

FY2021 4Q

2021 · 9 · 14

TSE Mothers 4934
Premier Anti-Aging Co., Ltd.
FY2021 4Q Results Briefing Material



PREMIER ANTI-AGING

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01 EXECUTIVE SUMMARY

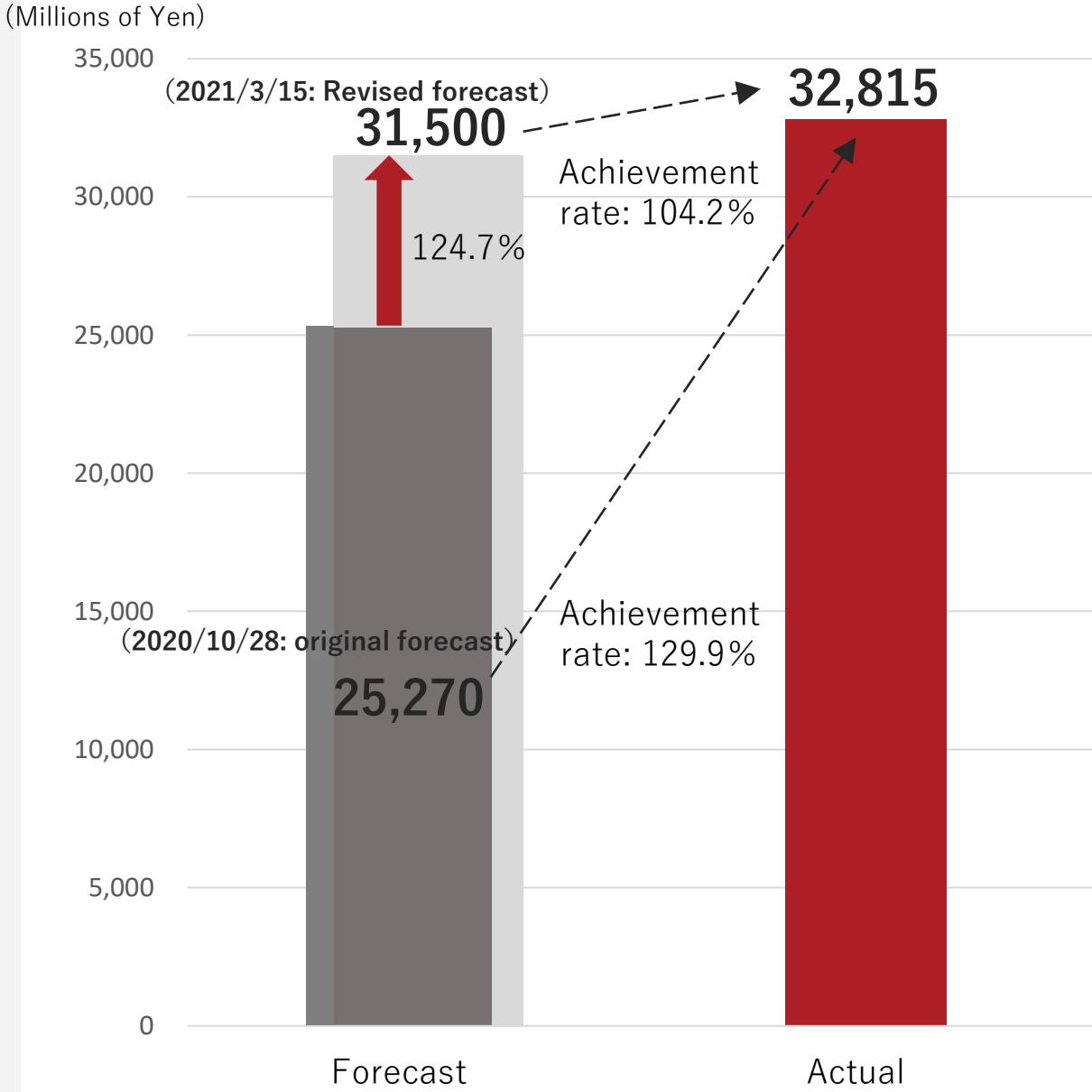
*Premier Wellness Science Co., Ltd. Established in FY2021 2Q and Beianmei (Shanghai) Cosmetics Company established in FY2021 3Q have been included in the scope of consolidation. FY2020 results referenced in this document refer to that of only Premier Anti-Aging Co., Ltd. whilst FY2021 results include those of the abovementioned two companies. Moreover, sales in China has been calculated based on the following exchange rate: 1 Chinese yuan = 16.95 yen.

- ✓ We finished FY2021 with 32.8 billion yen (160% YOY) in net sales and 4.6 billion yen (283% YOY) in operating profit. Both overachieved the business forecast we revised earlier in the year.
- ✓ We acquired new members, especially for Black Balm, thus, the number of subscribers that contribute to stable revenues grew steadily.
- ✓ The sales of sitrana, which we are offering mainly in China, has already surpassed 100 million yen monthly despite having launched just 10 months ago.
- ✓ Next fiscal year (FY2022), we aim to achieve 40 billion yen in net sales (121% YOY) and 6 billion yen in operating profit (128% YOY).

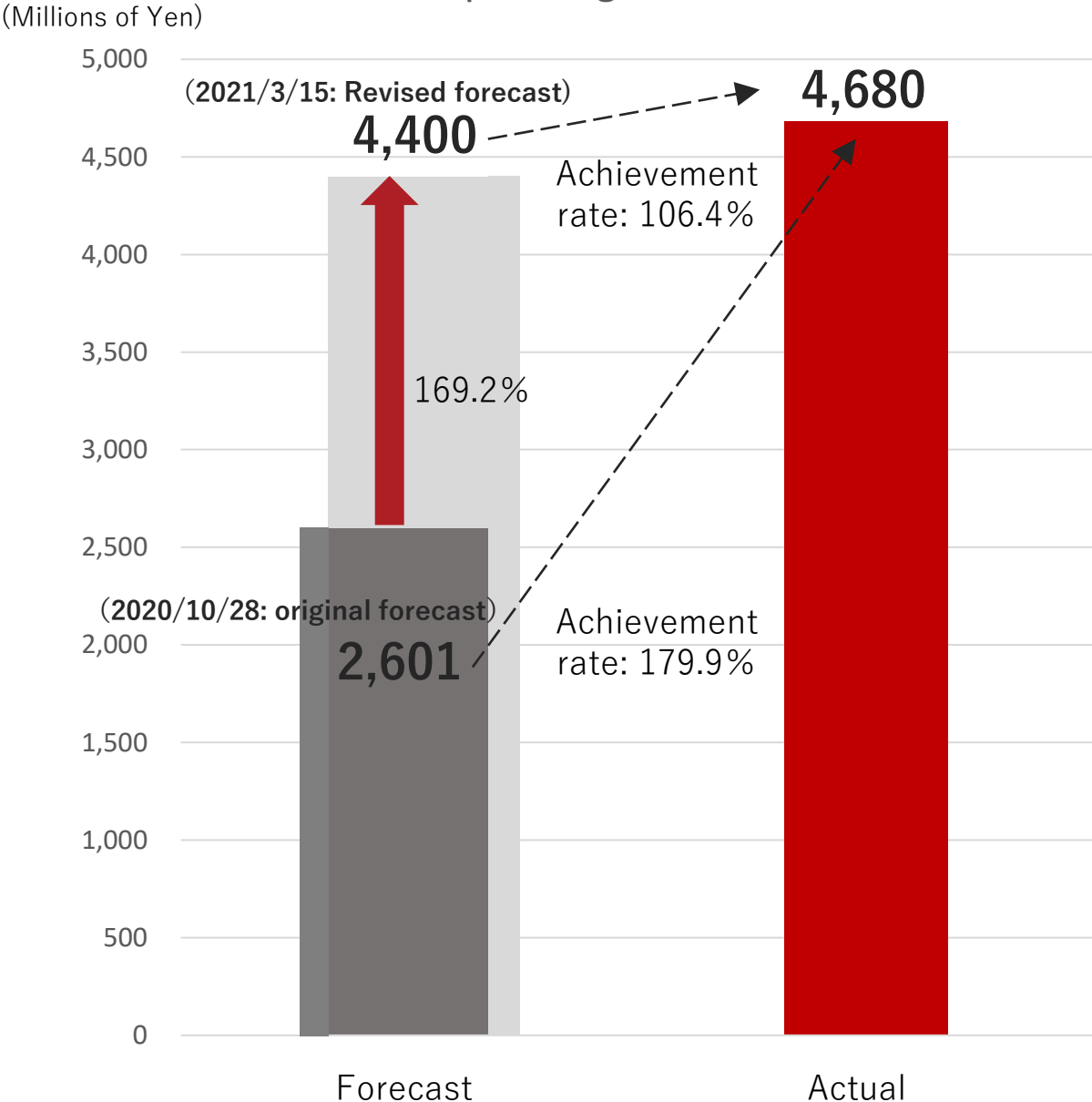
02 BUSINESS HIGHLIGHTS

Net sales achieved 129% against the original forecast and 104% against the revised forecast. Likewise, the operating profit achieved 179% against the original forecast and 106% against the revised forecast. So both net sales and operating profit overachieved the revised forecast.

Net Sales



Operating Profit



In addition to the steady increase of Mail-Order/EC service subscribers, the wholesale business, which delivers high profits, drove growth. Therefore, both net sales and profitability increased significantly.

Unit: Millions of Yen

	FY2020	FY2021	Increase/ Decrease	YOY
Net Sales	20,508	32,815	+ 12,306	160.0%
Operating Profit	1,653	4,680	+ 3,026	283.0%
Operating Profit Margin	8.1%	14.3%	+6.2%	
Ordinary Profit	1,635	4,653	+ 3,017	284.5%
Net Income Attributable to Owners of the Parent	1,143	2,793	+ 1,650	244.3%

All channels grew. In particular, the wholesale channel grew by 217% YOY and has been key in significantly propelling growth.

Unit: Millions of Yen

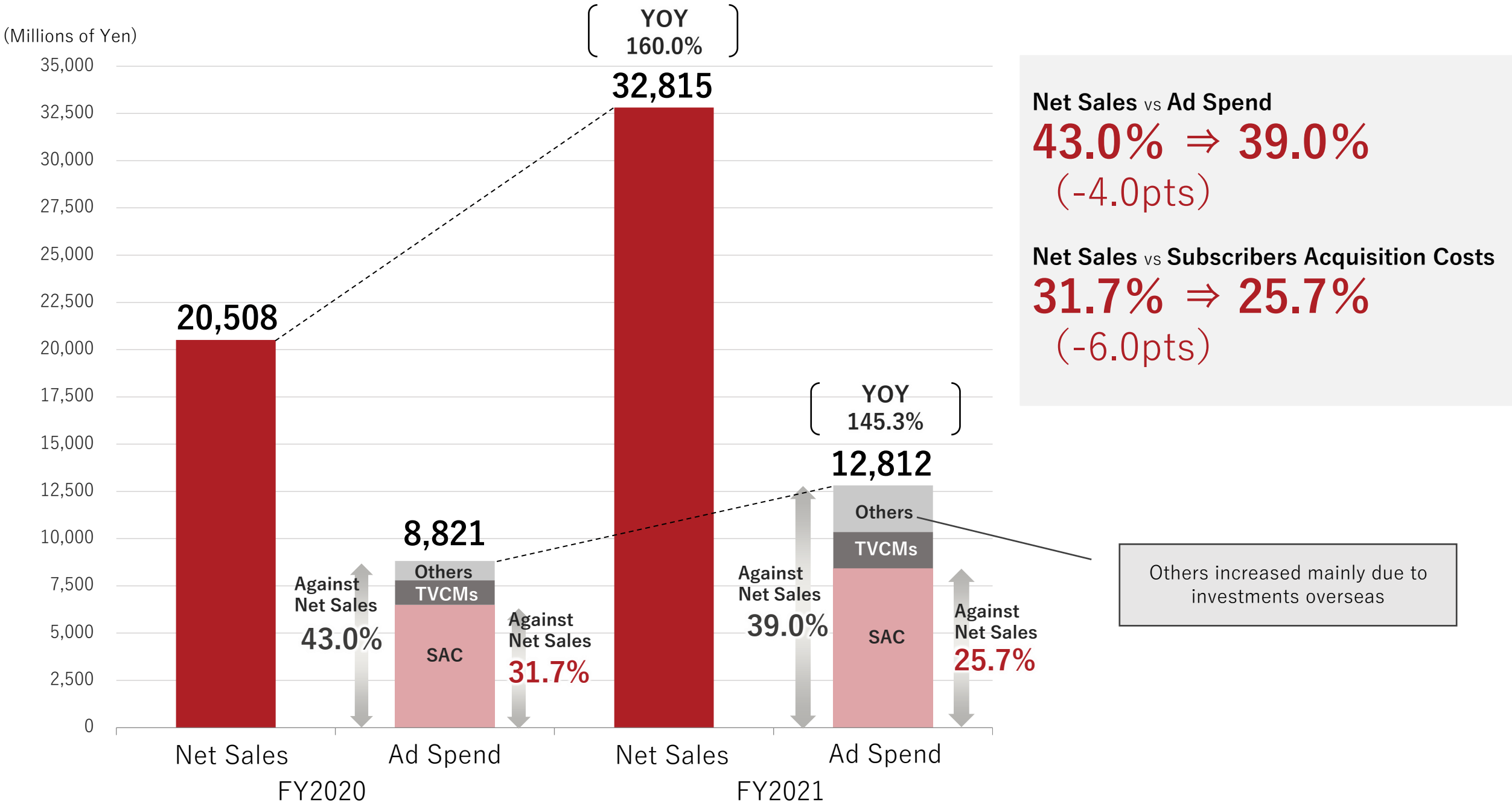
	FY2020	FY2021	Increase/ Decrease	YOY
Net Sales	20,508	32,815	+ 12,306	160.0%
L Mail-Order/EC	15,751	22,284	+ 6,533	141.5%
L Wholesale	4,343	9,456	+ 5,112	217.7%
L Other	412	1,073	+ 661	260.2%

While net sales grew (160% YOY), SG&A only increased by 146%, thereby improving our profitability. Better efficiencies in business consignment and advertising and promotions especially contributed to these results.

