

FOR IMMEDIATE RELEASE

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Notice Concerning Revision of Earnings Forecasts

Premier Anti-Aging Co., Ltd. announces that its Board of Directors, at a meeting held on December 14, 2022, decided to revise its consolidated earnings forecasts for the first six months and the full year of the fiscal year ending July 31, 2023 (August 1, 2022 to July 31, 2023), as follows.

- Revision of consolidated earnings forecasts for the first six months of the fiscal year ending July 31, 2023 (August 1, 2022 to January 31, 2023)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous Forecast (A) (Announced on September 13, 2022)	16,700	930	930	550	63.07 yen
Revised Forecast (B)	14,500	-	20	(60)	(6.88) yen
Difference (B – A)	(2,200)	(930)	(910)	(610)	-
Rate of Change (%)	(13.2%)	-	(97.8%)	-	-
(Reference) Previous Actual Results (First Six Months of Fiscal Year ended July 2022)	17,970	2,248	2,321	1,360	156.01 yen

2. Revision of consolidated earnings forecasts for the fiscal year ending July 31, 2023 (August 1, 2022 to July 31, 2023)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous Forecast (A) (Announced on September 13, 2022)	37,000	3,000	2,985	1,820	208.71 yen
Revised Forecast (B)	30,000	1,500	1,520	820	94.03 yen
Difference (B – A)	(7,000)	(1,500)	(1,465)	(1,000)	-
Rate of Change (%)	(18.9%)	(50.0%)	(49.1%)	(54.9%)	-
(Reference) Previous Actual Results (Fiscal Year ended July 2022)	33,911	2,414	2,572	1,424	163.35 yen

3. Rational for revision

Sales of “DUO The Cleansing Balm,” which accounts for the majority of our sales, declined in mail-order and wholesale sales in the first quarter of the fiscal year ending July 31, 2023, due to continued intensifying competition in the cleansing market and balm formulations. At the time of the previous earnings forecast announcement, we expected a certain decrease in sales based on the results of the previous fiscal year. In the cleansing market as a whole, sales are almost flat, but the share of balm formulations is declining as competitors renewed their main products in oil and gel formulations and aggressively invested in advertising. In addition, among balm formulations, due to price hikes in various consumer goods, competition with inexpensive similar products from competitors is becoming more intense. Due to these factors, the number of customers switching from "Duo The Cleansing Balm" to other products has exceeded the initial forecast, and the decline from the initial plan in the first quarter is expected to continue from the second quarter onwards. On the other hand, sales of “CANADEL” and “clayence”, which we are focusing on as brands under development, in the first quarter increased year on year due to a significant increase in new customer acquisitions. However, considering that the online advertising environment has deteriorated compared to the initial forecast, we will control advertising investment with discipline in order to prioritize a lean corporate structure, and sales from the second quarter onward are expected to be slightly lower than the initial forecast. Most of the impact of the decrease in sales is due to the downward revision of sales forecast for DUO. In terms of profits, gross profit is expected to decrease significantly due to the decline in net sales. We plan to implement company-wide cost reforms by strategically managing advertising expenses and reviewing the cost structure, including distribution costs.

In light of these circumstances, we have revised our earnings forecasts as described above.

Going forward, we will aim to build a leaner corporate structure that will enable us to sustain even more profitable growth while maintaining sales growth momentum over the medium term.

(Note) The above forecast is based on the information currently available, and the actual results may change due to various factors.