

FY2022 4Q

September 13, 2022

Premier Anti-Aging Co., Ltd.

TSE Growth 4934

Full Year Results Briefing Material
for the Fiscal Year Ended July 2022



PREMIER ANTI-AGING

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01 | FY2022 RESULTS

Statement of income

- ✓ Sales increased particularly due to the strong rise in acquisitions of customers for CANADEL and clayence in the mail order/EC channel.
- ✓ Operating profit decreased due to decline in retail sales, a highly profitable channel, and increase in SG&A expenses.

(Millions of Yen)

	FY2021	FY2022	Increase/ decrease	YoY
Net sales	32,815	33,911	1,096	3.3%
L Mail order/EC	22,284	24,150	1,865	8.4%
L Wholesale	9,456	8,382	(1,073)	(11.4%)
L Others	1,073	1,378	305	28.4%
Operating profit	4,680	2,414	(2,265)	(48.4%)
Operating profit margin (%)	14.3%	7.1%	—	(7.2pts)
Ordinary profit	4,653	2,572	(2,080)	(44.7%)
Profit attributable to owners of parent	2,793	1,424	(1,369)	(49.0%)

SG&A expenses

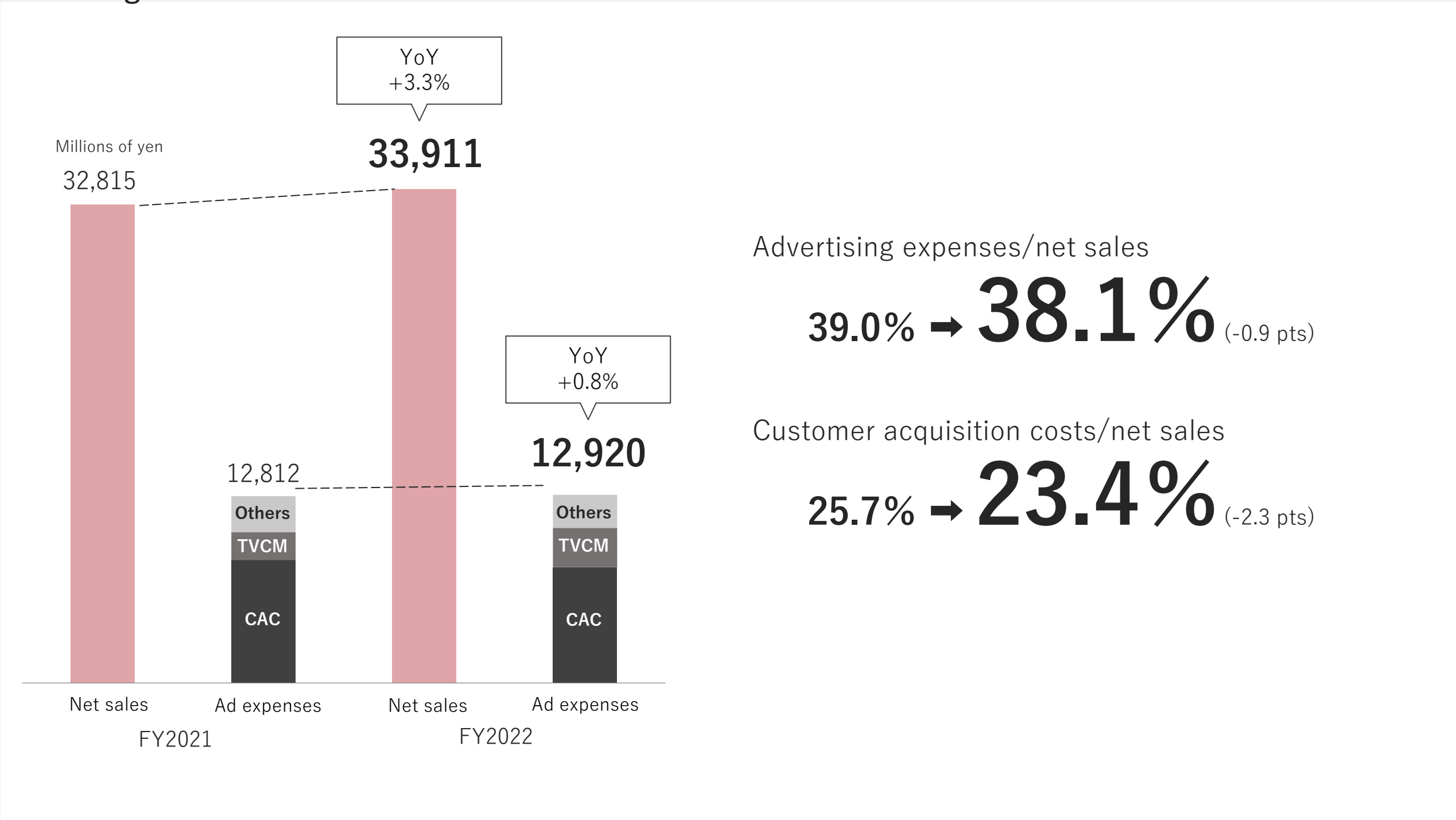
- ✓ Outsourcing and other SG&A expenses substantially increased.
- ✓ Impacted by investments in systems that will enable us to enhance our mission-critical systems and CRM initiatives and increase in investments abroad in the first half of the year.

(Millions of Yen)

	FY2021	FY2022	Increase/ decrease	YoY
SG&A expenses	21,749	24,214	2,464	11.3%
L Advertising	12,812	12,920	107	0.8%
L Outsourcing	4,802	5,787	985	20.5%
L Payroll and allowances	640	1,104	463	72.4%
L R&D	211	432	221	104.6%
L Others	3,283	3,970	687	20.9%

Advertising expenses

- ✓ Advertising expenses were at about the same level as in the previous fiscal year both in amount and as a percentage of sales.
- ✓ Effective and efficient investment in advertising alongside controlling CPO kept customer acquisition strong.



Statement of income (QoQ)

✓ Sales increased slightly, and regained profitability in FY2022 4Q.

Millions of yen

	FY2021 4Q	FY2022 1Q	FY2022 2Q	FY2022 3Q	FY2022 4Q	
Net sales	9,049	9,865	8,104	7,926	8,015	1.1%
Gross profit*	7,192	7,924	6,575	6,162	5,967	(3.2%)
SG&A expenses	6,940	5,849	6,401	6,453	5,510	(14.6%)
L Advertising expenses	4,197	2,950	3,572	3,678	2,718	(26.1%)
Operating profit	252	2,074	173	(290)	456	—

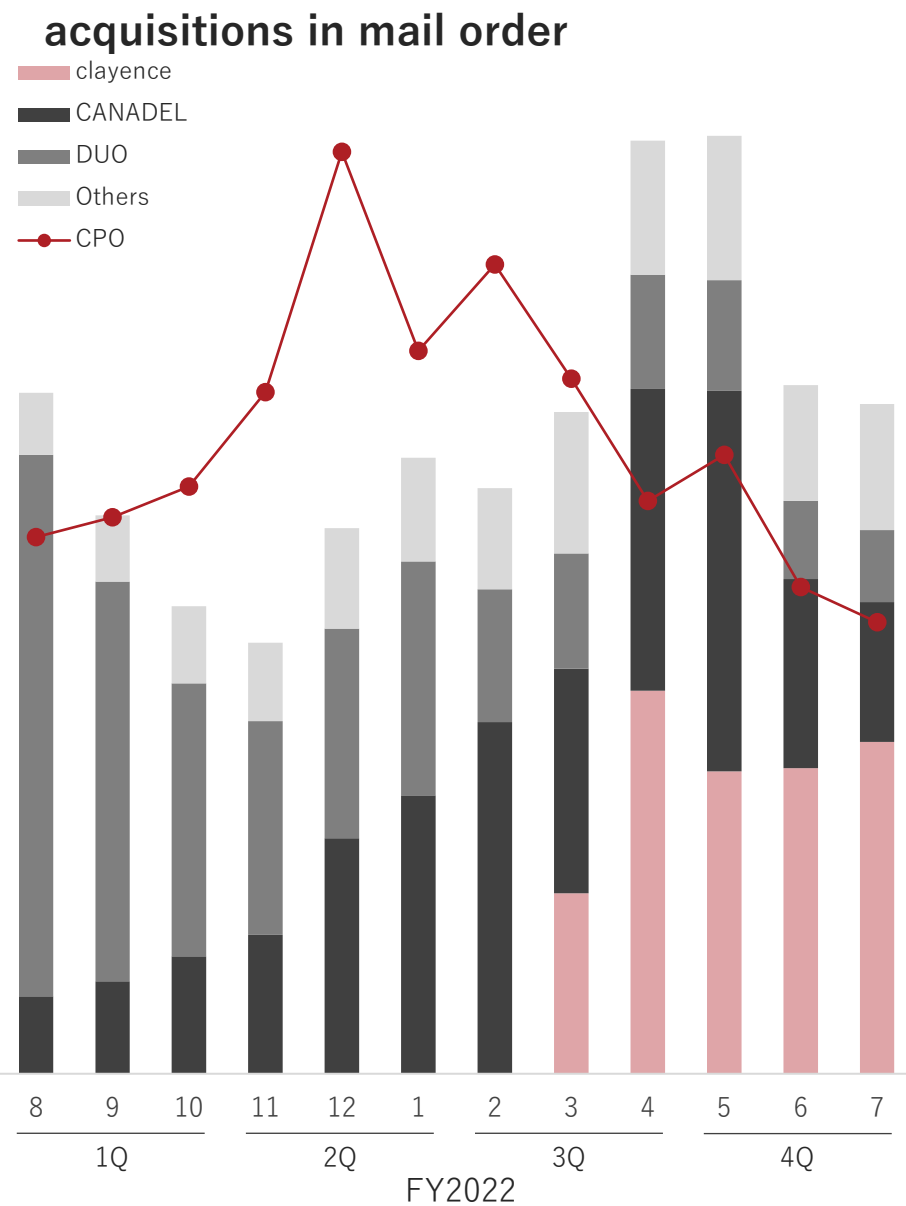
Percentages are compared to 3Q of FY2022

*FY2021 figure is net gross profit.

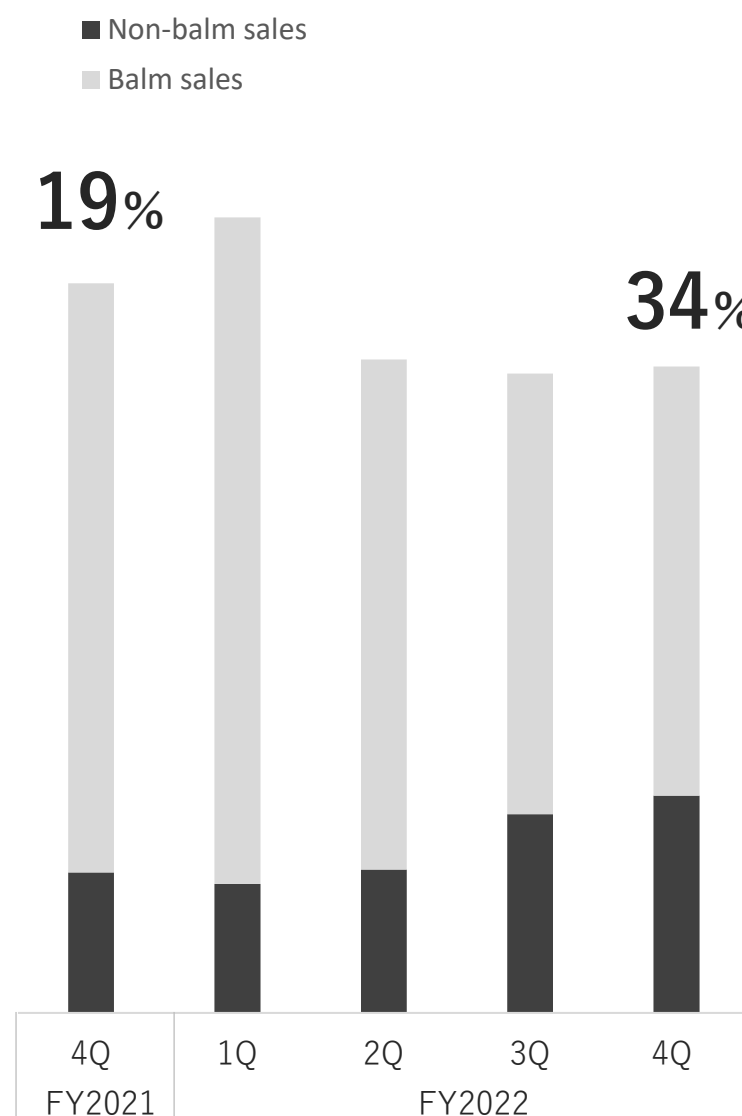
CPO and sales composition ratio

- ✓ Customer acquisition remained strong by controlling the overall CPO.
- ✓ Sales composition ratio of non-balm products increased as CANADEL and clayence grew.
- ✓ Progress made in transforming our business structure that has been solely dependent on the sales growth of DUO into one supported by multiple brands.

