

PREMIER ANTI-AGING

Business Plan and Growth Potential Explanatory Material

Premier Anti-Aging Co., Ltd.

Tokyo Stock Exchange Growth 4934

October 30, 2023



01	Corporate Overview
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01 Corporate Overview

Name	Premier Anti-Aging Co., Ltd.
Established	December 2009
Head office	Toranomon Hills Mori Tower 8F, 1-23-1 Toranomon, Minato-ku, Tokyo
Board members	<p>Kiyoshi Matsuura, President</p> <p>Yoichiro Ito, Director and Managing Executive Officer, CFO</p> <p>Takuyuki Fukumoto, Independent Outside Director</p> <p>Sakiko Sakai, Independent Outside Director</p> <p>Motoyasu Ishihara, Independent Audit and Supervisory Board Member</p> <p>Akira Ide, Independent Audit and Supervisory Board Member</p> <p>Yosuke Kondo, Independent Audit and Supervisory Board Member</p> <p>Takahiro Toya, Executive Officer</p> <p>Keigo Uemura, Executive Officer</p> <p>Kiyoshi Iwakawa, Executive Officer</p> <p>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.</p> <p>Premier Anti-Aging (Shanghai) Co., Ltd.</p> <p>Venex Co., Ltd.</p>



✓ In formulating our medium-term management plan, we redefine our slogan, purpose, and promise

Slogan

Forever vivid

とき
人の時間を、解き放つ。

Untether time.

Logo



PREMIER ANTI-AGING

Wonder Watch

とき
時間を解き放つ。そのとき、人生は鮮やかに輝きはじめる。

Untether time. For the time of your life.

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.

Promises

No limits

プロフェッショナルとして、自らの壁を超え成長し続ける。

Be a professional, pushing your boundaries and seeking growth.

Never boring

決まりきった方法を疑い、新たな驚きと発想を生み出す。

Question the status quo and welcome surprising new ideas.

Always true

自分に、仲間に、社会に、妥協なく誠実に向き合う。

Be sincere and honest with everyone—including yourself.

Established
Premier Anti-Aging
Co., Ltd.
2009

2010– Skin care business

2010

- Started mail-order/e-commerce sales of “DUO The Cleansing Balm”



2019

- Launched “CANADEL,” an aging care brand for mature consumers
- Renewed the “DUO” brand



2020

- Launched the “sitrana” brand for sensitive skin



2022– Hair care business

2022

- Launched the “clayence” hair care brand



- Launched the “DUO MEN” skin care brand for men



- Premier Wellness Science Co., Ltd. launched “Ko” and “Reinca.”

2023– Inner care business

2023

- Launched the “SINTO” inner care brand



- Launched the “X” inner care brand



2023– Recovery business

2023

- Venex Co., Ltd. became a consolidated subsidiary. Developed the recovery business



- Launched the “C+mania” vitamin skin care brand



2010

- “DUO The Cleansing Balm” won the Monde Selection Gold Quality Award.
- “DUO The Cleansing Balm” won first place in the Other cleansing category at Japan’s largest cosmetics and beauty review website (and held the top spot for 10 consecutive years).

2011

- Started sales to variety stores and other retailers

2012

- The number of retail stores handling our products exceeded 1,000.

2015

- Became an official sponsor of Miss World

2016

- Cumulative sales of the “DUO The Cleansing Balm” series exceeded 1 million units.

2018

- The number of retail stores handling our products exceeded 5,000.
- The first TV commercial for “DUO” aired, featuring KinKi Kids.
- Became a main sponsor of Miss Universe

2019

- Became a special partner of TGC AUDITION 2020
- Cumulative sales of the “DUO The Cleansing Balm” series exceeded 10 million units.

2020

- The first TV commercial for “CANADEL” aired, featuring Ryoko Yonekura.
- Listed on the Tokyo Stock Exchange Mothers
- Established Premier Wellness Science Co., Ltd.



2021

- Established Premier Anti-Aging (Shanghai) Co., Ltd.
- Cumulative sales of the “DUO The Cleansing Balm” series exceeded 30 million units.

2022

- Cumulative sales of the “DUO The Cleansing Balm” series exceeded 40 million units.
- Cumulative sales of the “CANADEL” all-in-one beauty serum series exceeded 5 million units.
- The first TV commercial for “clayence” aired, featuring Rei Dan.
- The number of retail stores handling our products exceeded 18,000.

2023

- Venex Co., Ltd. became a consolidated subsidiary.



- “DUO The Cleansing Balm” achieved status as No. 1 brand* in cleansing sales for four consecutive years.

* Share ranking survey by cleansing brand by TPC Marketing Research Co., Ltd. (target period: April 2019 through March 2023/survey period: June 2023)

Business model

Fables Manufacturing

- We have built a nationwide network of OEM manufacturers and select the optimal OEM production system for each product.
- We specialize in core operations such as product development and marketing, while outsourcing logistics, manufacturing, and most call center operations.

Strengths

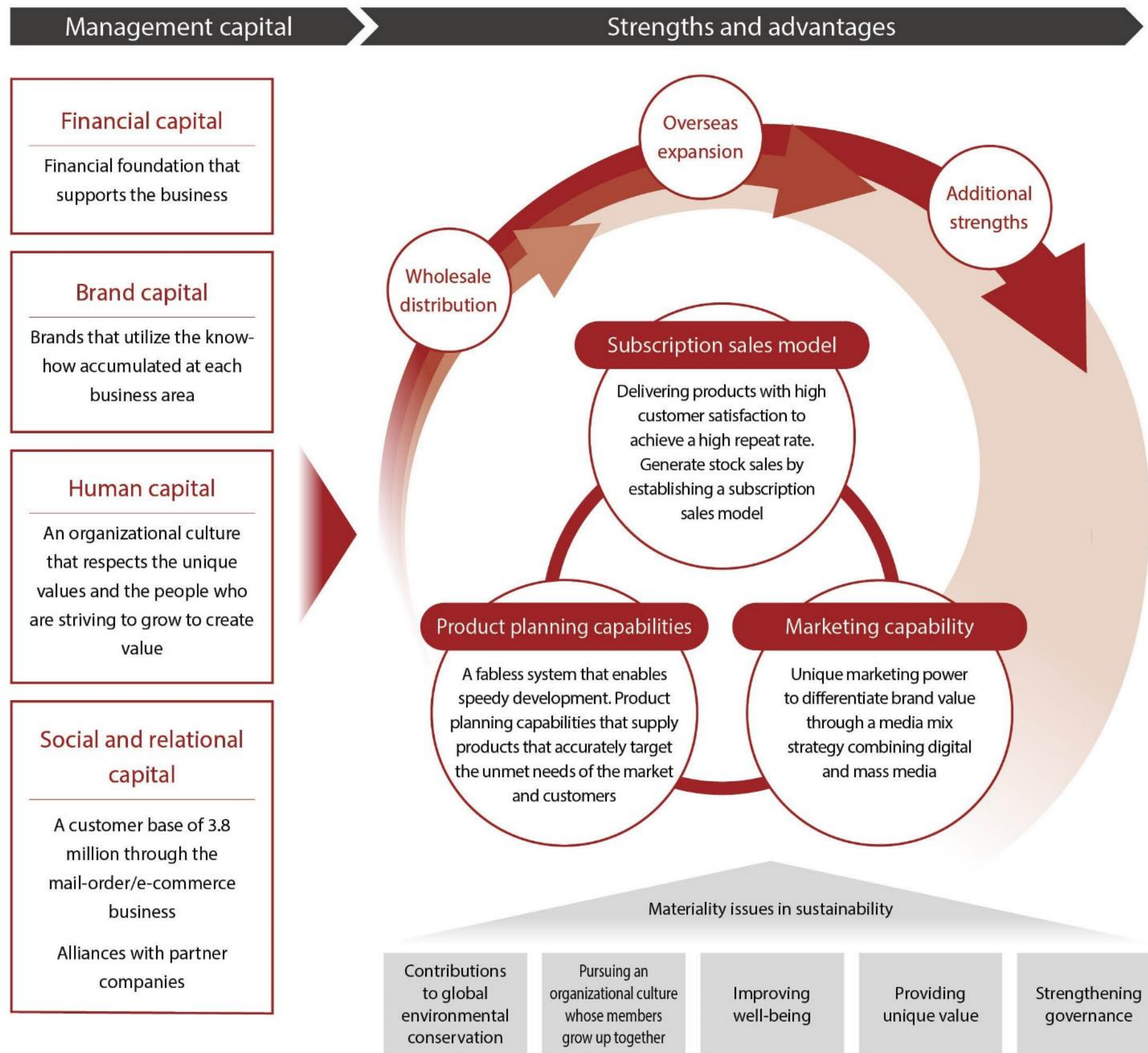
- Established a business model based on subscription sales model, product planning and marketing capabilities.

Management capital

A business model that fully utilizes management capital such as financial capital, brand capital, human capital, social and relationship capital, etc.

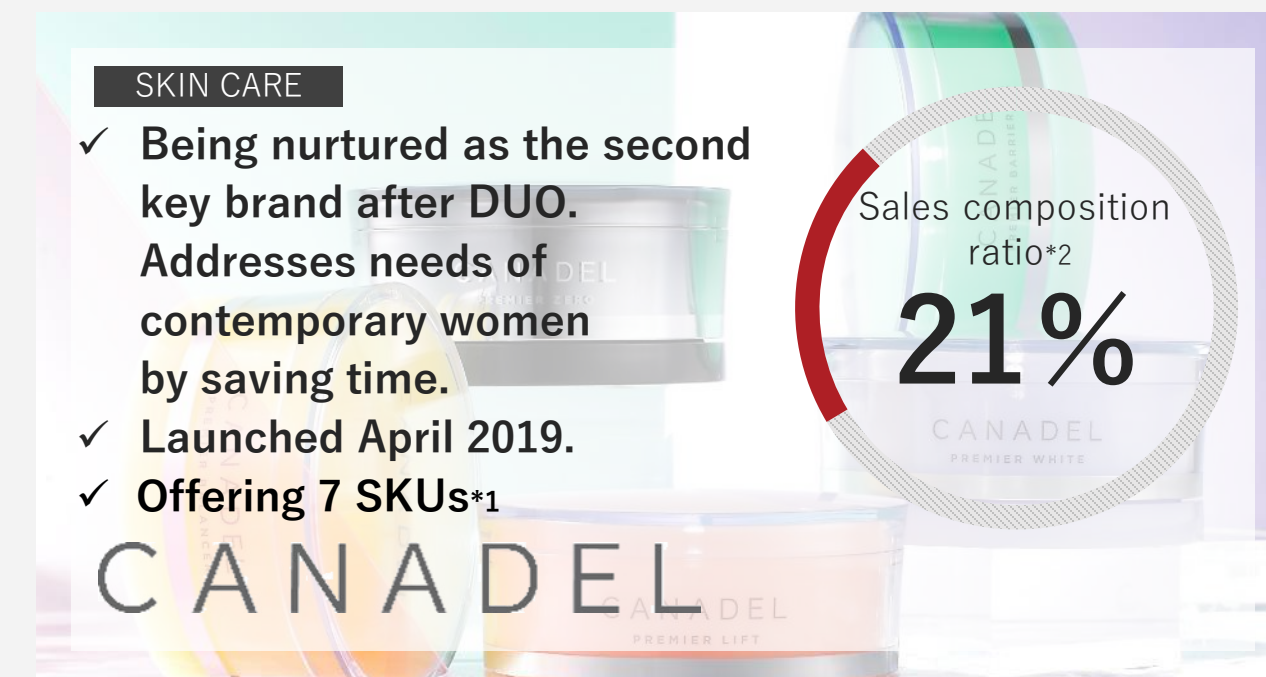
Materiality issues in sustainability

Five materiality issues selected from the perspectives of “pursuing wealth brought about by anti-aging” and “corporate foundations that support growth” support growth.



Key Brands and Sales Composition Ratio

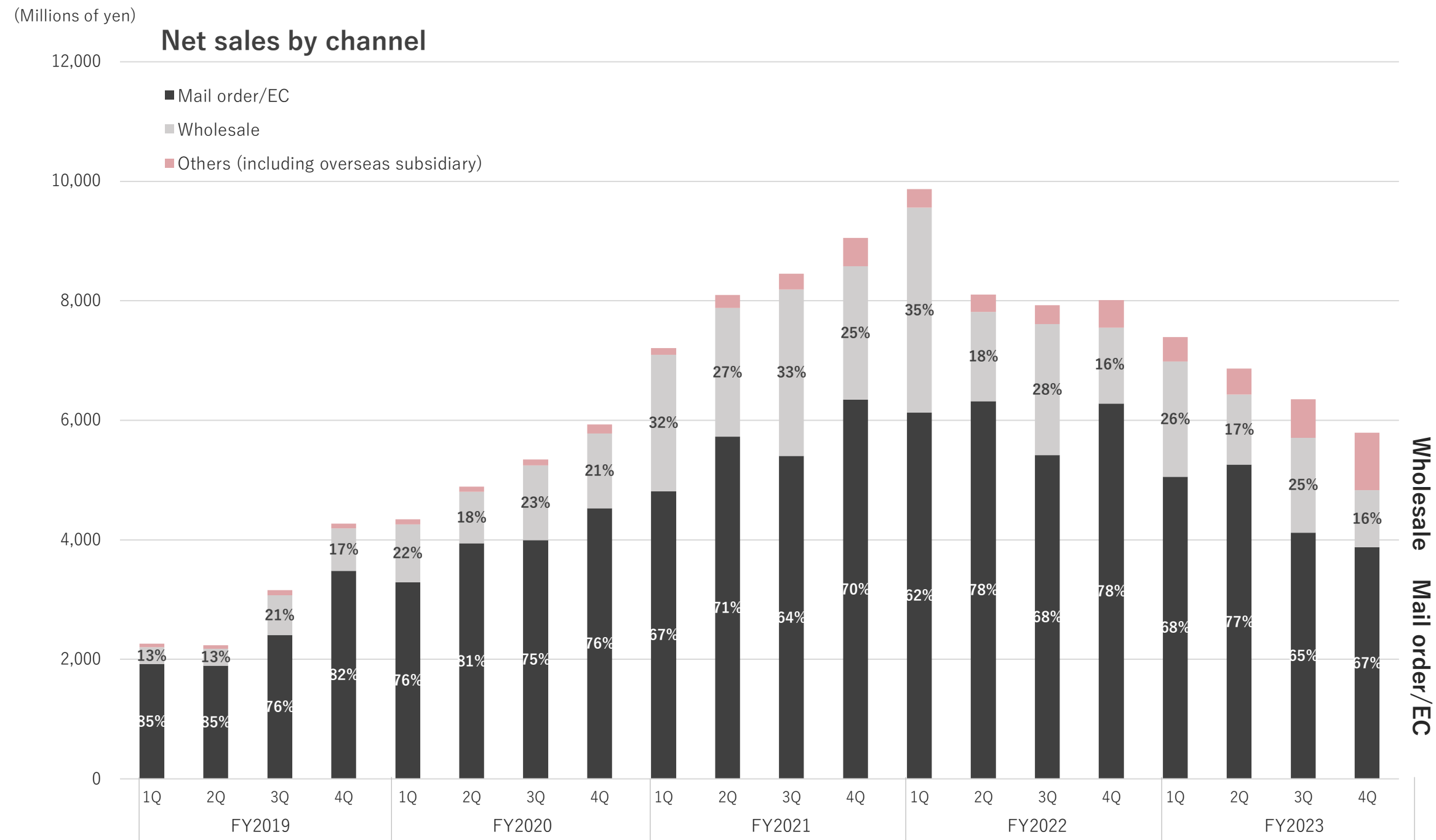
- ✓ Skin care brands “DUO” and “CANADEL” and hair care brand “clayence” drove sales



*1: SKU refers to the number of regular products as of July 31, 2023, excluding limited editions and different sizes *2: Calculated based on FY2023 net sales.

