



September 19, 2025

Company name: AXXZIA Inc.  
Representative: Duan Zhuo, president and  
representative director  
Securities code: 4936, TSE Standard  
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## **(Corrections of Numerical Data) Notice of Partial Corrections to “Consolidated Financial Results for the Fiscal Year Ended July 2025”**

AXXZIA Inc. announces that it has made the following corrections to the “Consolidated Financial Results for the Fiscal Year Ended July 2025 (Based on Japanese GAAP)” disclosed on September 12, 2025. As numerical data (XBRL data) has also been corrected, the corrected numerical data has been transmitted as well.

1. Reason of correction  
After the submission of the “Consolidated Financial Results for the Fiscal Year Ended July 2025 (Based on Japanese GAAP)”, certain items were found to require amendments. Therefore, the relevant parts will be corrected.
  - (1) Error in calculation process of the indirect cost allocation for inventories.
  - (2) Error in consolidation adjustment for the elimination of intercompany transactions.
2. Details of correction  
The full text after the correction is attached, and the corrected part is underlined.

## Translation

Notice: This document has been translated from the Japanese original for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

# Consolidated Financial Results for the Fiscal Year Ended July 2025 (Based on Japanese GAAP)

September 12, 2025

Company name: AXXZIA Inc. Listing exchange: Tokyo Stock Exchange  
Securities code: 4936 URL: <https://axxzia.co.jp/en/>  
Representative: Duan Zhuo, President and Representative Director  
Inquiries: Yasuhito Fukui, Director in charge of Administration Division Phone: +81-3-6911-3899  
Scheduled date for next ordinary general meeting of shareholders: October 24, 2025  
Scheduled date for commencing dividend payments: October 8, 2025  
Scheduled date for filing securities report: October 23, 2025  
Preparation of supplementary materials on financial results: Yes  
Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

## 1. Consolidated Financial Results for the Fiscal Year Ended July 2025 (from August 1, 2024 to July 31, 2025)

### (1) Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended July 31, 2025	<u>13,478</u>	<u>10.5</u>	<u>513</u>	<u>(44.1)</u>	<u>504</u>	<u>(55.1)</u>	<u>320</u>	<u>(59.6)</u>
Fiscal year ended July 31, 2024	12,192	7.5	918	(51.7)	1,122	(41.0)	794	(40.3)

(Note) Comprehensive income

Fiscal year ended July 2025: 291 million yen [(66.3%)]

Fiscal year ended July 2024: 865 million yen [(34.5%)]

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating income/net sales
	Yen	Yen	%	%	%
Fiscal year ended July 31, 2025	<u>13.74</u>	-	<u>4.0</u>	<u>5.0</u>	<u>3.8</u>
Fiscal year ended July 31, 2024	32.06	32.00	9.1	10.6	7.5

(Note) Equity in earnings of affiliates

Fiscal year ended July 2025: -12 million yen

Fiscal year ended July 2024: -3 million yen

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2025	<u>9,567</u>	<u>7,575</u>	<u>79.1</u>	<u>331.09</u>
As of July 31, 2024	10,543	8,536	80.9	349.51

(Reference) Total shareholders' equity

As of July 31, 2025: 7,572 million yen

As of July 31, 2024: 8,534 million yen

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended July 31, 2025	781	(158)	(1,483)	3,571
Fiscal year ended July 31, 2024	800	(626)	(1,551)	4,489

## 2. Cash Dividends

	Annual dividends per share					Total dividends	Payout ratio (Consolidated)	Dividends/ net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended July 31, 2024	–	10.00	–	10.00	20.00	491	62.4	5.7
Fiscal year ended July 31, 2025	–	5.00	–	5.00	10.00	228	<u>72.8</u>	2.9
Fiscal year ending July 31, 2026 (Forecast)	–	5.00	–	5.00	10.00	–	61.6	–

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending July 2026 (from August 1, 2025 to July 31, 2026) (Percentage figures indicate year-on-year changes for full year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	14,440	7.1	570	<u>11.0</u>	560	<u>11.1</u>	370	<u>15.4</u>	16.23

### \* Notes

- (1) Significant changes in scope of consolidation during the fiscal year: Yes  
 Newly consolidated: 2 (AXXZIA Technology Inc., AXXZIA (Shenzhen) International E-Commerce Co., Ltd.)  
 Excluded from consolidation: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
  - 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - 2) Changes in accounting policies other than those in 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Restatement of prior period financial statements: No