Unit: Millions of Yen

	FY2020	FY2021	Increase/ Decrease	YOY
SG&A	14,829	21,749	+ 6,920	146.7%
L Advertising & Promotion	8,821	12,812	+ 3,991	145.3%
L Consignment	3,539	4,802	+ 1,262	135.7%
L Salaries & Allowances	355	640	+ 285	180.3%
L R&D	88	211	+ 123	239.9%
L Other	2,024	3,283	+ 1,258	162.2%

Better efficiencies acquiring new Mail-Order/EC service subscribers helped reduce the percentage of ad spend against net sales.



Net sales grew strongly in the fourth quarter. Furthermore, in addition to investments in Canadel and the expansion of overseas business, we were able to make a recovery in terms of new subscribers acquisition, which we had slight difficulties with in the 3Q, this, although the ad spend increased QonQ, We have made steady investments for growth in the next fiscal year.

Unit: Millions of Yen

	FY2021 1Q	FY2021 2Q	FY2021 3Q	FY2021 4Q	
Net Sales	7,210	8,099	8,455	9,049	107.0%
Gross Profit - Net	5,681	6,668	6,887	7,192	104.4%
SG&A	4,792	5,095	4,921	6,940	141.0%
└ Advertising and Promotional Costs of the SG&A	2,898	3,014	2,701	4,197	155.4%
Operating Profit	888	1,573	1,966	252	12.8%

Our current assets and net assets have significantly increased mainly as a result of the initial public offering on TSE Mothers. We are continuing to practice asset-light management.

Unit: Millions of Yen

	FY2020	FY2021	Increase/ Decrease	Percentage Increase
Total Assets	6,848	13,071	+ 6,223	190.9%
L Current Assets	6,477	12,479	+ 6,002	192.7%
L Fixed Assets	370	591	+ 211	159.7%
Total Liabilities	5,398	6,168	+ 770	114.3%
L Current Liabilities	4,735	5,591	+ 856	118.1%
L Fixed Liabilities	662	576	△86	86.9%
Total Net Assets	1,449	6,903	+ 5,453	476.1%
Total Liabilities and Net Assets	6,848	13,071	+ 6,223	190.9%
Equity Ratio	21.2%	52.8%	+31.6%	

03 STATUS BY BRAND

We currently offer 4 cosmetics brands.

- ✓ Our key and inaugural brand. Pioneer in the cleansing balm market and continues to drive sales.

- ✓ Launched in February 2010.
- ✓ Currently have 26 SKUs.*1

DUO

Sales Distribution Ratio*2
86%

- ✓ Nurturing as the second brand after Duo. Focuses on shortening time required for skin care to address needs of busy modern women.

- ✓ Launched in April 2019.
- ✓ Currently have 4 SKUs*1

CANADEL

Sales Distribution Ratio*2
12%

- ✓ Cosmetic brands for sensitive skin with cica*3 substance in every product. Will be introducing to the Chinese market.

- ✓ Launched September 2020.
- ✓ Currently have 9 SKUs*1

sitrana

- ✓ An SDG-conscious organic cosmetics brand that promotes sustainable development.

- ✓ Launched in October 2020.
- ✓ Currently have 7 SKUs*1

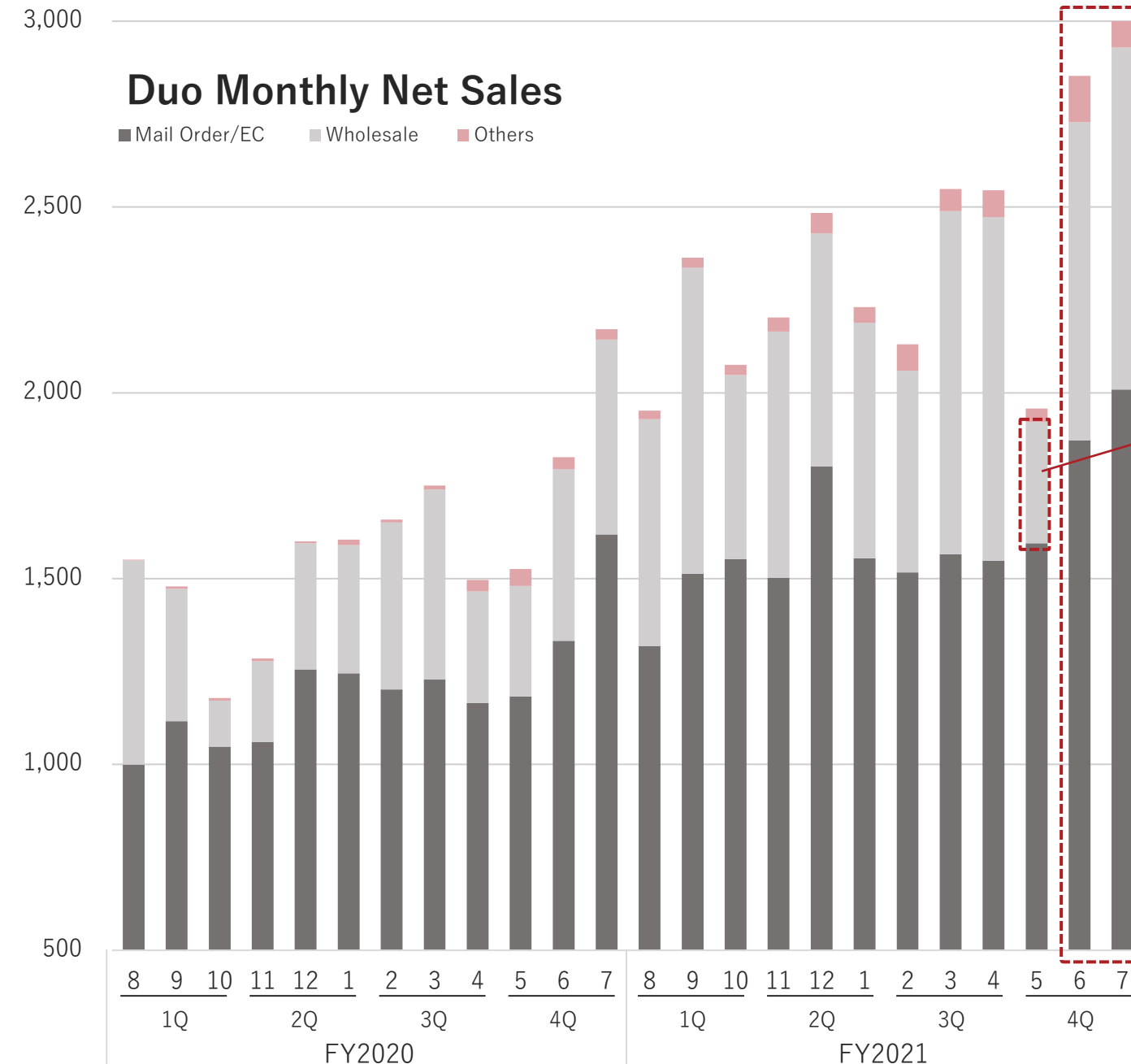
immuno

*1: SKU numbers refer to the number of regular products as of July 2021. Limited editions, different sizes not included. *2: Calculated based on FY2021 net sales.

*3: Cica refers to the substance extracted from the plant, Centella asiatica.

Although net sales decreased in May due to temporary factors, after June, the growth of Black Balm led the performance, and Duo replaced the past highest sales in July.

(Millions of Yen)

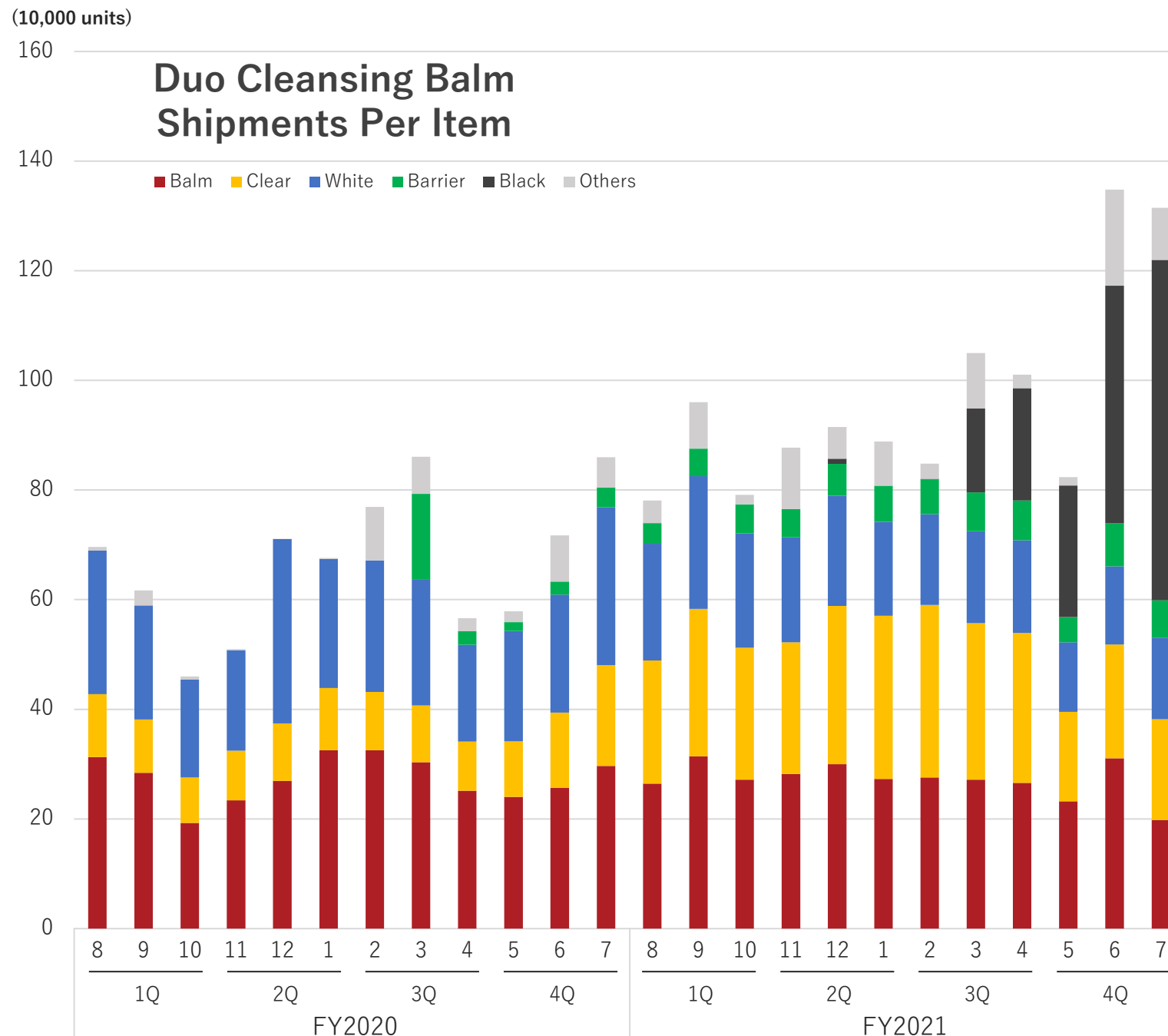


Strong growth attributed to the continuous growth of Black Balm, which launched in March 2021.

Impacted by decrease in shipments due to warehouse relocation and the long holiday.



