







Financial Results Presentation for FY07/25 Q1

AXXZIA Inc.

[TSE Prime: 4936]





AXXZIA

AXXZIA

目次

01 Executive Summary

02 Business Results: Highlights

03 Future Directions

04 Appendix

Copyright © AXXZIA Inc. All rights reserved.

1. Executive Summary

Executive Summary

AXXZIA

FY07/25 Q1 Consolidated

Results

- **Net sales: 3.07bn yen (+12.8% YoY)**
- **Operating income: 0.05bn yen (-77.6% YoY)**

- Net sales increased by double digits, **up 12.8%** YoY, owing to the consolidation of M&D Co., Ltd., which became a subsidiary in February 2024
- Operating income **decreased 77.6%** YoY, due to a deterioration in the cost ratio following the consolidation of M&D, as well as personnel investments made at the head office and M&D

Topics

- The share of sales accounted for by regions other than China rose to **about 30%**, thanks in part to sales contributions from M&D
- Total cross-border e-commerce sales generated from W11, one of the three major e-commerce events in China, reached a **record high** (**+6.5%** YoY). Our flagship store on RED was the **only Japanese company** to rank **top 10 in sales** by category
- We bolstered **influencer marketing** in Japan, **more than doubling** organic e-commerce sales in Japan* YoY
- We launched the beauty device brand, *Medullux*, marking a full-scale entry into **the beauty device market**

* E-commerce sales in Japan, excluding sales of M&D, which became a subsidiary in February 2024

Copyright © AXXZIA Inc. All rights reserved.

2. Business Results: Highlights

Net Sales and Profit (FY07/25 Q1 consolidated results)

AXXZIA

Net sales increased by double digits, **up 12.8%** YoY, owing to the consolidation of M&D.
Operating income declined YoY, due to a deterioration in the cost ratio following the consolidation of M&D and personnel investments at the head office and M&D.

(Unit: Millions of yen)

	FY07/24 Q1	FY07/25 Q1	YoY change (amount)	YoY change
Net sales	2,730	**3,079**	+348	+12.8%
Operating income	257	**57**	-199	-77.6%
Operating margin	9.4%	**1.9%**	-	-7.8pt
Ordinary income	381	**51**	-330	-86.6%
Profit attributable to owners of parent	261	**29**	-232	-88.8%

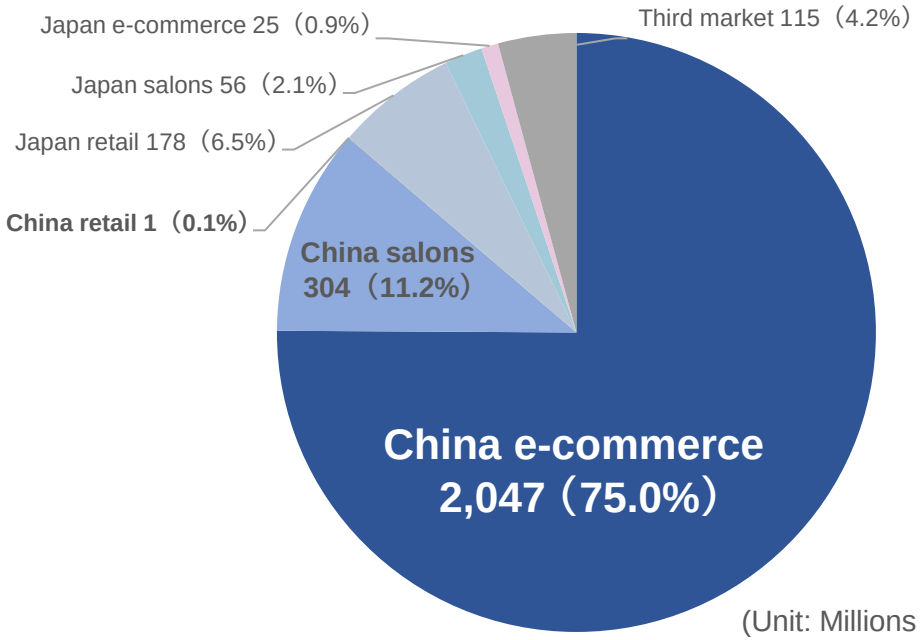
Copyright © AXXZIA Inc. All rights reserved.

Net Sales by Region and Channel (FY07/25 Q1 consolidated results)

E-commerce sales in Japan expanded significantly, to **over 23x** the corresponding year-ago figure, driven by robust domestic sales, including contributions from M&D.
As a result, the share of sales accounted for by regions other than China rose to **about 30%, improving the balance of our regional portfolio**.

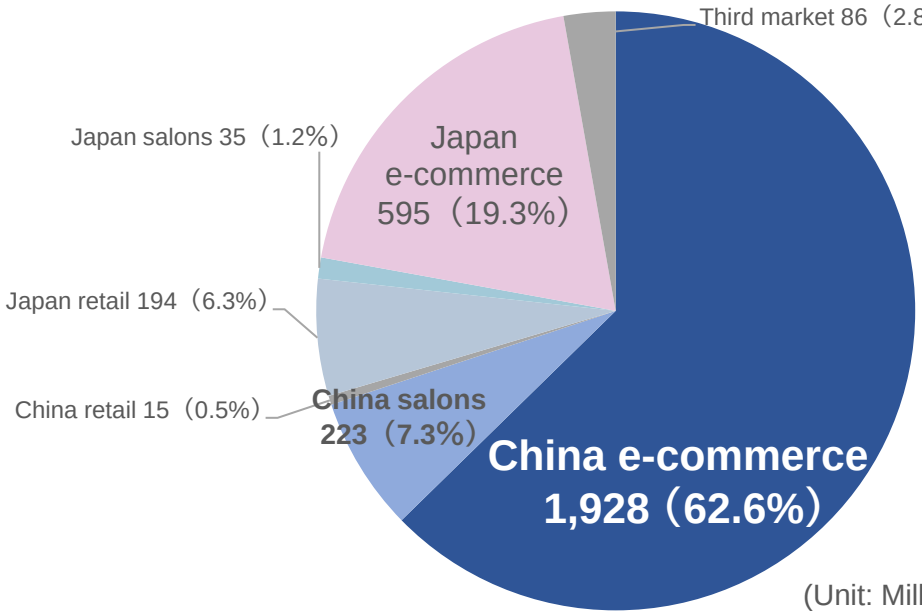
- China net sales* **2.1bn yen** (Weighting 86.2% → **70.4%**) **-7.9%** YoY
- Japan and third market net sales* **0.9bn yen** (Weighting 13.8% → **29.6%**) **+142.3%** YoY

