



**Shiseido Company, Limited**

ELIXIR / Suncare Business Strategy Event

April 11, 2025

## Event Summary

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[Company Name]	Shiseido Company, Limited	
[Company ID]	4911-QCODE	
[Event Language]	JPN	
[Event Type]	Analyst Meeting	
[Event Name]	ELIXIR / Suncare Business Strategy Event	
[Date]	April 11, 2025	
[Time]	17:00 – 18:01 (Total: 61 minutes, Presentation: 27 minutes, Q&A: 34 minutes)	
[Venue]	Webcast	
[Number of Speakers]	2	
	Chiaki Tomita	Executive Officer, Chief Brand Officer, Global Premium Brands, Assistant Chief DE&I Officer
	Yuki Oshima	Vice President, Investor Relations Department

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# Presentation

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**Tomita:** Hello, everyone. This is Chiaki Tomita. Thank you very much for your attendance despite your busy schedule. We have the ELIXIR and sun care strategy IR presentation session. So thank you so much for your interest.

## Profile

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Chiaki Tomita

Executive Officer  
Chief Brand Officer  
Global Premium Brands  
Assistant Chief DE&I Officer

- ✓ After pursuing my career at a Japanese automobile manufacturer and a foreign manufacturer, I joined Shiseido Japan as a brand manager for a sunscreen brand "ANESSA"
- ✓ At Shiseido Japan, in addition to "ANESSA", I was also in charge of a skin care brand "d program"
- ✓ Assumed a position at Shiseido HQ when "ANESSA" started to be recognized as a global brand
- ✓ Since 2022, I have been in charge of both "ANESSA" and "ELIXIR" as a Senior Vice President
- ✓ The current position since 2024

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Before jumping to the presentation, I would like to talk about myself.

I joined the company in 2016 in ANESSA sun care brand, so I was involved in that as a brand manager.

Subsequently, I have been in charge of Elixir in addition to ANESSA since 2022. I lead the new brand strategy planning and rebranding of Elixir, which was initiated in the same year, and lead the brand value enhancement and growth of both ANESSA and Elixir brands. I have also been appointed as our Executive Officer since last year and is in charge of our cross-brand sun care strategy.

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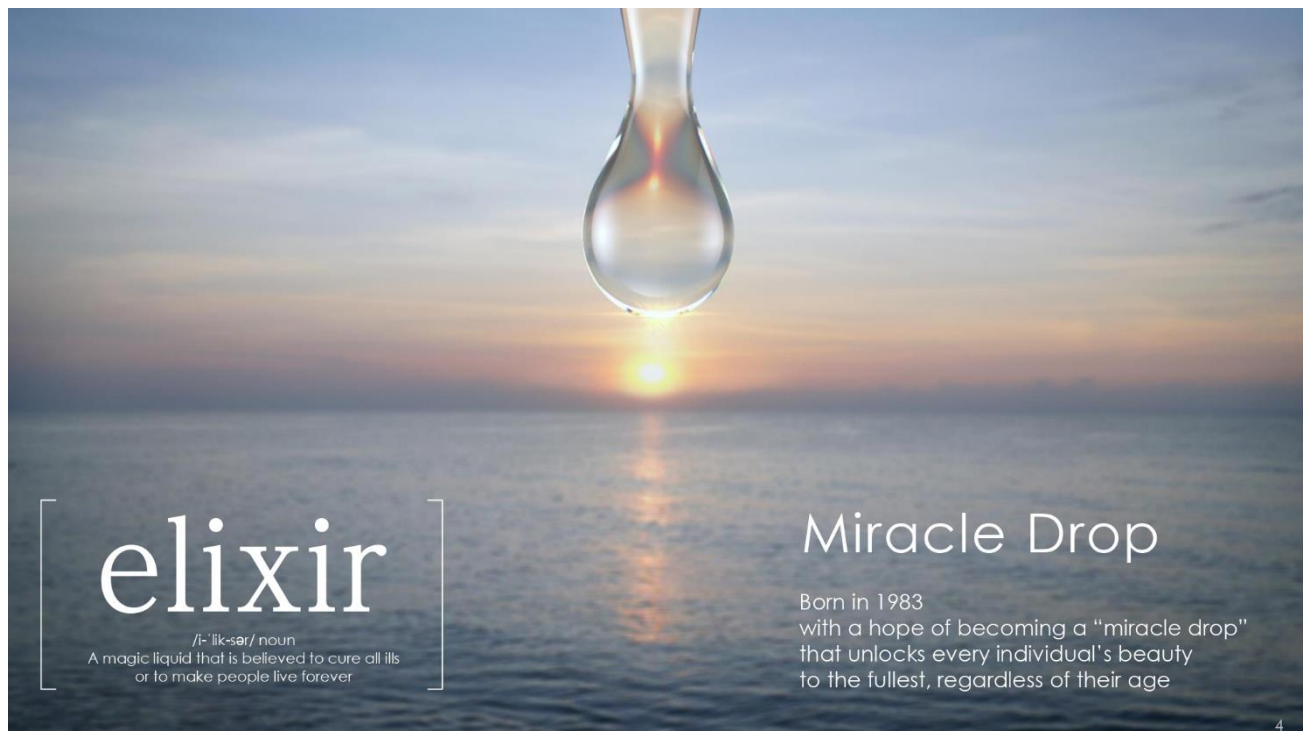
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# ELIXIR

1. Brand Overview
2. Strategic Direction
3. Sustainability Commitment

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Let me start with Elixir. I will give an overview of the brand and its strategic direction, followed by an explanation of sustainability.



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Now brand origin, name of the brand, ELIXIR, this brand was created in 1983 with the hope of becoming a miracle drop to users, which gives the power to step forward regardless of age. Its origin of the word is a French word, elixir.

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The hope of the brand, since its origin stays the same, everyday miracle on your skin and be positive about aging are our brand mission, so we continue to make efforts branded on this mission.

Now I would like to introduce the products since the origin and would like to show you the brand movie showing our hope.

