

Supplementary Materials of Consolidated Financial Results for the Six Months Ended January 31, 2025

2025.3.19



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

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Performance Highlights

Segment Highlights

	Notes
Consolidated Financial results	R&D expenses increased by 32.4 percentage points, and advertising expenses rose by 2.7 percentage points, reflecting a sharp rise in investment. Continuing to optimize loan balance and streamline total assets. In the second half, advertising expenses will expand in response to the rapid growth of multiple new products. Price increases in mail-order products took effect, maintaining a high growth margin of 81.3 percentage points.
BtoB Business	PharmaGABA Rice Balls in a major convenience store chain, distributed to 7,000 stores in eastern Japan. Expanding market by increasing opportunities to consume GABA in daily foods like rice balls, bread, and sandwiches.
BtoC Business	New customer acquisition reached a two-year high. Regular customers grew by 65,000 QoQ, marking a trend reversal. Growth driven by flagship product “LACTRON Tablet”, along with “Nolcus K Tablet”, “HEALTH PAN C Tablet 2000”, “TENRAI SEIRYU Tablet”, and others. The Newmo brand (pharmaceuticals & quasi-drugs) contributed to YoY revenue growth.
Biomedical Business	Launched joint research with the National Cerebral and Cardiovascular Center to develop peptide drugs for CADASIL, a designated intractable disease.
Mid-Term Business Plan 2026 – New Value Creation 1K	Focusing on product development, manufacturing equipment, and distribution expansion for ovoveil (egg membrane fiber) ahead of its market launch.

Consolidated Sales (Cumulative)

(Unit : Million Yen)

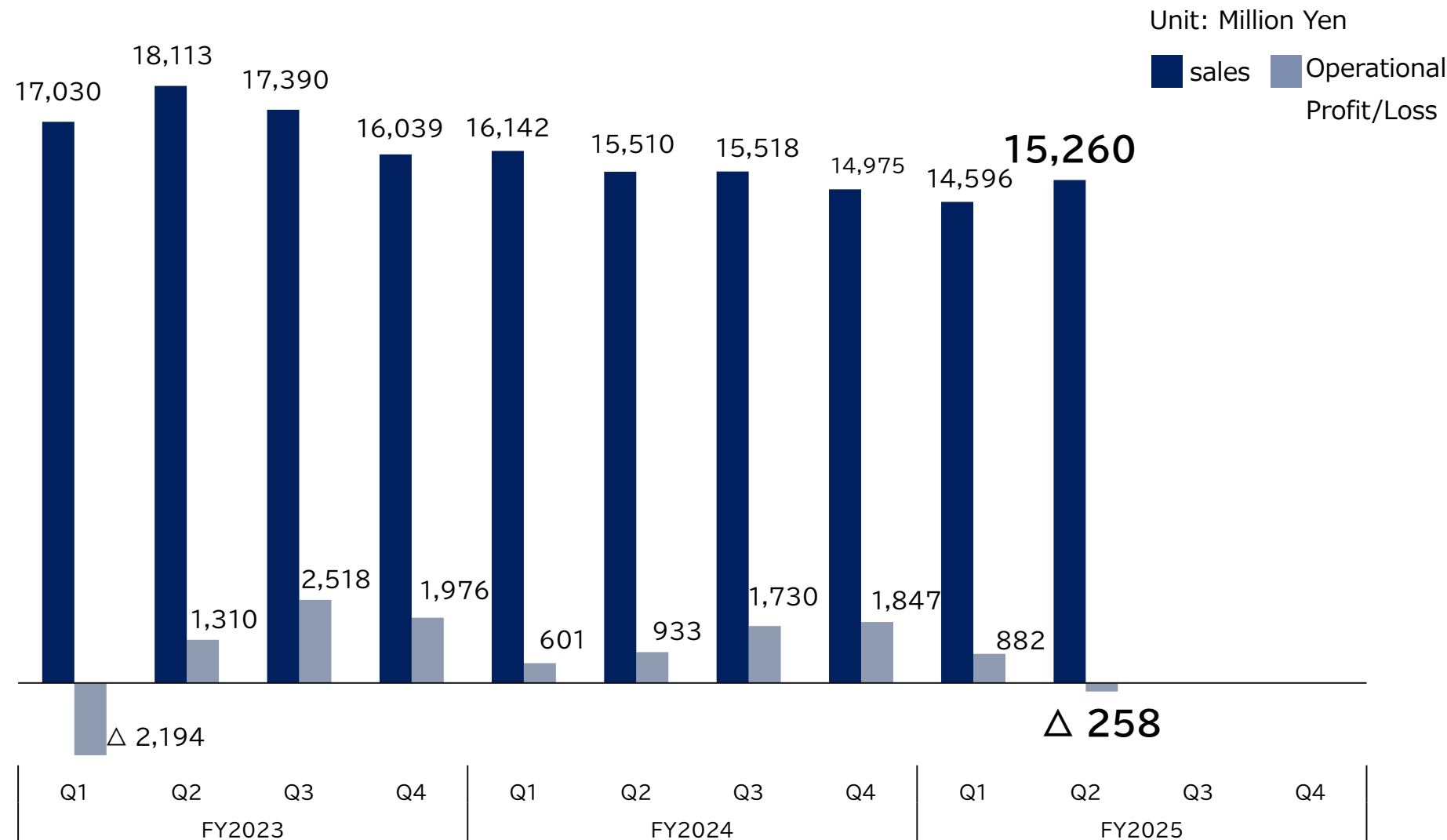
	FY2024 Q2	FY2025 Q2	YoY Changes
BtoB Business	4,171	3,760	▲9.8%
BtoC Business	27,353	25,958	▲5.1%
Biomedical Business	117	135	+15.6%
Others	9	2	▲70.0%
Total	31,652	29,857	▲5.7%

Consolidated Operational Profit (Cumulative)

(Unit : Million Yen)

	FY2024 Q2	FY2025 Q2	YoY Changes
BtoB Business	743	709	▲4.6%
BtoC Business	1,732	985	▲43.1%
Biomedical Business	▲224	▲199	+24
Others	▲8	▲8	+0
Adjustments (Corporate expenses etc)	▲708	▲863	▲155
Total	1,535	623	▲59.4%

Quarterly Performance Trends



Significantly increasing investment to capitalize on opportunities for improved customer acquisition efficiency, driven by new products.

