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September 13, 2022

Consolidated Financial Results for the Fiscal Year Ended July 31, 2022 (Under Japanese GAAP)

Company name: Premier Anti-Aging Co., Ltd.
 Listing exchange: Tokyo Stock Exchange
 Securities code: 4934
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 Scheduled date for next annual general shareholders meeting: October 28, 2022
 Scheduled date for commencing dividend payments: -
 Scheduled date to file annual securities report: October 31, 2022
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended July 31, 2022 (from August 1, 2021 to July 31, 2022)

(1) Consolidated operating results

(Percentage figures indicate year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2022	33,911	3.3	2,414	(48.4)	2,572	(44.7)	1,424	(49.0)
July 31, 2021	32,815	-	4,680	-	4,653	-	2,793	-

Note: Comprehensive income Fiscal year ended July 31, 2022: 1,453 million yen [(47.9) %]
 Fiscal year ended July 31, 2021: 2,788 million yen [- %]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating profit/net sales
	Yen	Yen	%	%	%
July 31, 2022	163.35	163.11	18.7	20.3	7.1
July 31, 2021	326.87	326.38	66.9	46.7	14.3

- Notes: 1. Premier Anti-Aging Co., Ltd. (“the Company”) started preparation of consolidated financial statements from the fiscal year ended July 31, 2021. Accordingly, the rate of year-on-year change for the fiscal year ended July 31, 2021 is not indicated.
2. Diluted earnings per share for the fiscal year ended July 31, 2021 is calculated by using the average share price for the period from the initial listing date to the end of the said fiscal year, deeming it to be the period-average share price, as the Company was listed on the Tokyo Stock Exchange Mothers on October 28, 2020.
3. The Company conducted a 20-for-1 stock split of its common shares as of August 29, 2020. In accordance with this, basic 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 Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan [ASBJ] Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended July 31, 2022. Accordingly, the figures for the fiscal year ended July 31, 2022 are after the application of the Standards, etc.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
July 31, 2022	12,300	8,348	67.9	957.30
July 31, 2021	13,071	6,903	52.8	791.65

Reference: Total shareholders' equity
As of July 31, 2022: 8,348 million yen
As of July 31, 2021: 6,903 million yen

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended July 31, 2022. Accordingly, the figures for the fiscal year ended July 31, 2022 are after the application of the Standards, etc.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
July 31, 2022	(3,322)	(297)	501	2,963
July 31, 2021	2,753	(180)	1,584	6,052

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended July 31, 2022. Accordingly, the figures for the fiscal year ended July 31, 2022 are after the application of the Standards, etc.

2. Cash dividends

	Annual dividends per share					Total cash dividends	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended July 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended July 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending July 31, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated earnings forecasts for the fiscal year ending July 31, 2023 (from August 1, 2022 to July 31, 2023)

(Percentage figures indicate year-on-year changes for full year and for six months)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending January 31, 2023	16,700	(7.1)	930	(58.6)	930	(59.9)	550	(59.6)	63.07
Full year	37,000	9.1	3,000	24.3	2,985	16.0	1,820	27.8	208.71

* Notes

(1) Changes in significant subsidiaries during the fiscal year (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatements

- i. Changes in accounting policies due to revisions to accounting standards, etc.: Yes
- ii. Changes in accounting policies other than those in i. above: Yes
- iii. Changes in accounting estimates: None
- iv. Restatements: None

(Note) For details, please refer to "3. Consolidated financial statements and major notes (5) Notes to consolidated financial statements (Changes in accounting policies)" on page 11 of the attached document.

