

# Supplementary Materials of Consolidated Financial Results for the Nine Months Ended April 30, 2025

2025.6.10



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# Performance Highlights

# Segment Highlights

	Notes
<b>Consolidated Financial results</b>	R&D expenses rose by 36%, and advertising expenses increased by 16%, underscoring continued strategic investment. Both BtoB and BtoC segments maintained profitability, reflecting the strength of core operations. Upfront advertising investment due to strong sales led to a temporary Q3 deficit; full-year profitability remains on track.
<b>BtoB Business</b>	Channel expansion efforts continued. “Newmo” is set to roll out to 10,000 drugstores nationwide. Proprietary functional beverages secured shelf space in major supermarket chains, signaling steady market penetration.
<b>BtoC Business</b>	Trend reversal gained further momentum, with customer acquisition accelerating—driven primarily by new pharmaceutical products. The number of regular customers increased by 87,000 compared to the previous fiscal year-end. Despite quarterly advertising expenses reaching ¥10.8 billion, the second-highest level on record, the segment remained profitable on a cumulative basis through the third quarter.
<b>Biomedical Business</b>	The final-year contract under the Japan Agency for Medical Research and Development/AMED’s program for next-generation drug discovery technologies has been signed. Key technologies have been consolidated into an integrated platform for next-generation antibody development, with validation studies targeting pharmaceutical antigens currently in progress.
<b>Mid-Term Business Plan 2026 – New Value Creation 1K</b>	Over 80,000 visitors attended the company’s booth within the first month of EXPO 2025. Innovative fiber products containing ovoveil, designed with sustainability and human well-being in mind, were launched globally for the first time through 7-Eleven, garnering widespread attention.

# Consolidated Sales (Cumulative)

(Unit : Million Yen)

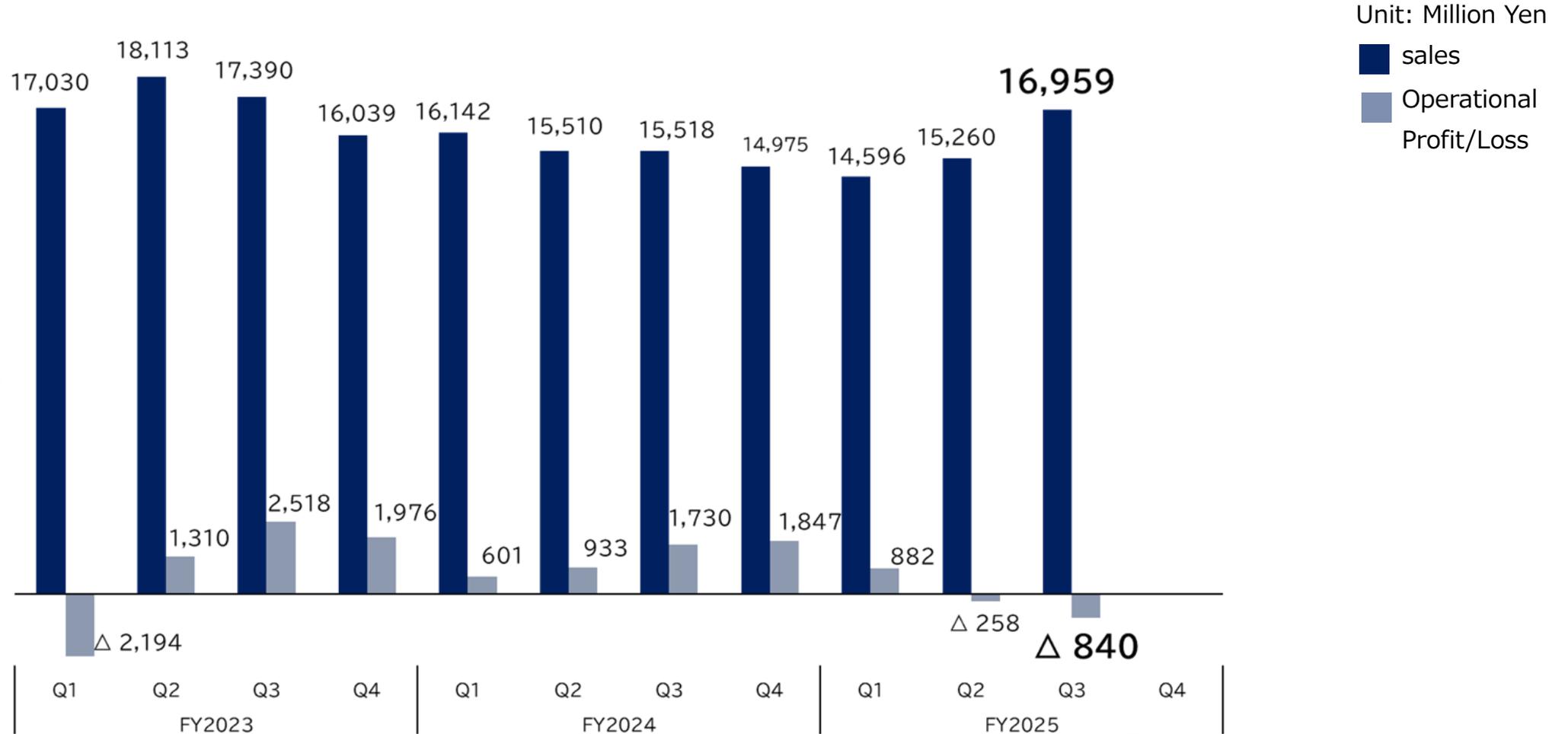
	FY2024 Q3	FY2025 Q3	YoY Changes
<b>BtoB Business</b>	6,507	<b>5,834</b>	<b>▲10.3%</b>
<b>BtoC Business</b>	40,418	<b>40,728</b>	+0.8%
<b>Biomedical Business</b>	231	<b>239</b>	+3.6%
Others	13	14	+10.0%
<b>Total</b>	47,171	<b>46,817</b>	<b>▲0.8%</b>

# Consolidated Operational Profit (Cumulative)

(Unit : Million Yen)

	FY2024 Q3	FY2025 Q3	YoY Changes
<b>BtoB Business</b>	1,313	<b>882</b>	<b>▲32.8%</b>
<b>BtoC Business</b>	3,331	<b>591</b>	<b>▲82.2%</b>
<b>Biomedical Business</b>	<b>▲315</b>	<b>▲274</b>	+41
<b>Others</b>	<b>▲13</b>	<b>▲5</b>	+8
<b>Adjustments (Corporate expenses etc)</b>	<b>▲1,050</b>	<b>▲1,411</b>	<b>▲360</b>
<b>Total</b>	3,266	<b>▲217</b>	<b>▲3,483</b>

