

PREMIER ANTI-AGING

FY2023 4Q

September 14, 2023

Premier Anti-Aging Co., Ltd.
TSE Growth 4934
FY2023 Full Year Results



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01 | Executive Summary

FY2023 Results

- ✓ Sales and profit/loss were generally in line with plan
- ✓ Boosted CANADEL and clayence sales, but overall decline due to fall in DUO sales
- ✓ Structural reforms during FY2023 caused a temporary cost rise, leading to losses at each level
- ✓ Maintaining a profit structure under normal business conditions even in a challenging business environment

FY2024 Earnings Forecast

- ✓ Expect 26 billion yen in sales and 100 million yen in operating profit for FY2024
- ✓ Continue structural reforms from FY2023
- ✓ Positioning the first year of the four-year medium-term management plan starting from FY2024 as a structural reform phase, we will strengthen the foundation that will enable us to execute the growth strategy from FY2025

02 | FY2023 Results

Statement of income (year-on-year)

- ✓ Boosted CANADEL and clayence sales, but overall decline due to fall in DUO sales
- ✓ Posted operating loss as gross profit fell due to lower sales coupled with an inventory write-down, although selling, general and administrative expenses, mainly advertising expenses, were suppressed
- ✓ Sales and profit/loss were generally in line with full-year plan

(Millions of yen)

| | FY2022 | FY2023 | Increase/ (decrease) | Percentage change |
|---|--------|--------|-------------------------|----------------------|
| Net sales | 33,911 | 26,400 | (7,511) | (22.1%) |
| L Mail order/EC | 24,150 | 18,316 | (5,834) | (24.2%) |
| L Wholesale | 8,382 | 5,641 | (2,741) | (32.7%) |
| L Others | 1,378 | 2,443 | 1,064 | 77.2% |
| Operating profit (loss) | 2,414 | (611) | (3,026) | — |
| Operating profit margin (%) | 7.1% | (2.3%) | — | (9.4pts) |
| Ordinary profit (loss) | 2,572 | (631) | (3,203) | — |
| Profit (loss) attributable to owners of parent | 1,424 | (733) | (2,158) | — |

Statement of income (quarterly comparison)

- ✓ 4Q sales as projected
- ✓ Posted operating loss as gross profit fell due to lower sales coupled with an inventory write-down following 3Q, although SG&A expenses, mainly advertising expenses, were suppressed

(Millions of yen)

| | FY2022 4Q | FY2023 1Q | FY2023 2Q | FY2023 3Q | FY2023 4Q | % change from last quarter |
|---|--------------|--------------|--------------|--------------|--------------|----------------------------------|
| Net sales | 8,015 | 7,391 | 6,867 | 6,351 | 5,790 | (8.8%) |
| L Mail order/ EC | 6,281 | 5,055 | 5,261 | 4,122 | 3,876 | (6.0%) |
| L Wholesale | 1,266 | 1,929 | 1,172 | 1,586 | 952 | (40.0%) |
| L Others | 467 | 406 | 432 | 642 | 961 | 49.8% |
| Gross profit | 5,967 | 5,747 | 5,421 | 4,516 | 3,557 | (21.2%) |
| SG&A expenses | 5,510 | 5,991 | 5,068 | 4,582 | 4,212 | (8.1%) |
| L Advertising expenses | 2,718 | 3,045 | 2,430 | 1,809 | 1,313 | (27.4%) |
| L Outsourcing | 1,388 | 1,248 | 1,252 | 1,205 | 1,169 | (2.9%) |
| L Payroll and allowances | 304 | 325 | 293 | 430 | 393 | (8.6%) |
| L R&D | 122 | 127 | 102 | 146 | 212 | 45.0% |
| L Others | 976 | 1,244 | 988 | 954 | 1,078 | 13.0% |
| Operating profit (loss) | 456 | (244) | 353 | (66) | (654) | — |
| Operating profit margin (%) | 5.7% | (3.3%) | 5.1% | (1.0%) | (11.3%) | (10.3pts) |
| Ordinary profit (loss) | 430 | (224) | 320 | (51) | (674) | — |
| Profit (loss) attributable to owners of parent | 202 | (198) | 172 | (127) | (580) | — |

Advertising expenses

- ✓ Reduced ad spending as a ratio of net sales compared to same period last year from 38.1% to 32.6%
- ✓ Overall CPO stabilizing, but emphasis on acquisition efficiency made new acquisitions sluggish

Breakdown of advertising expenses

cf. QonQ ad expenses to net sales

3Q) 28.5% → 4Q) 22.7%

✓ Ad expenses/net sales

38.1% → 32.6%

✓ New acquisition/net sales

23.4% → 18.9%

12,920

(Millions of yen)