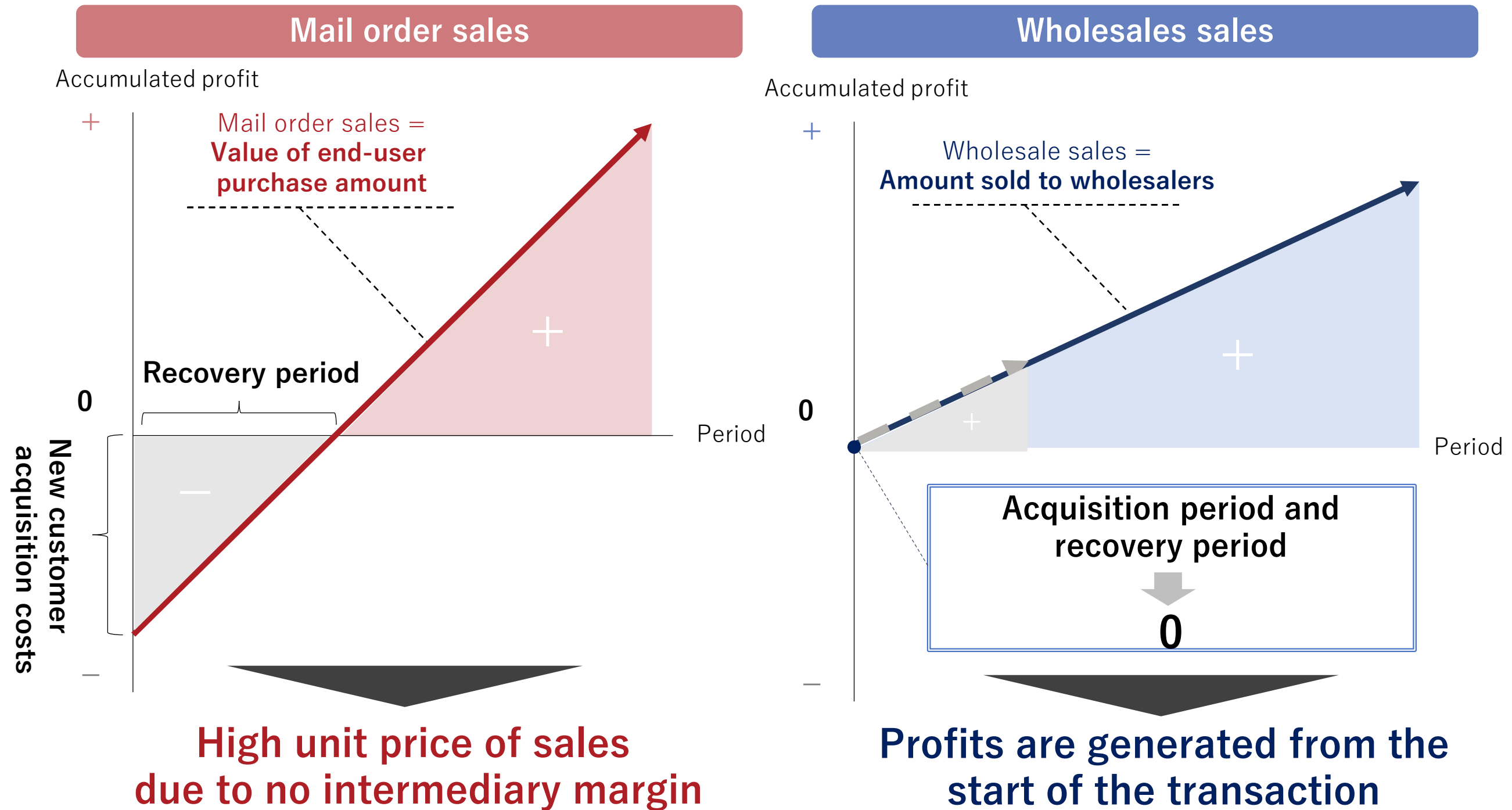
Net sales by channel

- ✓ Our mainstay mail order/EC sales, which we have been engaged in since our founding, account for 69.3% of sales in FY2023
- ✓ Wholesale sales, which are responsible for sales to retail stores such as variety shops, account for 21.4% of sales. Number of delivery stores expanded to approximately 18,000 stores



Characteristics of Main Sales Channels

- ✓ Mail order sales are characterized by high unit sales per sales, while wholesale sales are characterized by quick turnaround



Total Number of Mail-order/EC Customers

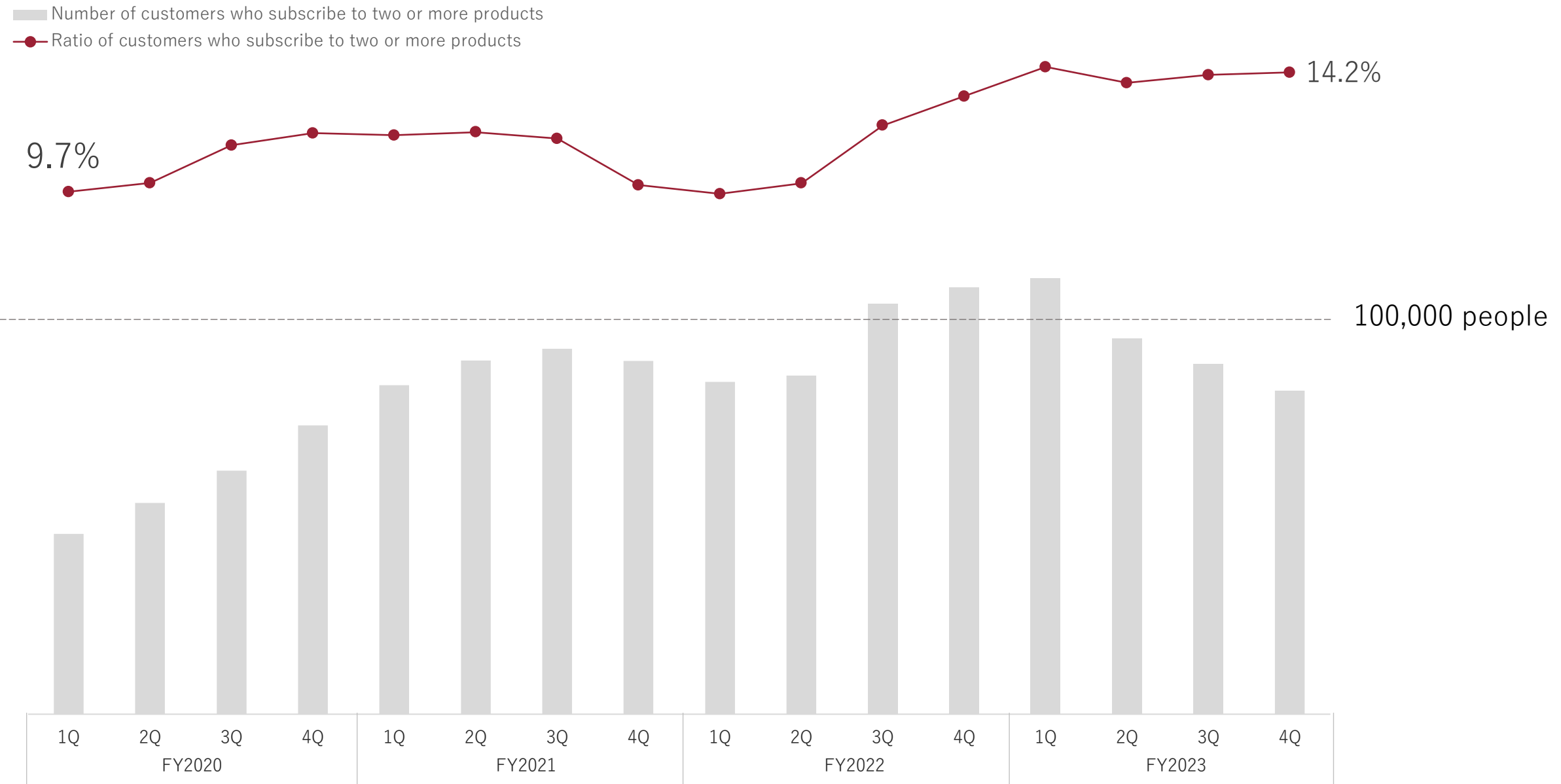
✓ The number of members supporting the subscription sales model has steadily increased, with the total number of members exceeding 3.8 million



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

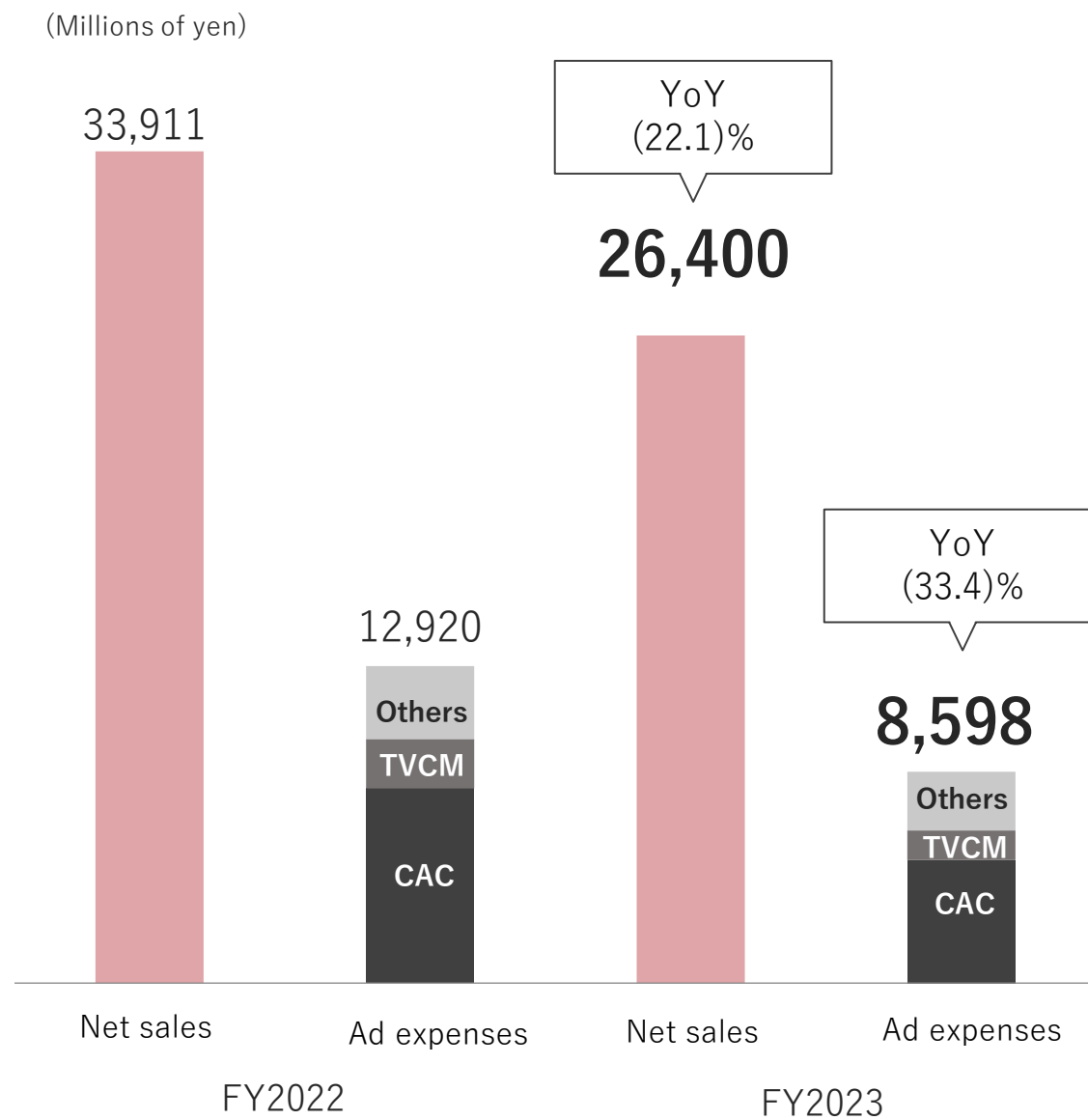


Note: The number of customers who subscribe to two or more products refers to customers who are purchasing two or more product categories (e.g., balms and serums) on a regular basis.

Advertising supporting marketing

- ✓ Promoting acquisition of new customers using performance-based digital marketing
- ✓ Efficient execution of advertising through media mix effects combined with mass marketing
- ✓ Advertising expenses decreased in FY2023 as we prioritized eliminating financial concerns and reducing customer acquisition costs

Advertising expense ratio to sales



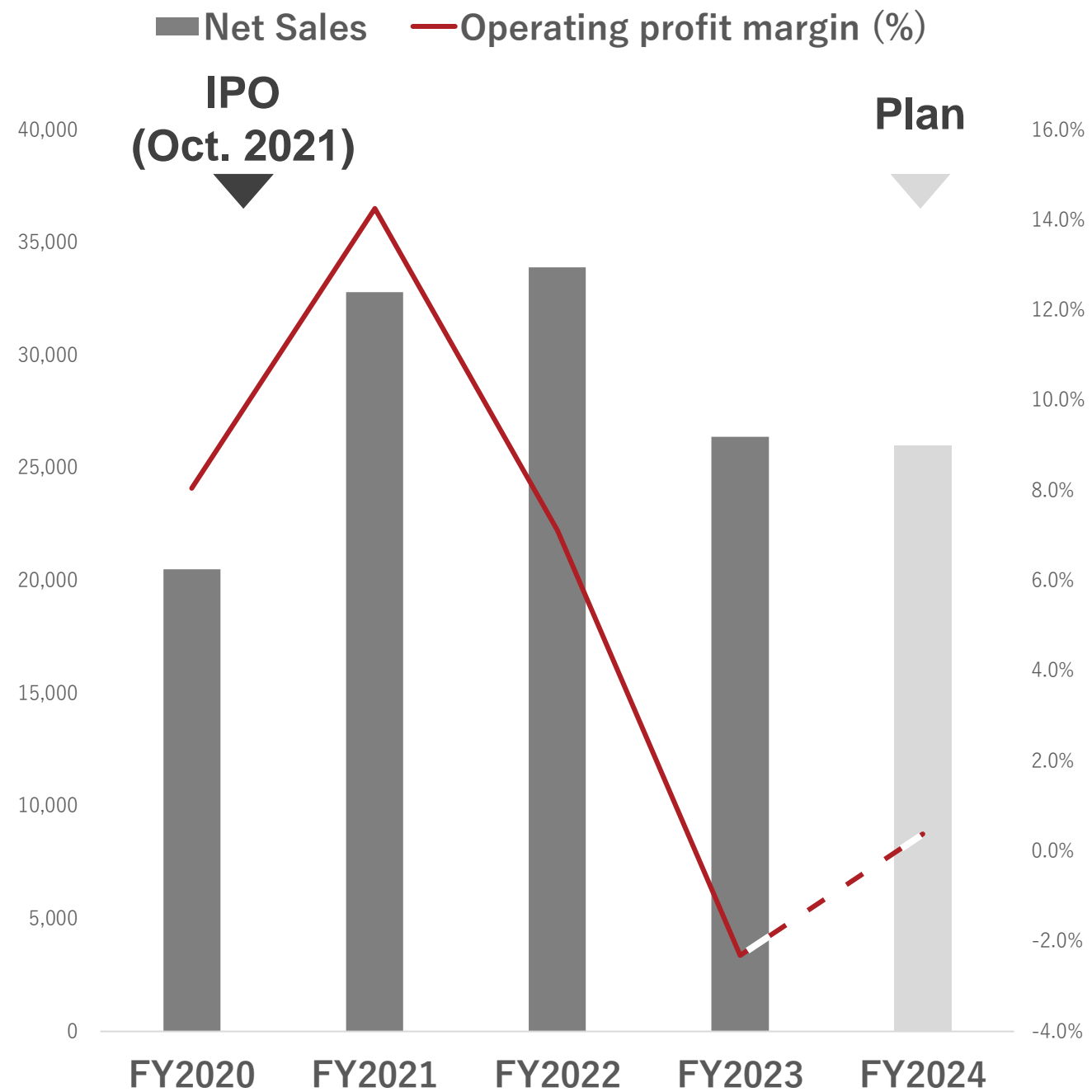
Advertising expenses/net sales

38.1% → **32.6%** (-5.5 pts)

