

FY2022 3Q

June 13, 2022

Premier Anti-Aging Co., Ltd.
Tokyo Stock Exchange 4934
FY2022 3Q Results



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01 BUSINESS HIGHLIGHTS

Unit: Millions of Yen

Business Highlights

P&L Statement (YOY)

- ✓ Core brand DUO sales, especially in high-margin Wholesale, declined due to slower-than-expected growth.
- ✓ DUO's profit was lower than expected, and operating profit declined as it could not absorb higher SG&A expenses such as advertising and system investments to strengthen growth in CANADEL and clayence.

| | FY2021 1Q-3Q | FY2022 1Q-3Q | Increase/ Decrease | YOY |
|--|-----------------|-----------------|-----------------------|--------|
| Net Sales | 23,766 | 25,896 | + 2,130 | 109.0% |
| L Mail Order/EC | 15,940 | 17,868 | + 1,928 | 112.1% |
| L Wholesale | 7,224 | 7,116 | △108 | 98.5% |
| L Others | 600 | 911 | + 310 | 151.7% |
| Operating Profit | 4,428 | 1,957 | △2,470 | 44.2% |
| Operating Profit Margin | 18.6% | 7.6% | △11.1pt | |
| Ordinary Profit | 4,416 | 2,141 | △2,274 | 48.5% |
| Profit attributable to Owners of the Parent | 2,827 | 1,222 | △1,605 | 43.2% |

Business Highlights

SG&A (YOY)

- ✓ Advertising expenses increased due to new customer acquisition costs for mail-order sales and TV commercials.
- ✓ Consignment expenses increased due to variable costs linked to mail-order sales, which accounted for about half of the increase. The rest increased mainly due to system investment and overseas investment from 1Q to 2Q.

Unit: Millions of Yen

| | FY2021 1Q-3Q | FY2022 1Q-3Q | Increase/ Decrease | YOY |
|--------------------------------------|-----------------|-----------------|-----------------------|--------|
| SG&A | 14,809 | 18,704 | + 3,894 | 126.3% |
| L Advertising & Promotion | 8,614 | 10,201 | + 1,586 | 118.4% |
| L Consignment | 3,399 | 4,399 | + 999 | 129.4% |
| L Salaries & Allowances | 453 | 799 | + 346 | 176.4% |
| L R&D | 118 | 310 | + 192 | 262.7% |
| L Others | 2,223 | 2,993 | + 770 | 134.6% |

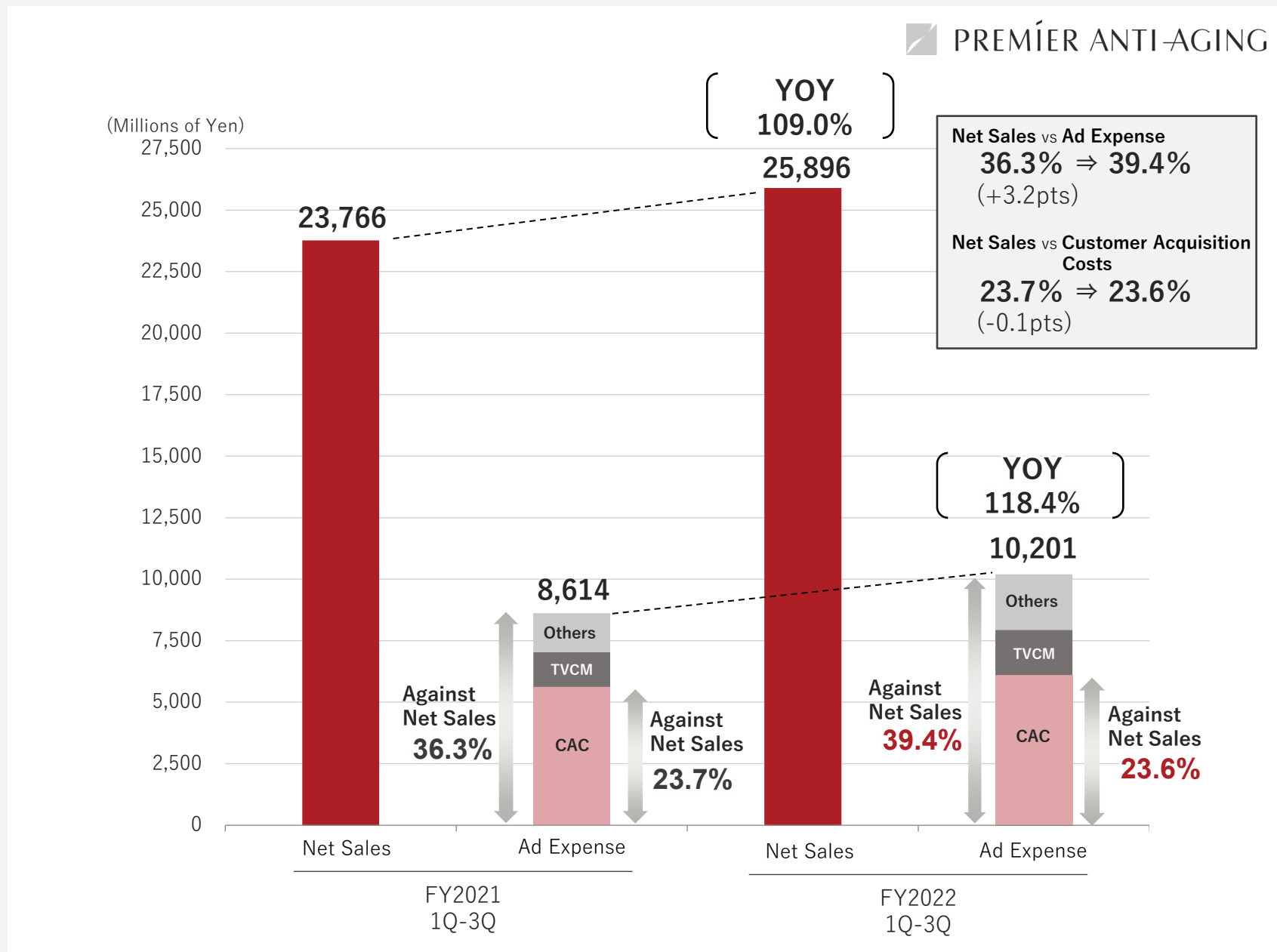
Business Highlights

Advertising and Promotion Expenses (YOY)

✓ Ad expense against net sales increased since factors that temporarily curtailed ad placement in 1Q were resolved and ads were actively placed in 2Q and beyond.

(Net Sales vs CAC: 15.3% (as of 1Q)).

✓ Aggressive investment in advertising and promotion has brought the number of new customer acquisitions in April close to a record high level.



Business Highlights

P&L Statement (QonQ)

- ✓ Net sales were almost the same as in the second quarter due to slower than expected growth in the DUO.
- ✓ CANADEL and clayence performed well, and we believed the timing was right to push for new customer acquisitions and accelerated our investment in advertising, resulting in a temporary deterioration in profit/loss.

Unit: Millions of Yen

| | FY2021 3Q | FY2021 4Q | FY2022 1Q | FY2022 2Q | FY2022 3Q | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------|
| Net Sales | 8,455 | 9,049 | 9,865 | 8,104 | 7,926 | 97.8% |
| Gross Profit* | 6,887 | 7,192 | 7,924 | 6,575 | 6,162 | 93.7% |
| SG&A | 4,921 | 6,940 | 5,849 | 6,401 | 6,453 | 100.8% |
| L Advertising and Promotion | 2,701 | 4,197 | 2,950 | 3,572 | 3,678 | 103.0% |
| Operating Profit | 1,966 | 252 | 2,074 | 173 | △290 | — |

(Comparison against FY2022 2Q)

* Net gross profit is shown in FY2021.

02 FY2022 FORECAST REVISION

Unit: Millions of Yen

Business Forecast

P&L Statement

- ✓ Taking the current situation into consideration, we have revised the business forecast for the fiscal year.

| | FY2022 (Initial Forecast) | FY2022 (Revised Forecast) | Increase/ Decrease | Increase/ Decrease % | FY2021 (Actual) | Increase/ Decrease | Increase/ Decrease % |
|--|---------------------------------|---------------------------------|-----------------------|----------------------------|--------------------|-----------------------|----------------------------|
| Net Sales | 40,000 | 34,000 | △6,000 | △15.0% | 32,815 | +1,185 | +3.6% |
| Operating Profit | 6,000 | 2,300 | △3,700 | △61.7% | 4,680 | △2,380 | △50.9% |
| Operating Profit Margin | 15.0% | 6.8% | - | △8.2% | 14.3% | - | △7.5% |
| Ordinary Profit | 6,020 | 2,500 | △3,520 | △58.5% | 4,653 | △2,153 | △46.3% |
| Profit attributable to Owners of the Parent | 3,460 | 1,380 | △2,080 | △60.1% | 2,793 | △1,413 | △50.6% |

03 BUSINESS OVERVIEW

Brand Introduction

- ✓ We have an enhanced line-up: 4 skin care brands, 1 hair care brand, 1 men's category brand.
- ✓ CANADEL's sales composition increased. clayence and DUO MEN joined the line-up, so we are steadily making headway towards establishing a business structure supported by multiple brands.

Skin care brand



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

✓ Launched in February 2010.

✓ Currently have 33 SKUs*1

Sales Composition Ratio*2
84%

DUO



✓ 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 7 SKUs*1

Sales Composition Ratio*2
15%

CANADEL

We also offer 2 additional brands

Hair care brand



✓ Applied brand nurturing know-how gained through DUO and CANADEL. Home hair care brand that focuses on “young generation with graying hair”.

✓ Launched in March 2022

✓ Currently have 5 SKUs*1

clayence



✓ Utilizing DUO brand's high awareness and launched new products to enter the fast-growing men's cosmetics market.

✓ Launched in April 2022.