# Quarterly Performance Trends



**Strategic investments in R&D and advertising continued in Q3, alongside the commencement of Expo-related expense recognition from April. In Q4, investments will be more selectively allocated to ensure operating profitability through rigorous cost management.**

# BtoB Business

# Sales Revenue Per Category

Unit: Million Yen

	FY2023					FY2024					FY2025				
	Q1	Q2	Q3	Q4	合計	Q1	Q2	Q3	Q4	合計	Q1	Q2	Q3	Q4	合計
Functional Materials	375	440	564	620	2,002	504	441	729	912	2,588	674	633	689		1,998
Functional Products	289	484	449	145	1,368	199	172	153	215	741	106	183	215		505
CMO	892	1,104	1,076	1,117	4,190	1,151	1,068	1,175	1,251	4,646	836	811	894		2,542
CHC	312	172	294	78	857	377	254	277	221	1,130	282	230	274		787
	1,869	2,201	2,384	1,962	8,418	2,233	1,938	2,336	2,600	9,108	1,900	1,860	2,073		5,834

- ※ Functional Materials : PharmaGABA, Bonepep etc
- ※ Functional Products : OEM, cross-border EC, and sales of end products, including own-brand, primarily through Bto(BtoC) channels
- ※ CMO : Contract Manufacturing Organization
- ※ CHC : Consumer Health Care, sale of pharmaceuticals and functional foods through drugstores.

**Although overall filings for Foods with Function Claims are trending downward, demand for GABA remains robust among food and beverage manufacturers targeting sleep support, with growing adoption in newly launched national brand products.**

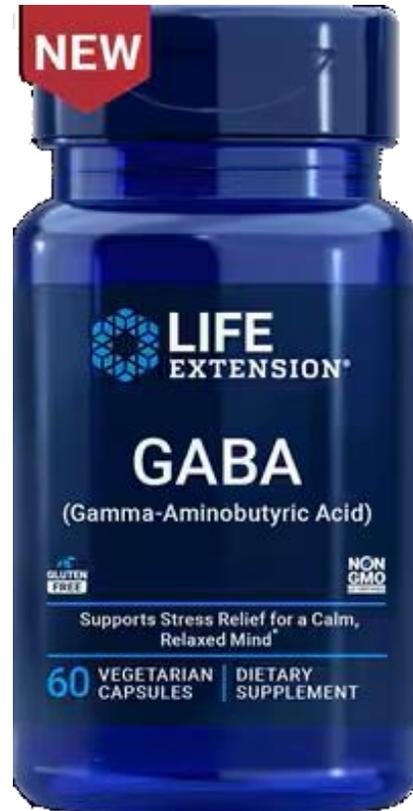
# Number of Functional Food Claims Accepted

(Numbers)

Ranking	Functional Ingredients	No. of Accepted
<b>1</b>	<b>GABA</b>	<b>1,370</b>
2	Indigestible Dextrin	527
3	Lutein/Zeaxanthin	470
4	Black ginger-derived polymethoxyflavone	388
5	DHA/EPA	374
6	Inulin	236
7	Ellagic Acid	226
8	Ginkgo Biloba	222
9	Bifidobacteria	217
10	Astaxanthin	214

As of May 13<sup>th</sup>, 2025  
 Researched by Pharma Foods International

# New PharmaGABA Product from Life Extension (North America)



Life Extension, GABA

A Florida-based healthcare brand

PharmaGABA has been evaluated as an active ingredient for over a year.

Effects on relaxation and stress reduction

**Beyond its relaxation benefits, PharmaGABA will be further expanded in the North American market based on patents and evidence related to GABA and endurance, as well as GABA and eSports.**

# **“Ceraminol” for a new Food with Function Claim product.**

**The grape fermentation-derived ingredient “Ceraminol” has been officially accepted as a new Food with Function Claim product.**

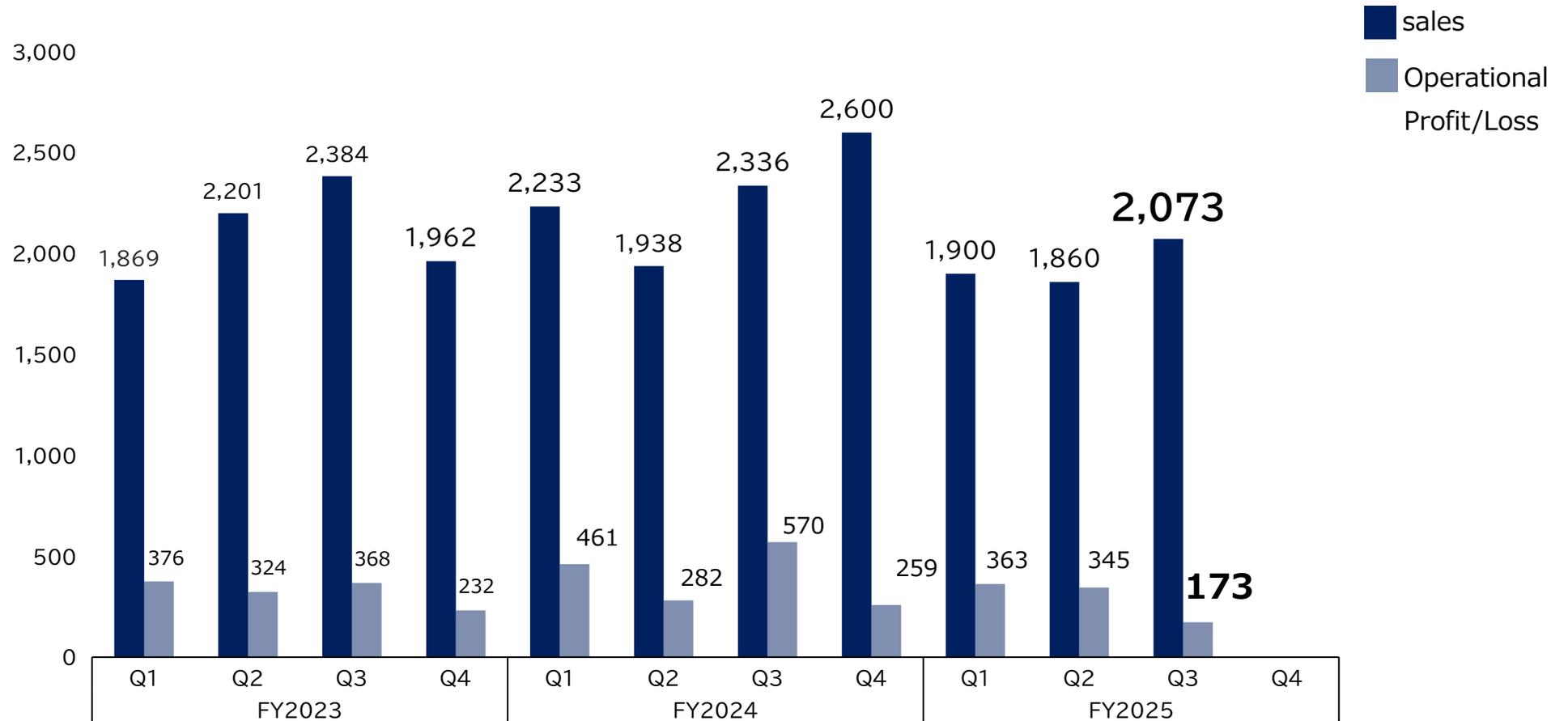


It utilizes wine lees—an underused byproduct of the wine aging process—through an upcycling approach that adds new value to previously discarded materials.