[Video Plays]

Over 40 years of the history and approach of ELIXIR, who tirelessly researched collagen science since the very beginning of the brand. In fact, we have collected products from when we launched the brand and introduced each product as if it were one of us, Shiseido employees. We hope you can feel our passion.

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Global sales  
Over **50** billion JPY

Growth ratio (2024 vs 2023)  
Global **+8 %**  
(Japan is in the high teen% for 2 consecutive years)

Sales composition  
Japan approx. **80%** / Overseas approx. **20%**  
8 countries and regions

**No.1** in Japan total skincare category: 18 consecutive years  
※Intage SRI・SRI+ Skincare Market

**No.1** in the below categories ※※  
(Lotion & Emulsion/Anti-wrinkle/ Facial cream / Daily moisturizer)  
※※ Intage SRI・SRI+

Received over **110** global cosmetics awards

Now I would like to talk about the business performance of the current ELIXIR.

ELIXIR is now operating in eight countries and regions. In 2024, net sales surpassed 50 billion JPY. Globally, it was a positive 8% YoY. And in Japan, two years in a row, the growth rate was a high-teen level.

At the moment, roughly 80% of the net sales comes from Japan, but in China and Asia region, on top of Taiwan, when we entered into the market at the early stage, after 2022, we launched the business in Vietnam, Thailand, Singapore, and Malaysia, as well as Hong Kong. We have increased our footprint in overseas.

In terms of the market share in Japan, 18 years in a row, we achieved number one in skin care market and also, in the skin care category, we achieved the number one position, a very solid position. And globally, last year, we were able to be awarded for over 110 cosmetic-related awards globally. So it was very highly accredited by the customers.

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## Trajectory after the Strategic Change

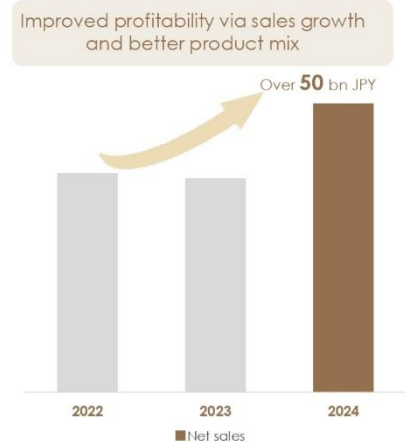
ELIXIR

- ✓ Brand Share continues to grow every year after 2022 in the total skincare category and marked the highest in 2024
- ✓ Profitability improved dramatically on top of sales growth

### Market share expansion in Japan



### Higher growth and profitability global-wide



Let me explain about our trajectory since 2022.

ELIXIR made a major shift in its brand strategy in 2022. At the time when we implemented a strategic shift along with the launching of new lotion and emulsion in September 2022, we held a meeting to introduce our new business plan. In this meeting I explained about our strategy which some of you might have heard about it.

Specifically, we narrowed down the target to customers aged 45 or older, reduced the number of new products to be launched while shifted our strategy towards strengthening the development of selected hero products and focused investment.

At that time, the mass market was growing and the mid-price market was shrinking, so we received many comments as to whether our strategy to narrow down the targets and products would be successful or not. However, as a result, our market share had reached a record high in 2024.

In addition, we also continued to foster hero products on a steady pace and made significant strides in serum market last year. In addition, we have acquired the no. 1 position in key categories. In addition, we have achieved a significant improvement both in terms of global sales and profitability during the period between 2022 to 2024, becoming a highly profitable brand.

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# ELIXIR

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2. Strategic Direction
3. Sustainability Commitment

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From here, we will explain the direction of our strategy.

## Brand Core Value

ELIXIR

**Offering value greater than the price through commitment to understanding and supporting our customers**

**An essential lineup to maximize effectiveness at an accessible price**



**Superior functionality enabled by Collagen Science**



**Brand experience carefully tailored to the needs of each individual**



**An extensive range of touchpoints**



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This is ELIXIR's value proposition. We believe that beyond the price that we provide as a value for the ELIXIR, collagen science is our foundation and offers high efficacy on the skin, and a very affordable price range is given in ELIXIR. Depending on the lineup and depending on the concerns over the skin, we give the comfort of everyday use and able to use long term. This is the aging care of daily use. Also, even for the self-service channel, we try to offer brand experience for every single customer and try to offer the best optimum touch point, both offline and online.

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## Hero Products

ELIXIR



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This is the lineup. Since the onset of the brand in 2022, we try to select the products, and the hero products was our key lineup. For lotion, emulsion, and UV emulsions and basic items and also the cream, the reference price is JPY11,000, and the serum is JPY8,910. So it's relatively expensive for the self-service market. However, customers acknowledge these products are beyond the value, beyond the price, so are very highly appreciated.

In addition, by simplifying our product lineup and focusing marketing on hero items, we have become able to attract more self-purchases. In other words, by increasing competitiveness in self-channels, we are turning into a brand that can make profit on high-margin self-channels.

As a consequence, self-service sales expansion, narrowing down of SKUs and improving product mix in the high-price range have led to the improvement in profitability, which I explained earlier.

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## Overseas Success of Hero Product

ELIXIR

**Achieved sales that far exceeded our expectations  
with a steady increase in Asian consumers**



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This is not limited to Japan only, but across the overseas as well. In China, we launched the V Cream and, better than the plan, we were able to achieve the net sales. According to our original intention, we were able to capture the customers who trade down from the prestige market. In the Asian Pacific market, we are able to outgrow the Tone Up UV and serum products.

## Cutting-edge Collagen Science

ELIXIR

**Shiseido's scientific breakthroughs to maximize effectiveness**

### Collagen Research Over 40 Years

An accumulation of Shiseido's cutting-edge research spanning over 40 years

Consistently and promptly integrating cutting-edge research findings into hero products



### Superior Anti-aging Efficacy

With a deep understanding of skin needs, maximizing timeless beauty through the proven efficacy harmonized with sublime sensory experience



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So those hero products are based on the collagen science with high skin efficacy and based on such secrets, over 40 years of our such state-of-the-art research results are now generously embedded in our products. Based on such collagen science research, our hero products continue to employ such new science.

