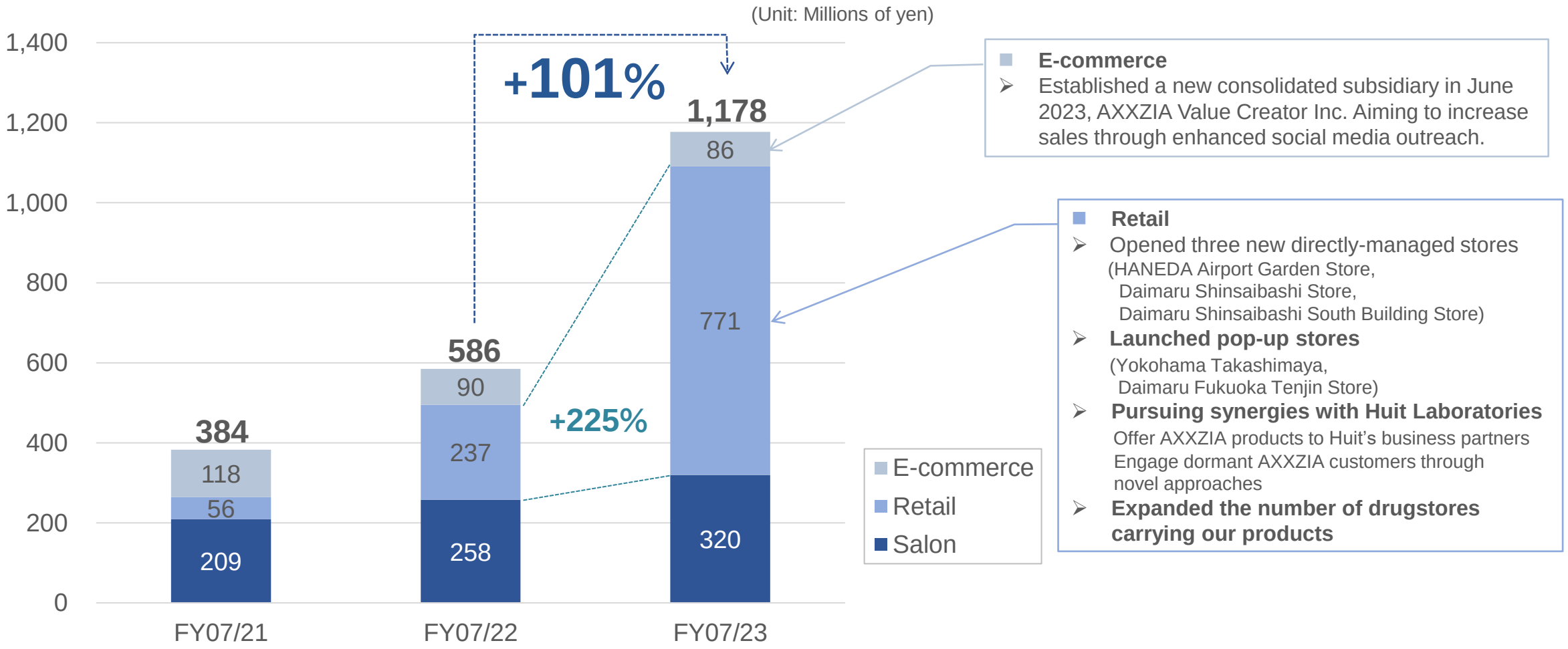
Business performance in Japan (FY07/23)

The acquisition of Huit Laboratories contributed to retail sales growth (**+225%** YoY). As a result, total sales in Japan roughly **doubled**. We also established a subsidiary to bolster e-commerce sales.



E-commerce

- Established a new consolidated subsidiary in June 2023, AXXZIA Value Creator Inc. Aiming to increase sales through enhanced social media outreach.

Retail

- Opened three new directly-managed stores
  (HANEDA Airport Garden Store,
  Daimaru Shinsaibashi Store,
  Daimaru Shinsaibashi South Building Store)
- **Launched pop-up stores**
  (Yokohama Takashimaya,
  Daimaru Fukuoka Tenjin Store)
- **Pursuing synergies with Huit Laboratories**
  Offer AXXZIA products to Huit's business partners
  Engage dormant AXXZIA customers through novel approaches
- **Expanded the number of drugstores carrying our products**

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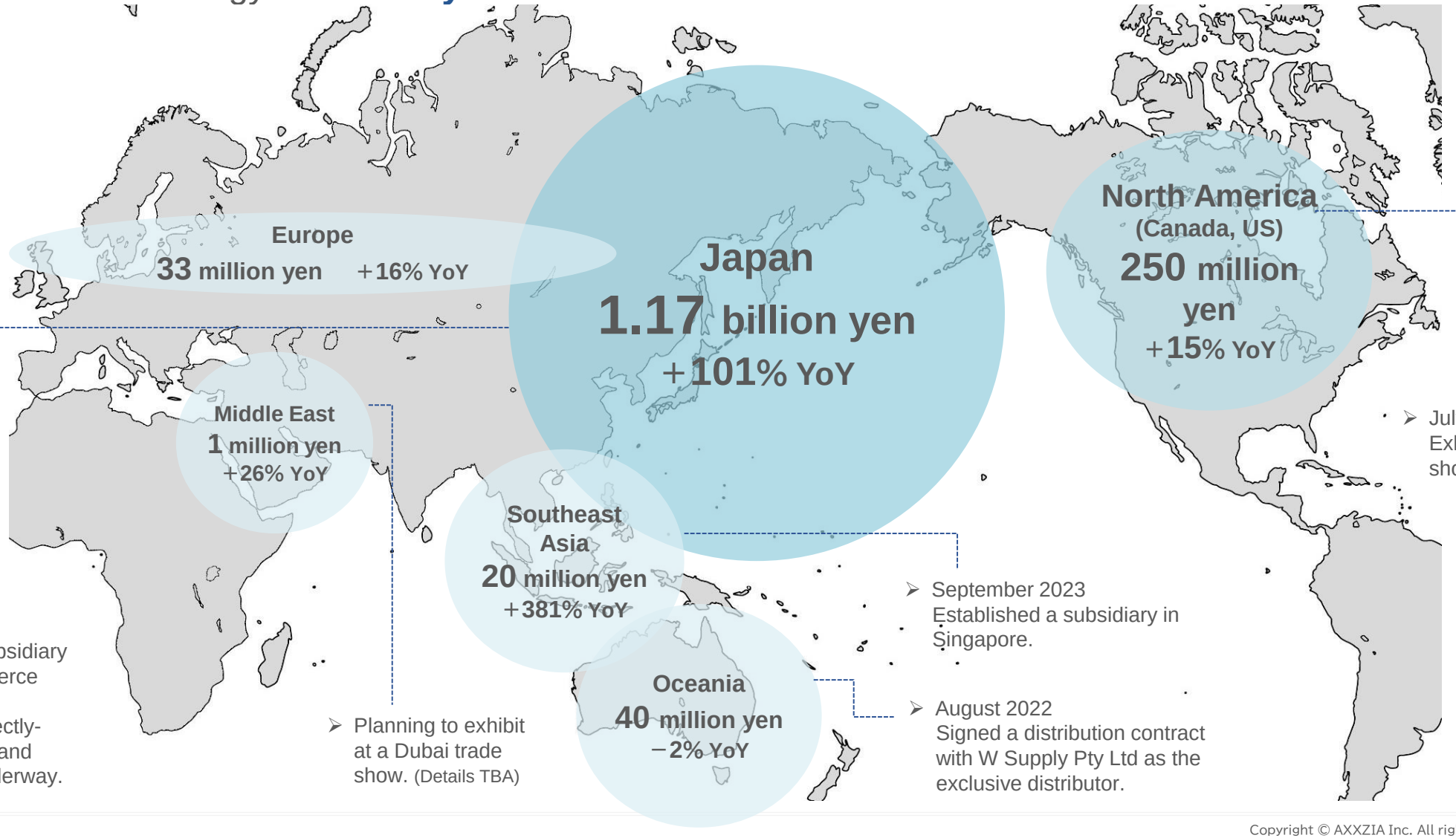
Expansion Status Outside China (FY07/23)

Sales outside China are gradually **expanding** (recording sales of **1.3 billion yen**, constituting **12%** of the total).
This is part of our strategy to **diversify business risks.**



- June 2023
  Established a subsidiary to boost e-commerce sales.
- Expansion of directly-managed stores and drugstores is underway.