Other
TVCM
New acquisition

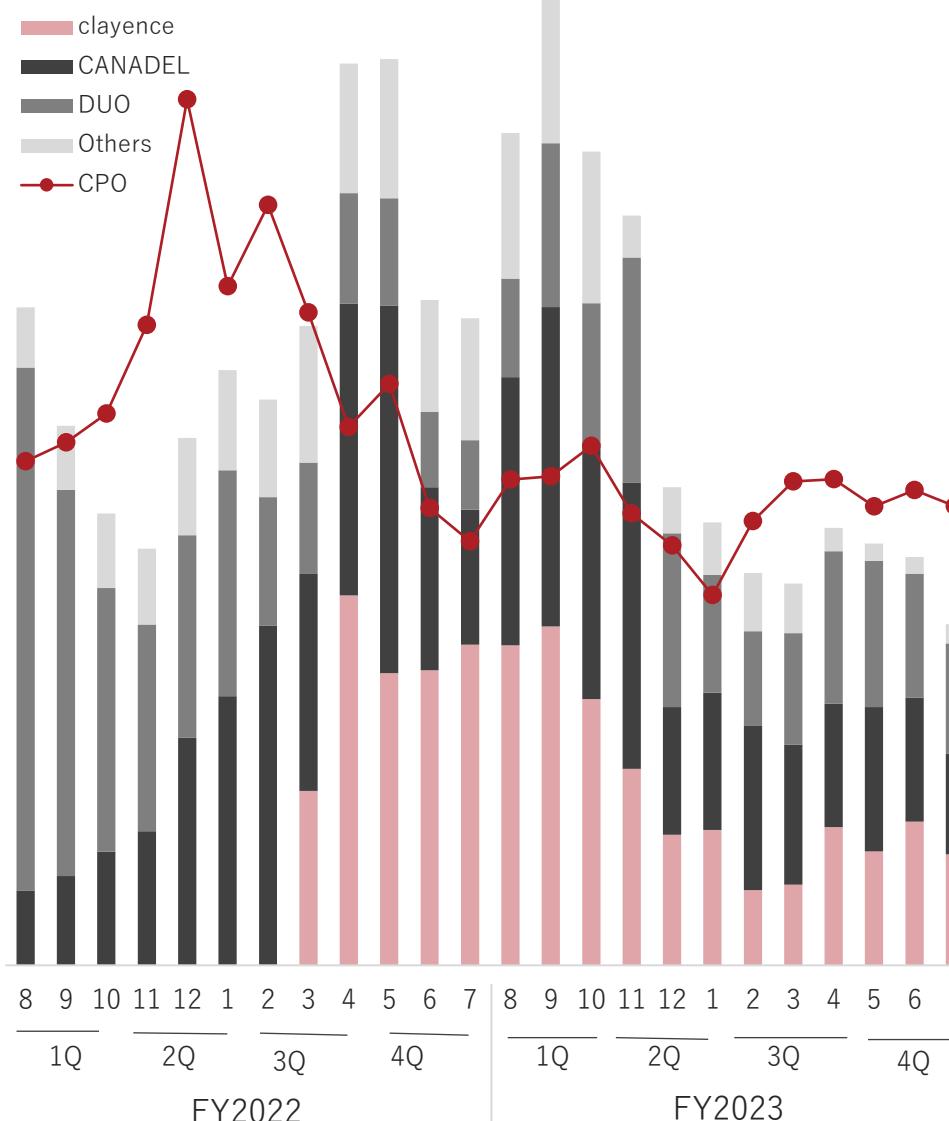
FY2022

8,598

Other
TVCM
New acquisition

FY2023

CPO for mail order/EC and number of new customer acquisitions



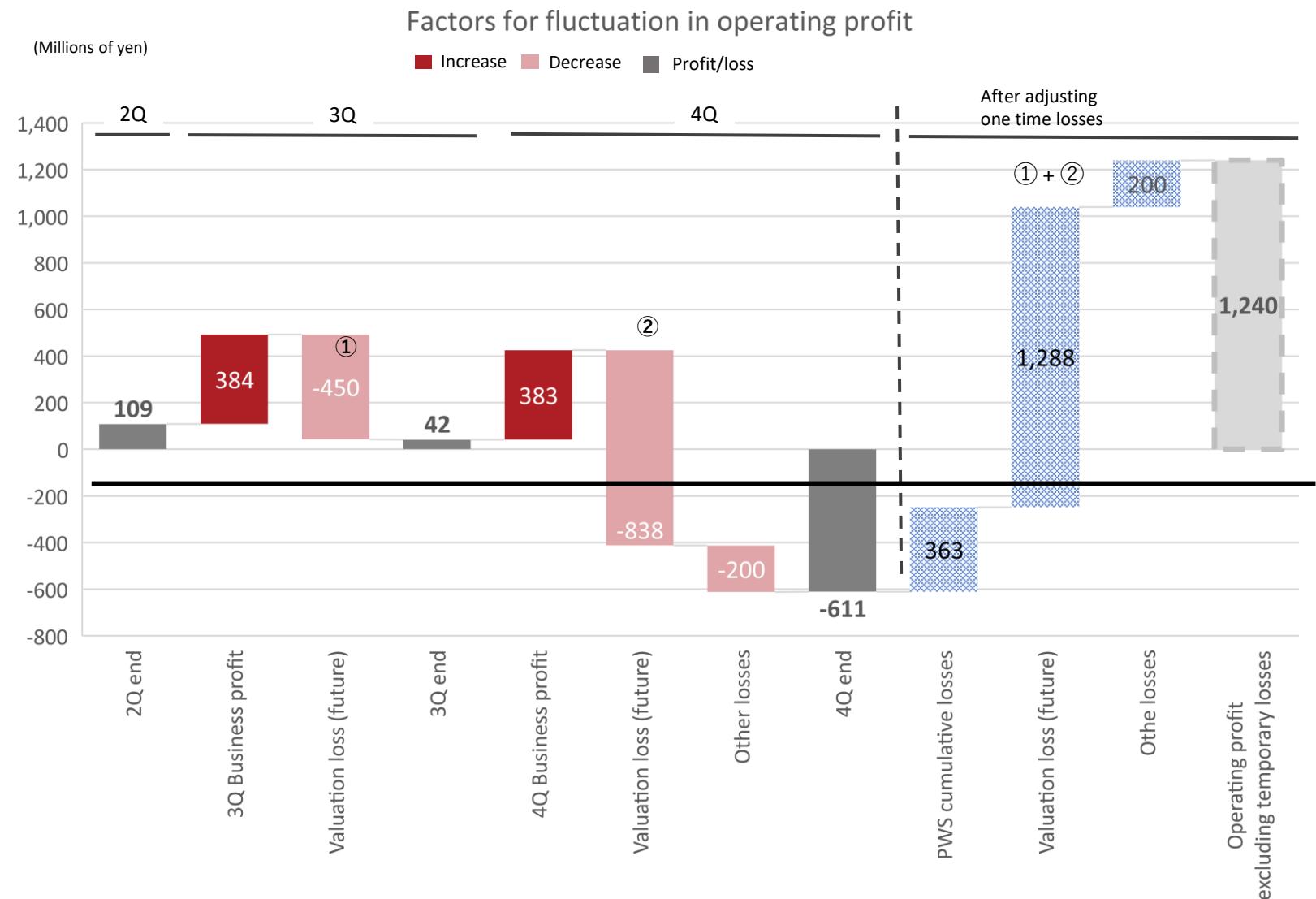
Analysis of operating profit/loss fluctuation factors

- ✓ Temporary costs due to structural reforms undertaken in FY2023 and FY2024
- ✓ Maintained profitability even in a challenging business environment

Measures for financial soundness

- ✓ Valuation loss due to inventory optimization
- ✓ Eliminate financial concerns (review of some new businesses, etc.)
- ✓ Merger of Premier Wellness Science, etc.

Analysis of FY2023 Operating profit/loss fluctuation factors



Balance sheet (comparison with end of FY2022)

- ✓ Venex Co. Ltd. balance sheet incorporated from 2Q
- ✓ Substantial reductions to inventories, improved financial soundness

(Millions of yen)

| | FY2022 | FY2023 | Increase/ (decrease) | Percentage change |
|---|--------|--------|-------------------------|----------------------|
| Total assets | 12,300 | 12,135 | (165) | (1.3%) |
| L Current assets | 11,516 | 9,229 | (2,287) | (19.9%) |
| L Inventories | 4,361 | 1,909 | (2,451) | (56.2%) |
| L Non-current assets | 783 | 2,905 | 2,121 | 270.8% |
| Total liabilities | 3,952 | 4,525 | 573 | 14.5% |
| L Current liabilities | 3,220 | 3,016 | (204) | (6.3%) |
| L Non-current liabilities | 731 | 1,509 | 777 | 106.2% |
| Total net assets | 8,348 | 7,609 | (738) | (8.8%) |
| Total liabilities and net assets | 12,300 | 12,135 | (165) | (1.3%) |
| Equity ratio (%) | 67.9% | 62.7% | — | (5.2pts) |

03 | FY2023 Performance of Each Brand

Skin care business: DUO

- ✓ No. 1 in cleansing sales* for 4 consecutive years
- ✓ Aim to turn sales around through communications to boost understanding of DUO product value

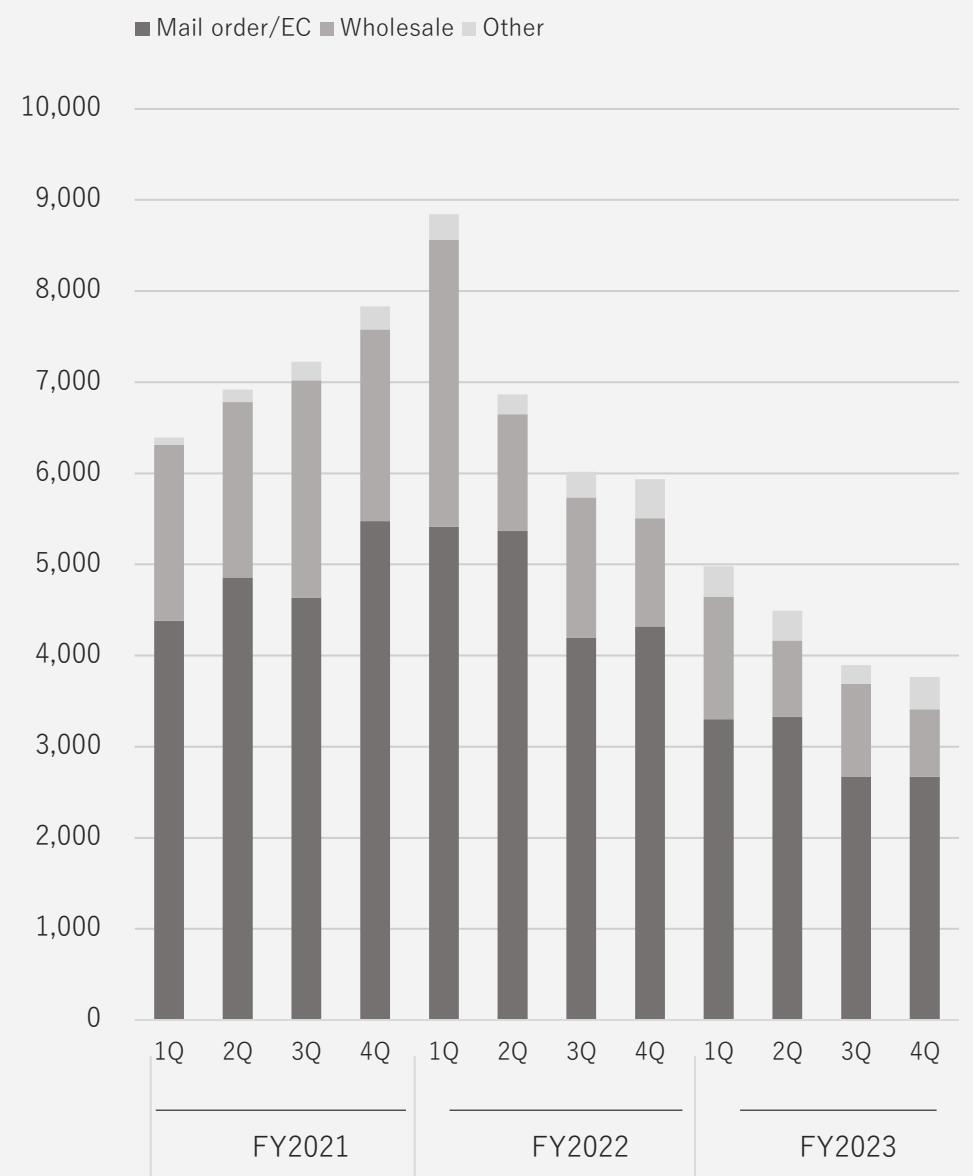
Topics

- ✓ Achieved No. 1 in cleansing sales* 4 consecutive years
- ✓ Some success as we sought new customer acquisition through Mermaid Balm, produced in collaboration with Disney, and to meet inbound tourism demand with Matcha (green tea) Balm
- ✓ Shift from balms to oil-based products continues, as does outflow to low-price products, causing a downward trend in sales
- ✓ Strengthen measures around beauticians and influencers. Initiate a communication shift for a better understanding of product value.