CPO and number of new customer acquisitions in mail order



Sales composition ratio of non-balm products



Positives

- ✓ Progress made in transforming our business structure that has been solely dependent on the sales growth of DUO into one supported by multiple brands.
- ✓ Sales composition of DUO was 82% and CANADEL was 16% (DUO was 89% and CANADEL was 10% in the first quarter).
- ✓ Launched a new hair care brand, “clayence” and men’s brand, “DUO men,” clayence has had an explosive start.

Negatives

- ✓ Competition has intensified and the sales of DUO declined more than expected. The highly profitable retail channel particularly faced difficulties.
- ✓ Due to the changes in advertising regulations in 1Q, we were unable to proactively invest in advertising, which undermined mail order sales growth.

02 | FY2023 FORECAST

FY2023 forecast

- ✓ Plan to increase sales by 9.1%, which will be mainly driven by growth of CANADEL and clayence.
- ✓ Aim to increase operating profit by 24.3% by meticulously managing costs and effectively and efficiently investing in advertising.

(Millions of Yen)

	FY2022 Actual	FY2023 Forecast	Increase/ Decrease	YoY	
Full year	Net sales	33,911	37,000	3,088	9.1%
	Operating profit	2,414	3,000	585	24.3%
	Operating profit margin (%)	7.1%	8.1%	–	1.0pts
	Ordinary profit	2,572	2,985	412	16.0%
	Profit attributable to owners of parent	1,424	1,820	395	27.8%
Six months	Net sales	17,970	16,700	(1,270)	(7.1%)
	Operating profit	2,248	930	(1,318)	(58.6%)
	Operating profit margin (%)	12.5%	5.6%	–	(6.9pts)
	Ordinary profit	2,321	930	(1,391)	(59.9%)
	Profit attributable to owners of parent	1,360	550	(810)	(59.6%)

03 | INITIATIVES FOR FY2023

Key brands and sales composition ratios

- ✓ Expanded our product line-up, which now includes 4 skin care brands, 1 hair care brand, and 1 men's category brand.
- ✓ Making steady progress on our path to transforming our business structure to one that is supported by multiple brands.

SKIN CARE

- ✓ Main brand since our founding. Has driven sales for our company as a pioneer in the cleansing balm market.
- ✓ Launched February 2010.
- ✓ Offering 33 SKUs*1

Sales composition ratio*2
82%

SKIN CARE

- ✓ Being nurtured as the second key brand after DUO. Addresses needs of contemporary women by saving time.
- ✓ Launched April 2019
- ✓ Offering 7 SKUs*1

Sales composition ratio*2
16%

HAIR CARE

- ✓ Applying brand nurturing know-how gained through DUO and CANADEL.
- ✓ Home hair care brand that focuses on young generation with graying hair.
- ✓ Launched March 2022.
- ✓ Offering 5 SKUs

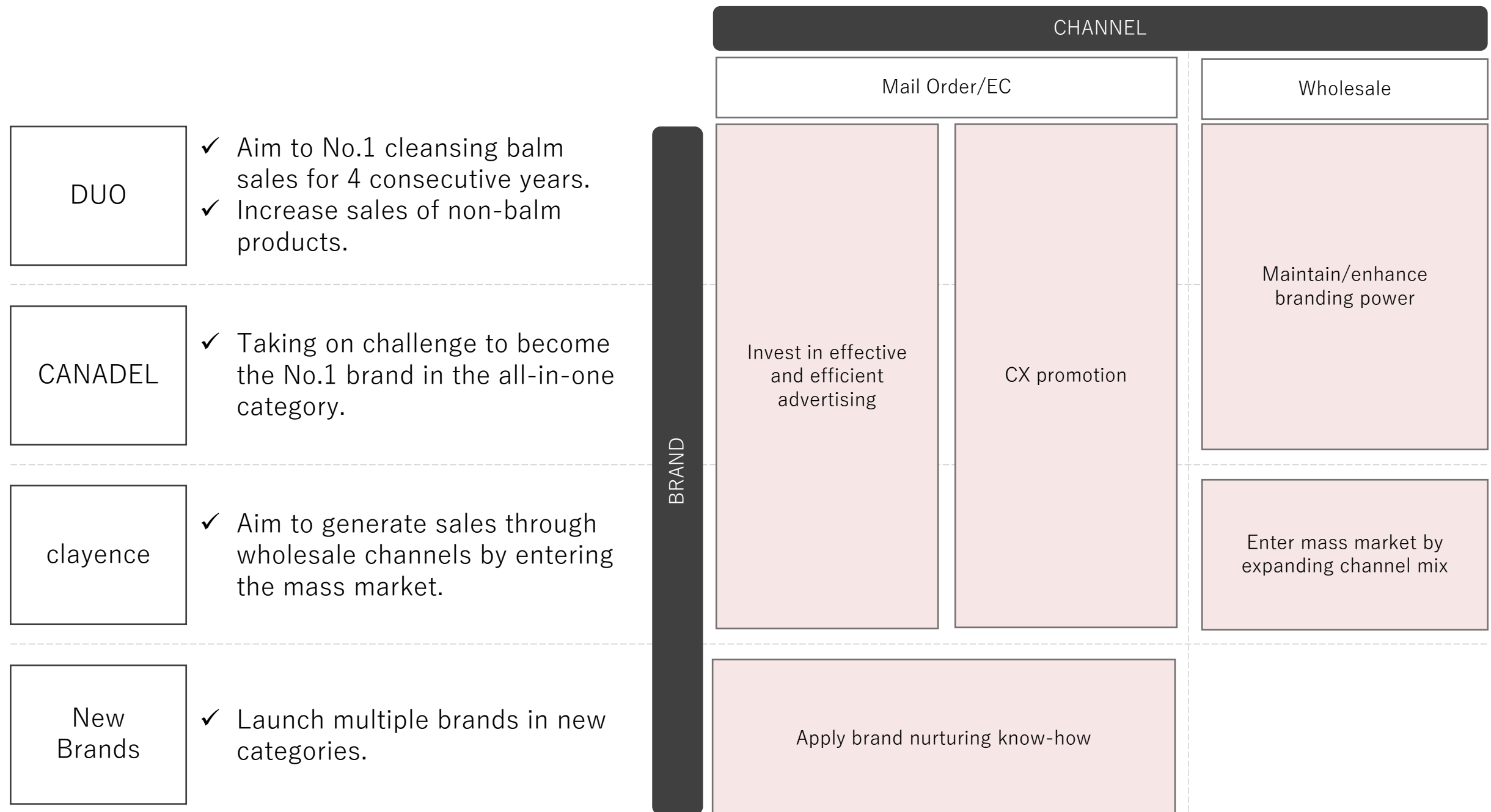
Sales composition ratio*2
2%

clayence

*1: SKU refers to the number of regular products as of July 31, 2022, excluding limited editions and different sizes *2: Calculated based on FY2022 net sales.

Structure for promoting our growth strategy

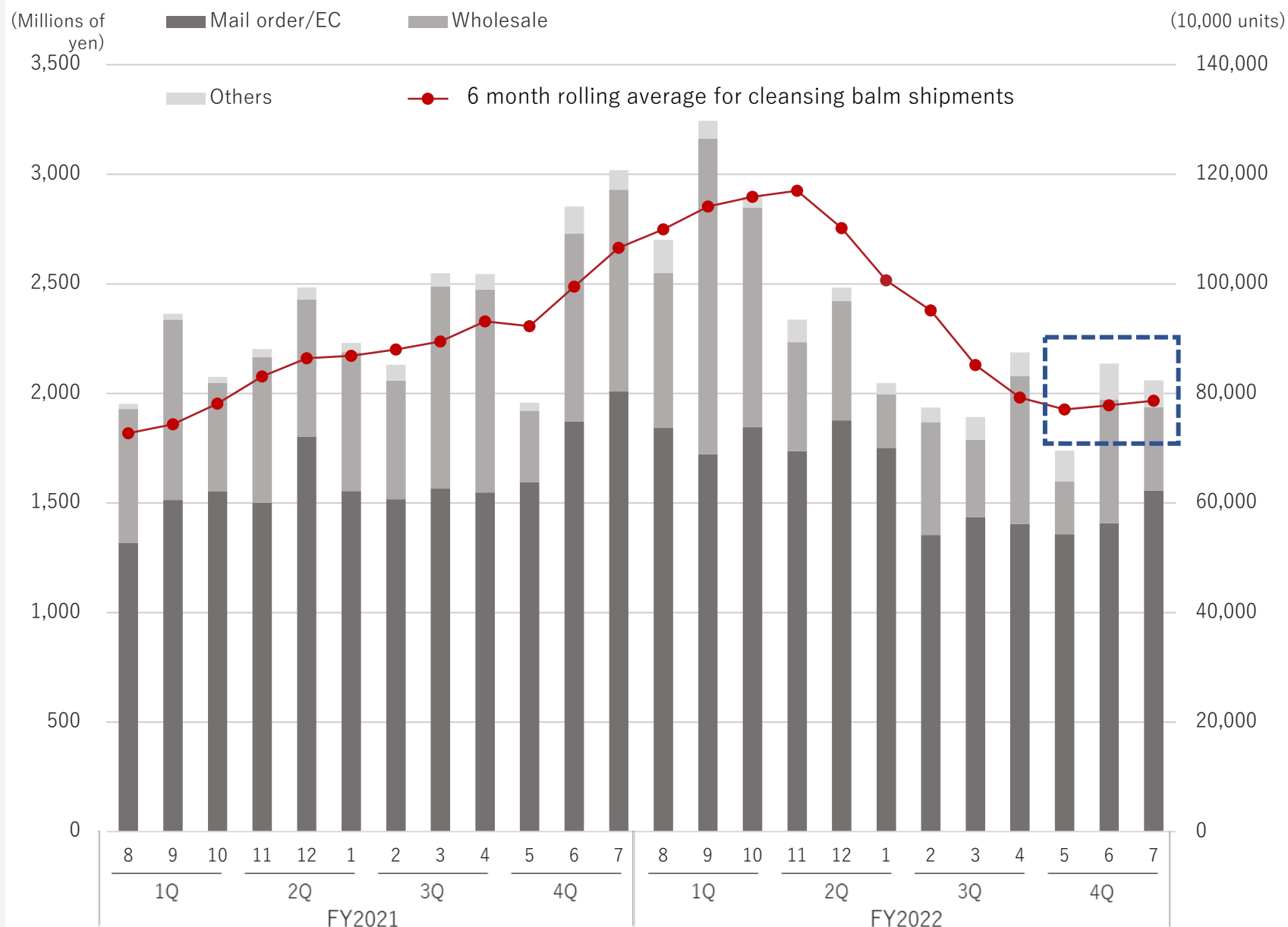
- ✓ Established the brand management division this fiscal year.
- ✓ Execute growth strategy along 2 axes – brand x channel.