### (3) Number of issued shares (common shares)

#### 1) Total number of issued shares at the end of the period (including treasury shares)

As of July 31, 2025	24,107,000 shares	As of July 31, 2024	25,167,000 shares
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#### 2) Number of treasury shares at the end of the period

As of July 31, 2025	1,236,600 shares	As of July 31, 2024	750,000 shares
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#### 3) Average number of shares during the period

Fiscal year ended July 2025	23,344,603 shares	Fiscal year ended July 2024	24,776,251 shares
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## (Reference) Overview of Non-consolidated Financial Results

### 1. Non-Consolidated Financial Results for the Fiscal Year Ended July 2025 (from August 1, 2024 to July 31, 2025)

#### (1) Non-Consolidated Operating Results (Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended July 31, 2025	9,248	(4.9)	<u>368</u>	<u>(50.4)</u>	<u>307</u>	<u>(66.4)</u>	<u>221</u>	<u>(65.5)</u>
Fiscal year ended July 31, 2024	9,719	1.0	742	(50.0)	916	(37.5)	642	(35.9)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended July 31, 2025	<u>9.49</u>	-
Fiscal year ended July 31, 2024	25.95	25.90

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2025	<u>7,371</u>	<u>6,329</u>	85.9	<u>276.76</u>
As of July 31, 2024	8,677	7,367	84.9	301.74

(Reference) Total shareholders' equity

As of July 31, 2025: 6,329 million yen

As of July 31, 2024: 7,367 million yen

\* This summary of financial results is not subject to review procedures by a public accountant or audit corporation.

\* Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual results, etc. may materially differ from the forecast due to various factors.

For the conditions forming the assumptions used in forecasting earnings and precautions regarding the use of earnings forecasts, please refer to "1. Overview of Operating Results, etc. (4) Future Outlook" on page 3 of the Attachment.

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## 1. Qualitative Information on the Financial Results for the Period under Review

### (1) Overview of Operating Results, Etc.

During the consolidated fiscal year ended July 31, 2025 (August 1, 2024, to July 31, 2025), the Japanese economy continued to recover gradually, supported by improvements in the employment and income conditions. However, personal consumption showed a downward trend due to rising prices. Also, uncertainties persisted as yet due to factors such as the trend of the U.S. policy.

The cosmetics market in Japan remained strong. However, inbound consumption was affected by factors such as a decrease in purchasing motivation due to the appreciation of the yen.

In the cosmetics market in China, while a slight recovery trend was observed, the business environment remained challenging due to weakened consumer sentiment caused by an economic slowdown and intensifying competition from emerging local manufacturers.

Under these market conditions, the AXXZIA Group focused on further expanding sales in China, our key market, while advancing initiatives to establish a business foundation and strengthen sales activities in regions outside of China. In China, while the business environment remained challenging due to sluggish consumption, we worked to further boost sales of our mainstay product AGDrink through a renewal aimed at stimulating demand. We also sought to cultivate skincare products of the AGTHEORY brand, whose core product is AGDrink, as well as inner care products, which are seeing growing demand in China.

In Japan, we strove to enhance our brand image and increase recognition by conducting social media marketing and live sales through influencers, renovating our flagship store in GINZA SIX, opening AXXZIA Shibuya Hikarie ShinQs Store, and so forth. Also, net sales in Japan increased significantly supported by the consolidation of M&D Co., Ltd. which became a subsidiary in February 2024. In the near future, M&D will launch their first own brand "BELLE BAL". At present, M&D is a cosmetics import and sales company. However, going forward, M&D will change their business model to focus primarily on planning and developing its own brand products, and will strengthen sales through its existing distribution channels. Through this, we aim to pursue group synergies and improve profit margins.