- Planning to exhibit at a Dubai trade show. (Details TBA)

- September 2023
  Established a subsidiary in Singapore.

- August 2022
  Signed a distribution contract with W Supply Pty Ltd as the exclusive distributor.

- July 11-13, 2023
  Exhibited at a trade show in the US.

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4. Overview by Brand

Main Brand Portfolio

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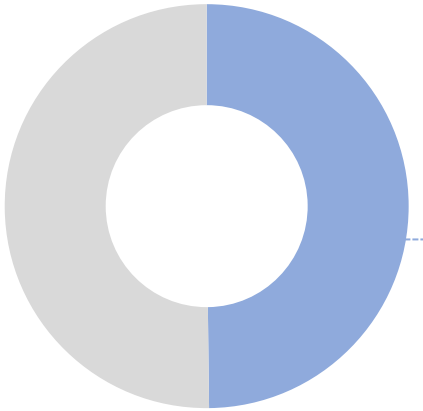
Main Brands



AXXZIA

4.06 bn yen
SALES

34.1 %
OF SALES

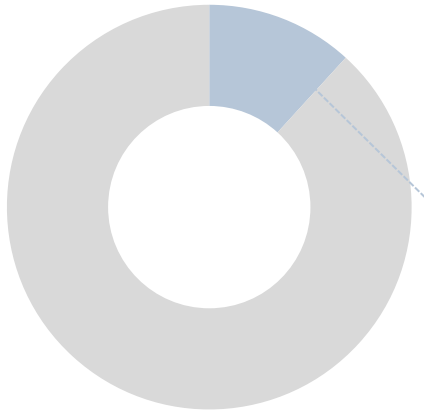


AGtheory

5.95 bn yen
SALES

49.8 %
OF SALES

Up-and-Coming Series



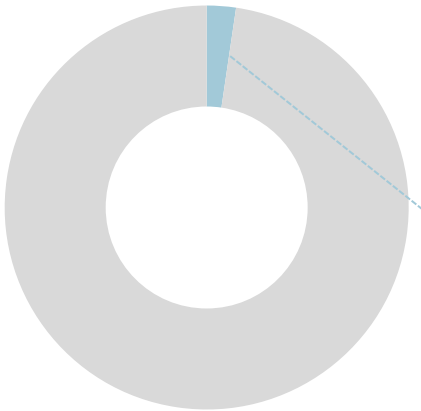
Venus Recipe The White Drink

AXXZIA BEAUTY FORCE UVα

1.40 bn yen
SALES

11.8 %
OF SALES

Salon-Exclusive Series



THE B

Le Ciel de L'aube

Aither

0.27 bn yen
SALES

2.3 %
OF SALES

*1 We position our beauty supplements (The White Drink, etc.) and sunscreens (Uvα, etc.) as up-and-coming products. Although Uvα is under the AXXZIA brand, its figures are not reflected in the above AXXZIA numbers.

*2 The above figures and composition ratios are calculated based on our company's standalone shipments.

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[Main Brands1]

AXXZIA Series (FY07/23 consolidated results)

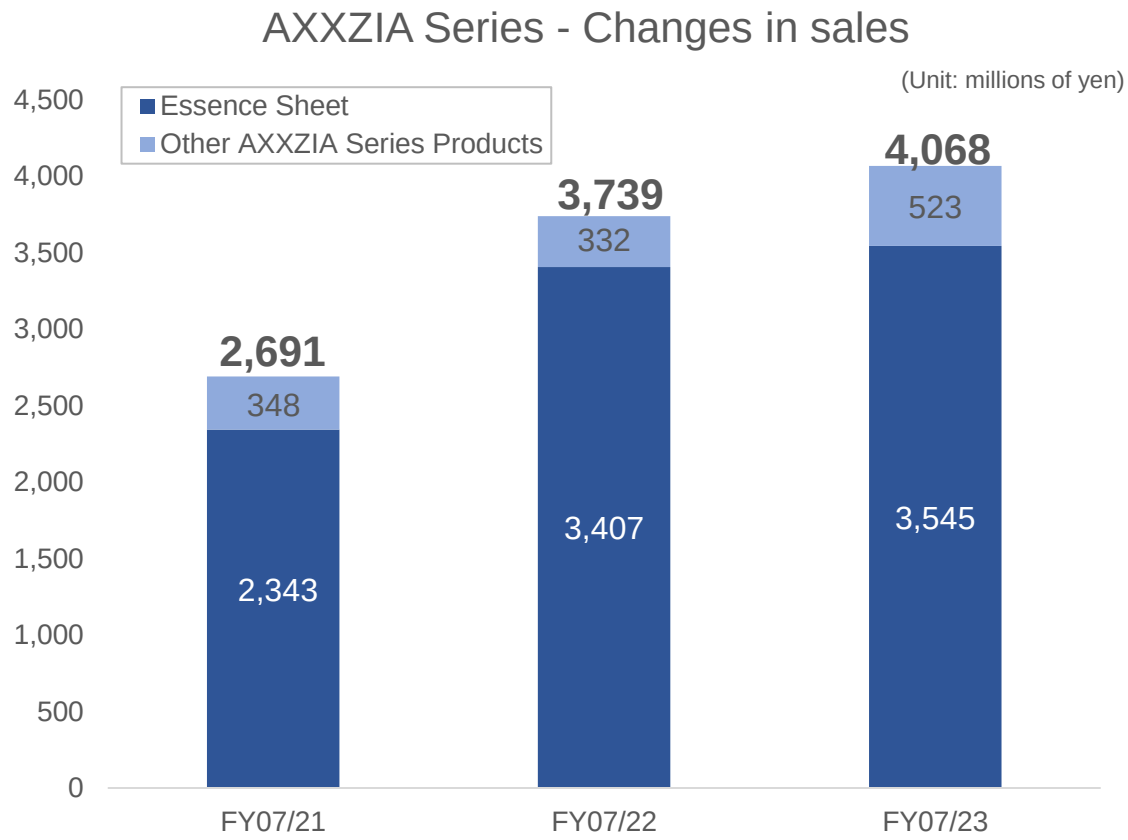
Essence Sheet **continues to show steady performance**.
The Face Mask, which we aim to make a hit product, is gradually increasing in sales (recording sales of **just over 300 million yen**).