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
機能性素材	375	440	564	620	2,002	504	441	729	912	2,588	674	633			1,308
機能性製品	289	484	449	145	1,368	199	172	153	215	741	106	183			289
CMO	892	1,104	1,076	1,117	4,190	1,151	1,068	1,175	1,251	4,646	836	811			1,648
CHC	312	172	294	78	857	377	254	277	221	1,130	282	230			513
合計	1,869	2,201	2,384	1,962	8,418	2,233	1,938	2,336	2,600	9,108	1,900	1,860			3,760

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

PharmaGABA is performing well overseas. In Japan, while overall functional food registrations are declining, strong GABA demand continues to drive adoption in new national brand products.



Functional powdered beverage containing PharmaGABA

North America: Growing Use of PharmaGABA

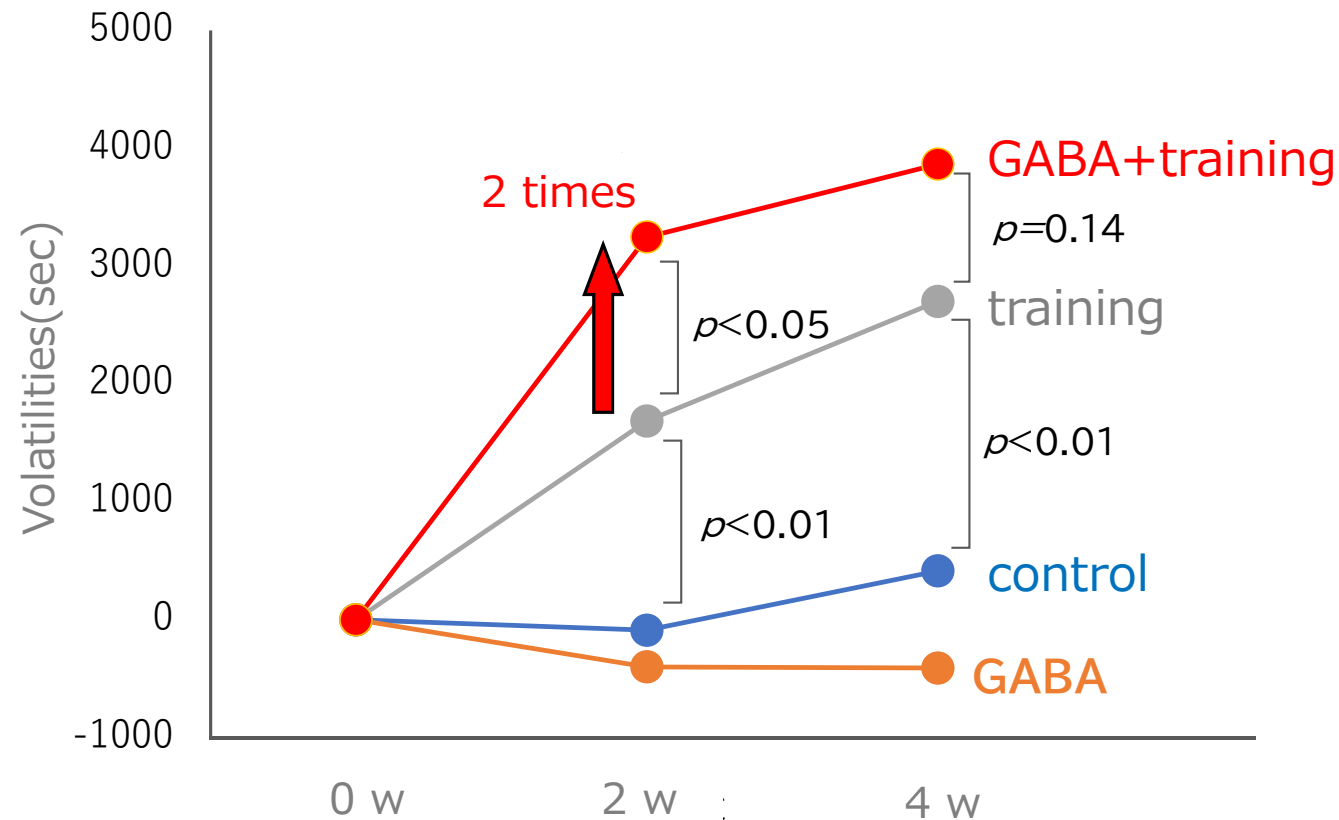


Functional powdered beverage containing PharmaGABA



Focusing on expanding the PharmaGABA brand in North America in collaboration with the Mitsubishi Corporation Group.

"GABA and Endurance" patent approved in North America, advancing the sports nutrition market



GABA intake and moderate exercise, endurance improves 2 times after 2 weeks

Effective for walking, jogging, running, physical work, and daily physical activities

GABA + Sports Nutrition
Entry barrier for competitors.

Develop the American Sports Nutrition market, worth more than 10 Billion dollars

Launching **GABA Rice Balls** at a Major Convenience Store Chain



The Kanto area at a major convenience store – 7,000 stores

Patent acquired for GABA Rice Balls that enhance rice flavor

New delicious functional-ingredient rice balls to be launched.

Expanding the market by increasing opportunities to consume GABA through daily foods like rice balls, bread, and prepared dishes

Progress of Capital and Business Alliance with ITOCHU Corporation



Our own functional Lab Series brands 「Suimin Lab for sleep」「Ketsuatsu Lab for blood pressure」

ITOCHU
Corporation

2,000 Retailers

10,000 contractors

The number of companies handling the
「Lab Series」 is steadily increasing.