Outside of China and Japan, we participated in a trade show in Dubai, conducted live sales, and launched a pop-up store at a department store in Southeast Asia as part of efforts to bolster global expansion. As a result, operating results for the fiscal year ending July 2025 were as follows:

For the consolidated fiscal year ended July 31, 2025, the Company posted net sales of 13,478,088 thousand yen (up 10.5% year-on-year), exceeding the year-ago results owing to the consolidation of M&D Co., Ltd. which became a subsidiary in February 2024. Additionally, the gross profit reached 9,873,505 thousand yen, setting a new record. Meanwhile, operating income was 513,372 thousand yen (down 44.1% year-on-year), due to a deterioration in the cost ratio and an increase in personnel expenses following the consolidation of M&D. Ordinary income was 504,249 thousand yen (down 55.1% year-on-year) and profit attributable to owners of parent was 320,660 thousand yen (down 59.6% year-on-year).

Note that descriptions by segment are omitted, as the Group has a single operating segment engaged in the cosmetics business.

#### [Summary of Results]

	Previous fiscal year Millions of yen	Current fiscal year Millions of yen	Year-on-year changes %
Net sales	12,192	<u>13,478</u>	<u>+10.5</u>
Operating income	918	<u>513</u>	<u>-44.1</u>
Ordinary income	1,122	<u>504</u>	<u>-55.1</u>
Profit attributable to owners of parent	794	<u>320</u>	<u>-59.6</u>

### (2) Financial Position

#### (Assets)

Total assets at the end of the current fiscal year amounted to 9,567,617 thousand yen, a decrease of 975,707 thousand yen from the end of the previous fiscal year. Of this, current assets decreased by 1,085,609 thousand yen from the end of the previous fiscal year to 7,546,195 thousand yen and non-current assets increased by 109,902 thousand yen from the end of the previous fiscal year to 2,021,422 thousand yen.

The decrease in current assets was mainly attributable to factors such as cash and deposits decreasing by 938,735 thousand yen through purchase of treasury shares, accounts receivable – trade increasing by 101,521 thousand yen and merchandise and finished goods decreasing by 218,410 thousand yen, while the increase in non-current assets was mainly attributable to property, plant and equipment increasing by 109,405 thousand yen, intangible assets decreasing by 50,253 thousand yen and investments and other assets increasing by 50,750 thousand yen.

#### (Liabilities)

Total liabilities at the end of the current fiscal year amounted to 1,992,524 thousand yen, a decrease of 13,927 thousand yen from the end of the previous fiscal year. Of this, current liabilities increased by 43,719 thousand yen from the end of the previous fiscal year to 1,728,524 thousand yen, while non-current liabilities decreased by 57,647 thousand yen from the end of the previous fiscal year to 264,000 thousand yen.

The increase in current liabilities was mainly attributable to factors such as a decrease in current portion of long-term borrowings by 86,808 thousand yen, an increase in income taxes payable by 45,526 thousand yen and an increase in other current liabilities by 69,842 thousand yen. The decrease in non-current liabilities was mainly attributable to factors such as a decrease in

repayments of long-term borrowings by 110,272 thousand yen.

(Net assets)

Total net assets at the end of the current fiscal year amounted to 7,575,092 thousand yen, a decrease of 961,779 thousand yen from the end of the previous fiscal year. This was mainly attributable to factors such as a decrease in retained earnings resulting from cancellation of treasury shares amounting to 718,584 thousand yen. Consequently, the equity ratio came to 79.1% (in contrast to 80.9% at the end of the previous fiscal year).

### (3) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year decreased by 918,781 thousand yen from the end of the previous fiscal year to 3,571,201 thousand yen. The status of cash flows in the current fiscal year and their contributing factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities at the end of the current fiscal year amounted to 781,652 thousand yen (in contrast with net cash provided amounting to 800,357 thousand yen in the previous fiscal year). This was mainly attributable to factors such as an increase in trade receivables of 102,021 thousand yen, a decrease in inventories of 159,289 thousand yen and income taxes paid of 123,511 thousand yen while profit before income taxes amounted to 498,431 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities at the end of the current fiscal year amounted to 158,540 thousand yen (in contrast with net cash used amounting to 626,663 thousand yen in the previous fiscal year). This mainly reflected cash outflows of 625,802 thousand yen in payments into time deposits, 639,156 thousand yen in proceeds from withdrawal of time deposits, 141,431 thousand yen in purchase of property, plant and equipment and 20,899 thousand yen in purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities at the end of the current fiscal year amounted to 1,483,991 thousand yen (in contrast with net cash used amounting to 1,551,765 thousand yen in the previous fiscal year). This was primarily attributable to proceeds from long-term borrowings of 180,000 thousand yen, repayments of long-term borrowings of 377,080 thousand yen, purchase of treasury shares of 902,552 thousand yen and dividends paid of 358,082 thousand yen.