✓ Currently have 2 SKUs*1

DUO men

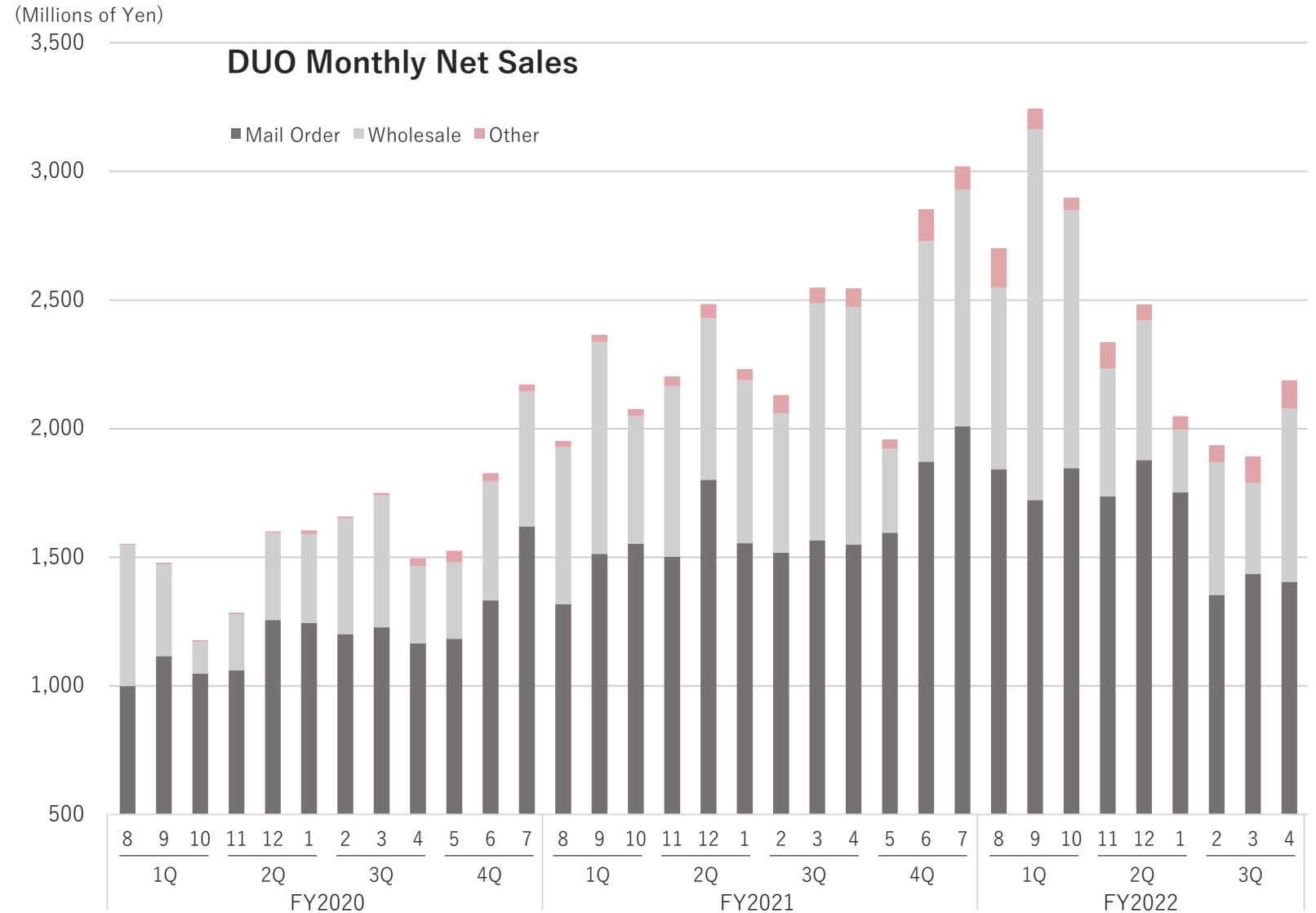
Men's brand

*1: SKU numbers refer to the number of regular products as of end of April 2022. Limited editions, different sizes not included. *2: Calculated based on FY2022 3Q net sales.

DUO

Monthly Net Sales Trend

- ✓ Black Balm expanded in 1Q, but growth slowed in 2Q and beyond due to increased competition.
- ✓ Aiming to maximize investment efficiency, DUO's investment style is more focused on CPO.



CANADEL

Monthly Net Sales Trend

- ✓ By introducing unique products such as the “Premier Zero” and “Premier Barrier Fix”, Mail Order/EC and Wholesale are trending up, surpassing 700 million yen in monthly sales in April.
- ✓ New customer acquisition is also on the rise.

Dipotassium glycyrrhizinate lessens inflammation and alleviates skin issues

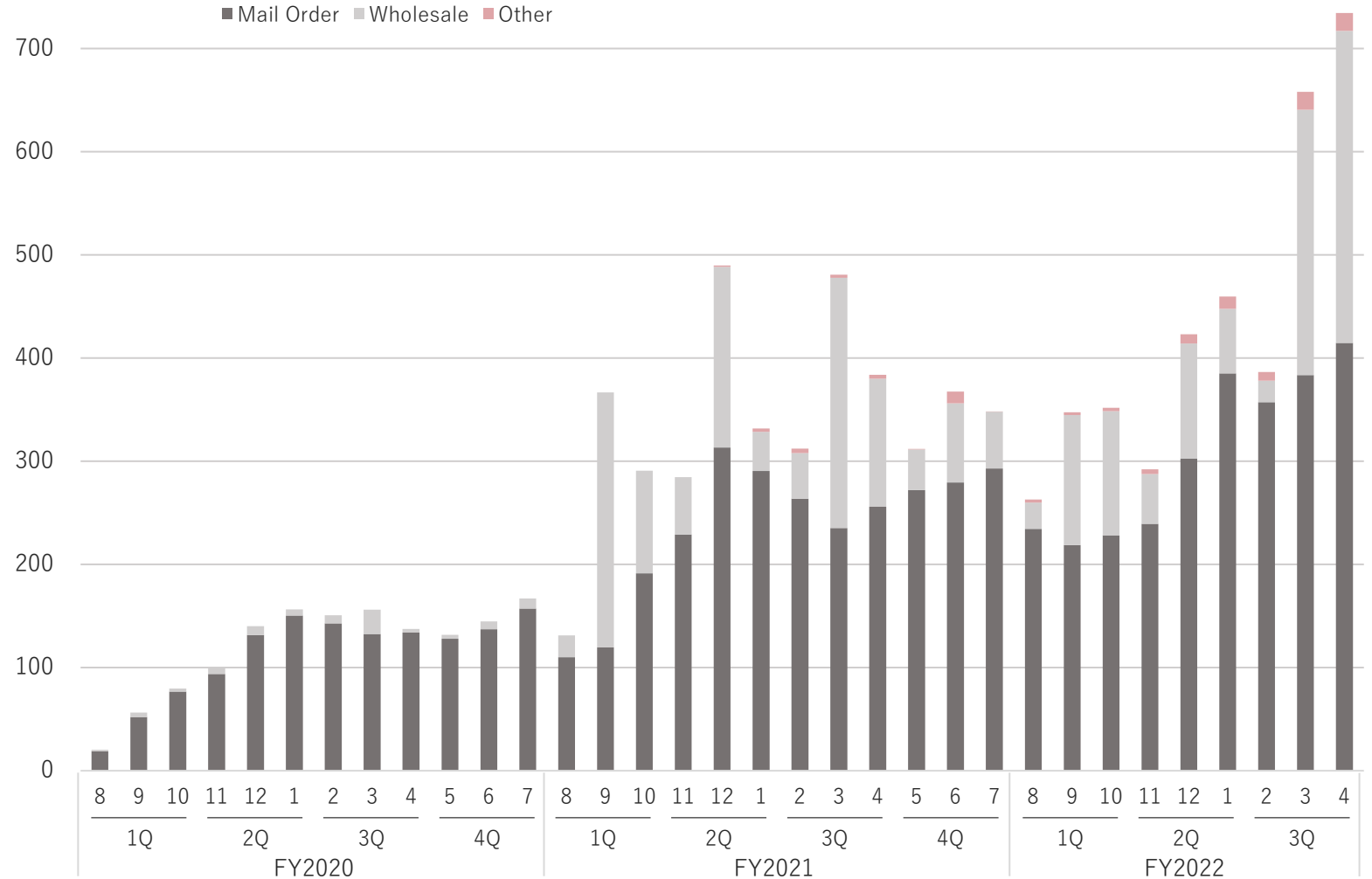
Appeal whitening*2 and wrinkle smoothing effect by niacinamide



All-in-one cream with 2 active ingredients
CANADEL Premier Barrier Fix※*1

(Millions of Yen)

CANADEL Monthly Net Sales



*1 Product name: Medicinal P Barrier Fix Quasi Drug *2 Suppresses production of melanin and prevents spots and freckles.

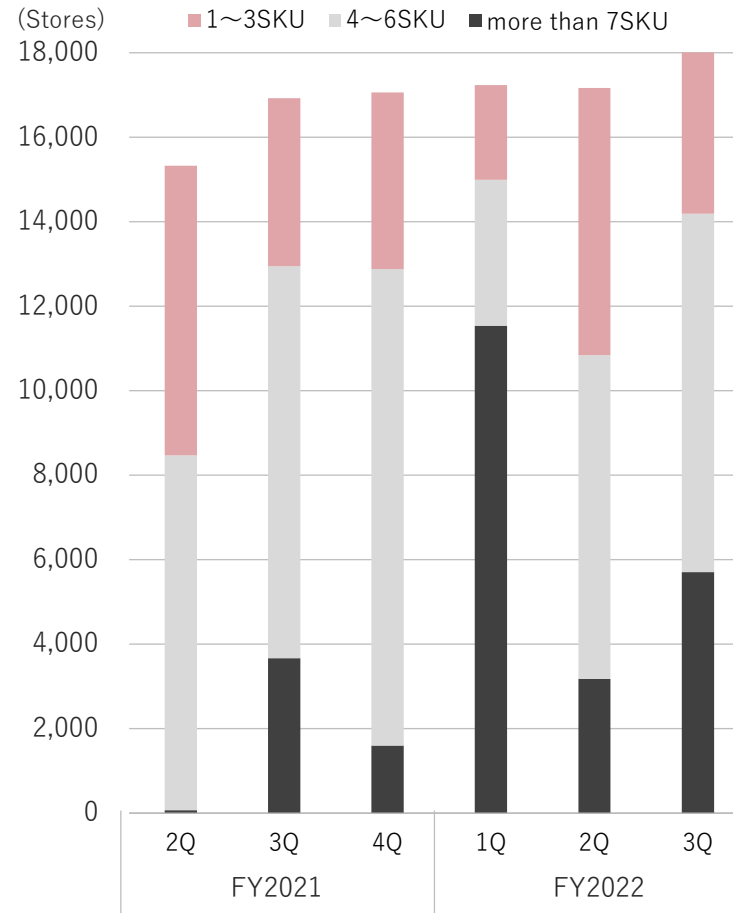
Number of delivery stores and items

✓ TVCMs and the launch of Premier Barrier Fix contributed to increase in numbers of stores that carried more than 4SKUs of CANADEL. Efforts to expand sales are steadily underway.

