

FY2024 1Q Results Briefing Q&A



Premier Anti-Aging Co., Ltd.  
December 19, 2023

**Summary of Financial Results Briefing Q&A  
for the First Three Months of the Fiscal Year Ending July 31, 2024  
(held on December 14, 2023)**

**[Notes]**

**The "Summary of Financial Results Briefing Q&A" is not a verbatim transcription of the questions and answers that took place at the briefing but has been summarized concisely at our discretion for those who were unable to attend.**

**1. Advertising expenses in the first quarter have increased compared to the fourth quarter of the fiscal year ended July 2023, but why is sales not increasing?**

As CPO remained at a high level due to the deterioration of the customer acquisition landscape, we were unable to digest the advertising budget and new acquisitions remained sluggish. We believe that the increase in CPO was not biased towards any particular brand, but rather that all companies were struggling.

**2. Is it difficult to achieve the sales plan for the first half?**

Sales did not grow as expected due to the inability to acquire new customers, and progress in the first quarter against the plan was difficult. We are doing well in the retail business and have achieved our targets, so we believe that the challenge is to efficiently increase new acquisitions.

New commercials for DUO, CANADEL, and clayence began airing from late October to early November. For DUO, we have shifted from the traditional price appeal to a different stage of marketing that emphasizes brand value and product understanding. Yuko Araki, who is familiar with the target customer group, was used in the new commercial, and although it will be necessary to monitor the future trend, the number of new acquisitions is currently on an improving trend. The reinforcement of CRM measures is gradually starting to have an effect, and we are seeing an increase in conversion rates. We believe that these measures will eventually lead to increased sales.

**3. Is there a risk of increasing sales in the first half without considering operating losses?**

Although we take the operating loss seriously, quarterly sales have continued to decline since previous fiscal year, and there is still no stopping the decline. We believe it is important to

turn around sales in order to aim for sales growth again after fiscal year ending 2025, as announced in the medium-term management plan.

**4. Did clayence's sales in the first quarter of the fiscal year ending July 2024 increase compared to the fourth quarter of the fiscal year ended July 2023?**

Although it decreased compared to the same period previous fiscal year, it has increased slightly compared to the fourth quarter of the fiscal year ending July 2023.

**5. Is there any progress in the structural reforms set forth in the medium-term management plan "2024-2027 +Beyond"?**

The processing of accumulated inventory has been largely completed. We have just begun formulating a roadmap for reducing fixed costs and will report on it as necessary.

**6. In the first quarter, CPO was high and advertising investment was not as expected, leading to a decline in sales. Is the reason why CPO remains high due to factors specific to Premier Anti-Aging?**

The stages of CPO vary depending on the brand. Since DUO has already acquired a considerable number of customers, its CPO is relatively high. Until around the beginning of this year, we were promoting price, but we have switched to promoting value in order to improve brand value. We have strengthened measures to promote the value of DUO, which is different from low-priced products, through SNS by utilizing beauticians and influencers such as MEGUMI and Megumi Kanzaki, who have been using the DUO for a long time. We are beginning to see some effects, such as an increase in the conversion rate. Acquiring new customers is of course important, but we believe that increasing LTV is even more important.

For other brands, just like other companies, how to differentiate is important. We are focusing on acquiring new customers and in-store promotions in conjunction with the new commercials.

**7. Do you feel that LTV is increasing?**

We are starting to see signs of an increase in the F2 conversion rate (the percentage of customers who purchase a product for the first time purchase a product a second time).

The conversion rate is completely different for customers who make five or six purchases in a row and those who make two or three purchases. Currently, it is important to improve the conversion rate of customers who purchase products two or three times in a row, and we will implement various measures to increase the conversion rate while carefully assessing

cost-effectiveness.

**8. What impact does changing the promotion measures have on business performance?**

I think if we had been able to acquire new customers in the first quarter, it would have led to a turnaround in sales. However, we believe that it would be more effective to improve the retention rate of existing customers through CRM measures and then focus on efficiently acquiring new customers. As the CRM measures are starting to have some effect, we would like to aim for a turnaround in sales by increasing new acquisitions and improving the retention rate of existing customers through CRM measures

**9. While the market for all-in-one cosmetics continues to grow moderately, CANADEL's sales last year were estimated at 5 billion to 6 billion yen, but looking at quarterly sales trends, it appears that they have peaked out. How do you plan to strengthen CANADEL in the medium to long term?**

The all-in-one cosmetics market has always been a highly competitive environment, but it has become even more competitive in recent years. Although our share in the all-in-one cosmetics market has grown to 6th place, recognition is still lower than DUO, so we need to raise awareness. The new TV commercial has been well received, and the commercial effect is starting to increase in stores. In order to achieve sustainable growth over the medium to long term, we plan to introduce new products next spring. Just as DUO has established a strong position in the cleansing market, CANADEL would like to establish a firm position by establishing its branding and uniqueness.

**10. Premier Anti-Aging is confident in its ability to develop its brand and has provided a variety of products in the anti-aging field, but as the market environment changes, how will it improve its ability to develop its brand going forward?**

We have cultivated various brands in the anti-aging field, and we would like to continue to aim to be No. 1 in various categories in the anti-aging field. For example, last year we acquired Venex Co., Ltd. and entered the recovery business, and launched SINTO and X in the inner care business. We aim to be No. 1 in these categories. Premier Anti-Aging is recognized in the industry as an anti-aging company, but it is not yet widely known in general. Through both in-house brand development and M&A, we would like to establish various No. 1 brands in the anti-aging field and build our position as an anti-aging company.

## 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.

**【Contact】**

Corporate Communication Division

mail : [ir@p-antiaging.co.jp](mailto:ir@p-antiaging.co.jp)