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### Brand experience carefully tailored to the needs of an individual

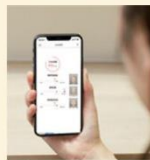
#### Unique AI Skin Analyzer

Offering personalized and reliable beauty advice through our exclusive AI-powered skin diagnosis tool



\* FY2023 ELIXIR AI Skin analyzer promotion.

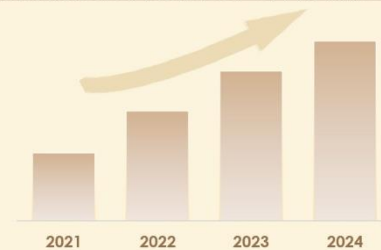
Offering advice on lifestyle & nutrition and recommending products tailored to each customer



#### Loyalty Program

Consistently enhancing our CRM initiatives, leading to a year-to-year growth in membership

#### ELIXIR total number of members



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In addition, our goal is to continue to be loved by our customers over the long term by providing them with a brand experience that is tailored to each customer.

One of such initiatives is AI skin analyzers, which is the skin condition diagnostic service.

This is our proprietary skin measurement device. Each and every customer will be able to get their own advice.

And customers can understand their skin conditions and also its improvement by using our products. Also, through such AI skin analyzers users, we were able to see the increase of the purchase price for both existing and new customers.

ELIXIR Club, which is a membership service, we now steadily grow the number of memberships. We continue to have the CRM initiatives, and we see the increase of the sales coming from the members.

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To encourage purchases at optimal touchpoints, expanding from existing channels to e-commerce, with a particular focus on open-sell channels in overseas markets

### Enhance EC activities



### Expand open-sell channels



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Now, the touch point, on top of the optimum touch point, we want to offer the brand purchasing opportunity, not just to the traditional channels, but the e-commerce and overseas market, a self-service channel as well.

Since last year, in e-commerce, we offer the e-commerce limited products as well as the regular delivery service for the lotion and emulsion. Also, originally, in China and Asia, we were focusing on the sales channels in the department store, but now we focus on the self-service channel as well.

# ELIXIR

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2. Strategic Direction
3. Sustainability Commitment

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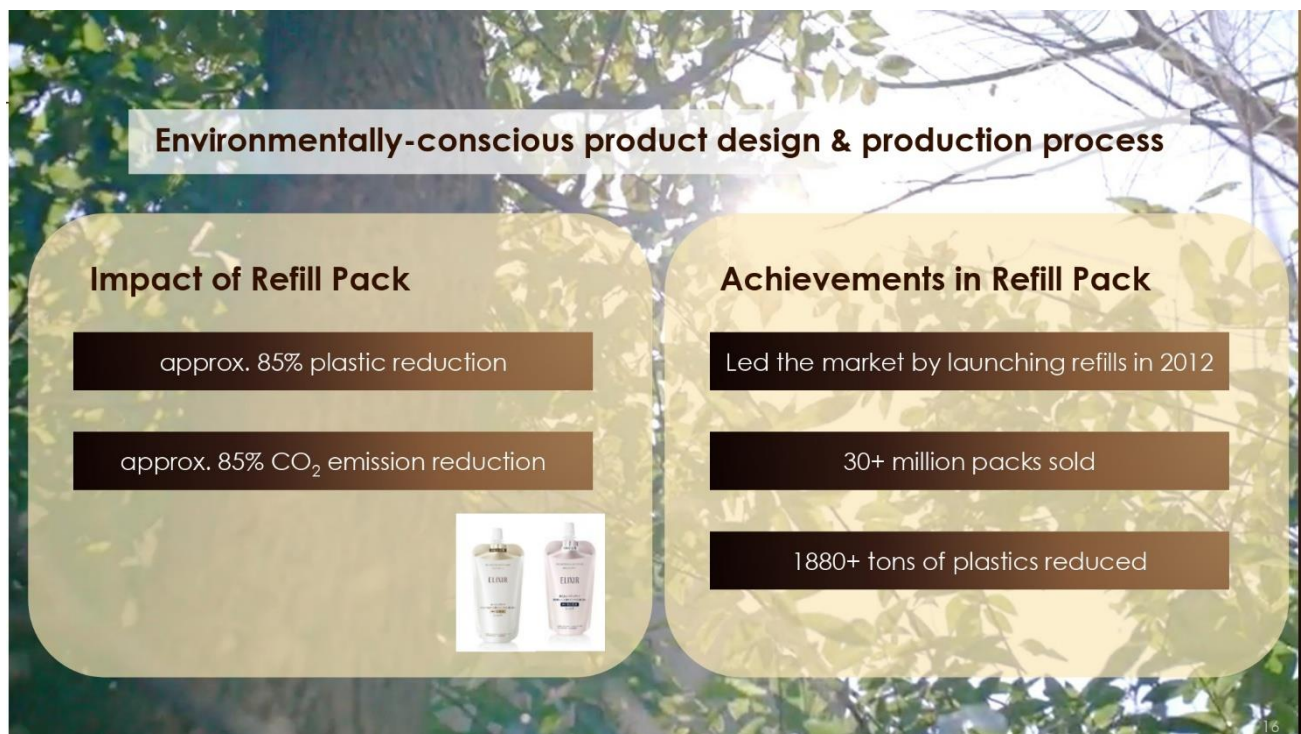
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Finally, I want to talk about the sustainability initiative.



ELIXIR is the aging care equals to caring for the future. So we now offer the products manufactured at the environmentally conscious facilities and also offering the products with refillable packages. For refillable packages, we launched in 2012, and already over 30 million units are already sold. Through such use of the refillable packages, we were able to reduce the plastic as well as the CO<sub>2</sub> emission by 85%. We continue to offer these kinds of sustainability initiatives.

Finally, there is a video to show you the sustainability initiatives.

[Video Plays]

As I explained, we want ELIXIR to be an anti-aging care brand from Japan representing Asia and continue to focus on this growth. I would like to have your attention going forward as well.