FY07/24 Q1



(Unit: Millions of yen)

FY07/25 Q1



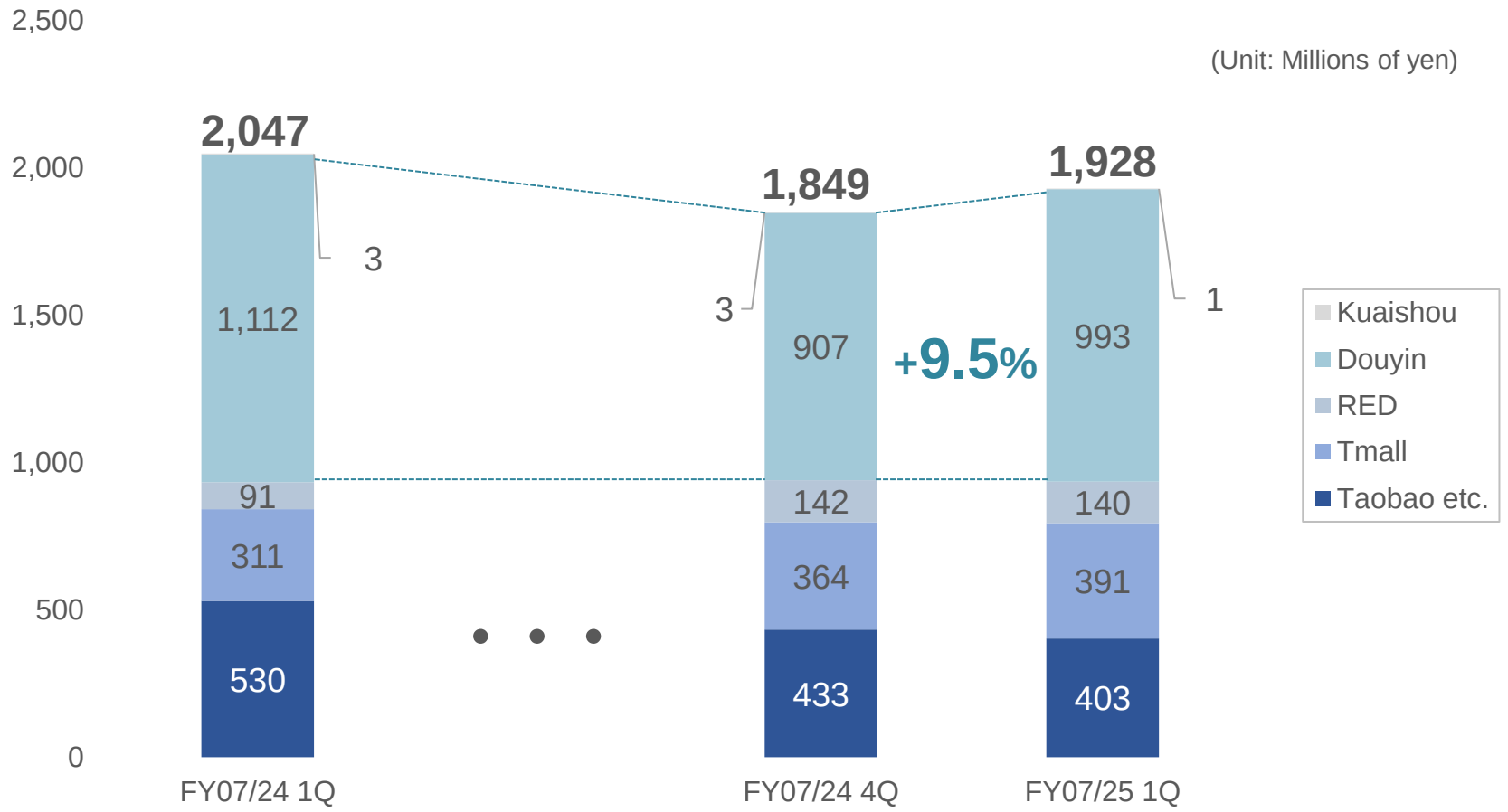
(Unit: Millions of yen)

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

Copyright © AXXZIA Inc. All rights reserved.

China E-commerce Sales Trend (FY07/25 Q1 consolidated results)

Compared with FY07/24 Q1, before the impact of ALPS treated water materialized, sales via the key e-commerce platform Douyin* declined, but compared with FY07/24 Q4, overall e-commerce sales in China, including sales through Douyin, increased, with **sales on a recovery track**. **Sales** on RED and Tmall **increased** YoY, owing to the success of celebrity marketing and in-house live sales events.



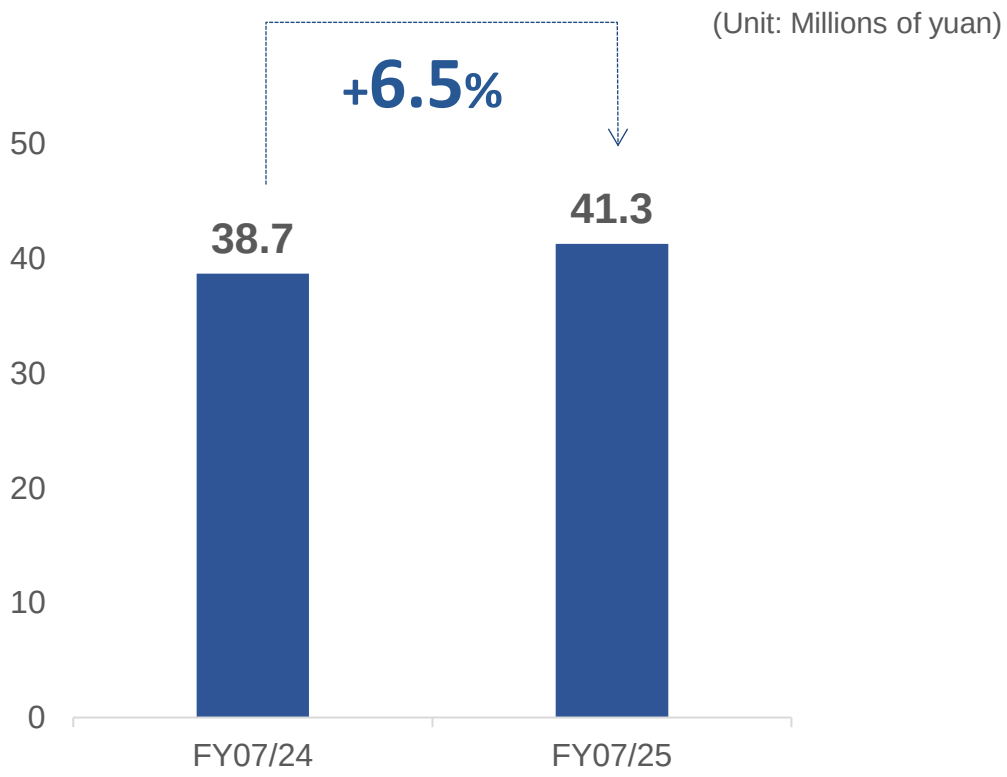
* The major Chinese mobile video app, the Chinese version of TikTok

Copyright © AXXZIA Inc. All rights reserved.