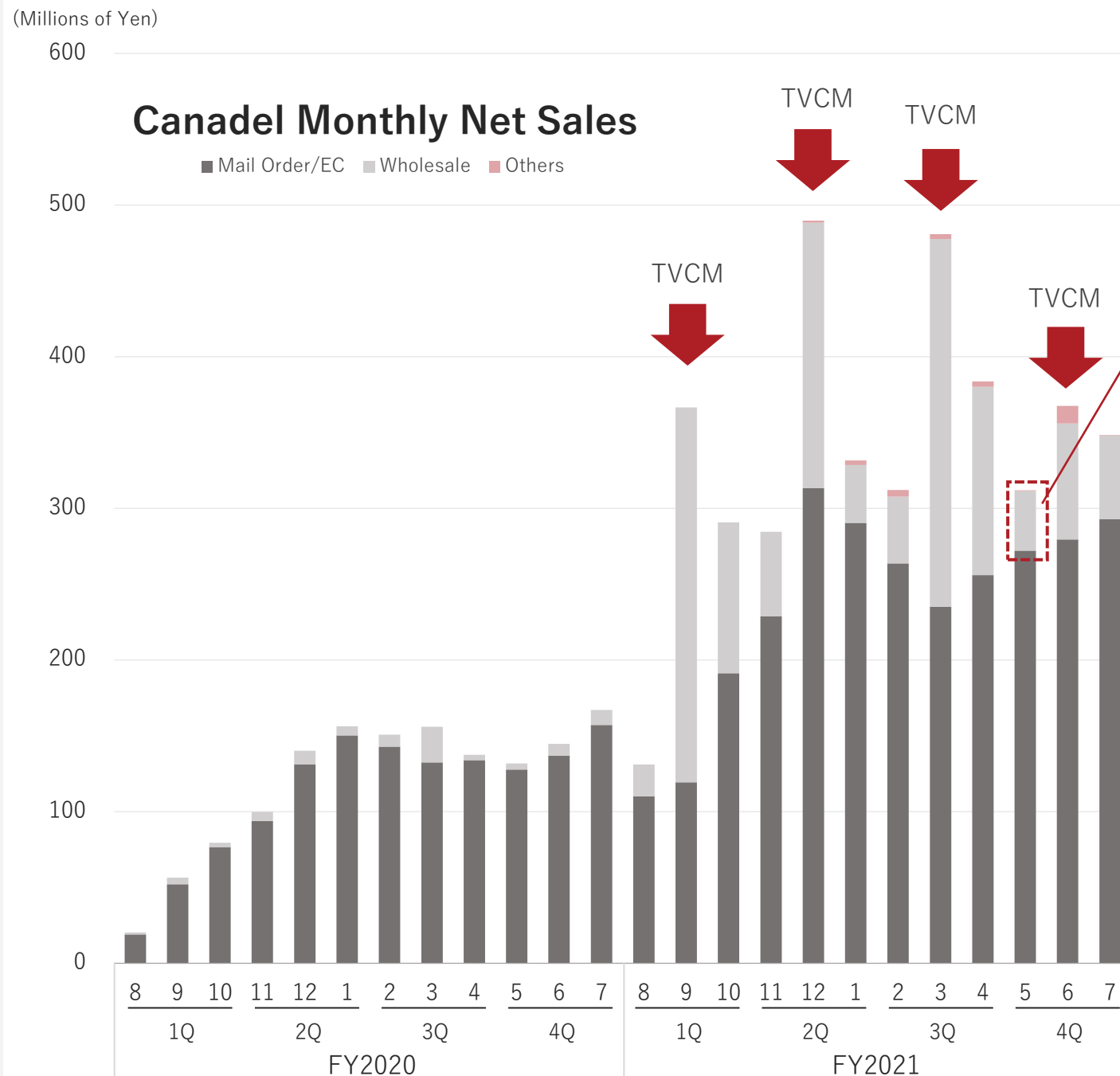
The launch of Black Balm attracted new younger customers and contributed to record number of shipments of cleansing balm products in June.



Note: For accounting reasons, shipments for some transactions and the timing when the relevant sales was booked does not match up.



We heightened the brand-awareness with advertising initiatives that utilized a varying mix of media including TVCMs. As a result, net sales for Mail-Order/EC grew strongly.

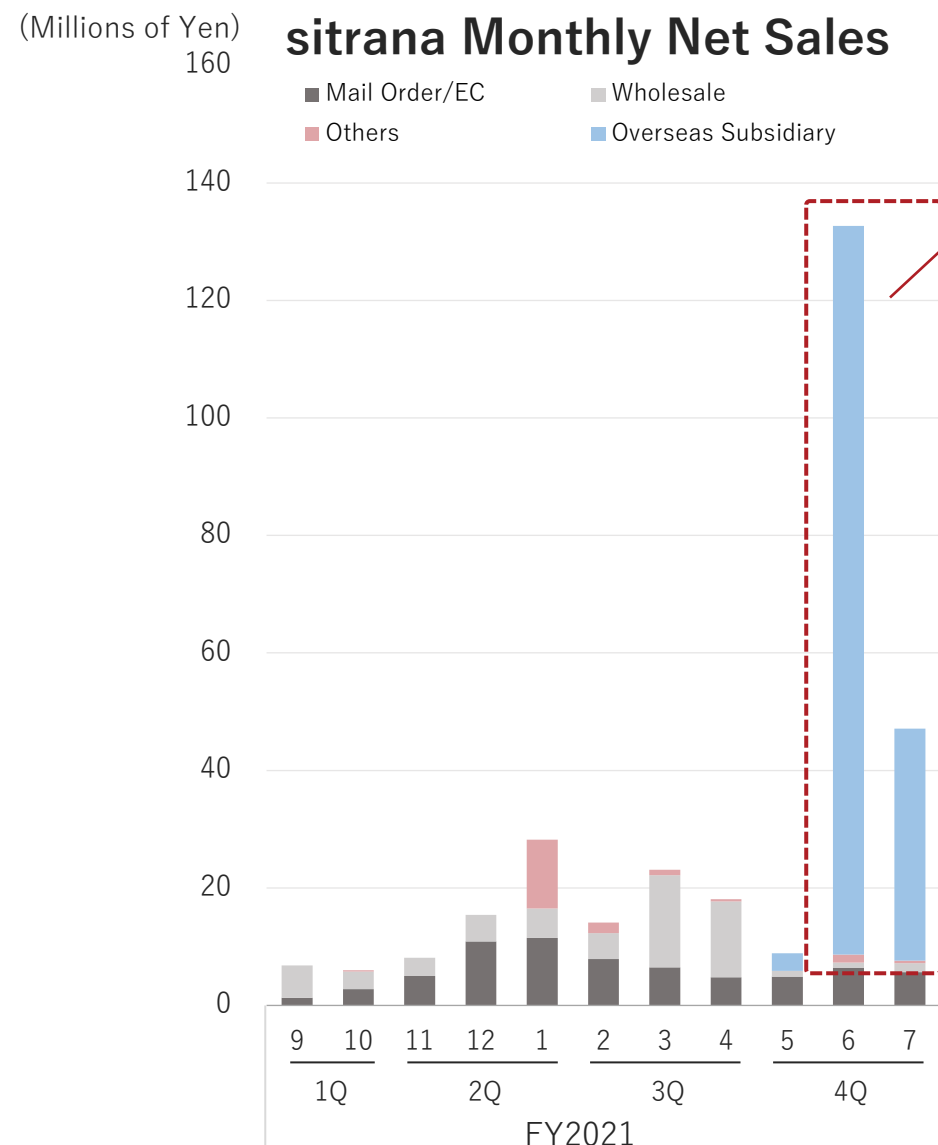


Impacted by decrease in shipments due to warehouse relocation and the long holiday.



Example of an in-store promotion

From the end of May, we appointed brand ambassadors and conducted promotional activities leading up to the June 18 shopping festival in China. As a result, we achieved monthly net sales of over 100 million yen in June.



Growth attributed to the promotional activities we conducted in time for the 2-week large-scale online shopping festival held in China every year around June 18.



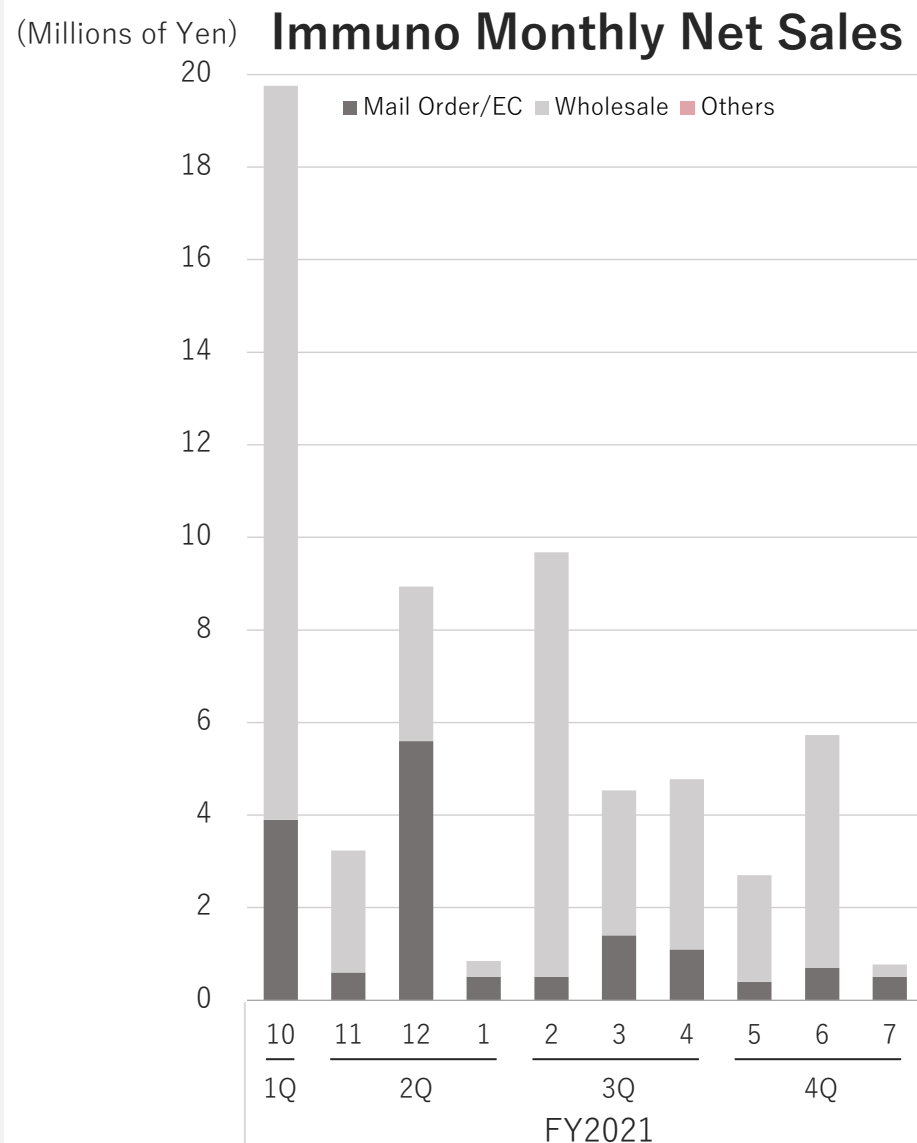
Tmall sitrana flagship store



sitrana gift box

The limited edition sitrana gift box sold out as soon as it was introduced.

Many stores that carry Immuno are located in city centers, so the brand has faced difficulties with the regional expansion of the state of emergency. We hope to expand sales by introducing a quasi pharmaceutical product that contains active ingredients for treating wrinkles and whitening.

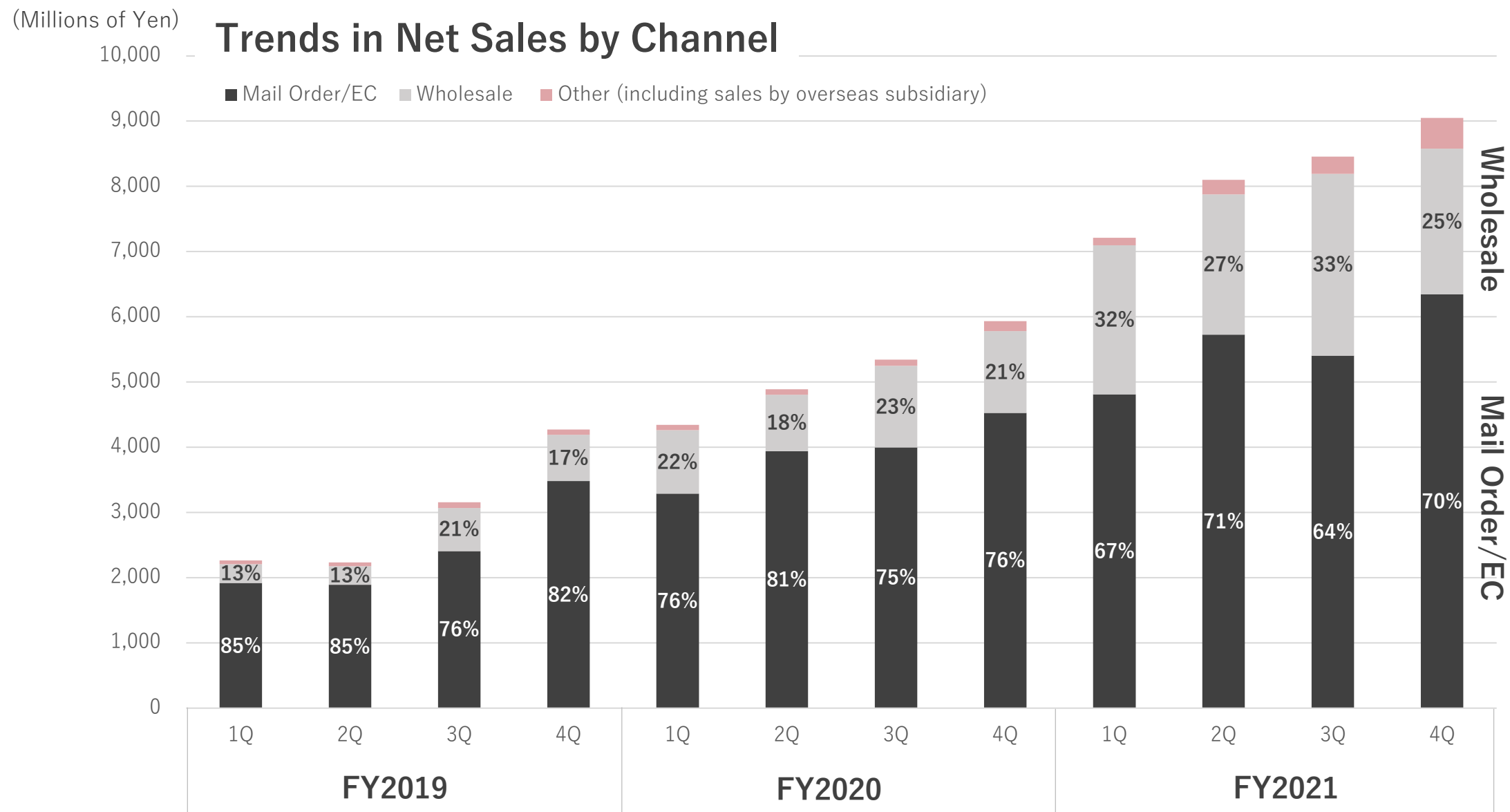


Announced the launch of a cream* containing “niacinamide”, an active ingredients for treating wrinkles whitening. The first quasi pharmaceutical product that treats wrinkles, among all Premier Anti-Aging brands.