↑「Treatment Mask [GK/MW/AG]」

Milestones for sustained growth

- Brought product range to market centered on Essence Sheet
- Launched Essence Sheet Premium in December 2020
- Full renewal of AXXZIA Beauty Force's basic skincare line in May 2023



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

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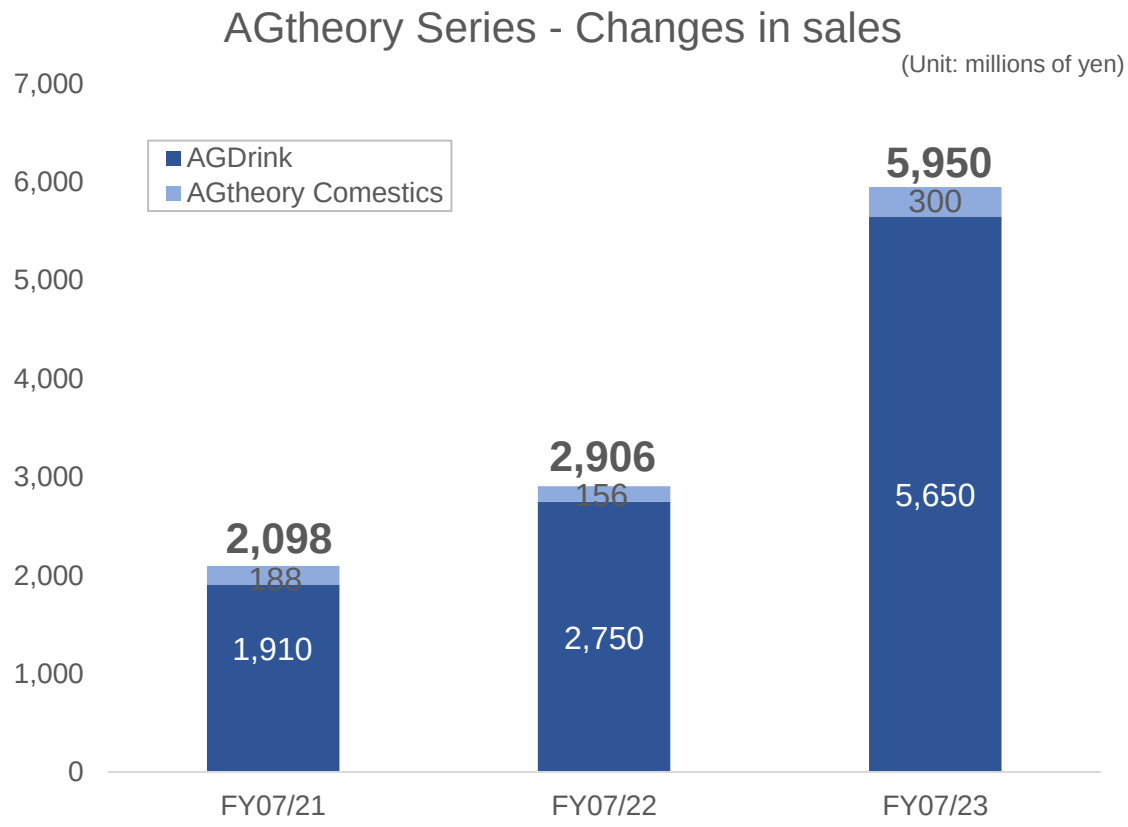
[Main Brands2]

AGtheory Series (FY07/23 consolidated results)

The renewal in April 2023 was successful, leading to a significant increase in sales of AG Drink (**+105.4%** YoY)





Milestones for sustained growth

- Completed AGtheory cosmetics range in October 2021 with addition of cleanser/face wash
- AGDrink was revamped as AGDrink X in April 2023, registering strong sales even during its pre-sale period

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

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[Up-and-Coming (Whitening Appeal) Series]
The White Drink / UV α (FY07/23 consolidated results)

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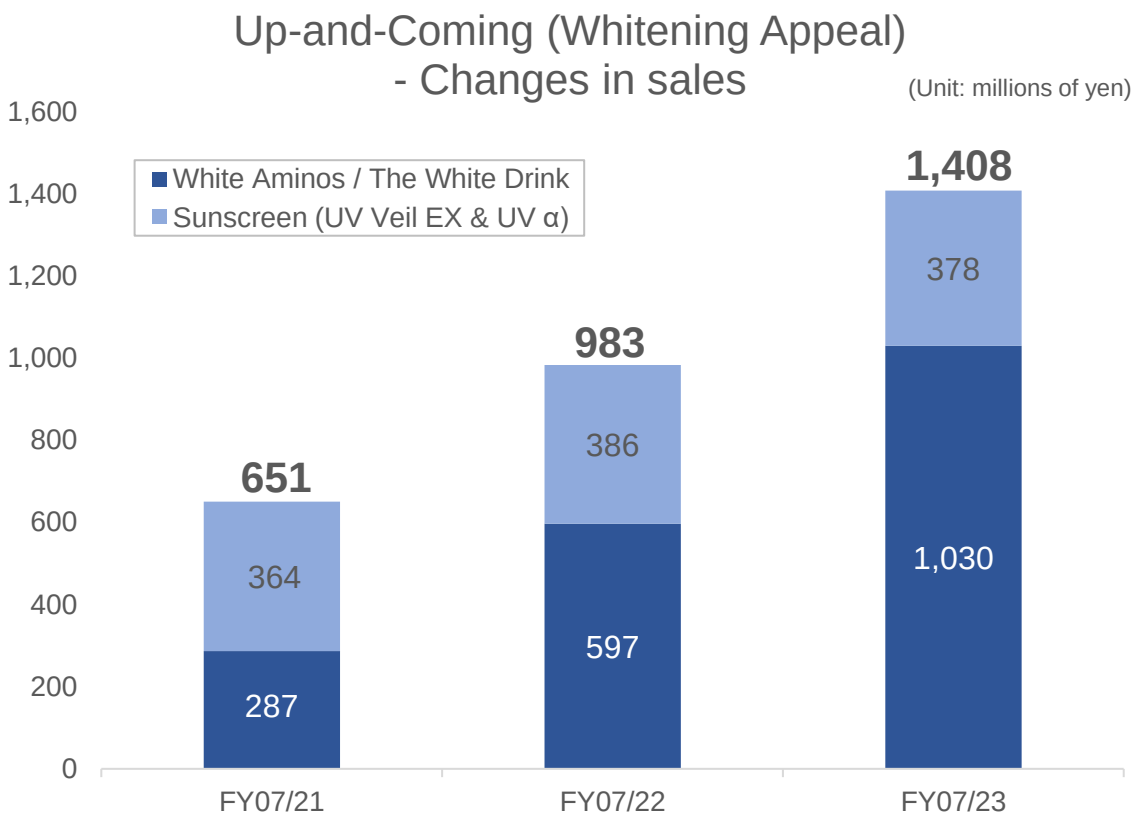
The White Drink is growing steadily as up-and-coming products that **we hope will become our third hero product** (**+72.5%** YoY).
From June 2023, we are launching **our first functional food product** in Japan.







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

Milestones for turning into main series

- Launched AXXZIA's first Whitening Appeal cosmetics series
- Completed NMPA special cosmetics registration. To begin sales in China of products imported by Shanghai subsidiary
- The White Drink is now approved for sale as our first functional food product

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[Salon-Exclusive Series]
Le Ciel de L’aube / The B (FY07/23 consolidated results)