Customer acquisition costs/net sales

23.4% → **18.9%** (-4.5 pts)

✓ Aggressive investment of capital acquired through DUO's growth to expand business scale at an early stage



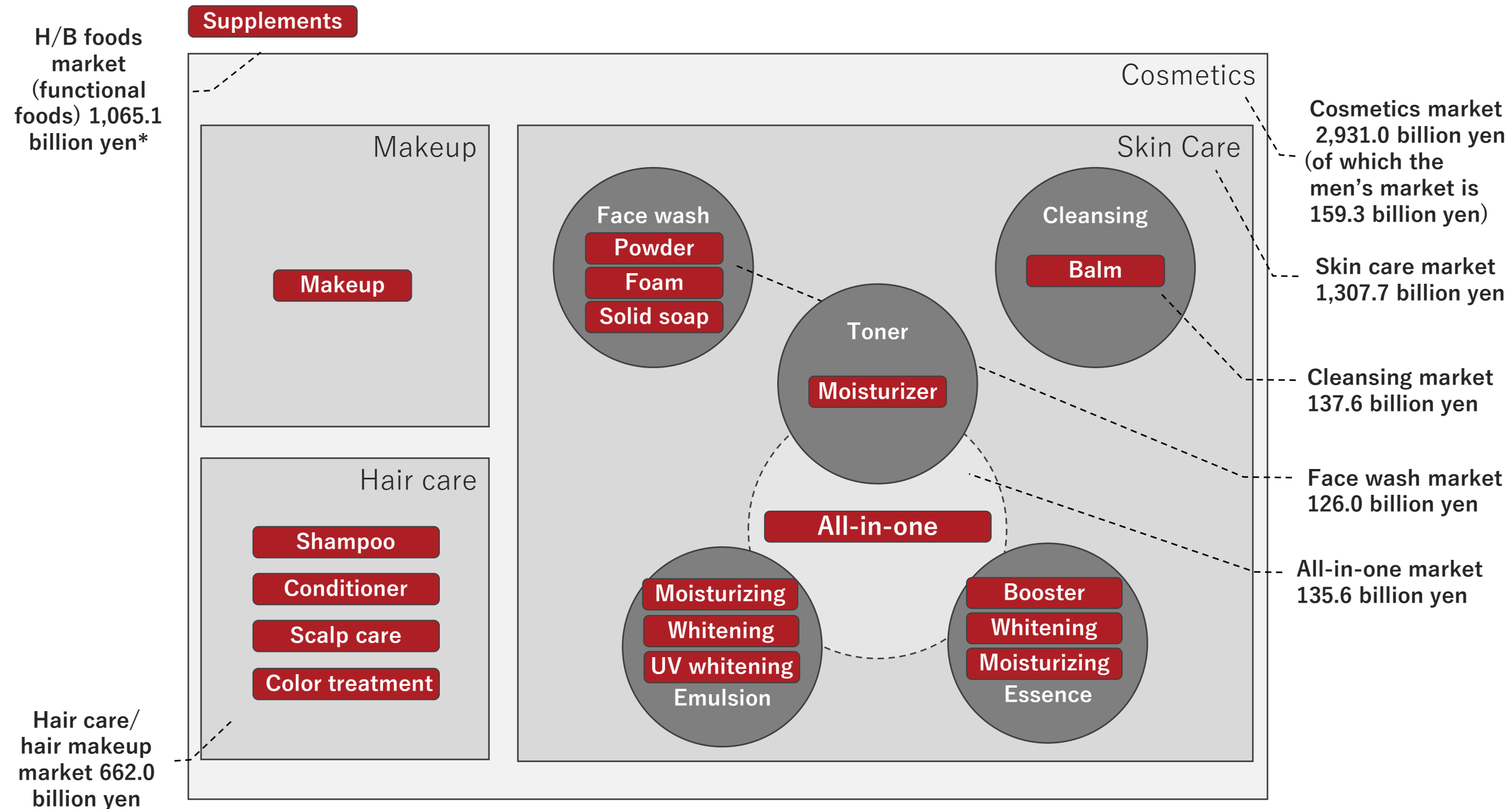
Past management theme

1. Continued growth of DUO brand and cultivation of new brands
2. Sales growth through expansion of Channel (wholesale and overseas)
3. Expansion of SKU lineups for each brand to meet diverse needs
4. Establish an organizational foundation that can withstand rapid expansion

02 Market Environment

Market Size of the Domestic Cosmetics Market

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

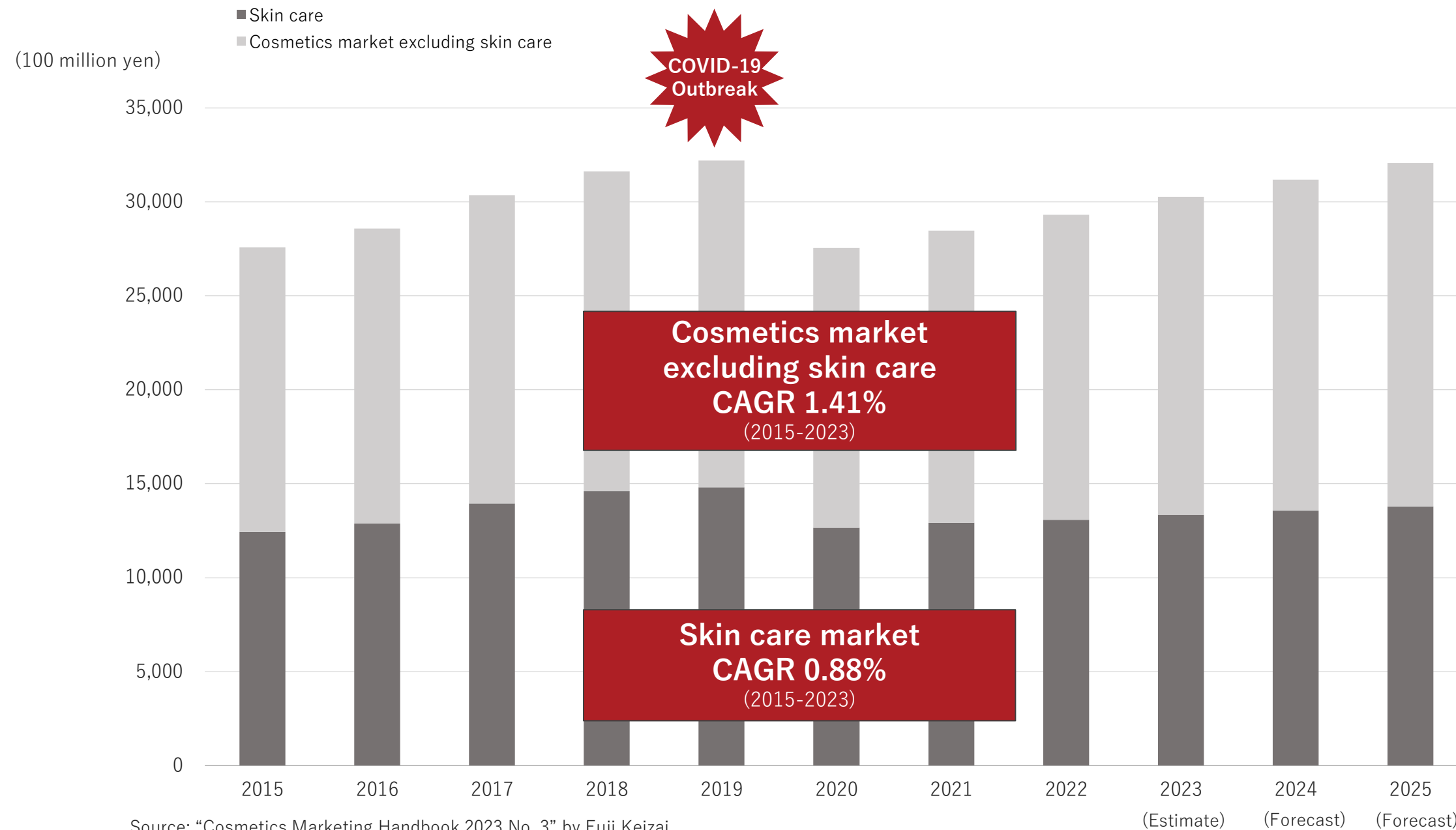


Note: Gray circles indicate the markets, and red boxes represent our products.
 Source: "Cosmetics Marketing Handbook 2023 No. 1", "Cosmetics Marketing Handbook 2023 No. 3", "H/B Foods Marketing Handbook 2023 <Overview>" by Fuji Keizai
 *H/B foods markets are estimates for 2022

Domestic Market Size for Cosmetics and Skin Care

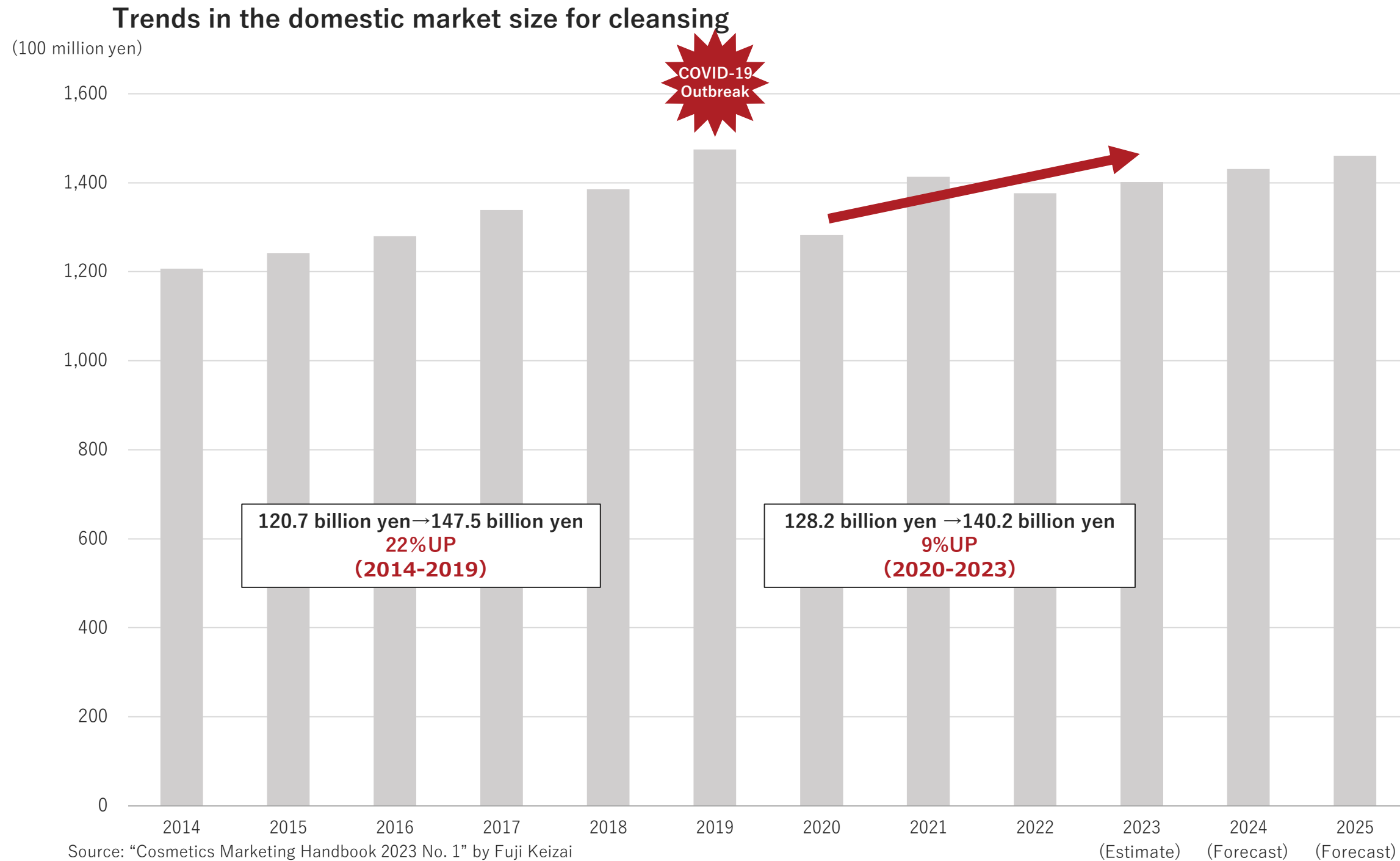
- ✓ Domestic cosmetics market, which continued to grow moderately through 2019, declined significantly with COVID-19
- ✓ Moderate recovery continues in 2023 due to the reduction of COVID-19 to a Category 5 infectious disease

Trends in the domestic market size for cosmetics and skin care



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

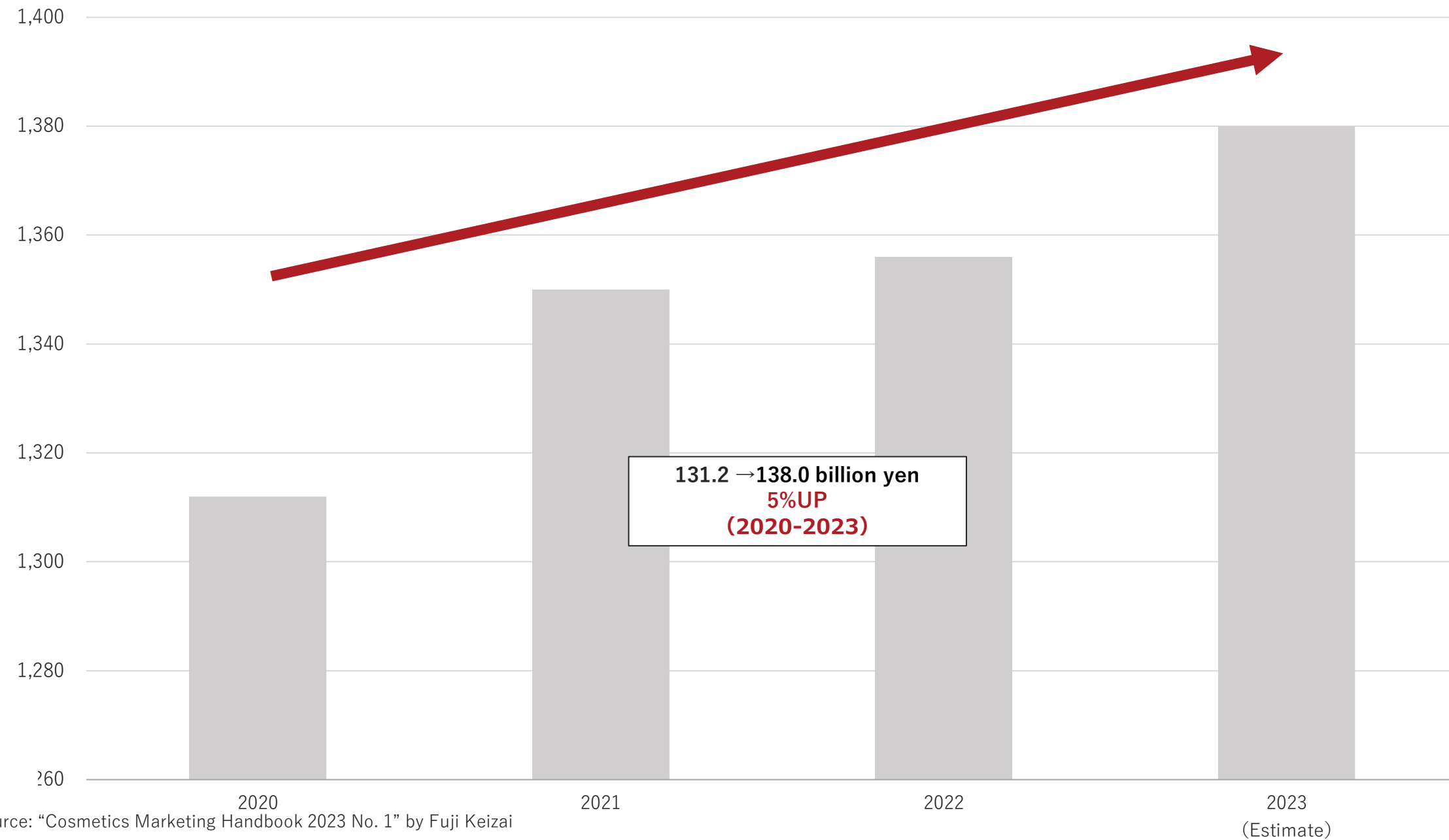


Domestic Market Size for All-in-one Cosmetics

- ✓ A product that promotes the ability to complete skin care after washing face with just one item
- ✓ Market is expanding slowly