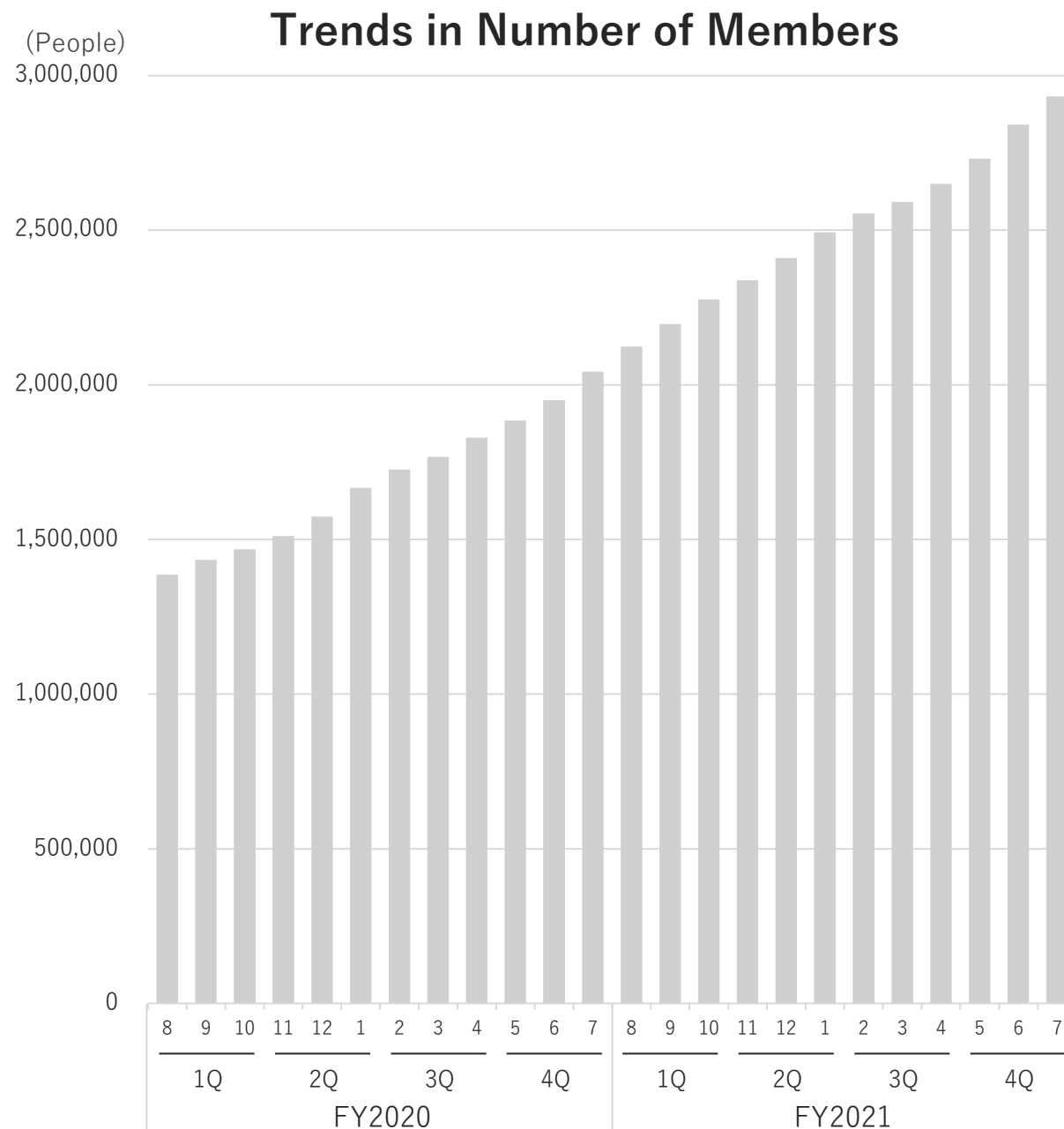
*Product name: Immuno Advanced White Lift Quasi pharmaceutical product

04 STATUS BY SALES CHANNEL

In the fourth quarter, wholesale sales decreased temporarily due to warehouse relocation and the long holiday, but Mail-Order/EC marked record high sales due to the acquisition of new subscribers.

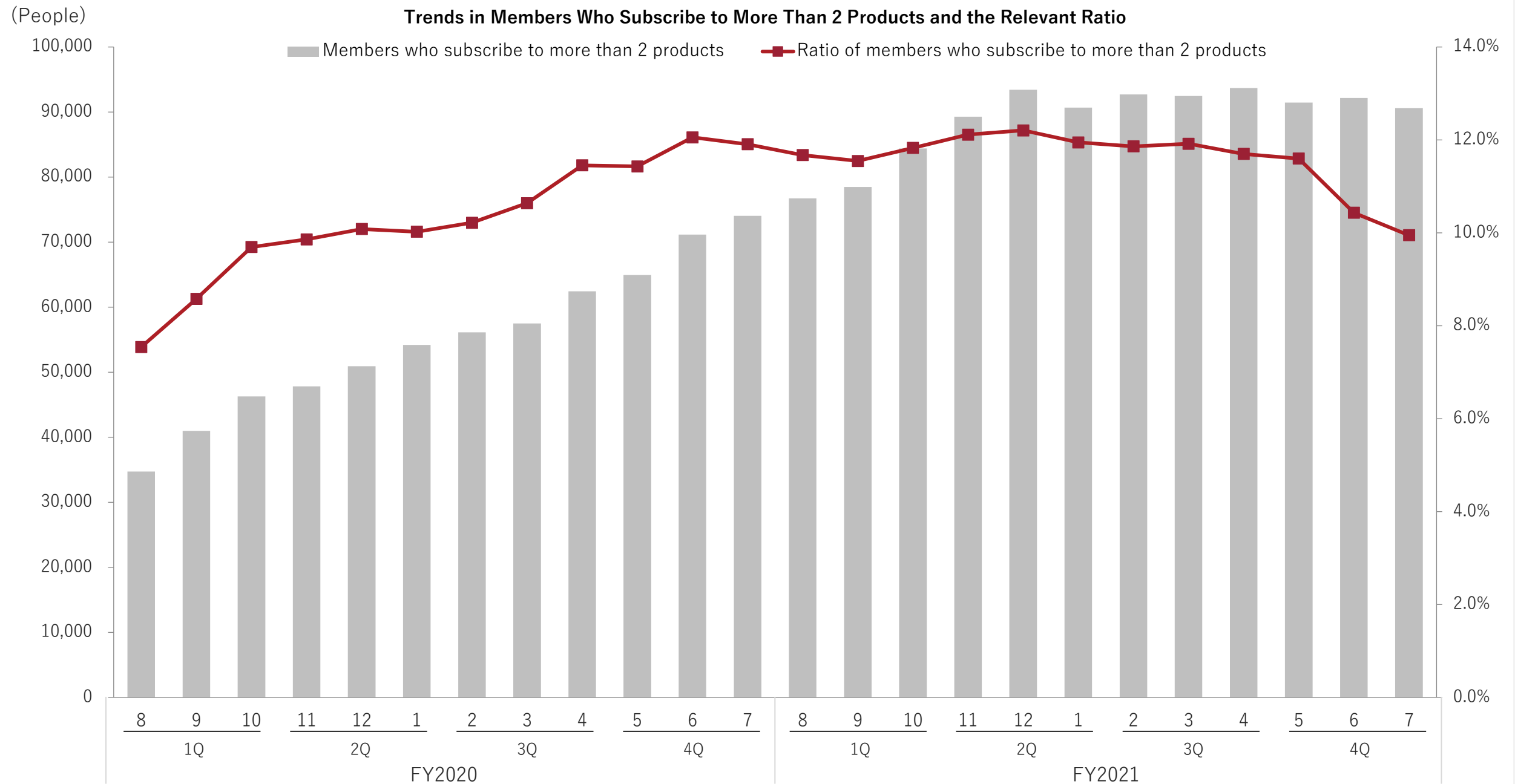


Our membership continued to grow steadily in 4Q, so the outlook for the next fiscal year looks bright. Introduction of sensitive skin and pore care products for the younger audience and promotional activities contributed significantly to growth.



Web ads targeting a younger audience.

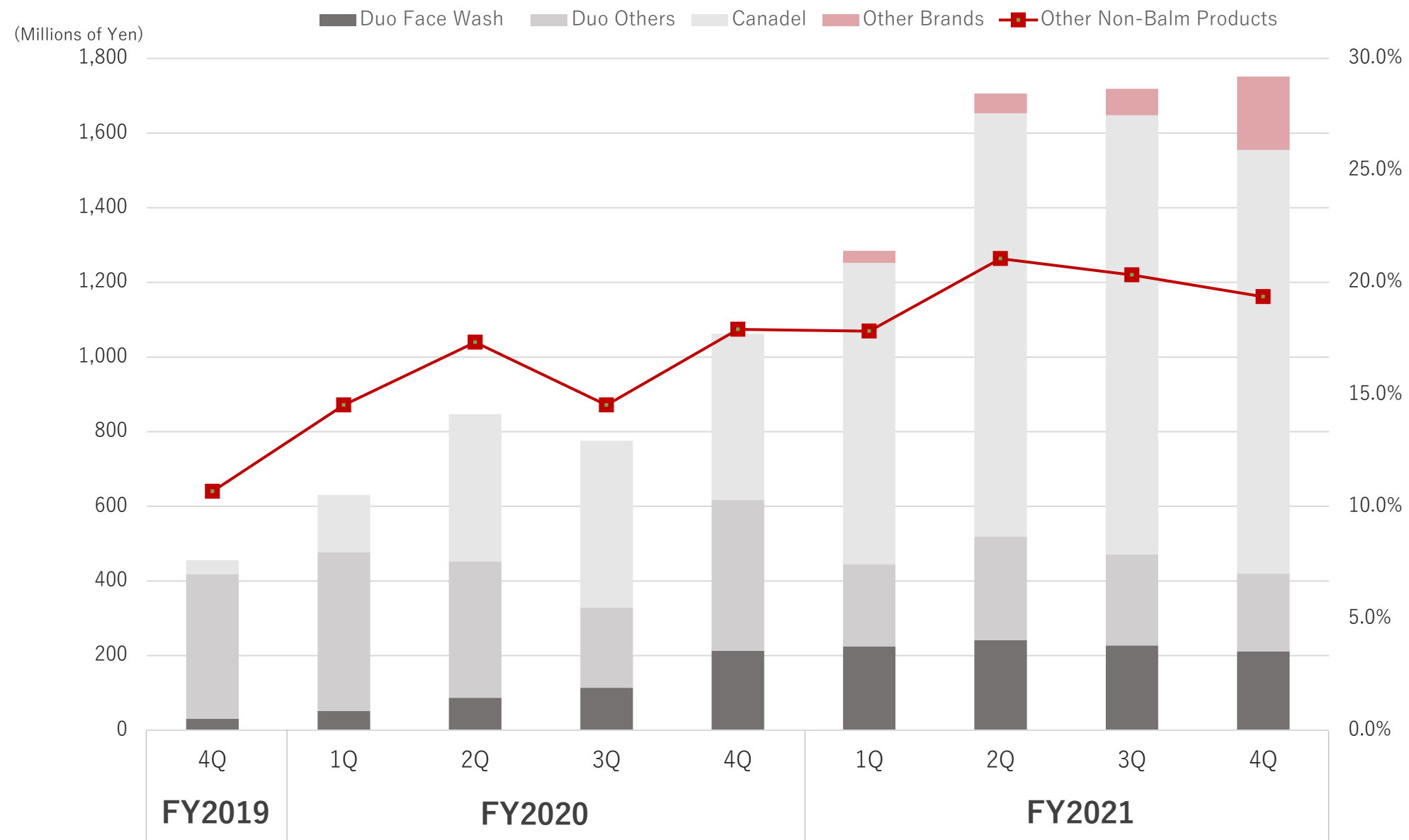
With the introduction of Black Balm, the number of subscribers increased rapidly. As a result, the ratio of members who subscribe to more than 2 products decreased, however, we are implementing cross selling initiatives to improve this ratio.



*: Members who subscribe to more than 2 products refer to members who have subscribed to products in more than 2 categories (balm and beauty essence, etc.)