**Glucosylceramides and ceramides derived from grape fermentation help maintain the skin barrier function and support hydration in those experiencing skin dryness.**

# Quarterly Performance Trends

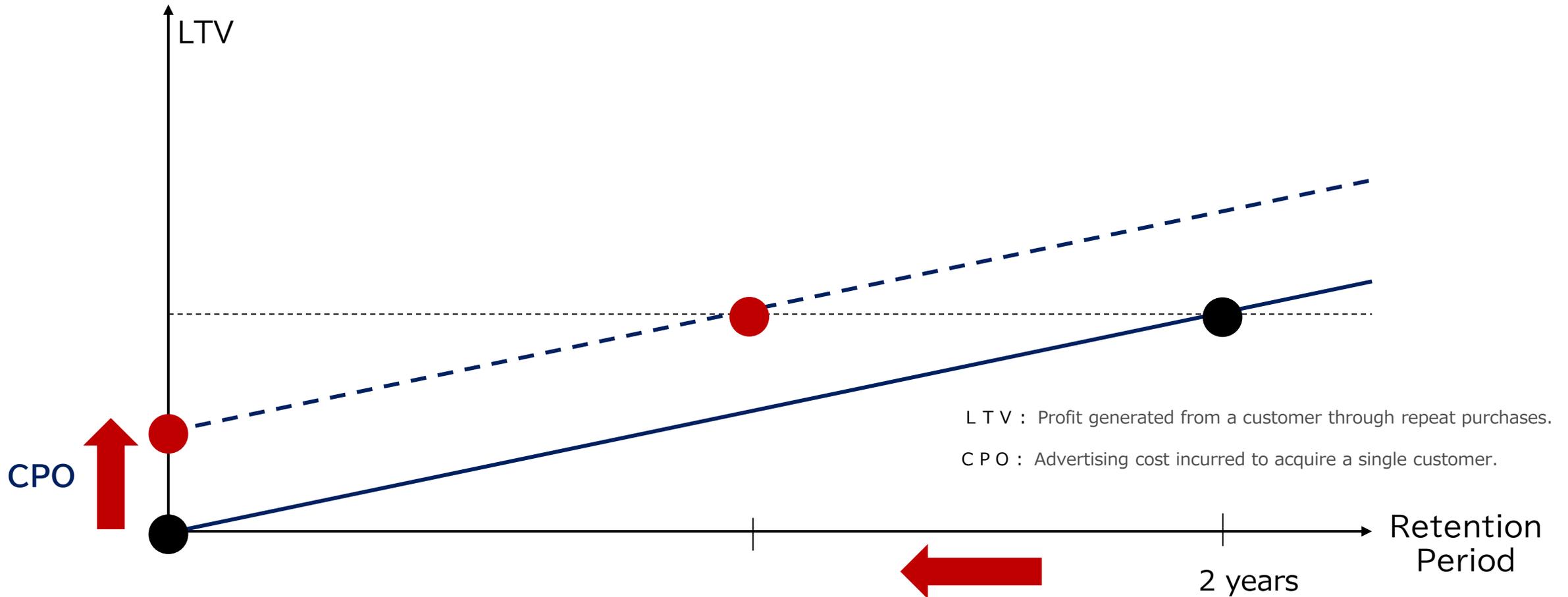
Unit: Million Yen



**Revenue progressed in line with projections, with profits steadily secured. Efforts remained concentrated on broadening distribution channels for in-house brands, daily consumables, and the Newmo hair growth line.**

# BtoC Business

# 2Q·3Q – Enhanced ROI Efficiency with Focused Advertising expenses in New Products



**Customer acquisition accelerated, particularly for new pharmaceutical products, with CPO levels significantly below the standard two-year payback benchmark. As a result, expected ROI (LTV / CPO) improved notably.**

# Meiji Yakuhin: Regular Customers Increased 2.9 Times

(compared to previous end period)