Trends in the domestic market size for all-in-one cosmetics

(100 million yen)

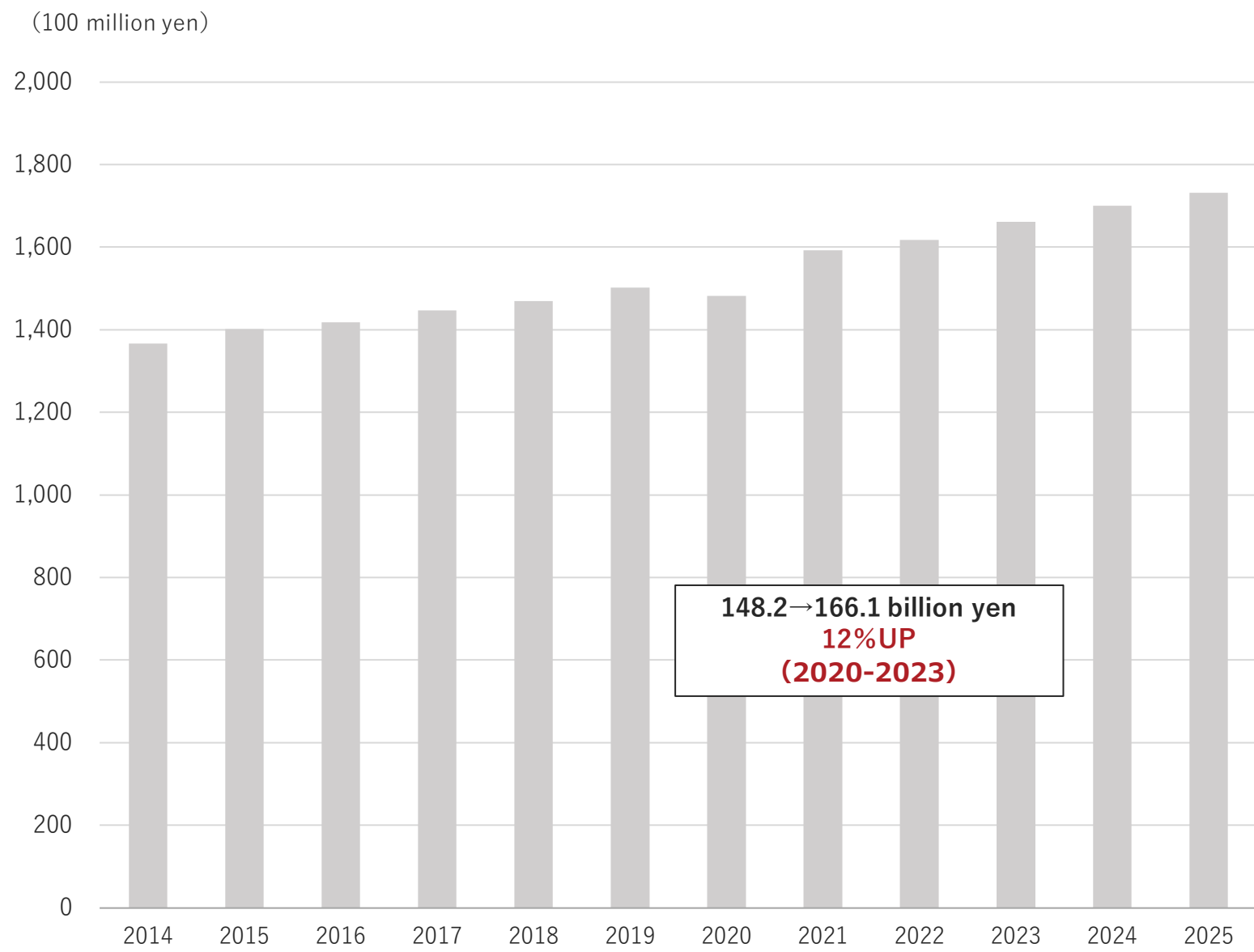


Source: "Cosmetics Marketing Handbook 2023 No. 1" by Fuji Keizai

Domestic Market Size for Hair Color and Female Scalp Care

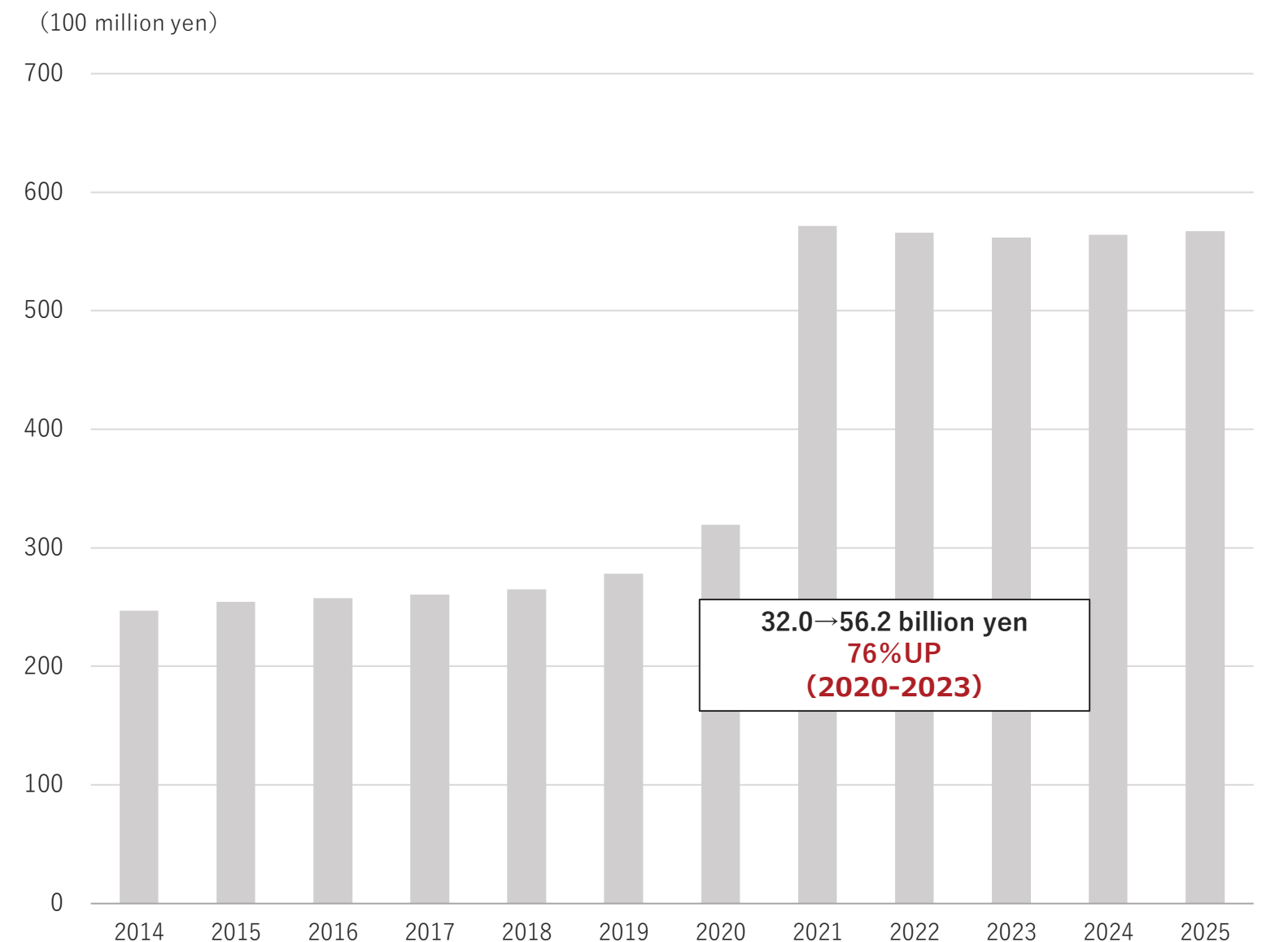
- ✓ The hair color market remains strong from 2022 onwards, with the entry of highly convenient color treatments for gray hair
- ✓ The female scalp care market has expanded rapidly since the COVID-19 outbreak due to increased time at home and heightened awareness of scalp care

Trends in the domestic market size for hair color



Source: "Cosmetics Marketing Handbook 2023 No. 2" by Fuji Keizai (Estimate) (Forecast) (Forecast)

Trend in the domestic market size for female scalp care



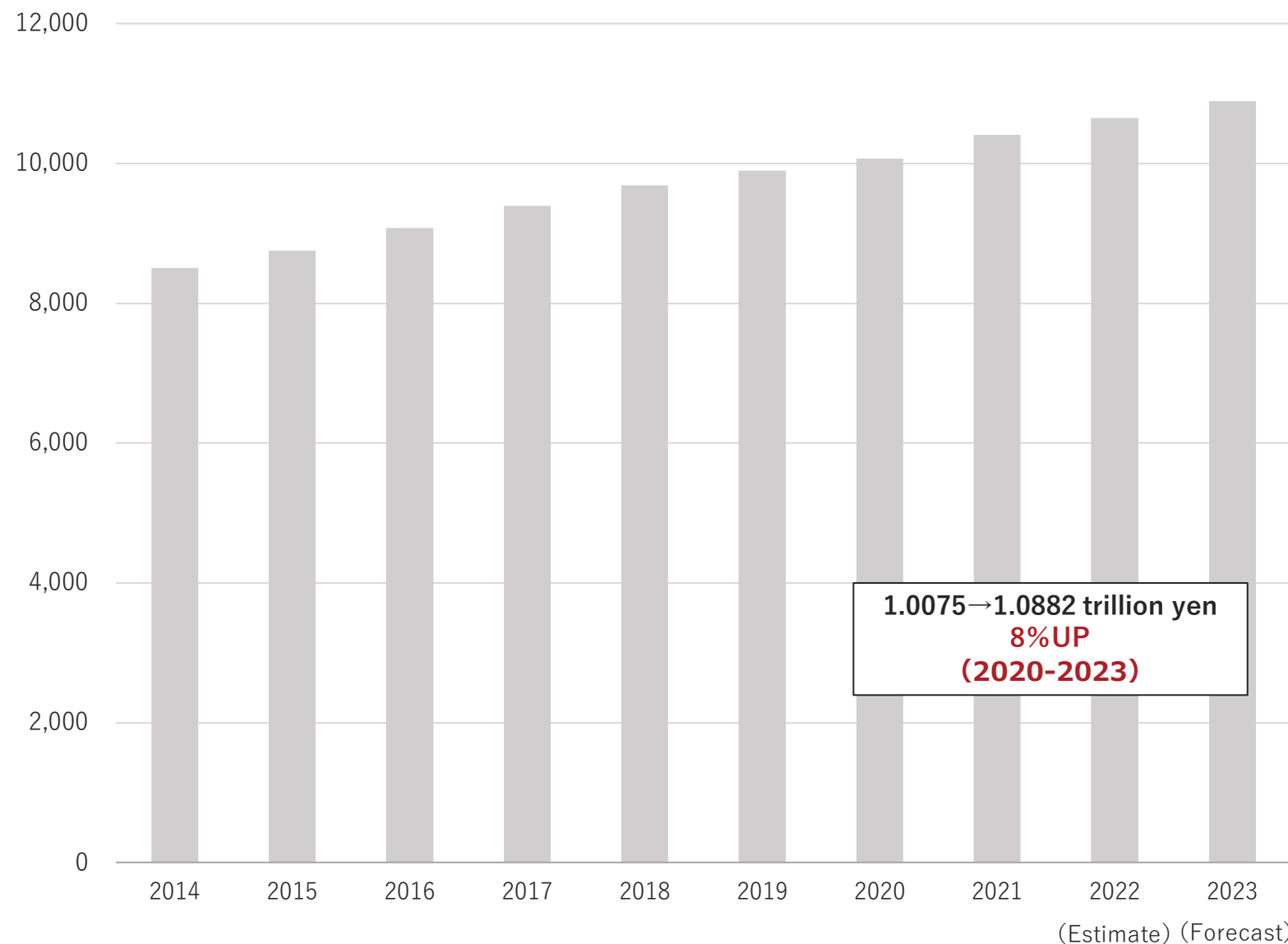
Source: "Cosmetics Marketing Handbook 2023 No. 2" by Fuji Keizai (Estimate) (Forecast) (Forecast)