### (4) Future Outlook

The Japanese economy is expected to continue on a path of gradual recovery, supported by improving employment and income conditions. However, there are concerns that uncertain factors such as tariff risks, a decline in consumer sentiment due to rising prices, and an increase in geopolitical risks may put downward pressure on the economy.

In China, the Group’s key market, the stagnation of consumer sentiment is expected to continue, along with a reduction in the effectiveness of policies such as subsidies. This is projected to result in a slowdown in consumption growth, and a challenging business environment is anticipated to persist.

In such a market environment, while the Group maintains its policy of focusing on China as the key market, it believes it is vital to accelerate growth in the Japan business and to develop markets outside of China, including Southeast Asia (such as Singapore), North America (the US and Canada), and Australia.

The Company expects to achieve net sales of 14,440 million yen (up 7.1% year-on-year), operating income of 570 million yen (up 11.0%), ordinary income of 560 million yen (up 11.1%) and profit attributable to owners of parent of 370 million yen (up 15.4%) for the fiscal year ending July 31, 2026.

Going forward, we will closely monitor the business environment in the China market and aim for steady sales expansion in our key market, while also working to enhance brand recognition and expand sales in the Japanese market, as well as strengthen our presence in other regions.

## 2. Basic Principle on the Choice of Accounting Standards

For the time being, the Group makes it a policy to prepare its consolidated financial statements based on Japanese GAAP, in view of the comparability for the period covered by the consolidated financial statements and inter-company comparability.

With regarding to the application of the International Financial Reporting Standards (IFRS), the Company intends to respond to the application in an appropriate manner, based on the situations of various factors both in and outside Japan and taking into account the trend of other companies in the same industry.

### 3. Consolidated Financial Statements and Significant Notes Thereto

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (As of July 31, 2024)	Current fiscal year (As of July 31, 2025)
Assets		
Current assets		
Cash and deposits	4,928,836	3,990,101
Accounts receivable - trade	829,289	930,811
Merchandise and finished goods	1,892,571	<u>1,674,161</u>
Work in process	11,429	5,664
Raw materials and supplies	208,832	267,859
Income taxes refund receivable	44,421	<u>16,800</u>
Other	725,734	<u>673,172</u>
Allowance for doubtful accounts	(9,311)	(12,375)
Total current assets	<u>8,631,804</u>	<u>7,546,195</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	699,339	719,331
Land	385,132	396,595
Other, net	223,766	301,716
Total property, plant and equipment	<u>1,308,238</u>	<u>1,417,643</u>
Intangible assets		
Goodwill	133,154	104,621
Other	129,091	107,371
Total intangible assets	<u>262,246</u>	<u>211,992</u>
Investments and other assets		
Deferred tax assets	175,575	<u>237,808</u>
Other	165,459	153,977
Total investments and other assets	<u>341,035</u>	<u>391,785</u>
Total non-current assets	<u>1,911,520</u>	<u>2,021,422</u>
Total assets	<u>10,543,324</u>	<u>9,567,617</u>

	(Thousands of yen)	
	Previous fiscal year (As of July 31, 2024)	Current fiscal year (As of July 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	224,577	225,019
Short-term borrowings	450,000	449,481
Current portion of long-term borrowings	220,280	133,472
Accounts payable - other	525,201	531,448
Income taxes payable	56,194	<u>101,720</u>
Provision for bonuses	41,944	44,907
Provision for shareholder benefit program	10,883	16,908
Other	155,722	<u>225,565</u>
Total current liabilities	<u>1,684,804</u>	<u>1,728,524</u>
Non-current liabilities		
Long-term borrowings	278,730	168,458
Deferred tax liabilities	1,976	-
Other	40,941	95,542
Total non-current liabilities	<u>321,647</u>	<u>264,000</u>
Total liabilities	<u>2,006,452</u>	<u>1,992,524</u>
Net assets		
Shareholders' equity		
Share capital	2,155,505	2,155,505
Capital surplus	2,057,304	2,057,304
Retained earnings	4,776,900	<u>4,020,454</u>
Provision for share-based payments	(655,867)	(838,300)
Total shareholders' equity	<u>8,333,842</u>	<u>7,394,964</u>
Accumulated other comprehensive income		
Foreign currency translation adjustment	200,201	177,101
Total accumulated other comprehensive income	<u>200,201</u>	<u>177,101</u>
Non-controlling interests	2,828	3,027
Total net assets	<u>8,536,872</u>	<u>7,575,092</u>
Total liabilities and net assets	<u>10,543,324</u>	<u>9,567,617</u>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