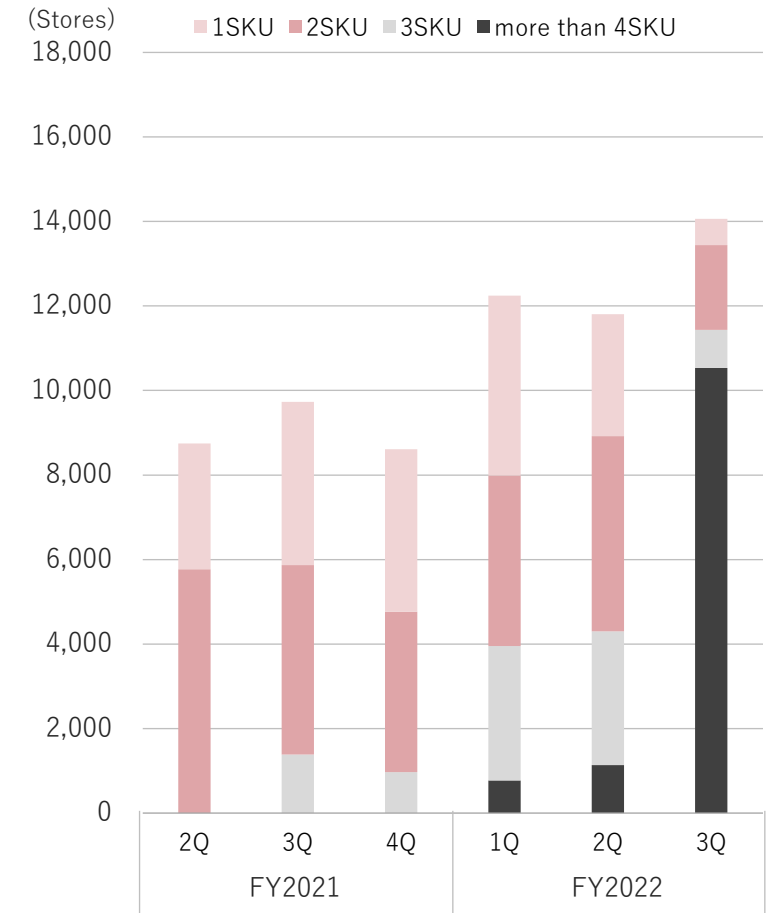


Number of delivery stores* and number of items delivered per store

DUO



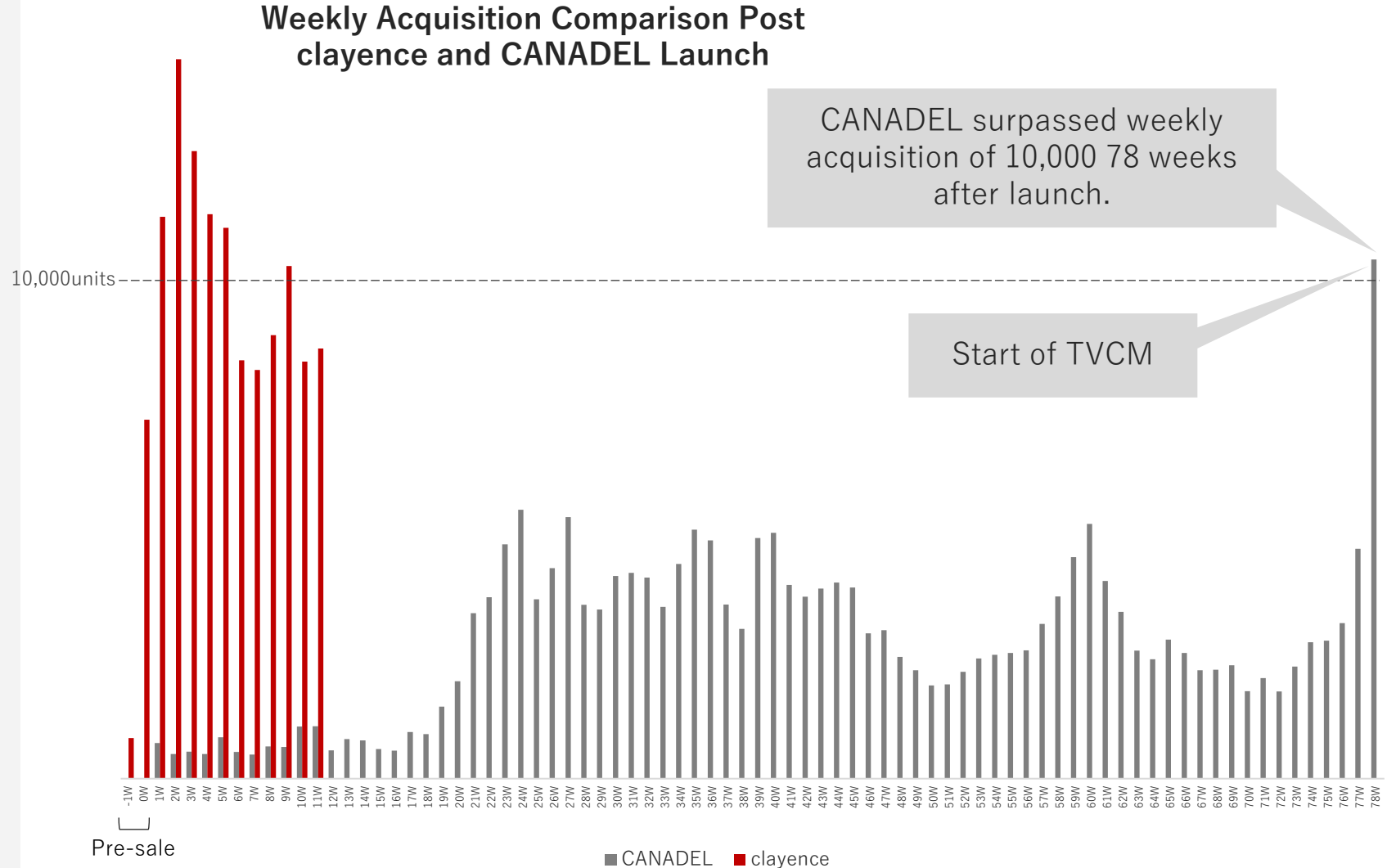
CANADEL



*Until FY2021, the number of stores where merchandise was sold was counted in each period. The above data counts the number of stores that shipped products in each quarter. *Excluding limited items for standard items only.

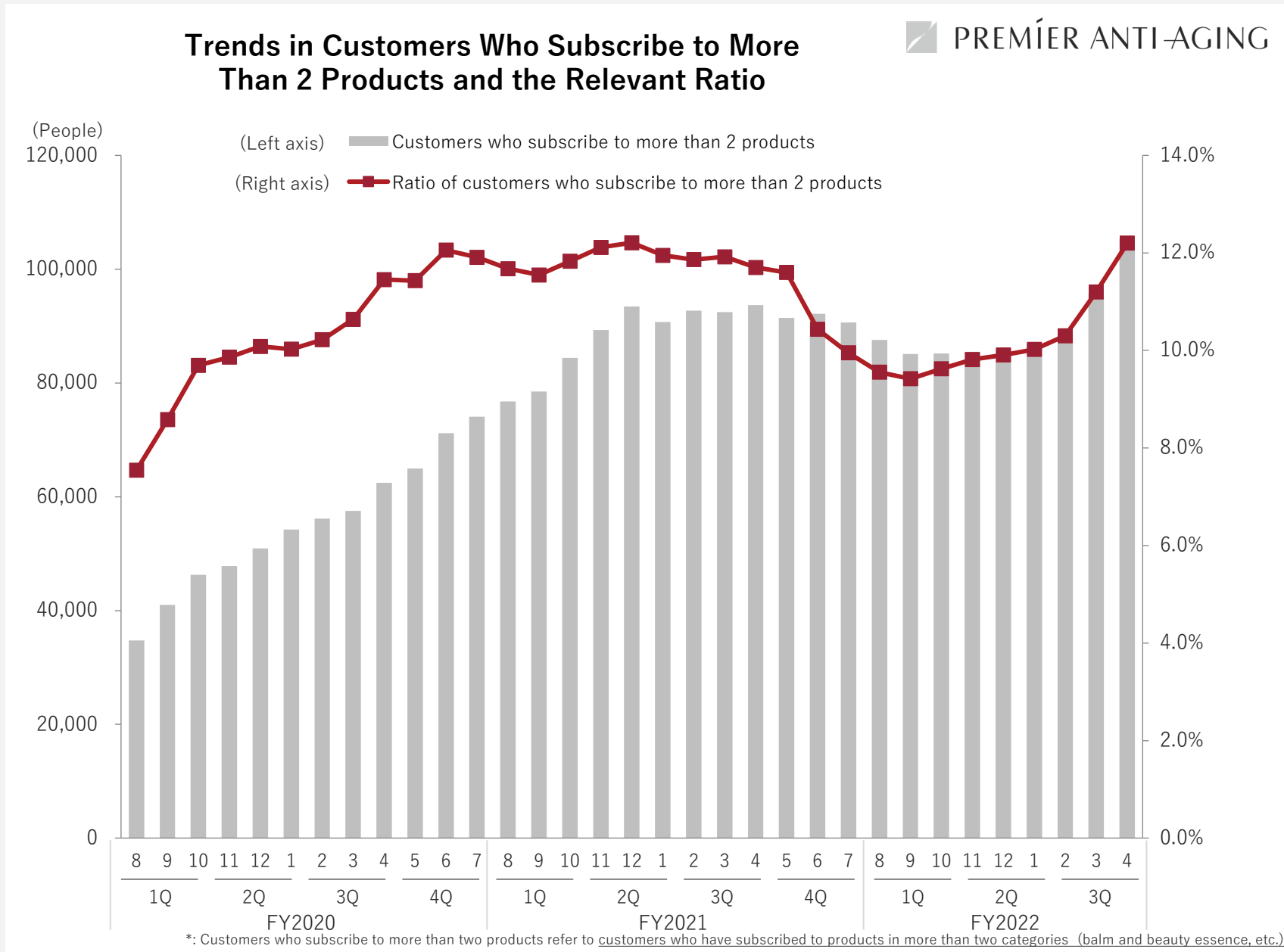
Clayence Weekly Acquisitions

- ✓ Clayence launched in March and has been accepted by the market quicker than DUO or CANADEL.
- ✓ 10,000 new units acquired per week in the first week after brand launch.



Number of cross-selling customers

- ✓ Number of customers who subscribe to more than 2 products has increased especially due to clayence.
- ✓ Expect to increase sales and profit from 4Q onward due to higher unit prices and cost reductions in delivery and other expenses as a result of an increase in the number of cross-selling customers.



04 INITIATIVES GOING FORWARD

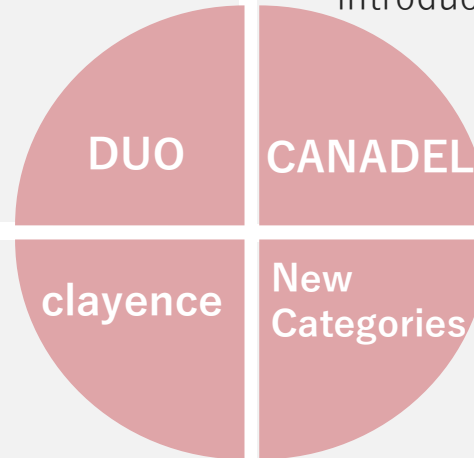
Initiatives Going Forward

- ✓ Promote growth initiatives for DUO, CANADEL, and clayence, as well as launch new products in new categories.

- ✓ Widen reach with add-on purchase balms.
- ✓ Reach generation Z with new collaboration products such as HELLO KITTY and DISNEY.
- ✓ Online (Web) x offline (stores) x mass advertising.



- ✓ Reinforcement of Barrier Fix production system
- ✓ Online x offline x mass advertising focusing on the high-end product, "Premier Zero".
- ✓ Strengthen repeat purchases by introducing refills.



- ✓ Expansion into retail sales
- ✓ Expansion of mass advertising



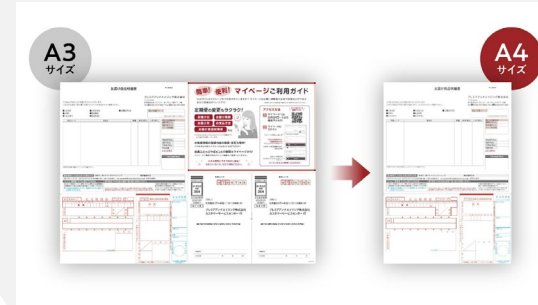
- ✓ Premier Wellness Science (PWS) plans to launch a brand with cannabidiol as a core ingredient by the end of this fiscal year.

Initiatives Going Forward

ESG Initiatives

✓ We will continue to focus on environmentally conscious initiatives for the future.

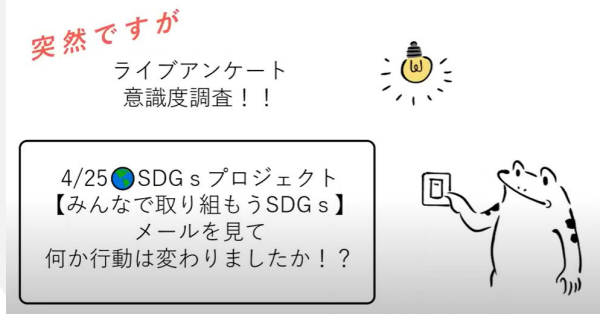
Streamlining of delivery forms reduces CO2 emissions by about 50%.