Domestic Market Size for Functional Food and Recovery Wear

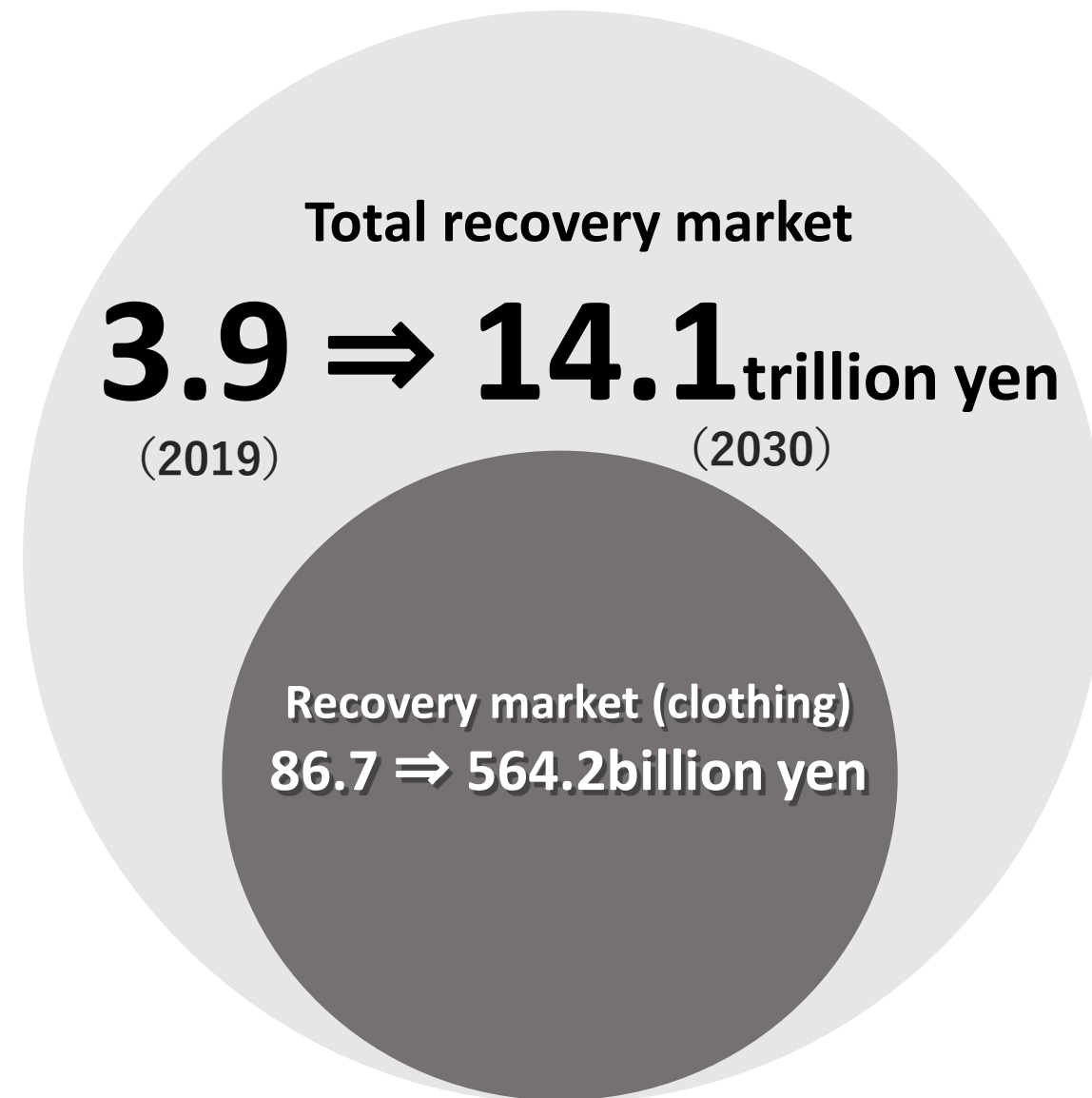
- ✓ The functional food market has been performing well due to increasing demand for health since the COVID-19 outbreak
- ✓ The recovery market is expected to grow approximately 3.6 times from 2019, and the rest solution (clothing) is expected to grow approximately 6.5 times

Trends in the domestic market size for functional food

(100 million yen)



Domestic market size for recovery wear

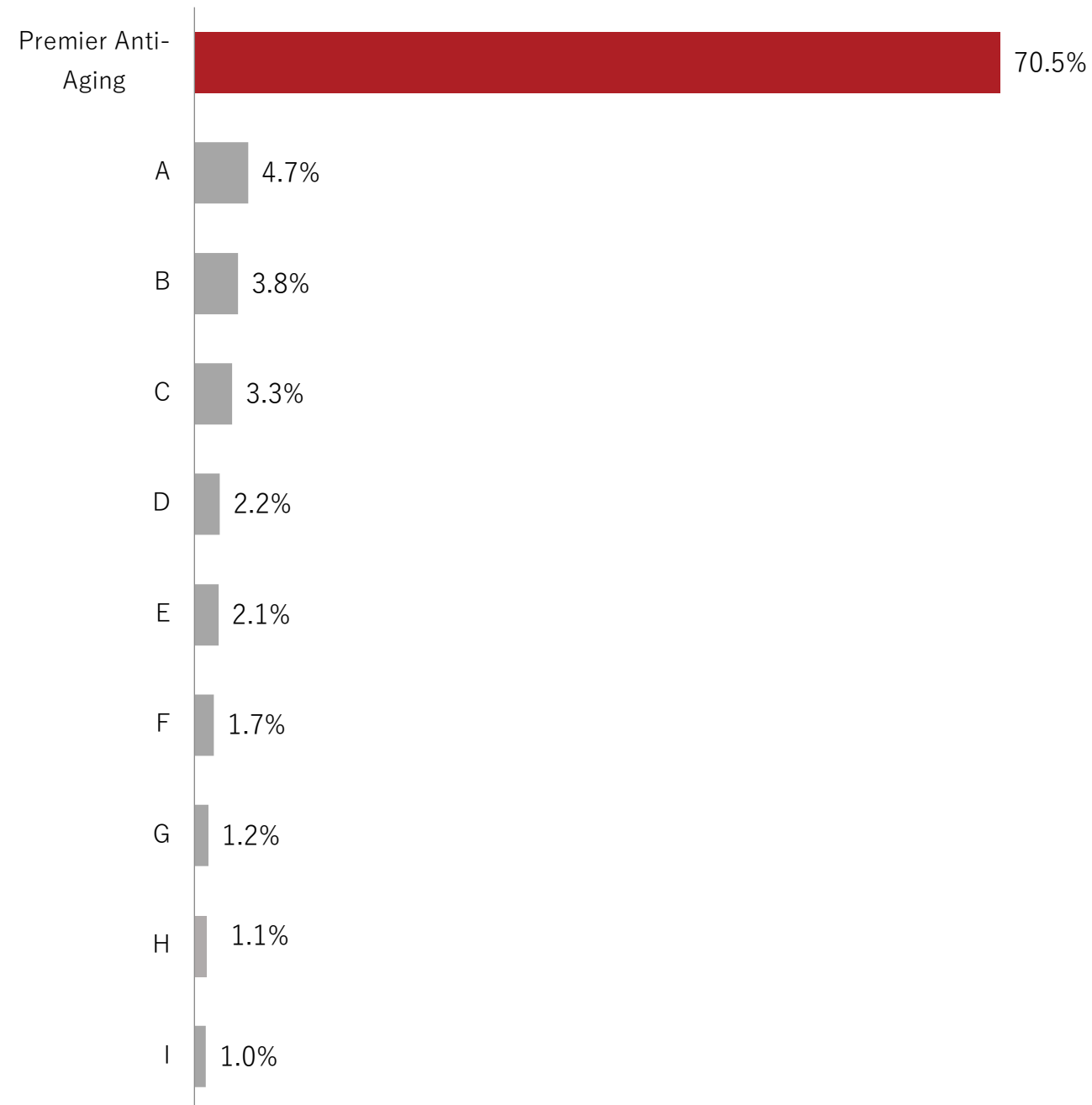


Source: "H/B Foods Marketing Handbook 2023 <Overview>" by Fuji Keizai

*Rest Week Promotion Secretariat: "In collaboration with the Kanagawa Prefecture Meibyou Industry Research Group, we estimate the market size of the three elements of health, ``recovery,`` for the first time in Japan. The recovery market in 2030 will be worth 14.1 trillion yen."

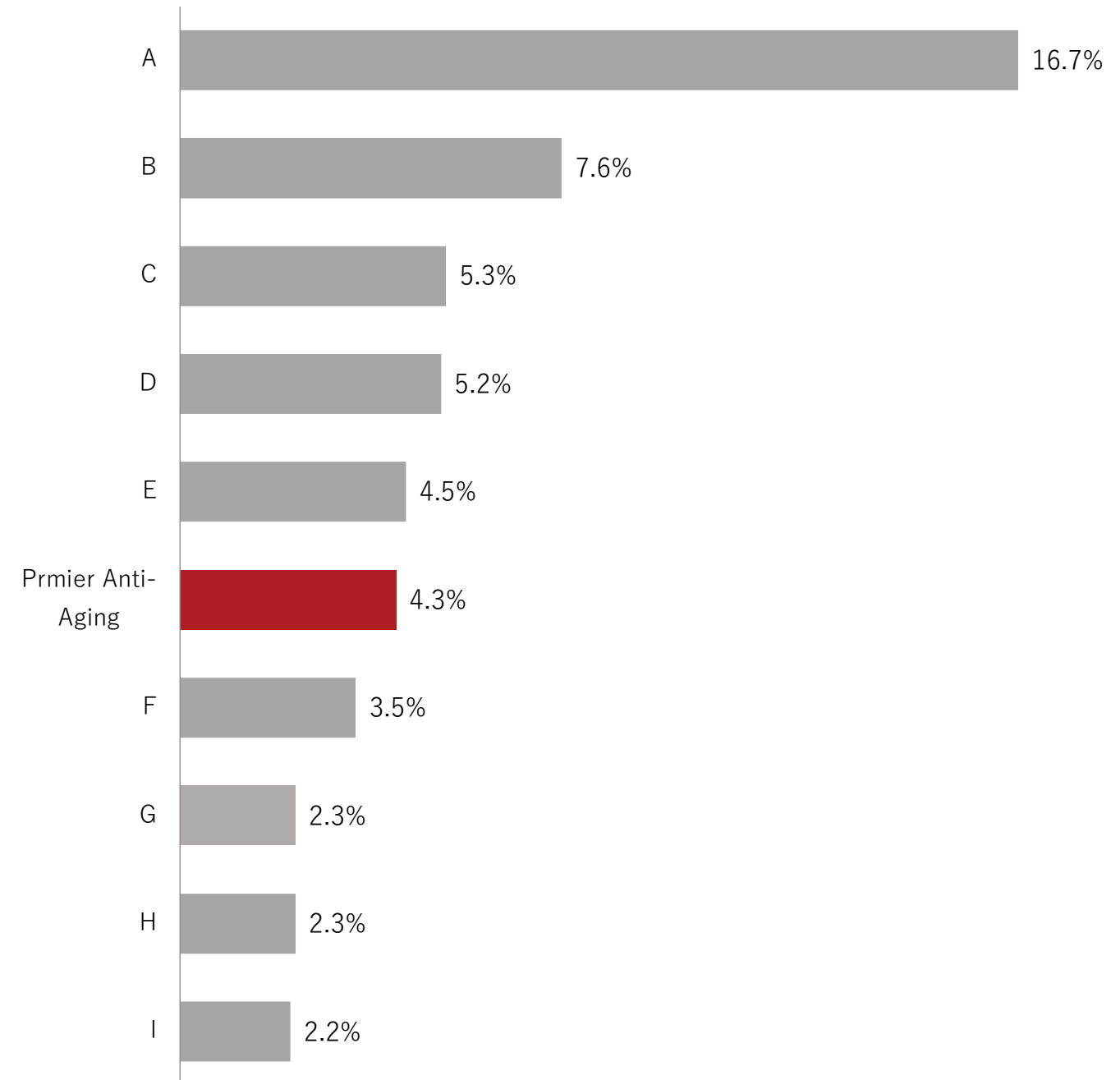
✓ Established a competitive position with cleansing (balm type) by DUO and all-in-one by CANADEL

Cleansing (Balm type)



Source: "Cosmetics Marketing Handbook 2023 No. 1" Cleansing <Balm: Brand Share> 2022 by Fuji Keizai

All-in-one



Source: "Cosmetics Marketing Handbook 2023 No. 1" Moisture <All-in-one: Brand Share> 2022 by Fuji Keizai

03 Characteristics and Strengths

In the process of growth, we have built some assets that will serve as the foundation of our business going forward

Our Management Assets

1. Brand Portfolio

DUO , CANADEL and clayence leading the way, we've launched numerous new brands
Sales from brands other than DUO represent about 35%

2. Diverse Channels Centered on Wholesale

Achieved a multi-faceted channel combining both online sales and wholesale
Successfully created a model seamlessly linking brands originated online to their next growth stage in wholesale

3. Membership Assets

A foundation supporting our sustainable growth. We are grateful to our over 3.8 million members, enabling continuous dialogue with highly responsive customers for new product development and improvements to existing products

4. Platform Evolution (Entry into New Area & Cross-branding)

Acquired the recovery wear brand Venex
Launched new inner-care brands SINTO and X
Continued growth in cross-utilization between brands

We have proposed various Unique Values and solutions in the field of Anti-Aging

DUO

Skin Care



CANADEL

Skin Care



clayence

Hair Care



DUO men

Men's Skin Care



VENEX

Recovery Wear



SINTO

Inner Care



X

Inner Care



C+mania

Skin Care

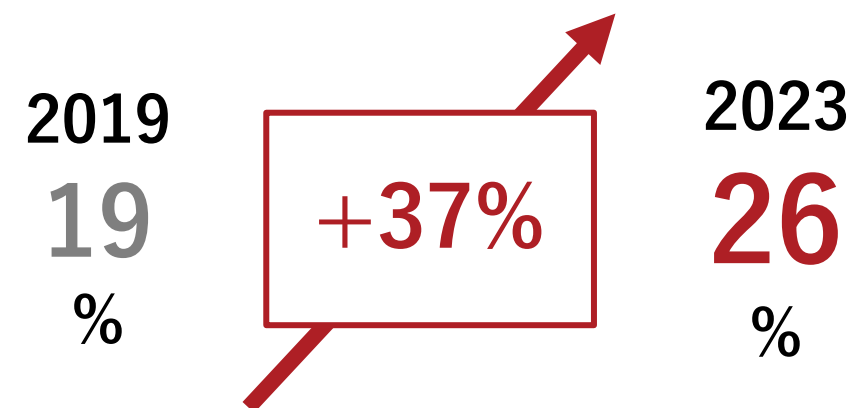


Steadily built up each asset as a foundation for growth

Diverse Channels
Centered on wholesale

Expanding channels as a mechanism to create brands and grow into major players through mail order.

Ratio of non-mail order sales to total sales



Membership Assets

Memberships for each brand have accumulated and grown into a large membership base for the Company as a whole.

Number of membership



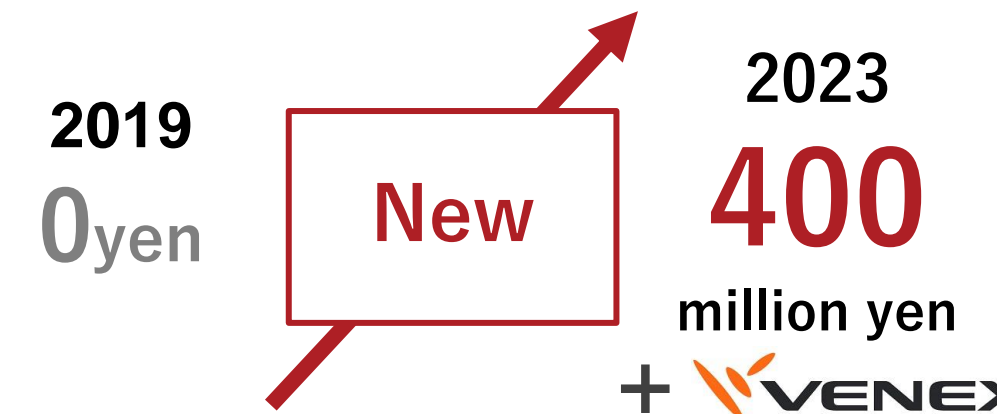
Platform Evolution

Continued growth of cross-use among brands and categories. Entry into new business areas.