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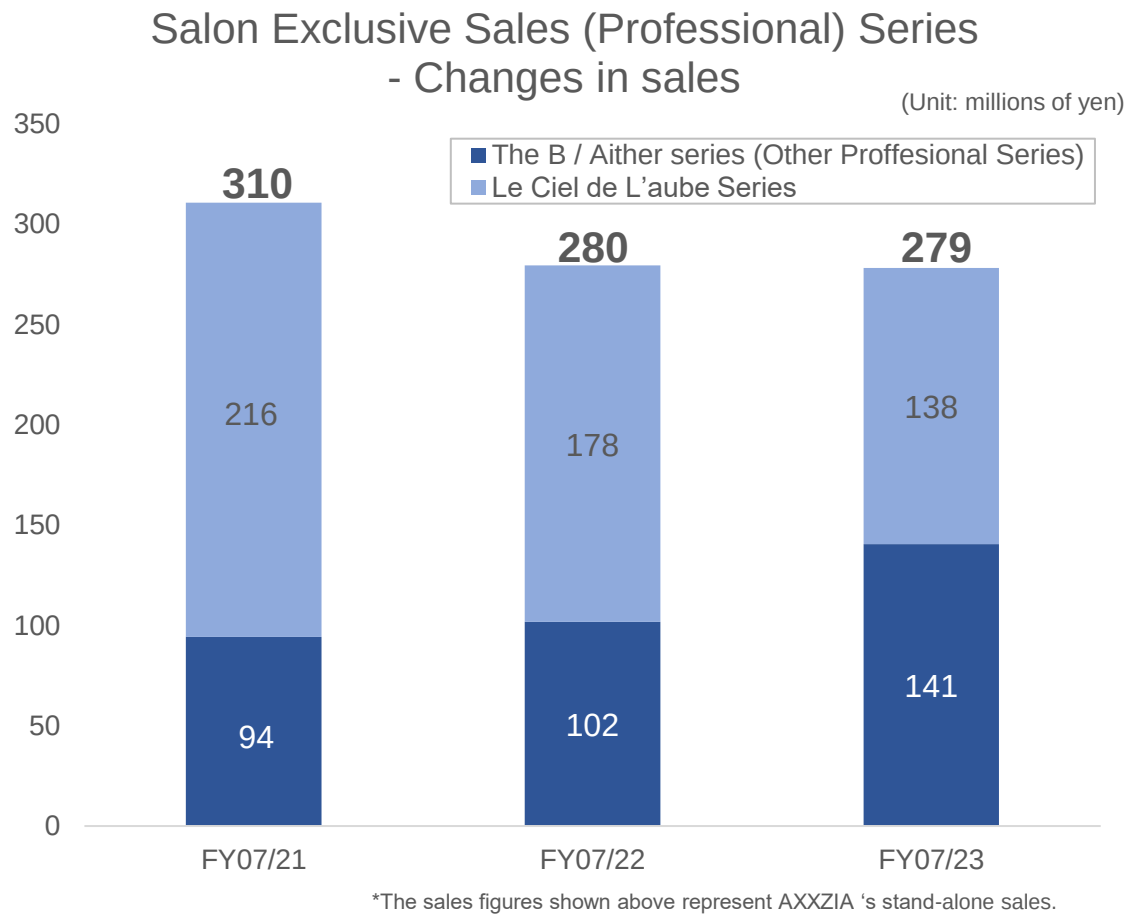
Includes long-selling Le Ciel de L’aube and The B premium skincare range.





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

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
- Launched Sparkling Mask of THE B MAISON series in October 2022.

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5. Forecast for FY07/24

FY07/24 Earnings Forecast

While focusing on expanding our e-commerce business in China, we are also strengthening our presence in regions outside of China, **aiming for sustained growth**. We plan to increase our advertising expenditure to **around 23%** of sales to enhance investments. Simultaneously, we are working on **reducing production costs** to improve profitability (targeting an operating margin improvement of **1.7 percentage points**).

(Unit: Millions of yen)

	FY07/23 Results	FY07/24 Forecast	YoY change
Net sales	11,341	**13,000**	+1,658 (+14.6%)
Operating income	1,899	**2,400**	+500 (+26.3%)
Operating margin	16.8%	**18.5%**	+1.7ppt
Ordinary income	1,902	**2,300**	+397 (+20.9%)
Profit attributable to owners of parent	1,330	**1,635**	+304 (+22.9%)
Earnings per share (yen)	51.80	**65.05**	+13.25

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Initiatives for FY07/24

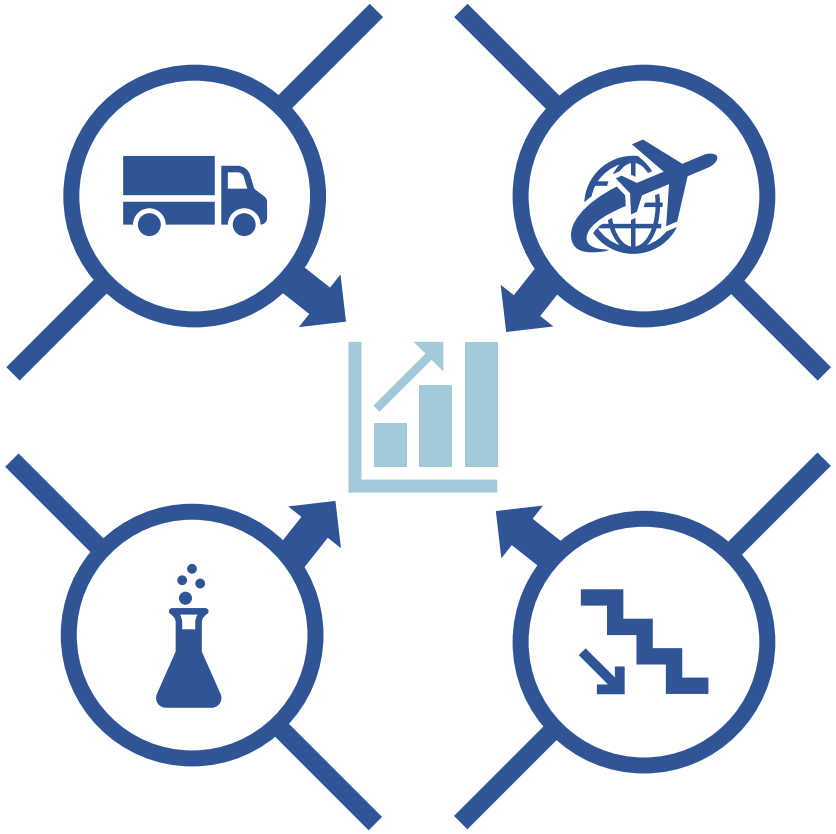
While **expanding in a well-balanced manner** in regions outside of China, we aim to bolster investments for **sustainable growth.**

Continued Growth Investment:

- Fujisanroku PLC
  Planning a **569 million yen** investment for our logistics center, set to operate by April 2024, to **reduce logistics costs and enhance BCP.**
- Human Capital
  Given our facility investments, such as at Fujisanroku PLC and directly-managed stores, we plan to hire **80-90 people**, including part-timers.

Strengthening R&D

- Policy
  Aiming to accelerate new product development, with the plan to launch **25-30 SKUs**, including renewals.
  Also, promoting **eco-conscious** product design.
- Structural Enhancement
  To pursue future IP applications and the development/acquisition of functional foods and quasi-drugs with verifiable effects, we plan to bolster our structure by **increasing the number of researchers.**



Balanced Regional Expansion

- Within Japan
  In anticipation of inbound demand, planning to open **3-5 directly-managed stores** and **3-5 popup stores**.
  Additionally, aiming to leverage **subsidiaries** to strengthen social media presence and **boost e-commerce sales**.
- Other Regions
  Execute the establishment of a **subsidiary in Singapore**.
  Also, aiming for expansion into North America and the Middle East through **participation in exhibitions**.

Cost Reduction

- Pursue Synergies with Huit
  increase the production of AXXZIA products at the Huit Yatsugatake Factory. Aiming to **reduce costs** by cutting outsourcing expenses.
- In-house Operation of China E-com
  Advance the in-house management of flagship stores through the Shanghai subsidiary. Targeting a **reduction in transaction fees**.

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6. Medium-Term Management Plan

Medium-Term Management Plan (FY07/24-FY07/26)

While maintaining high growth, the plan will shift to **emphasize sustainable growth** and **strengthen investments** towards this goal. On the other hand, by leveraging Huit Laboratories and the logistics center, we aim to **improve operating margins** by **streamlining fixed costs**.