Development of special spatulas employing the world's first "wood flow molding processing technology".



Ongoing In-house SDG activities



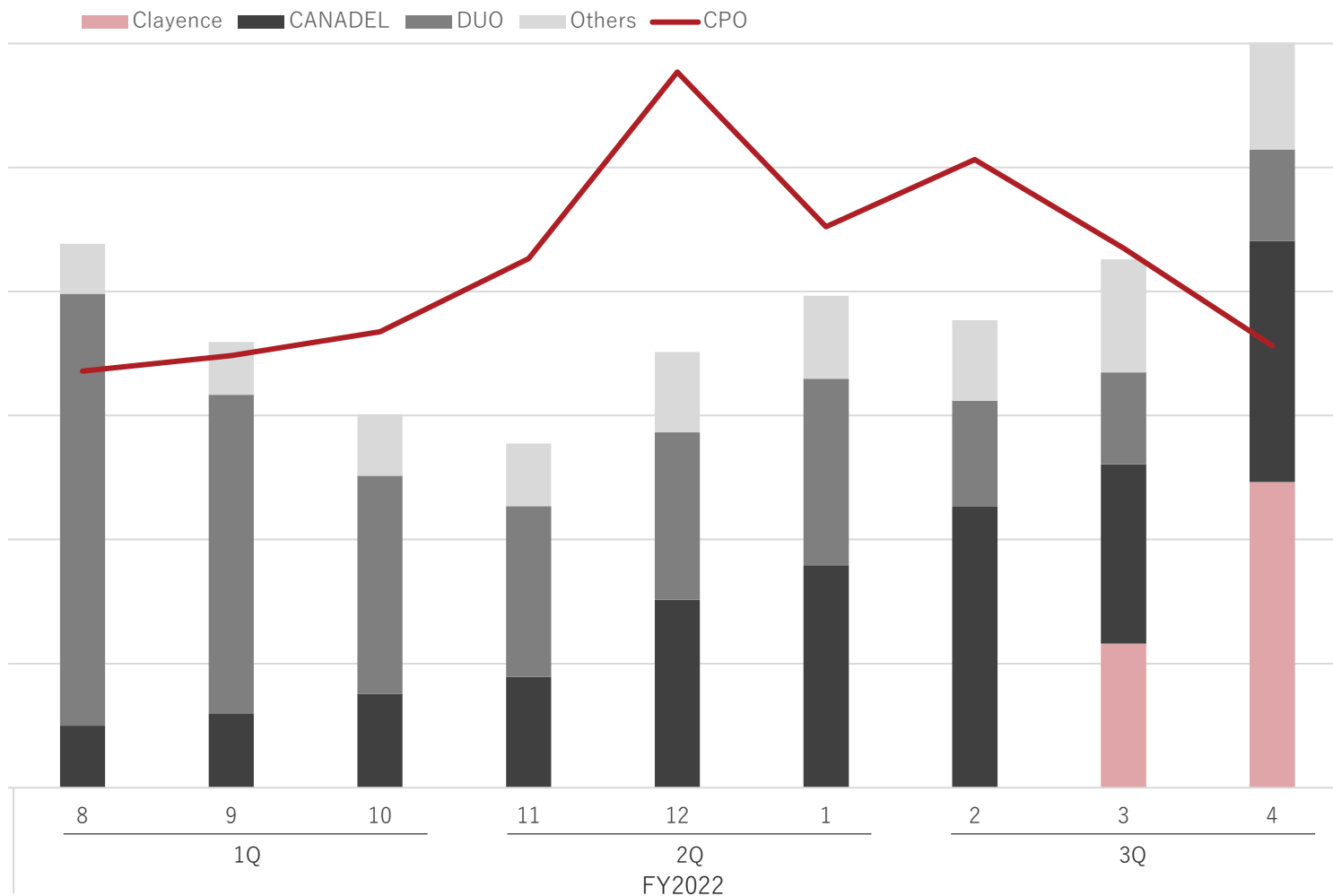
05 CLOSING REMARKS

Closing Remarks

CPO and Number of New Customer Acquisitions in Mail Order/EC

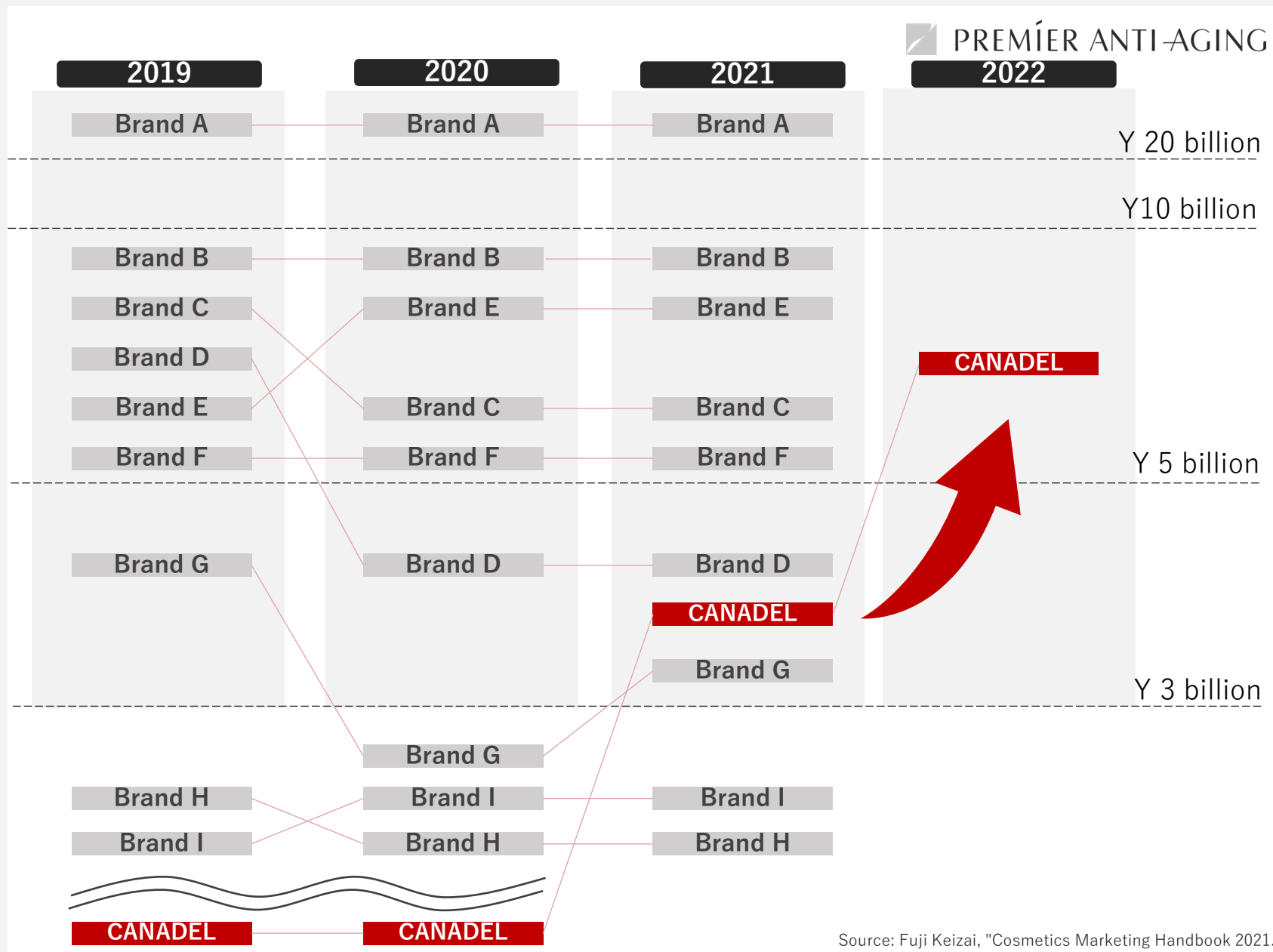
- ✓ CPO has declined due to more competitive advertising environment.
- ✓ New customer acquisition bottomed out in November last year and is on a rising trend, marking record high levels.
- ✓ First half of this fiscal year, we acquired new customers mainly for DUO, but we have increased investments for CANADEL and clayence, contributing to the diversification of our brand portfolio.

CPO and Number of New Customer Acquisitions in Mail Order



Closing Remarks CANADEL Sales Trends

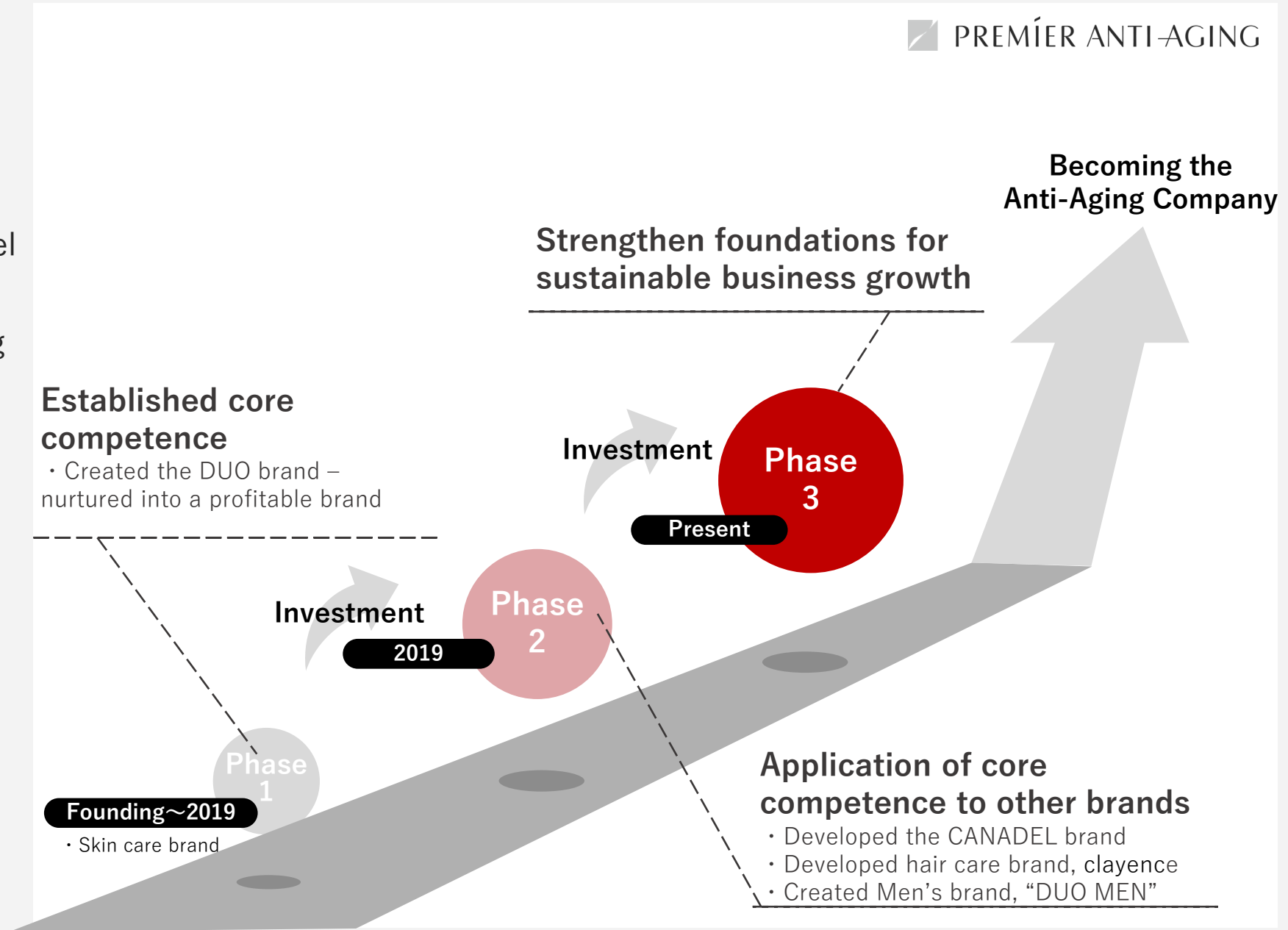
✓ Continue to aim for No. 1 brand share in the all-in-one cosmetics market.