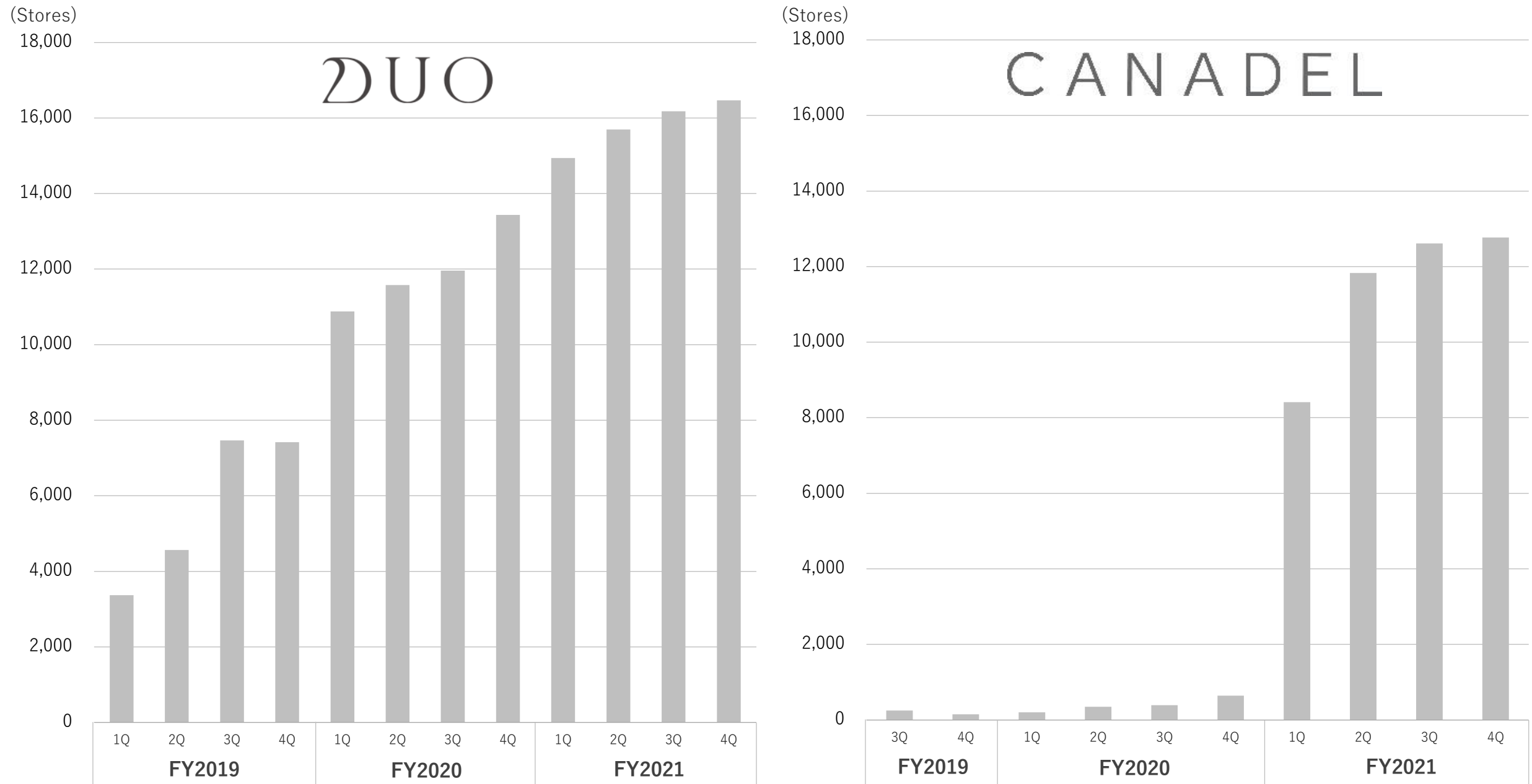
Sales of balm products continued to grow, therefore the contribution of non-balm products decreased slightly, however it still continued to grow strongly. Other brands marked record high sales in the fourth quarter due to the growth of sitrana.

Trends in Net Sales of Non-Balm Products



Duo and Canadel both achieved target number of distribution stores. We will shift strategies for Duo to focus on increasing store space to also encourage sales of face wash, rather than the number of distribution stores.

Trends in Number of Stores that Carry DUO and CANADEL



We are actively promoting eco-conscious initiatives.

Duo

Canadel

sitrana

Immuno

We are using FSC® certified packaging materials for all of our brands.

FSC® certification is a system through which products made of wood from well-managed forests and other low-risk sources can be marked with the FSC® label and sold as certified.



The mark of responsible forestry

Canadel

We won the GP Eco Award again, but this year we won the Grand Prix!

The GP mark certifies that every activity from printing materials and manufacturing process undertaken by a printing company is eco-conscious.



Duo

We have implemented green nano technologies to cleansing balm products and are currently testing stability so that we will be able to apply it to other products.

Green nano technologies refers to the addition of green nano substances to reduce CO2 emitted when these materials are burned by approximately 60%.



Immuno

Immuno's proactive sustainable initiatives



- Taking part in the Plastics Smart Campaign (Ministry of the Environment) by reducing microplastic waste.
- Proactively using recycled plastics and bio plastics.
- Proactively using bagasse paper and FSC® certified materials.
- Proactively using recycled and biodegradable materials.



05 PLANS FOR FY2022

In FY2022, we will focus on expanding sales and further improving profitability.

Net Sales

40,000 Millions of Yen (121.9% YoY)

Operating Profit

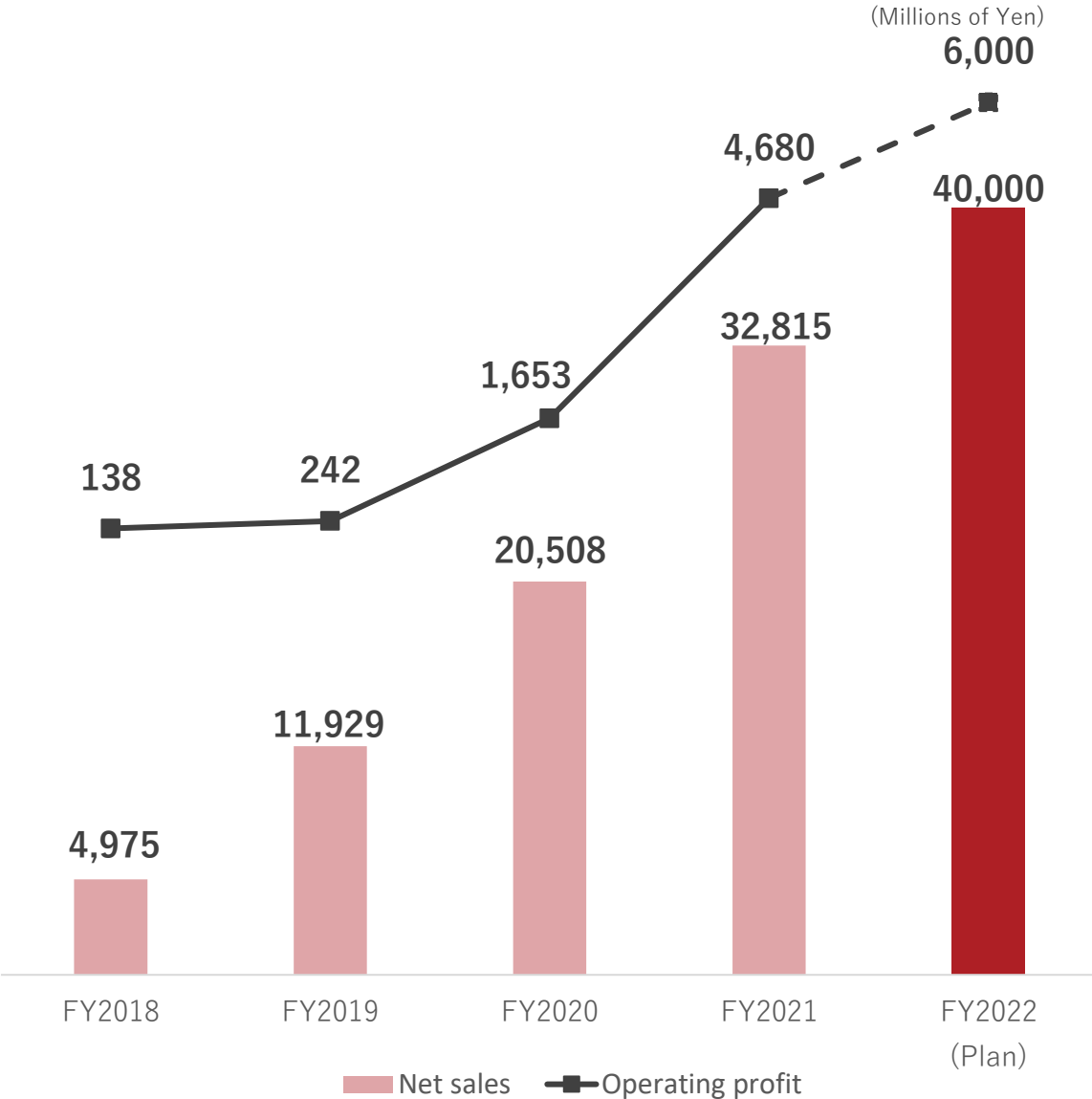
6,000 Millions of Yen (128.2% YoY)

Operating Profit Margin

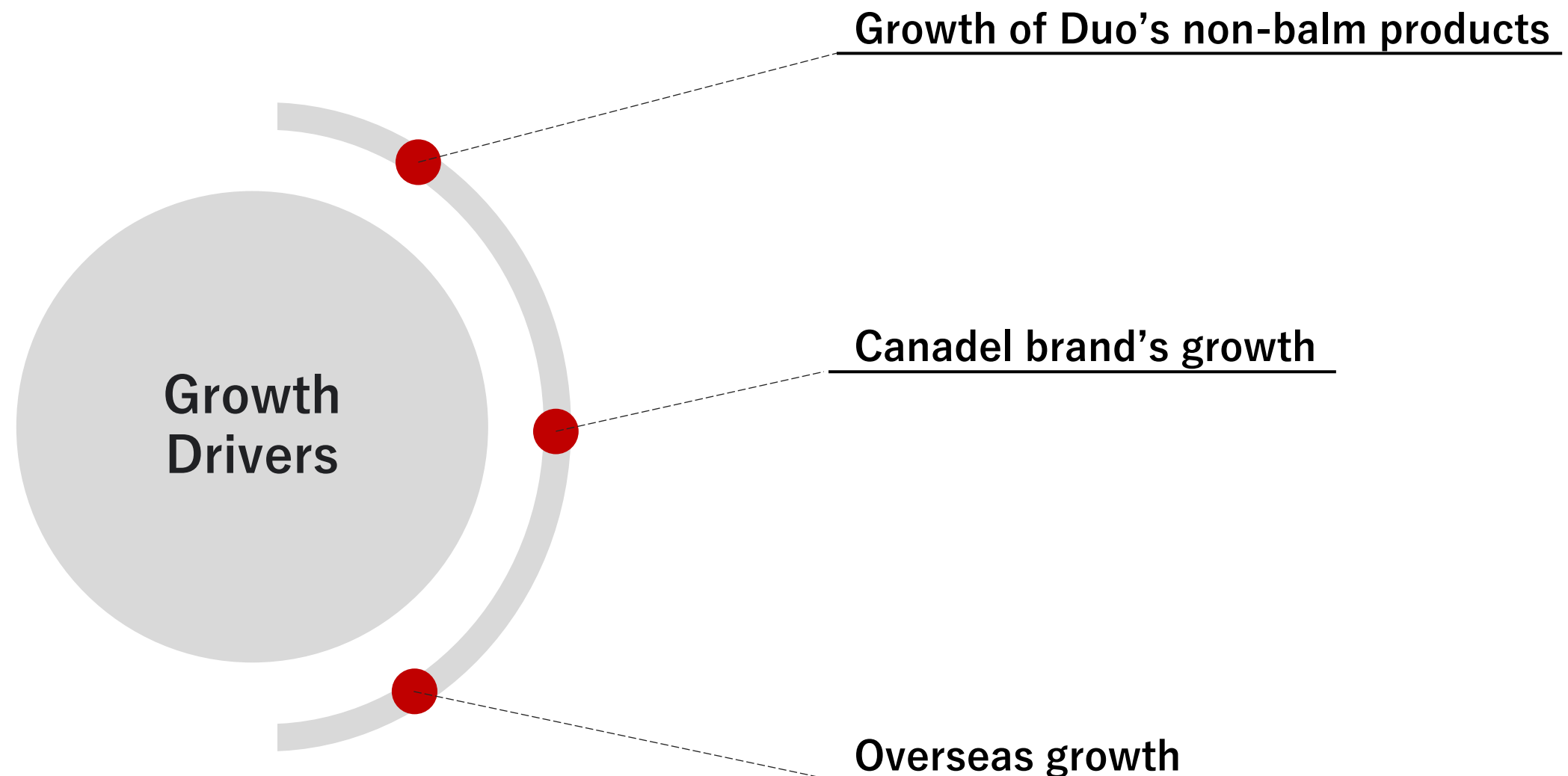
6,020 Millions of Yen (129.4% YoY)

Net Income Attributable to Owners of the Parent

3,460 Millions of Yen (123.9% YoY)



Focus on the following three growth drivers to achieve net sales of 40 billion yen in FY2022



We will transform the brand from Duo-the cleansing brand to Duo-the skin care brand.



Current challenge 1:
Increase sales of non-balm products



Initiative 1:

Focus our promotions on face wash, which is highly compatible with cleansing.

Current challenge 2:
Increase cross-sell



Initiative 2:

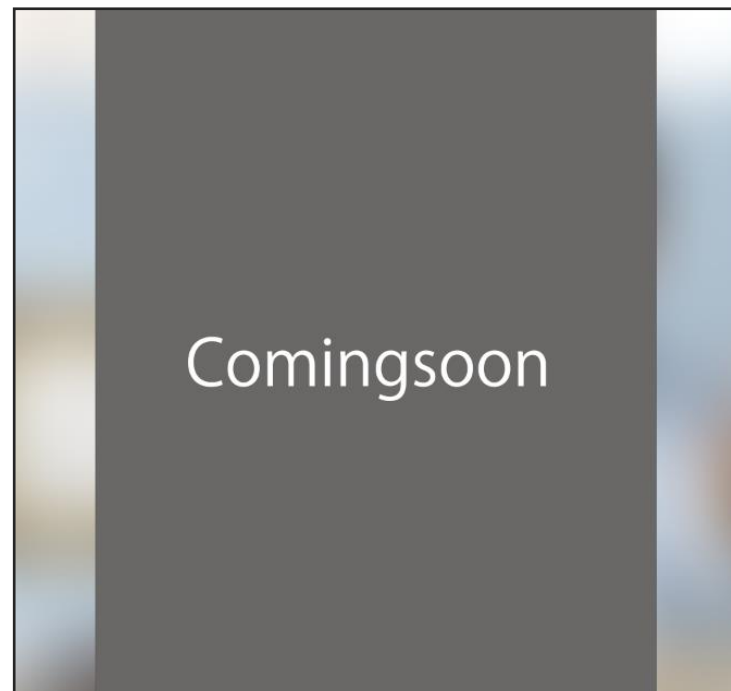
We will establish a mechanism that will enable us to utilize our members base to make high quality product recommendations.