Ratio of cross-selling customers



New business areas total sales



Progress in addressing issues from FY2023 to FY2024**Issues**

- 1. Emphasis on sales expansion measures, assuming the continuation of rapid growth.**
- 2. Brakes on the traditional growth model centered on new acquisitions due to the intensifying market competition for DUO.**
- 3. Organizational communication loss resulting from rapid expansion.**
- 4. Insufficient penetration of core values and the mid-to-long term vision within the organization.**

Initiatives

- Developing KPIs other than sales, such as investment discipline
- Reduce Financial Concerns incurred as a result of past

- Reinforce DUO brand
- Rebalanced new acquisitions and increased investment in continuing customers

- Improve information distribution within the organization combined with evaluation
- Organizational culture penetration project

- Establishment of new corporate identity
- Establishment of mid-term management plan and rolling planning

04 FY2023 Results and FY2024 Forecast

Review of FY2023 Financial Results

- ✓ Competition in the cleansing market continued to intensify, and there was no halt to the decline in sales of the mainstay DUO. In addition, we recorded valuation losses on inventory and temporary losses due to merger of a subsidiary in 3Q and 4Q. As a result, the Company's forecasts were revised downward twice, and the Company fell into the red for the first time since going public
- ✓ (Reasons for 1Q revision) DUO's sales forecast was revised downward due to intensifying competition in the cleansing market, and CANADEL and clayence's sales will also be lower than initial plans due to restraint in advertising investment in consideration of the online advertising environment. Although gross profit will decrease significantly due to the decline in sales, we will carry out company-wide cost reforms by strategically managing advertising expenses and reviewing the cost structure such as logistics costs
- ✓ (Reasons for 3Q revision) DUO's new acquisition measures did not have the expected effect and remained low, and clayence's new acquisitions also slumped. In addition to a decline in gross profit due to the decline in sales, we recorded valuation losses on retained inventory of some products in order to maintain a strong financial position and solidify the foundation for future growth
- ✓ Compared to the revised plan announced in 3Q, both sales and profits were almost as planned

(Millions of yen)

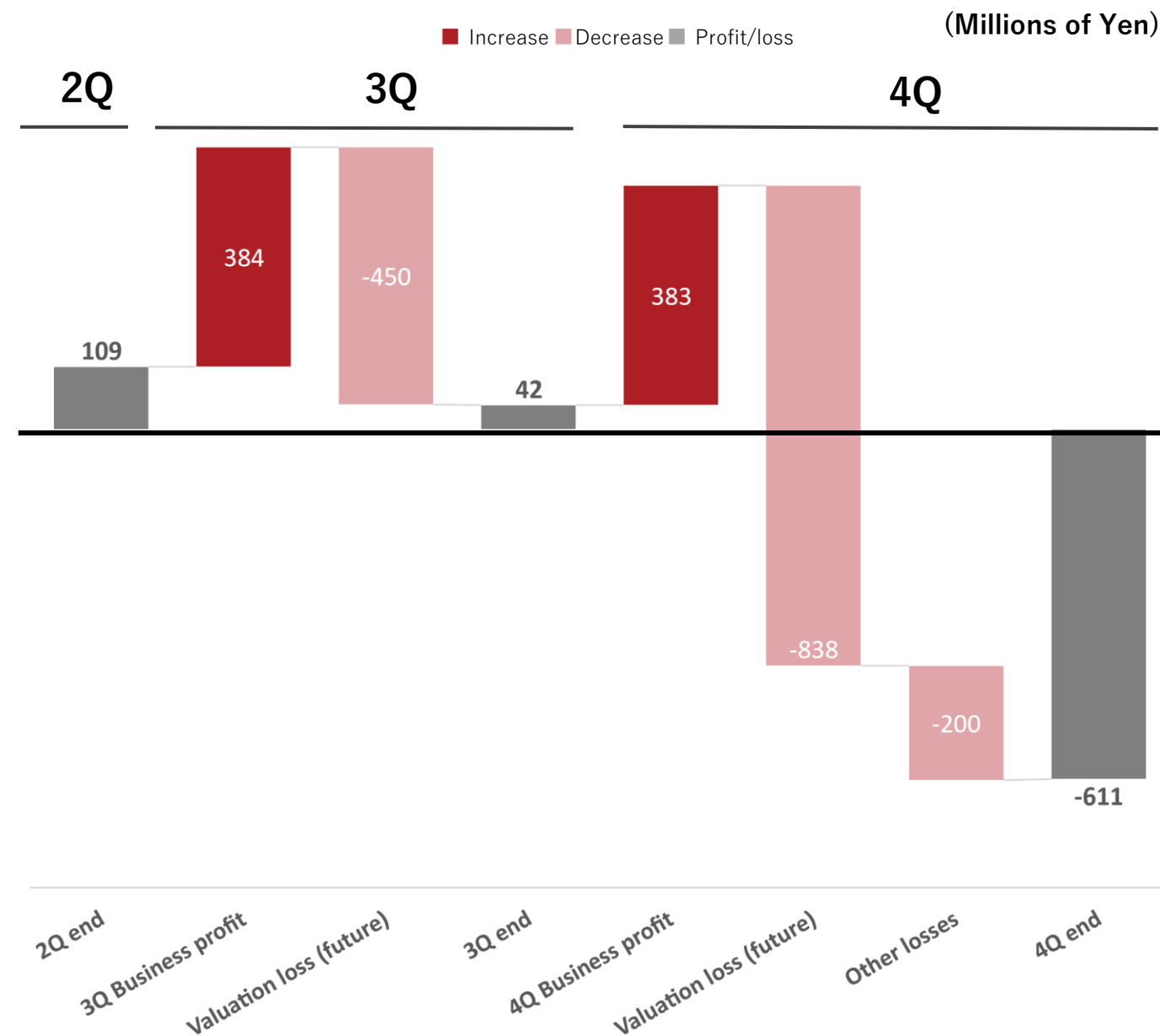
	FY2022 Actual	FY2023 Initial Plan	FY2023 1Q Revised Plan	FY2023 3Q Revised Plan	FY2023 Actual	Increase/ Decrease vs FY2022	Percentage Change
Net sales	33,911	37,000	30,000	26,500	26,400	(7,511)	(22.1%)
Operating profit/loss	2,414	3,000	1,500	(720)	(611)	(3,026)	-
Ordinary profit/loss	2,572	2,985	1,520	(710)	(631)	(3,203)	-
Profit/loss attributable to owners of parent	1,424	1,820	820	(720)	(733)	(2,158)	-

✓ Finish addressing financial and organizational concerns by FY2024, advance company-wide reforms, and prepare a starting point for re-growth

Analysis of FY2023 Operating profit/loss fluctuation factors

Measures for financial soundness

- Valuation loss due to inventory optimization
- Alleviating financial concerns (including reviewing some new businesses)
- Merger of PWS, etc.



Return to profitability in FY2024

Net sales 26 billion yen
Operating profit margin 0.4%

- Maintain sales at current level
- Promote structural reforms and invest for 2025 and beyond
- Address financial and organizational concerns by FY2024

✓ Significantly reduced inventory and improved financial position. Equity ratio maintained above 60%

(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)

* Inventories = Finished goods + Raw materials and supplies

- ✓ Sales of CANADEL and clayence increased, but sales of DUO decreased due to intensified competition
- ✓ Newly entered the inner care business and recovery business

DUO

- ✓ Achieved No. 1 in cleansing sales*¹ for 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
- ✓ Strengthen measures around beauticians and influencers. Initiate a communication shift for a better understanding of product value

clayence

- ✓ Expanded to retail and distributed to 8,000 stores. Achieved No. 1 spot in sales of coloring treatments*² 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
- ✓ Develop as a comprehensive hair care brand

CANADEL

- ✓ 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

New brands

- ✓ Launched "X" and "SINTO" brands from newly entered inner care business
- ✓ Venex, the recovery business acquired through acquisition, posted its highest earnings since founding

*¹TPC Marketing Research Corp. survey into market share ranking by cleansing brand (Target period: April 2019-March 2023/ Survey period: June 2023)

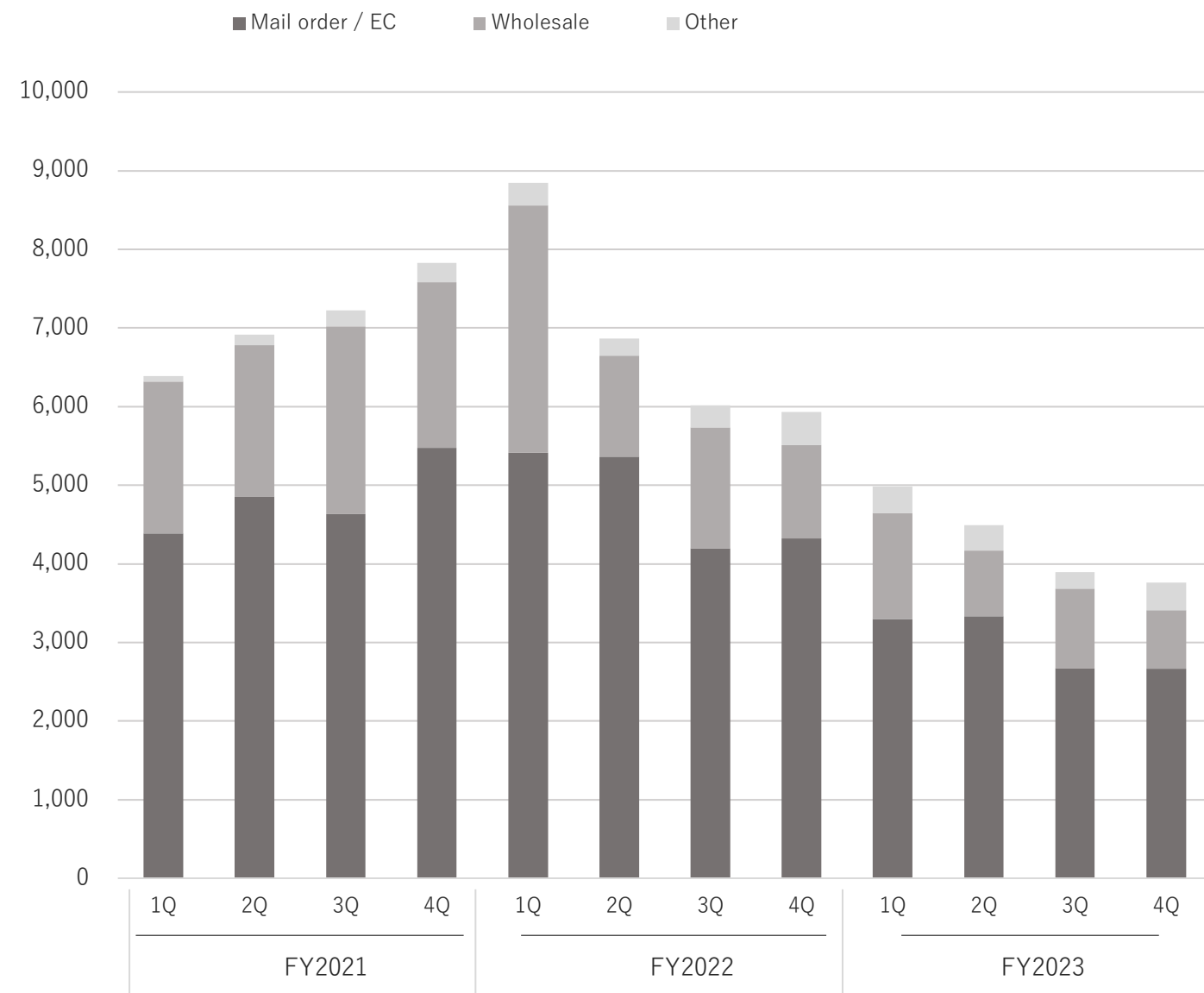
*² “Survey on hair color treatment” (sales by brand) TPC Marketing Research Corp. (target period: July to December 2022)

✓ Sales Trends of DUO and CANADEL

- ✓ Shift from balms to oil-based products continues, as does outflow to low-price products, causing a downward trend in sales of DUO
- ✓ Sales of CANADEL lower than forecast due to tighter competition in the “all-in-one” market but higher than last year

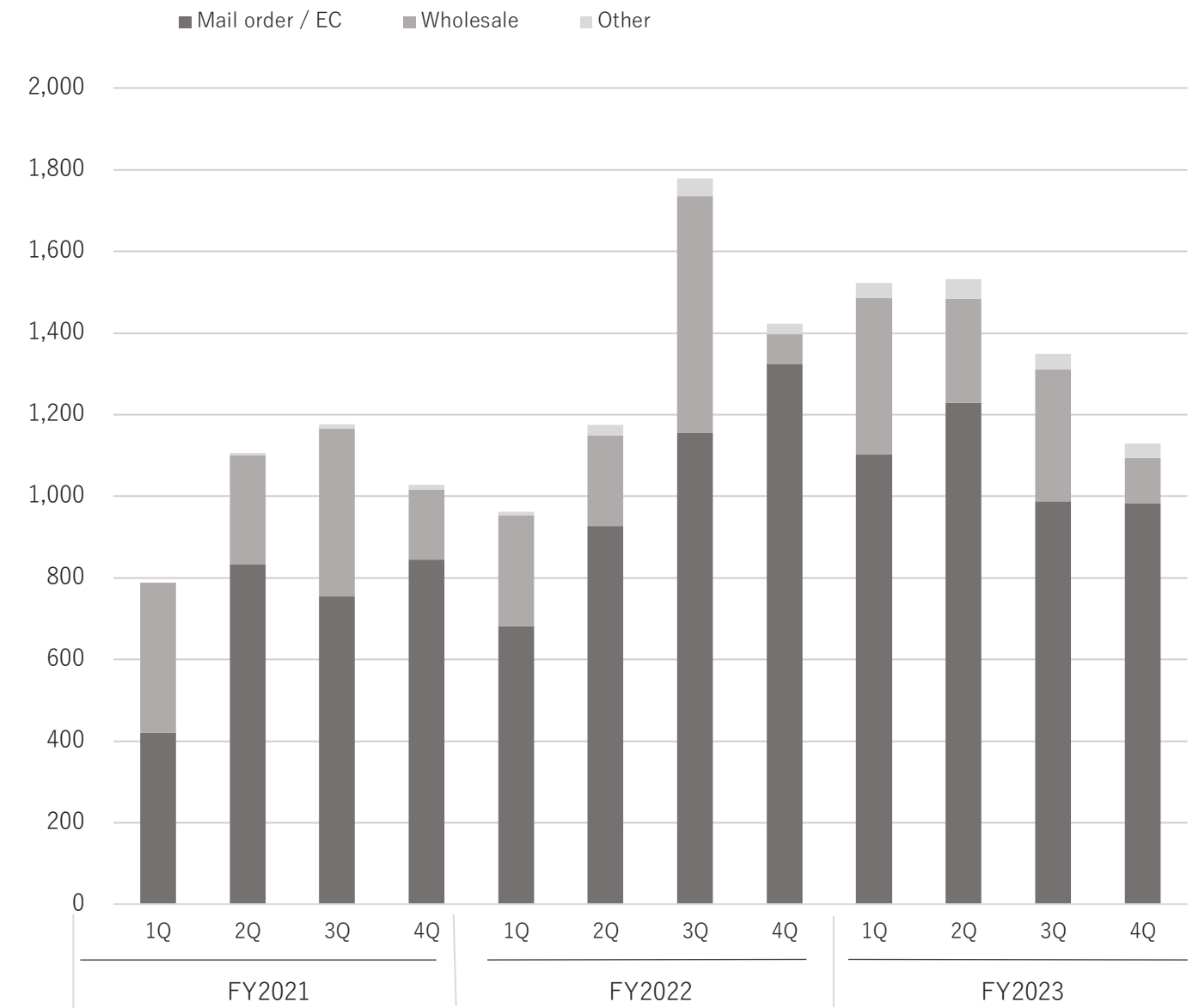
Quarterly net sales of DUO

(Millions of yen)