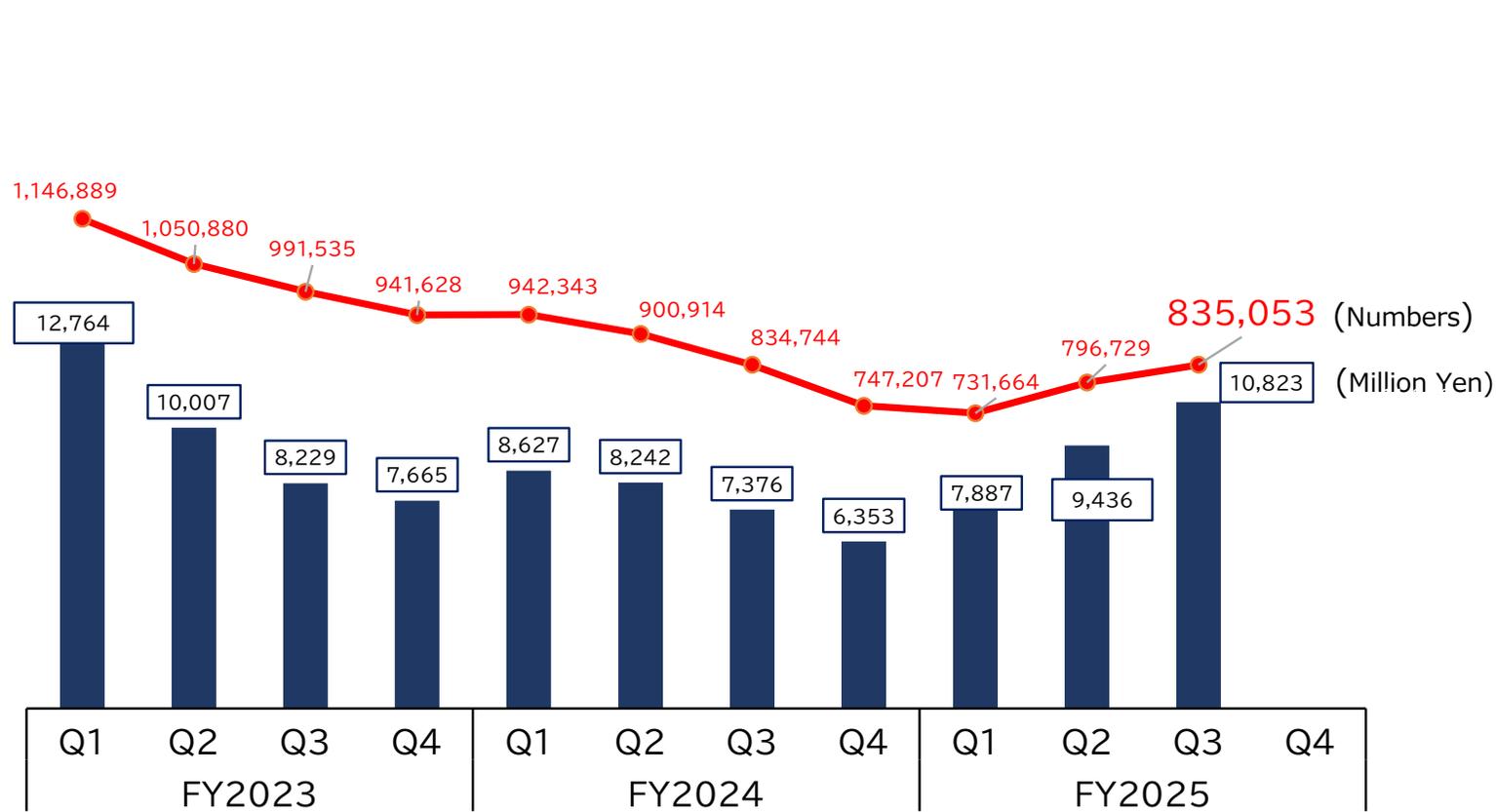


Robust new customer acquisition.

Launch of new products

Meiji Yakuhin’s flagship product, “LACTRON Tablet” is performing strongly, along with other kanpo and vitamin formulations such as “TENRAI SEIRYU Tablet”, “HEALTH PAN C Tablet 2000,” and “Nolcus K Tablet” Ongoing rollout of new pharmaceutical products in Class 2 and Class 3 categories.

# Advertising Expenses and Regular Customers

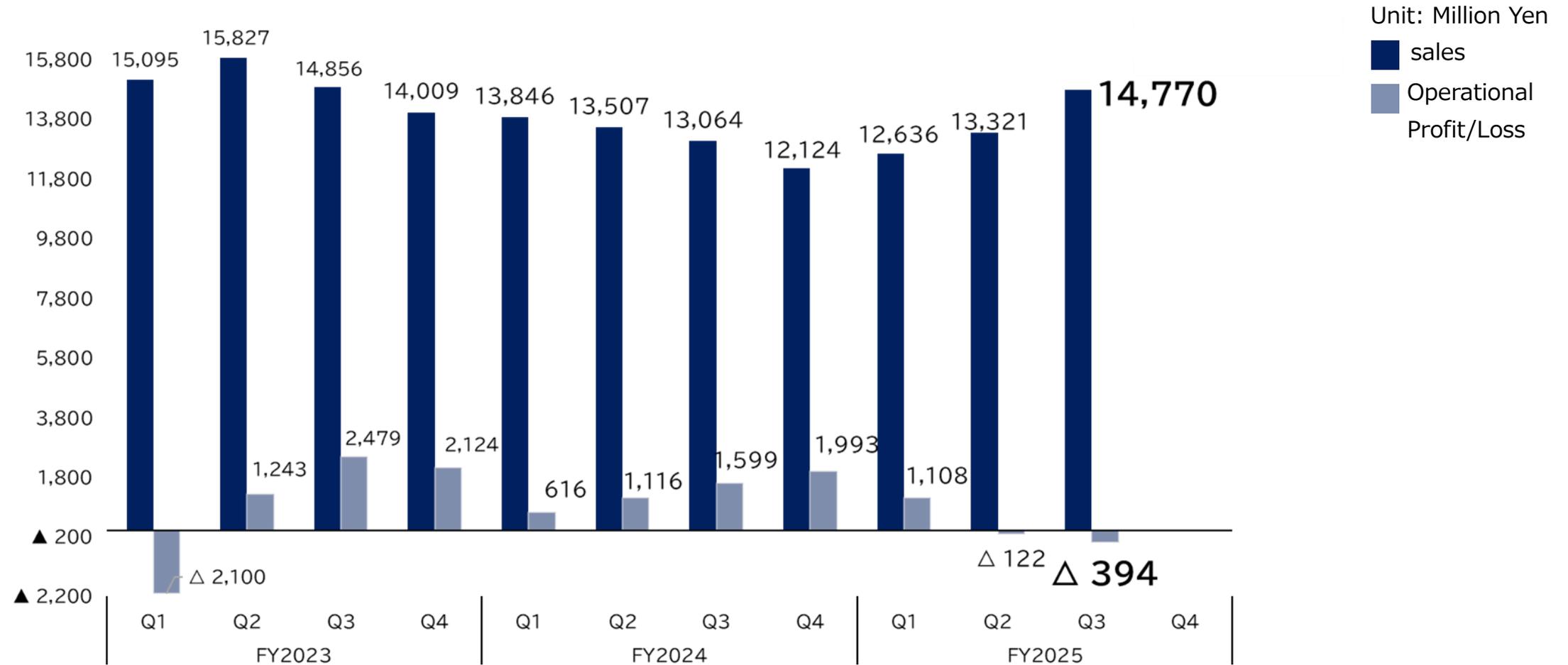


■ Advertising Expenses  
 ■ Number of Regular Customers

■ **Growth Driven by Pharmaceuticals**  
 (LACTRON Tablets, TENRAI SEIRYU Tablet, HEALTH PAN C Tablet, Nolcus K Tablet)  
 Regular Customers increased by **132,000** (compared to the previous year-end)

**Customer acquisition accelerated, driven by new pharmaceutical products, with regular customers increasing by 87,000 compared to the previous fiscal year-end. Quarterly advertising expenses reached 10.8 billion yen, the second-highest level on record.**