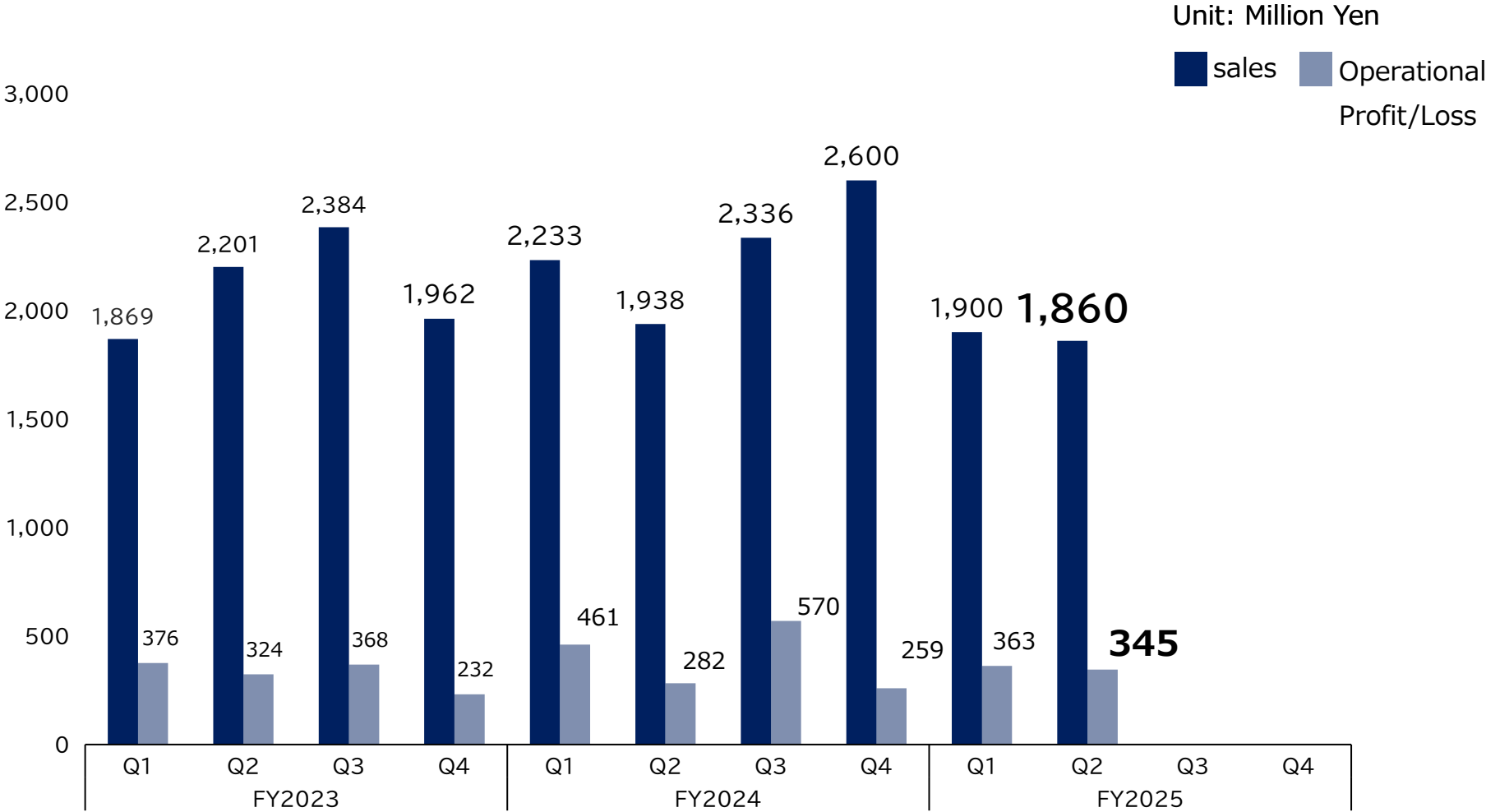
**Further business alliance for functional materials and product development proposals,
capital contribution ratio to 4.9% from ITOCHU Corporation**

Number of Functional Food Claims Accepted

Ranking	Functional Ingredients	No. of Accepted
1	GABA	1,303
2	Indigestible Dextrin	511
3	Lutein/Zeaxanthin	486
4	Bifidobacterium	461
5	DHA/EPA	372
6	Black ginger-derived polymethoxyflavone	381
7	Gingko Biloba	215
8	Astaxanthin	205
9	Kudzu flowers isoflavone	188
10	L-Theanine	167

As of March 3rd, 2025
Researched by Pharma Foods International

Quarterly Performance Trends



**Progress is on track as planned, while maintaining stable profits.
Continuing to expand sales of daily foods and Newmo hair growth products in convenience stores and drugstores.**

