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June 13, 2022

Consolidated Financial Results for the Nine Months Ended April 30, 2022 (Under Japanese GAAP)

Company name: Premier Anti-Aging Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4934
URL: https://www.p-antiaging.co.jp/
Representative: Kiyoshi Matsuura, President and Representative Director
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Scheduled date to file quarterly securities report: June 13, 2022
Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended April 30, 2022 (from August 1, 2021 to April 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 30, 2022	25,896	9.0	1,957	(55.8)	2,141	(51.5)	1,222	(56.8)
April 30, 2021	23,766	-	4,428	-	4,416	-	2,827	-

Note: Comprehensive income For the nine months ended April 30, 2022: 1,248 million yen [(55.9)%]
For the nine months ended April 30, 2021: 2,827 million yen [-]

	Earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
April 30, 2022	140.18	139.97
April 30, 2021	333.15	332.65

Note: 1. Since the consolidated financial statements are prepared from the second quarter of the fiscal year ended July 31, 2021, the percentage change from the same period of the previous year for the third quarter of the fiscal year ended July 31, 2021 is not shown.
2. Diluted earnings per share for the third quarter of the fiscal year ended July 31, 2021 is calculated based on the average share price from the initial listing date to the end of the third quarter of the fiscal year ended July 31, 2021, since the Company was listed on the Tokyo Stock Exchange Mothers section on October 28, 2020.
3. On August 29, 2020, a 20-for-1 stock split of shares of common stock was conducted. Therefore, earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended July 31, 2021.
4. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others were applied from the beginning of the first quarter of the current fiscal year. The figures for the third quarter of the fiscal year ending July 31, 2022 have been retroactively adopted to the above accounting standards.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
April 30, 2022	12,755	8,142	63.8
July 31, 2021	13,071	6,903	52.8

Reference: Total shareholders' equity
As of April 30, 2022: 8,142 million yen
As of July 31, 2021: 6,903 million yen

Note: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others were applied from the beginning of the first quarter of the current fiscal year. The figures for the third quarter of the fiscal year ending July 31, 2022 have been retroactively adopted to the above accounting standards.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended July 31, 2021	-	0.00	-	0.00	0.00
Fiscal year ending July 31, 2022	-	0.00	-		
Fiscal year ending July 31, 2022 (Forecast)				0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending July 31, 2022 (from August 1, 2021 to July 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Earnings per share
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
July 31, 2022	34,000	-	2,300	-	2,500	-	1,380	-	158.25

Note: 1. Revisions to the earnings forecasts most recently announced: Yes
2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others were applied from the beginning of the first quarter of the current fiscal year. The figures for the above consolidated earnings forecasts are after the application of the aforementioned accounting standards. As a result, the percentage change from the actual results before the application of these standards, etc., is not shown.

* Notes
(1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatements
i. Changes in accounting policies associated with the revision of the accounting standard: Yes
ii. Changes in accounting policies other than those stated above: Yes
iii. Changes in accounting estimates: None
iv. Restatements: None
(Note) For details, please refer to "2. Consolidated financial statements and major notes (3) Notes to consolidated financial statements (Changes in accounting policies)" on page 7 of the attached document.

(4) Number of shares outstanding (common shares)
i. Total number of shares outstanding at the end of the period (including treasury shares)

3Q of FY2022	8,720,543 shares
FY2021	8,720,000 shares

ii. Number of treasury shares at the end of the period

3Q of FY2022	89 shares
FY2021	89 shares

iii. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

3Q of FY2022	8,720,216 shares
3Q of FY2021	8,488,045 shares

(Note) On August 29, 2020, a 20-for-1 stock split of shares of common stock was conducted. Therefore, the number of shares outstanding at the end of the period and the average number of shares during the period were calculated assuming that the stock split was conducted at the beginning of the fiscal year ended July 31, 2021.

* The quarterly financial results are not subject to quarterly review by a certified public accountant or an auditing firm.

* Explanation on the proper use of earnings forecasts and other special matters
The forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable and are not intended as a promise by the Company that they will be achieved. Actual results may differ from these forecasts due to a variety of factors. For assumptions used in forecasting earnings and precautions regarding the use of earnings forecasts, please refer to "1. Qualitative information for the third quarter of the fiscal year ending July 31, 2022 (3) Explanation of consolidated earnings forecasts and other forward-looking information” on page 3 of the attached document.