Source: Fuji Keizai "Cosmetics Marketing Handbook 2021 No.1 – 2020 Market Size

We will take advantage of the growth in the number of balm shipments and focus our in-store promotion on face wash, a product in the same category as cleansing.



We will aim to expand the number of face wash distribution stores from the current 3,000 to 10,000 stores this fall.

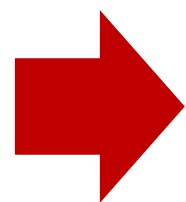
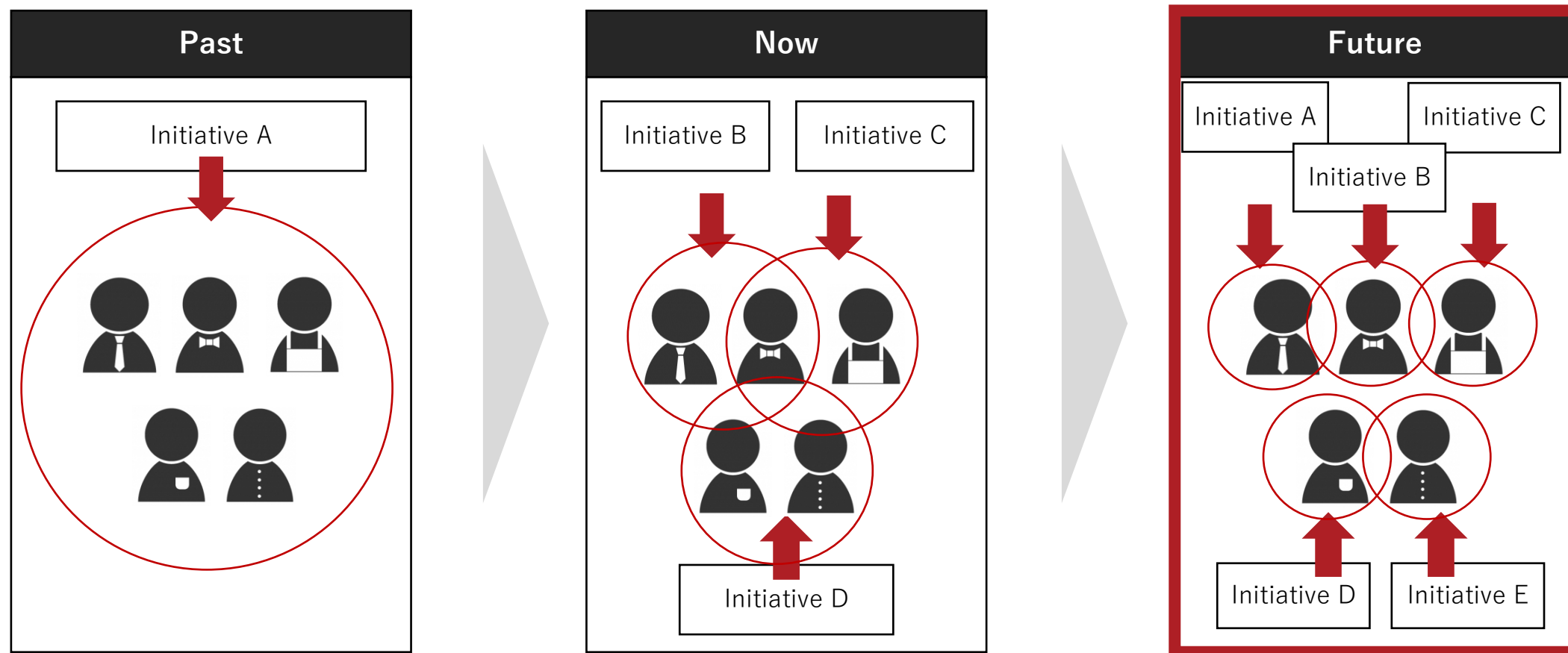


This fall, we will also begin airing a new TVCM.



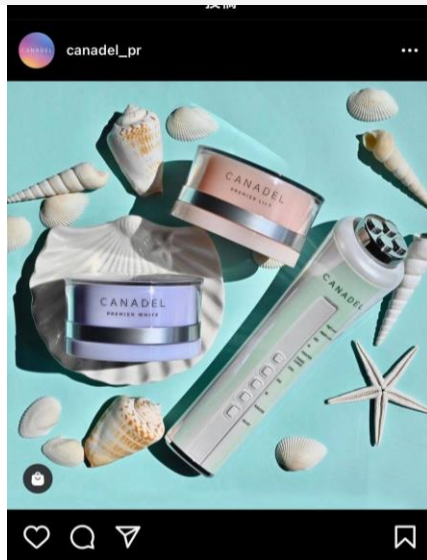
Strengthen promotions using landing pages and social media.

Drawing on our expertise in digital marketing and using the data gathered from approximately 3 million members, we will establish a mechanism that enables us to take into consideration each customer's situation and recommend appropriate products.



Recommend products that cater to each customer's needs.

For the Canadel brand, we will implement a wide range of initiatives to improve awareness.



Air TVCMs in more regions and use other types of media. Improve awareness in weaker areas and actively utilize digital media that resonate with the younger audience.

We will air new TVCMs with a double cast starting this fall. We aim to generate buzz by appointing a new celebrity.

“Constantly share topics about Canadel throughout the year.”

Appeal to the younger audience by introducing a new pore care, all-in-one product.



We will implement various other initiatives in addition to those that enhance awareness.

One of the advantages of the DtoC model is direct access to customer feedback. Based on the feedback received, we plan to implement all-in-one containers to ensure our products offer greater satisfaction.



Introduce series of products that will enable us to cross sell within the Canadel brand.



We currently have 3 all-in-one products that address firmness, whitening, and highly functional aging care*. We will prevent opportunity loss by increasing the number of stores that carry all SKUs.



Actively recommend Premier Zero, a highly effective product that customers can be satisfied with.

*Age-appropriate care.

We will improve our brand awareness in preparation for China's large-scale sales event in November. We will also establish a highly profitable, cross-border D2C sales platform.

Implement a brand strategy which reflects the unique needs of the region and undertake promotions to enhance awareness



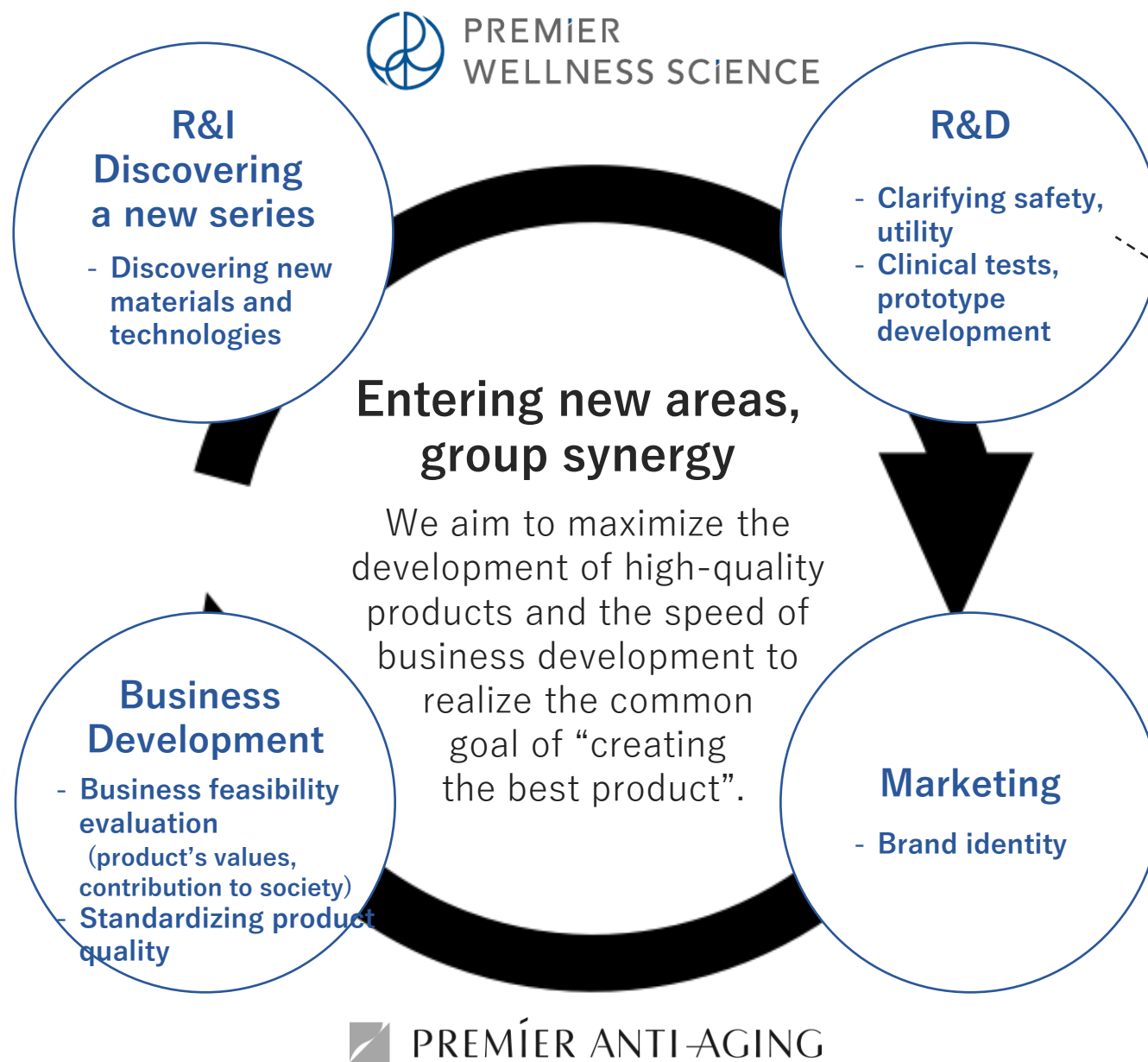
Further increase sales by appointing brand ambassadors and strengthening media initiatives.

Establish a highly profitable D2C platform



Start selling via a cross-border D2C channel and establish a sales platform.

Develop products backed by scientific evidence.



Providing wellness and anti-aging products

Co-develop with Showa University
Bring to light the safety and utility of cannabinoid; secure intellectual property rights, effectively transform into a business.

Co-develop with Tokyo University
Reveal characteristics, safety, and utility of Mesenchymal Stem Cell culture supernatant and commercialize it.

*A consolidated subsidiary established in December 2020.

06 APPENDIX

Company Profile

Name	Premier Anti-Aging Co., Ltd.
Established	December 2009
HQ	Toranomon Hills Mori Tower, Toranomon 1-23-1, Minato-ku, Tokyo
Board Members	<p>President & CEO Kiyoshi Matsuura</p> <p>Director & COO Koji Kawabata</p> <p>Director & CFO Takahiro Toya</p> <p>Independent Outside Director Takuyuki Fukumoto</p> <p>Independent Outside Director Sakiko Sakai</p> <p>Audit & Supervisory Board Member Motoyasu Ishihara</p> <p>Audit & Supervisory Board Member Akira Ide</p> <p>Audit & Supervisory Board Member Yosuke Kondo</p>
Employees	153 (As of July 3, 2021)
Business Description	Planning, development, import/export, mail order/EC, wholesale, and retail business of cosmetics and health food products.
Group Companies	<p>Premier Wellness Science Co., Ltd.</p> <p>Premier Anti-Aging (Shanghai) Co.,Ltd.</p>



Business Philosophy

Unleashing Time

Time is fleeting, and it passes equally,
whether you are young or old.

Hours become days, days become the future.

We want to be an integral part of people's time.

By offering an exceptionally “**unique value**”,
we want to enrich people's lives and change the future.

Let us unleash your future.

Key brand since our foundation. Continues to drive sales as a pioneer in the cleansing balm market.

DUO

We have combined natural ingredients that are kind to the skin, body, and nature and advanced science based on dermatology to develop highly effective products. Duo is an aging care brand with “nourishing the skin from its foundation” as its concept. We currently have 26 SKUs*, mainly focusing on cleansing balm.

Key best cosmetics awards we have received in 2020



Oggi Feb
No.3 in the Cleansing &
Face Wash Division
Best Cosmetics Chosen by
Oggi Readers in 2020



Bijinhyakka Jan
No. 1 Exciting, Newsworthy
Cosmetics People
Want to Recommend

+37 awards



*SKU numbers refer to the number of regular products as of July 2021. Limited editions, different sizes not included.

Nurturing as a second key brand. Canadel focuses on modern women’s needs to save time spent on skin care.

CANADEL

Based on the concept to “continuously pursue beauty, to be true to oneself, and enjoy life”, we launched this highly advanced aging care brand in April 2019 to address the changing skin care needs of mature consumers. Bearing in mind the busy lifestyles of modern women, we currently offer 3 types of all-in-one creams and eye cream. We currently have 4 SKUs* focusing mainly on all-in-one cosmetics.

Key best cosmetics awards we have received in 2020



LEE Sept
Feel Refreshed Inside and Out!
All-In-One Best Cosme
Aging All-In-One Category
Award



FINEBOYS Jan 9
[The most useful cosmetics]
12th FINEBOYS Men’s Beauty Grand Prix!
No.5 in the Aging Care Division



*SKU numbers refer to the number of regular products as of July 2021. Limited editions, different sizes not included.

Cosmetics brand for sensitive skin with cica substance*1 in every product.