Brand strategy : DUO

- ✓ Sales decreased due to intensifying competition since FY2022 Q2, however, the rate of decrease has slowed down recently.
- ✓ Continues to enjoy a commanding lead as the No.1 brand in the category with cumulative number of shipments surpassing 40 million in August 2022.

DUO monthly sales trends and 6 months rolling average for cleansing balm shipments



DUO “Cleansing Balm” series will aim to be No.1 in the category for 4 consecutive years

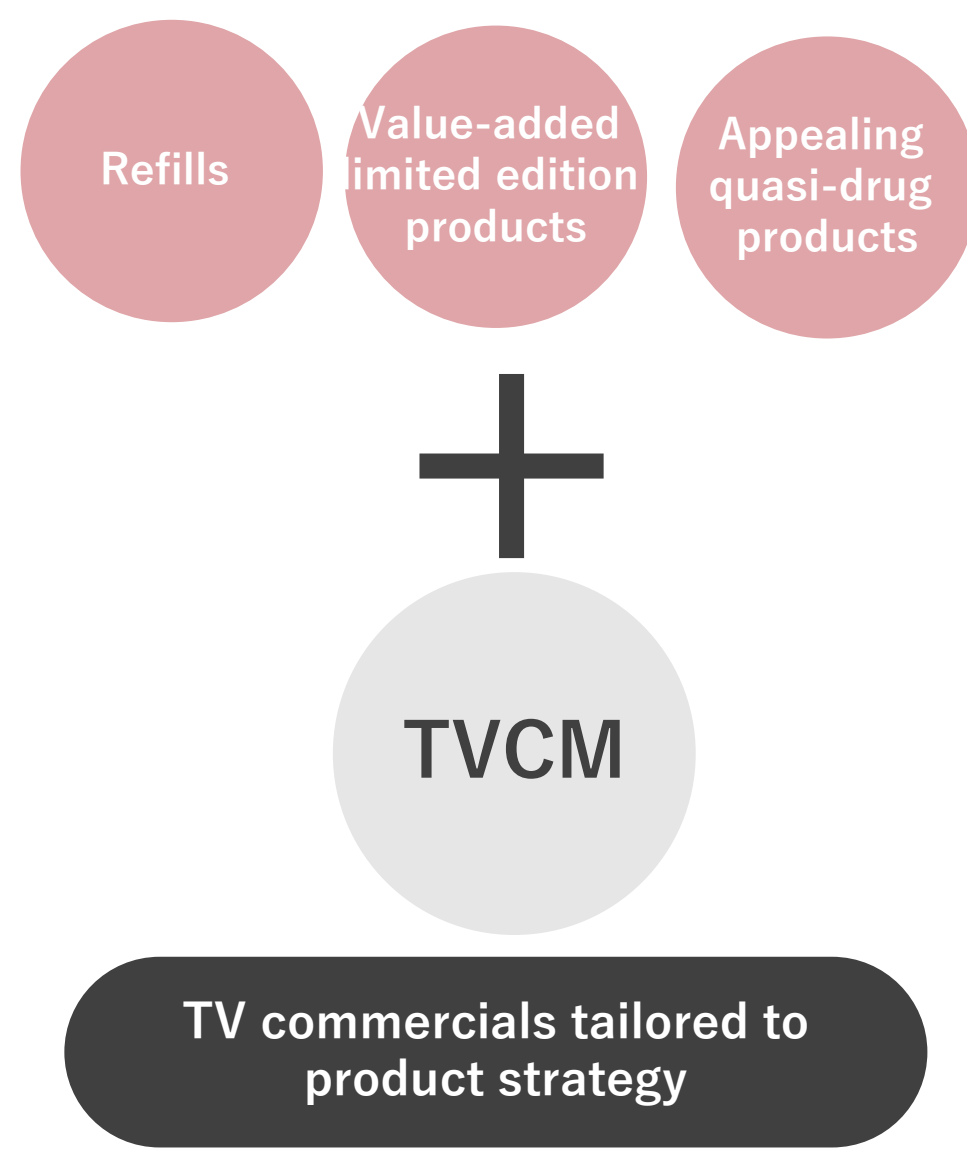
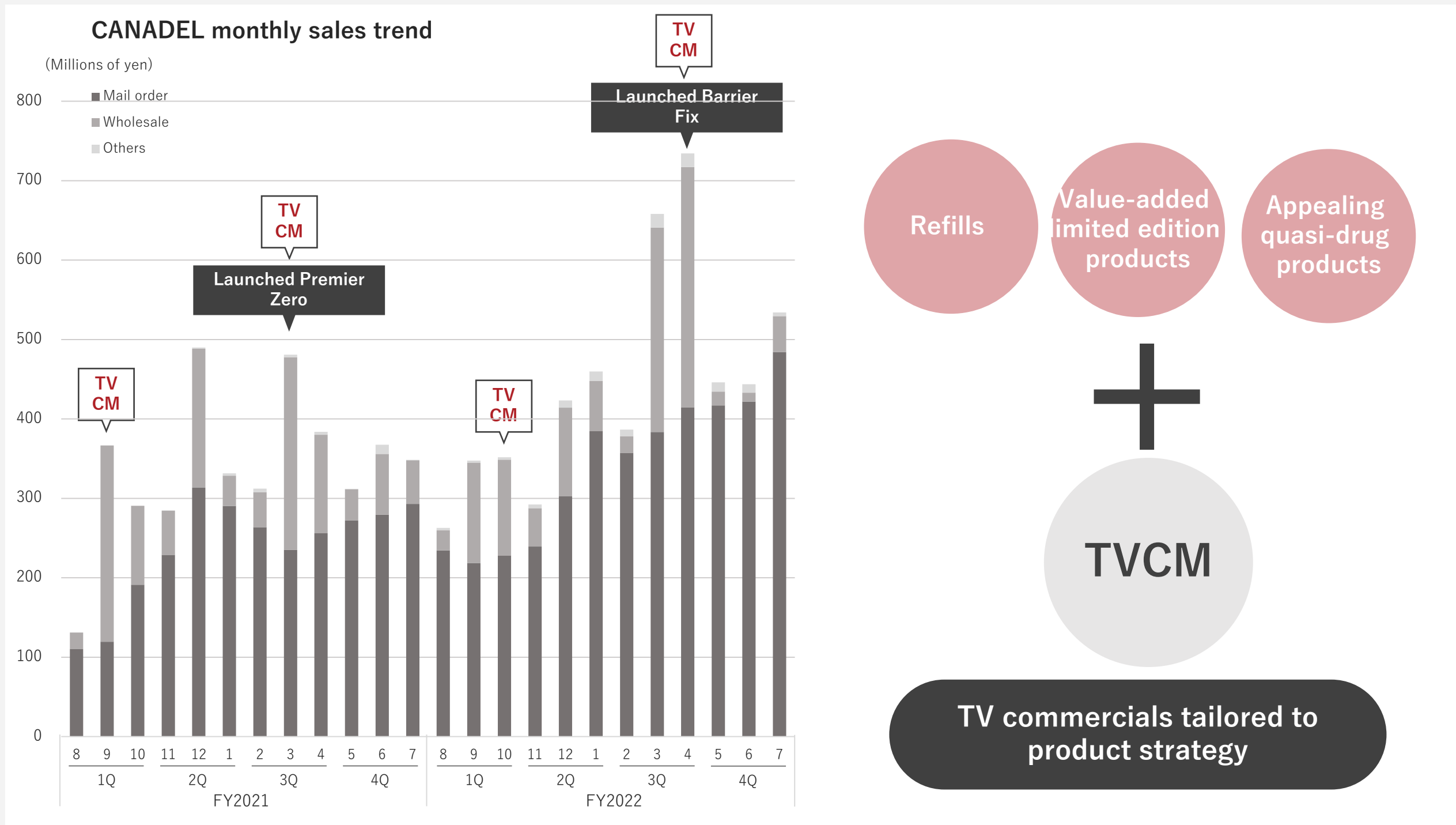
- ✓ Improve brand value through media exposure with the No.1 brand status.
- ✓ Introduce new balm products.

Transform DUO brand into a skin care brand by nurturing non-balm products

- ✓ Nurture skin care products.
- ✓ Developing potentially iconic, core products.

Brand strategy : CANADEL

- ✓ New, unique products such as “Premier Zero” and “Premier Barrier Fix” are driving growth with sales surpassing 5 billion yen in FY2022.
- ✓ Further enhance awareness and expand to main target audience in the all-in-one cosmetics market.
- ✓ Aim to nurture as the No.1 all-in-one brand.



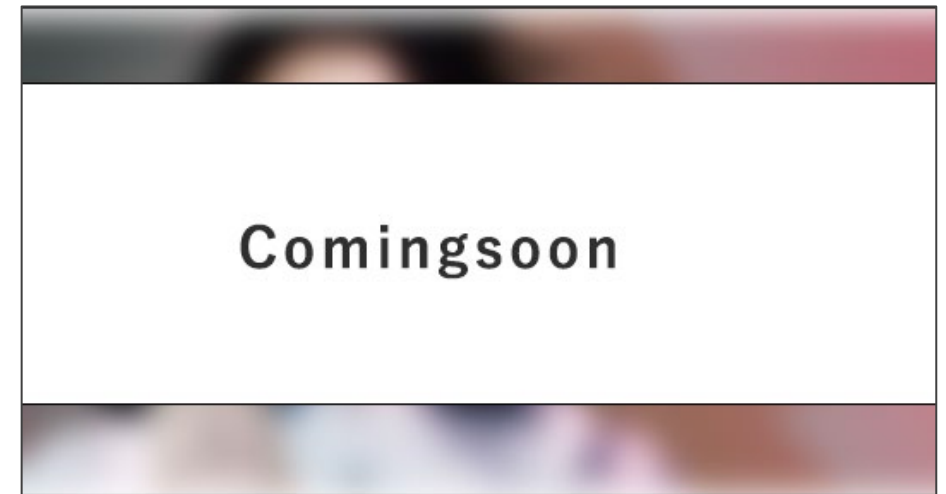
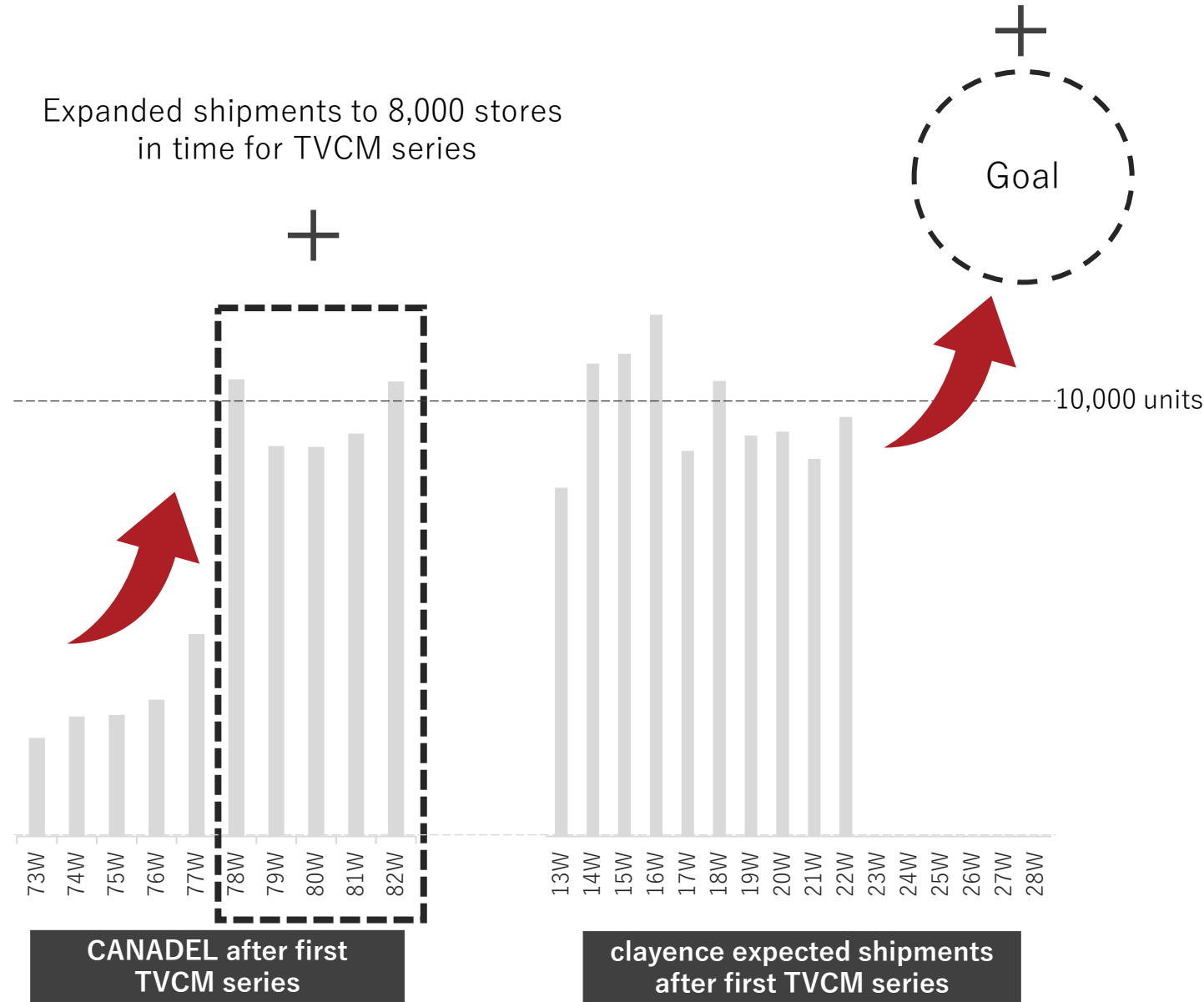
Brand strategy : clayence