Quarterly net sales of DUO

(Millions of yen)



* TPC Marketing Research Corp. survey into market share ranking by cleansing brand (Target period: April 2019-March 2023/ Survey period: June 2023)

Skin care business: CANADEL

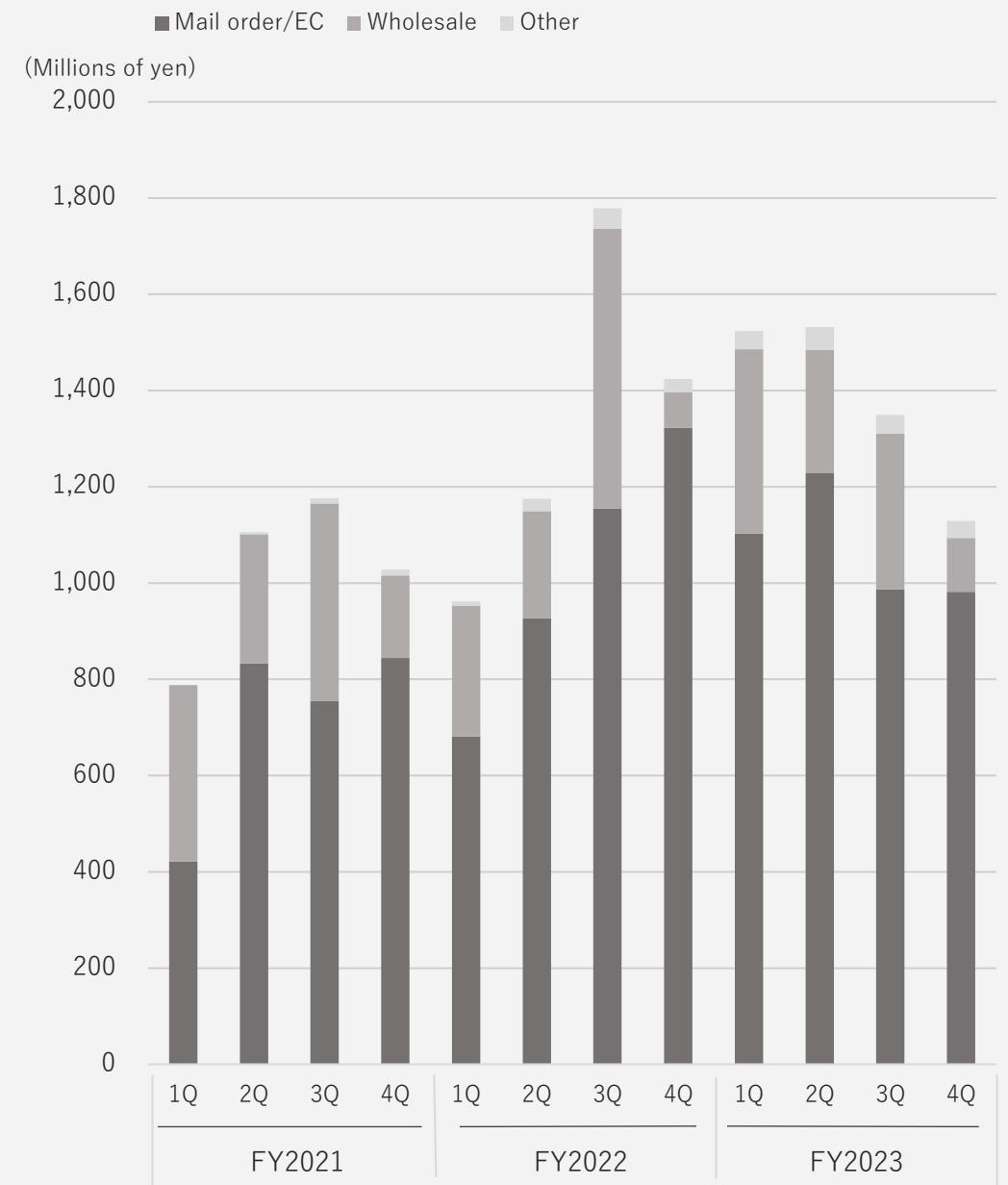
- ✓ Sales lower than forecast due to tighter competition in the “all-in-one” market but higher than last year
- ✓ “Premier Lift,” which has been made into a quasi-drug, is available through mail-order channels. Completed lineup that addresses customer concerns in all directions

Topics

- ✓ Sales lower than forecast due to tighter competition in the “all-in-one” market but higher than last year
- ✓ Gained customer support for the redeveloped quasi-drug product “Premier Lift” released to mail order/EC channels in 4Q
- ✓ Complete lineup with three quasi-drug products, “Premier Barrier Fix”, “Premier White” and “Premier Lift” to deal with customer concerns from all directions



Quarterly net sales of CANADEL



Hair care business: clayence

- ✓ Became the No. 1 hair coloring treatment in sales* in one year since launch. Solid progress in market penetration
- ✓ Evolution into a comprehensive hair care brand with the development of foaming grey hair color treatment (quasi-drug product) and a scalp care series

Topics

- ✓ Achieved No. 1 spot in sales of coloring treatments* within one year of launch. Sales exceed 2 billion yen
- ✓ Began test marketing of “Clay Spa Quick Color”, a foaming grey hair color treatment (quasi-drug product) and a scalp care series
- ✓ Aim to be the No. 1 total hair care brand



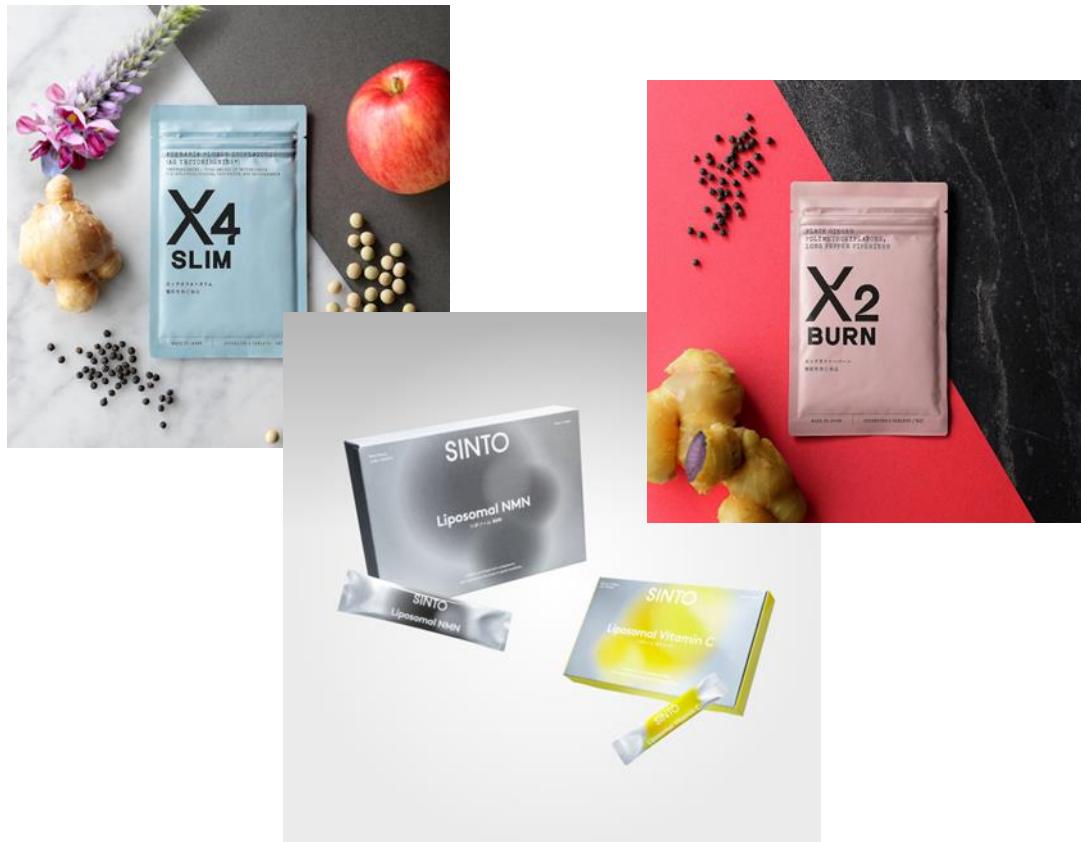
* "Survey on hair color treatment" (sales by brand) TPC Marketing Research Corp. (target period: July to December 2022)