Closing Remarks

Transitioning to an Anti-Aging Company

- ✓ Our strength is a business model that combines product planning and development and marketing capabilities with a subscription sales model.
- ✓ We will continue to refine our brands and create and nurture multiple No. 1 brands in overwhelming categories to solidify our growth in the next fiscal year and beyond.
- ✓ Steady progress toward becoming an anti-aging company.



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 and CEO Kiyoshi Matsuura</p> <p>Managing Executive Officer Koji Kawabata</p> <p>Managing Executive Officer 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> <p>Executive Officer Keigo Uemura</p> <p>Executive Officer Kiyoshi Iwakawa</p> <p>Executive Officer Yuka Uehara</p> |
| Employees | 226 (As of April 30, 2022) |
| 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.

History



Business Highlights

Balance Sheet (Comparison with the end of the previous fiscal year)

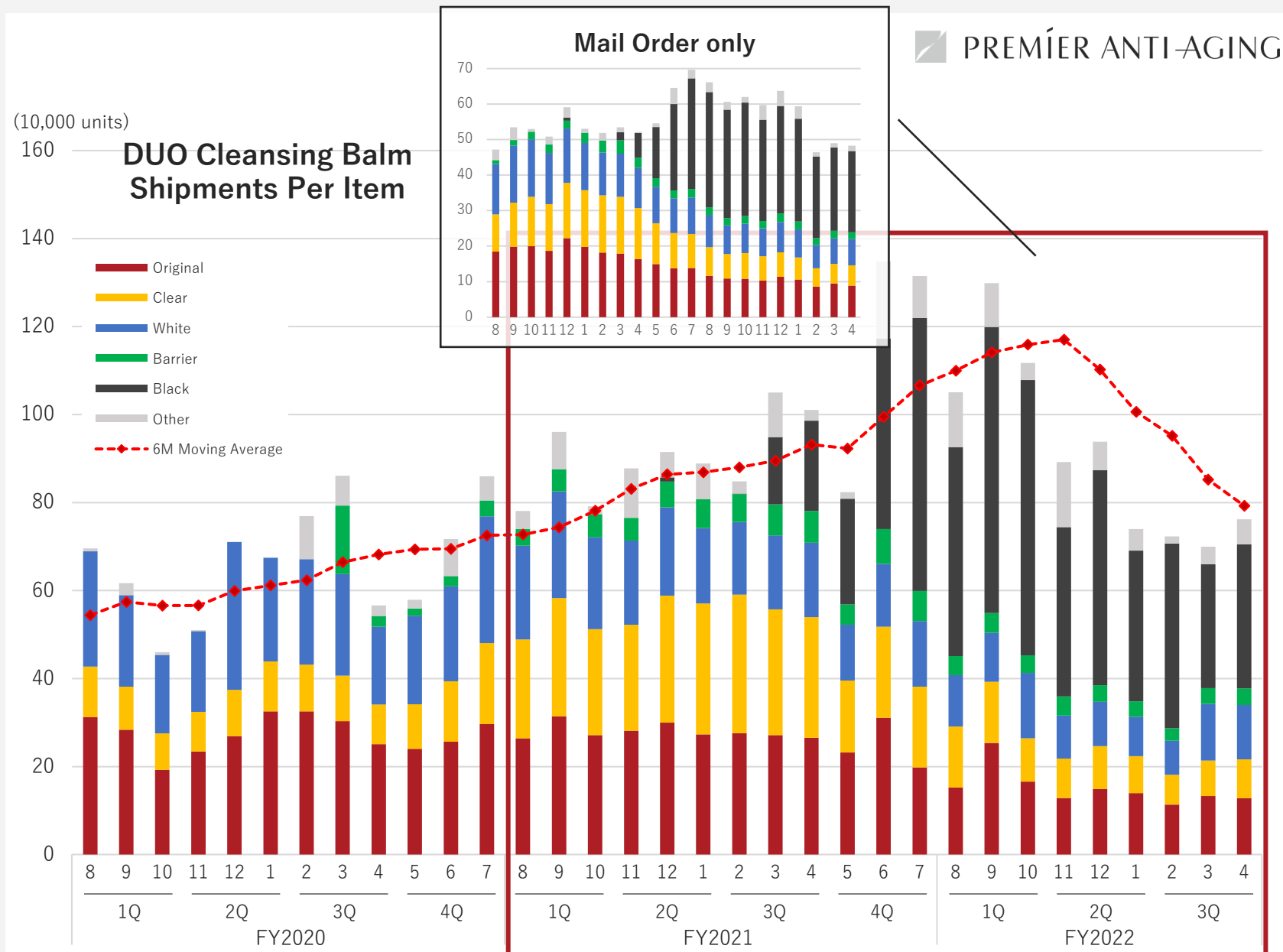
- ✓ The ratio of non-current assets to total assets continues to be kept at about 6%, and asset-light management continues.

Unit: Millions of Yen

| | FY2021 | FY2022 3Q | Increase/ Decrease | Percentage |
|---|--------|--------------|-----------------------|------------|
| Total Assets | 13,071 | 12,755 | △316 | 97.6% |
| L Current Assets | 12,479 | 11,928 | △551 | 95.6% |
| L Non-current Assets | 591 | 826 | 235 | 139.7% |
| Total Liabilities | 6,168 | 4,612 | △1,555 | 74.8% |
| L Current Liabilities | 5,591 | 4,242 | △1,349 | 75.9% |
| L Non-current Liabilities | 576 | 370 | △205 | 64.3% |
| Total Net Assets | 6,903 | 8,142 | + 1,239 | 118.0% |
| Total Liabilities and Net Assets | 13,071 | 12,755 | △316 | 97.6% |
| Equity Ratio | 52.8% | 63.8% | + 11.0pt | |

DUO Cleansing Balm Monthly Shipment Trends

- ✓ The monthly shipments have declined after peaking last September but have recently become stable.
- ✓ Aim to secure stable sales by continuing to refine the DUO brand, which boasts an overwhelming No. 1 position with a 23% category share, to further increase recognition.

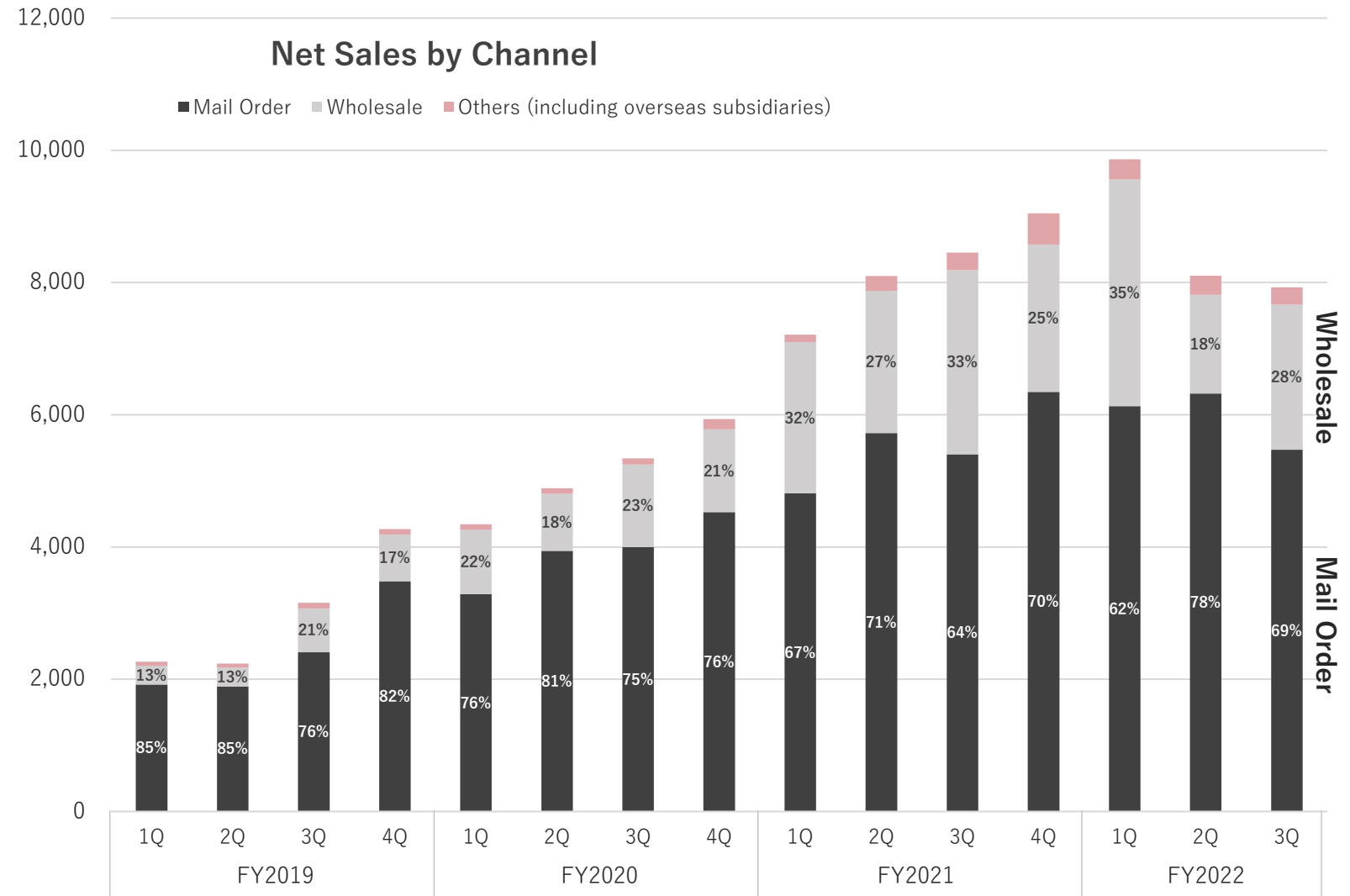


Note: For accounting reasons, shipments for some transactions and the timing when the relevant sales was booked do not match up.