BtoC Business

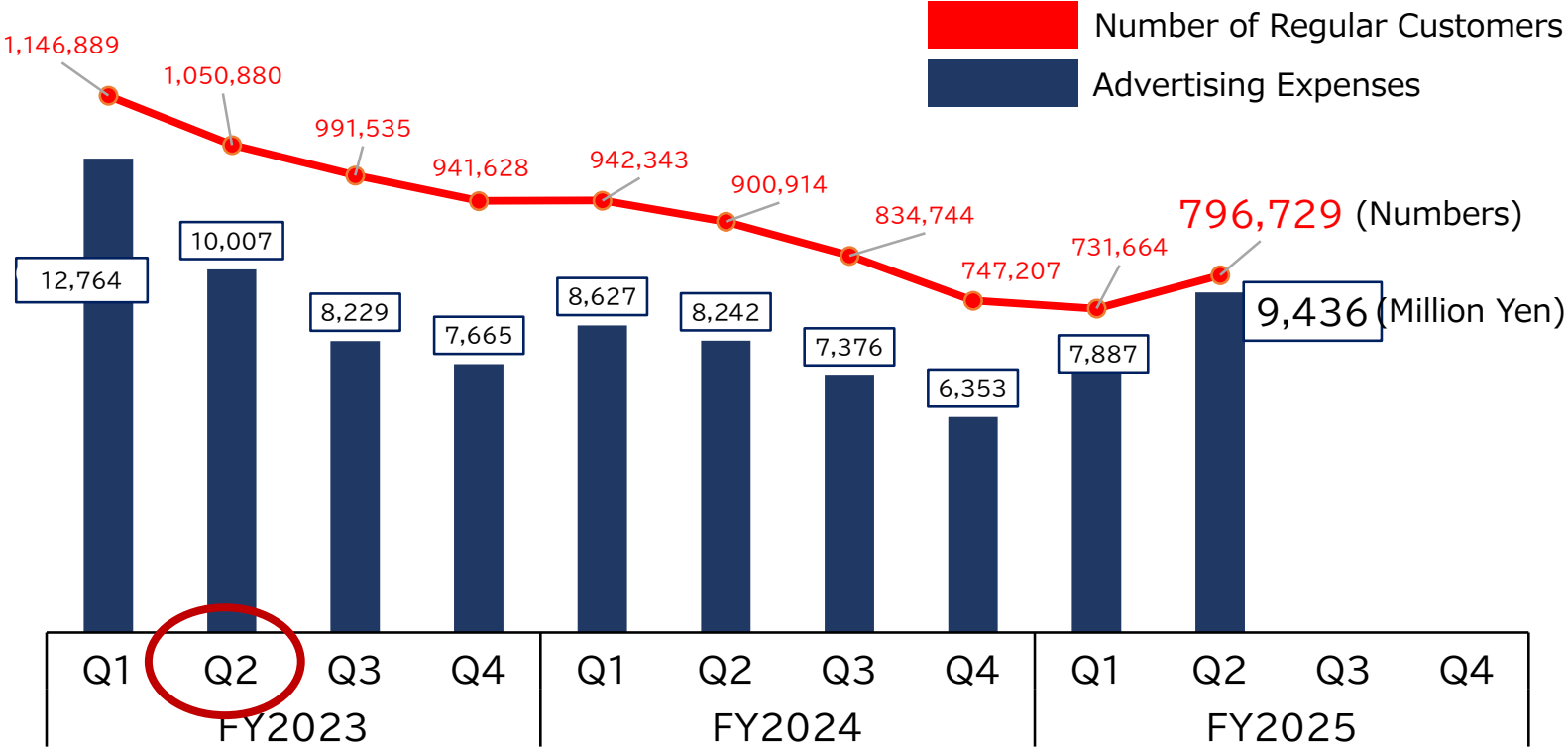
Meiji Yakuhin: Regular Customers Increased 2.2 Times

(compared to previous end period)



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”