Inner care business and recovery business (Venex)

- ✓ Positive response to test marketing in the newly entered inner care business
- ✓ Recovery business company Venex posted its highest earnings since founding. Continuing efforts to rapidly realize integration impacts

Inner care

- ✓ Positive response from test marketing
- ✓ Improved CPO/LTV relationship and growing trend in new customer acquisitions
- ✓ Strengthen marketing measures including influencers



Venex

- ✓ Increased sales capacity by boosting flagship product brand and optimizing inventory management, set a new record for highest earnings since founding
- ✓ Steadily realizing impacts of integration with Premier Anti-Aging



Sporty model "RECHARGE+" series

04 | FY2024 Earnings Forecast

FY2024 Earnings Forecast

- ✓ Forge ahead with structural reform and measures to address financial concerns carrying on from FY2023
- ✓ Focus on initiatives to reexamine our core strengths and prepare for returning to a sustained growth

(Millions of yen)

| | FY2023 Results | FY2024 Forecast | Increase/ (decrease) | Percentage change | |
|------------------|--|--------------------|-------------------------|----------------------|---------|
| Full year | Net sales | 26,400 | 26,000 | (400) | (1.5%) |
| | Operating profit (loss) | (611) | 100 | 711 | - |
| | Operating profit margin (%) | (2.3%) | 0.4% | - | 2.7pts |
| | Ordinary profit (loss) | (631) | 100 | 731 | - |
| | Profit (loss) attributable to owners of parent | (733) | 200 | 933 | - |
| Half year | Net sales | 14,258 | 11,800 | (2,458) | (17.2%) |
| | Operating profit (loss) | 109 | (800) | (909) | - |
| | Operating profit margin (%) | 0.8% | (6.8%) | - | (7.6%) |
| | Ordinary profit (loss) | 95 | (800) | (895) | - |
| | Profit (loss) attributable to owners of parent | (26) | (500) | (474) | - |

Company-wide strategy

- ✓ Reassess each brand's targets and product appeal, and strengthen communication that enhances understanding of product value
- ✓ Implement aggressive investment in advertising that exceeds the previous fiscal year to strengthen the foundation for executing growth strategies

Marketing communication

- ✓ Reassess each brand's targets and product appeal
- ✓ Boost ties with beauticians and influencers, shift to communication that enhances understanding of product value

Advertising spending

- ✓ Exceeding advertising investment compared to the previous fiscal year aiming to sales growth
- ✓ Appoint ambassadors for main brands, launch new TV commercials

Structural reform

- ✓ Establish a system that can reduce costs in the medium term

Mail order/EC

- ✓ Develop new offerings to entice new customers
- ✓ Develop CRM measures fitting customer stage
- ✓ Update/ boost measures to improve each brand's retention rate

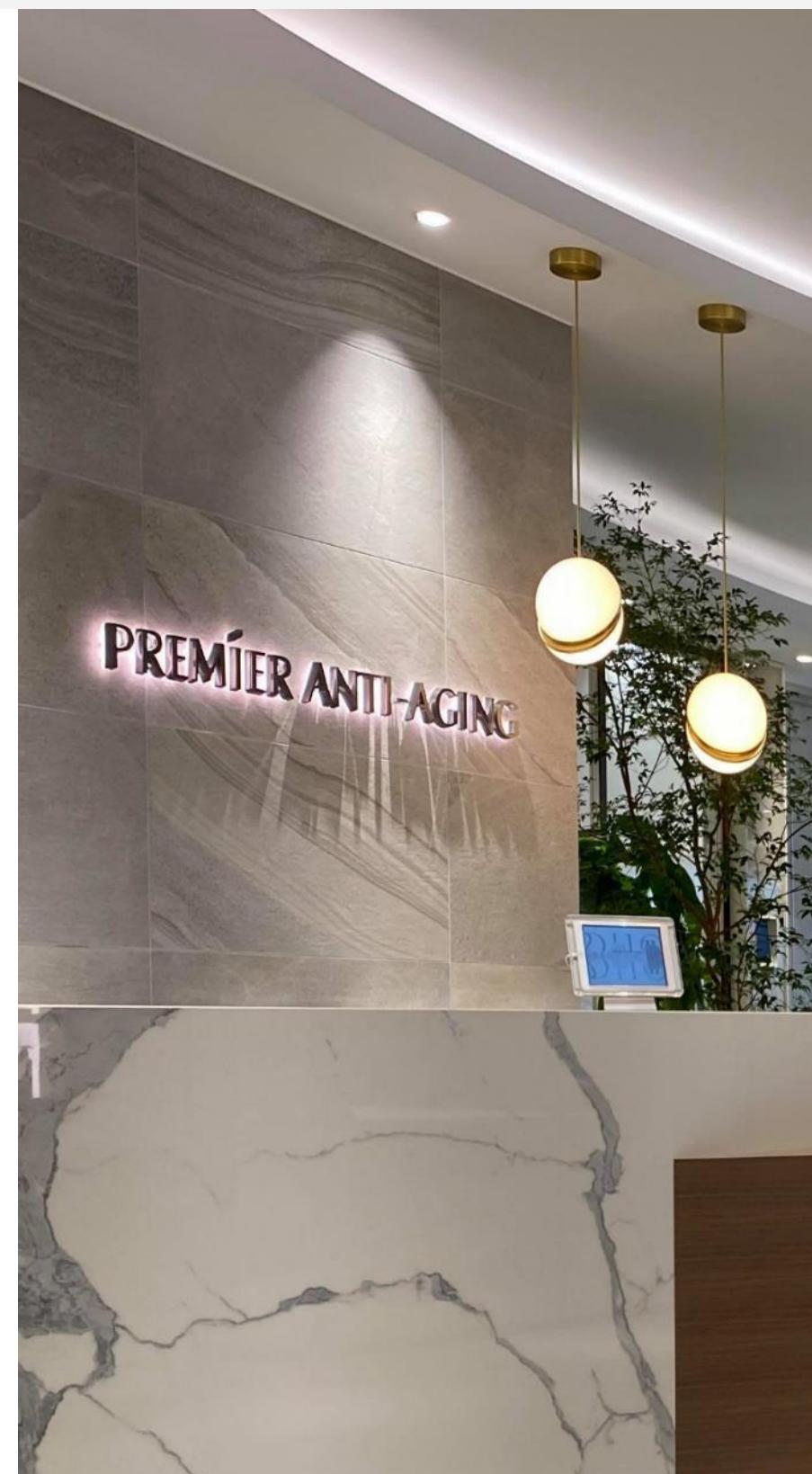
Wholesale

- ✓ Strengthen measures for each wholesaler individually
- ✓ Develop in-store sales promotions fitting actual sales targets (in terms of design and appeal)

05 | Appendix

Company Profile

| | |
|----------------------------------|---|
| Name | Premier Anti-Aging Co., Ltd. |
| Established | December 2009 |
| Head office | Toranomon Hills Mori Tower 8F, 1-23-1 Toranomom, Minato-ku, Tokyo |
| Board members | <p>Kiyoshi Matsuura, President Koji Kawabata, Director and Managing Executive Officer Yoichiro Ito, Director and Managing Executive Officer, CFO Takahiro Toya, Director and Executive Officer Takuyuki Fukumoto, Independent Outside Director Sakiko Sakai, Independent Outside Director Motoyasu Ishihara, Independent Audit and Supervisory Board Member Akira Ide, Independent Audit and Supervisory Board Member Yosuke Kondo, Independent Audit and Supervisory Board Member Keigo Uemura, Executive Officer Kiyoshi Iwakawa, Executive Officer Yuka Uehara, Executive Officer</p> |
| Consolidated number of employees | 252 (as of July 31, 2023) |
| Line of business | 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. Premier Anti-Aging (Shanghai) Co., Ltd. Venex Co., Ltd.</p> |



Slogan

Forever vivid

とき
人の時間を、解き放つ。

Untether time.