(3) Number of shares issued and outstanding (common shares)

- i. Number of shares issued and outstanding at the end of the fiscal year (including treasury shares)

As of July 31, 2022	8,720,534 shares
As of July 31, 2021	8,720,000 shares

ii. Number of treasury shares at the end of the fiscal year

As of July 31, 2022	155 shares
As of July 31, 2021	89 shares

iii. Average number of shares outstanding during the fiscal year

Fiscal year ended July 31, 2022	8,720,265 shares
Fiscal year ended July 31, 2021	8,546,495 shares

Note: The Company conducted a 20-for-1 stock split of its common shares as of August 29, 2020. In accordance with this, the number of shares issued and outstanding at the end of the fiscal year and the average number of shares outstanding during the fiscal year were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended July 31, 2021.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended July 31, 2022 (from August 1, 2021 to July 31, 2022)

(1) Non-consolidated operating results

(Percentage figures indicate year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2022	33,976	3.6	3,156	(38.4)	2,739	(46.4)	1,436	(55.6)
July 31, 2021	32,792	59.9	5,125	209.9	5,109	212.4	3,237	183.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
July 31, 2022	164.70	164.46
July 31, 2021	378.82	378.24

- Notes: 1. Diluted earnings per share for the fiscal year ended July 31, 2021 is calculated by using the average share price for the period from the initial listing date to the end of the said fiscal year, deeming it to be the period-average share price, as the Company was listed on the Tokyo Stock Exchange Mothers on October 28, 2020.
2. The Company conducted a 20-for-1 stock split of its common shares as of August 29, 2020. In accordance with this, basic earnings per share and diluted earnings per share for the fiscal year ended July 31, 2021 are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended July 31, 2021.
3. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended July 31, 2022. Accordingly, the figures for the fiscal year ended July 31, 2022 are after the application of the Standards, etc.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
July 31, 2022	12,692	8,779	69.2	1,006.81
July 31, 2021	13,373	7,352	55.0	843.20

Reference: Total shareholders' equity

As of July 31, 2022: 8,779 million yen
As of July 31, 2021: 7,352 million yen

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended July 31, 2022. Accordingly, the figures for the fiscal year ended July 31, 2022 are after the application of the Standards, etc.

* The report on financial results is not subject to audit procedures by a certified public accountant or an auditing firm.

* Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to, and certain assumptions that are deemed to be reasonable by the Company. Such statements are not intended as a promise by the Company that they will be achieved. Actual results may differ from the forecasts in this document due to various factors. For the conditions forming the assumptions used in forecasting earnings and precautions regarding the use of earnings forecasts, please refer to "1. Qualitative information on the fiscal year ended July 31, 2022, (4) Future outlook" on page 3 of the Attachment.

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1. Qualitative information on the fiscal year ended July 31, 2022

(1) Consolidated financial results

In the consolidated fiscal year ended July 31, 2022 (the “current fiscal year”), 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. However, the Japanese economy continued to face a highly uncertain environment due to soaring global raw material prices, prolonged escalating tensions in Ukraine, and sharp exchange rate fluctuations in addition to the re-spread of infection due to the emergence of mutant strains of COVID-19.

Under such circumstances, Premier Anti-Aging Co., Ltd. (“the Company”) and its consolidated subsidiaries (“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.” However, customer support for the “DUO” brand remains strong, and the brand has held the top share^{*1} of cleansing sales by company and brand for three consecutive years from April 2021 to March 2022.

In the “CANADEL” brand, which is being fostered as the second earnings pillar following the “DUO” brand, the Company has steadily increased sales of the high-priced “CANADEL Premier Zero” as the ultimate all-in-one cosmetic and “CANADEL Barrier Fix^{*2},” a quasi-drug formulated with niacinamide, which is effective against skin blemishes and wrinkles, newly launched in April in addition to the existing lineup, under the strategy of “proposing all-in-one cosmetics to meet the time-saving needs of the younger generation.” As a result, annual sales of CANADEL exceeded 5 billion yen in the three years after its launch.

In late March, the Company horizontally deployed the brand nurturing know-how gained from “DUO” and “CANADEL” to launch a new hair care brand, “clayence,” targeting the young generation with gray hair. The “clayence” brand has acquired more than 200,000 new customers in the first four months since its launch, and the Company expects it to grow as a new revenue driver.