KPIs for the next 3 years

We will continue to aim for **sustained growth in sales and operating profit,** and seek to **improve profitability**.

Sales CAGR	Operating Profit CAGR
Around 15%	**Around 20%**

Medium-Term Management Plan

(Unit: Millions of yen)

	FY07/23 Results	FY07/24 Forecast	FY07/26 Plan (Final year of 3yr period)	CAGR (FY07/23-FY07/26)
Net sales	11,341	**13,000**	**17,500**	15.6%
Operating income	1,899	**2,400**	**3,350**	20.8%
Operating margin	16.8%	**18.5%**	**19.1%**	-

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

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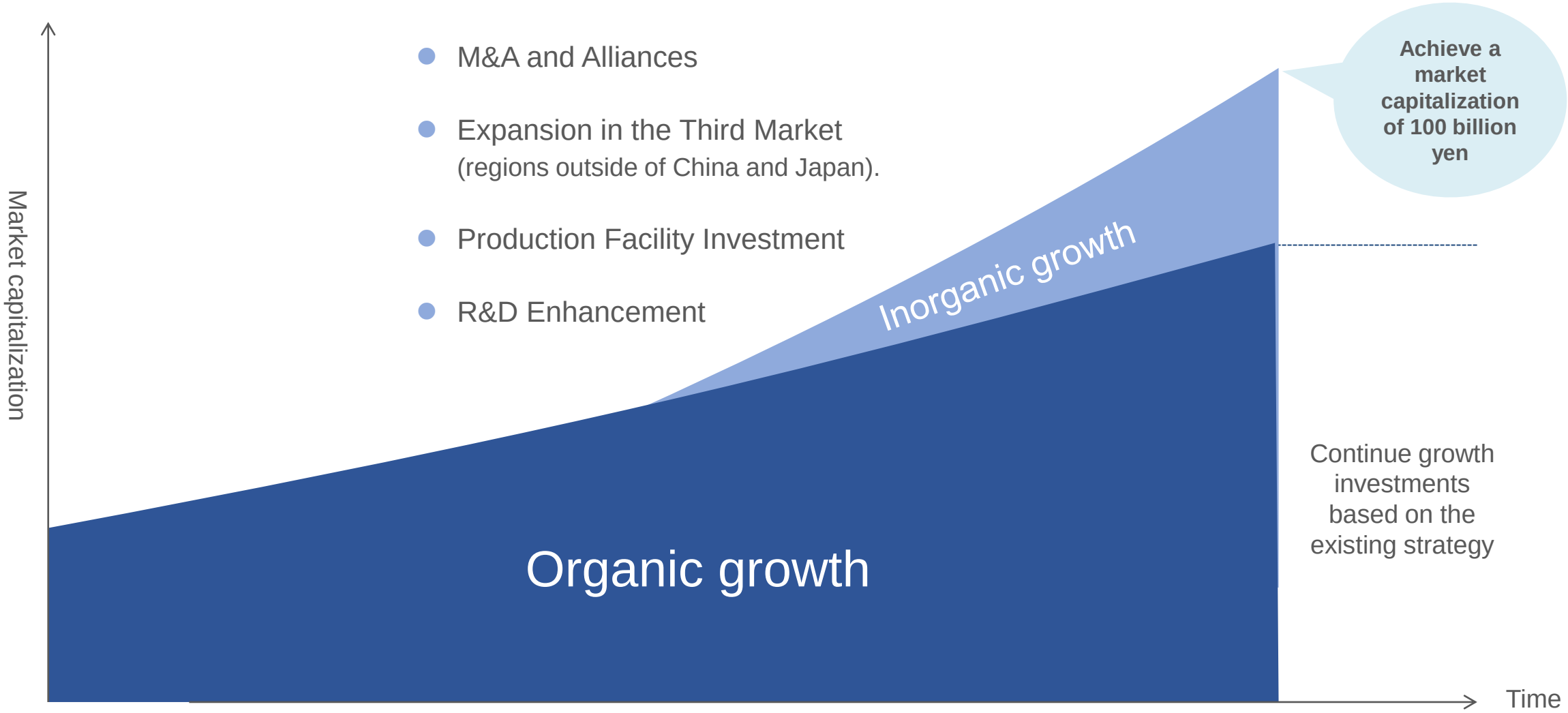
Medium to Long-Term Vision

In addition to organic growth in existing businesses, the goal is to accelerate growth through M&As and growth investments, aiming to exceed a market capitalization of **100 billion yen** in the medium to long term.



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Basic Strategic Policies (Highlights)

Alongside **strengthening and growing Chinese e-commerce operations**, efforts will be directed towards further diversifying business and revenue bases. This includes **bolstering development in both Japan** and the **third market** (**regions other than China and Japan**). We will also continue to promote M&A and alliances.

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 research and development through R&D Center

Strategy 2

Marketing strategies

① Deepen and diversify Chinese e-commerce channels
② Reinforce domestic (Japan) operations
③ Enhance expansion into the third market
(regions other than China and Japan)

Strategy 3

Policies on M&A and alliances

① Expand business and secure sales channels
② Realize synergies from the acquisition of Huit Laboratories

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[Growth Strategy 1] Brand Strategies

In addition to strengthening our two main brands, we will continue to foster and promote hit products in the **skin whitening market**. We will also focus on developing new niche products, such as **face masks**, as potential hero products.



❶ Launch branded product series and nurture hit products

In addition to the White Drink, which is being nurtured as our third hero product, concentrate on developing new niche products like face masks. Aim to diversify our product sales portfolio.



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 research and development through R&D Center

Advance ingredient research and proprietary formula development at our R&D Center, established in November 2022.

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[Growth Strategy 2] Marketing Strategies

We will strengthen our presence in the Chinese e-commerce channel, while also bolstering our reach in **Japan and the third market** (**regions other than China and Japan**).



❶ Deepen and diversify Chinese e-commerce channels

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



❷ Reinforce domestic (Japan) operations

To capture the expected inbound demand due to lifted travel restrictions, expand our directly-managed stores, launch pop-up stores, and increase the number of drugstores that handle our products.
Enhance our online sales through stronger social media outreach, leveraging our new subsidiary established in June 2023.



❸ Enhance expansion into the third market (regions other than China and Japan)

Target Chinese-speaking communities worldwide to establish a foundation for sales growth.
In Southeast Asia, utilize our Singaporean subsidiary, while in North America (Canada & US) and the Middle East, leverage trade shows for expansion.
Through this global business development, aim to diversify our revenue base and boost sales.

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[Growth Strategy 3] Policy on M&A and Alliances

Building upon the successful M&A with Huit Laboratories, we will **actively expand our business and diversify our revenue base**, leveraging our abundant cash reserves to **pursue continued M&As and alliances.**



❶ Expand business and secure sales channels

Leverage our robust financial health and utilize our ample cash reserves. Advance M&As and alliances as part of our growth strategy. Use our wealth of resources to swiftly reinforce our domestic operations and lay a solid sales foundation. Aim to boost brand recognition among domestic consumers and amplify our capture of inbound demand.



❷ Realize synergies from the acquisition of Huit Laboratories

Leverage Huit Laboratories, acquired in April 2022, to continually **strengthen the use of our factory and R&D center**. Reduce manufacturing costs by bringing a portion of AXXZIA product production in-house. Pursue efficiency through swift manufacturing and development of our group's products.