Purpose

**Uniqueな感性と思考で生み出した製品やサービスで、
すべての人を年齢から解き放ち、新たな価値観で輝かせる。**

Create original products and services of unique value that untether people from their age and brighten their lives.

Corporate History

- 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
 - October : Started airing the first round TV commercials for clayence (featuring actress Rei Dan)
- 2023**
 - January: Launched the “SINTO” inner care brand
 - January: Venex Co., Ltd. became a consolidated subsidiary
 - February : Launched the “X” inner care brand
 - August: Launched vitamin skin care brand “C+mania” brand

Key Brands and Sales Composition Ratio

- ✓ Skin care brands “DUO” and “CANADEL” and hair care brand “clayence” drove sales

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 30 SKUs*1

Sales composition ratio*2
65%

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
21%

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 12 SKUs*1

Sales composition ratio*2
9%

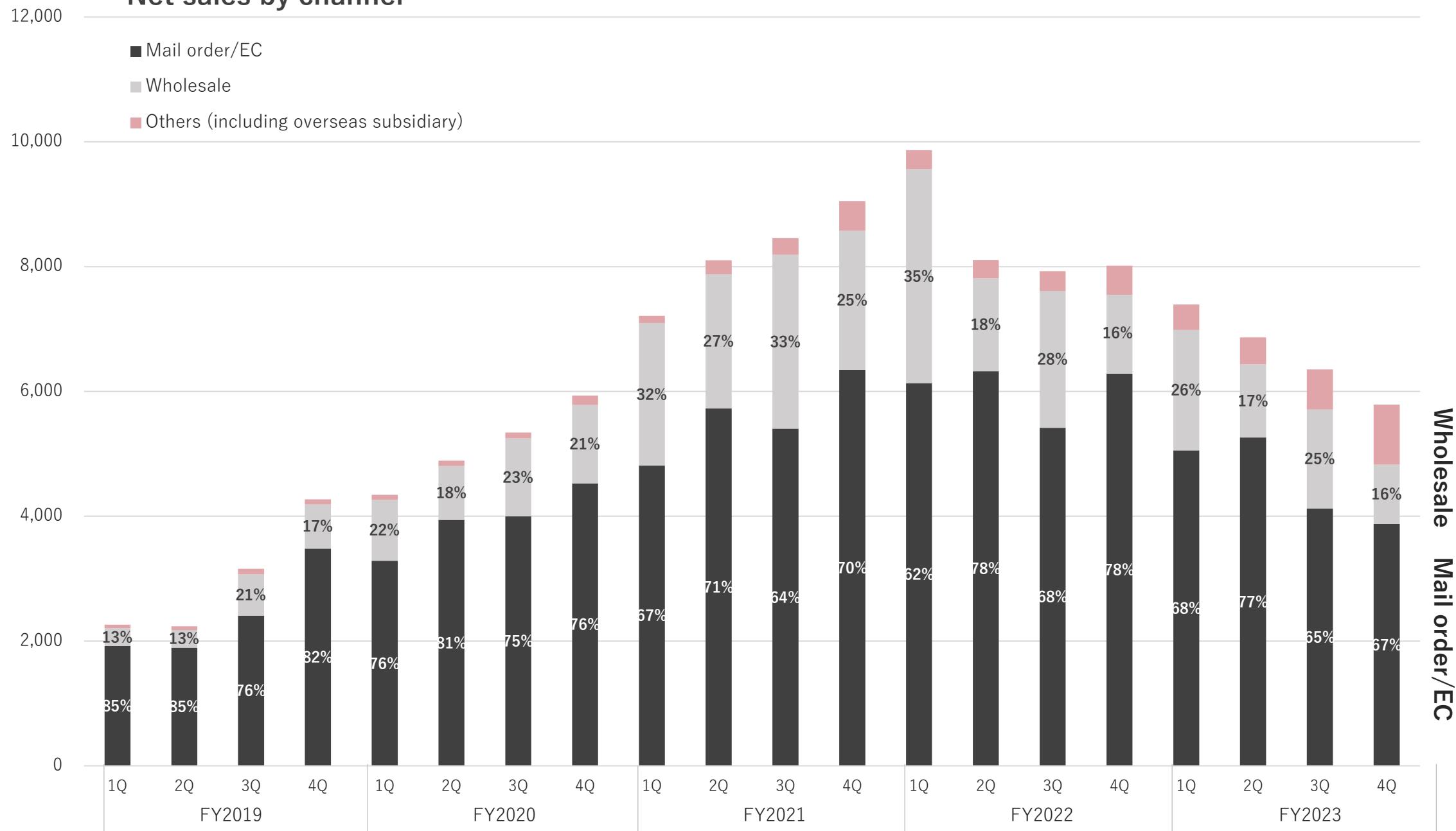
clayence

Net sales by channel

- ✓ In mail-order sales, sales decreased due to a decline in new customer acquisition due to restraint on advertising investment
- ✓ Wholesale sales were affected by the seasonality of shelf replacement

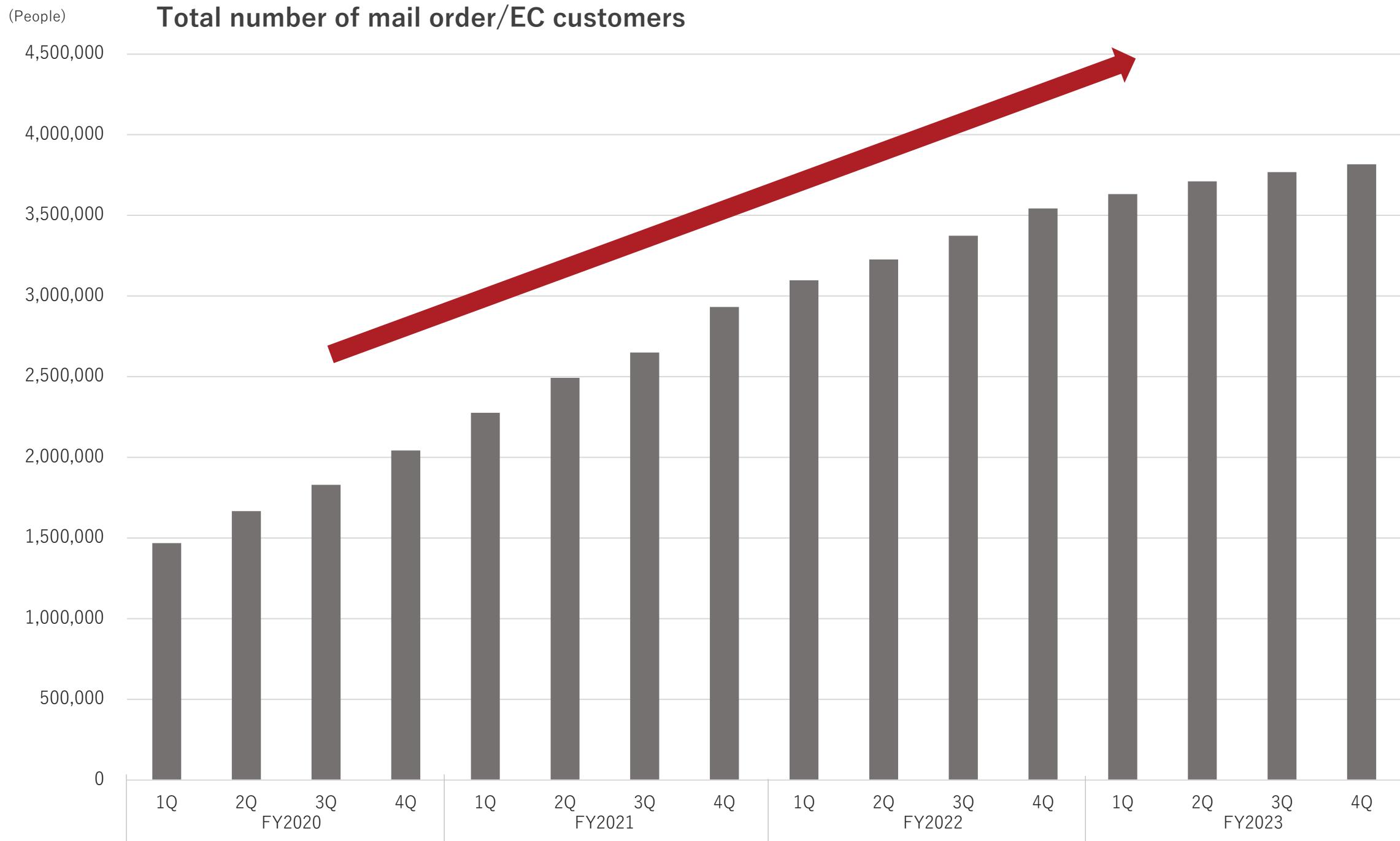
(Millions of yen)