Reference: Record-High Gross Merchandise Volume (GSV) Achieved in W11

We recorded **the highest-ever gross** merchandise volume (GSV) in cross-border e-commerce in W11, one of the three major e-commerce events in China. (**+6.5%** YoY)
Additionally, our RED flagship store was **the only one among Japanese companies** to be selected for the **top 10** in RED's category-based sales ranking.

GSV Trends of Cross-Border E-Commerce Flagship Store





- Our RED flagship store was ranked in the **top 10** in the "Gourmet & Nutrition category, branded flagship store category". It was the only one from a Japanese company.
- In-house live sales contributed to our overall sales, resulting in **our ranking first** in the "Gourmet and Nutrition Category, Live" for two consecutive months in October and November 2024.

* W11 is an annual event held in China around November 11 to celebrate Singles' Day and is the largest e-commerce sales event convened in China

Copyright © AXXZIA Inc. All rights reserved.

Sales Breakdown by Brand (FY07/25 Q1 consolidated results)

Prompted by increased demand for inner care products in China, we have positioned two inner care brands as up-and-coming series. Thanks to the success of measures aimed at capturing demand, sales of up-and-coming series overall **increased 18.8%** YoY.

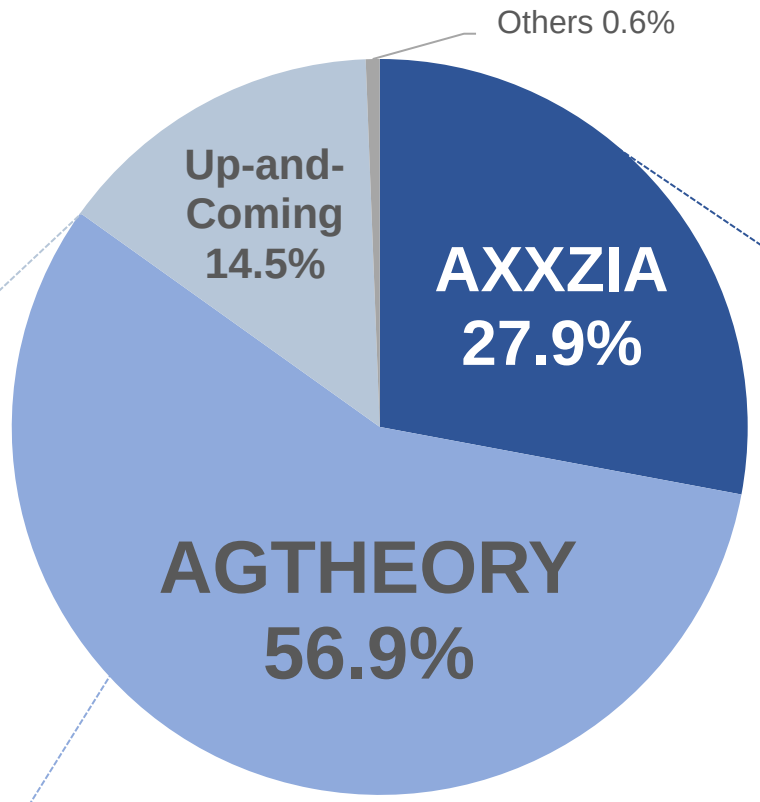
Venus Recipe

RevWell

#VenusRecipe #RevWell
#InnerCare #Wellness

AGTHEORY

#AGTHEORY
InnerCare #SkinCare



AXXZIA

#AXXZIA
#EyeCare #SkinCare



* The above composition ratios are calculated based on our company's standalone shipments

Copyright © AXXZIA Inc. All rights reserved.

CoGS and SG&A expenses (FY07/25 Q1 consolidated results)

AXXZIA

The cost ratio deteriorated by 8.2ppt due to the consolidation of M&D, whose cost ratio exceeds 70%.
Of SG&A expenses, while personnel expenses increased due to personnel investments at the head office and M&D, we were able to control some commissions paid to platform operators owing to enhanced in-house live sales in Chinese e-commerce.

(Unit: Millions of yen)

	FY07/24 Q1		FY07/25 Q1		YoY	
	Amount	Ratio to Net sales	Amount	Ratio to Net sales	Amount	Change
Net sales	2,730	100.0%	**3,079**	**100.0%**	+348	-
Cost of goods sold	537	19.7%	**856**	**27.8%**	+318	+8.2pt
SG&A expenses	1,935	70.9%	**2,165**	**70.3%**	+230	-0.5pt
（Personnel expenses）	339	12.4%	**461**	**15.0%**	+122	+2.6pt
（Advertising expenses）	760	27.9%	**845**	**27.5%**	+85	-0.4pt
（Commissions paid）	444	16.3%	**398**	**12.9%**	-45	-3.3pt
Operating income	257	9.4%	**57**	**1.9%**	-199	-7.6pt

Copyright © AXXZIA Inc. All rights reserved.

Consolidated B/S (FY07/25 Q1 consolidated results)

AXXZIA

In September 2024, we repurchased our own shares (**300 million yen**) and in October the same year, paid year-end dividends for FY07/24 (**244 million yen**). The equity ratio remains high at **80%**.

(Unit: Millions of yen)

	End-FY07/24	End-FY07/25 Q1	YoY change
	Amount	Amount	Amount
Current assets	8,631	**8,170**	-461
(Cash and deposits)	4,928	**4,148**	-780
Non-current assets	1,911	**1,900**	-10
Total assets	10,543	**10,071**	-472
Current liabilities	1,684	**1,716**	+31
Non-current liabilities	321	**293**	-28
Total liabilities	2,006	**2,009**	+3
(Interest-bearing liabities)	975	**953**	-22
Total net assets	8,536	**8,061**	-475
(Retained earnings)	4,776	**4,562**	-214
(Treasury shares)	-655	**-955**	-299
Total liabilities and net assets	10,543	**10,071**	-472

Copyright © AXXZIA Inc. All rights reserved.