【Brand launched September 2020】

sitrana

With a unique anti-pollution capability, these products protect the skin from external stimuli that cause skin irritation such as dryness, skin pollution, and dirt/grime. Our original blend of cica substances*1 will help condition damaged skin and help users attain the ideal skin. We currently have 9SKUs*2.

Key best cosmetics awards we have received in 2020



Biteki Jan
 Top 47 Cosmetics
 Chosen by 60 Beauty
 Consultants
 Battle of the Best Cosme –
 Second Half of 2020
 Sage – Mask Division No.2



BAILA Dec
 Improve Skin and Lift Spirits of People
 in Their 30s!
 Best Cosme – Second Half of 2020
 Petit Price Best Cosme Award

+17 awards



*1: Cica refers to the substance extracted from the plant, Centella asiatica.

*2: SKU numbers refer to the number of regular products as of July 2021. Limited editions, different sizes not included.

Organic cosmetics brand that takes SDGs into consideration and promotes sustainable development.

【 Brand launched October 2020 】

immuno

These products reflect the comfort, aroma, and eco-conscious of organic products. They not only “seem great”, they are backed by scientific evidence and deliver “desired results for skin”. User sense that these functional aging care products are “good for the skin,” and “feel the difference”. We currently have 7 SKUs*2.

Key best cosmetics awards we have received in 2020



MAQUIA Jan
MAQUIA Best Cosme
Second Half of 2020
Stress Care Category No.2



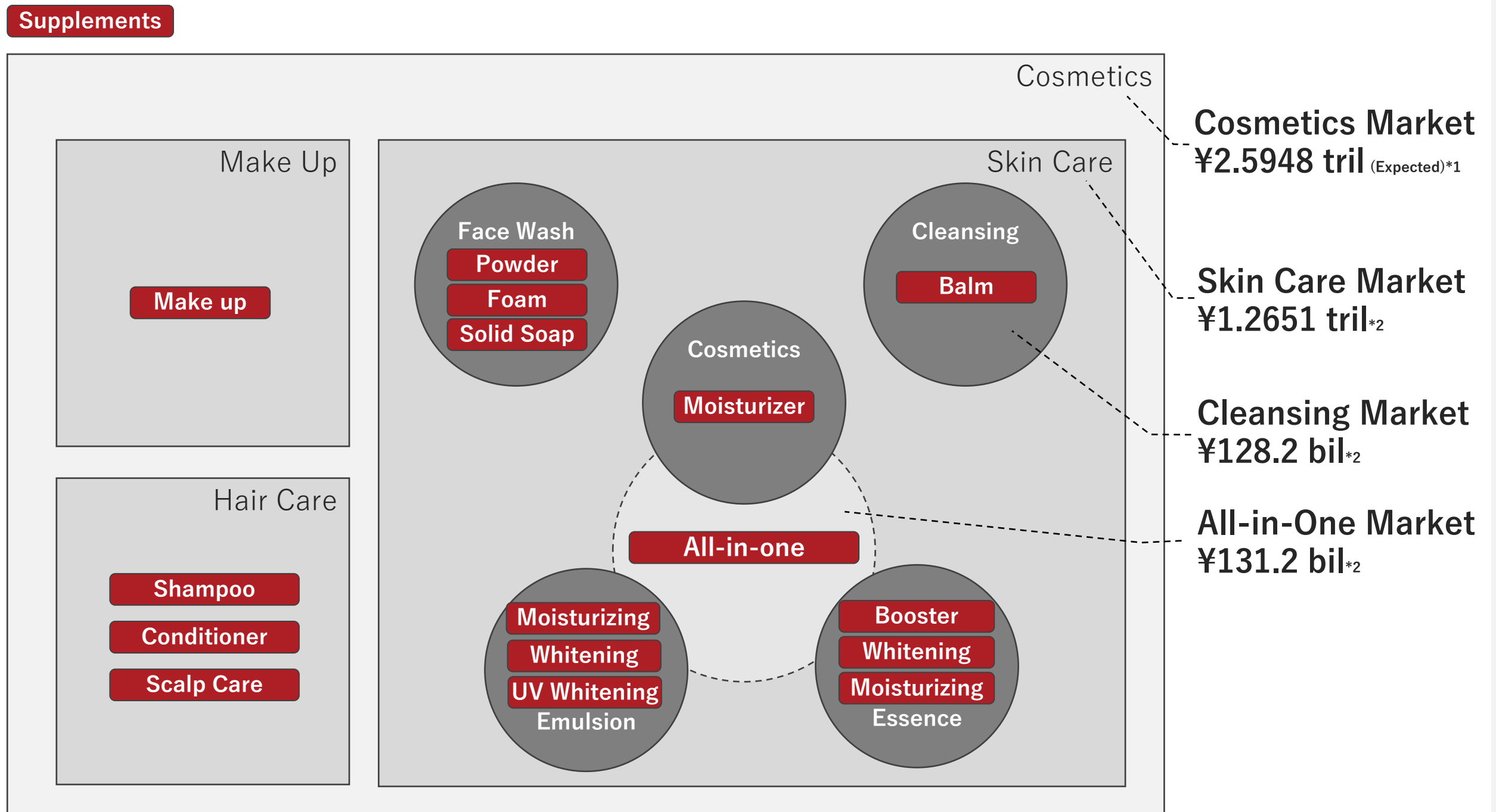
LEE Jan
Go Make Up Less!
The Most Loved, Best Cosmetics
Cleansing & Face Wash Grand Prize

+3 awards



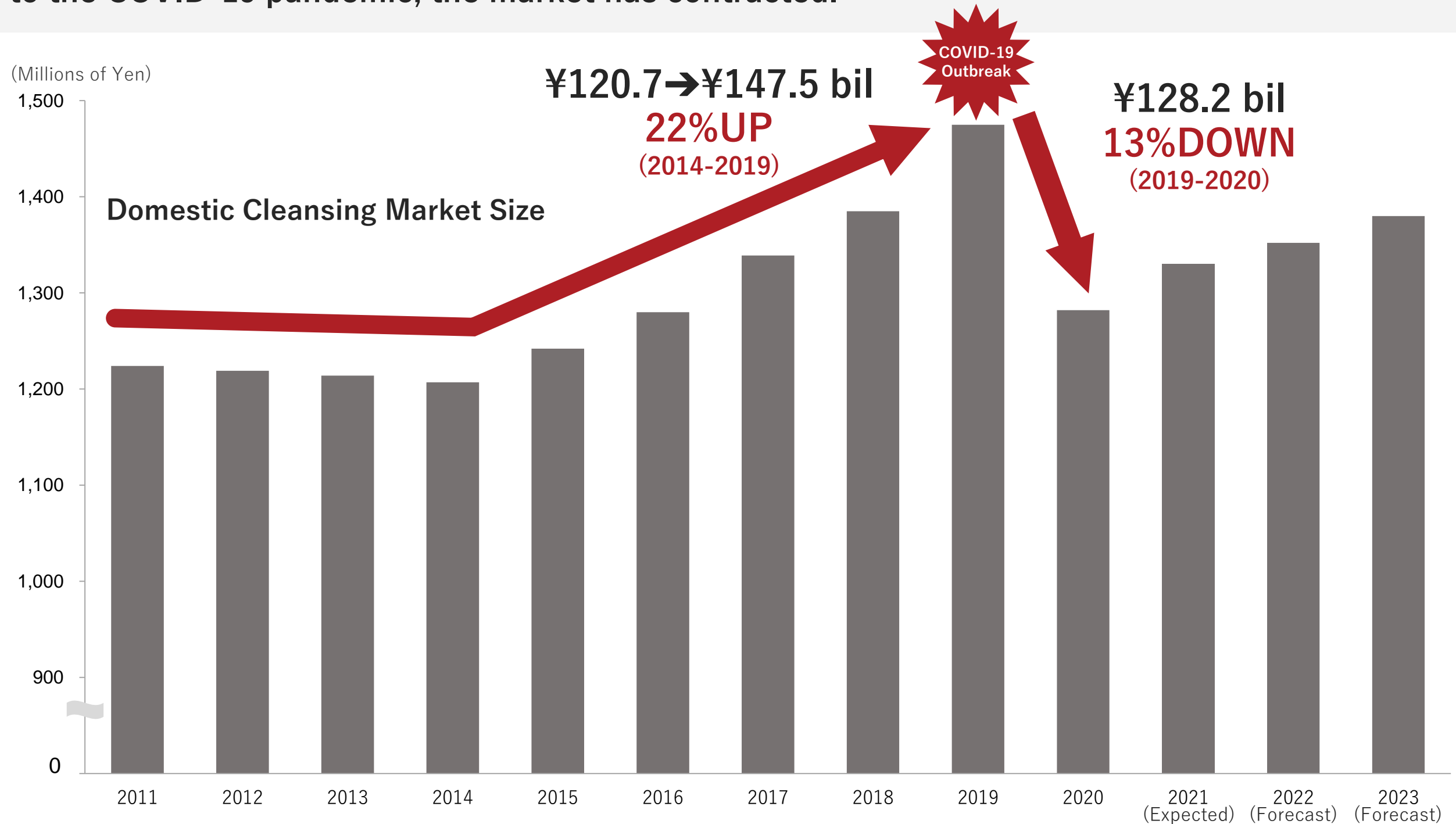
*SKU numbers refer to the number of regular products as of April 2021. Limited editions, different sizes not included.

The domestic cleansing market including balms in 2020 is 128.2 billion yen.



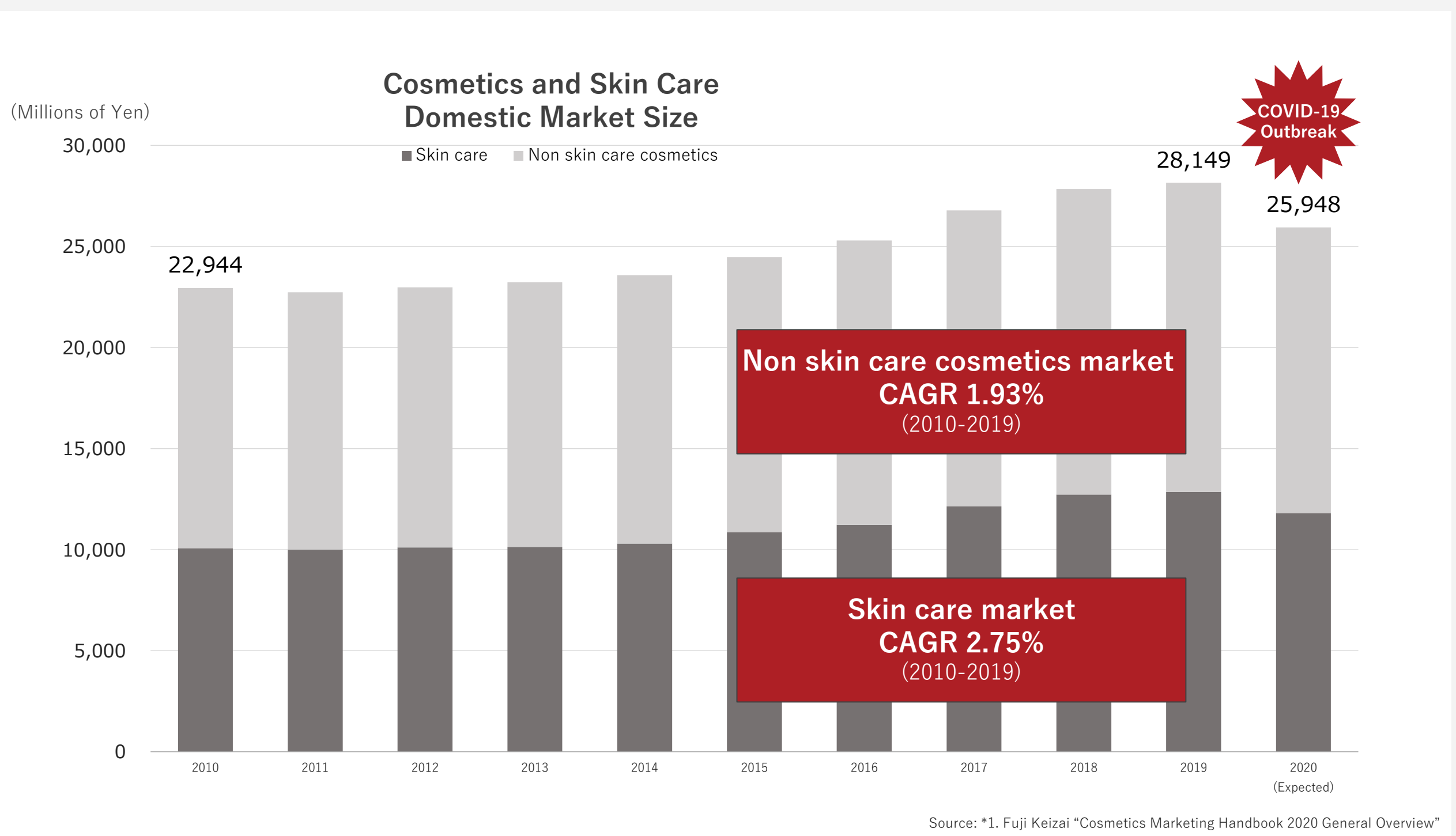
Note: Gray=market, red=products we offer. Source: *1. Fuji Keizai "Cosmetics Marketing Handbook 2020 General Overview" *2. Fuji Keizai "Cosmetics Marketing Handbook 2021 No.1"

The domestic cleansing market expanded in 2014 as a result of inbound demand, however, due to the COVID-19 pandemic, the market has contracted.



Source: Fuji Keizai "Cosmetics Marketing Handbook 2021 No.1" *With respect to the Cosmetics Marketing Handbook, companies subject to the survey, definition of the relevant items, etc. has been reexamined, so for the "Cosmetics Marketing Handbook 2021", market sizes from 2011 onwards have been recalculated.