# Quarterly Performance Trends



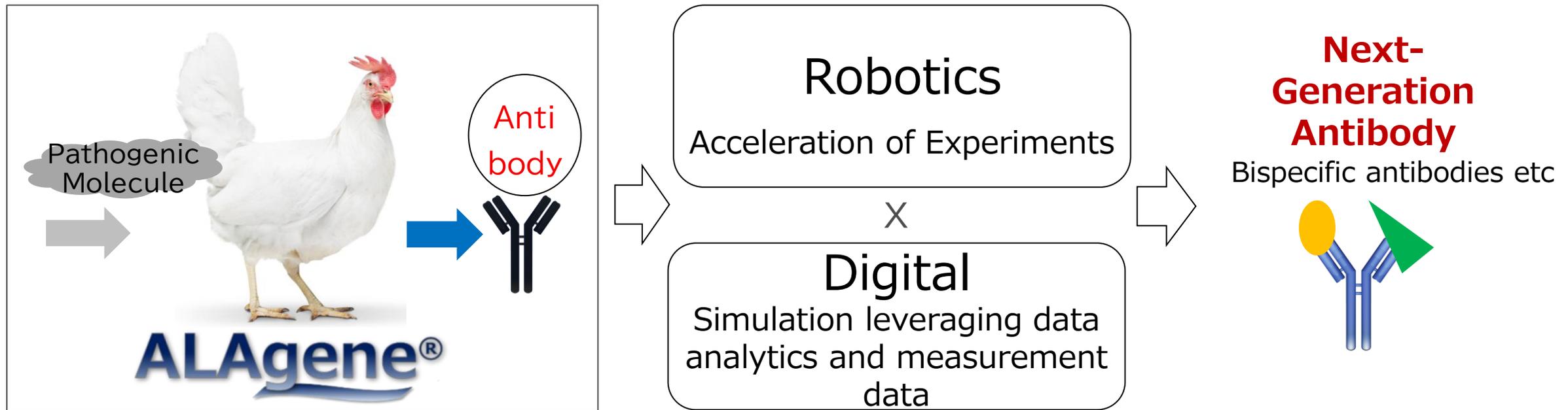
**Core Newmo brands, including the hair growth products and New Z, achieved year-over-year revenue growth. The upward trend continued with contributions from new product sales.**

# Biomedical Business

# The final-year contract for the AMED project has been signed. The demonstration experiments are currently underway.

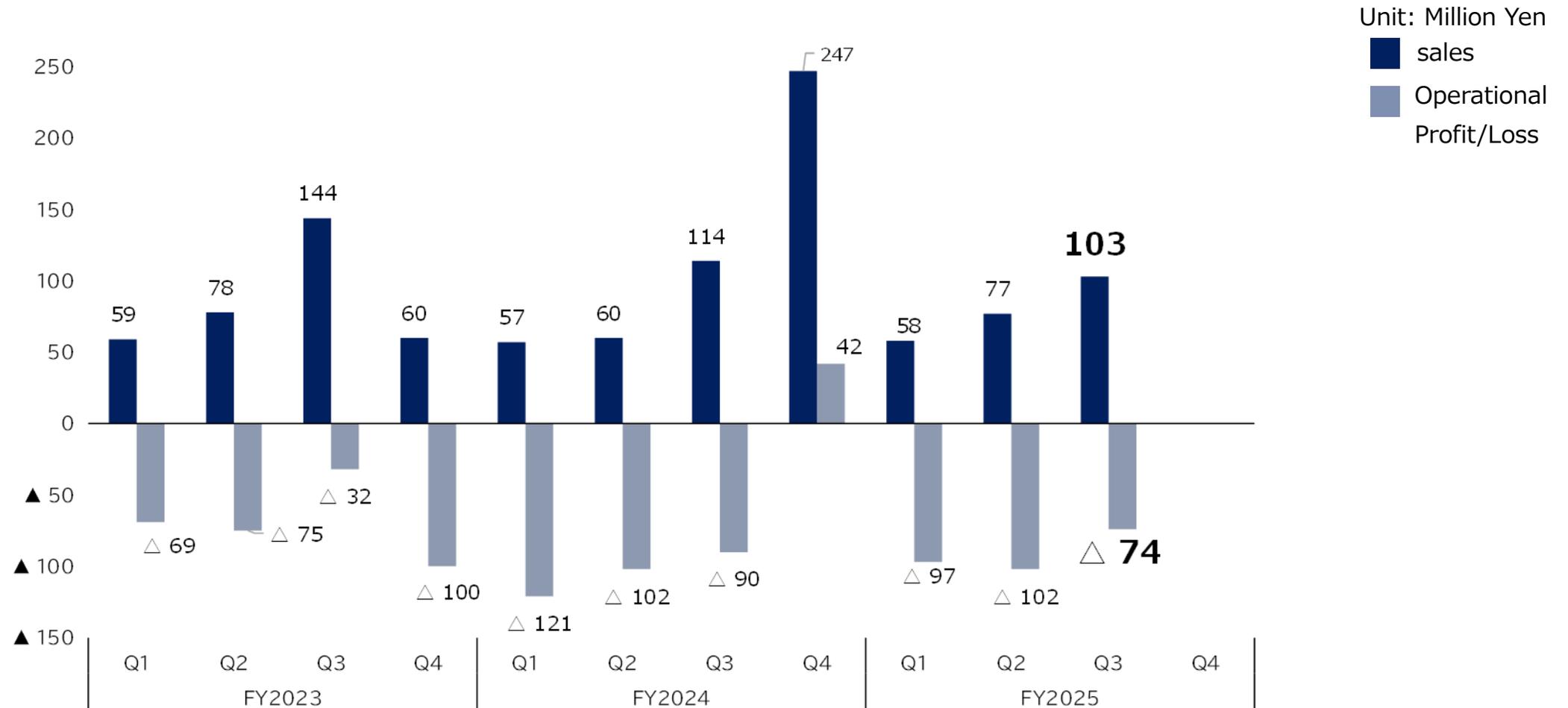
※AMED : Japan Agency for Medical Research and Development

## Development of Innovative Technologies Based on “Robotics × Digital” for the Rapid Discovery and Production of High-Performance Next-Generation Antibodies (July 2021 – March 2026)



A unified platform integrating key technologies for next-generation antibody development—accumulated over the past four years—has been established. Proof-of-concept studies targeting therapeutic antigens are currently in progress.

# Quarterly Performance Trends



**The drug discovery division will continue to strengthen R&D investment in antibody and peptide therapeutics. The research support business will selectively pursue contracts based on project profitability.**

# FY2025 July Forecast

# Q4 Performance Expected to Meet Forecasts Through Controlled Investment

Unit: Million Yen

	FY2024	FY2025 Forecast
<b>Sales</b>	<b>62,147</b>	<b>65,000</b>
<b>Operational Profit</b>	<b>5,113</b>	<b>2,000</b>
<b>Ordinary Profit</b>	<b>5,249</b>	<b>2,300</b>
<b>Net income</b> Attributable to parent company shareholders	<b>3,205</b>	<b>1,600</b>

**Strong new customer acquisition enabled proactive advertising spending through Q2-Q3. Q4 includes continued R&D and Expo-related investments, but strong new customer acquisition supports achievement of full-year targets.**

# Shareholder Returns

	FY2024	FY2025 Forecast
<b>Annual Dividend Per Share</b>	25 Yen	<b>25</b> Yen
Total Dividend Amount	701 Million Yen	701 Million Yen
Net Income Attributable to Parent Company Shareholders	3.2 Billion Yen	1.6 Billion Yen
<b>Dividend Payout Ratio</b>	21.9%	<b>43.9%</b> ※
<b>Share Buyback</b>	1 Billion Yen	—
<b>Total Return Ratio</b>	53.1%	<b>43.9%</b> ※

No change from the earnings forecast announced on September 12, 2024

※ Based on the net income attributable to parent company shareholders in the earnings forecast announced on September 12, 2024.