Advertising Expenses and Regular Customers

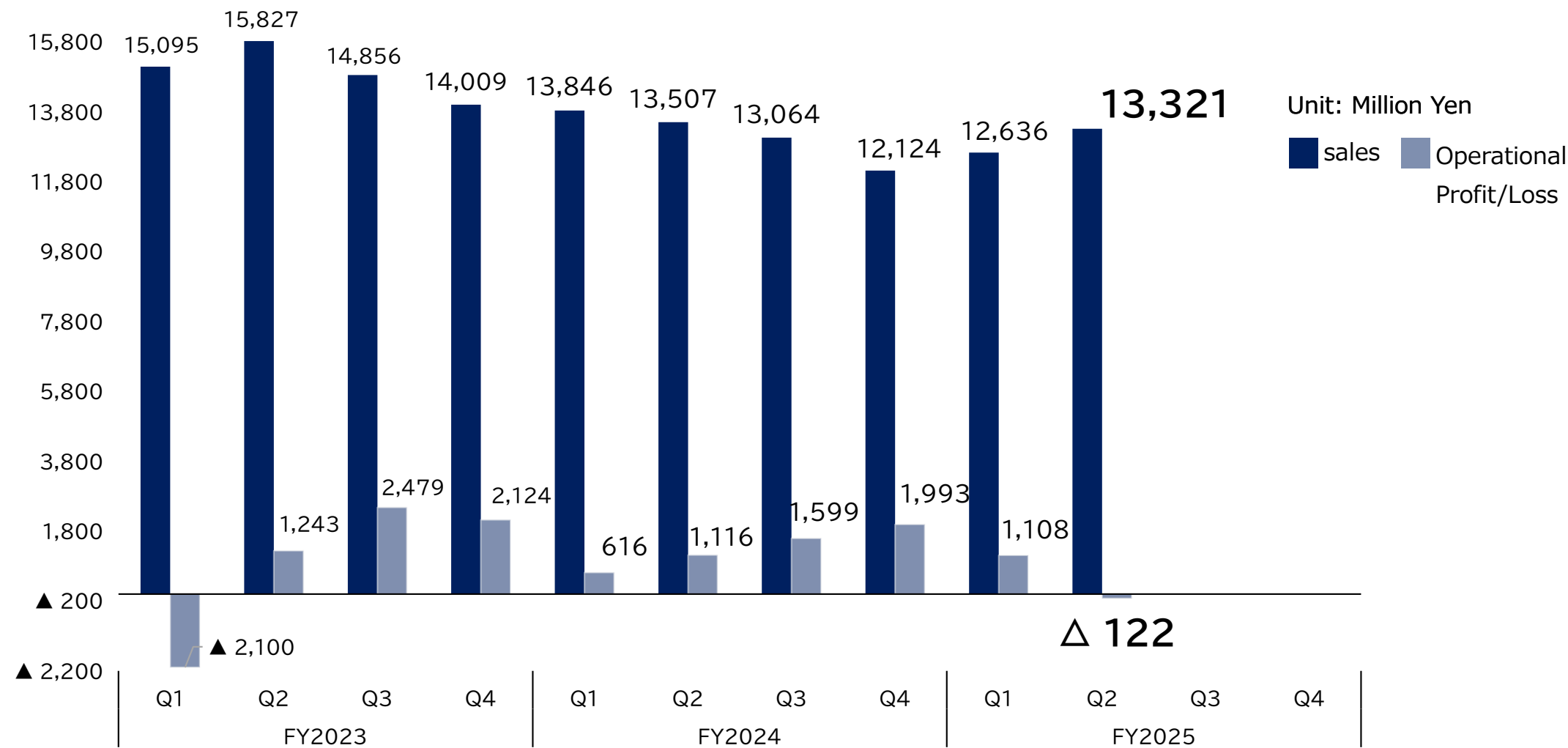


Trends in major products (compared to previous end period)

- Newmo Brands(Hair growth, New Z)
31,000 ↑
- New pharmaceutical products
(TENRAI SEIRYU Tablet, HEALTH PAN C Tablet 2000, Nolcus K Tablet)
34,000 ↑

Achieved the highest investment level since Q2 FY2023, marking a trend reversal in regular customers. Growth in regular customers is expected to continue in the second half, driven by the Newmo brand and Meiji Yakuhin performances.

Quarterly Performance Trends



The Newmo brand (hair growth products and New Z) achieved YoY revenue growth. With a sharp increase in advertising investment for new products in the first half, greater contribution for sales is expected in the second half.

Biomedical Business

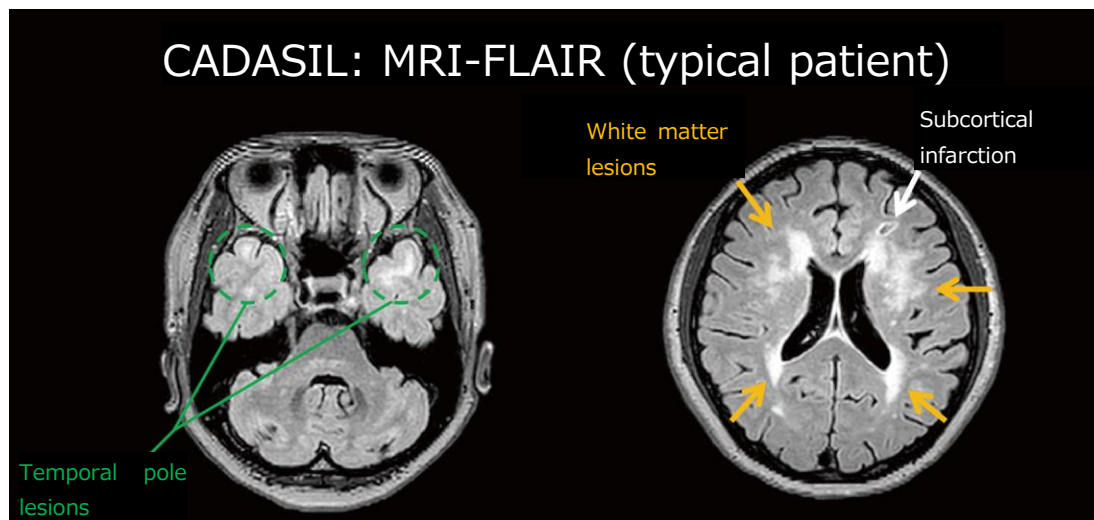
Development of Drug to Treat Hereditary Rare Diseases with NCCC*

(* [National Cerebral and Cardiovascular Center](#))

The Establishment of world's first "CADASIL Drug Discovery Research Department" with NCCC

CADASIL* is **the government-designated intractable disease 124**

(*Cerebral Autosomal Dominant Arteriopathy with Subcortical Infarcts and Leukoencephalopathy)