In the mail-order sales business, the acquisition of new customers slowed temporarily in the first quarter to comply with restrictions on advertising, but from the second quarter onward, the acquisition of new customers by multiple brands progressed steadily from the “DUO” centered acquisition, and steady progress was made in building a growth foundation in the next fiscal year.

As a result of the above activities, net sales for the period amounted to 33,911,903 thousand yen (up 3.3% year-on-year), operating profit was 2,414,318 thousand yen (down 48.4% year-on-year), ordinary profit was 2,572,326 thousand yen (down 44.7% year-on-year), and profit attributable to owners of the parent was 1,424,422 thousand yen (down 49.0% year-on-year).

Note that descriptions by segment are omitted, as the Group has a single business segment engaged in manufacturing and sale of cosmetics.

*1 “Cleansing Survey (Sales by Brand),” surveyed in April 2022, by TPC Marketing Research Corp.

*2 Trade name: Medicated Barrier Fix (Quasi-drug)

(2) Consolidated financial position

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

(Assets)

Total assets at the end of the current fiscal year decreased by 770,885 thousand yen from the end of the previous fiscal year to 12,300,447 thousand yen.

Current assets decreased by 962,946 thousand yen from the end of the previous fiscal year to 11,516,933 thousand yen. This was mainly due to a decrease of 3,087,787 thousand yen in cash and deposits, a decrease of 327,717 thousand yen in accounts receivable - trade, an increase of 1,392,868 thousand yen in finished goods, an increase of 269,191 thousand yen in raw materials and supplies, and an increase of 235,691 thousand yen in prepaid expenses.

Non-current assets increased by 192,061 thousand yen from the end of the previous fiscal year to 783,514 thousand yen.

This was mainly due to a decrease of 10,257 thousand yen in property, plant and equipment, an increase of 116,661 thousand yen in intangible assets due to investment in software, etc. and an increase of 85,656 thousand yen in investments and other assets due to an increase in leasehold deposits, etc.

(Liabilities)

Total liabilities at the end of the current fiscal year decreased by 2,215,788 thousand yen from the end of the previous fiscal year to 3,952,427 thousand yen.

Current liabilities decreased by 2,371,289 thousand yen from the end of the previous fiscal year to 3,220,541 thousand yen.

This was mainly due to a decrease of 400,224 thousand yen in accounts payable - other and a decrease of 1,555,478 thousand yen in income taxes payable.

Non-current liabilities increased by 155,501 thousand yen from the end of the previous fiscal year to 731,886 thousand yen.

This was mainly due to an increase of 155,264 thousand yen in long-term borrowings.

(Net Assets)

Net assets at the end of the current fiscal year increased by 1,444,903 thousand yen from the end of the previous fiscal year to 8,348,020 thousand yen.

This was mainly due to an increase of 1,408,716 thousand yen in retained earnings.

As a result, the equity ratio was 67.9%.

(3) Consolidated cash flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to 2,963,167 thousand yen (decreased by 3,088,987 thousand yen from the end of the previous fiscal year).

The status of cash flows and their factors during the current fiscal year are as follows.

(Cash flows from operating activities)

Net cash used in operating activities in the current fiscal year amounted to 3,322,340 thousand yen (cash inflow of 2,753,427 thousand yen in the previous fiscal year). The major factors of cash inflows included recording of profit before income taxes of 2,572,326 thousand yen, while the major factors of cash outflows were increase in inventories of 1,662,060 thousand yen, decrease in accounts payable - other of 391,318 thousand yen, decrease in accrued consumption taxes of 521,607 thousand yen and income taxes paid of 2,591,984 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities in the current fiscal year amounted to 297,682 thousand yen (cash outflow of 180,826 thousand yen in the previous fiscal year). The major factors of cash inflows included proceeds from cancellation of insurance funds of 76,752 thousand yen, while the major factors of cash outflows were payments for leasehold and guarantee deposits of 161,476 thousand yen and purchase of intangible assets of 176,887 thousand yen.