- ✓ Has been accepted by the market at a speed that even exceeds DUO and CANADEL since its launch in March 2022.
- ✓ Introduce clayence to the mass market soon and further improve awareness as early performance has exceeded expectations.
- ✓ Planning to expand sales online as well as offline/wholesale by shipping to approximately 7,000 stores during the first half.

Weekly acquisition comparison before and after first TVCM series aired

Planning to expand to approximately 7,000 stores when the TVCM airs

Expanded shipments to 8,000 stores in time for TVCM series

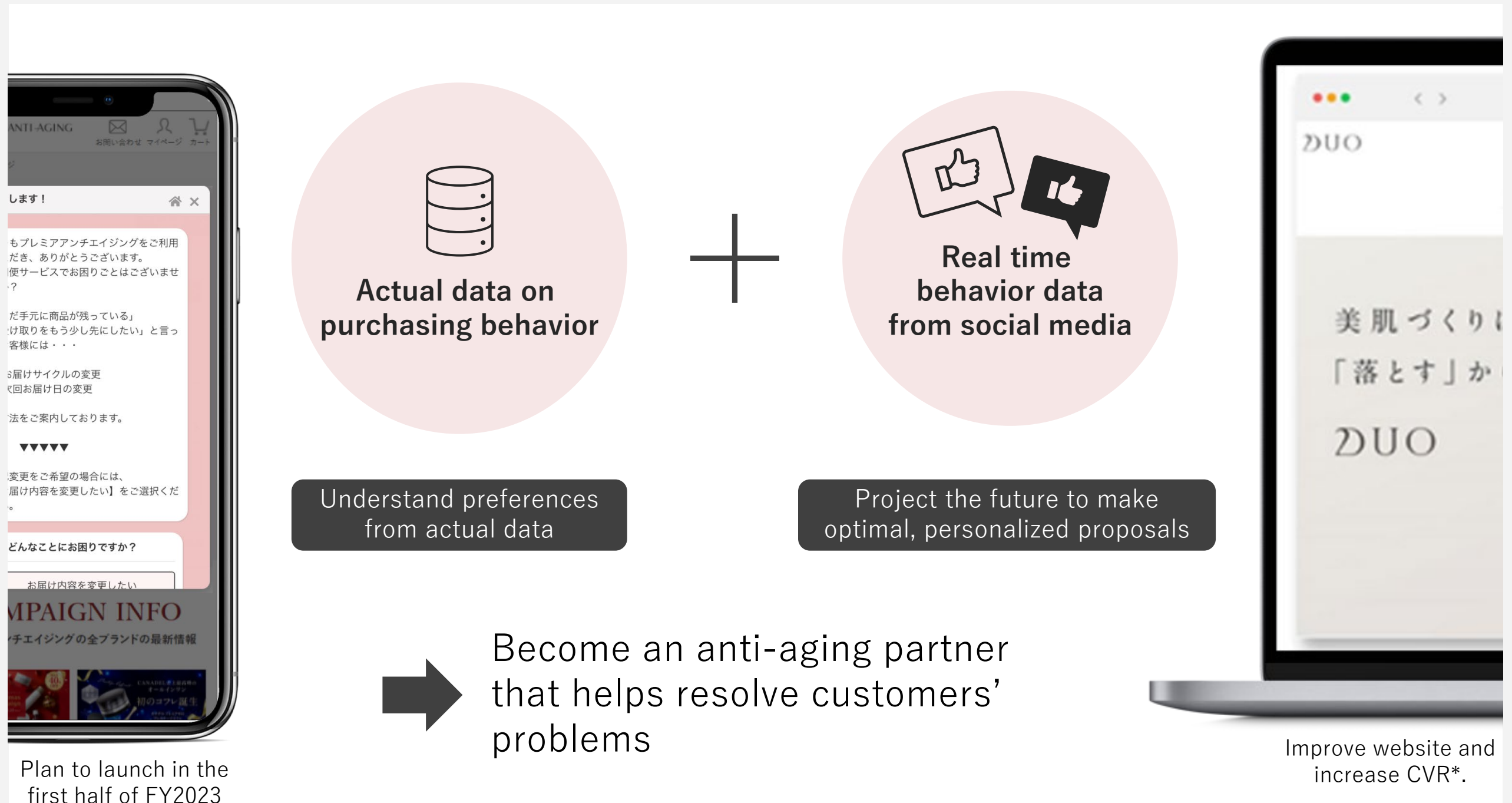


Begin airing TVCMs from October 2022.

*Weeks indicate weeks passed since the brand launch.

Channel strategy : CX promotion that enhances the value of the experience and builds long-term relationships with customers

- ✓ Enhance customer experience and expand our fan base by increasing touchpoints.
- ✓ Integrate, utilize, and analyze the customer data platform we built last fiscal year to make optimal, personalized proposals to each customer, so that we may provide the best customer experience and forge long-lasting relationships with our customers.




*Conversion rate

Sustainability initiatives

- ✓ In FY2022, we undertook sustainability initiatives as part of our ESG efforts.
- ✓ To further strengthen and promote our sustainability initiatives, we established the Sustainability Promotion Committee in August 2022.

E

- Reduce CO₂ emissions
- Reduce amount of plastic used




S

- Participate in International Women's Day
- Improvement of employee engagement



G

- Established the Nomination and Remuneration Advisory Committee
- Implemented the Executive Officer System




Wooden spatulas



Provide refills



Green nano

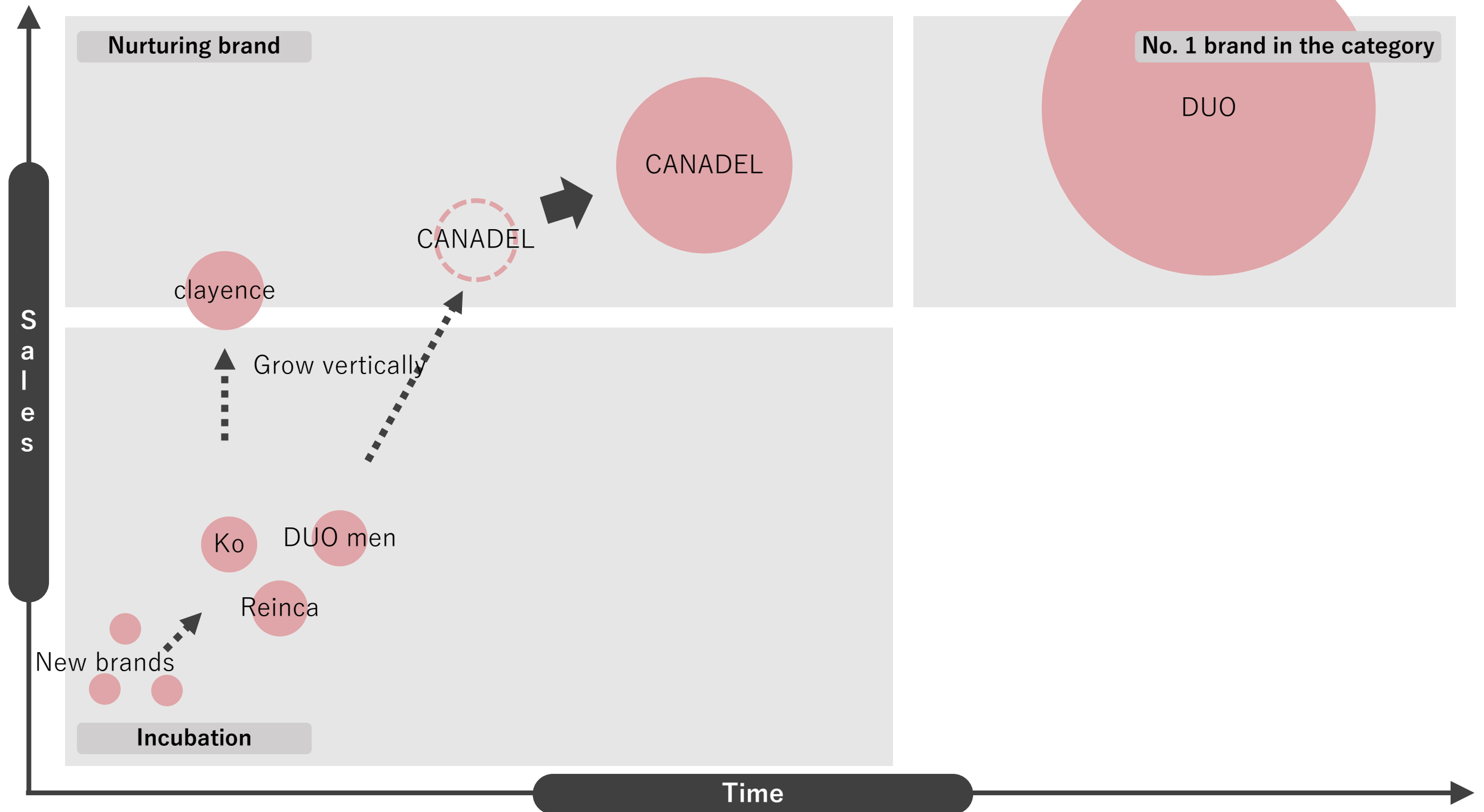


International Women's Day

04 | CLOSING REMARKS

Mid-term strategy

- ✓ Become the leading anti-aging company by creating numerous brands that are by far the No.1 brand in their categories.