Net sales by channel



Total Number of Mail-order/EC Customers

✓ The total number of members exceeded about 3.8 million

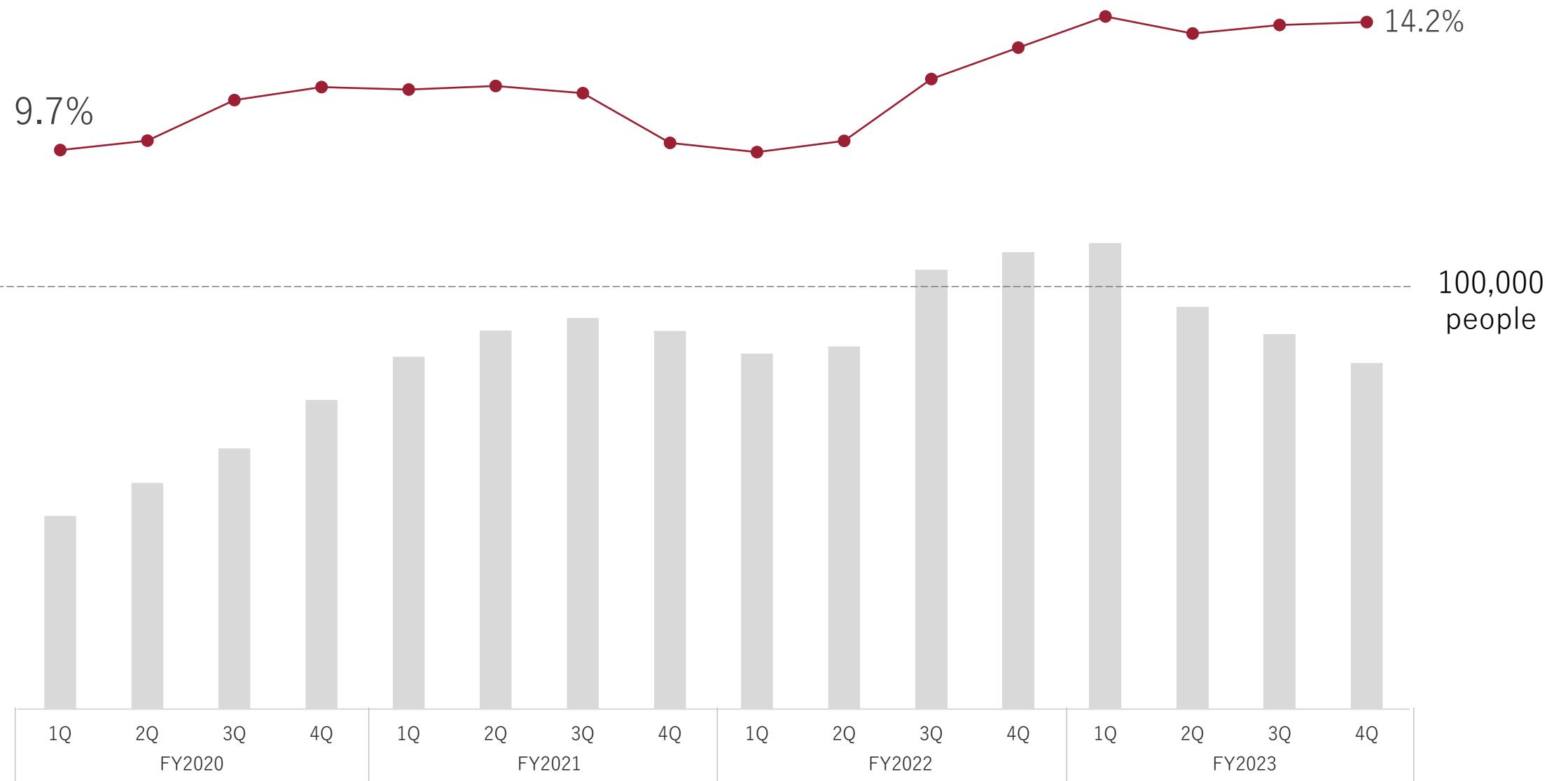


Number of cross-selling customers

✓ Active CX promotions underly ongoing rise in cross-selling ratio

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

■ Number of customers who subscribe to two or more products
 ● Ratio of customers who subscribe to two or more products



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

Situation by Brand: DUO

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



DUO

DUO is an aging care brand with the concept of “nourishing the skin from its foundation,” created under the policy of developing highly effective products by combining natural ingredients that are kind to the skin, body and nature with advanced science based on dermatology.

We currently have 30 SKUs* centering on cleansing balm.

Major cosmetics awards granted in the first half of 2023

MAQUIA
September issue
Everyone's Best Cosmetics
2023 first half
Just dropping it is not enough!
Cleansing category
First place

upPLUS July issue
Cosmetics recommended by beauty connoisseur STAFF & discerning buyers
Skin care category cleansing
First place

+4 more awards

*The SKU figure refers to the number of regular products as of July 31, 2023, 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 2023



ESSE July issue
Beauty Trend Award 2023
Gel/Oil Department



LEE August issue
LEE Best Cosmetics 2023
First Half
Positive Aging Award

+3 more awards



*The SKU figure refers to the number of regular products as of July 31, 2023, 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 2022



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



BAILA August issue
Best Cosmetics Grand Prize
for Working 30s
in the first half of 2022
Skin Care Category Award

+4 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 July 31, 2023, 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 12 SKUs*.

Major cosmetics awards granted in the first half of 2023



LEE August issue
LEE Best Cosmetics
2023 first half
Beauty sage's beloved
cosmetics category
Hair care



an · an No. 2337
announcement! Spring 2023
an · an Mote Cosmetics Award
Hair care category
Award for lasting beautiful
color without dryness

+1 more awards

*The SKU figure refers to the number of regular products as of July 31, 2023, 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 5 SKUs*.

Major cosmetics awards granted in the first half of 2023



Fine March issue
Attract men with your appearance
5th Fine Men's Beauty Award!
Sunscreen category
First place



FINEBOYS August issue
17th FINEBOYS
Men's Beauty Award
Facial cleanser category
First place

+1 more awards



*The SKU figure refers to the number of regular products as of July 31, 2023, excluding limited items and different sizes.

Situation by Brand: SINTO/X

✓ Developing two inner care brands based on the development philosophy of “response with results”

SINTO

Based on the idea that bodily sensations are the essence of supplements, we adopted the same DDS technology as in the medical field. Thoroughly sticking to the "experience" of the ingredients, we aim to renew the relationship between the body and the ingredients from the area of "penetration". It is a health care supplement for adults who enjoy aging that pursues a high experience with a high amount of compounding (high compounding) and high absorption and high penetration type (liposomes).

We currently have 2 SKUs*.



Major cosmetics awards granted in the first half of 2023



MORE August issue
MORE Best Cosmetics
Inner care category
for the first half of 2023
First place



MAQUIA August issue
MAQUIA Best Cosmetics
Inner care category
for the first half of 2023
2nd place

+9 more awards

X

Aiming to support the creation of an ideal body, it was born under the lead of a food health instructor certified by the Japan Health and Nutrition Food Association. We propose optimal supplements (functional foods) that match the two styles of “those who want to incorporate exercise” and “those who want to improve their eating habits” to support body fat reduction.

We currently have 2 SKUs*.



*The SKU figure refers to the number of regular products as of July 31, 2023, excluding limited items and different sizes

Situation by Brand: C+mania

- ✓ A high-concentration vitamin skin care brand for “consumers with high beauty information literacy” who pursue reliable effects

C+mania

An “aggressive” vitamin skin care brand that focuses on high purity, high penetration, and high concentration, with carefully selected vitamin C from over 70 types and add α that enhances C.

Based on the concept of "enjoying vitamin C for maniacs", we aim to propose skin care products with high immediate effect in order to maximize the power of vitamin C.

We currently have 3 SKUs*.



*The SKU figure refers to the number of regular products as of July 31, 2023, excluding limited items and different sizes.

Venex's Brand: VENEX

- ✓ As a pioneer in the recovery field, Venex has developed products using fabrics made with its unique patented technology



Based on the concept of "maximizing the self-healing power that humans have," we propose clothing for recovery. With our proprietary special fiber "PHT (Platinum Harmonized Technology)" and a non-compression design that does not constrict the body, it supports high-quality recovery just by wearing it.

We currently have 86 SKUs*.



*The SKU figure refers to the number of regular products as of July 31, 2023, excluding limited items, different sizes and colors.