3. Future Directions

Earnings Improvement: Initiatives to Improve the Operating Margin

For existing businesses, we aim **to improve the cost ratio and advertising expense-to-sales ratio**, on the back of a recovery in e-commerce sales in China driven by **accelerated growth of up-and-coming series**, as well as efforts to **increase brand recognition** and **expand sales in Japan**.
For our subsidiaries, we intend to further **enhance profitability** by pursuing synergies.

	Initiatives	
China	➢ Recover sales of two mainstay brands ➢ Accelerate growth of inner care brands ➢ Strengthen in-house live sales	✓ Improve the cost ratio by recovering e-commerce sales in China ✓ Reduce the advertising expense-to-sales ratio
Japan	➢ Bolster influencer marketing ➢ Increase sales of products for the eye area and beauty devices	✓ Improve advertising efficiency by increasing brand recognition
Subsidiaries	➢ Huit Laboratories ・Expand OEM contracts for AXXZIA products ➢ M&D ・Optimize inventory and handle more high-margin products	✓ Enhance consolidated profit margins by improving the cost ratios of subsidiaries

Copyright © AXXZIA Inc. All rights reserved.

China: Bolster Our Expansion into the Inner Care Market and Nurture New Brands

The health food and supplement market, as measured by Douyin's electronic transactions, is projected to grow at a CAGR of **120%** between 2021 and 2024*.
Capitalizing on this demand, we will position **inner care products**, excluding AGDrink, as up-and-coming series and work to expand sales.



Wellness brand for creating an authentic, vibrant future

RevWell



A supplement brand dedicated to promoting a radiant and healthy lifestyle, inspired by the goddess Venus

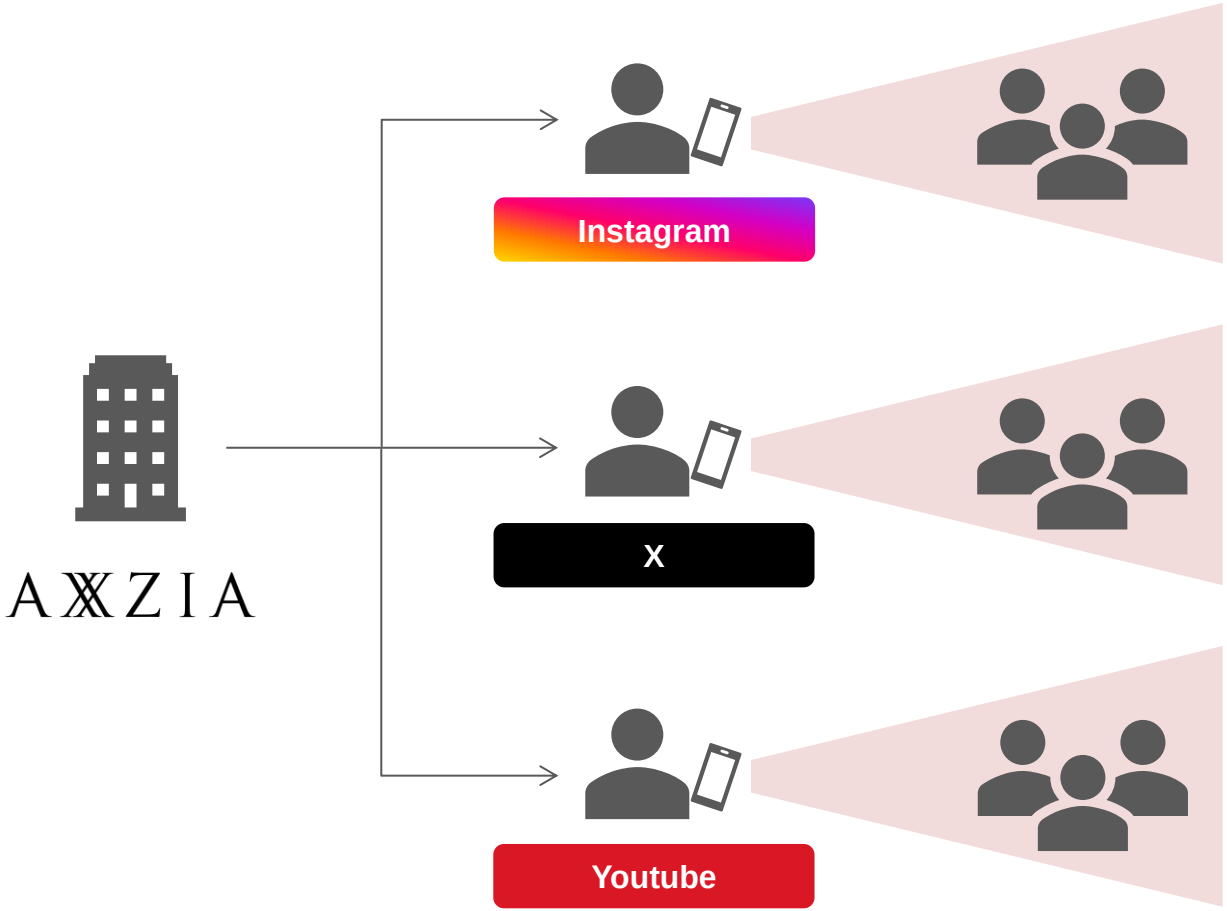
Venus Recipe

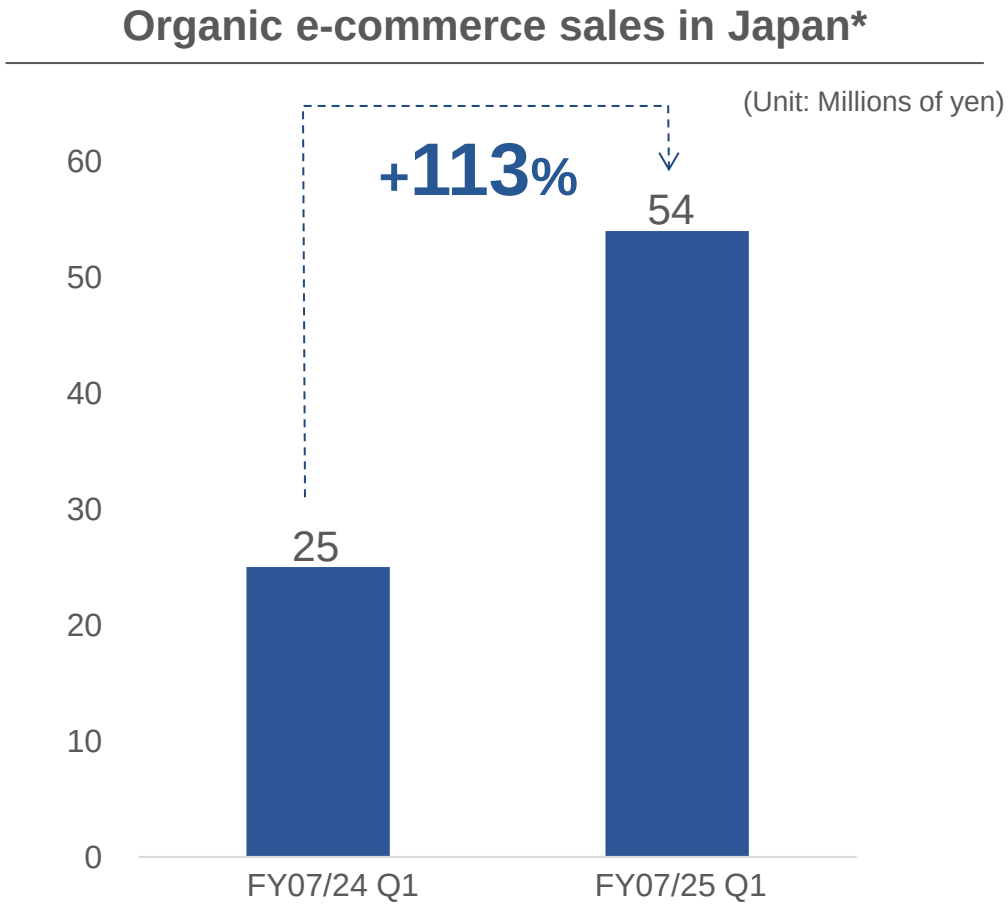
* Chanmofang.com data report, "E-commerce Healthcare Industry Trend Insights," issued May 2024