Attached Materials

Contents

1. Qualitative information for the third quarter of the fiscal year ending July 31, 2022

(1) Explanation on the consolidated financial results

During the first nine months of the current fiscal year, the Japanese economy continued to face a highly uncertain environment due to soaring global raw material prices, escalating tensions in Ukraine, and sharp exchange rate fluctuations, although the long-implemented action restrictions to prevent the spread of COVID-19 were finally eased in late March and there were signs of normalization in economic activities.

Under these circumstances, Premier Anti-Aging Co., Ltd. (hereinafter called the "Company") and its consolidated subsidiaries (hereinafter called the "Group") have been committed to "being unique" since its establishment and have promoted the expansion of anti-aging related business by launching multiple brands in new categories by combining our strengths in "product planning capability" and "marketing capability" with our " subscription sales model".

In the "DUO" brand, the competitive environment intensified due to the introduction of a series of inexpensive balm products by competitors, in addition to the slowdown of the record-setting "DUO The Cleansing Balm Black Repair." Meanwhile, the "CANADEL" brand, which is being nurtured as the second earnings pillar following the "DUO" brand, achieved a record high single-month sales in April, surpassing 700 million yen, thanks to increased sales mainly of the high-priced "CANADEL Premier Zero" and "CANADEL Barrier Fix", a quasi-drug containing niacinamide, which is effective against skin spots and wrinkles, launched in April, under the strategy of "offering all-in-one cosmetics for younger customers." In late March, the Company horizontally deployed the brand nurturing know-how gained from "DUO" and "CANADEL" to launch a new brand, "clayence," targeting gray hair in the younger generation. The "clayence" brand has surpassed 10,000 new weekly acquisitions in the first week since its launch, and we have high expectations of this brand to grow as a new revenue pillar.

The number of new subscription sales customers acquired in mail-order sales remained at a high level, with a total of approximately 120,000 new acquisitions for all brands. What is distinctive compared to the past is the progress in diversification from "DUO" centered acquisitions to acquisitions of multiple brands, and the stabilization of business is steadily advancing.

As a result of the above activities, net sales for the period amounted to 25,896,891 thousand yen (up 9.0% year-on-year), operating profit was 1,957,490 thousand yen (down 55.8% year-on-year), ordinary profit was 2,141,632 thousand yen (down 51.5% year-on-year), and profit attributable to owners of the parent was 1,222,406 thousand yen (down 56.8% year-on-year).of the above activities, net sales, operating profit, ordinary profit, and profit attributable to owners of the parent for the third quarter of the current fiscal year totaled 25,896,891 thousand yen, 1,957.490 thousand yen, 2,141,632 thousand yen, and 1,222,406 thousand yen, respectively.

As the Group consists of a single business segment of manufacturing and sales of cosmetics, the description by segment is omitted.

(2) Explanation on the consolidated financial position

Assets, liabilities and net assets at the end of the third quarter of the current fiscal year were as follows.

(Assets)

Total assets at the end of the third quarter of the current consolidated fiscal year decreased 316,265 thousand yen from the end of the previous consolidated fiscal year to 12,755,067 thousand yen.

Current assets decreased 551,289 thousand yen from the end of the previous fiscal year to 11,928,590 thousand yen. This was mainly due to a decrease of 2,507,477 thousand yen in cash and cash equivalents, a decrease of 656,493 thousand yen in accounts receivable, an increase of 1,729,665 thousand yen in products, an increase of 429,090 thousand yen in raw materials and supplies, and an increase of 295,222 thousand yen in prepaid expenses included in "Others" under current assets.

Non-current assets increased 235,023 thousand yen from the end of the previous fiscal year to 826,476 thousand yen. This was mainly due to a 124,952 thousand yen increase in software included in intangible assets and an increase of 160,514 thousand yen in lease deposits included in investments and other assets.

(Liabilities)

Total liabilities at the end of the third quarter decreased by 1,555,395 thousand yen from the end of the previous fiscal year to 4,612,819 thousand yen.

Current liabilities decreased 1,349,641 thousand yen to 4,242,189 thousand yen. This was mainly due to a decrease of 463,363 thousand yen in accounts payable, an increase of 900,000 thousand yen in short-term borrowings, a decrease of 1,721,202 thousand yen in accrued income taxes, and a decrease of 521,607 thousand yen in accrued consumption tax included in "Others" under current liabilities.