Situation by 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, 2023, excluding limited items and different sizes.

Situation by Brand : Reinca

- ✓ A skin care brand that uses a unique stem cell extract as a core ingredient created through joint research with the University of Tokyo

Reinca

Based on the brand concept of “Facing the source of skin and sensibility with the power of SKIN & SENCE science,” we advocate skin cell care born from advanced skin research and care for the five senses that pursues the comfort of physical sensations.

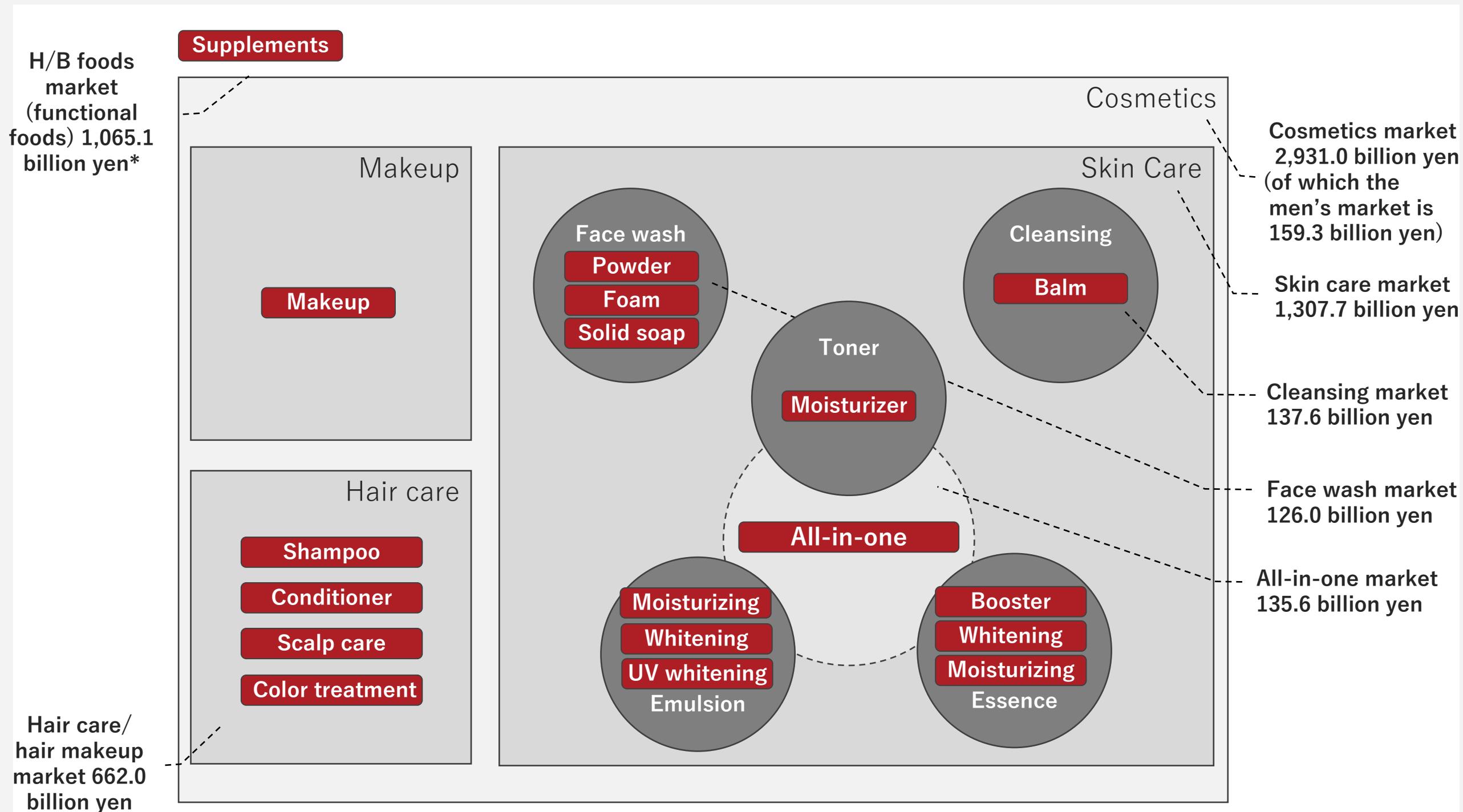
We have developed a brand based on our original dental pulp stem cell culture supernatant "ENGY Stem S", which was successfully commercialized through joint research with the University of Tokyo. We currently have 5 SKUs*.



*The SKU figure refers to the number of regular products as of July 31, 2023, excluding limited items and different sizes.

Market Size of the Domestic Cosmetics Market

✓The domestic cleansing market, which includes balms, totaled 137.6 billion yen in 2022



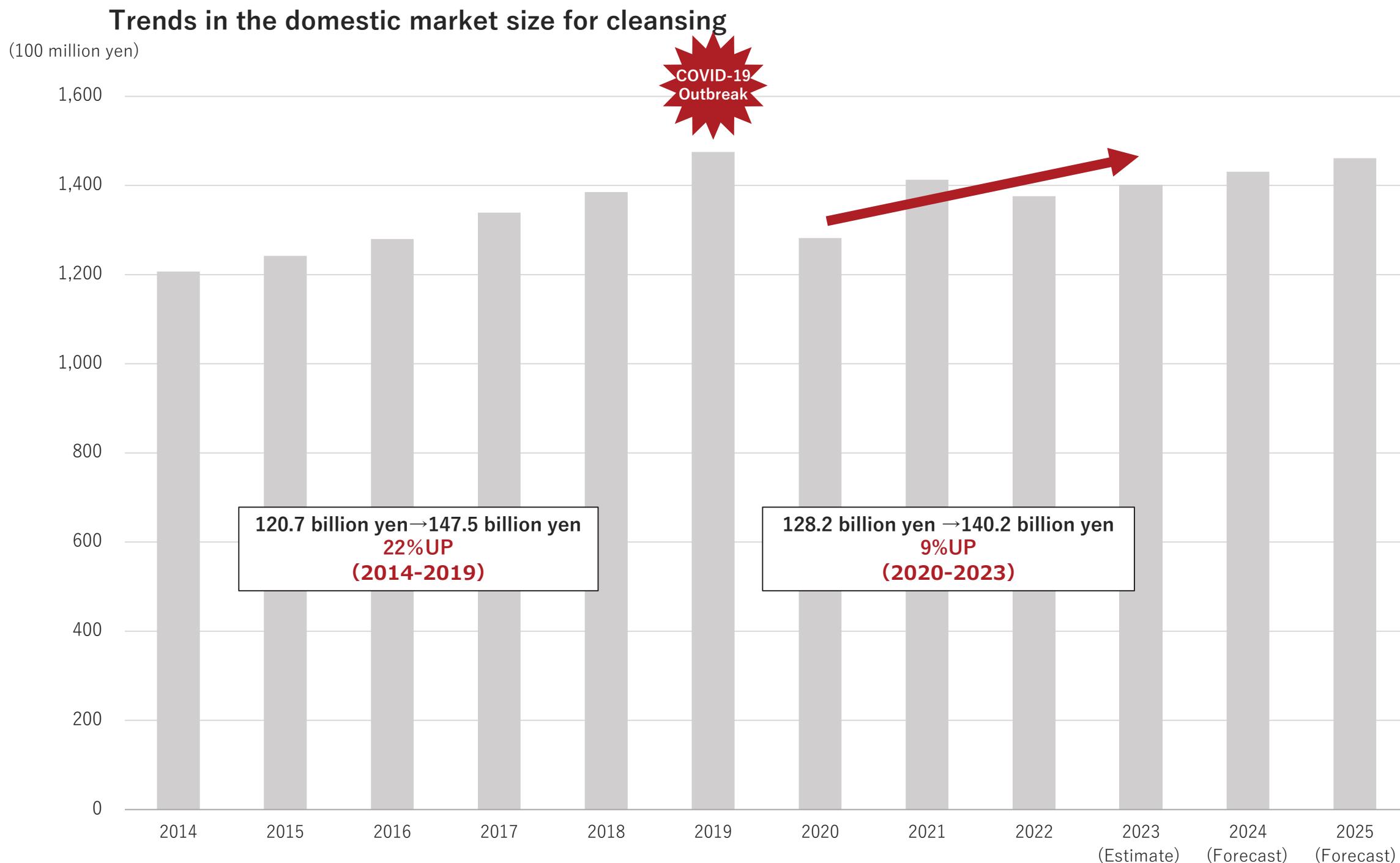
Note: Gray circles indicate the markets, and red boxes represents our products.