05 | APPENDIX

Company Profile

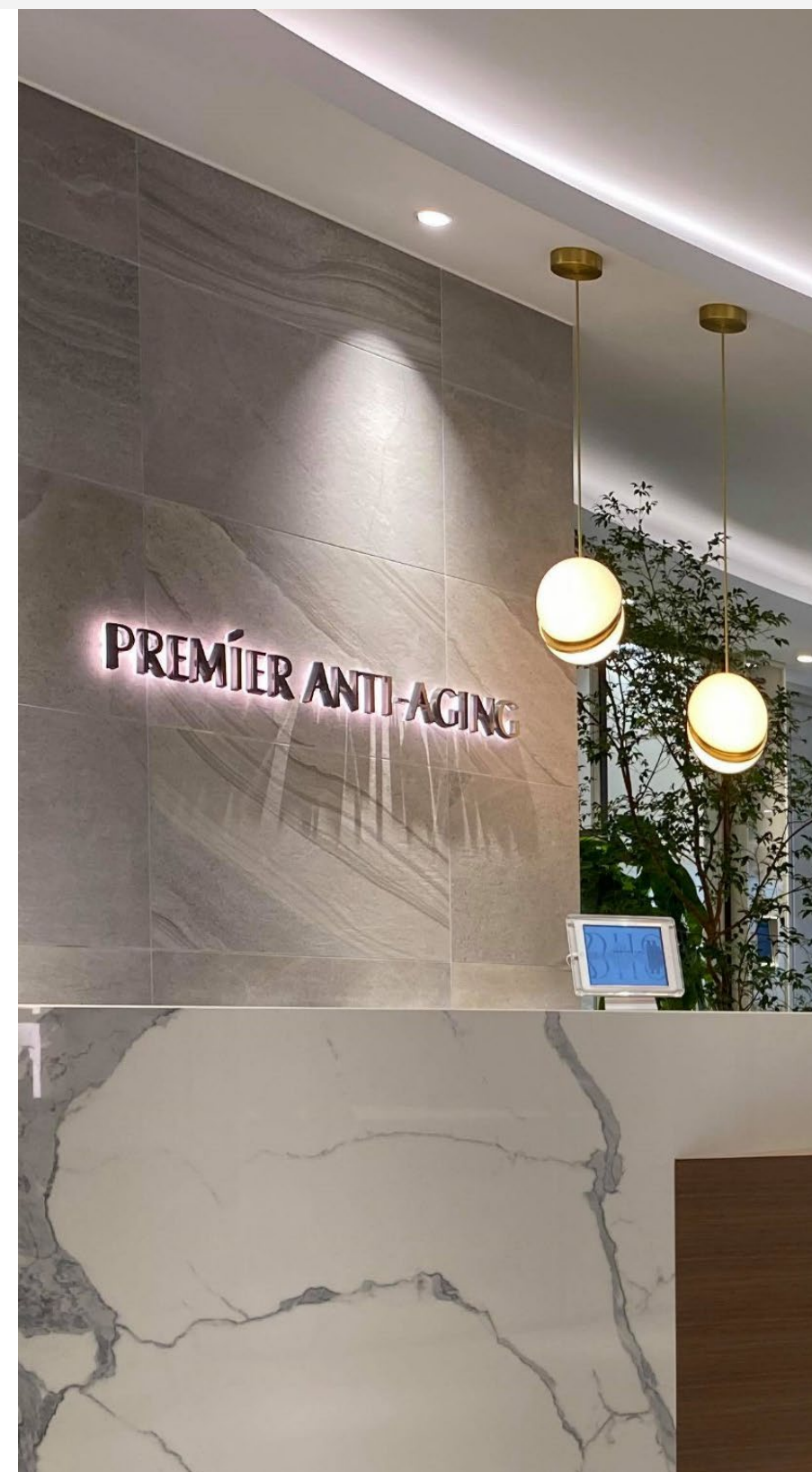
Name	Premier Anti-Aging Co., Ltd.
Established	December 2009
Head office	Toranomon Hills Mori Tower, 1-23-1 Toranomon, Minato-ku, Tokyo

Board members	<p>Kiyoshi Matsuura, President Koji Kawabata, Managing Executive Officer and Director Takahiro Toya, Managing Executive Officer and Director Takuyuki Fukumoto, Independent Outside Director Sakiko Sakai, Independent Outside Director Motoyasu Ishihara, Audit & Supervisory Board Member Akira Ide, Audit & Supervisory Board Member Yosuke Kondo, Audit & Supervisory Board Member Yoichiro Ito, Managing Executive Officer Keigo Uemura, Executive Officer Kiyoshi Iwakawa, Executive Officer Yuka Uehara, Executive Officer</p>
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Employees	223 (as of July 31, 2022)
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Line of business	Planning, development, import/export, mail-order/EC, wholesale and retail business of cosmetics and health food products
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Group companies	<p>Premier Wellness Science Co., Ltd. Premier Anti-Aging (Shanghai) Co., Ltd.</p>
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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.

- 2009** – December: Established Premier Anti-Aging Co., Ltd. in Toranomom, Minato-ku, Tokyo
- 2010** – February: Started sales of cosmetic products with the launch of the DUO brand and began selling The Cleansing Balm through Mail-order/EC service
- 2012** – July: Relocated the head office to Roppongi Hills Keyakizaka Terrace
- 2018** – September: Started airing TV commercials (featuring KinKi Kids, a popular male duo), the first such ad for DUO
- 2019** – April: Launched the CANADEL brand, an aging care brand for adults
– October: Cumulative sales of the DUO “The Cleansing Balm” series exceeded 10 million units
- 2020** – March: Relocated the head office to Toranomom Hills Mori Tower
– September: Launched “sitrana,” a new brand for sensitive skin
– September: Started airing the first round of TV commercials for CANADEL (featuring actress Ryoko Yonekura)
– October: Launched “immuno,” a new organic cosmetic brand
– October: Listed on the Tokyo Stock Exchange Mothers market
– December: Established Premier Wellness Science Co., Ltd.
- 2021** – February: Established Premier Anti-Aging (Shanghai) Co., Ltd.
- 2022** – March: Launched the “clayence” hair care brand
– April: Launched “DUO MEN,” a men’s skin care brand
– August : Cumulative sales of the DUO “The Cleansing Balm” series exceeded 40 million units

Balance Sheet (Comparison with the End of the Previous Fiscal Year)

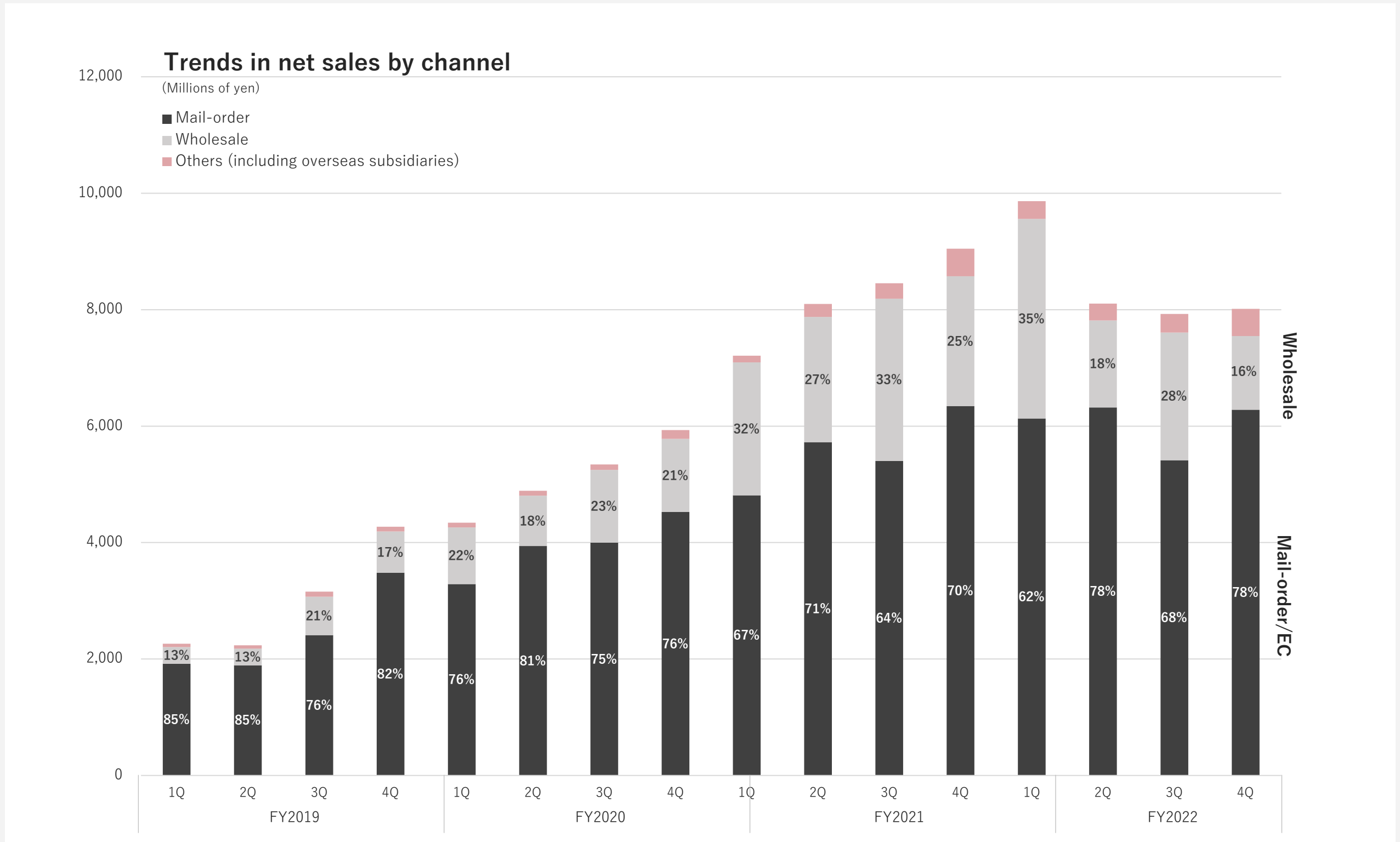
- ✓ The ratio of non-current assets to total assets remained controlled at about 6% while asset-light operations continue.

(Millions of yen)

	FY2021	FY2022	Increase/ decrease	Compared with the end of FY2021
Total assets	13,071	12,300	(770)	(5.9%)
L Current assets	12,479	11,516	(962)	(7.7%)
L Non-current assets	591	783	192	32.5%
Total liabilities	6,168	3,952	(2,215)	(35.9%)
L Current liabilities	5,591	3,220	(2,371)	(42.4%)
L Non-current liabilities	576	731	155	27.0%
Total net assets	6,903	8,348	1,444	20.9%
Total liabilities and net assets	13,071	12,300	(770)	(5.9%)
Equity ratio (%)	52.8%	67.9%	—	15.1pts

Net Sales by Channel

✓ Other sales are on an increasing trend due to sales from outside malls.