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Improving Capital Efficiency and Enhancing Shareholder Returns

In FY07/23, our ROE stood at **15.4%**, which is higher compared to our industry peers.
With an increase in net income and efficient use of net assets, we aim to **maintain this high ROE level.**

$$\text{ROE} = \frac{\text{EPS (Earnings per share)}}{\text{BPS (Book value per share)}}$$

Increase in Net Income

- Expand sales through sustained growth. Continue to invest for this purpose.
- Enhance profitability:
  Target an operating profit **CAGR of around 20%.**

Efficiency in Net Assets

- Enhance shareholder returns (dividends):
  Planning to consistently and steadily distribute dividends, with a **payout ratio target of around 30%.**
- Optimize the balance sheet:
  Aiming to appropriately take on debts and **improve our financial leverage**.

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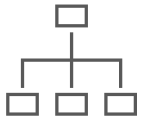
Towards Sustainability Management

In August 2023, we established the **Sustainability Committee**. We plan to formulate a sustainability policy during FY07/24. By undertaking initiatives and investments in line with this policy, we aim to **enhance our corporate value in the medium to long term.**

Sustainability Committee



To **improve our corporate value in the medium to long term**, the **Sustainability Committee** was established in August 2023.

Roles	➢ Formulation and support for the implementation of sustainability policies and strategies. ➢ Promoting sustainable initiatives in environmental, social, and governance (ESG) aspects.
Members composition	① Chairman: President ② Members: Full-time Directors, Full-time Auditors, and Executive Officers.

Environment



<Specific Initiatives>

- Adoption of plastic containers with the functional masterbatch Green Nano added
  → **leading to a reduction in CO2 emissions**
- Use of FSC-certified cosmetic box materials, sourced from forests responsibly managed for conservation, including their timber and paper products
  → **contributing to the protection of sustainable forest resources.**
- Full-scale LED installation at Huit Laboratories' Yatsugatake Factory (completed in July 2023)
  → **resulting in reduced power consumption**

Human Capital



<Advancing D&I>

- Promoting **diversity and inclusion** that recognizes and respects differences in gender, nationality, age, attributes, and perspectives.
- Providing an environment where every individual can fully utilize and showcase their unique talents and abilities.

<Human Capital Key Metrics>

(as of end-July 2023)

Percentage of female managers	**39.4%**
Percentage of foreign nationality employees	**33.0%**

Note: The above figures are calculated based on the employee count of AXXZIA alone.

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7. Appendix

AXXZIA

Creating things and experiences
that amaze people.

Board of Directors

President	Dan Taku
Executive Vice President	Dan Xiaowei
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

Company Overview

Establishment	December 21, 2011
Capital	2,147 million yen （As of end of July 2023）
Location	Tokyo, JAPAN
Office	Tokyo Head Office, Osaka Sales Office, Fukuoka Sales Office, AXXZIA GINZA SIX Store, AXXZIA HANEDA Airport Garden Store, AXXZIA Daimaru Shinsaibashi Store AXXZIA Daimaru Shinsaibashi South Building Store
Business Activities	Manufacturing, sales of cosmetics and supplements
Market	TSE Prime (4936)

Consolidated Subsidiaries

- Xiaozi Cosmetic (Shanghai) Inc.
- AXXZIA (Hong Kong) International Limited
- Huit Laboratories, Inc.
- AXXZIA Value Creator Inc.
- AXXZIA Cosmetic Singapore Pte. Ltd. (established in September)

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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 Opened AXXZIA flagship store for major Chinese e-commerce platform JD.com
2022	Made Huit Laboratories a wholly owned subsidiary Opened AXXZIA flagship store for major Chinese mobile video app Kuaishou
2023	Changed its listing to the Prime section of the Tokyo Stock Exchange Established AXXZIA Value Creator Inc. as a consolidated subsidiary (100%) Established as a consolidated subsidiary (100%)













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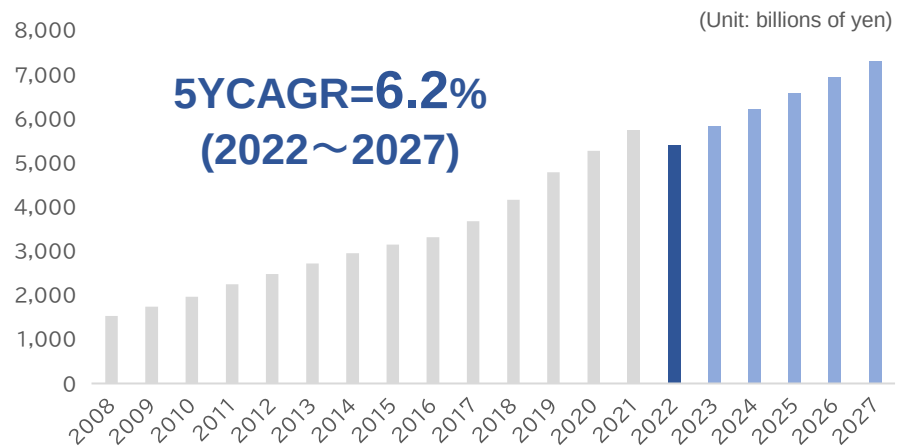
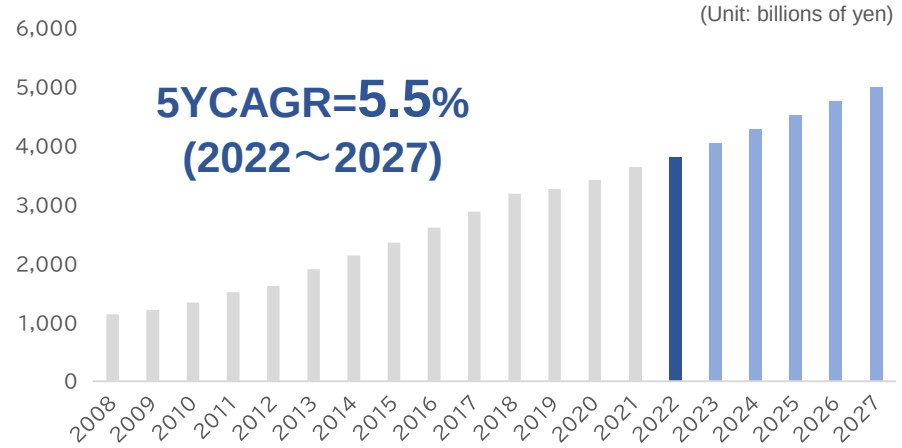
[Market Environment 1] Skincare and Supplement Market

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

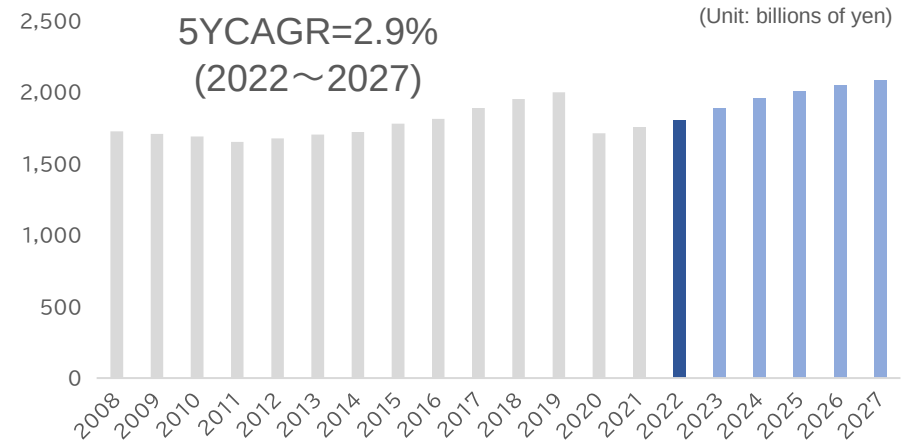
Skincare market size in China: 5,392.2bn yen (retail sales in 2022)