(Cash flows from financing activities)

Net cash provided by financing activities in the current fiscal year amounted to 501,623 thousand yen (cash inflow of 1,584,830 thousand yen in the previous fiscal year). The major factors of cash inflows were proceeds from long-term borrowings of 474,000 thousand yen and net increase in short-term borrowings of 390,000 thousand yen, while the major factors of cash outflows included repayments of long-term borrowings of 362,184 thousand yen.

(4) Future outlook

Looking ahead, amid the impact of COVID-19 remaining severe, the outlook of the economy is expected to remain uncertain due to rising energy prices and raw material prices, as well as fluctuations in financial and capital markets amid the global financial tightening. On the other hand, although a moderate recovery is expected in the domestic cosmetics market, a full-fledged recovery of highly desirable consumer goods such as skincare products is expected to take time, as demand polarization is developing due to well-rounded consumption in response to soaring prices.

Under these circumstances, the “DUO” brand, which has entered a mature phase in the cleansing market, will maintain its position as the No. 1 cleansing brand in terms of sales, while transforming itself from a cleansing brand to a skincare

brand through the development of skincare products other than balms and the development of core products.

As for the “CANADEL” brand that is being fostered as the second earnings pillar, the Company will implement measures to increase awareness of the brand through both digital and mass marketing in order to further expand the scale of the brand and broaden its customer base. The Company will also work to increase profit generation by introducing appealing quasi-drug products, value-added limited edition products and refill products.

In addition, the Company will continue to focus on acquiring new customers through mail order sales for our new hair care brand “clayence,” which targets the young generation with gray hair, and the Company will also increase awareness of the brand through a media mix strategy utilizing mass marketing such as TV commercials and increase the number of distribution outlets to expand sales at newly launched retail outlets.

With these endeavors, the Company expects to achieve consolidated net sales of 37,000 million yen (up 9.1% year-on-year), operating profit of 3,000 million yen (up 24.3% year-on-year), ordinary profit of 2,985 million yen (up 16.0% year-on-year) and profit attributable to owners of parent of 1,820 million yen (up 27.8% year-on-year) for the fiscal year ending July 31, 2023.

The earnings forecast and other forward-looking statements contained in this document are based on information currently available to, and certain assumptions that are deemed to be reasonable by the Group. Actual results may differ from the forecast due to various factors. When COVID-19 will be contained and to what extent it will affect going forward may vary greatly, and the Company will promptly disclose any events that may affect the Group's business results.

2. Basic principle on the choice of accounting standards

The Group has adopted Japanese GAAP for accounting standards, in consideration of comparability of financial statements from period to period and between companies. As for the adoption of IFRS (International Financial Reporting Standards), the Group will appropriately consider it by taking into account the domestic and international circumstances.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Thousands of yen)

	Previous fiscal year (As of July 31, 2021)	Current fiscal year (As of July 31, 2022)
Assets		
Current assets		
Cash and deposits	6,061,056	2,973,269
Accounts receivable - trade	3,399,564	3,071,846
Finished goods	2,391,946	3,784,814
Raw materials and supplies	307,203	576,394
Prepaid expense	183,217	418,908
Other	136,892	691,698
Total current assets	12,479,879	11,516,933
Non-current assets		
Property, plant and equipment		
Buildings, net	91,329	79,874
Vehicles, net	3,559	2,374
Tools, furniture and fixtures, net	18,016	27,504
Land	492	492
Construction in progress	7,104	-
Total property, plant and equipment	120,503	110,246
Intangible assets		
Software	115,648	243,431
Software in progress	27,445	10,611
Right to use facilities	6,511	6,360
Other	-	5,864
Total intangible assets	149,605	266,267
Investments and other assets		
Leasehold deposits	124,551	279,952
Deferred tax assets	128,578	80,305
Investment securities	10,006	19,990
Long-term prepaid expenses	10,189	20,400
Insurance funds	41,058	-
Other	6,958	6,350
Total investments and other assets	321,343	407,000
Total non-current assets	591,453	783,514
Total assets	13,071,332	12,300,447
Liabilities		
Current liabilities		
Accounts payable - trade	810,024	435,845
Short-term borrowings	-	390,000
Current portion of long-term borrowings	365,562	322,114
Accounts payable - other	1,968,509	1,568,285
Income taxes payable	1,721,202	165,723
Accrued consumption taxes	521,607	-
Provision for bonuses	53,925	18,607
Provision for point card certificates	59,642	-
Provision for sales returns	8,491	-
Other	82,864	319,964
Total current liabilities	5,591,830	3,220,541
Non-current liabilities		
Long-term borrowings	545,850	701,114
Asset retirement obligations	30,535	30,772
Total non-current liabilities	576,385	731,886
Total liabilities	6,168,215	3,952,427