Net Sales by Channel

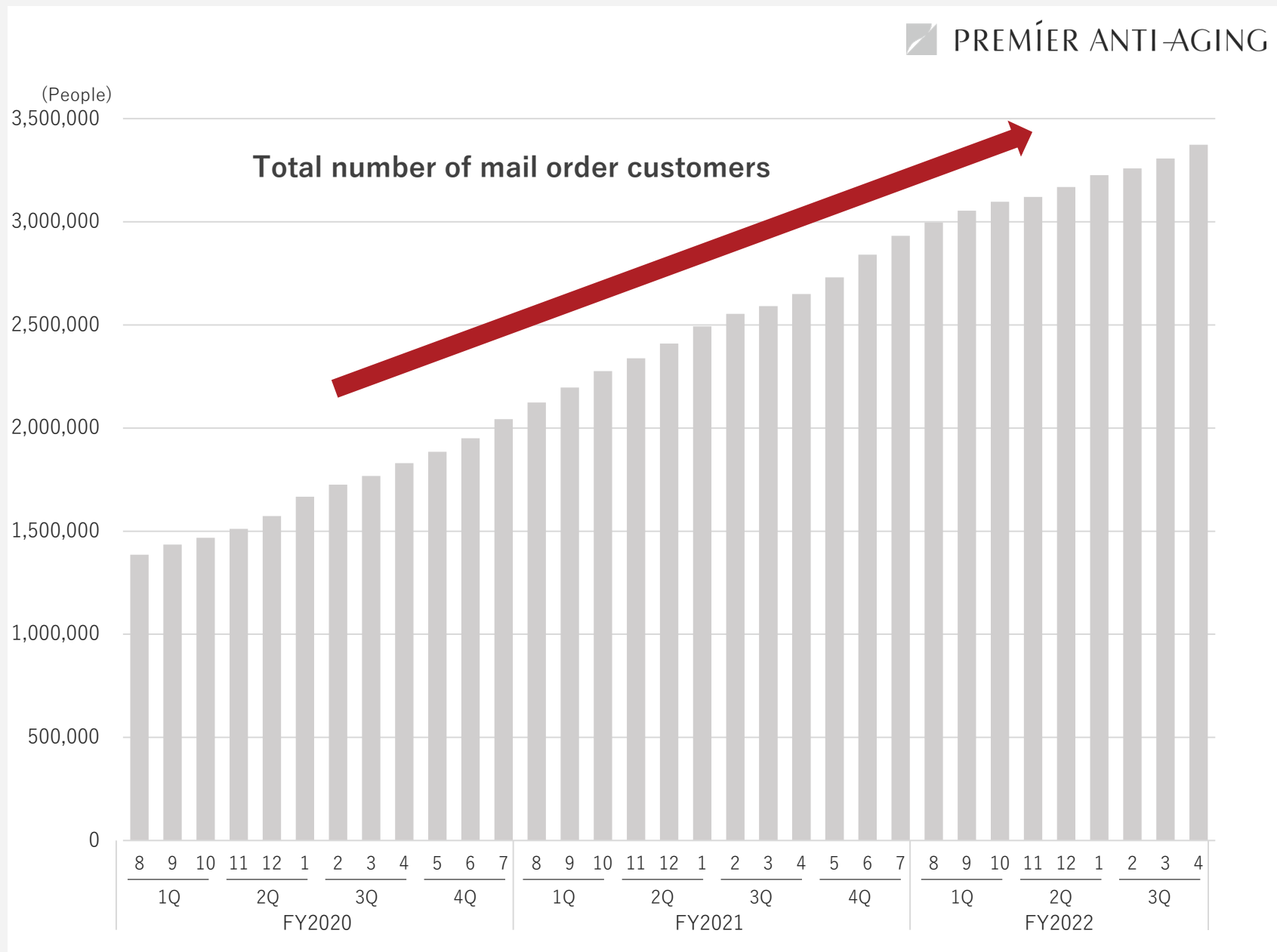
- ✓ Sales, which had been growing steadily until FY2022 1Q driven by the core brand DUO, slowed down from 2Q due to unexpectedly fierce competition.
- ✓ Mail-order sales declined in the third quarter due to the lack of subscription sales customer accumulation caused by the difficulty in acquiring new customers in the first half of the year and the absence of one-time sales due to year-end and New Year's sales.

(Millions of Yen)



Total number of mail order customers

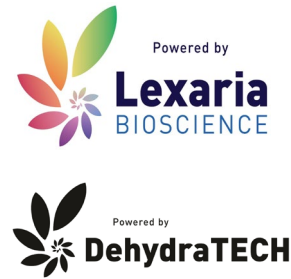
- ✓ New customer acquisitions are on a growth trend and total number of customers is steadily increasing due to successful investment in advertising in conjunction with the launch of new CANADEL products "Premier Barrier Fix" and new clayence products.



Utilize strong IP portfolio gained through global partnerships to develop new businesses and products

- ✓ PWS has been employing efforts to secure engineering prowess and to build a supply chain that will ensure long term growth. This includes stable procurement of CBD raw materials, physical property optimization technology for poorly water-soluble compounds utilizing DehydraTECH™'s patent license, and joint research with research institutions, which will ultimately enable us to enhance safety, stability, and efficacy of products containing cannabidiol being developed by PWS.
- ✓ We will release a series of products that utilize the above.

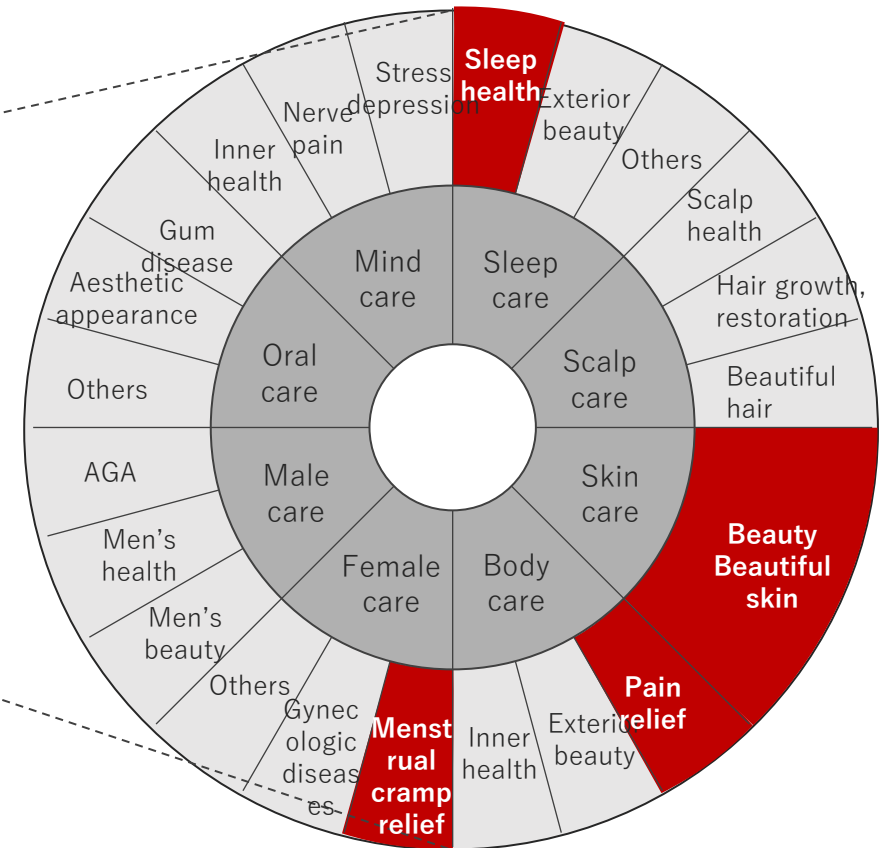
Signed exclusive license agreement with DehydraTECH™



Drug delivery system

Drug delivery tech
Physical property optimization tech
Secured patent license for CBD cannabidiol, an ingredient difficult to deliver due to low bioavailability. Using DehydraTECH™ we can realize safe delivery and absorption.

Applications



By applying these technologies to products containing cannabidiol by PWS, we can further enhance our product and make it more difficult to imitate. For more information: <https://p-wellnessscience.co.jp/info/144/>

Situation by Brand DUO

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

Key best cosmetics awards we have received in 2021



MORE Aug
2021 First Half MORE Best Cosme
Best Cosme for Office Ladies in their 20s for Self Improvement
2021 First Half Treatment for Unstable Skin
No. 1



MAQUIA Sep
No.1 in the Face Wash Division
Best Cosmetics Chosen by MAQUIA Readers in the first half of 2021

+50 awards



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 33 SKUs*, mainly focusing on cleansing balm.

*SKU numbers refer to the number of regular products as of April 2022. Limited editions, different sizes not included.

Situation by Brand CANADEL

- ✓ Nurturing as a second key brand. CANADEL focuses on modern women's needs to save time spent on skin care.

Key best cosmetics awards we have received in 2021



LEE Aug
Bright Skin and Spirit!
"Best Cosme" for Me
Summer 2021
Useful Cosme Grand
Prize, Care Shortening
Cosme Category



LIPS June 1
LIPS Best Cosme 2021
First Half
All-in-One Category No. 2

+5 awards

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 4 types of all-in-one creams and eye cream. We currently have 7 SKUs* focusing mainly on all-in-one cosmetics.



*SKU numbers refer to the number of regular products as of April 2022. Limited editions, different sizes not included.

Situation by Brand sitrana

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

Key best cosmetics awards we have received in 2021



BAILA March

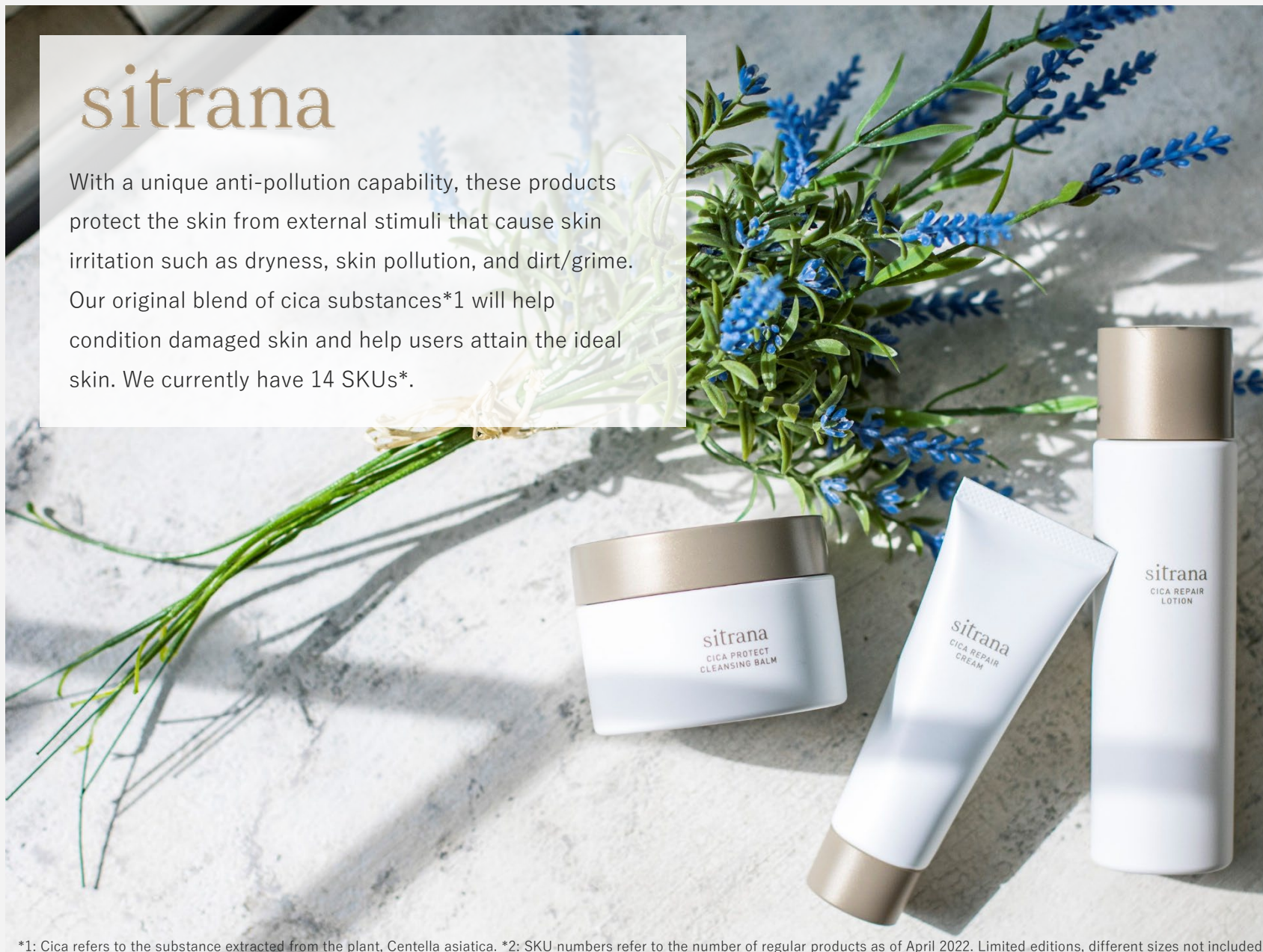
Especially for Women in their 30s
Excellent Petite Price Best Cosme
Excellent Petite Price Special Skin Care Category
Sheet Mask Grand Prize