## Consolidated Statements of Income

(Thousands of yen)

	Previous fiscal year (August 1, 2023 - July 31, 2024)	Current fiscal year (August 1, 2024 - July 31, 2025)
Net sales	12,192,379	<u>13,478,088</u>
Cost of sales	2,581,823	<u>3,604,583</u>
Gross profit	9,610,556	<u>9,873,505</u>
Selling, general and administrative expenses	8,692,211	<u>9,360,133</u>
Operating income	918,344	<u>513,372</u>
Non-operating income		
Interest and dividend income	42,877	16,987
Subsidy income	24,835	65,380
Foreign exchange gains	147,943	-
Other	5,576	9,364
Total non-operating income	221,233	91,733
Non-operating expenses		
Interest expenses	8,079	17,200
Commission for purchase of treasury shares	4,431	1,535
Share of loss of entities accounted for using equity method	3,782	12,725
Foreign exchange losses	-	67,231
Other	977	2,163
Total non-operating expenses	17,271	100,856
Ordinary income	1,122,306	<u>504,249</u>
Extraordinary income		
Gain on sale of non-current assets	14,280	-
Gain on sale of investment securities	2,278	-
Gain on sale of shares of subsidiaries and associates	-	1,076
Total extraordinary income	16,558	1,076
Extraordinary losses		
Loss on retirement of non-current assets	821	6,894
Loss on store closings	27,265	-
Total extraordinary losses	28,086	6,894
Profit before income taxes	1,110,778	<u>498,431</u>
Income taxes - current	352,016	<u>197,525</u>
Income taxes - deferred	(29,215)	<u>(13,954)</u>
Total income taxes	322,801	<u>183,571</u>
Profit	787,976	<u>314,859</u>
Loss attributable to non-controlling interests	(6,371)	(5,800)
Profit attributable to owners of parent	794,348	<u>320,660</u>

# Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Previous fiscal year (August 1, 2023 – July 31, 2024)	Current fiscal year (August 1, 2024 – July 31, 2025)
Profit	787,976	<u>314,859</u>
Other comprehensive income		
Foreign currency translation adjustment	77,600	(23,100)
Total other comprehensive income	<u>77,600</u>	<u>(23,100)</u>
Comprehensive income	<u>865,577</u>	<u>291,759</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	871,949	<u>297,560</u>
Comprehensive income attributable to non-controlling interests	(6,371)	(5,800)

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended July 31, 2024 (August 1, 2023 to July 31, 2024)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2,147,315	2,049,315	5,473,634	(891,265)	8,778,998	122,600	122,600	-	8,901,599
Changes of items during period									
Dividends of surplus			(599,817)		(599,817)				(599,817)
Profit attributable to owners of parent			794,348		794,348				794,348
Issuance of new shares	8,190	8,190			16,380				16,380
Purchase of treasury shares				(655,867)	(655,867)				(655,867)
Cancellation of treasury shares			(891,265)	891,265	-				-
Change in ownership interest of parent due to transactions with non-controlling interests		(200)			(200)				(200)
Net changes in items other than shareholders' equity						77,600	77,600	2,828	80,428
Total changes during period	8,190	7,989	(696,733)	235,398	(445,155)	77,600	77,600	2,828	(364,726)
Balance at end of period	2,155,505	2,057,304	4,776,900	(655,867)	8,333,842	200,201	200,201	2,828	8,536,872