(Thousands of yen)

	Previous fiscal year (As of July 31, 2021)	Current fiscal year (As of July 31, 2022)
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	5,622,227
Treasury shares	(1,120)	(1,313)
Total shareholders' equity	6,908,650	8,324,004
Accumulated other comprehensive income		
Foreign currency translation adjustment	(5,533)	24,016
Total accumulated other comprehensive income	(5,533)	24,016
Total net assets	6,903,117	8,348,020
Total liabilities and net assets	13,071,332	12,300,447

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

(Thousands of yen)

	Previous fiscal year (From August 1, 2020 to July 31, 2021)	Current fiscal year (From August 1, 2021 to July 31, 2022)
Net sales	32,815,296	33,911,903
Cost of sales	6,382,853	7,282,948
Gross profit	26,432,443	26,628,955
Reversal of provision for sales returns	5,935	-
Provision for sales returns	8,491	-
Gross profit - net	26,429,887	26,628,955
Selling, general and administrative expenses	21,749,810	24,214,636
Operating profit	4,680,076	2,414,318
Non-operating income		
Interest income	286	1,392
Surrender value of insurance policies	20,045	35,693
Profit on currency exchange	-	136,111
Miscellaneous income	1,348	2,683
Total non-operating income	21,680	175,881
Non-operating expenses		
Interest expenses	14,845	14,879
Listing expenses	22,051	-
Miscellaneous losses	11,721	2,994
Total non-operating expenses	48,618	17,873
Ordinary profit	4,653,138	2,572,326
Extraordinary losses		
Loss on retirement of non-current assets	73	-
Total extraordinary losses	73	-
Profit before income taxes	4,653,064	2,572,326
Income taxes - current	1,899,829	1,099,631
Income taxes - deferred	(40,392)	48,272
Total income taxes	1,859,436	1,147,904
Profit	2,793,627	1,424,422
Profit attributable to owners of parent	2,793,627	1,424,422

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Previous fiscal year (From August 1, 2020 to July 31, 2021)	Current fiscal year (From August 1, 2021 to July 31, 2022)
Profit	2,793,627	1,424,422
Other comprehensive income		
Foreign currency translation adjustment	(5,533)	29,549
Total other comprehensive income	(5,533)	29,549
Comprehensive income	2,788,094	1,453,971
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,788,094	1,453,971
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated statement of changes in shareholders' equity
 Previous fiscal year (From August 1, 2020 to July 31, 2021)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	15,000	15,000	1,419,883	-	1,449,883	-	-	1,449,883
Cumulative effect of changes in accounting policies								-
Balance at beginning of period reflecting changes in accounting policies	15,000	15,000	1,419,883	-	1,449,883	-	-	1,449,883
Changes of items during period								
Issuance of new shares	1,333,130	1,333,130			2,666,260			2,666,260
Profit attributable to owners of parent			2,793,627		2,793,627			2,793,627
Purchase of treasury shares				(1,120)	(1,120)			(1,120)
Net changes in items other than shareholders' equity						(5,533)	(5,533)	(5,533)
Total changes of items during period	1,333,130	1,333,130	2,793,627	(1,120)	5,458,767	(5,533)	(5,533)	5,453,233
Balance at end of period	1,348,130	1,348,130	4,213,510	(1,120)	6,908,650	(5,533)	(5,533)	6,903,117