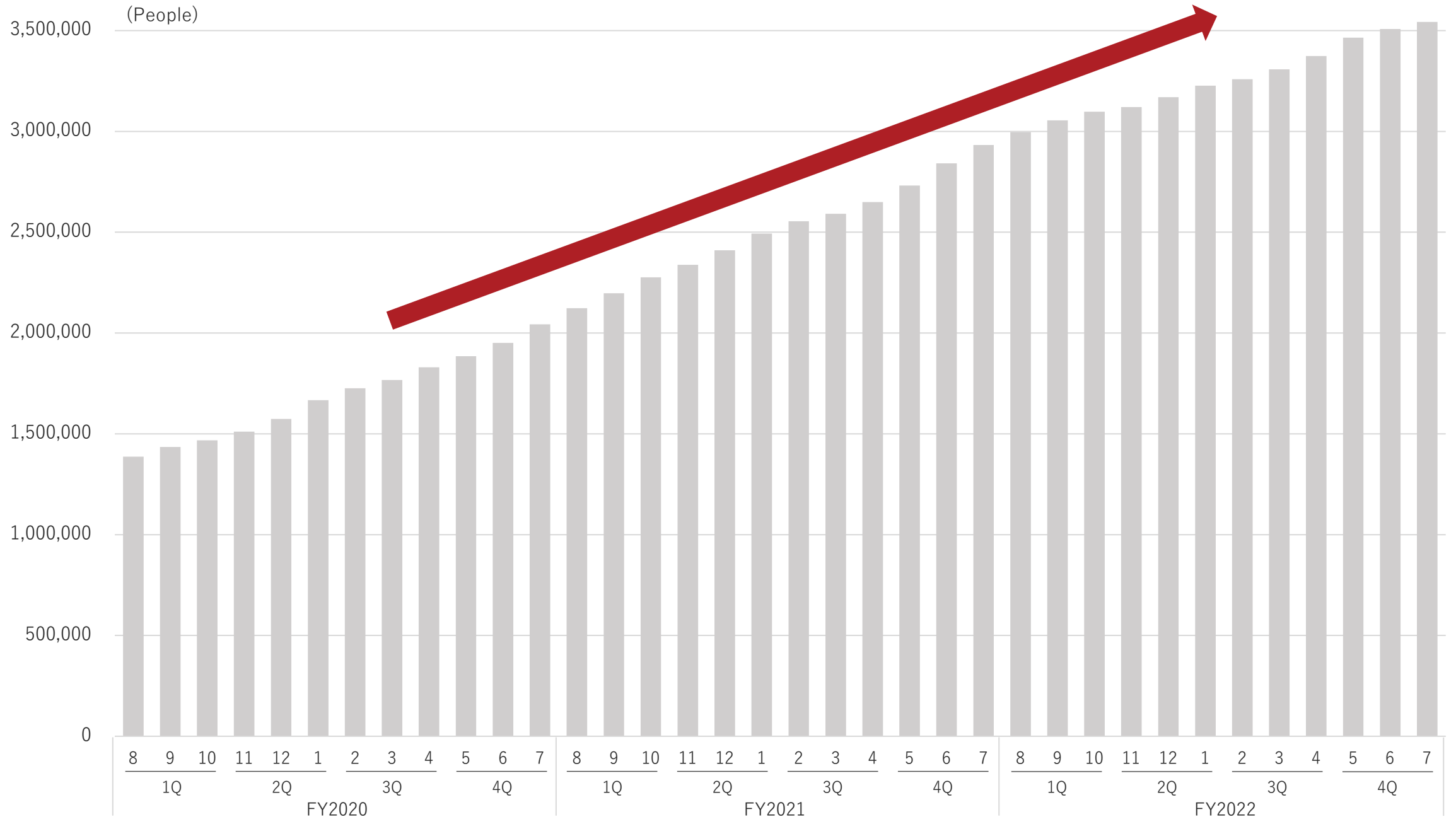


Total Number of Mail-order/EC Customers

Total number of members is approximately 3.5 million. Build long-term relationships with customers and activate the membership base.

Trends in the total number of mail-order/EC customers

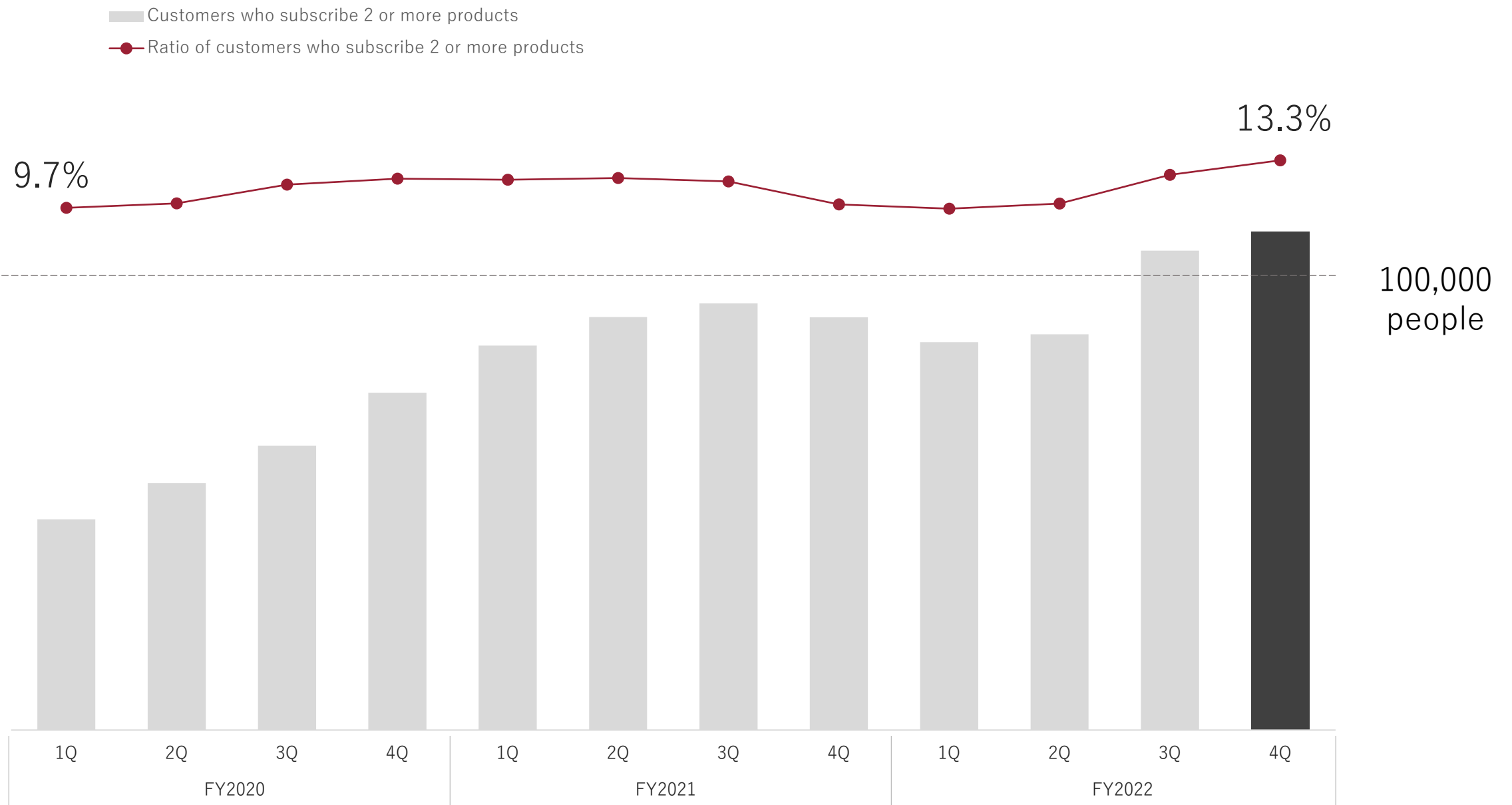
(People)



Number of Cross-selling Customers

- ✓ Number of customers who subscribe 2 or more products has increased, mainly in clayence.
- ✓ Aim to increase unit price and reduce costs by increasing the number of cross-selling customers more broadly.

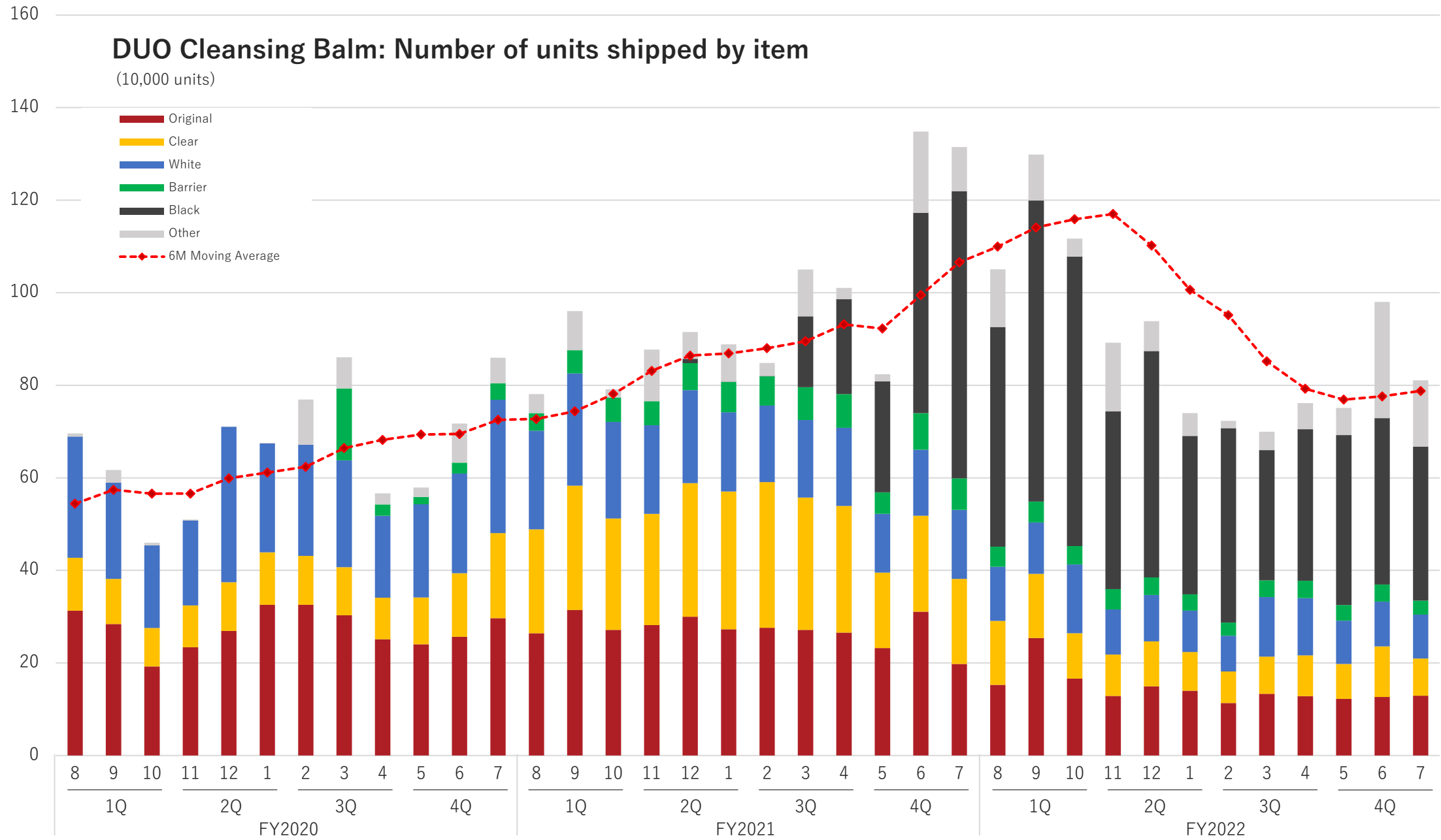
Number of customers who subscribe 2 or more products and the relevant ratio



Note: The number of customers who subscribe 2 or more products refers to customers who are purchasing 2 or more product categories (e.g., balms and serums) on a regular basis.

DUO Cleansing Balm Monthly Shipment Trends (by Unit)

- ✓ Cleansing balms continued to decline due to increased competition, but the decline in unit shipments slowed down in the second half of FY2022.
- ✓ In August 2022, cumulative shipments surpassed 40 million units, firmly establishing the brand as the overwhelming No. 1 brand in its category.



Note: For some transactions, shipments and recording of relevant sales are not timed due to accounting reasons.

Situation by Brand: DUO

✓ The core brand since inauguration, DUO continues to drive sales as the pioneer in the cleansing balm market.