## Shareholder Return Policy

Our fundamental policy is to balance corporate growth and profitability while expanding investments in R&D, advertising, and M&A, alongside enhancing shareholder returns through dividends and other measures. Under this policy, the company aims to drive growth investments, maintain financial soundness, and strengthen shareholder returns, targeting a **total shareholder return ratio of 20%**, including share buybacks.

# Mid-Term Plan 2026 Progress

# 80,000 Visitors by May to the “People- and Earth-Friendly Textiles” Exhibit at Expo 2025



ovoveil®

# World's First "ovoveil" Product Launched at 7-Eleven ovoveil®



7-Eleven towel (green, orange)  
935yen each (tax included)



7-Eleven socks (23~25cm, 25~27cm)  
1,540yen each (Tax included)

**Available Exclusively at 7-Eleven Stores Inside Expo 2025 Osaka, Kansai  
Highly Regarded as an Eco-Friendly Textile with a Soft Touch and Skin-Friendly  
Properties**

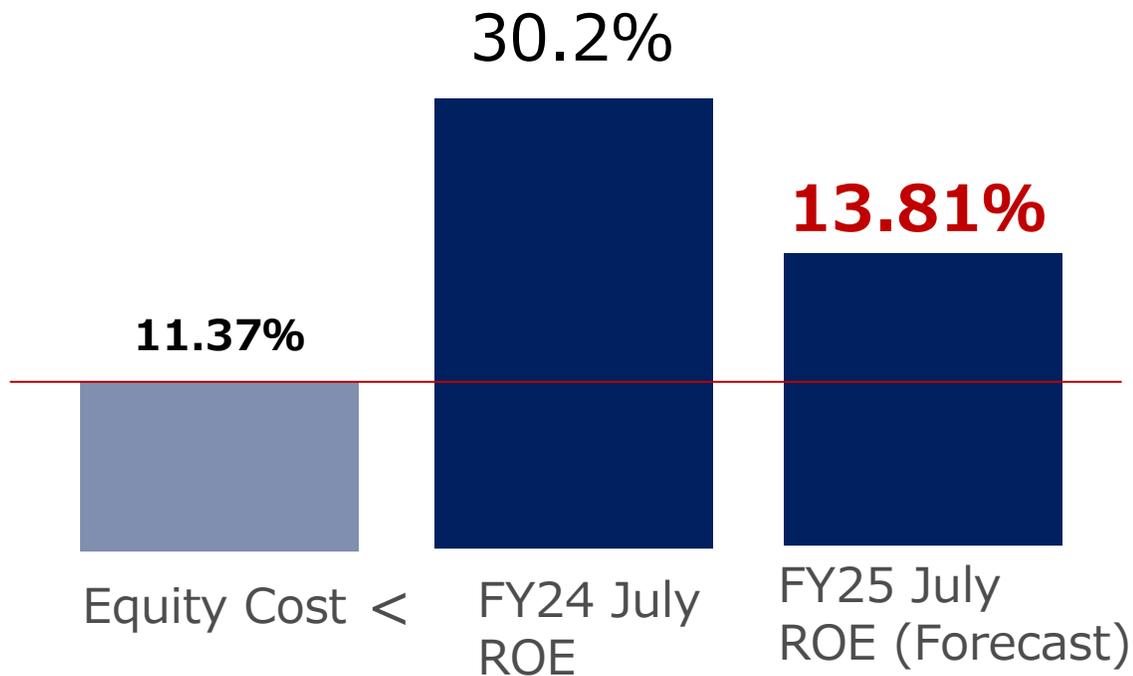
Article (Japanese): [Eggshell membrane fiber "ovoveil" was featured in Nikkei MJ.](#)

# Appendix

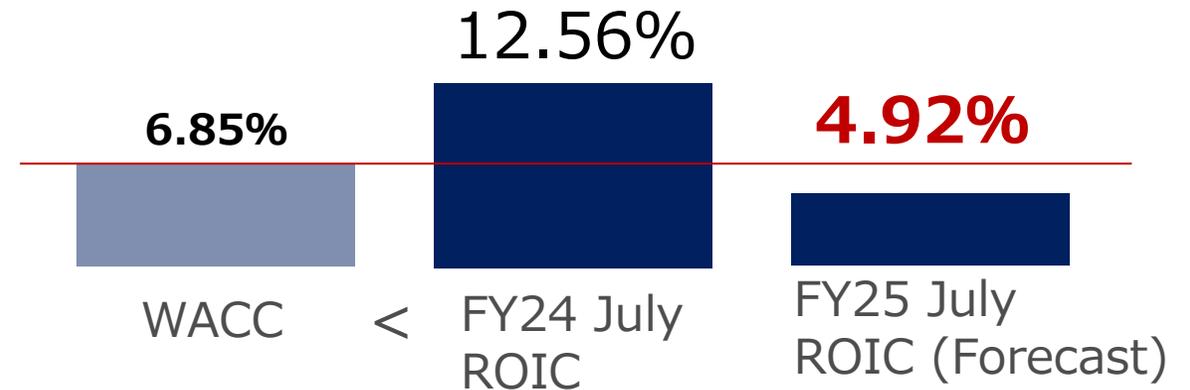
# Management of Capital Costs and Share Price