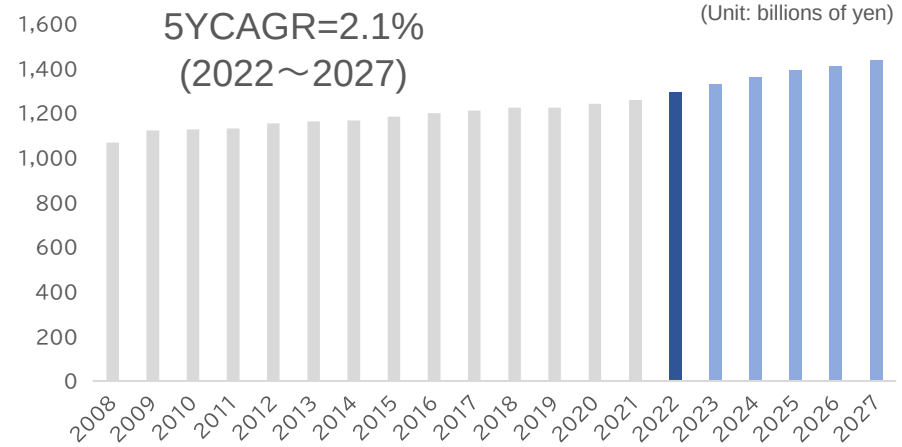
Supplements market size in China: 3,808.8bn yen (retail sales in 2022)



Skincare market size in Japan: 1,803.3bn yen (retail sales in 2022)



Supplements market size in Japan: 1,292.0bn yen (retail sales in 2022)



Source :Euromonitor International Limited, Beauty and Personal Care 2022 edition, retail value RSP fixed 2022 exchange rates, current prices, data extracted on 17 August 2023
Source :Euromonitor International Limited, Consumer Health 2022 edition, retail value RSP, fixed 2022 exchange rates, current prices, data extracted on 17 August 2023
*Used an average annual exchange rate of 0.073 yuan per yen for 2022 (conversions were made to the fourth decimal place).

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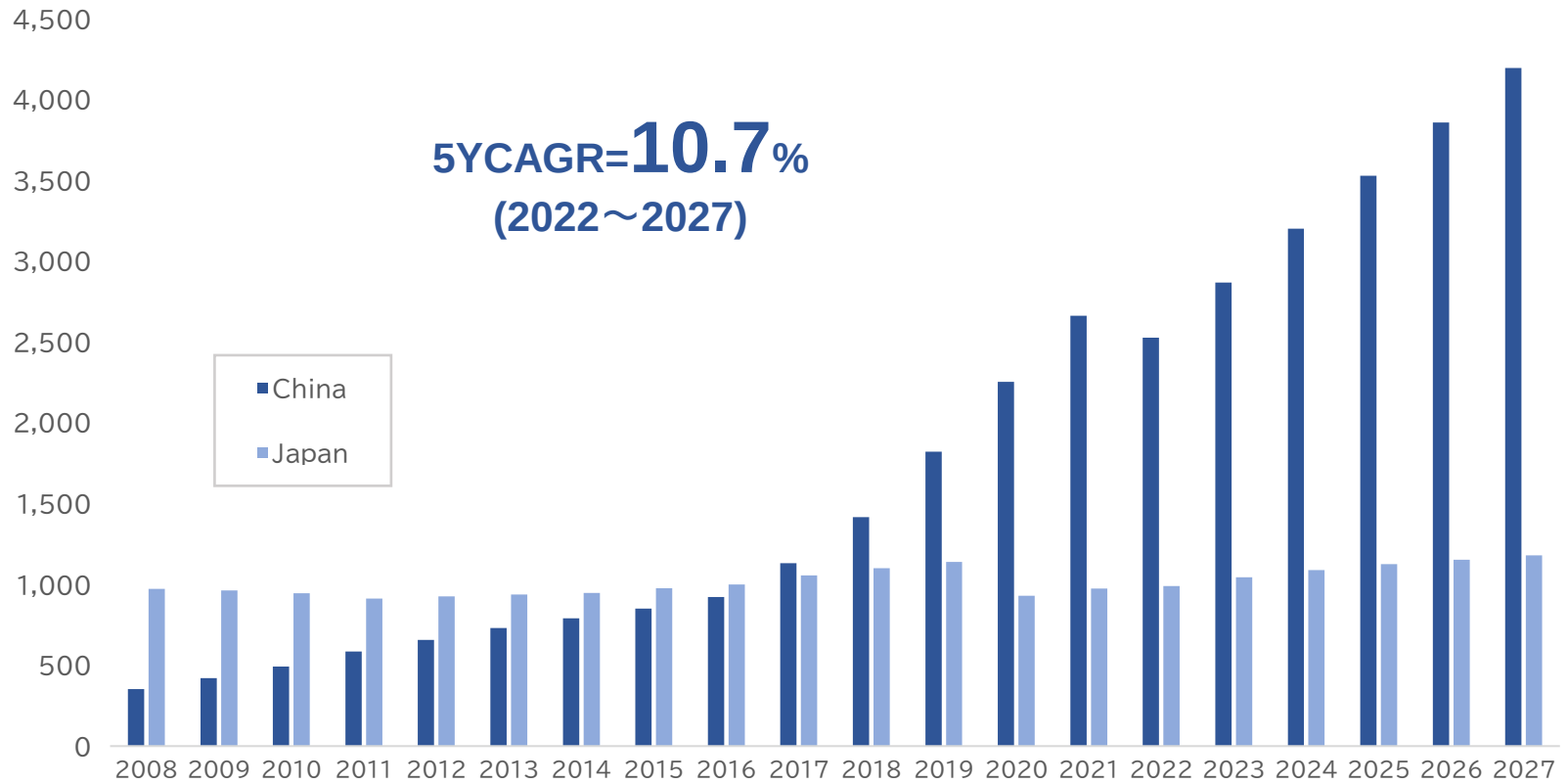
[Market Environment 2] Premium Skincare Market

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

(Unit: billions of yen)



（Source：Euromonitor International Limited, Beauty and Personal Care 2022 edition, retail value RSP fixed 2022 exchange rates, current prices, data extracted on 17 August 2023）

*1 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.

*2 Uses the annual average exchange rate of 1 yen = 0.073 yuan in 2022 (the conversion is based on the numbers after the 4th decimal place.)