Current fiscal year (From August 1, 2021 to July 31, 2022)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,348,130	1,348,130	4,213,510	(1,120)	6,908,650	(5,533)	(5,533)	6,903,117
Cumulative effect of changes in accounting policies			(15,705)		(15,705)			(15,705)
Balance at beginning of period reflecting changes in accounting policies	1,348,130	1,348,130	4,197,805	(1,120)	6,892,945	(5,533)	(5,533)	6,887,411
Changes of items during period								
Issuance of new shares	3,414	3,414			6,829			6,829
Profit attributable to owners of parent			1,424,422		1,424,422			1,424,422
Purchase of treasury shares				(192)	(192)			(192)
Net changes in items other than shareholders' equity						29,549	29,549	29,549
Total changes of items during period	3,414	3,414	1,424,422	(192)	1,431,059	29,549	29,549	1,460,608
Balance at end of period	1,351,544	1,351,544	5,622,227	(1,313)	8,324,004	24,016	24,016	8,348,020

(4) Consolidated statement of cash flows

(Thousands of yen)

	Previous fiscal year (From August 1, 2020 to July 31, 2021)	Current fiscal year (From August 1, 2021 to July 31, 2022)
Cash flows from operating activities		
Profit before income taxes	4,653,064	2,572,326
Depreciation	44,029	85,453
Increase (decrease) in provision for sales returns	2,556	-
Increase (decrease) in provision for point card certificates	47,700	-
Interest income	(286)	(1,392)
Interest expenses	14,845	14,879
Decrease (increase) in trade receivables	(894,849)	327,717
Decrease (increase) in inventories	(713,366)	(1,662,060)
Increase (decrease) in trade payables	(253,687)	(374,179)
Increase (decrease) in accounts payable - other	319,331	(391,318)
Increase (decrease) in accrued expenses	18,741	66,899
Decrease (increase) in prepaid expenses	(116,930)	(235,619)
Increase (decrease) in accrued consumption taxes	442,568	(521,607)
Other, net	8,471	(597,387)
Subtotal	3,572,189	(716,288)
Interest received	286	1,391
Interest paid	(14,144)	(15,459)
Income taxes paid	(804,903)	(2,591,984)
Net cash provided by (used in) operating activities	2,753,427	(3,322,340)
Cash flows from investing activities		
Decrease (increase) in time deposits	(1,200)	(1,200)
Purchase of property, plant and equipment	(4,870)	(26,452)
Purchase of intangible assets	(70,261)	(176,887)
Payments of leasehold and guarantee deposits	(121,042)	(161,476)
Proceeds from collection of lease and guarantee deposits	-	1,566
Purchase of insurance funds	(16,423)	-
Proceeds from cancellation of insurance funds	43,126	76,752
Purchase of investment securities	(10,006)	(9,984)
Other, net	(147)	-
Net cash provided by (used in) investing activities	(180,826)	(297,682)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(1,050,000)	390,000
Proceeds from long-term borrowings	330,000	474,000
Repayments of long-term borrowings	(360,309)	(362,184)
Proceeds from issuance of shares	2,666,260	-
Purchase of treasury shares	(1,120)	(192)
Net cash provided by (used in) financing activities	1,584,830	501,623
Net increase (decrease) in cash and cash equivalents	4,157,431	(3,118,399)
Cash and cash equivalents at beginning of period	1,894,719	6,052,155
Effect of exchange rate changes on cash and cash equivalents	4	29,412
Cash and cash equivalents at end of period	6,052,155	2,963,167

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable

(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 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 current fiscal year is not material.