Copyright © AXXZIA Inc. All rights reserved.

Japan: Expand E-Commerce Sales by Utilizing Influencer Marketing

We are strengthening **influencer marketing** by engaging influencers who resonate with our target customers to introduce our products on social media. This initiative aims not only to expand our recognition but also to drive traffic from posts on social media to e-commerce site, boosting online sales. As a result of this initiative, organic e-commerce sales in Japan* in **Q1 more than doubled** YoY.



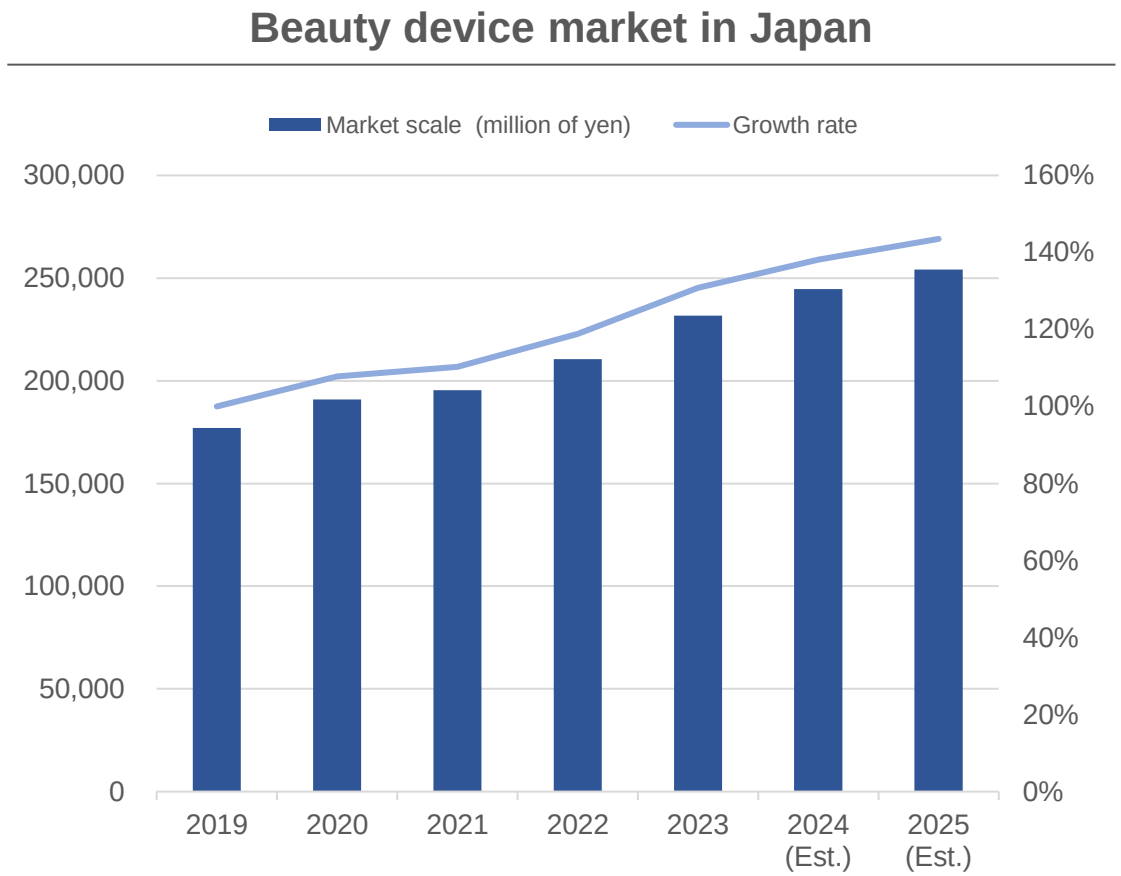


* E-commerce sales in Japan, excluding sales of M&D, which became a subsidiary in February 2024

Copyright © AXXZIA Inc. All rights reserved.

New Domain: Full-Scale Entry into the Beauty Device Market

To fully enter the **beauty device market**, valued at **approximately 250 billion yen**, we launched the new brand *Medullux*. Under the new brand, we introduced a hair iron and aggressively invested in advertising. Our goal is to **enhance brand recognition** and **expand sales in Japan**.



Source: Fuji Keizai Co., Ltd., “Beauty & Health Appliance Market and Related Service Trend Data 2023–2024”



- In November 2024, we launched *Medullux Comb Iron*, a hair iron under the new brand *Medullux*
- Equipped with 25 double-sided heating plates, this hair iron provides a large heating surface for quick and efficient straightening

Copyright © AXXZIA Inc. All rights reserved.

New Domain: Utilization of Newly Established Subsidiaries in the Beauty Device Market

In September 2024, we established AXXZIA Technology Inc., a consolidated subsidiary specializing in the **planning and sales of beauty devices**. By internalizing all processes except manufacturing, we aim to **reduce expenses paid to external vendors** and **further accelerate development**.