# Evaluation 1 – Capital Returns

## ROE



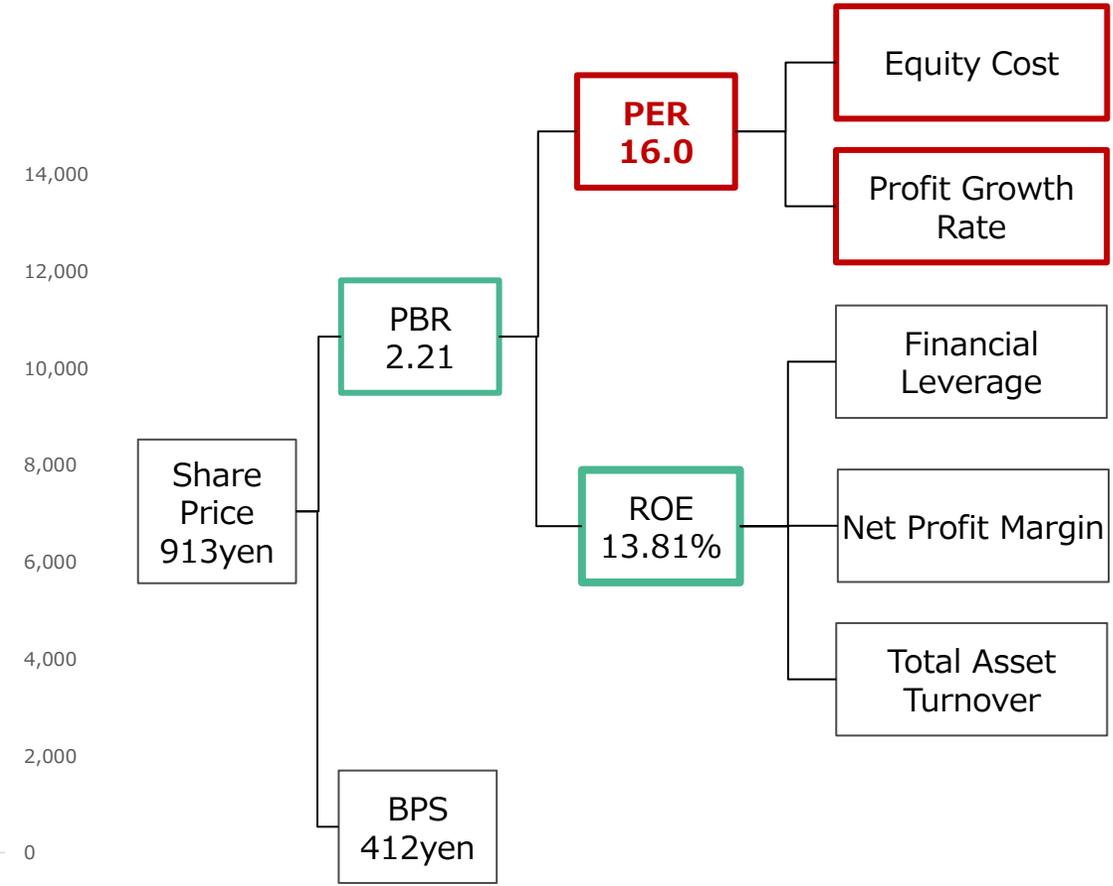
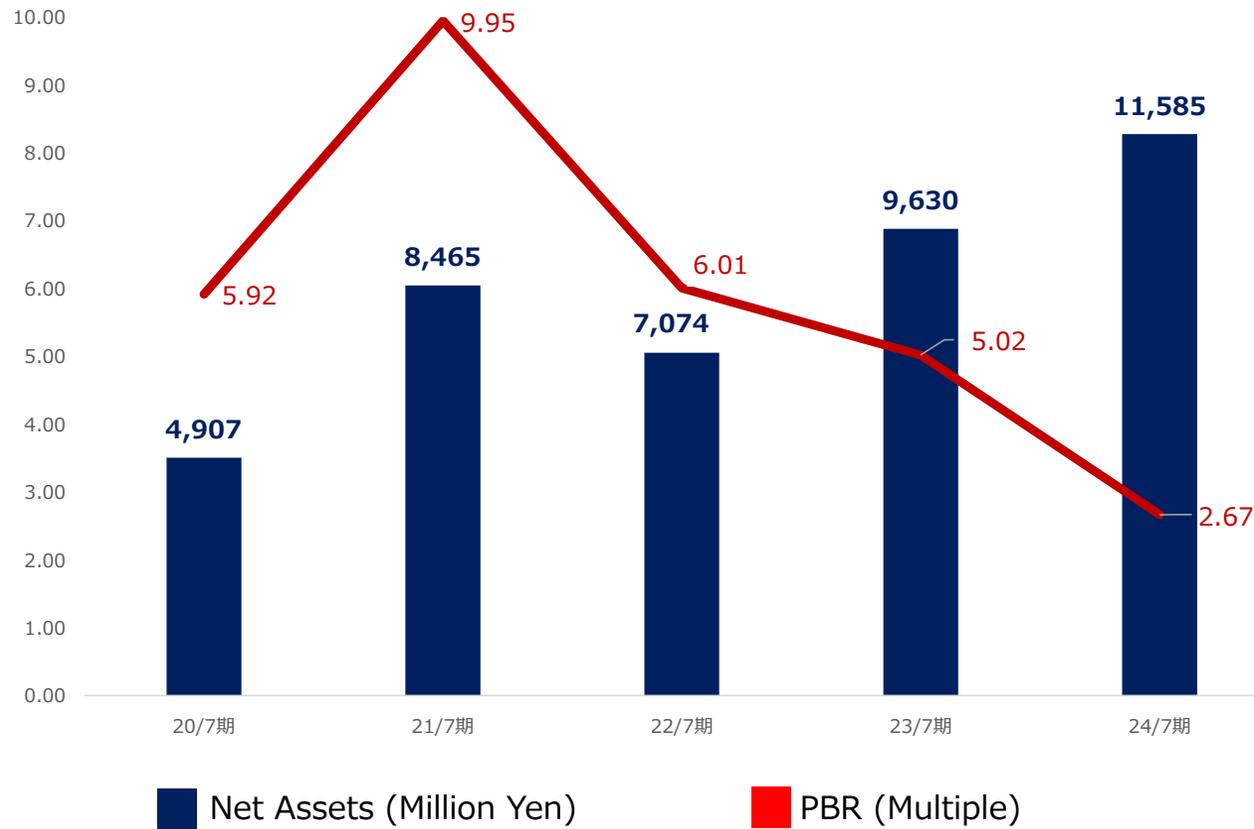
## ROIC