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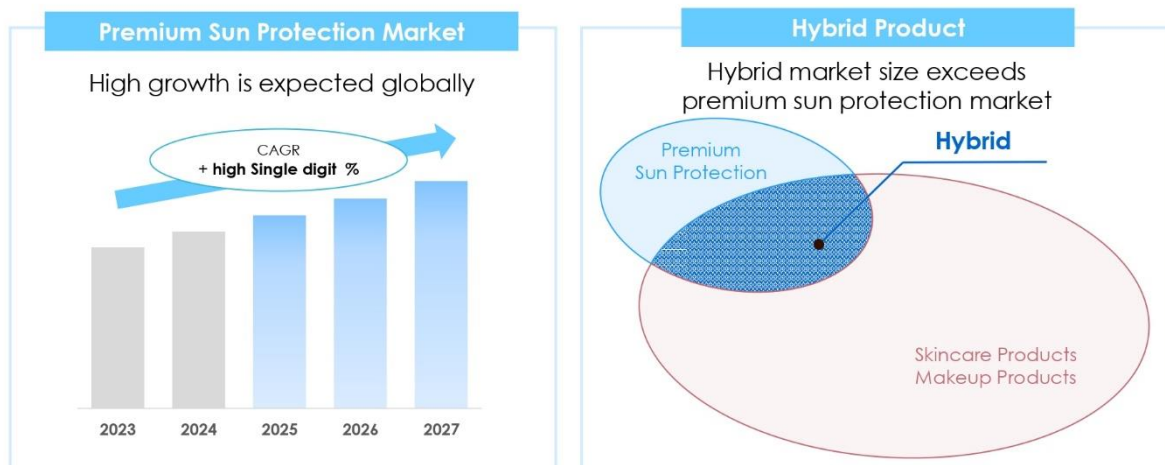
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## Growth Strategy: Sun Care Category

Now, let me explain the strategy for the sun care category.

### Sun Care Category Overview

**Focus on growing markets where the impact of climate change and the need for UV protection are increasing year by year**



※Data source : Euro Monitor Premium Sun Protection Category / World (JAPAN, CHINA, APAC, AMERICAS, EMEA) , Euro Monitor International 2024 (retail value sales, Act in 2023, Forecast in 2024 and onward)

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First, after explaining our overall sun care strategy, I will introduce our strategy for ANESSA, our flagship sun care brand. The sun care market will be a growing market with a global value of approximately JPY550 billion in 2023 and a growth rate in high single digits through 2027. In addition, due to climate change such as global warming and an increase in skin cancer, the need for UV prevention is increasing every year.

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Looking at the sun care category as a whole, there is a huge demand for what we call hybrid products, which include not only conventional sunscreens but also skin care and makeup products with SPF.

According to our research, we expect this hybrid market to be larger than the market for premium sun protection, the traditional sunscreen market at the premium price point we focus on and to grow at the same level as the premium sun protection market.

## Strategic Direction in Sun Care Category

### Aim to strategically capture the various needs of sun protection in each market



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We take three main approaches to the sun care category.

The first is to further strengthen Shiseido's technological advantage and maximize its value.

The second is to strengthen ANESSA and SHISEIDO, our main sun care product brands and Global Suncare. Global Suncare of SHISEIDO, which is in the prestige price range, has a global footprint and will measure its growth by accurately grasping the needs of each market. On the other hand, ANESSA, which is in the premium price range, is expanding mainly in Asia and strengthen our number one position.

Third, we will strengthen our hybrid products. We offer a wide range of SPF products from skincare and makeup brands.

By doing so, we aim to firmly capture protection needs in the market where the boundaries between the categories are becoming more blurred.

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From here, I will explain how ANESSA, Asia's number one sunscreen brand, will further strengthen its foundation in Asia in the future.

## BRAND Mission

Free to Shine  
**ANESSA**

**Free to Shine**  
**Let people shine infinitely under the sun**

ANESSA is here to help you shine infinitely under the sun.  
To help you enjoy a healthy, fulfilling life every day  
with radiant skin on our rich, sun-blessed planet.  
A life that will certainly lead to a beautiful future.  
A life where you are free to shine.

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Let me begin with an overview of the brand. ANESSA aims to realize its brand purpose of Free to Shine, a world where everyone can continue to shine under the sun and has been protecting people's beauty and health for more than 30 years since the brand's inception.

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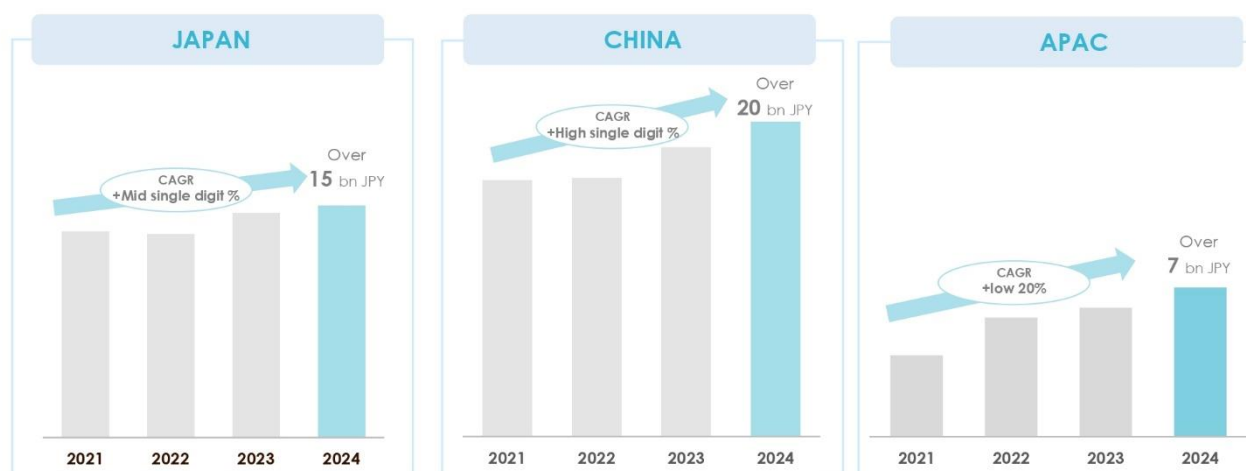
ANESSA is the number one brand in Asia with products available in 11 Asian countries and regions, including Japan and China. ANESSA's current sales are approximately JPY50 billion. Despite the struggle in travel retail, it grew in local markets in Japan and overseas. As a result, global sales grew as a whole. Southeast Asia has grown by more than 10%.