*The SKU figure refers to the number of regular products as of July 31, 2022, excluding limited items and different sizes.

Situation by Brand: CANADEL

- ✓ Being fostered as the second brand following DUO, CANADEL focuses on the busy modern women's needs for spending less time on skin care.

CANADEL

Based on the concept of “continuously pursuing beauty, being true to oneself, and enjoying life,” CANADEL is a highly advanced aging care brand launched in April 2019 to address the changing skin care needs of mature consumers. Four types of all-in-one creams and eye cream are currently available, taking in mind the lifestyles of modern women proactively living busy daily lives. We currently have 7 SKUs* centering on all-in-one cosmetics.

Major cosmetics awards granted in the first half of 2022



LIPS June 1 issue
LIPS Best Cosmetics
First Half of 2022
New Category Award
All-in-One Category
2nd place



LEE August issue
Immediate solutions to
your skin problems! Best
Cosmetics 2022 Summer
Fluctuating & Acne-prone
Skin Care
Grand Prize

+5 more awards



*The SKU figure refers to the number of regular products as of July 31, 2022, excluding limited items and different sizes.

Situation by Brand: sitrana

✓ A cosmetics brand for sensitive skin with cica substance*1 in all products, sitrana targets the Chinese market.

sitrana

Featuring a unique anti-pollution capability, the sitrana products protect the skin from dryness that causes skin irritation and such external stimuli as air pollution and dirt/grime. The cica substances*1 under our original blending help fix the damaged skin and facilitate users to attain their ideal skin. We currently have 14 SKUs*2.

Major cosmetics awards granted in the first half of 2022



MAQUIA September Issue
Everyone's Best Cosmetics
Maquia Influencers
BEST COSMETICS



LEE August issue
Immediate solutions to
your skin problems!
Best Cosmetics 2022
Summer
Skincare for pores category
+3 more awards



*1: Cica refers to the substance extracted from a plant called Centella asiatica. *2: The SKU figure refers to the number of regular products as of April 30, 2022, excluding limited items and different sizes.

Situation by Brand: immuno

- ✓ A functional organic cosmetics brand, immuno takes SDGs into consideration and promotes sustainable development.

immuno

While reflecting the comfort, aroma and eco-consciousness of organic products, the immuno brand was developed to achieve “desired results for skin” from a scientific perspective, not just for “feeling great.” It offers “functional aging care” that allows users to sense the difference after use rather than feeling somehow good. We currently have 9 SKUs*.

Major cosmetics awards granted in the first half of 2022



LEE August issue
 Immediate solutions to your skin problems!
 Best Cosmetics 2022 Summer
 Beauty Wise Men's
 Best-Loved Cosmetics



&ROSY August issue
 The 20 beauty experts
 The best cosmetics that meet the aesthetic sense
 The best cosmetics of the 20 beauty experts!
 Oil category 1st place

+3 more awards



*The SKU figure refers to the number of regular products as of July 31, 2022, excluding limited items and different sizes.

Situation by Brand: clayence

- ✓ A home hair care brand that focuses on young generation with graying hair, clayence was developed by applying the brand nurturing know-how gained through DUO and CANADEL.



A hair care brand inspired by a clay spa, clayence was created by combining the power of clay and cutting-edge science to provide hair and scalp treatment while coloring gray hair. With calming aroma on top of carefully selected clay and beauty substances, the product transforms tedious hair care into luxurious time at the spa. We currently have 5 SKUs*.

Major cosmetics awards granted in the first half of 2022



LEE August issue
 Immediate solutions to your skin problems!
 Best Cosmetics 2022 Summer Beauty Wise Men's Best-Loved Cosmetics Department



MAQUIA August Issue
 MAQUIA 2022 First Half Best Cosmetics Announcement Shampoo & Conditioner category 3rd place

+4 more awards

*The SKU figure refers to the number of regular products as of July 31, 2022, excluding limited items and different sizes.

Situation by Brand: DUO men

- ✓ With DUO men, we newly entered the fast-growing men's cosmetics market by taking advantage of the high awareness of DUO brand.

DUO *men*

While staying true to DUO's brand concept of "Beauty is reborn from skin care," we took a close look at skin problems and damage specific for men from the viewpoint of ecological and biological science. DUO men offers secure and effective skin care requiring only a few easy steps, allowing all men living busy lives to continue skin care in an enjoyable way. We currently have 3 SKUs*.

Major cosmetics awards granted in the first half of 2022



FINEBOYS August issue
The 15th FINEBOYS
Men's Beauty Awards!
Facial Cleanser Category
2nd place



MEN'S CLUB August issue
MEN'S CLUB BEAUTY
the best of the best 2022
Facial Cleansing Category
3rd place

+1 more awards



*The SKU figure refers to the number of regular products as of July 31, 2022, excluding limited items and different sizes.

Premier Wellness Science's brand : Ko

- ✓ A brand with CBD (cannabidiol) as a key ingredient, which has a wide range of usefulness in beauty and health.



Focusing on the human endocannabinoid system (ECS) and circadian rhythm. The key ingredient CBD (cannabidiol) supports daily rhythms and helps maintain a healthy mind and body. To ensure the safety and transparency of CBD raw materials, we have introduced a traceability system that allows inspection, identification, and tracking through a combination of lot number and serial number identifiers.

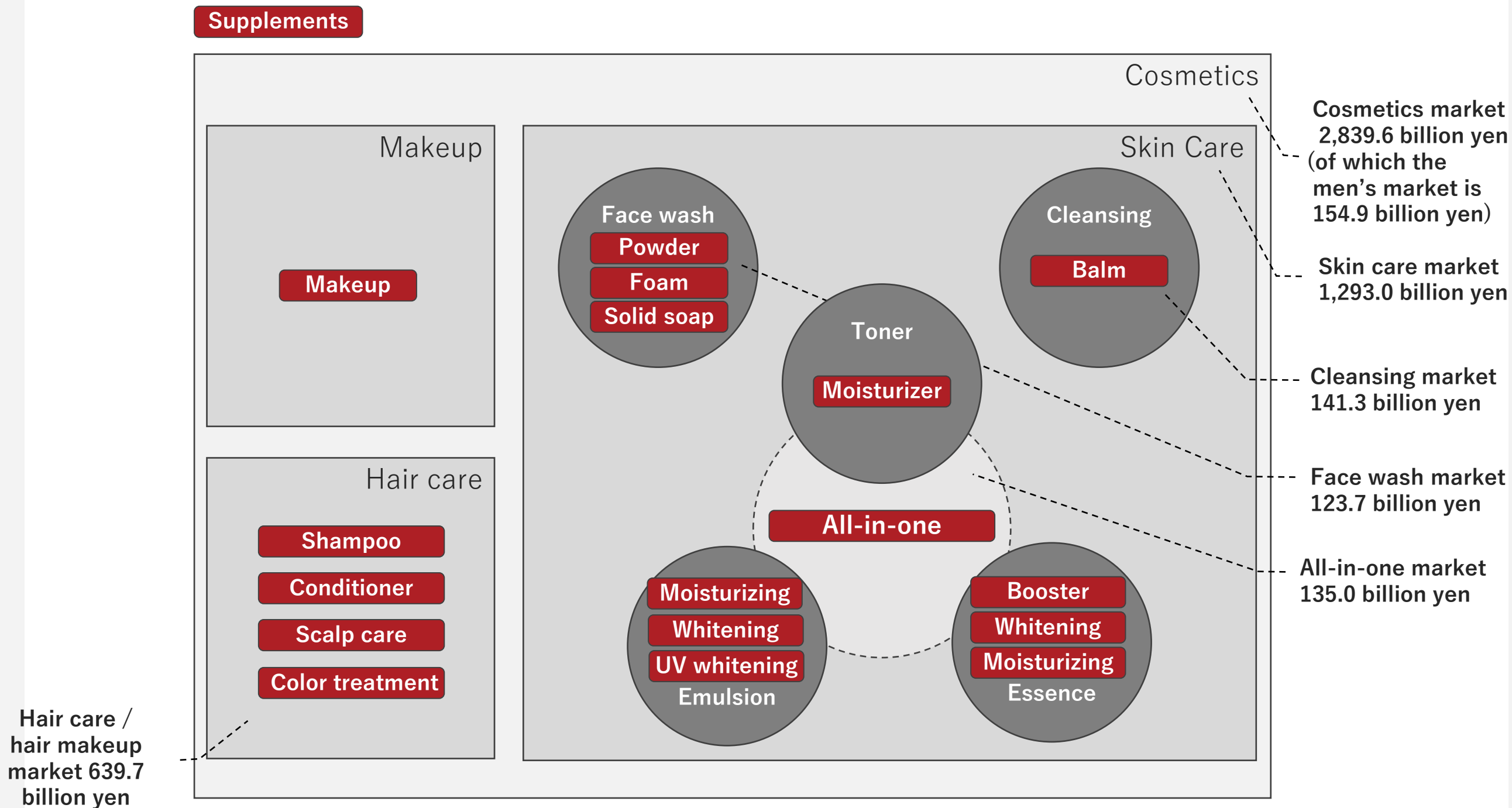
We currently have 3 SKUs*.



*The SKU figure refers to the number of regular products as of July 31, 2022, excluding limited items and different sizes.

Market Size of the Domestic Cosmetics Market

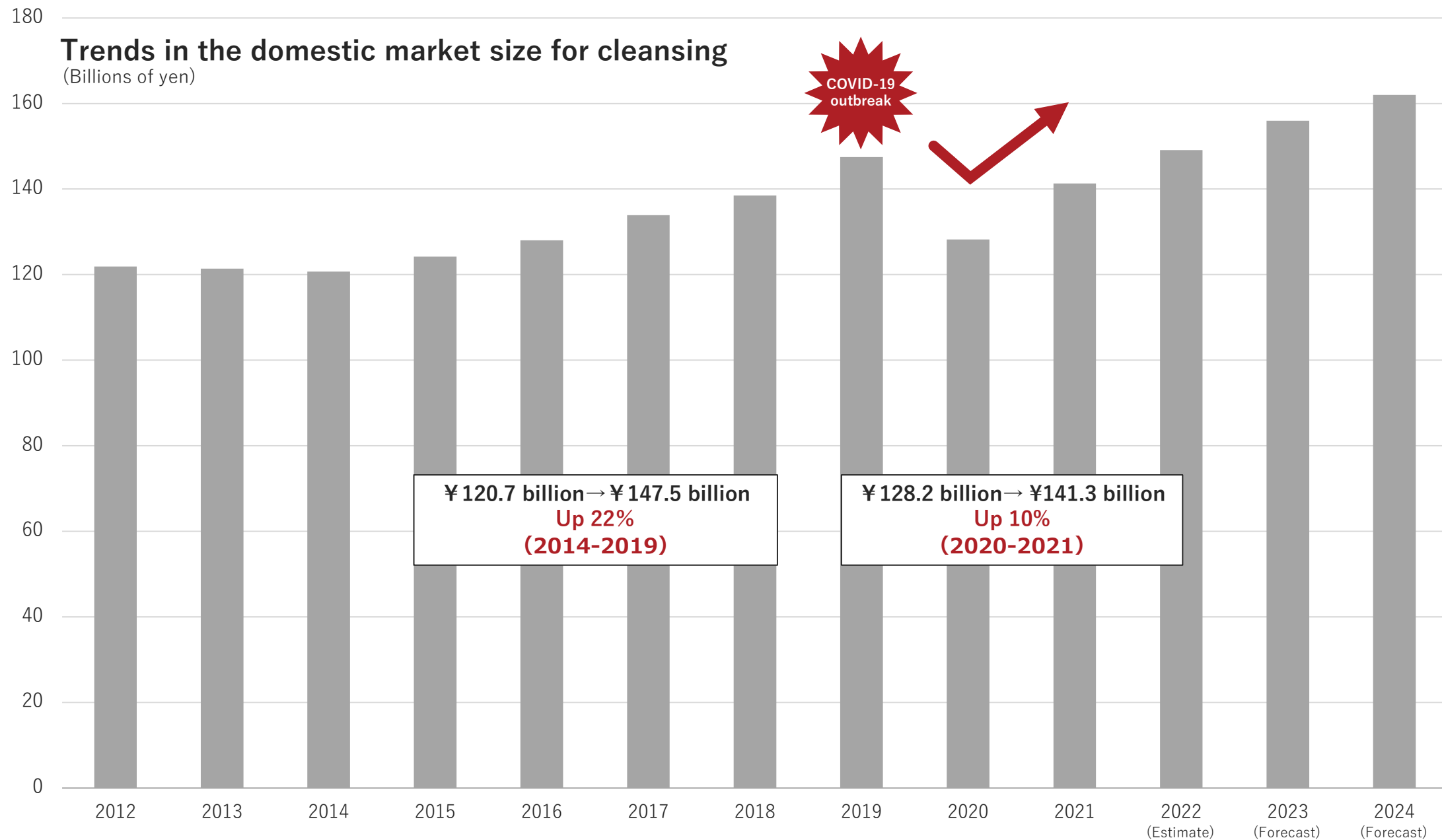
✓The domestic cleansing market, which includes balms, totaled 141.3 billion yen in 2021.