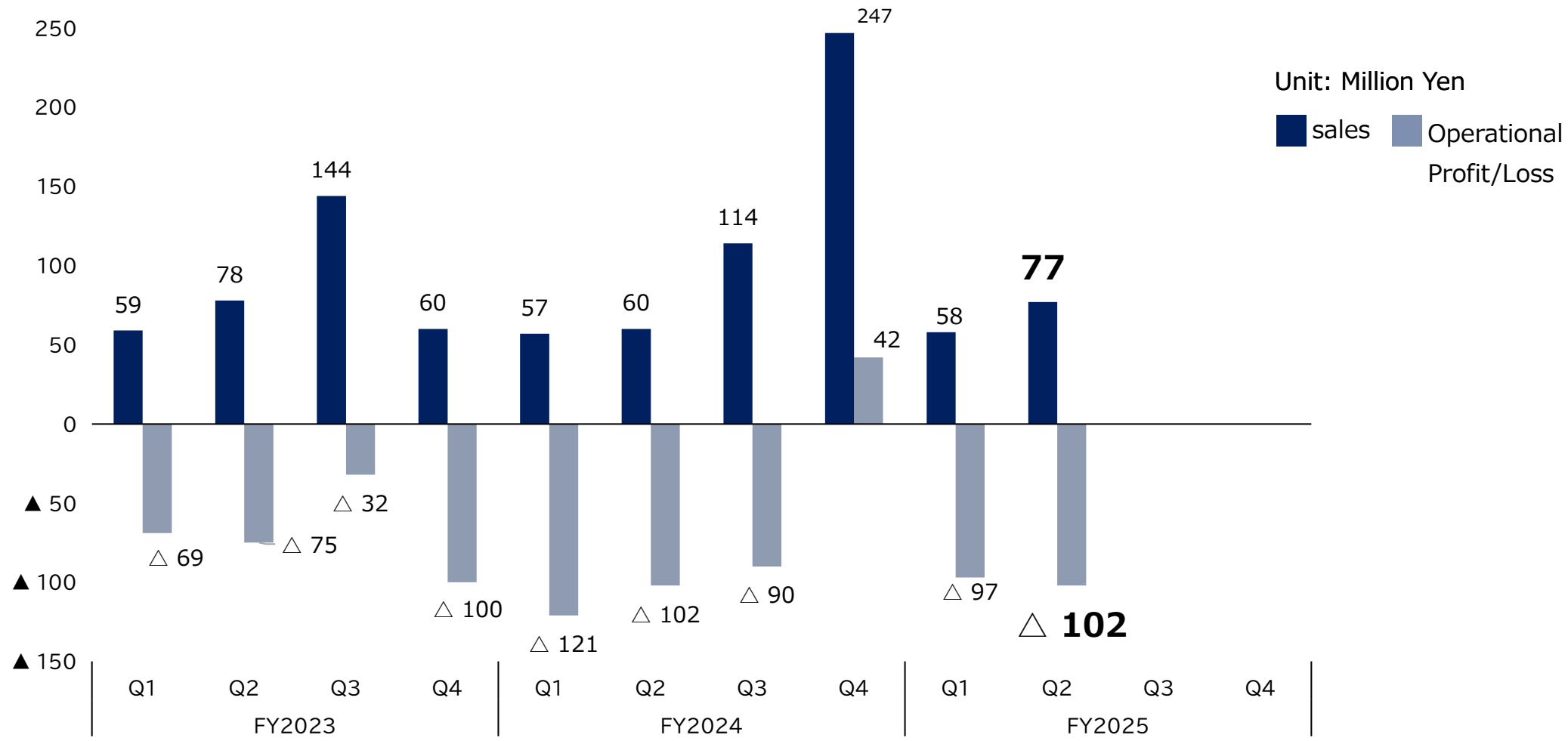
- Cerebral Small Vessel Disease (CSVD)
- Caused by a pathological variant of the NOTCH3 gene
- Around 20-30 years old : Migraine
- Around 30-40 years old : Stroke (Cerebral infarction/Cerebral hemorrhage)
- Around 40-50 years old : Dementia

[National Cerebral and Cardiovascular Center Press Release \(JPN\)](#)

[National Cerebral and Cardiovascular Center Press Release \(JPN\)](#)

The peptide hormone drug candidate "Adrenomedullin" is entering Phase 2 trials. Aiming for early regulatory approval after years of intensive R&D on peptide

Quarterly Performance Trends



Continuing research investments in drug discovery, including joint research with the National Cerebral and Cardiovascular Center.

FY2025 July Forecast

Continuing Bold Investments

Unit: Million Yen

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

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

In the second half, the company will scale up investments driven by the rapid growth of multiple new products. From April, the company plans to launch a campaign celebrating 30 million units sales of Newmo. The company sustains profitability while strategically investing for future growth.

Shareholder Returns

	FY2024	FY2025 Forecast
Annual Dividend Per Share	25 Yen	25 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
Dividend Payout Ratio	21.9%	43.9% ※
Share Buyback	1 Billion Yen	—
Total Return Ratio	53.1%	43.9% ※

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

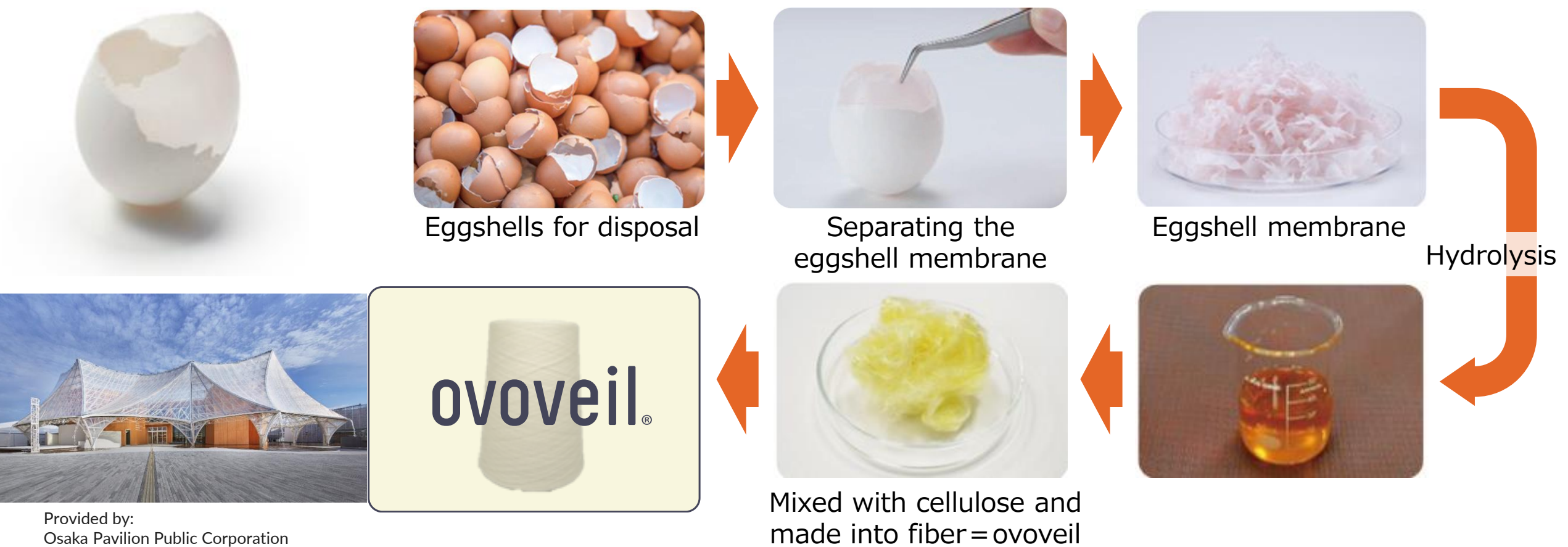
※ Based on the net income attributable to parent company shareholders in the earnings forecast announced on September 12, 2024.