Sales by region are more global in nature with Japan accounting for about 30% of total sales and the rest coming from overseas markets, 70%.

## Brand Sales Trajectory



Sales in Japan, China and Asia Pacific continue to grow steadily



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Local market growth is not limited to 2024. ANESSA sales in Japan, China, and APAC transitions are shown here, and it is growing steadily. The brand has also achieved profitability well above the company average.

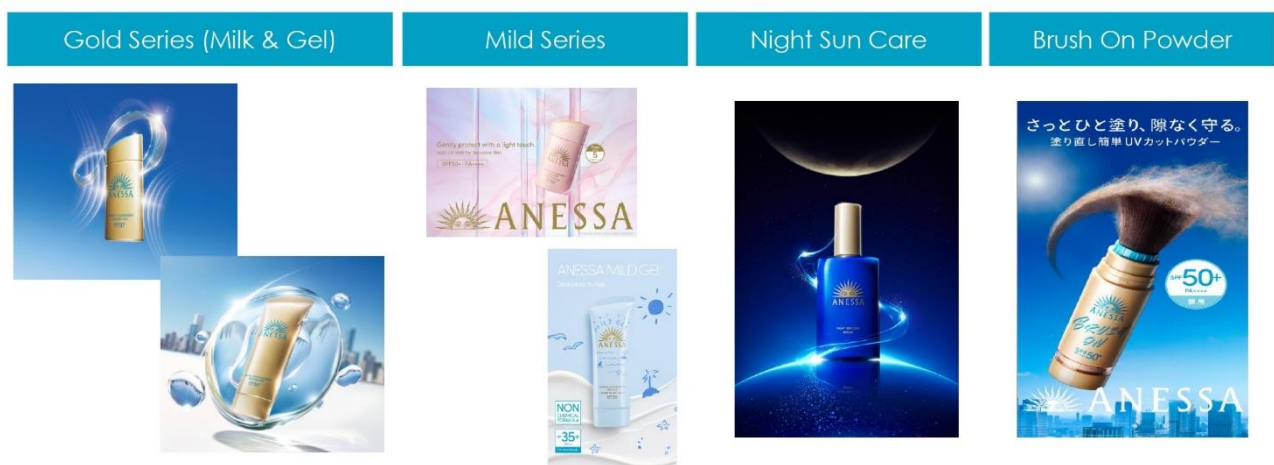


From here, I would like to explain ANESSA's strategy.

## Variety of Product Line-ups



Update value to meet various needs and skin concerns



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First of all, let me explain about ANESSA's product lineup. As we mentioned in our brand purpose, ANESSA cherishes the concept that everyone can continue to shine under the sun, so we offer a lineup of products that respond to the needs of a variety of our customers. The Gold Series, ideal for leisure and sports activities,

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offers high UV protection as well as a gel type that is easy to use for daily UV care. We also offer a mild type that is easy to use for sensitive skin and children. In addition to this, last year, we launched a nighttime serum that provides both moisture care and wrinkle repair in a single bottle as a full body care solution after exposure to ultraviolet rays.

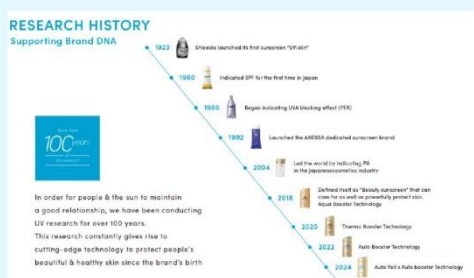
This year, we are also offering this blush type as a retailer-exclusive product, which is convenient for carrying around and reapplying during the day. The initial velocity of the product is very good, it's starting very well, and this product is very well supported by the users.

## 100 years of UV Research



### 100 years of UV research

Shiseido launched its first sunscreen in 1923 and has been researching UV rays for 100 years



### Cutting-edge technology

Incorporate the latest technology, delivering proven results



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Shiseido's 100 years of UV research supports this extensive lineup and high efficiency. In 2014, we introduced a technology that increases UV protection effects even when exposed to water or sweat. In 2019, we introduced the world's first technology that increases UV protection effects with heat. The most recent product automatically repairs uneven sun protection surfaces created by motion, and it is called auto-repair function. We believe that, by incorporating cutting-edge technologies, we are able to deliver reliable results.

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## Consumer Experience x Variety of Touchpoints



### CX service for loyal consumers

#### Launch CX app in CN



### Various touchpoints

#### High presence in both offline and online



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To further support our customers' activities under the sun, this year, we launched WeChat-based CX app for our loyal customers in China. Our goal is not to end with the purchase of the product, but to build a lasting relationship with our customers by providing them with the proper use of sunscreen, optimum products and the benefits of sunscreen on their skin.

In terms of touchpoints, ANESSA has built a strong presence, both offline, mainly in drugstore and other self-serve channels, and online in e-commerce in various countries. To this end, we will actively utilize influential celebrities and KOLs, sponsor events, and take other steps to increase the region's relevancy. We are working to enhance our brand equity to deliver a consistent global brand overview while, at the same time, conducting research and development.

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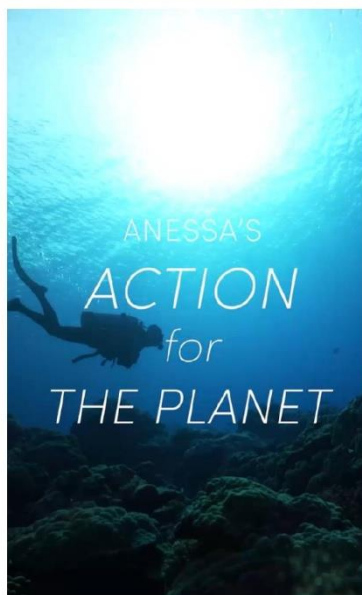
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Finally, I would like to explain ANESSA's sustainability activities.