Note: Gray circles indicate the markets, and red boxes represents our products. Source: "Cosmetics Marketing Handbook 2021" by Fuji Keizai

Domestic Market Size for Cleansing

- ✓ Domestic cleansing market plummeted due to disappearance of inbound demand caused by COVID-19.
- ✓ The market expanded again in 2021 as the positioning of cleansing products changes from makeup remover to skin care products.



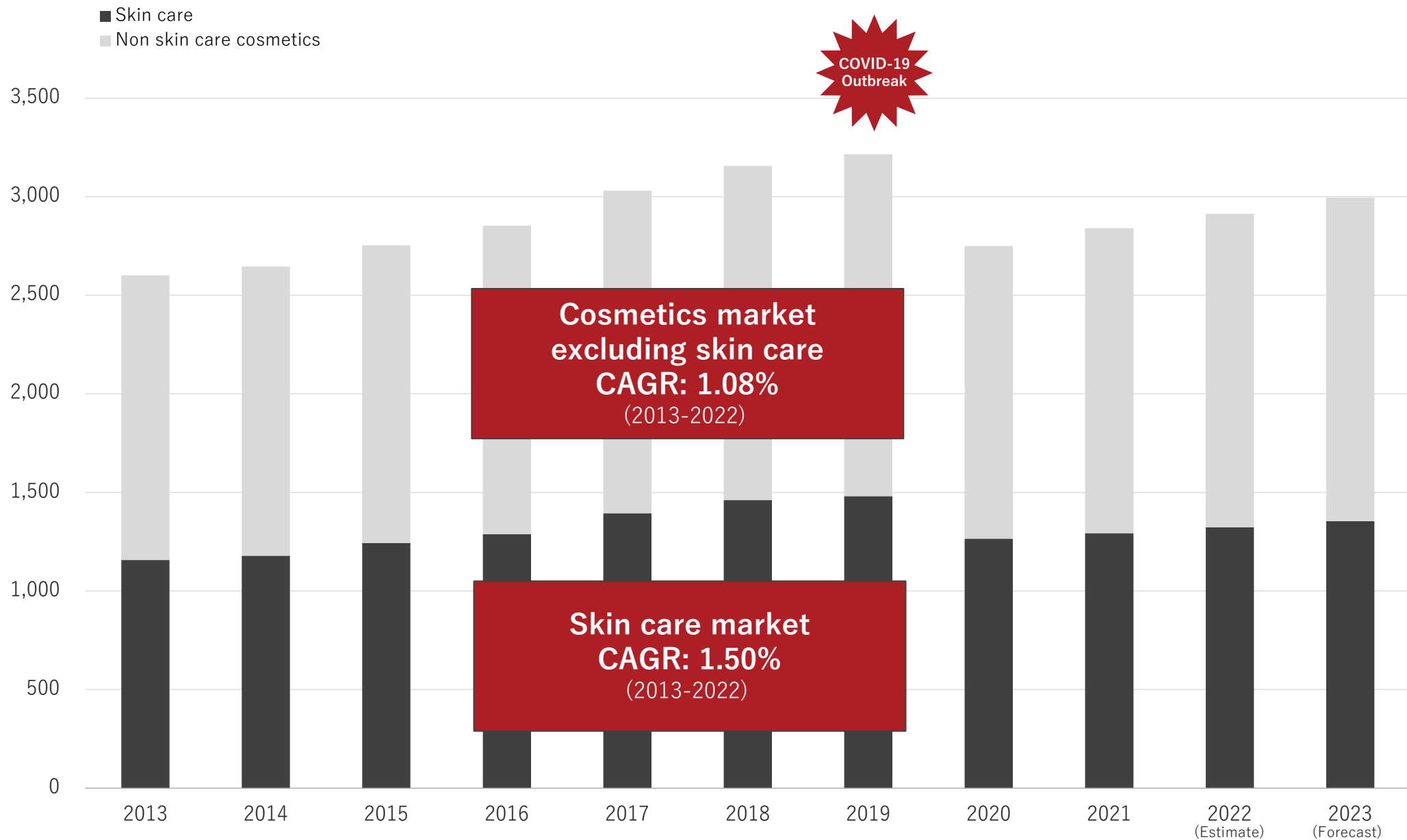
Domestic Market Size for Cosmetics and Skin Care

Domestic cosmetics market, which continued to grow moderately through 2019, declined significantly with COVID-19.

Recovery trend in 2021 due to reassessment of the importance of skin care under masked lifestyles.

Trends in the domestic market size for cosmetics and skin care

(Billions of yen)



Organizational Characteristics

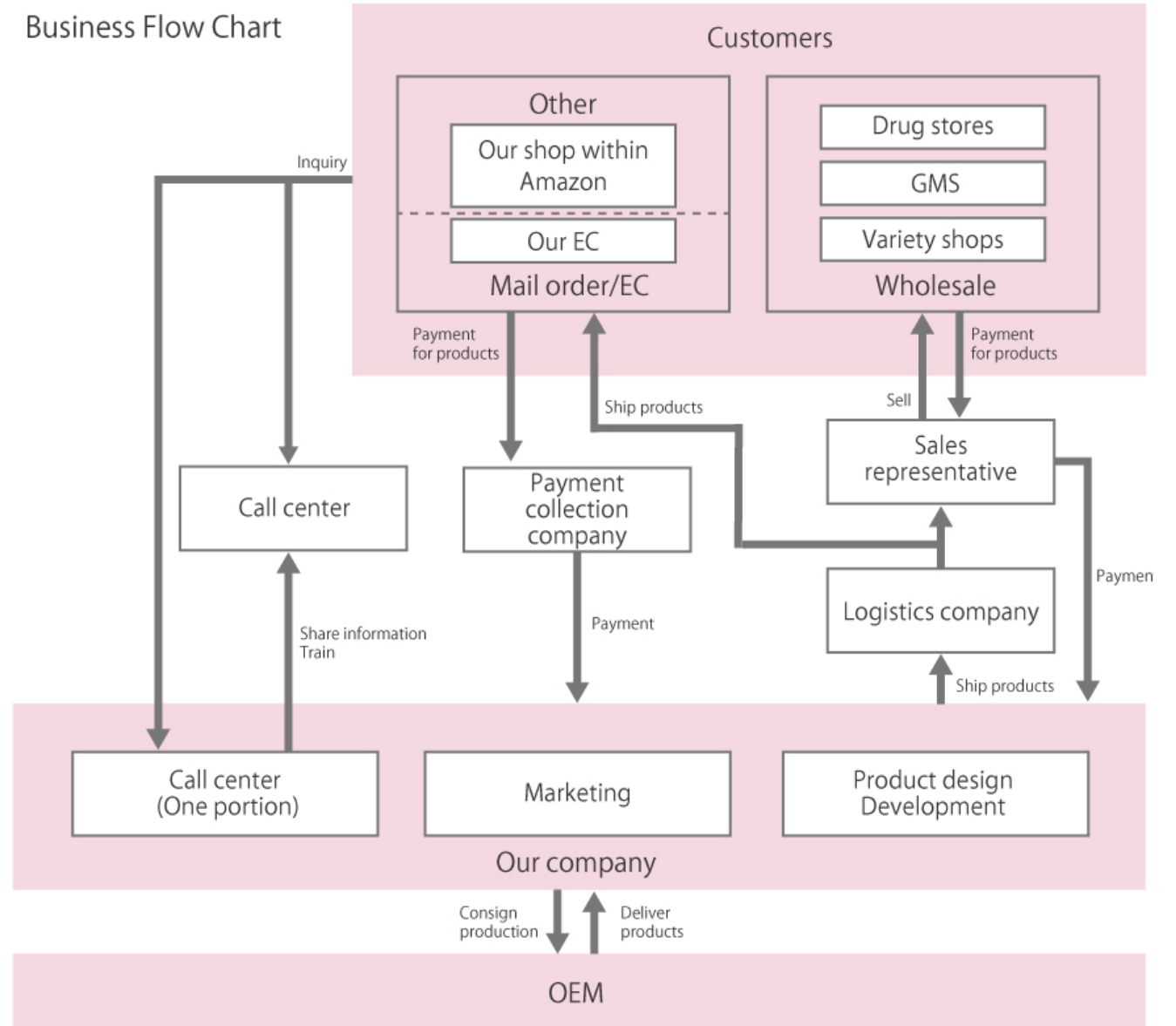
- ✓ We have created an organization that focuses on core operations to achieve high productivity and mobility.

1. Fables manufacturing

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

2. Sales per employee

We focus on core operations such as product development and marketing, while outsourcing logistics, manufacturing, and most of the call center operations, etc. By doing so, the ratio of non-current assets is kept low and sales per employee is at a higher level than our competitors.



Environmental Initiatives

✓ We are actively promoting eco-conscious initiatives.

Common to all brands

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

FSC® certification is a system in which the FSC® label is attached to wood products produced from forests deemed to be well-managed or other products using low-risk wood, allowing them to be sold as certified products.



The mark of responsible forestry

CANADEL

Received the grand prize of "2021GP Environmental Grand Prize".

The GP mark certifies that printing materials, manufacturing process and all activities undertaken by a printing company is eco-conscious.



DUO

We have applied green nano technology to cleansing balm products and are conducting stability tests to investigate application to other products.

Green nano technology can reduce CO2 emissions from burning materials by approximately 60% by adding green nano substances to the materials.



immuno

Proactive sustainability initiatives with immuno



- Participate in the Plastics Smart Campaign by the Ministry of the Environment by reducing microplastic wastes
- Proactively use recycled plastics and bioplastics.
- Proactively use bagasse paper and FSC® certified materials.
- Proactively use recycled and biodegradable materials.



- ✓ The document and information provided in our results briefing include forward-looking statements, which are based on our current expectations, forecasts and assumptions involving risks. As such, there are uncertainties that may cause actual results to practically differ from what are described in such statements.
- ✓ These risks and uncertainties include general industry and market conditions as well as general domestic and international economic conditions such as interest rate and currency exchange rate fluctuations.
- ✓ The Company considers cosmetics market trends to be a major risk that may materially impact its growth and execution of business plans. However, the Company endeavors to mitigate such risks and maintain the competitive edge of its products by actively conducting promotions and understanding customers' potential needs to reflect on product planning. 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 included in this material even in the face of new information or future events.

Contact: IR Department, Corporate Communication Division
E-mail : ir@p-antiaging.co.jp



PREMIER ANTI-AGING