Current business flow

AXXZIA	Optech Labo	Chinese OEM	Optech Labo	AXXZIA
・Market research ・Concept design	・Manufacturing facility selection ・Specification design and evaluation	・Manufacture	・Acceptance inspection	・Marketing ・Sales

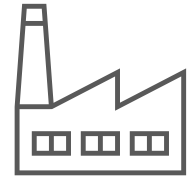
Envisioned future framework

AXXZIA Group

AVC*	AXXZIA Technology NEW	
・Marketing	・Market research ・Concept design	・Manufacturing facility selection ・Specification design and evaluation ・Acceptance inspection
AXXZIA		
・Sales		

Chinese OEM

・Manufacture



* E-commerce sales in Japan, excluding sales of M&D, which became a subsidiary in February 2024

Copyright © AXXZIA Inc. All rights reserved.

Subsidiaries: Creating Synergies After the Acquisition of M&D Co., Ltd.

As anticipated, the acquisition of M&D led to **increased sales in Japan** and an **improved regional portfolio**. **Profitability is improving**, thanks to efforts to clear out slow-moving inventory.
We will continue implementing measures to enhance profitability, with the goal of **improving consolidated profitability**.

Changes after the share acquisition (Q1 FY07/24→Q1 FY07/25)

E-commerce sales in Japan	: 25mn yen	→	**595mn yen**	(**+2,250.4%**)
Share of Japan sales	: 9.5%	→	**26.8%**	(**+17.3ppt**)

- ✓ Increase in Japan sales, strengthened e-commerce business in Japan
- ✓ Improvement in the regional portfolio, reduction in country risks

Initiatives aimed at generating synergies and results

- ➢ Sales expanded owing to marketing support from AVC* to M&D
- ➢ Profitability improved as a result of the following initiatives:
  - ・Clearing out slow-moving inventory
  - ・Increasing the number of high-margin products handled
  - ・Switching to suppliers with higher markup ratio
  - ・Revising selling prices

- ✓ M&D sales : **+19.1%**
- ✓ M&D loss : Achieved **profitability on a monthly basis**

(Comparing sales of June–August 2024, when M&D sales were consolidated into Q1 results, with the year-ago results)

Future initiatives

- ➢ Further **improve profitability** by continuing to implement the above initiatives
- ➢ Develop and commercialize **perfumes for Japanese retailers i**n collaboration with discount stores, former business partners

* AXXZIA Value Creator, Inc., a marketing consultant subsidiary established in June 2023

Copyright © AXXZIA Inc. All rights reserved.

Subsidiaries: Status of Overseas Subsidiaries (Singapore, Americas)

Our Singapore subsidiary conducted **live sales** hosted by local influencers on **TikTok** and other e-commerce platforms. We aim to drive sales growth primarily through e-commerce and **utilize this subsidiary to expand into other Southeast Asian countries.**
Our US subsidiary, established in June 2024, **is gradually launching operations**.

	Singapore subsidiary	US subsidiary
Developments through Q1 FY07/25	➢ Established in September 2023 ➢ Jointly operated by the AXXZIA head office, local employees, and local partners ➢ Began TikTok live sales hosted by local influencers	➢ Established in June 2024 ➢ Launched operations in collaboration with local partners ➢ Established marketing strategies
Future policies	➢ Strengthen sales activities, primarily on TikTok and other e-commerce platforms ➢ Conduct offline sales through local salons and trade shows ➢ After solidifying the business foundation in Singapore, we intend to expand into other Southeast Asian countries	➢ In November 2024, we held an offline event by inviting local influencers. By having the influencers post about our products and the event on their social media accounts, we sought to enhance brand awareness. ➢ Create and utilize TikTok and other social media accounts to bolster online sales

Copyright © AXXZIA Inc. All rights reserved.

4. Appendix

Company Overview

AXXZIA

Our company name has been created
from the word of XX (female's chromosome) and ASIA (=AZIA).
We will present "Asian Beauty"
with innovative and passionate attitude from Japan to the world.

Company Name	AXXZIA Inc.
Representative	President Duan Zhuo
Establishment	December 21, 2011
Capital	2,155 million yen （As of end of October 2024）
Location	Shinjuku Sumitomo Building 35F, 2-6-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo, 163-0235 Japan
Office	Tokyo Head Office, Osaka Sales Office, Fukuoka Sales Office
Business Activities	Manufacturing, sales of cosmetics and supplements
Market	TSE Prime (4936)
Board of Directors	President Duan Zhuo Vice President Shoi Dan Managing Director Wu Jun Managing Director Zhang Hui Director Yasuhito Fukui Outside Director Yujiro Arakawa Outside Director Junichi Ito Outside Director Yuko Shitamori Corporate Auditor Masahiro Miyajima Outside Auditor Kenji Shimizu Outside Auditor Kuninobu Okuda

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 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 AXXZIA Cosmetic Singapore Pte. Ltd. as a consolidated subsidiary (100%)
2024	Made M&D Co., Ltd. a wholly owned subsidiary Established AXXZIA Cosmetic USA Ltd. as a consolidated subsidiary (100%) Established AXXZIA Technology Inc. as a consolidated subsidiary (100%) Established AXXZIA (Shenzhen) International E-Commerce Co., Ltd. as a consolidated subsidiary (100%)

Copyright © AXXZIA Inc. All rights reserved.

[Main Brands1]
AGTHEORY Series (FY07/25 Q1)

Sales of AGDrink declined YoY, due to a fallback from a live sales event held in the previous fiscal year, but sales of AGTHEORY skincare products, launched in June 2024, increased, contributing to the sales growth of the AGTHEORY brand overall.