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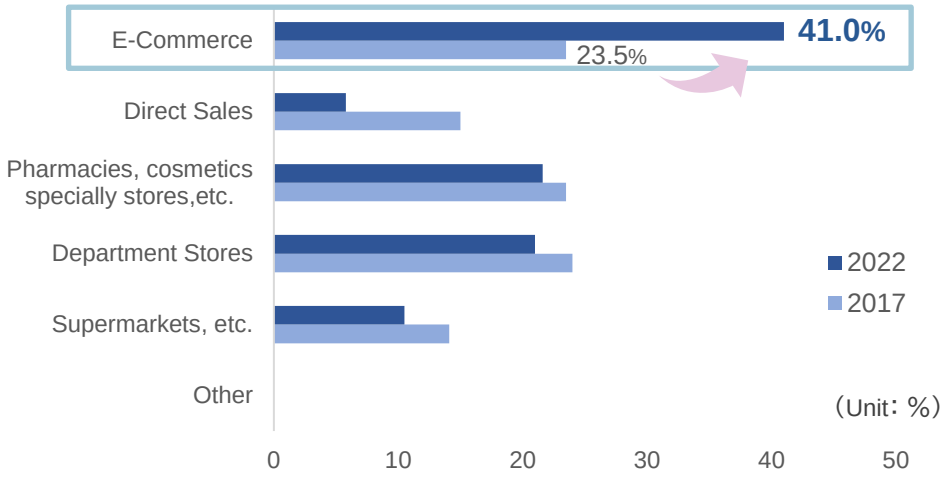
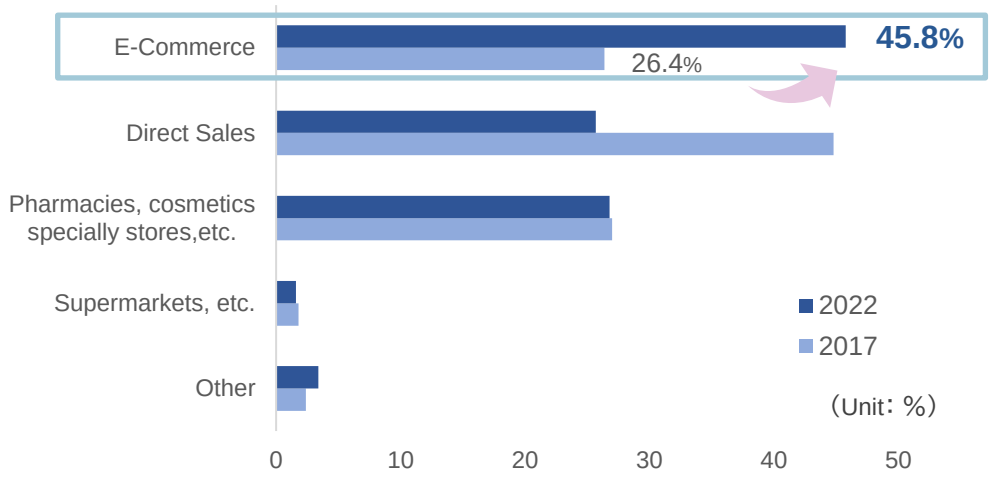
[Market Environment 3] E-commerce Market

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

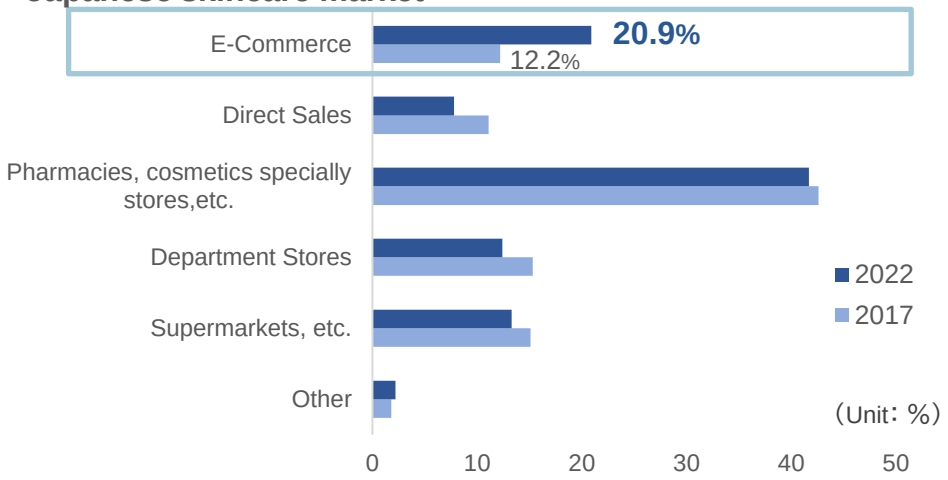
Chinese skincare market



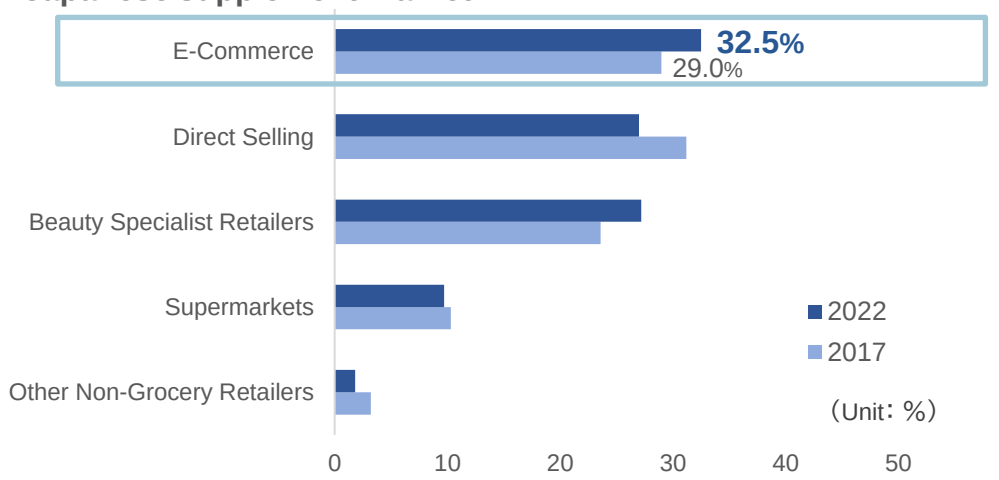
Chinese supplement market



Japanese skincare market



Japanese supplement market



Source: Euromonitor International Limited, Skin Care 2022 edition, retail value RSP fixed 2022 exchange rates, current prices, data extracted on 17 October 2023

Source: Euromonitor International Limited, Consumer Health 2022 edition, retail value RSP, fixed 2022 exchange rates, current prices, data extracted on 17 October 2023

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Historical Financial Data (consolidated results)

AXXZIA

		FY07/21	FY07/22	FY07/23
Net sales	millions of yen	5,787	8,215	**11,341**
Cost of goods sold	millions of yen	1,712	1,994	**2,397**
SG&A expenses	millions of yen	2,692	4,587	**7,043**
ersonnel expenses	millions of yen	686	860	**1,280**
dvertising expenses	millions of yen	793	1,578	**2,464**
ommissions paid	millions of yen	670	1,252	**1,892**
Operating income	millions of yen	1,383	1,633	**1,899**
Ordinary income	millions of yen	1,370	1,746	**1,902**
Profit attributable to owners of parent	millions of yen	868	1,116	**1,330**
ROE	%	18.4	14.3	**15.4**
EPS	yen	35.97	43.28	**51.80**
BPS	yen	278.81	325.43	**354.00**
Equity ratio	%	87.0	83.5	**83.2**
Dividend per share	yen	0.00	0.00	**14.00**

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Awards in Japan

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
2023	Awarded Gold Prize in Esthe Selection 2023 Awards announced in *Esthetic Wired* (professional magazine for beauty salon operators) August 2023 issue (published July 10, 2023) by Beauty and Healthcare News Inc. Awarded product: THE B MAISON series



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



Esthe Selection 2023
Gold Prize

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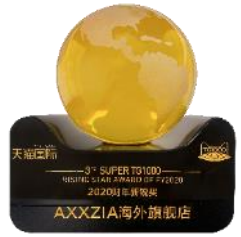
International Awards

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



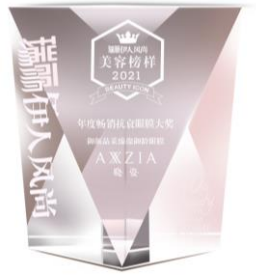
Japan Buyers Community
2020 Outstanding Strategic Alliance Enterprise Award



Japan Buyers Community
Excellent Value Brand Award



2021 RED Skincare Trends
Brand Award



2021 Bestseller Anti-aging Eye Sheet
Grand Prize

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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.

- AXXZIA Inc. has no obligation to update or revise these forward-looking statements, even if new information comes to light or there are new events in the future.

AXXZIA

Creating things and experiences
that amaze people.

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Management department
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