Source: "Cosmetics Marketing Handbook 2023 No. 1", "Cosmetics Marketing Handbook 2023 No. 3", "H/B Foods Marketing Handbook 2023 <Overview>" by Fuji Keizai

*H/B foods markets are estimates for 2022

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

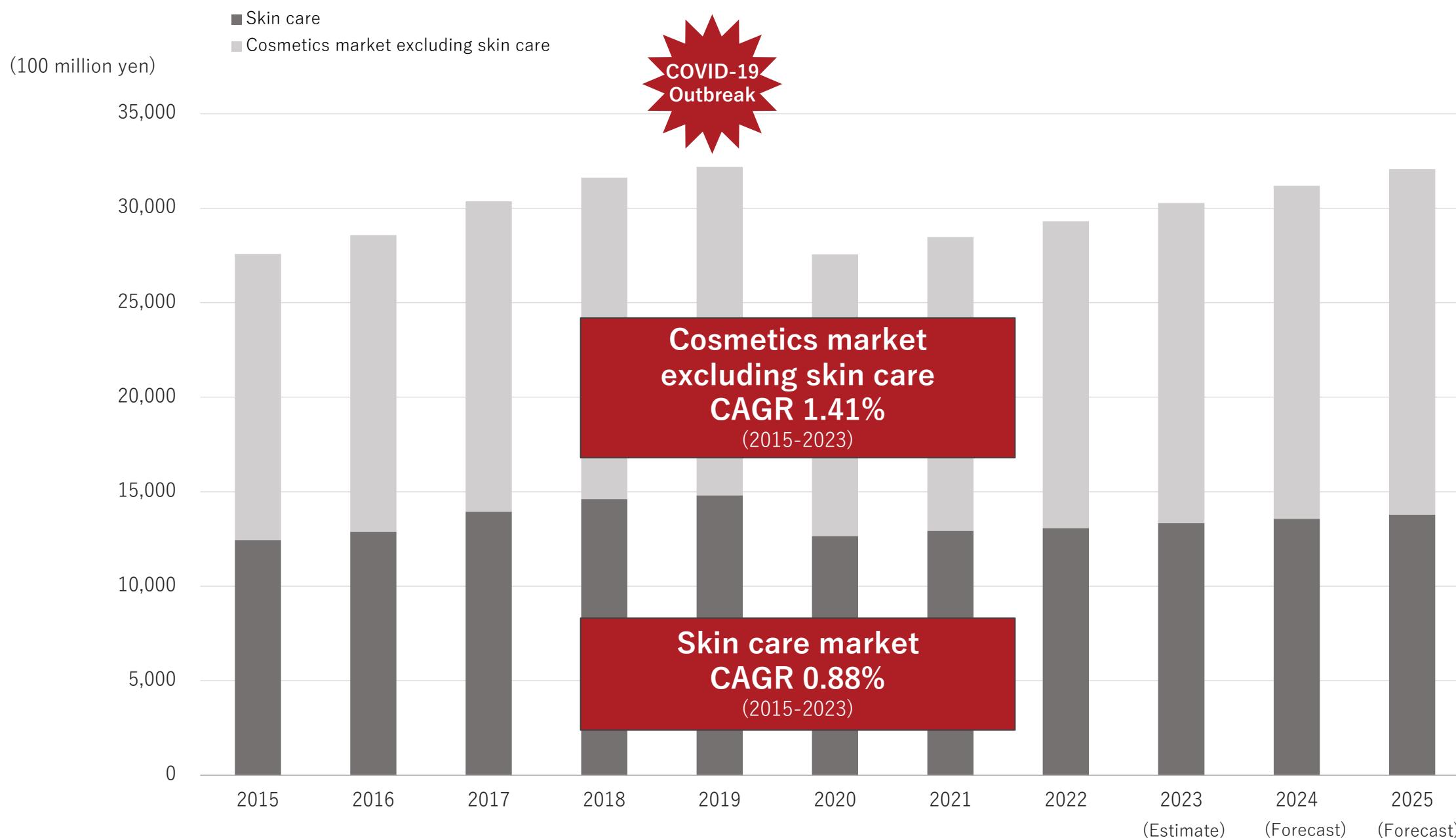


Source: "Cosmetics Marketing Handbook 2023 No. 1" by Fuji Keizai

Domestic Market Size for Cosmetics and Skin Care

- ✓ Domestic cosmetics market, which continued to grow moderately through 2019, declined significantly with COVID-19
- ✓ Moderate recovery continues in 2023 due to the reduction of COVID-19 to a Category 5 infectious disease

Trends in the domestic market size for cosmetics and skin care



Source: "Cosmetics Marketing Handbook 2023 No. 3" by Fuji Keizai

Organizational Characteristics

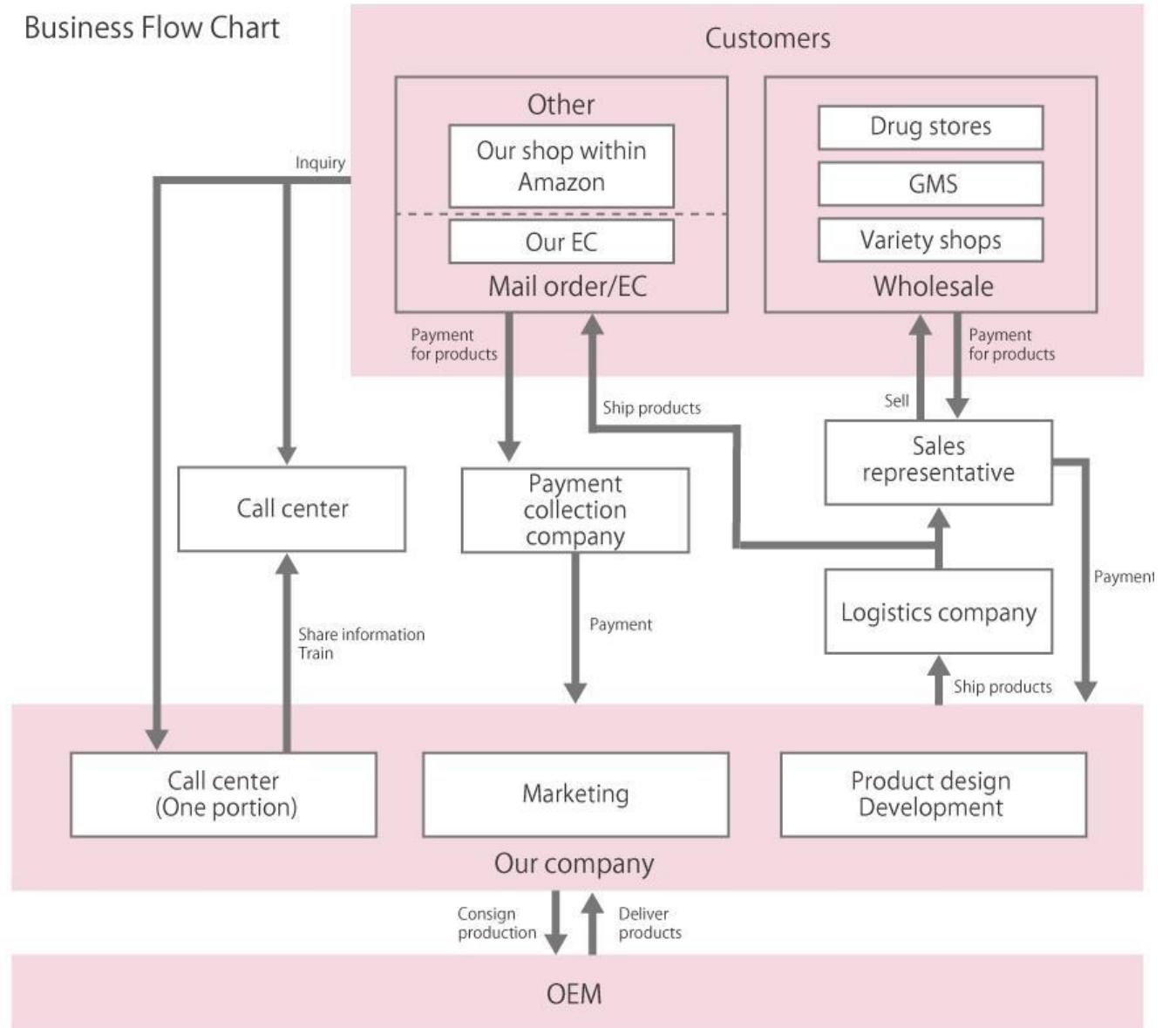
✓ We have created an organization that focuses on core operations to achieve high productivity and mobility

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.



- ✓ 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.

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