Fiscal year ended July 31, 2025 (August 1, 2024 to July 31, 2025)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2,155,505	2,057,304	4,776,900	(655,867)	8,333,842	200,201	200,201	2,828	8,536,872
Changes of items during period									
Dividends of surplus			(358,522)		(358,522)				(358,522)
Profit attributable to owners of parent			<u>320,660</u>		<u>320,660</u>				<u>320,660</u>
Issuance of new shares									
Purchase of treasury shares				(901,017)	(901,017)				(901,017)
Cancellation of treasury shares			(718,584)	718,584					
Change in ownership interest of parent due to transactions with non-controlling interests									
Net changes in items other than shareholders' equity						(23,100)	(23,100)	199	(22,900)
Total changes during period			<u>(756,445)</u>	(182,433)	<u>(938,878)</u>	(23,100)	(23,100)	199	<u>(961,779)</u>
Balance at end of period	2,155,505	2,057,304	<u>4,020,454</u>	(838,300)	<u>7,394,964</u>	177,101	177,101	3,027	<u>7,575,092</u>

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	Previous fiscal year (August 1, 2023 - July 31, 2024)	Current fiscal year (August 1, 2024 - July 31, 2025)
Cash flows from operating activities		
Profit before income taxes	1,110,778	498,431
Depreciation	151,550	160,159
Loss on store closings	4,819	-
Amortization of goodwill	16,100	28,533
Increase (decrease) in allowance for doubtful accounts	7,927	3,064
Increase (decrease) in provision for share-based payments	(68,967)	-
Interest and dividend income	(42,877)	(16,987)
Interest expenses	8,079	17,200
Foreign exchange losses (gains)	(35,652)	51,684
Decrease (increase) in trade receivables	372,504	(102,021)
Decrease (increase) in inventories	108,221	159,289
Decrease (increase) in prepaid expenses	(106,601)	38,774
Increase (decrease) in trade payables	(22,102)	1,836
Increase (decrease) in accounts payable - other	23,107	25,504
Increase (decrease) in income taxes payable - factor based tax	(32,712)	(920)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(130,482)	42,394
Other, net	(49,418)	(2,672)
Subtotal	1,314,275	904,269
Interest and dividends received	40,181	17,590
Interest paid	(8,691)	(16,695)
Income taxes refund (paid)	(545,408)	(123,511)
Net cash provided by (used in) operating activities	800,357	781,652
Cash flows from investing activities		
Payments into time deposits	(423,800)	(625,802)
Proceeds from withdrawal of time deposits	-	639,156
Purchase of property, plant and equipment	(363,426)	(141,431)
Proceeds from sale of property, plant and equipment	46,500	-
Purchase of intangible assets	(26,160)	(20,899)
Payments for retirement of property, plant and equipment	-	(636)
Purchase of investment securities	(900)	-
Proceeds from sale of investment securities	32,745	-
Purchase of shares of subsidiaries and associates	(16,640)	-
Proceeds from sale of shares of subsidiaries and associates	-	1,103
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	98,758	-
Purchase of insurance funds	(381)	-
Proceeds from cancellation of insurance funds	30,861	-
Other, net	(4,220)	(10,029)
Net cash provided by (used in) investing activities	(626,663)	(158,540)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(80,000)	-
Proceeds from long-term borrowings	168,000	180,000
Repayments of long-term borrowings	(360,952)	(377,080)
Proceeds from issuance of shares	16,380	-
Purchase of treasury shares	(660,298)	(902,552)
Dividends paid	(599,040)	(358,082)

Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	9,000	-
Proceeds from share issuance to non-controlling shareholders	-	6,000
Others, net	(44,853)	(32,276)
Net cash provided by (used in) financing activities	(1,551,765)	(1,483,991)
Effect of exchange rate change on cash and cash equivalents	80,087	(57,902)
Net increase (decrease) in cash and cash equivalents	(1,297,984)	(918,781)
Cash and cash equivalents at beginning of period	5,787,967	4,489,982
Cash and cash equivalents at end of period	4,489,982	3,571,201

## (5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Pursuant to a resolution approved at the Board of Directors meeting held on September 20, 2024, the Company acquired 486,600 shares during the period from September 24, 2024, to September 27, 2024. Also, pursuant to a resolution approved at the Board of Directors meeting held on December 13, 2024, the Company acquired 1,060,000 shares on December 17, 2024, and cancelled 1,060,000 shares on January 10, 2025.

As a result, treasury shares increased by 182,433 thousand yen, and treasury shares amounted to 838,300 thousand yen at the end of the current fiscal year.

(Notes on Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes)

From the beginning of the fiscal year under review, the Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, issued October 28, 2022; hereafter, the "Revised Accounting Standard 2022") and related guidelines.