Quarterly net sales of CANADEL

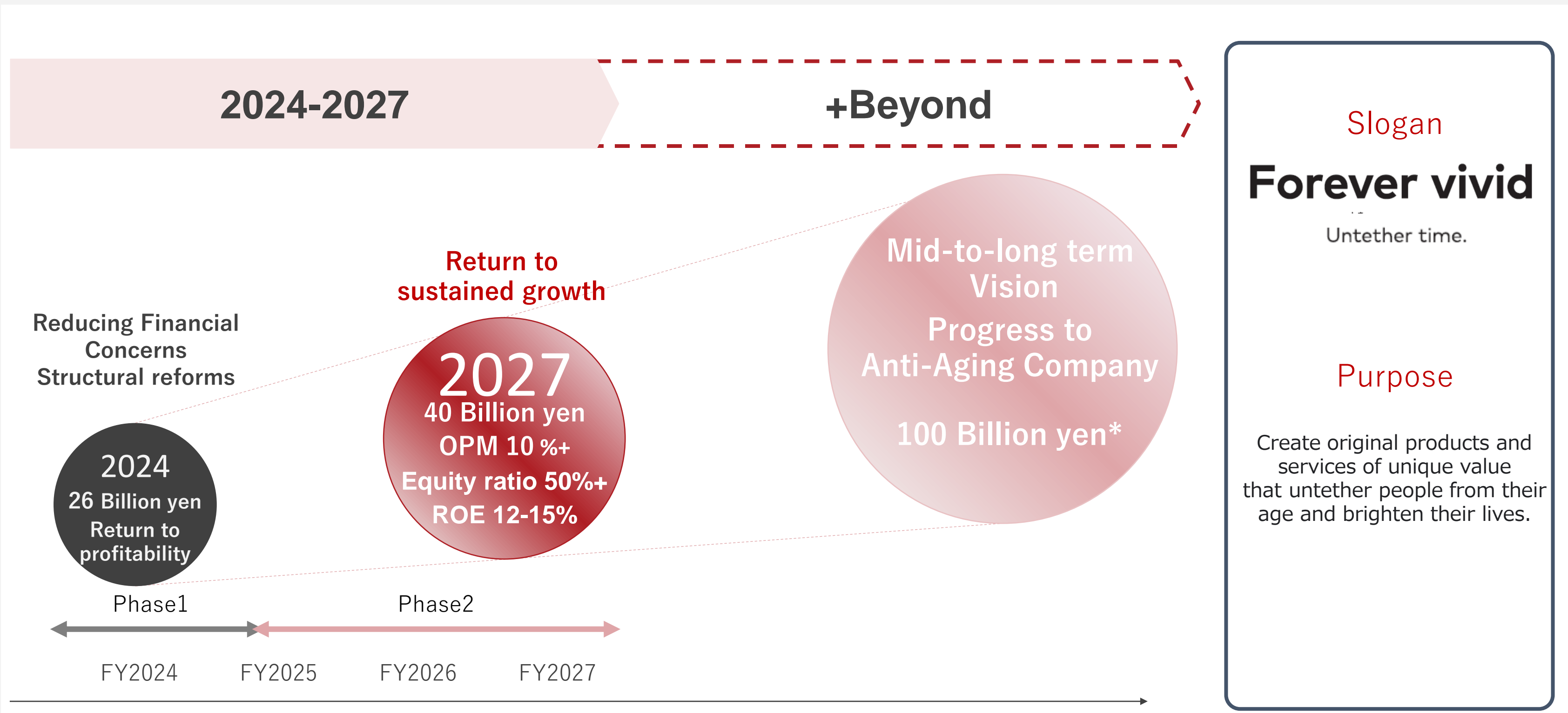
(Millions of yen)



05 Growth Strategy

Overview of Medium-term Management Plan

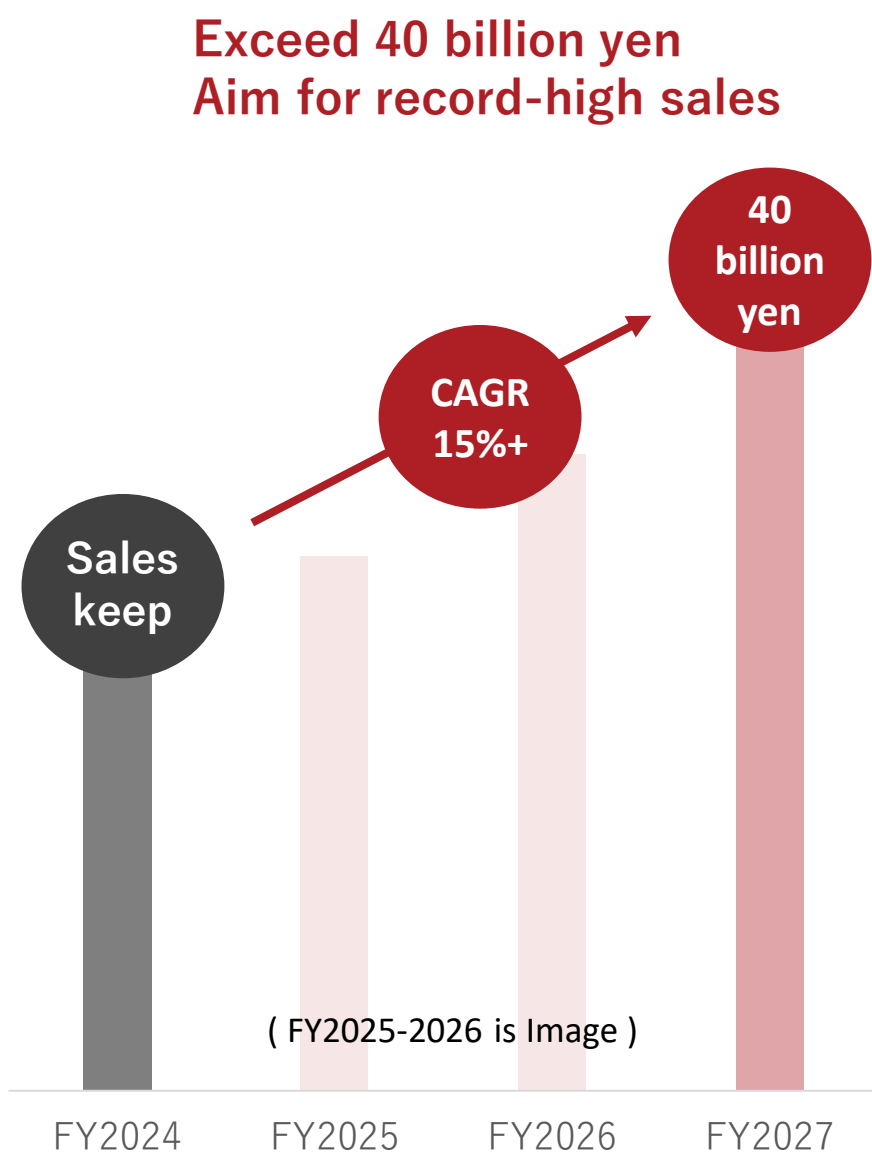
✓ After undergoing structural reforms, we'll advance our growth strategies to return to a sustained growth



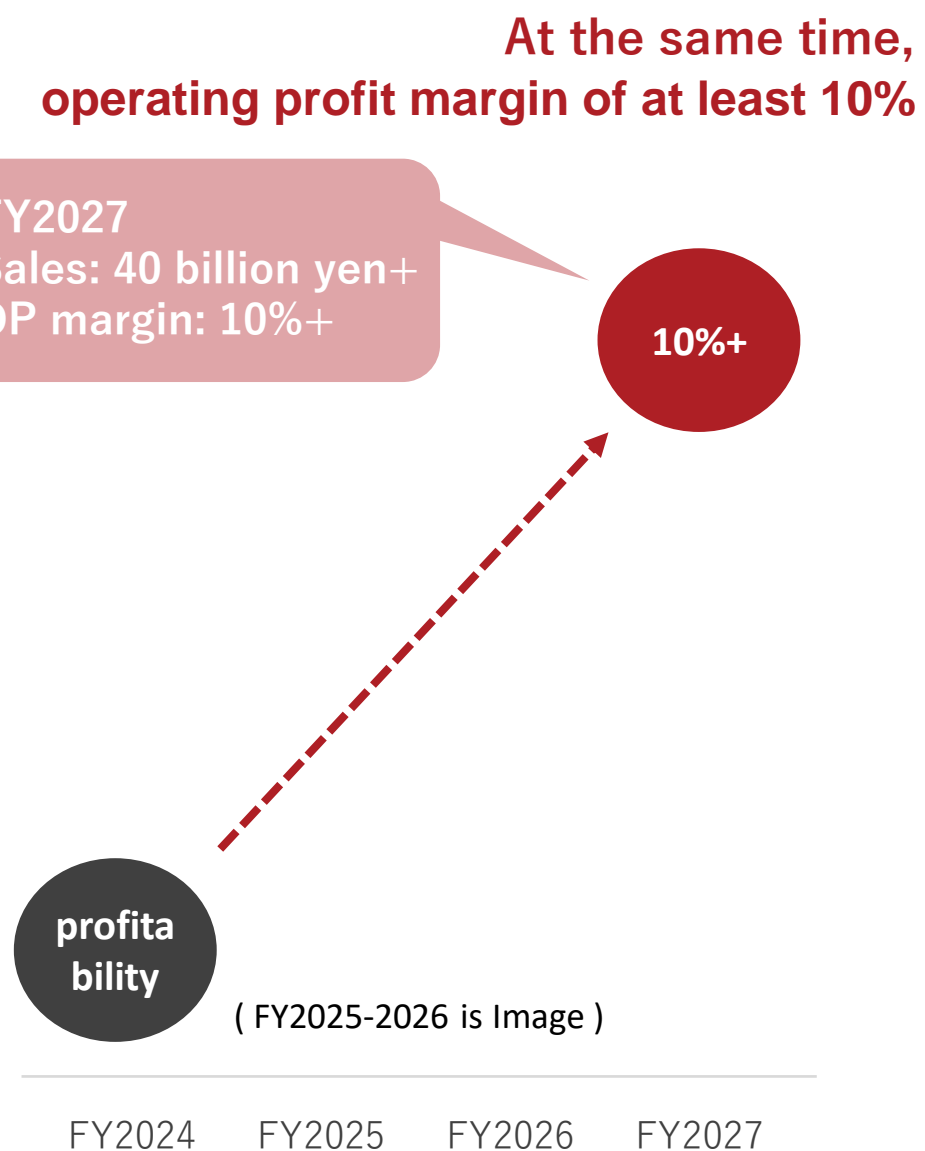
*This financial KPI serves as a guiding principle for our company's mid-to-long term management objectives and does not represent a specific plan.

Finish structural reforms in FY2024. Return to sustained growth in the latter 3 years

Consolidated net sales



Consolidated operating profit margin



2024

We will continue from FY2023 to reduce financial concerns and advance structural reforms. At the same time, we'll focus on revisiting our strengths and invest energy into preparations for returning to sustained growth.

2025
|
2026

Through FY2024, we are committed to our reform guidelines, strengthening existing brands and investing in new business.

2027

We are meeting our financial KPIs, establishing a foundation for group-wide growth, and progressing towards becoming an Anti-Aging company.

✓ Grow our three main brands and build on them to create new growth areas

Four-Year Growth Image

Developing new growth fields in anti-aging through partnership strategies



- We're making the most of our business assets and moving ahead with partnership strategies, like JV and M&As, to tap into new growth fields.
- Developing second and third new growth areas such as recoveryware

New Area
approx. 6 billion yen

New Brands & Venex



- We're grooming brands we see as the next big growth areas.
- Venex is ramping up its marketing with help from the group. As a leader in recovery wear, we are looking for it to grow beyond our company's usual growth rate.

New Brands
approx. 5 billion yen

Three Major Brands: Foundation for Our Growth



- DUO is focusing on boosting its top brand in the market, rolling out high-value new products, and expanding globally.
- CANADEL and clayence are focusing on strengthening their unique positions and upping their profitability.

Major Brands
approx. 29 billion yen

✓ Steadily increase sales of major brands

Prerequisite plans for sales growth

Three Major Brands: Foundation for Our Growth



- ✓ Aiming to build solid sales in new growth areas

Prerequisite plans for sales growth

New Brands & Venex

New Brands & Venex
FY2023
approx. 1.5 billion yen



**New Brands & Venex
approx. 5 billion yen**



- ✓ Developing brands for growth markets such as men's skin care, high-concentration vitamin C, and inner care
 - ✓ Expanding growth through digital and mass marketing strategies
 - ✓ Aim for growth above the market
 - ✓ We have entered the new field of hair care with clayence, achieving sales of over 2 billion yen in the first year since its launch, and achieved No. 1 in color treatment sales*. We also have successfully entered the recovery market through the acquisition of Venex. Leveraging our successful track records, we will expand into new areas with potential for new growth related to anti-aging through in-house development, M&A, and alliances.
 - ✓ Targeting fields such as medical, wellness tourism, insurance & financial services, fitness exercise, real estate, beauty personalized care, etc.
- ✓ Expand sales as a market leader and established brand in the recovery market, which is expected to grow rapidly
 - ✓ Strengthen group collaboration through mass and digital marketing strategies

New Area

New Area
FY2023
New business, etc.



**New Area
approx. 6 billion yen**

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

✓ We aim to achieve growth by integrating three strategies

Brand Strategy

Channel Strategy

Principle : Commit to Unique Value

Collaborative Strategy

✓ Aim to further strengthen brands that embody Unique Value

Skin care
Market in Japan

While there was a decline due to the impact of the novel coronavirus, the demand for makeup has gradually shown signs of recovery due to increased inbound demand and more opportunities to go out. However, with the increase in time spent at home and a limited interaction lifestyle, the recovery and growth remain constrained. Given the deflationary impact and the altered lifestyle making beauty expenditures challenging, there's a pressing need to carve out new markets such as those aimed at men or seniors.

DUO

Unique

- Not just for removing makeup, our product leaves the skin moisturized and radiant.
- We are a pioneering brand in the cleansing balm market.

Market

- The cleansing balm market is witnessing intensified competition as numerous similar products are launched.
- Due to aggressive price competition, the overall market size is on a slight decline.

Strategy

01
We aim for a reinvigoration of brand value, refining its added value even further.

02
We're leading the charge in the development of new products to drive growth in the cleansing balm market.

03
We're embarking on a challenge to become a global brand, with an emphasis on overseas expansion.

CANADEL

Unique

- In the all-in-one market primarily for those over 60, we've managed to carve a new niche supported by the 40-50 age group, owing to our high-quality and stylish branding.

Market

- The all-in-one market, having moved past its rapid growth phase, continues to grow at a steady rate.
- The 'all-in-one' category strongly resonates with the senior and time-saving comprehensive product segment, though its functional positioning isn't always clearly defined.

Strategy

01
We continually strive to bolster our unique position primarily for the 40-50 age demographic

02
We are focusing on improving our profit structure and reinforcing brand cross-use.

03
We are driving the development of new products that pursue added functional value beyond the all-in-one capability.

✓ Aiming to discover, create, and nurture brands that embody Unique values



Unique

- A haircare brand that combines the beauty benefits of clay with science, envisioned as a "Clay Spa" for hair and scalp aging care.
- Developed by hair professionals, it offers easy and beautiful gray hair coloring and a series for fundamental scalp care targeting thinning hair.

Market

- The market for gray hair color treatments is expected to grow with the aging trend. Post-COVID, there's a shift from self-use to salon treatments. Scalp care follows a similar trend.
- Due to its growth with direct sales brands, there's a surge in entries by direct sales players, intensifying competition for acquisition ads.

Strategy

01 We're amplifying our message on the allure of the "clay" ingredient and its user experience.

02 Expanding more into adjacent markets like the women's scalp sector.

03 Broadening our product lineup to offer a phased experience for users and promote cross-usage.

New Brands



Unique

We're launching unique brands for male skincare, high-concentration Vitamin C, inner care, and other growth markets, targeting Anti-Aging platforms.

Strategy

Following our brand development model, we efficiently nurture brands by selecting channels based on their growth stage. We aim to expand into mass advertising and other channels for growth investment.



Group Company

Unique

- The Pioneer in recovery wear, embraced by top athletes and celebrities.
- Using PHT fibers containing nano-platinum (patented) in all items.
- A high-value-added manufacturer, has earned certification as a general medical device.

Market

The recovery market is growing. Major manufacturers and DtoC brands are entering, but amid fierce competition, we consistently expand as a market-leading high-brand, offering proven functionality based on evidence.