&ROSY Aug

2021 First Half Best Cosme
&ROSY Editing Team's Choice
Piques Interest of Beauty Savvy Users
Amazing Products

+9 awards



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 14 SKUs*.

*1: Cica refers to the substance extracted from the plant, Centella asiatica. *2: SKU numbers refer to the number of regular products as of April 2022. Limited editions, different sizes not included.

Situation by Brand immuno

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

Key best cosmetics awards we have received in 2021



MAQUIA May
【MAQUIA Brightening / UV Grand Prize 2021】
Sensitive Skin Category
1位



LEE Aug
Bright Skin and Spirit!
“Best Cosme” for Me
Summer 2021
Perfect Brightening
Grand Prize

+7 awards

immuno

These products reflect the comfort, aroma, and eco-conscious of organic products. They not only “seem great”, they are also 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 9 SKUs*.



*SKU numbers refer to the number of regular products as of April 2022. Limited editions, different sizes not included.

Situation by Brand clayence

- ✓ Applied brand nurturing know-how gained through DUO and CANADEL. Home hair care brand that focuses on “young generation with graying hair”.



By combining the power of clay and cutting-edge science, we created a clay spa inspired hair care brand that provides hair and scalp treatment and colors gray hair. In addition to carefully selected clay and beauty substances, the calming aroma will transform tedious hair care into luxurious time at the spa.

We currently have 5 SKUs*.

*SKU numbers refer to the number of regular products as of April 2022. Limited editions, different sizes not included.

Situation by Brand DUO MEN

- ✓ Utilizing Duo brand's high awareness and launched new products to enter the fast-growing men's cosmetics market.

DUO
men

While staying true to DUO's brand concept - "Beauty is reborn from skin care" - we took a close look at skin problems and damage men are experiencing from an ecological, bioscience point of view. We want to offer effective skin care that only involves a few easy steps so men who lead busy lives can continue skin care in an enjoyable way.

We currently have 2 SKUs*2.

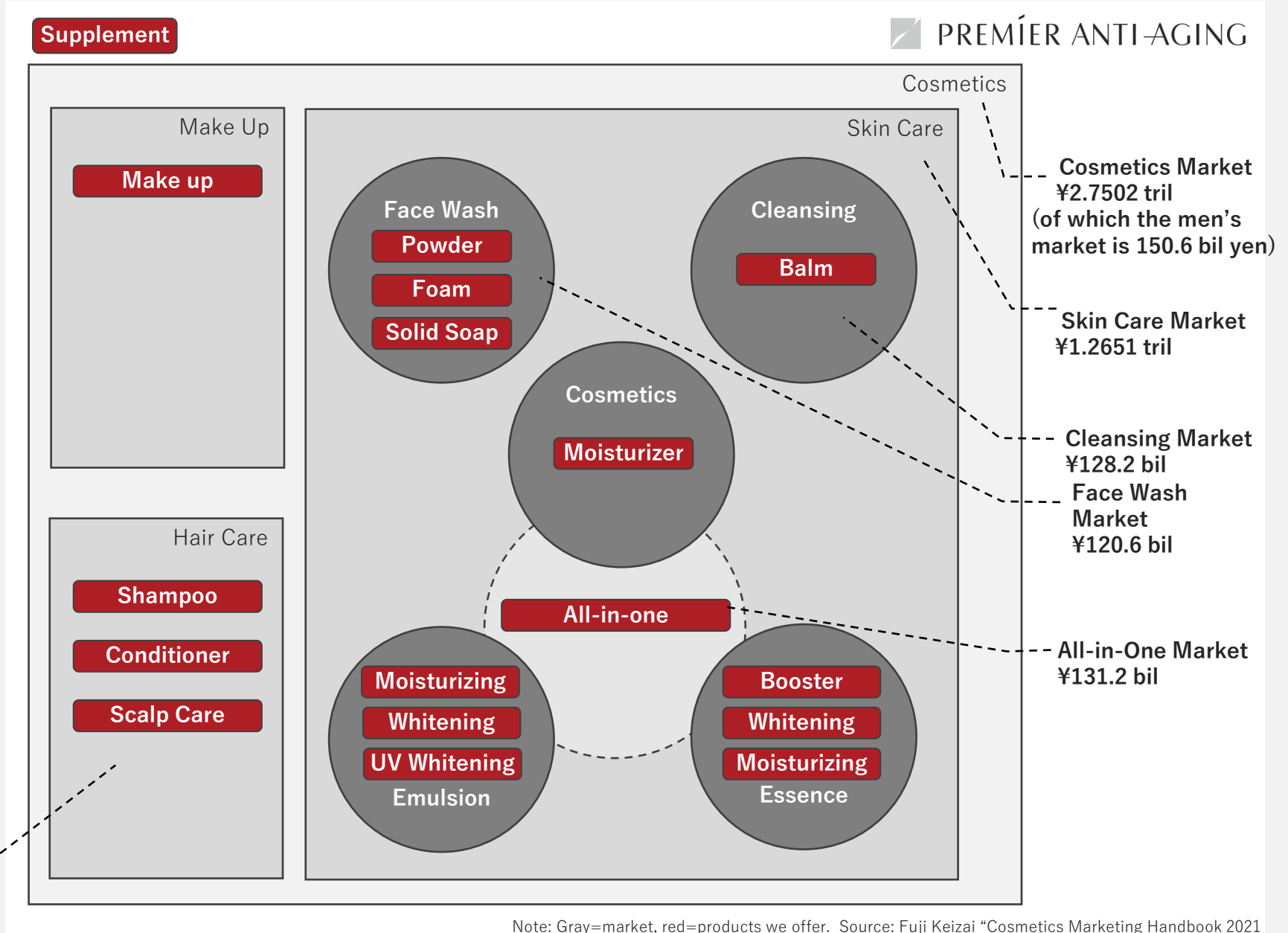


*SKU numbers refer to the number of regular products as of April 2022. Limited editions, different sizes not included.

Market Trends (Cosmetics Overall)

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

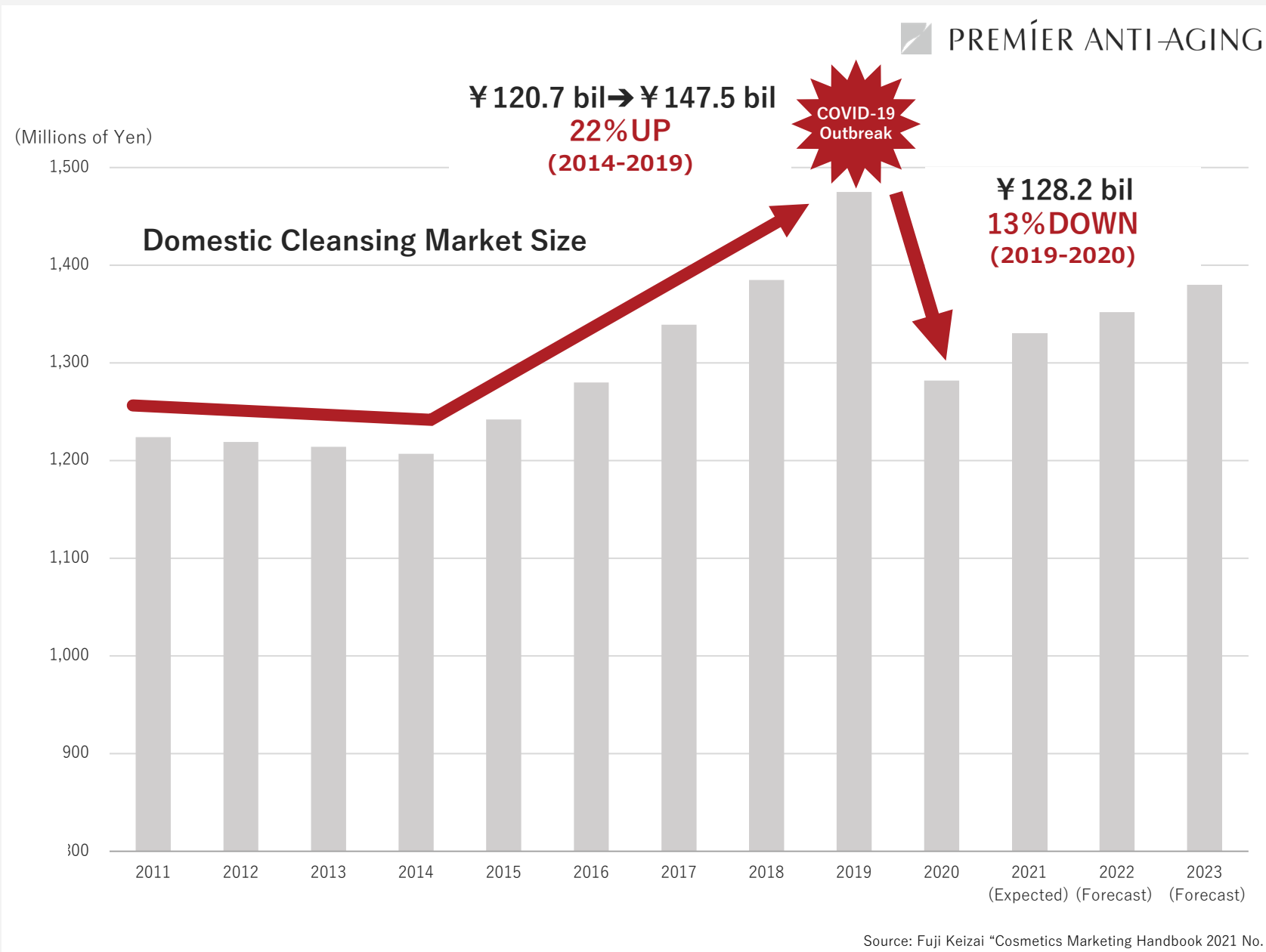
Hair care/hair make up market
576.7 bil yen