## Action For Our Environment



Aim to reduce CO<sub>2</sub> emissions throughout the product lifecycle, considering climate change and the impact on nature



Ocean friendly formula

Paper package made from wood resources

Reduce CO<sub>2</sub> emissions

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First, let me tell you about the environmental initiatives. We have adopted an ocean-friendly formula that is less likely to be washed out to sea in consideration of its impact on coral.

In 2024, the product will undergo a full renewal, with the plastic package being replaced by a paper case.

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Event for Kids



Lecture for coaches



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Another point I will touch on is about the activities of creation of social value. These are the social contributions for people.

As we announced last year, ANESSA has been strengthening its social activities in response to recent social issues of children in Asian countries not having enough time to play outside, which is affecting their healthy development of mind and body. So the ANESSA Sunshine Project was started. Here, I would like to introduce the interview by Professor Maehashi from Faculty of Human Sciences, Waseda University.

Now, playing outside nurtures the five aspects of a child's growth and development, namely physical, emotional, social, intellectual, and spiritual in a well-balanced manner. This has a lifelong effect to live a happy life. Therefore, ANESSA and the Japan Football Association as a social value partner started activities to provide children with opportunities to experience physical and mental activity under the sun and to support the formation of the habit of playing outside. And in 2024, we held events in Japan and Vietnam. We will increase the number of countries where we will expand in the future.

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## Expand Our Action For Social Value Creation

### Provide opportunities for outdoor play



### UV enlightenment activities



### Support for patients with XP incurable disease caused by hypersensitivity to ultraviolet light



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In addition, we started classroom lectures in elementary and junior high schools in 2018, and we're going to increase our activities. In addition, as mentioned, we started our activities in those schools. In 2021, we are sampling from kindergartens and daycare, and we started lectures for parents and soccer coaches. In addition, we have been supporting patients with xeroderma pigmentosum, XP, an intractable ultraviolet-sensitive disease that prevents exposure to sunlight for many years.

Finally, please take a look at the video of activities conducted in Vietnam.

[Video Plays]

In this way, ANESSA hopes to continue to contribute to making society a better place for the future by embodying the objectives of the brand through both economic and social activities in the end.

This concludes my presentation. Thank you very much for your attention.

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## Question & Answer

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**Oshima [M]:** From Jefferies, Kawamoto-san.

**Kawamoto [Q]:** Thank you very much for sharing a very important topic today. My question is about the profitability improvement of ELIXIR compared to the past. What was the percentage of improvement and also what was the reason behind it? Is that driven by increased e-commerce ratio, refill packaging, or higher unit prices? I would like you to provide building blocks behind that. Also, I do not often see the same kind of refill products in the overseas market, and would like to know how much upside is left in terms of margin or if there is any technological advantages by accelerating the shift to refill packaging.

**Tomita [A]:** Thank you for your questions. We are not able to provide any specific figures for profitability improvement today, but it is improving dramatically. The building blocks for the improvement would be the combination of several factors, but we believe an improvement in our product mix is the one that is most significant.

As I explained earlier, originally, ELIXIR was initially focusing on basic skin care products in the mid-price range such as lotion, emulsion and UV emulsion. However, after 2022, in addition to the original anti-wrinkle, we launched the V Cream with a price of over ¥10,000 yen followed by the launch of a new serum.

Originally, ELIXIR had creams and serums but they were in the mid-price range unlike the V Cream in the high-price range. By the launch of this product, the product mix has expanded substantially with a significant improvement in profitability.

The other thing to mention is that self-serving channel is another contributing factor. Specifically, 80% of the sales of ELIXIR comes from Japan, of which the drugstore has the largest share in retail channels in Japan. Among the drugstores, ELIXIR is increasing its focus on open-sell channel. As a result, the marketing spend through the people is now reduced. That also contributed for the improvement of the margin.

Finally, thank you for your question regarding the refillable products. Certainly, that is also selling very well in Japan although has not yet been widely sold in the overseas market. But as you say, the profitability is higher for refillable products compared to the originals. So we want to focus on that going forward in the overseas market. Some overseas consumers, for example, worry that the quality may be deteriorated by using refillable bottles, but we continue to promote refillable packaging by, for example, making a short video to demonstrate that there is does not affect the quality of our products.

**Oshima [M]:** Next question, Miyasako-san from Mizuho Securities.

**Miyasako [Q]:** I have a question about the overseas sales of ELIXIR. The sales composition is 80% and 20% with a lower percentage in the overseas. Do you have any specific target or timeline for overseas sales? If you do, where will be your focus in terms of countries or products? I would like you to tell me about your overseas strategy and also about the profitability, if any. Finally, do you have any plan to increase ELIXIR's overseas sales by making effective use of ANESSA?

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**Tomita [A]:** Thank you for your wonderful question. First of all, to explain the reason why the proportion of overseas sales is so low in ELIXIR, this brand lagged a little behind of our prestige brands rolling out overseas. The first full launch in overseas was the rebranding in China which took place in the latter half 2018, quite late compared to other brands. To explain with transparency, there was the COVID crisis, and the treated water issue also happened.

For ELIXIR, the mainstay of its business in China had been lotion, and it was affected by those factors for a long period of time. That's the reason why the sales didn't grow so much in overseas, resulting in the situation with a ratio of 8:2. However, we believe that there's great potential for this price range in China and Asian countries, and therefore, we are expanding our footprints there.

Regarding our strategy to remain competitive in Asian markets, we have been and will be trying to accelerate the shift towards open-sell as much as we can after implementing a new strategy in 2022. In Asia, ELIXIR was mainly distributed through department stores, but we are shifting our retail channel strategy.

The second point is what would be the key products for us to compete, but first of all, we must disseminate the idea that ELIXIR is a brand focused on aging care. While lotion has been the competitive-edge for the brand, but lotion is not so widely used overseas and it is not directly connected to anti-aging skincare. Therefore, the V Cream and the serum were very well received and have grown into hero products as they are in the right spot in terms of anti-aging skincare. So products that are strongly focused on anti-aging care with higher margin will be our competitive-edge namely the wrinkle cream and V Cream that have originally been strong in China and the serum and V Cream in Asia.