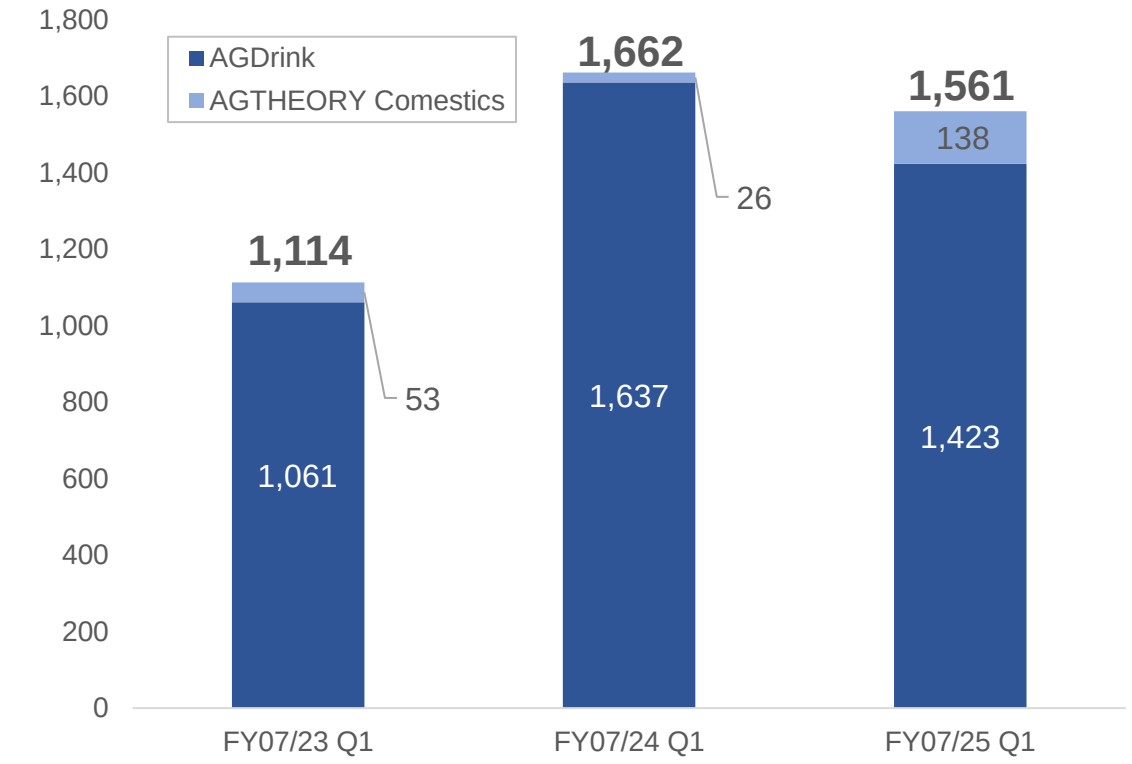


Milestones for sustained growth

- AGDrink was revamped as AGDrink X in April 2023, registering strong sales even during its pre-sale period.
- Fully revamped skincare line with ingredients linked to AGDrink X in June 2024.

AGTHEORY Series - Changes in sales

(Unit: millions of yen)



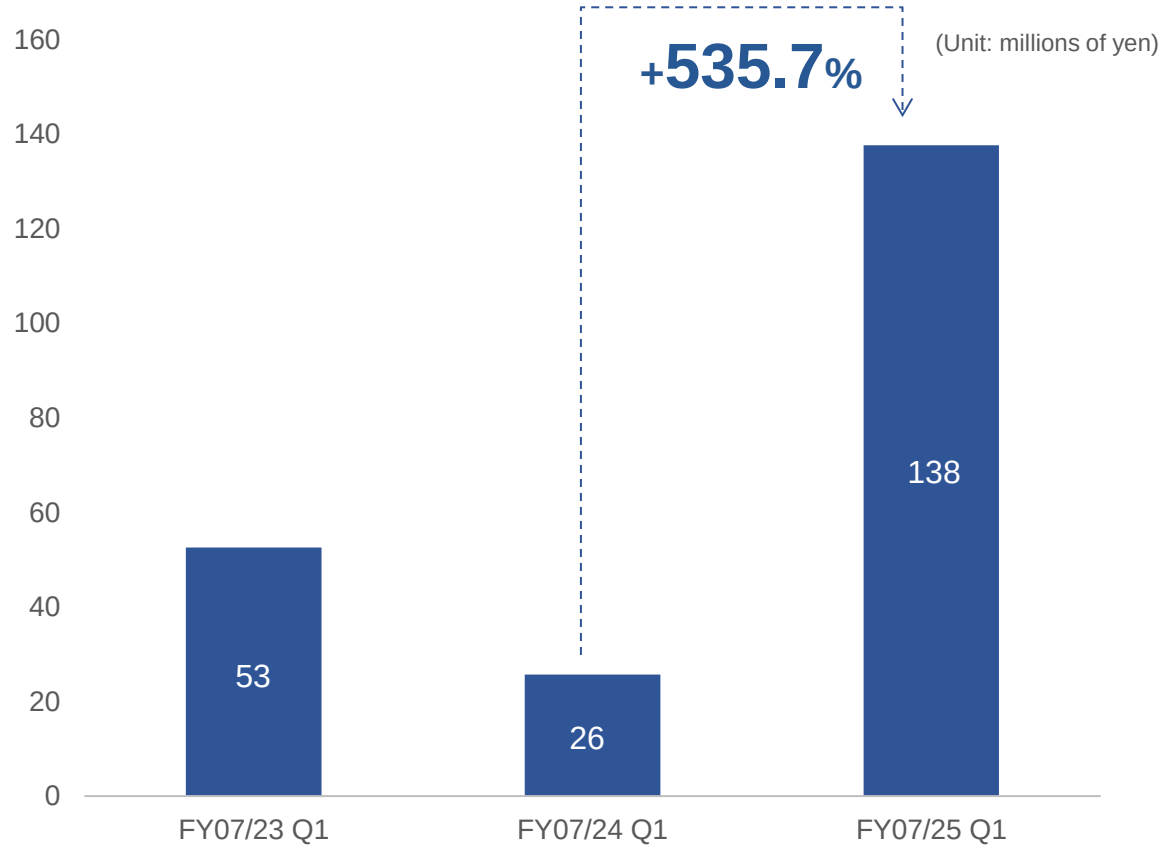
*The sales figures shown above represent AXXZIA 's stand-alone sales.

Copyright © AXXZIA Inc. All rights reserved.

Reference: Growth of AGTHEORY Skincare Products

In FY07/24 Q4, we launched eight basic skincare products and a sunscreen containing ingredients in sync with the mainstay AGDrinkX. Sales surpassed **100 million yen in a single quarter**, despite intensifying competition in the Chinese skincare market.





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

Copyright © AXXZIA Inc. All rights reserved.

[Main Brands2]

AXXZIA Series (FY07/25 Q1)

Sales of Essence Sheets remained flat YoY, even as individual consumption continued to be sluggish in China. We updated the beauty device for the eye area in April 2024, and aim to cross-sell the device with Essence Sheets, primarily in Japan.