Strategy

- 01 Solidify our high-end recovery position and increase customer touchpoints.
- 02 Strengthen group collaboration through mass ant digital marketing.

✓ Implement strategies optimized for the changing environment of each channel

Mail order / EC

Market

While the DtoC/EC market grows, rising competition from more entrants has intensified. With diverse customer values and media, ad costs have surged. In this challenging environment, acquiring new customers and retaining existing subscribers become crucial.

Strategy

- Shift to a subscription-based sales structure; enhance CRM for improved retention and LTV.
- Leverage multi-brand strategy and bolster cross-brand sales to raise customer value.
- Strengthen member community initiatives in planning and marketing.

Wholesale

Market

The retail market overall shows sluggish growth, affected by deflation. However, with inbound tourism rebounding, drugstores grow. Our brand doesn't always fit the main retail price range, but we collaborate with retailers for optimization.

Strategy

- Shift from sell-in to sell-out; strengthen collaboration with retailers.
- Optimize customer touchpoints based on POS data to boost average store sales.
- Intensify joint marketing efforts with retailers.

Overseas

Market

With the domestic inbound market reviving, we aim to focus on key countries and regions. However, given the ongoing instability, the future remains uncertain.

Strategy

- Concentrate on regions like China, Taiwan, and Southeast Asia, represented by Singapore.
- Emphasize brand localization in collaboration with local partners, mainly through cross-border EC.

New channel

Strategy

Collaborate with other companies to explore optimal channels tailored to brand stages and customer segments, like department stores, clinics etc.

✓ Developing into new growth areas related to Anti-Aging with collaboration

Basic approach to collaboration

With the aim of establishing an Anti-Aging platform, we will utilize and strengthen the managerial assets owned by our company

Assets

- Brand Portfolio
- Diverse Channels Centered on wholesale
- Membership Assets
- Platform (Cross-using)

Utilization

Strengthening

We fully utilize all of the managerial assets built by our company to discover and promote collaboration opportunities.

Maximize co-creation for the establishment of an Anti-Aging platform.

Basic approach to Capital Utilization

While maintaining the group's financial stability, we operate strictly based on various rules.

Rules

- Maintain a capital adequacy ratio of 50%
- Maintain an ROE level of 12-15%
- Establish strict operating rules for M&As and new investments

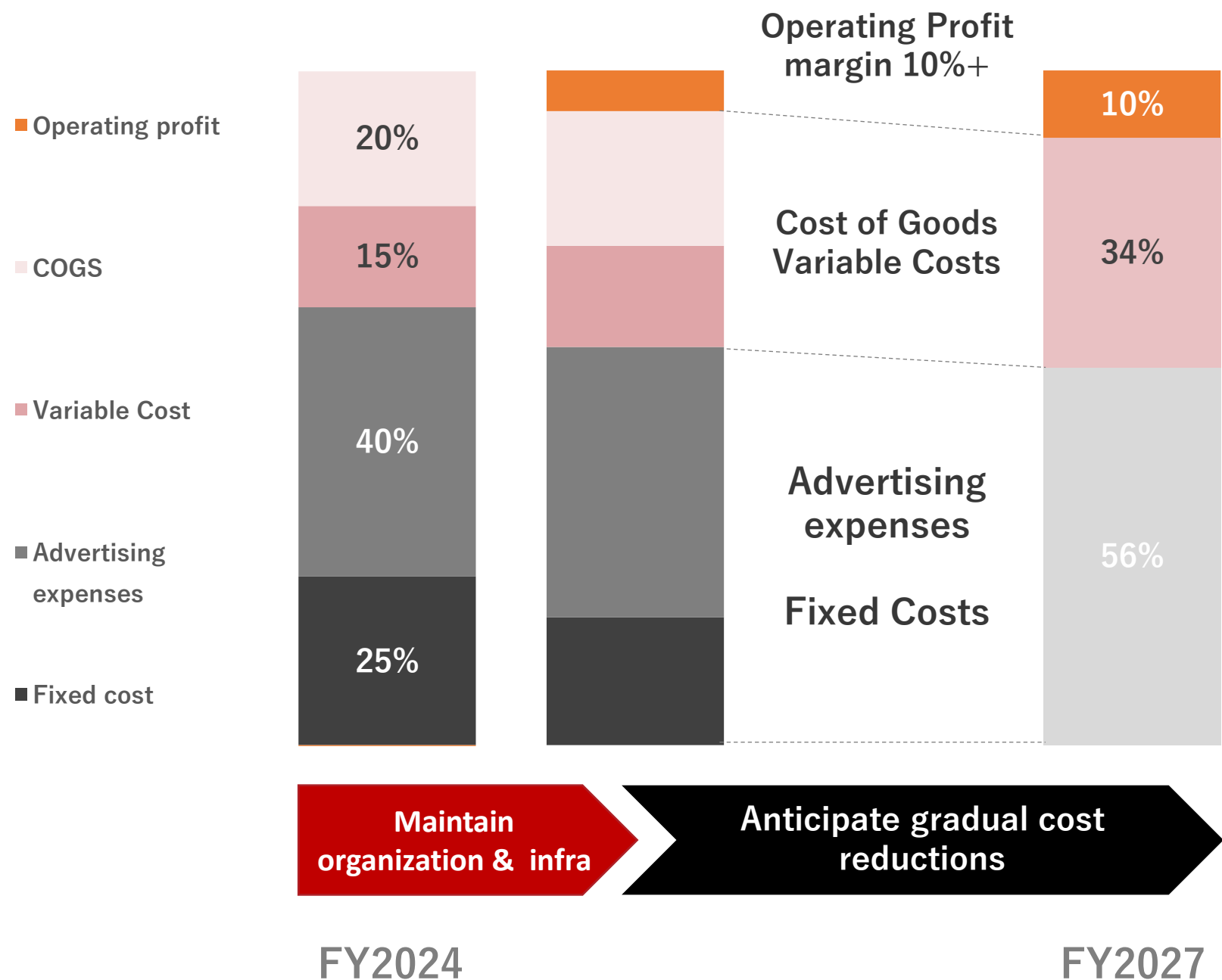


M&A Case

- On January 31, 2023, we acquired all shares and Venex joined the group.
- Growing well ahead of the pre-M&A business plan since we advanced through the PMI phase by sharing group resources.

✓ Progressively improving the cost structure, aiming to reach an operating profit margin of over 10% by FY2027

Ratio of major cost items to sales FY2024→FY2027



Basic approach to improvement of Cost

Fixed Costs

(Organization, Outsourcing, IT System)

Considering that we have already been developing an organization and infrastructure based on the business scale anticipated for FY27, we will enhance overall organizational productivity and streamline system infrastructure.

Advertising expenses

(Advertising, Customer Relations)

While we anticipate improved investment efficiency in promotional expenses, taking into account the balance between acquiring new members and investing in existing ones, we don't set any reduction target considering these as necessary investments for growth.

Cost of Goods & Other Variable Costs

(Logistics, payroll, etc.)

Recognizing environmental changes, we are committed to rigorous cost control and optimization of deliveries, aiming for steady reductions.

- ✓ In April 2023, we established the "Basic Sustainability Policy," which describes our group's basic approach to sustainability

~Enabling unique pathways through life~

Untether time.

As humanity approaches the era of 100-year live spans, we aim to create a world where every individual can pursue new challenges with confidence and curiosity, free from preconceived notions of age and gender.

Working together with our stakeholders, we will think outside the square to provide unique value that can change the world, addressing social issues for a brighter, sustainable future.

- ✓ Identified five materiality as themes that should be prioritized to improve corporate value and set initiatives and targets

Theme	Materiality	Important Issues	Initiatives	KPI	Target	Target year
Pursuit of prosperity that anti-aging brings	Contribution to global environmental conservation	Contributions to resource recycling and circular economy	Use of environmentally friendly paper	Environmentally friendly paper usage rate	100%	Every fiscal year end
		Initiatives for and contributions to a decarbonized society	Reduction of CO2 emissions	Reduction rate for Scope 1 and 2	50% reduction (Compared to July 2023)	End of July 2027
	Pursuing an organizational culture whose members grow up together	Developing human resources who strive to create value and continue to grow	Improving employee engagement	Engagement scores	10% improvement (Compared to July 2023)	End of July 2027
			Further enhancement of the nurturing environment toward an organization that nurtures and fosters each other	Review of training system and expansion of training content accordingly	Implement the matters listed on the left	Every fiscal year end
	Improving well-being	Realization of mental and physical health	Promoting health support for employees	Obtain Health Management Certification	To be continuously selected	Every fiscal year end
	Providing unique value	Pursuit of premier anti-aging quality	Spreading anti-aging among employees	Number of people with anti-aging qualifications	More than 30 new holders	End of July 2027
				Expansion of systems to promote anti-aging	Implement the matters listed on the left	End of July 2027
				Participation in social activities that promote anti-aging	Implement continuously	Every fiscal year end
		Collaboration with suppliers	Develop a procurement policy that incorporates elements of sustainability	Procurement policy development	Disclose procurement policy	End of July 2024
	Corporate foundations that support growth	Strengthening governance	Developing and strengthening corporate governance systems	Enhance disclosure and transparency related to corporate governance	Consider and promote the matters listed on the left	—
Thorough risk management and compliance						
Protection of information security and privacy			Compliance and information security training participation rates	Attendance rate	100%	Every fiscal year end

✓ Aiming to be an Anti-Aging company demanded in the 100-year life era

Understanding of Society & Era

We are entering an era termed the "100-year life", where average and healthy life expectancies are extending worldwide. As society embraces this unprecedented longevity, the meaning of age evolves with time. We believe that the most crucial element for maximizing societal happiness is for individuals to maintain their curiosity and continue to challenge themselves in society.

Corporate Identity

Slogan

Purpose

Promise

FY27 Target

Commit to Unique Value
Return to sustained growth

+Beyond
Progress to an
Anti-Aging
Company

Anti-Aging Company

Unique brands responsible for addressing challenges across the Anti-Aging sector converge to create a platform trusted by those who, freed from the constraints of time, continue to take on challenges.

(Imagining the expansion in the Anti-Aging sector)

Inner care, recovery, regenerative medicine, wellness tourism, sleep and exercise, long-term societal engagement, finance, insurance, etc.

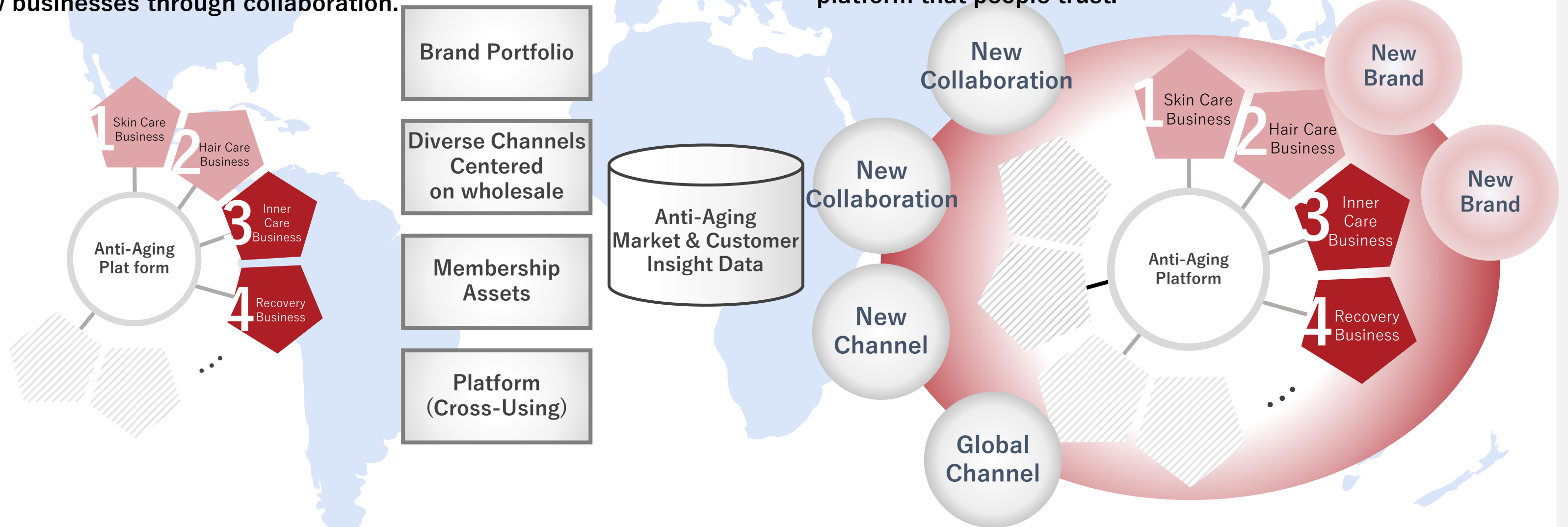
Collaborative strategy to become an Anti-Aging Company

Amidst these irreversible trends, we aim to grow as a platform for solving Anti-Aging challenges



While establishing our foundation, we plan to grow our existing business portfolio and simultaneously create new businesses through collaboration.

By realizing collaboration across broader industries and channels, unique businesses and brands addressing comprehensive Anti-Aging challenges will gather, building a platform that people trust.



06 Risk Information

✓ The major risk factors and countermeasures are listed below

Major risk factors*	Major Risks	Occurrence Likelihood	Impact	Countermeasures
Dependence on specific brands and products	In the cleansing market, to which the Group's main product, "The Cleansing Balm," belongs, the main types of cleansing formulations used to be oils, gels, and creams. However, the Group launched a new formulation, balm-type "The Cleansing Balm," and has been actively promoting sales in order to develop a new market. In response to this trend, competitors have recently begun selling balm-type products one after another. If the Group is unable to maintain its superiority due to intensified market competition, the Group's business and performance may be affected.	Medium	High	In addition to the standard "The Cleansing Balm," the Group offers various types of "The Cleansing Balm" tailored to customers' skin concerns, such as "The Cleansing Balm Black Repair," which is specialized for troubles with clogged pores. The Group is aiming to retain more customers by expanding this strategy.
Risks related to laws and regulations	The Group is subject to legal regulations including the Act on Quality, Efficacy and Safety Assurance of Drugs and Medical Devices, the Act on Specified Commercial Transactions, and the Act Against Unjustifiable Premiums and Misleading Representations. In addition, under the Act on Prevention of Unjustifiable Premiums and Misleading Representations, based on the designation by Cabinet Office Ordinance No. 19 (March 28, 2023), new stealth marketing regulations was introduced from October 1 of the same year. In the future, if there are any unpredictable changes or new establishments in these related laws and regulations, it may affect the Group's business and performance.	High	Low	The Group strives to strengthen and maintain its legal compliance system by collaborating with lawyers and specialized consultants and educating employees to keep up-to-date with information on revisions to these related laws and changes in the external environment.
Risks related to business environment	In the mail-order cosmetics market in which the Group operates, if the Group is unable to maintain the competitiveness of its products due to insufficient responses to changes in consumer values, needs, and purchasing behavior, and the introduction of new products from competing companies, and if the Group is unable to take effective countermeasures against changes in the business environment, it may affect the Group's business and performance.	Low	Medium	In addition to actively promoting the development of new products and promotional measures utilizing SNS and applications, the Company strives to maintain the competitiveness of its products by viewing communications with customers at its call centers as an opportunity to constantly explore potential needs and apply those needs to product development.

* Major risk factors are excerpts from the "Business and Other Risks" section of the Company's Annual Securities Report.

07 Appendix

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.

✓ 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.

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.

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



 clayence

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.

✓ 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.

✓ 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.

- ✓ 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 & SENSE 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.

- ✓ 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.
- ✓ We plan to disclose an update to this document in the future, approximately October after the closing of this fiscal year.

Contact: Corporate Communication Division

E-mail : ir@p-antiaging.co.jp



PREMIER ANTI-AGING