(Application of accounting standard for revenue recognition and others)

The Group adopted the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan [ASBJ] Statement No. 29, March 31, 2020, the “Accounting Standard for Revenue Recognition”), etc. from the beginning 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 returns

The “provision for sales returns,” 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 “other” under current liabilities and the returned goods asset is included in “other” 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 point card certificates” 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 it is presented as “contract liabilities” in “other” under current liabilities from the current fiscal year.

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 current fiscal year is added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from such beginning balance.

As a result, net sales decreased by 64,827 thousand yen, cost of sales decreased by 2,287 thousand yen, gross profit decreased by 67,785 thousand yen, and operating profit, ordinary profit and profit before income taxes increased by 8,252 thousand yen, respectively. The balance of retained earnings at the beginning of the current fiscal year decreased by 15,705 thousand yen. The impact of this change on the per share information for the current fiscal year was not material.

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.

(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, the “Accounting Standard for Calculation of Fair Value”), etc. are applied from the beginning 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, etc. This change has no impact on the consolidated financial statements.

(Segment information, etc.)

(Segment information)

The information is omitted as the Group has a single business segment engaged in manufacture and sale of cosmetics.

(Related information)

Previous fiscal year (From August 1, 2020 to July 31, 2021)

1. Information by product and service

The information is omitted as the Group’s sales are all related to the business of manufacturing and selling cosmetics.

2. Information by area

(1) Net sales

The information is omitted as sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted as the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by main customers

(Thousands of yen)

Name of customers	Net sales	Related segments
Ida Ryogokudo Co., Ltd.	7,894,396	Manufacture and sale of cosmetics

Current fiscal year (From August 1, 2021 to July 31, 2022)

1. Information by product and service

The information is omitted as the Group’s sales are all related to the business of manufacturing and selling cosmetics.

2. Information by area

(1) Net sales

The information is omitted as sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted as the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by main customers

(Thousands of yen)

Name of customers	Net sales	Related segments
Ida Ryogokudo Co., Ltd.	6,683,625	Manufacture and sale of cosmetics

(Information on impairment losses on fixed assets by reportable segment)

Not applicable

(Information on amortization and unamortized balance of goodwill by reportable segment)

Not applicable

(Information on gain on negative goodwill by reportable segment)

Not applicable

(Per share information)

	Previous fiscal year (From August 1, 2020 to July 31, 2021)	Current fiscal year (From August 1, 2021 to July 31, 2022)
Net assets per share	791.65 yen	957.30 yen
Basic earnings per share	326.87 yen	163.35 yen
Diluted earnings per share	326.38 yen	163.11 yen

Notes: 1. The Company conducted a 20-for-1 stock split of its common shares as of August 29, 2020. In accordance with this, basic 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.

2. Diluted earnings per share for the previous fiscal year is calculated by using the average share price for the period from the initial listing date to the end of the previous fiscal year, deeming it to be the period-average share price, as the Company was listed on the Tokyo Stock Exchange Mothers on October 28, 2020.

3. The basis for calculating net assets per share is as follows.

(Thousands of yen)

	Previous fiscal year (As of July 31, 2021)	Current fiscal year (As of July 31, 2022)
Total net assets	6,903,117	8,348,020
Amount deducted from total net assets	-	-
Net assets related to common shares at the end of the period	6,903,117	8,348,020
Number of common shares used in the calculation of net assets per share at end of period	8,719,911 shares	8,720,379 shares

4. The basis of calculating basic earnings per share and diluted earnings per share is as follows.

(Thousands of yen)

	Previous fiscal year (From August 1, 2020 to July 31, 2021)	Current fiscal year (From August 1, 2021 to July 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent	2,793,627	1,424,422
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent for common shares	2,793,627	1,424,422
Average number of common shares during period	8,546,495 shares	8,720,265 shares
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	-	-
Increase in the number of common shares	12,981 shares	12,707 shares
(Of which, share subscription rights)	(12,981 shares)	(12,707 shares)
Description of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	-	-

(Significant subsequent events)

Not applicable