Non-current liabilities decreased 205,754 thousand yen to 370,630 thousand yen. This was mainly due to a decrease of 205,818 thousand yen in long-term borrowings.

(Net Assets)

Net assets at the end of the third quarter of the current consolidated fiscal year increased by 1,239,130 thousand yen from the end of the previous consolidated fiscal year to 8,142,247 thousand yen. This was mainly due to an increase in retained earnings of 1,206,701 thousand yen.

As a result, the equity ratio was 63.8%.

(3) Explanation of consolidated earnings forecasts and other forward-looking information

We have revised our full-year earnings forecasts for the fiscal year ending July 31, 2022, based on currently available information and forecasts, taking into consideration market trends for cosmetics, the Group's main sales products, and the progress of our business performance in the first three quarters of the current fiscal year. For details, please refer to the "Notice of Revision of Consolidated Earnings Forecasts for the Fiscal Year Ending July 31, 2022" separately released today (June 13, 2022).

2. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Thousands of yen)

	As of July 31, 2021	As of April 30, 2022
Assets		
Current assets		
Cash and cash equivalents	6,061,056	3,553,578
Accounts receivable	3,399,564	2,743,071
Products	2,391,946	4,121,612
Raw materials and supplies	307,203	736,293
Others	320,109	774,034
Total current assets	12,479,879	11,928,590
Non-current assets		
Tangible assets	120,503	127,592
Intangible assets	149,605	247,598
Investments and other assets	321,343	451,285
Total non-current assets	591,453	826,476
Total assets	13,071,332	12,755,067
Liabilities		
Current liabilities		
Acconts payable	810,024	346,661
Short-term borrowings	-	900,000
Current portion of long-term borrowings	365,562	292,240
Accrued payments	1,968,509	2,364,960
Accrued income taxes	1,721,202	-
Provision for bonuses	53,925	26,735
Provision for points	59,642	-
Provision for returned goods	8,491	-
Others	604,471	311,592
Total current liabilities	5,591,830	4,242,189
Non-current liabilities		
Long-term borrowings	545,850	340,032
Asset retirement obligations	30,535	30,598
Total non-current liabilities	576,385	370,630
Total liabilities	6,168,215	4,612,819
Net assets		
Shareholders' equity		
Share capital	1,348,130	1,351,544
Capital surplus	1,348,130	1,351,544
Retained earnings	4,213,510	5,420,212
Treasury shares	(1,120)	(1,120)
Total shareholders' equity	6,908,650	8,122,181
Accumulated other comprehensive income		
Foreign currency translation adjustment	(5,533)	20,065
Total accumulated other comprehensive income	(5,533)	20,065
Total net assets	6,903,117	8,142,247
Total liabilities and net assets	13,071,332	12,755,067

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Nine months ended April 30, 2022)

(Thousands of yen)

	3rd quarter of FY2021 (From August 1, 2020 to April 30, 2021)	3rd quarter of FY2022 (From August 1, 2021 to April 30, 2022)
Net sales	23,766,104	25,896,891
Cost of sales	4,527,032	5,235,023
Gross profit	19,239,071	20,661,867
Reversal of provision for returned goods	5,935	-
Transfer amount from provision for returned goods	7,485	-
Net gross profit	19,237,521	20,661,867
Selling, general and administrative expenses	14,809,452	18,704,377
Operating profit	4,428,068	1,957,490
Non-operating profit		
Interest income	29	967
Refund from insurance cancellation	20,045	35,693
Foreign exchange gains	-	134,174
Miscellaneous income	5,205	28,120
Total non-operating profit	25,280	198,956
Non-operating expenses		
Interest expenses	11,598	11,674
Listing related expenses	22,051	-
Miscellaneous expenses	3,319	3,138
Total non-operating expenses	36,969	14,813
Ordinary profit	4,416,380	2,141,632
Profit before income taxes	4,416,380	2,141,632
Income and other taxes	1,588,629	919,225
Profit for the period	2,827,751	1,222,406
Profit attributable to owners of the parent	2,827,751	1,222,406

(Consolidated statement of comprehensive income)

(Nine months ended April 30, 2022)

(Thousands of yen)

	3rd quarter of FY2021 (From August 1, 2020 to April 30, 2021)	3rd quarter of FY2022 (From August 1, 2021 to April 30, 2022)
Profit for the period	2,827,751	1,222,406
Other comprehensive income		
Foreign currency translation adjustment	(144)	25,599
Total other comprehensive income	(144)	25,599
Comprehensive income for the period	2,827,606	1,248,005
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,827,606	1,248,005

(3) Notes to the consolidated financial statements

(Notes on going concern assumption)
Not applicable.