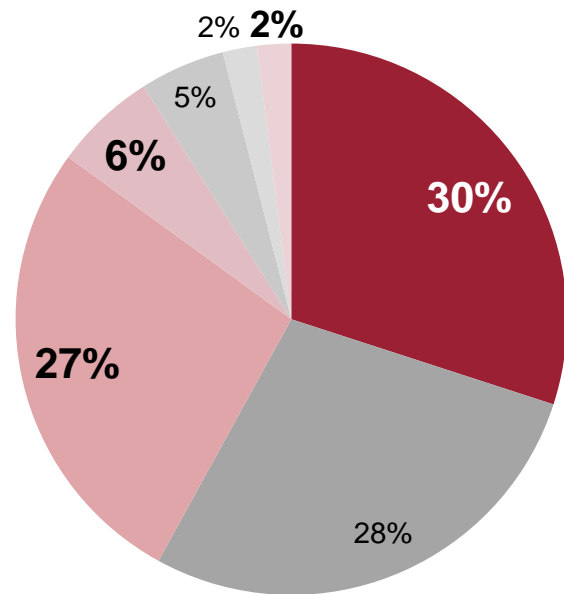
Until 2019 the domestic cosmetics market had continued to grow gradually, but post pandemic, it has significantly contracted.



EC in the skin care market has experienced a tailwind since people have been spending more time at home during the COVID-19 pandemic.

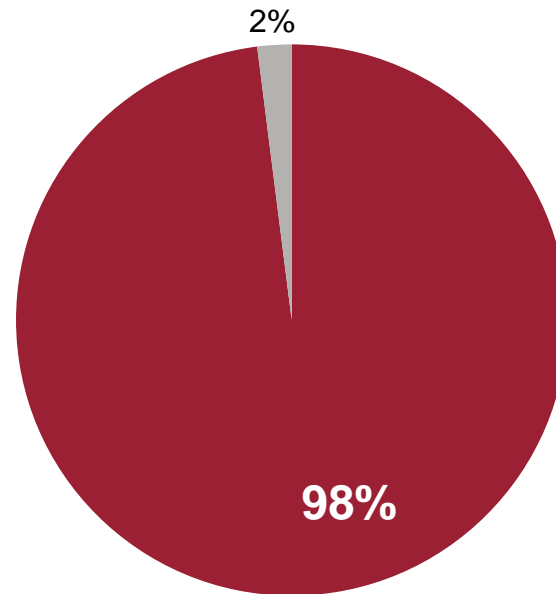
Increase in Propensity to Shop Online

Where did you buy cosmetics during the “self-quarantine” period?



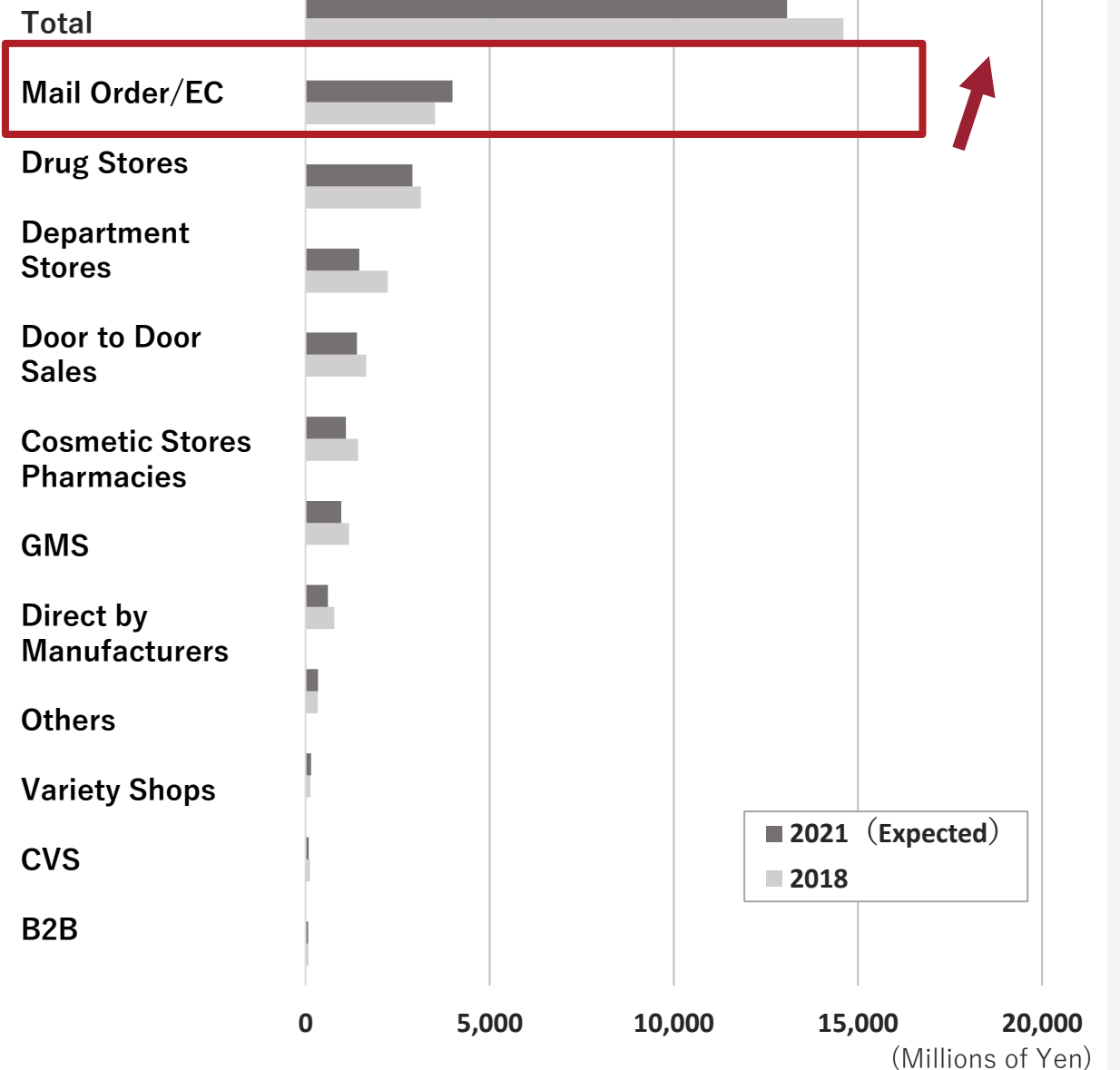
- Cosmetic EC
- Drug Stores
- General EC
- Brands' EC Sites
- Other
- Variety Shops
- Department Store EC

Will you continue to buy cosmetics online even when you are free to go out?



- Will continue to shop online
- Only want to shop offline

Cosmetic Sales in Japan by Channel



Source: Cosmetics EC platform, NOIN, “Awareness research on purchasing cosmetics before and after self quarantine”
 *1. Participants: Users registered on cosmetics EC platform, NOIN. 2. Method: Survey within app. 3. Region: Nationwide.
 4. Period: May 28 – June 3, 2020. 5. Responses: 2,350

Source: Fuji Keizai “Cosmetics Marketing Handbook 2021 No.1”

We have created an organization that specializes in the core operations. This has realized excellent productivity and mobility.

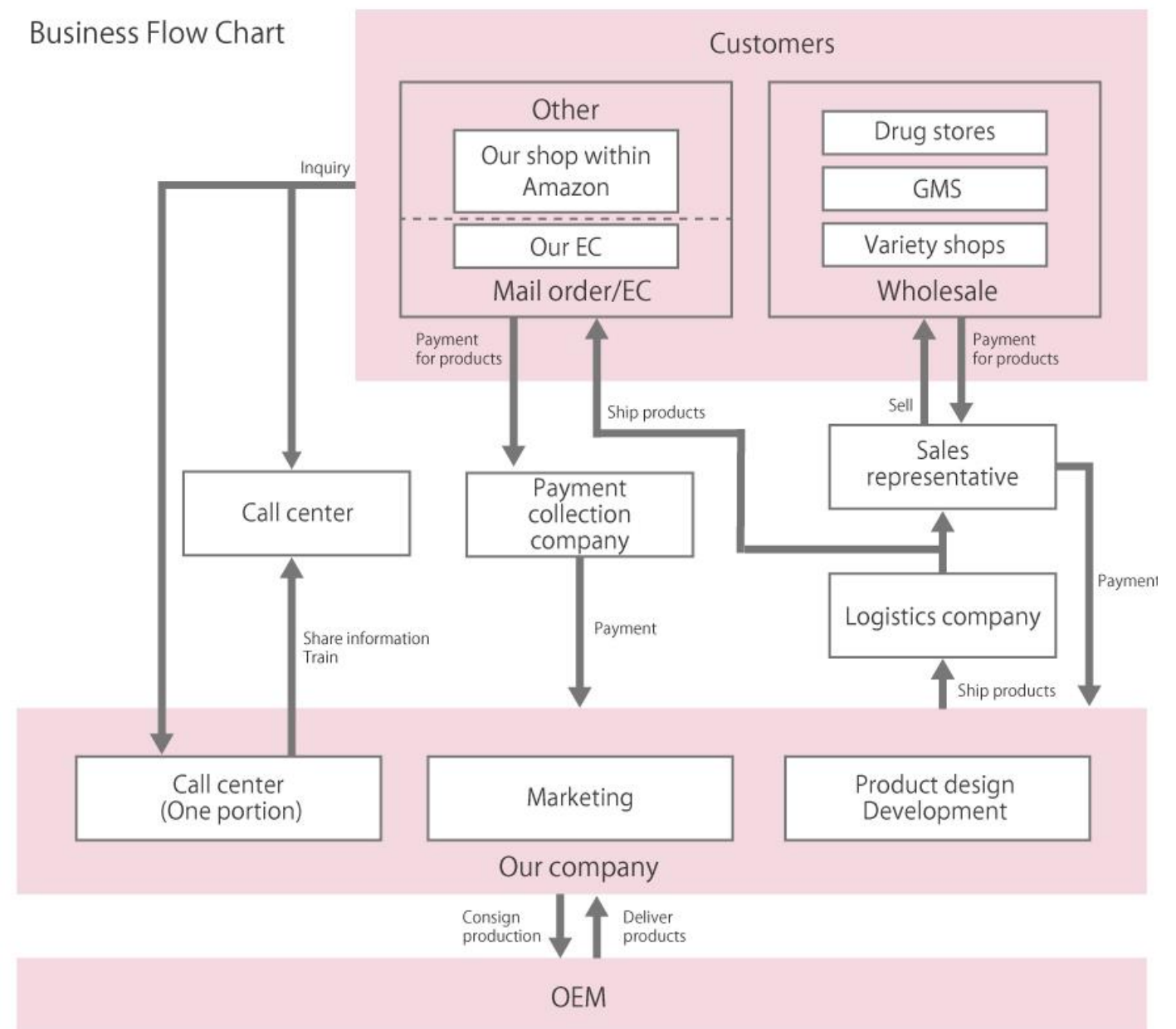
1 . Fabless Management

We select the optimal OEM for each product from among the nationwide network of OEM manufacturers we have built. By outsourcing production, we can maintain a flexible production system that can adapt to environmental changes.

2 . Net Sales Per Employee

We will focus on core operations such as product development and marketing and outsource logistics, manufacturing, and most of the call center operations, etc. By doing so, the fixed asset ratio can be kept low, and the net sales per employee higher than that of competitors.

Business Flow Chart



(Note) Other international sales has little impact on the overall business performance, so we have omitted the relevant operations from this chart.

History

- 2009** – Dec : The company was established (Toranomom , Minato-ku)
- 2010** – Feb : Began sales of cosmetic products. Launch of DUO: Began selling The Cleansing Balm through mail order service
- Nov : The Cleansing Balm won the first prize for the first time in Other Cleansers category at @cosme, Japan's largest cosmetics and beauty review website
- 2011** – Oct : Signed agency contracts with cosmetics wholesalers and began selling the products to retail shops mainly including variety stores
- 2012** – Jul : Relocated the head office to Keyakizaka Terrace, Roppongi, Minato-ku, Tokyo
- 2016** – May : Cumulative sales of the balm series exceeded 1 million units
- 2018** – Sept : Started airing TV commercials (KinKi Kids)
- 2019** – Apr : Launch of a sister brand CANADEL
- Oct : Cumulative sales of the balm series exceeded 10 million units
- 2020** – Mar : Relocated the head office to Toranomom Hills, Toranomom, Minato-ku, Tokyo
- Sept : Launch the new brand, "sitrana".
- Sept : Started airing the first round of TV commercials (Ms. Ryoko Yonekura)
- Oct : Launched the new brand, "immuno".
- Oct : Became listed on the Tokyo Stock Exchange Mothers.
- Dec : Established Premier Wellness Science Co., Ltd.
- 2021** – Feb : Established Premier Anti-Aging (Shanghai) Co.,Ltd.

- ✓ The document and information provided as part of our results announcement include forward-looking statements, which reflect our current expectations and assumptions about forecasts and risks. Our actual results may materially differ from those described in the forecast due to unknown risks and uncertainties.
- ✓ These risks and uncertainties include domestic and international economic conditions such as general industry and market conditions, interest, and currency exchange rate fluctuations.
- ✓ Cosmetics mail order/EC market trends may prove to be a major risk factor that impacts our growth and execution of business plans, but through active promotions and application of our understanding of customers' potential needs to product planning, we will do our utmost to mitigate such risks and hone our competitive edge. For other types of risks, please refer to the "Business Risks, etc." as highlighted in our Securities Report.
- ✓ The company does not undertake any obligation to revise or update these forward-looking statements to reflect new information or future events.



PREMIER ANTI-AGING