**ROE is well above the Equity Cost, ROIC improvement is on progress through the management of interest-bearing debt.**

※Figures: FY24 July 31 estimated by SMBC Nikko Securities Inc

# Evaluation 2 – PBR



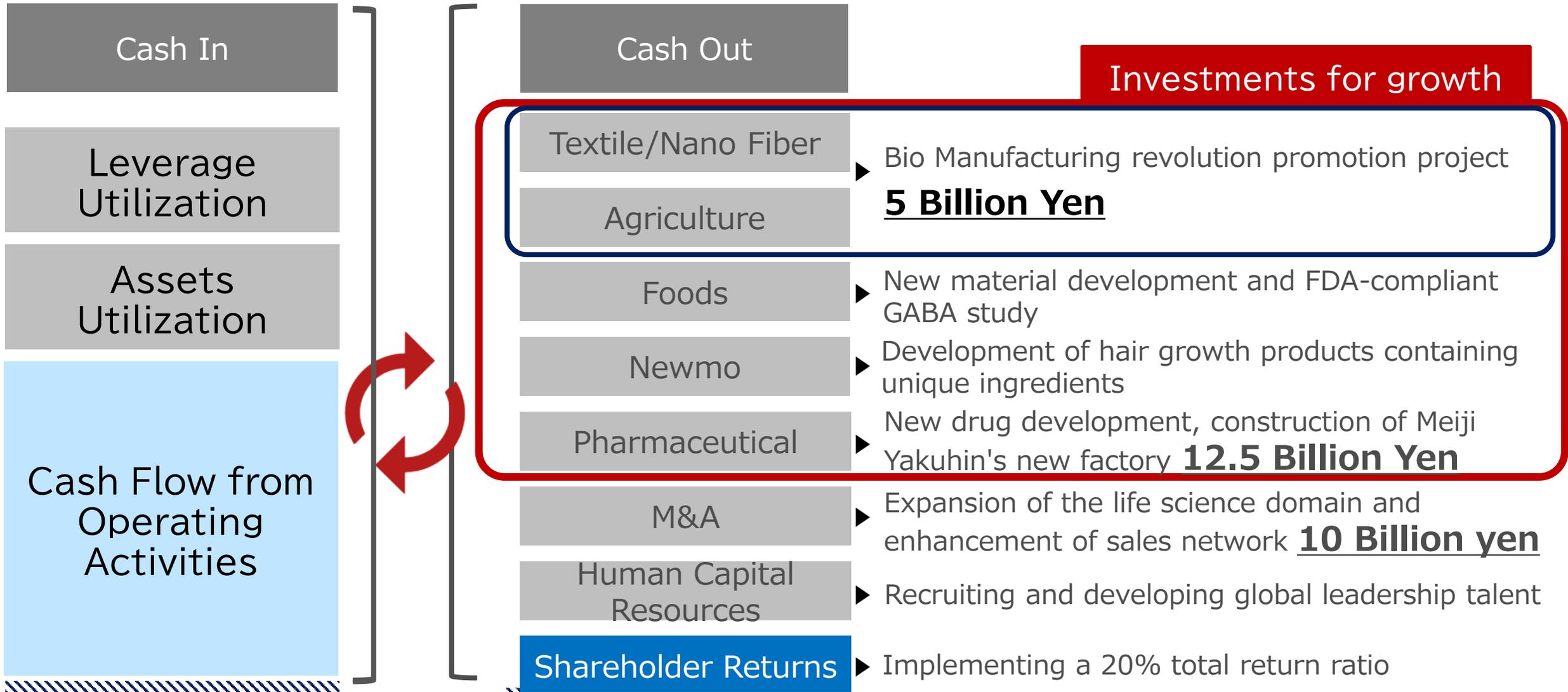
※Share Price: April 30, 2025  
 ※Figures: FY24 July 31  
 ※Margin Rate: Forecast

**Capital profitability is relatively high, for the further share rise, PER needs to be increased.**

# Initiatives to Improve Corporate Valuation

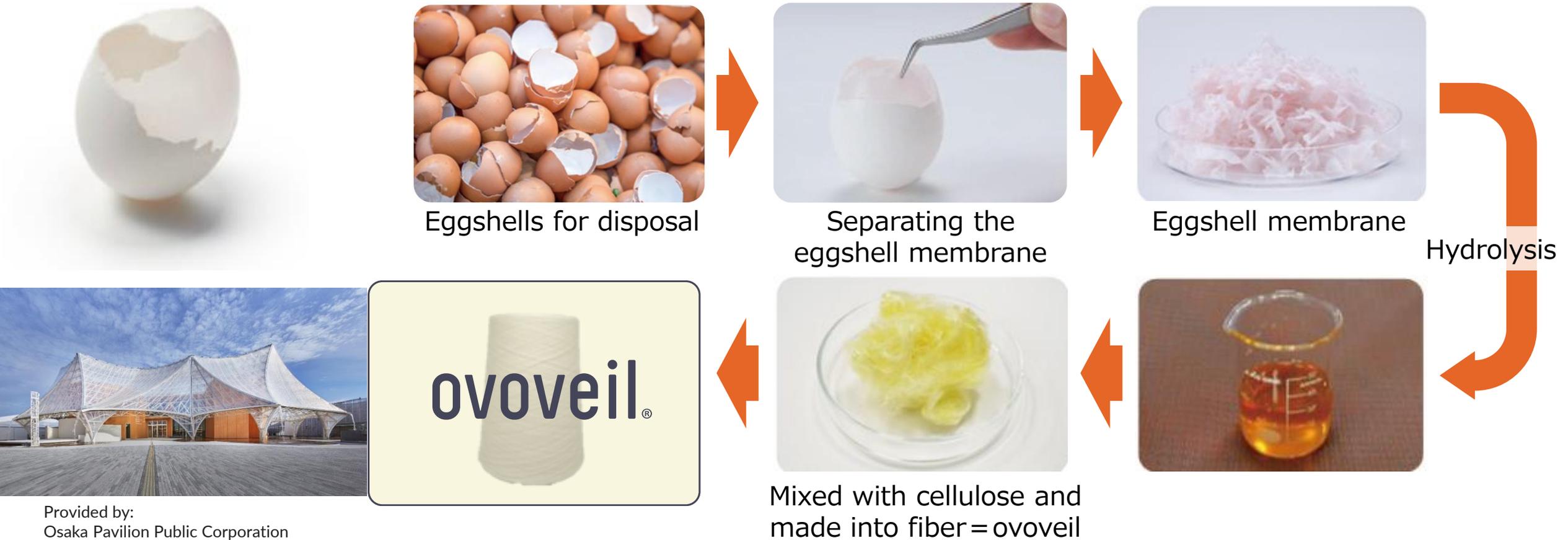
	Policies	
<b>ROIC Improvement</b>	Pursuing financial balance to improve capital profitability	Flexible management of short-term loan balances
	Earnings through the strengthening of CRM measures that leverage the customer base	Expansion of the one-year subscription service, building long-term relationships with loyal customers through special offers
<b>Capital Costs Decrease</b>	Nurturing new businesses and restructuring the business portfolio through M&A and alliances	Capital and business alliance with ITOCHU Corporation
	Increased opportunities for dialogue with the market and enhanced disclosure of non-financial information	Company introduction session via online, Advanced disclosure time, Financial results materials in English
<b>Expectation of Future Growth</b>	Increase investment in R&D, capital investment, and human capital resources	30 Billion Yen investments over 5 years
	Increase the valuation as a healthcare company through the M&A strategies	The Representative takes the lead in M&A sourcing

# Bold Investments of 30 Billion Yen over the next five years



The increase in operating CF from investment returns is redistributed between business investment and shareholder returns.

# ovoveil: Eggshell Membrane Fiber Goes Global with Expo 2025 Launch



**The fiber has been featured in the media, including NHK, and has attracted attention from the fashion and distribution industries.**  
**The company is currently working on product development, investment in production facilities, and expanding sales channels in preparation for market launch.**  
**The participation in the World Expo will also be expected to bring more exposure.**