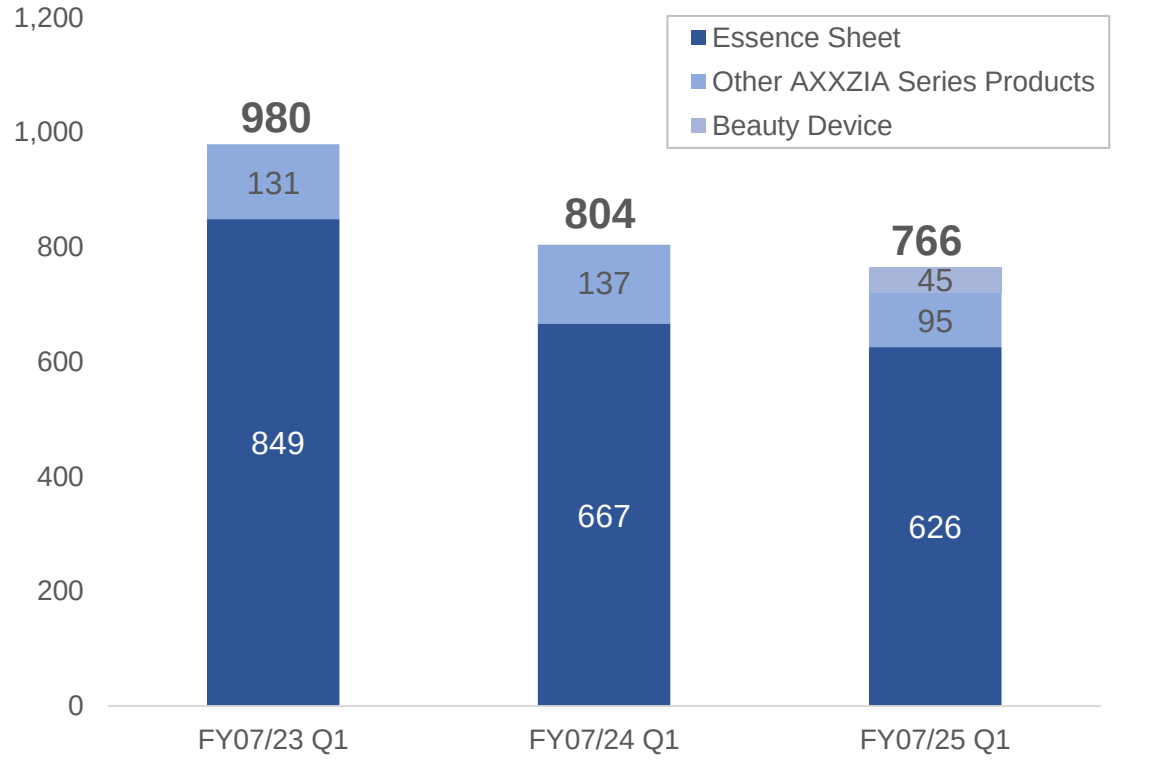


Milestones for sustained growth

- Brought product range to market centered on Essence Sheet.
- September 2023: First revamp of skincare sheets for the eye area; launched Essence Sheet Plus and Essence Sheet Premium Plus.
- Renewal of beauty device for the eye area, AXXZIA MATE FOR EYES in April 2024.

AXXZIA Series - Changes in sales

(Unit: millions of yen)



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

Copyright © AXXZIA Inc. All rights reserved.

[Up-and-Coming Series]
Venus Recipe / RevWell (FY07/25 Q1)

Overall sales of up-and-coming series **increased 18.8%** YoY, as we successfully captured demand for inner care products in China.

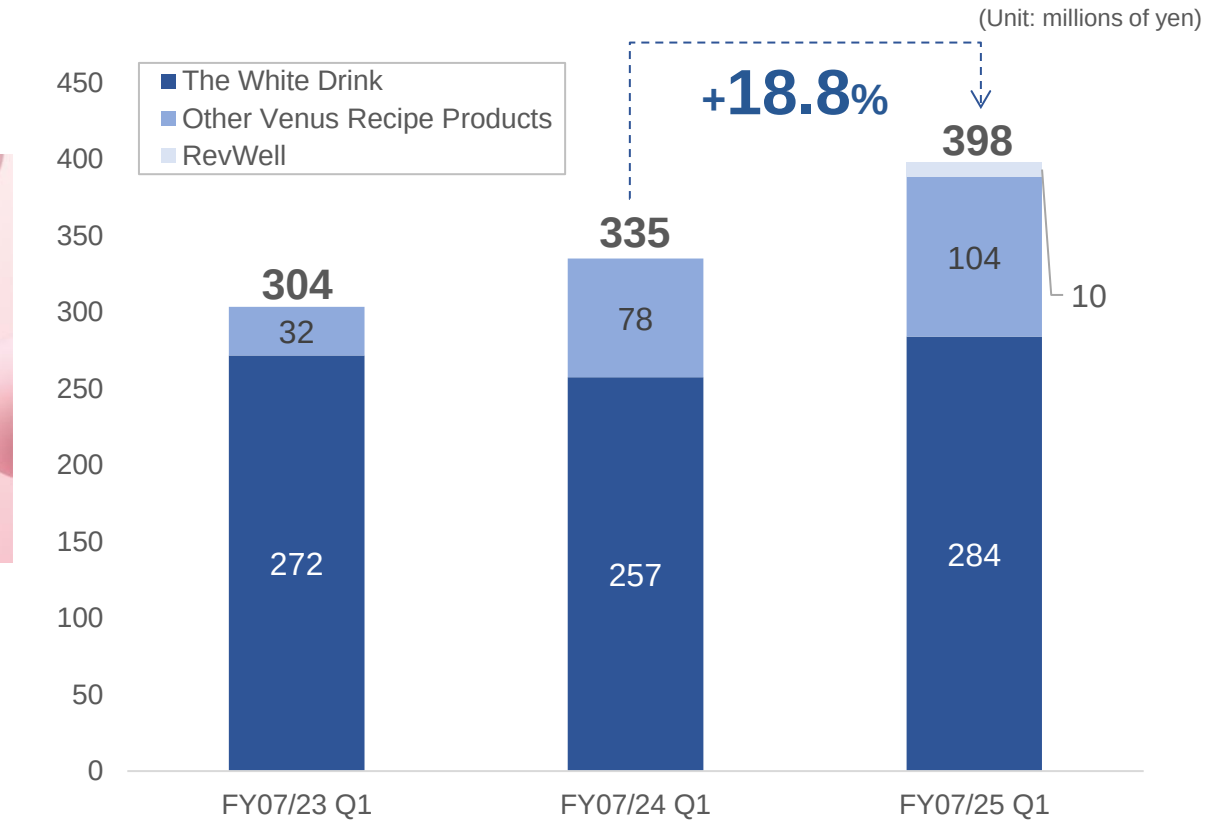




Milestones for turning into main series

- The White Drink is now approved for sale as our first functional food product.
- Launched AXXZIA's first wellness brand, "RevWell" in June 2024.
- Launched the inner care product with a unique chewy texture, HM Plump Ball from "Venus Recipe" in August 2024.

Up-and-Coming - Changes in sales



*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.

- 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.

[Contact]

AXXZIA Inc. (Securities code: 4936)

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

Copyright © AXXZIA Inc. All rights reserved.