(Notes in the event of significant changes in the amount of shareholders' equity)
Not applicable.

(Application of accounting treatment unique to the preparation of quarterly consolidated financial statements)
(Calculation of tax expense)
Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, including the third quarter under review, and multiplying profit before income taxes by the estimated effective tax rate.

(Changes in accounting policies)
(Change in inventory valuation method)
The Group previously stated inventories at cost determined by the weighted average method. However, the cost method has been changed to the cost method based on the moving average method effective from the first quarter of the current fiscal year.
The purpose of this change is to calculate periodic profit and loss more promptly and appropriately in conjunction with the introduction of the core system.
Since the impact of this change is immaterial, the change has not been applied retroactively. The effect of this change on the consolidated financial statements for the third quarter of the current fiscal year is not material.

(Application of accounting standard for revenue recognition and others)
The Group adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020. (hereinafter referred to as the "Accounting Standard for Revenue Recognition") from the beginning of the first quarter of the current fiscal year, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services has been transferred to the customer. In accordance with the alternative treatment prescribed in Paragraph 98 of the "Guidance on Accounting Standard for Revenue Recognition," revenue is recognized upon shipment if the period from the time of shipment to the time when control of the product is transferred to the customer is a normal period of time for the sale of the product.
The main changes resulting from the application of the Accounting Standard for Revenue Recognition are as follows.

(1) Revenue recognition on sales with right of return
The "provision for returned goods," which was previously recorded in current liabilities based on the gross profit equivalent of the portion of sales expected to be returned, has been changed to not recognize the sales and cost of sales equivalent of the products expected to be returned, and the refund liability is included in "Others" under current liabilities and the returned goods asset is included in "Others" under current assets.

(2) Revenue recognition related to point system
With respect to the point system, in which points are awarded to customers based on their purchases, the Group previously accounted for the amount expected to be used in the future as a "Provision for points" in order to prepare for future use of points. However, when such points provide customers with significant rights, the Company has changed its method of identifying them as performance obligations and deferring the recognition of revenue, and contract liabilities are now included in "Others" under current liabilities.

In accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the first quarter of the current fiscal year is added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting policy is applied from such beginning balance.

As a result, net sales decreased 75,858 thousand yen, cost of sales increased 764 thousand yen, gross profit decreased 82,255 thousand yen, and operating profit, ordinary profit and profit before income taxes decreased 54,239 thousand yen, respectively. The balance of retained earnings at the beginning of the period decreased by 7,895 thousand yen.

In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new presentation. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Statements" (ASBJ Statement No. 12, March 31, 2020), information disaggregating revenue from contracts with customers for the third quarter of the previous fiscal year is not presented.

(Application of accounting standard for calculation of fair value and others)
The "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 30, July 4, 2019. (hereinafter referred to as the "Accounting Standard for Calculation of Fair Value") and others are applied from the beginning of the first quarter of the current fiscal year, and in accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Calculation of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Group has decided to apply prospectively the new accounting policies established by the Accounting Standard for Calculation of Fair Value and others. This change has no impact on the quarterly consolidated financial statements.

(Additional information)
(Accounting estimates associated with the spread of COVID-19)
There have been no significant changes in assumptions and accounting estimates regarding the impact of COVID-19, as described in (Critical accounting estimates) of the Annual Securities Report for the previous fiscal year. It is assumed that economic activity will resume and gradually recover to pre-corona levels as the number of infected patients declines and vaccination rates increase. The Group assumes a limited impact of COVID-19 on its accounting estimates, including the valuation of inventories, the calculation of refund liabilities and returned assets, and the determination of the recoverability of deferred tax assets. However, the timing of the end of COVID-19 and its future impact remains uncertain, and future results based on actual results may differ from these estimates and assumptions.

(Segment information and others)
(Segment information)
This information is omitted because the Group has a single business segment, the manufacture and sale of cosmetics.