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.

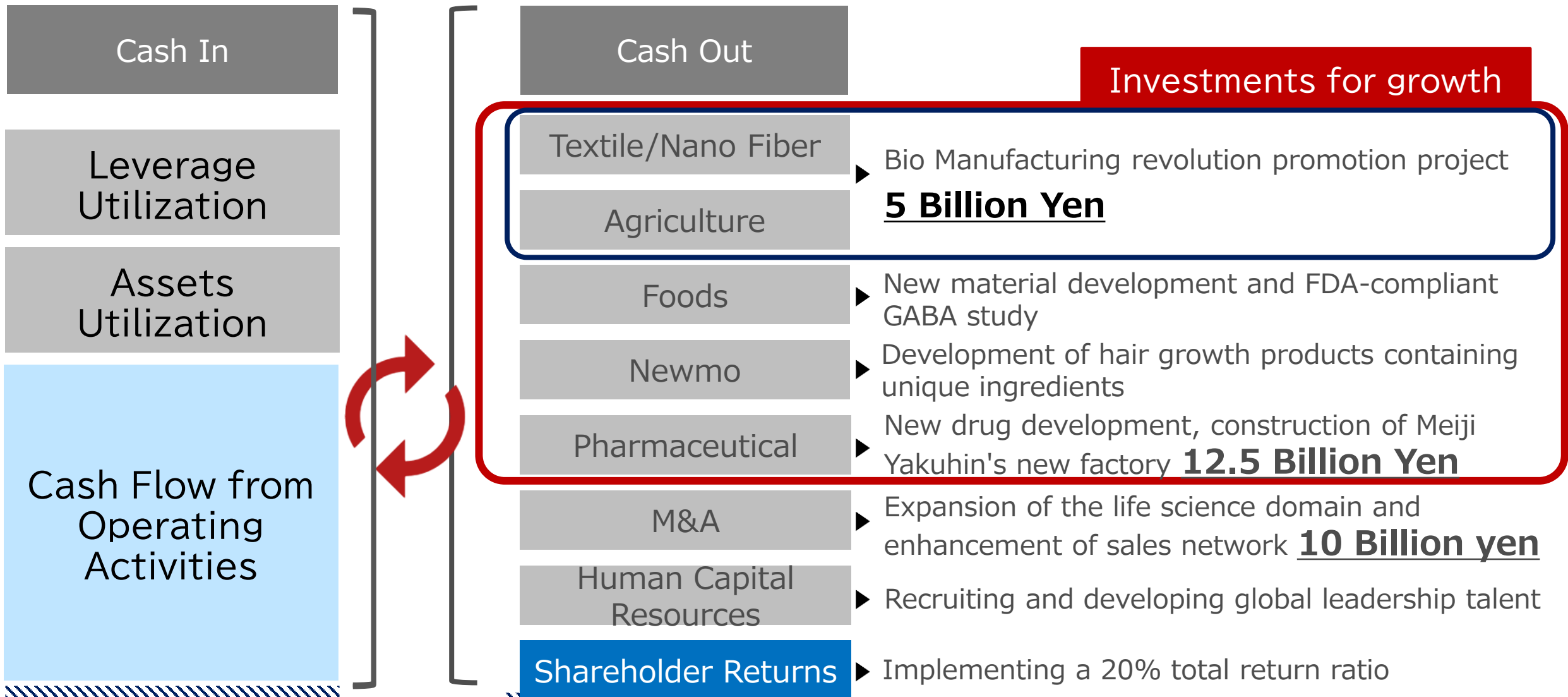
Mid-Term Plan 2026 Progress

Eggshell Membrane Fiber “ovoveil” - Ready for Market 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.

Bold Investments of 30 Billion Yen over the next five years



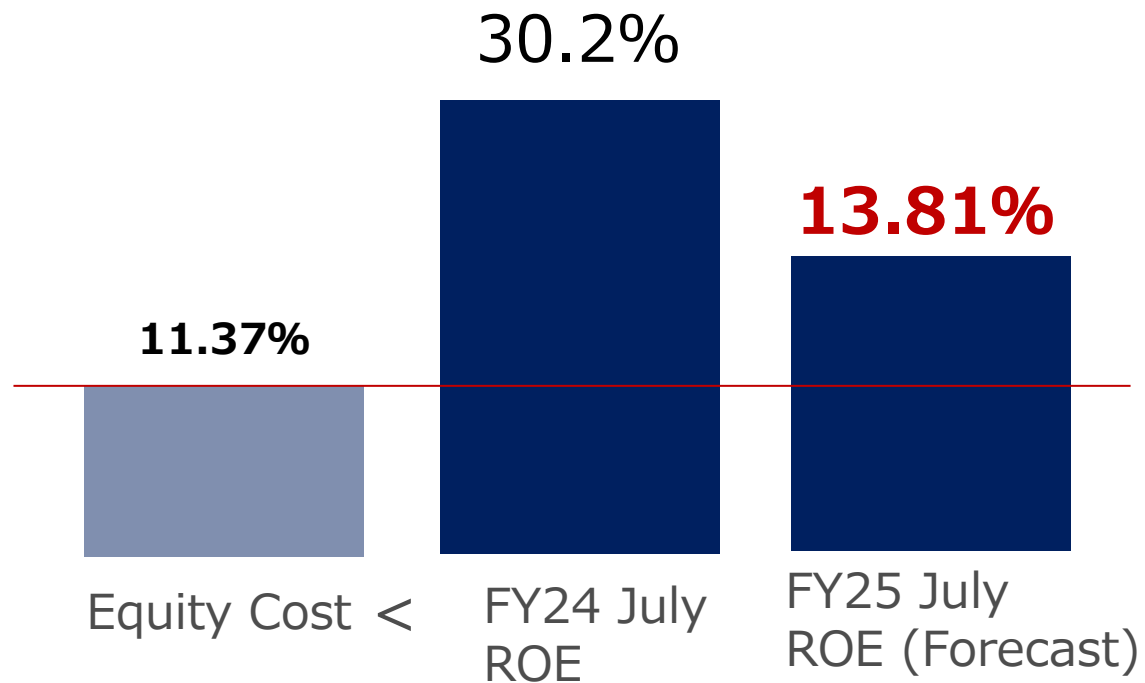
The increase in operating CF from investment returns is redistributed between business investment and shareholder returns.