The profitability is still quite limited in overseas. We have not yet been able to build a highly profitable business model as in Japan, but our profitability is improving by focusing on products in high-price range. In China, for example, we saw a substantial improvement in profitability last year.

Regarding your last question, the effective use of ANESSA is indeed very important. Open sale expansion of ELIXIR could have been achieved with ANESSA as ANESSA is very well received overseas, and it has a very high market recognition. ANESSA is maintaining strong share in global markets with higher net sales amongst other players in open-sell retail channels. We are currently adopting a marketing strategy to bring a synergy with ELIXIR by leveraging ANESSA's high brand equity.

**Oshima [M]:** Just to be sure, I would like to confirm that words like self-channel and open-sell have been mentioned earlier, but open-sell is a channel like drugstores that do not involve any F2F interaction, is it correct?

**Tomita [A]:** Yes. To explain to you a little more, in terms of drugstores overseas, I think ELIXIR is distributing their products in local drugstores offering brands at somewhat higher prices or a mix of mid-priced and high-priced products or drugstores focused on products in mid-price range.

**Oshima [M]:** Next question, Miyazaki-san of Goldman Sachs.

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**Miyazaki [Q]:** I would like to ask you about the direction of the channel or sales promotion. Are both ANESSA and ELIXIR in a phase to increase their sales promotions? If so, what kind of regions and channels are you working on? I would like to know your current direction for this year and next year.

Among these, is something like the skin care analyzer that we explained in the presentation for ELIXIR is an optional element, or is this area the main driver of sales? Could you tell me how you are increasing sales?

**Tomita [A]:** Thank you for your question. Your question is what country or region that we are focusing on?

**Miyazaki [Q]:** Yes, that's right. I would like to ask about key countries and also, as you mentioned earlier about open-sell, I would like to know whether that is the main channel to be tackled.

**Tomita [A]:** Since the status are different, if we explain the brand separately, first of all ELIXIR has entered the market after 2022, and it has only just entered the market. We are focusing on all the regions in which we have a presence, but within those regions, we are focusing on the sales channels that we mentioned as open-sell. Originally, department store was also included, so even now there are sales channels in the department store, but rather we are focusing on expanding open-cell.

AI skin analyzer that I mentioned earlier has been very popular, and today retailers are aiming to provide a variety of consumer experiences and better experiences even through open-cell channels abroad. Accordingly, we aim to be able to provide such products as this AI skin analyzer in stores and online as well. Currently, many AI skin analyzers are still available on-line, but they have already been launched not only in Japan but also in Thailand and Vietnam. It is scheduled to be launched in Singapore and Malaysia by the end of this fiscal year. First, we start expanding the system online to create an environment in which employees can make their own skin diagnoses online, while also making it possible to purchase products using open-sell.

With regard to ANESSA, we have already established a high position in a number of countries, and we are now in the process of moving out to countries that have not yet emerged. To give you an example, we have not been in Mongolia until now, but we have been in Mongolia this year, and we are now in the process of full-scale roll-out. In this way, ANESSA is now working to ensure that more and more people are going out to areas where they are not.

**Miyazaki [M]:** Understood. Thank you so much.

**Oshima [Q]:** Next, there's a question through chat. About the pricing strategy for the two brands, what are your pricing plans for the two brands? That's the question.

**Tomita [A]:** I think I have already spoken a little about ELIXIR, I am thinking of doing it both in the middle of the mid-price range, in Japan, for example, JPY3,000 range and also in the high-price range around 8,000 yen, 9,000 yen, and 10,000 yen range. In addition, we are trying to deliver more value than ever before that is commensurate with the price as much as possible.

With regard to ANESSA, we have been doing it at a fairly high price range within Sun Care, and we intend to maintain that going forward.

Regarding price increases, since 2022, ELIXIR has been raising prices quite a bit for cream and serum, both of which are full-fledged aging care categories. In fact, we are increasing the value of our products every year we release new products, so the situation in ELIXIR is that we are raising the price in small increments.

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Regarding ANESSA, we renewed our mainstay product last year and have raised the price at that time. Looking ahead, we will continue to look at market trends, and we will focus on delivering even greater value than in the past, and we will also be careful with pricing.

**Oshima [M]:** Koguchi-san from Sumitomo Trust Asset Management, please.

**Koguchi [Q]:** With regard to ANESSA, I think there were trends in Japan, China, and APAC by region. What are the differences in the need for sun care in each region? I believe that this will change the way we approach our final approach to social value creation. In the case of Japan, it may be good to actively promote playing outside the home. However, for example, if it is a strong place for the day, it may be an issue to tackle in terms of prevention of skin cancer and prevention of skin inflammation, so I would like you to tell us a little more details. I look forward to working with you.

**Tomita [A]:** Thank you for your question. What is common to customers in Asia is that everyone knows that UV rays have a great impact on aging care. Therefore, our goal is to prevent aging and aging care. What is interesting here is that it is actually the Japanese are least conscious about UV rays. However, customers in China and Asia are very conscious so in ANESSA for example, they are actually using gold milk with the highest UV protection, on a daily basis.

In contrast, Japanese customers also use sun care, but the UV are not so strong compared to China or Asia, so on a daily basis, Japanese customers prefer to have a more comfortable touch, so our gel format is more of their demand. For a milk type, Gold Milk would be the ones that the Japanese customers select for the leisure purposes.

Another common insight, all the customers have the intention on protection from UV to have the anti-aging, and that is another reason for applying that for the children.

The other issue is an increase in screen time. Customers in China and Southeast Asian have more awareness towards screen time. Because the children in those regions are more exposed to screen time, there is an increasing need for physical exercise across those countries and regions. So, we want to offer such protection or activities through ANESSA.

**Koguchi [Q]:** In APAC, do you include Australia?

**Tomita [A]:** No, not we do not include Australia in APAC.

**Koguchi [M]:** Understood. Thank you so much.

**Oshima [M]:** Ohana-san from Nomura Securities.

**Ohana [Q]:** I would like to know about the target settings for both ELIXIR and ANESSA. With the launch of action plan up to 2026, what do you see in the next 2 years in terms of sales growth of ANESSA and ELIXIR?