Regarding the amendments to the classification of income taxes (taxes on other comprehensive income), the Company has adopted the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the proviso of Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, issued October 28, 2022). The change in accounting policies had no impact on the consolidated financial statements for the fiscal year under review.

(Segment Information, Etc.)

[Segment information]

The information is omitted as the Company has a single operating segment engaged in the cosmetics business.

[Related information]

Previous fiscal year (from August 1, 2023 to July 31, 2024)

### 1. Information by product and service

This information is omitted as sales to external customers concerning the cosmetics business account for more than 90% of net sales in the consolidated statements of income.

### 2. Information by region

#### (1) Net sales

(Thousands of yen)

Japan	China	Others	Total
1,754,282	10,039,054	399,043	12,192,379

(Note) Net sales are classified by country or region based on the final delivery destination.

#### (2) Property, plant and equipment

Over 90% of the property, plant, and equipment value on the consolidated balance sheet pertains to assets located in Japan.

Therefore, no specific details are provided.

### 3. Information by major customer

We have omitted information by key customer, as no sales to any one customer amounted to 10% of consolidated net sales as recorded on the consolidated income statement.

Current fiscal year (from August 1, 2024 to July 31, 2025)

### 1. Information by product and service

This information is omitted as sales to external customers concerning the cosmetics business account for more than 90% of net sales in the consolidated statements of income.

## 2. Information by region

### (1) Net sales

(Thousands of yen)

Japan	China	Others	Total
3,423,816	<u>9,728,894</u>	325,377	<u>13,478,088</u>

(Note) Net sales are classified by country or region based on the final delivery destination.

### (2) Property, plant and equipment

Over 90% of the property, plant, and equipment value on the consolidated balance sheet pertains to assets located in Japan.

Therefore, no specific details are provided.

## 3. Information by major customer

We have omitted information by key customer, as no sales to any one customer amounted to 10% of consolidated net sales as recorded on the consolidated income statement.

[Information about impairment loss on non-current assets by reportable segment]

Not applicable.

[Information about amortization and unamortized balance of goodwill by reportable segment]

Previous fiscal year (from August 1, 2023 to July 31, 2024)

The information is omitted as the Company has a single operating segment engaged in the cosmetics business.

Current fiscal year (from August 1, 2024 to July 31, 2025)

The information is omitted as the Company has a single operating segment engaged in the cosmetics business.

[Information about gain on bargain purchase by reportable segment]

Not applicable.

### (Per Share Information)

	Previous fiscal year (August 1, 2023 – July 31, 2024)	Current fiscal year (August 1, 2024 - July 31, 2025)
Net assets per share	349.51 yen	<u>331.09</u> yen
Basic earnings per share	32.06 yen	<u>13.74</u> yen
Diluted earnings per share	32.00 yen	- yen

(Note)

(1) Net income per share (diluted) is not presented since there are no outstanding dilutive securities for the consolidated fiscal year.

(2) The basis of calculating basic earnings per share and diluted earnings per share is as follows.

(Thousands of yen)

Item	Previous fiscal year (August 1, 2023 - July 31, 2024)	Current fiscal year (August 1, 2024 – July 31, 2025)
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Basic earnings per share		
Profit attributable to owners of parent	794,348	<u>320,660</u>
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent for common shares	794,348	<u>320,660</u>
Average number of common shares during period	24,776 thousand shares	23,345 thousand shares
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	—	—
Increase in the number of common shares	49 thousand shares	- thousand shares
(Of which, increase in the number of share subscription rights)	(49 thousand shares)	(- thousand shares)
Description of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	—	Since the first stock acquisition rights (number of shares subject to the rights: 228,000 shares) and the second stock acquisition rights (number of shares subject to the rights: 12,000 shares) do not have a dilutive effect in the consolidated fiscal year, they are not included in the calculation of diluted earnings per share.

(Significant Subsequent Events)  
Not applicable.

#### 4. Other

The Company had been listed on the Prime Market of the Tokyo Stock Exchange, but its application to the Tokyo Stock Exchange to change its listing classification to the Standard Market was approved on July 24, 2025. Accordingly, since July 31, 2025, the name of the financial instrument exchange where the Company's shares are listed has been the Tokyo Stock Exchange Standard Market.