Appendix

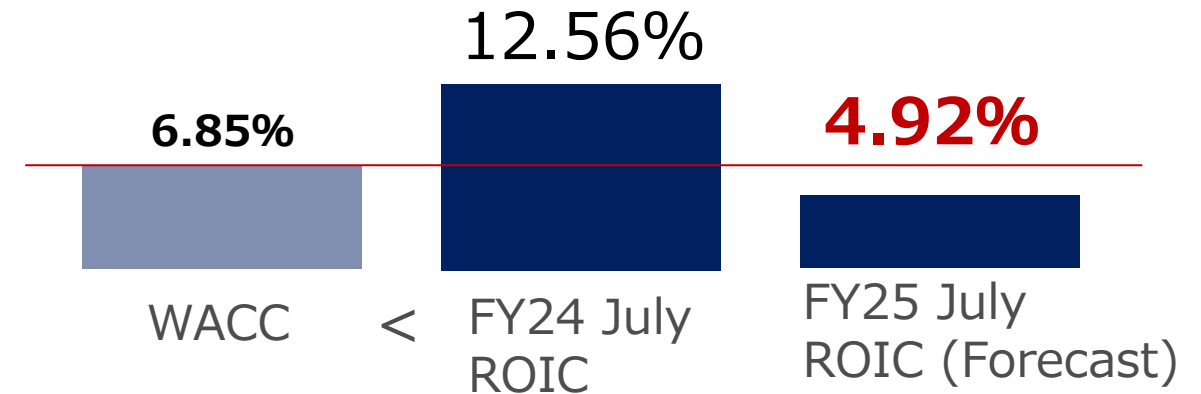
Management of Capital Costs and Share Price

Evaluation 1 – Capital Returns

ROE



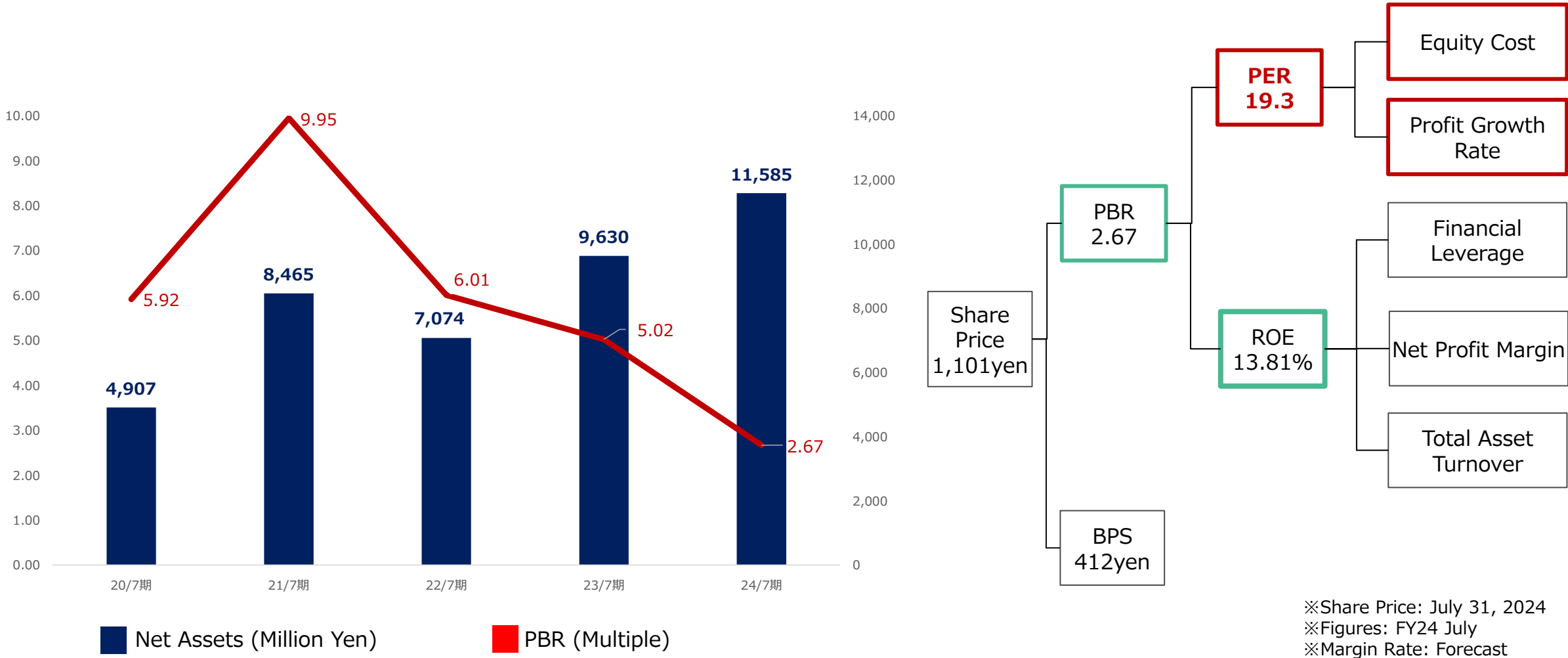
ROIC



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



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

Initiatives to Improve Corporate Valuation

	Policies	
ROIC Improvement	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
Capital Costs Decrease	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
Expectation of Future Growth	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