Also, in terms of the profitability in 2026 on a consolidated basis, you are setting a target for operating profit of about 7%. Could you tell us how these two brands will contribute to achieving this?

**Tomita [A]:** While we will refrain from disclosing specific figures for each brand, we expect sales growth of ELIXIR to exceed 3% of the total. In fact, ELIXIR's sales at duty-free shops have been extremely low since before COVID. As a result, we expect that we will be able to achieve high growth in Japan and Asia without being affected by that.

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On the other hand, as I mentioned earlier, ANESSA's sales composition is extremely global, and in line with the company-wide policy, the Chinese TR is forecasting conservative growth. As a result, we are seeing a lower rate of growth than ELIXIR. Nevertheless, we are also finding an opportunity for ANESSA to drive strong growth in Japan and Asia, and we intend to use our already established Asia's no.1 brand equity to fill the white spaces, as I mentioned earlier.

In terms of profitability, both brands have contributed significantly to overall profitability. In ELIXIR, COGS percentage is significantly lower than our overall percentage. In other words, the COGS ratio is very low. That's why the profitability is very high compared to the Company's average and makes a high contribution to our overall profit. Selling ELIXIR in itself is a contribution to our profitability overall.

On the other hand, for ANESSA, the cost ratio is lower than the Company's average, but it's not as good as ELIXIR, but because of self-sales, marketing cost is light, so the profitability is extremely high among other brands. Accordingly, our immediate goal is to deliver steadily sales growth in ANESSA.

**Ohana [Q]:** Is ANESSA is above or below the company's overall sales target of 3%?

**Tomita [A]:** Although we are unable to provide any specific figures, it is okay to make the same assumptions as the entire Company.

**Ohana [M]:** I understand. Thank you. Also, do you still think that the difference in costs leads to the difference in profitability?

**Tomita [A]:** I think that it is also contributing to this, and I think that there are various factors that will determine profitability. To put it easy to understand, ELIXIR is first the skincare brand. Skincare, for example, is naturally more profitable than other categories, such as make. Among them, about half of the sales of ELIXIR are lotions and emulsions, and the cost ratio of them are even better. As a result, ELIXIR is in fact a brand with an excellent cost-to-sales ratio.

**Oshima [M]:** Please let me clarify some figures that we provided earlier. Regarding ELIXIR, we mentioned that we expect sales growth of ELIXIR to exceed 3% of the total. Our estimate for sales growth rate for the 2 years from 2025 through 2026 on a consolidated basis is 3%. I think it meant that the Company assumes a higher growth rate than the consolidated basis for ELIXIR.

**Oshima [M]:** The second questions from Miyasako-san from Mizuho Securities.

**Miyasako [Q]:** I just want to understand how you can maintain the number-one position for ANESSA. In China, local manufacturers are coming up. In China, I believe, compared to the past, ANESSA's positioning is slightly weakening, in my view. What is your view on that?

Additionally, Chinese manufacturers are going inverse to Southeast Asia as well, do you see any impact or threat from the local manufacturers of sun care products?

**Tomita [A]:** Thank you for your question. Indeed, we know that China's local brand are growing in China. However, the value of the ANESSA remains very high. We conduct brand image surveys every year, but ANESSA continues to be the brand with the highest or the best image in China.

However, we do not have to be lucrative, but of course there are local brands in China, as well as many mid-price brands with slightly higher prices, so we are building an image that will not lose to such brands.

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Regarding Southeast Asia, it is our understanding that while China local brands are surely emerging, they have not yet established a high position in Southeast Asia. Rather, in Southeast Asia, the brands originated in Southeast Asia are strong, and the brands in the mid-price range are also strong, so we are looking at these points. We are committed to appealing to the value that can only be provided by ANESSA, which can only be lost to such other companies.

**Oshima [M]:** Sato-san from MUFG Morgan Stanley Securities,.

**Sato [Q]:** I want to ask about the organization. The net sales for FY2024 in premium category in Japan was 160 billion yen in total, of which 40 billion yen for ELIXIR and 15 billion yen for ANESSA, so there is a total of 55 billion yen and the remaining 100 billion yen. How do you manage that? Are you in charge of only ANESSA and ELIXIR? If you are responsible only for the most important part of Next 5 in Japan, how are the rest managed?

**Tomita [A]:** Thank you, so your question is about what is going on with brands other than ANESSA and ELIXIR in Japan, is it correct?

**Sato [M]:** Yes.

**Tomita [A]:** We have a matrix system established within the organization, and our brands with global sales are headquarters with a team that creates brand value and strategy. Among them, ANESSA and ELIXIR are also affiliated with their global brands. Our SHISEIDO, Clé de Peau Beauté and NARS are also in the headquarters, although NARS is based in the US. In that sense, I am in charge of ELIXIR and ANESSA. Then, the brands other than ANESSA, ELIXIR, SHISEIDO, and Clé de Peau Beauté, which I have just mentioned, are managed by Japan as a regional brand.

**Sato [Q]:** I see. In that sense, for instance, I think that negotiations for drugstores should really be done together. I wonder if there is any disadvantage to this division compared to other competitors.

**Tomita [A]:** I understand your concern. We are making the brand value and the products, we communicate, and we form the communication strategy. In Japan, There's a team to execute the businesses for ANESSA, ELIXIR, and other medium-priced products for drugstore, in other words, the marketing team and sales team. This teams manage business execution of all brands in Japan, so we are not in an inefficient situation.

**Sato [Q]:** Are negotiations of all brands for drugstores done in the team together with support from brand team?

**Tomita [A]:** Of course.

**Sato [Q]:** What percentage of the total 55 billion yen for ELIXIR and ANESSA in Japan combined together, is accounted for by drugstores?

**Tomita [A]:** I cannot give you any exact number, but for ANESSA, there's a large proportion coming from the drugstore. The same goes for ELIXIR.

**Sato [M]:** Thank you.

**Oshima [M]:** Thank you very much for your attendance today despite your busy schedule.

[END]

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