Note: Gray=market, red=products we offer. Source: Fuji Keizai "Cosmetics Marketing Handbook 2021"

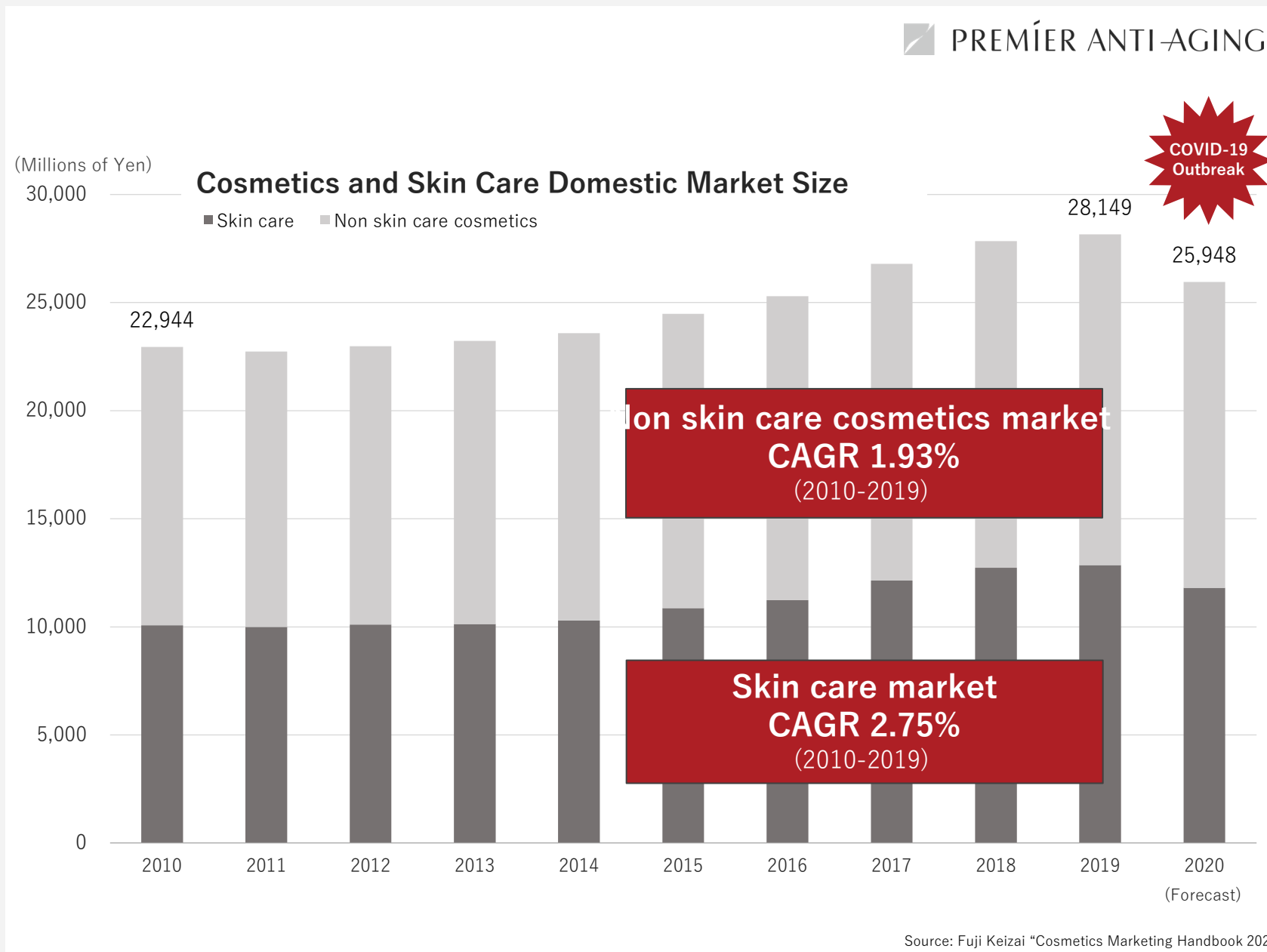
Domestic Cleansing Market Size

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



Cosmetics and Skin Care Domestic Market Size

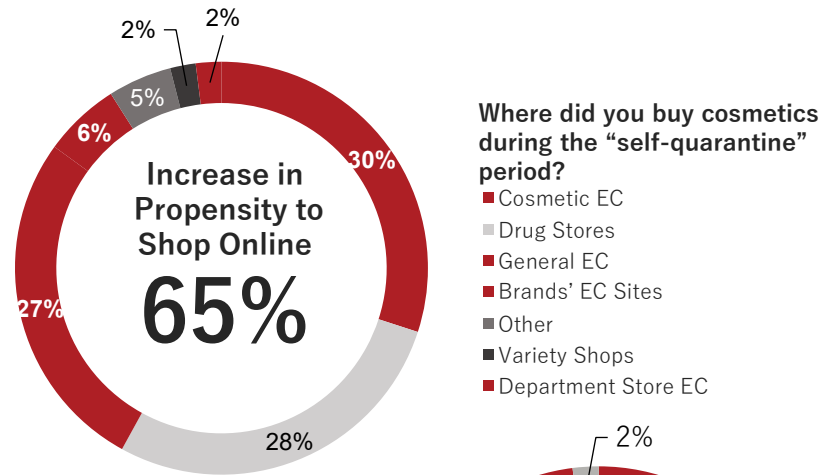
✓ Until 2019 the domestic cosmetics market had continued to grow gradually, but post pandemic, it has significantly contracted.



Increase in Propensity to Shop Online

✓ 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

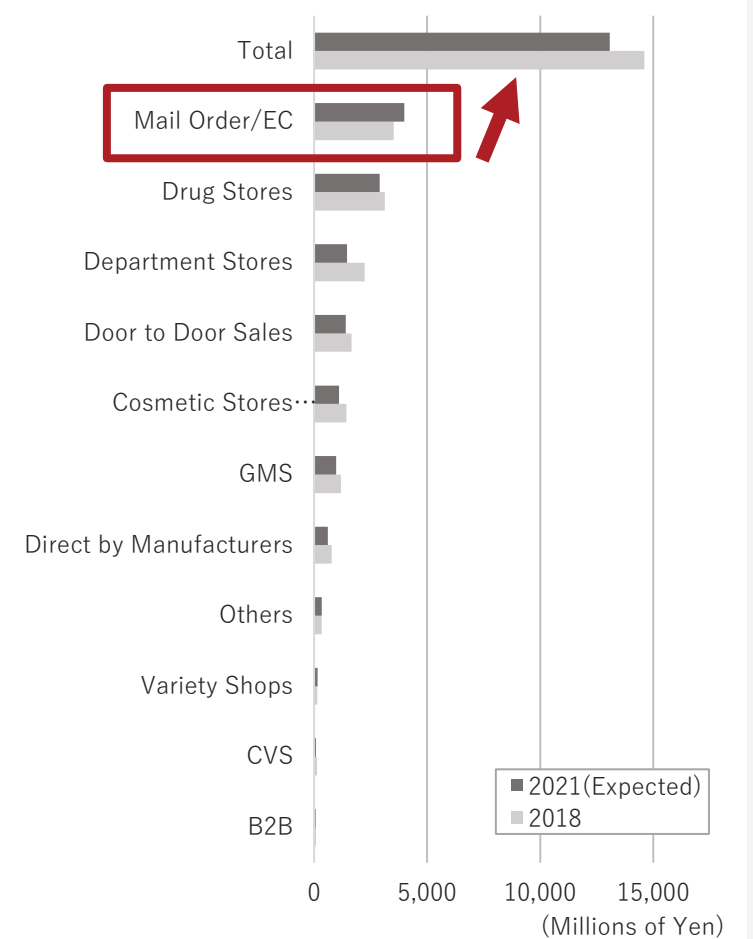


Will you continue to buy cosmetics online even when you are free to go out?

- 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 2022"

Organizational Characteristics

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

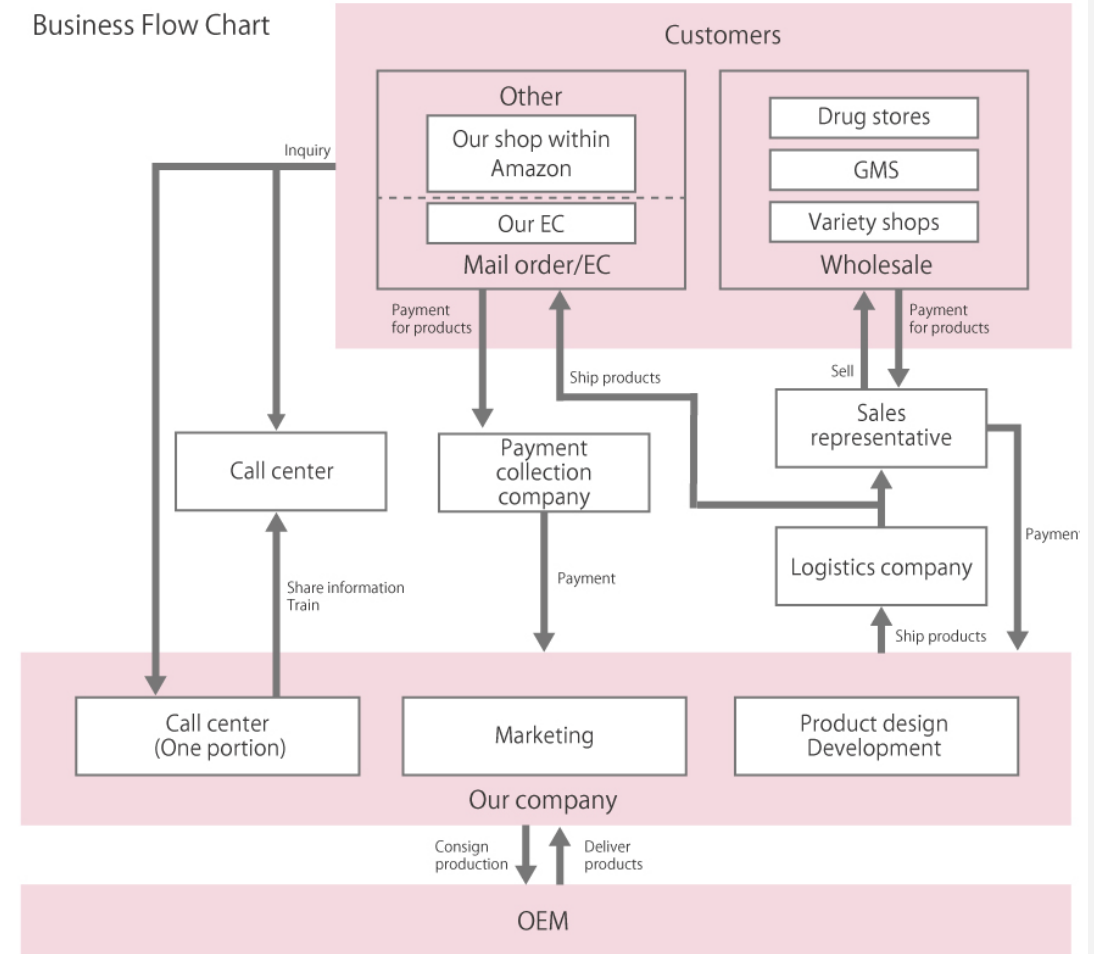
1. Fables Management

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



Environmental initiatives

✓ 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

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%.



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.



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.



Disclaimer Regarding Forecasts and Projections

- ✓ 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.

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