

# FY2023 1Q

December 14, 2022

Premier Anti-Aging Co., Ltd.  
TSE Growth 4934

FY2023 1Q Results Briefing Material



PREMIER ANTI-AGING

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# 01 | Executive Summary

## FY2023 1Q Results

- **Net sales:** Although sales of CANADEL and clayence increased, sales decreased due to a decrease in DUO mail-order/EC sales and wholesale sales.
- **Operating profit/loss:** Gross profit decreased due to lower sales. As a result of aggressive investment in new customer acquisitions and TV commercials, costs were ahead.

## FY2023 Revised Forecast

- **First half:** Sales 14,500 million yen, Operating profit 0 million yen  
Full year: Sales 30,000 million yen, Operating profit 1,500 million yen
- In addition to revising the cost structure, we will implement company-wide cost reforms and invest management resources for future growth by investing the necessary funds in existing and new businesses.

## Future Direction

- Aiming for a leaner corporate structure that can sustain profitable growth while maintaining sales growth momentum over the medium term
- In addition to acquiring new customers by controlling CPO, focus on CX promotion to build long-term relationships with existing customers
- With transformation into an anti-aging company, move into a new business area of “inner care” with launch of two new health food brands (SINTO, X)

# 02 | FY2023 1Q Results

# Statement of income (quarterly comparison)

- ✓ Although sales of CANADEL and clayence increased, net sales decreased due to a decrease in DUO mail-order/EC sales and wholesale sales.
- ✓ As a result of aggressive investment in new acquisitions and TV commercials, costs are ahead.

(Millions of yen)

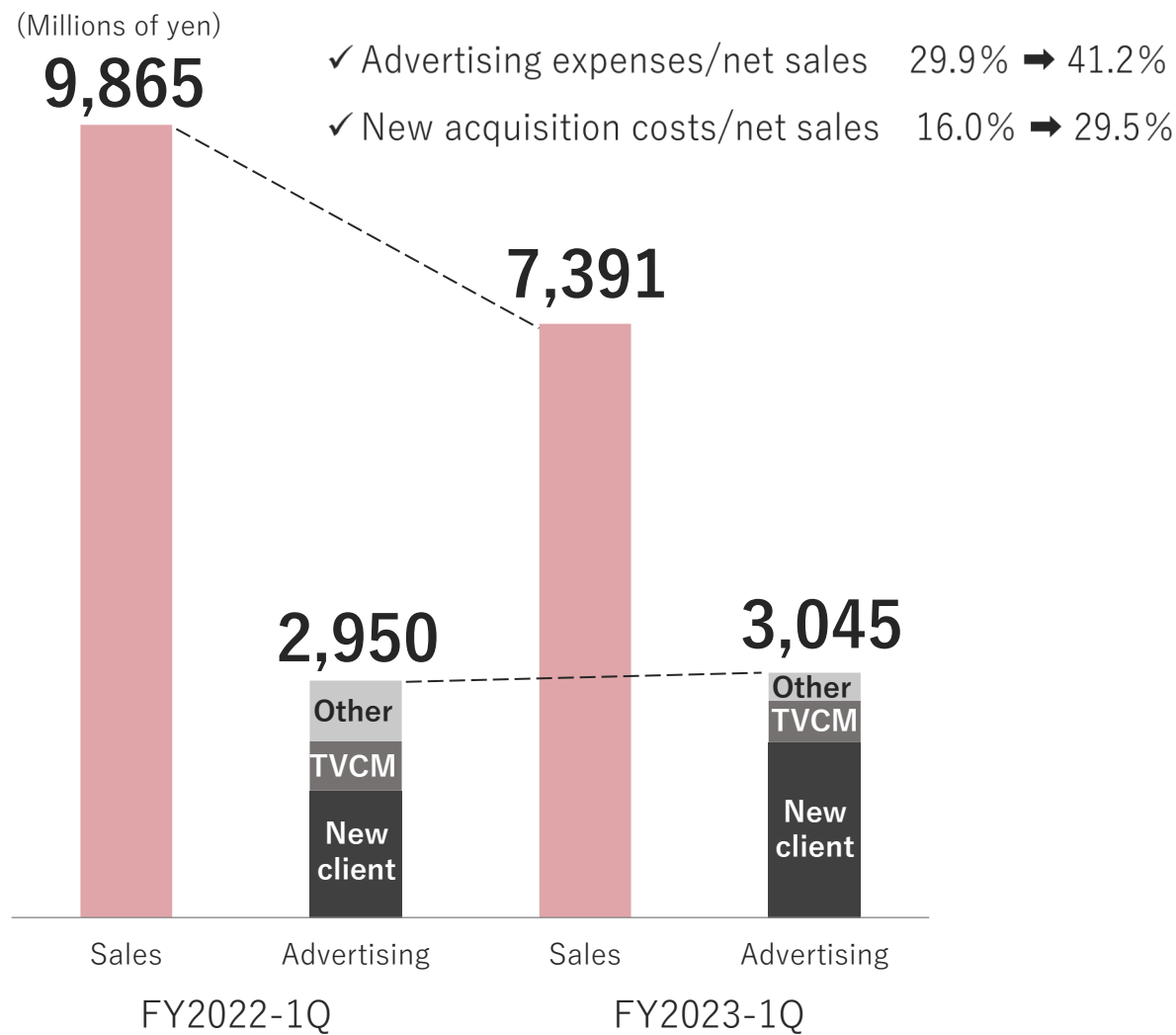
	FY2022 1Q	FY2022 2Q	FY2022 3Q	FY2022 4Q	FY2023 1Q	
<b>Net sales</b>	9,865	8,104	7,926	8,015	7,391	(7.8%)
L Mail order/EC	6,130	6,267	5,470	6,281	5,055	(19.5%)
L Wholesale	3,431	1,492	2,192	1,266	1,929	52.4%
L Others	304	344	263	467	406	(13.0%)
<b>Gross profit</b>	7,924	6,575	6,162	5,967	5,747	(3.7%)
<b>SG&amp;A expenses</b>	5,849	6,401	6,453	5,510	5,991	8.7%
L Advertising	2,950	3,572	3,678	2,718	3,045	12.0%
L Outsourcing	1,498	1,516	1,384	1,388	1,248	(10.1%)
L Payroll and allowances	252	244	302	304	325	7.0%
L R&D	80	114	115	122	127	4.7%
L Others	1,067	953	972	976	1,244	27.3%
<b>Operating profit (loss)</b>	2,074	173	(290)	456	(244)	—
<b>Operating profit margin (%)</b>	21.0%	2.1%	(3.7%)	5.7%	(3.3%)	(9.0pts)
<b>Ordinary profit (loss)</b>	2,132	189	(180)	430	(224)	—
<b>Profit (loss) attributable to owners of parent</b>	1,320	39	(138)	202	(198)	—

\*Rate of change compared to FY2022 4Q

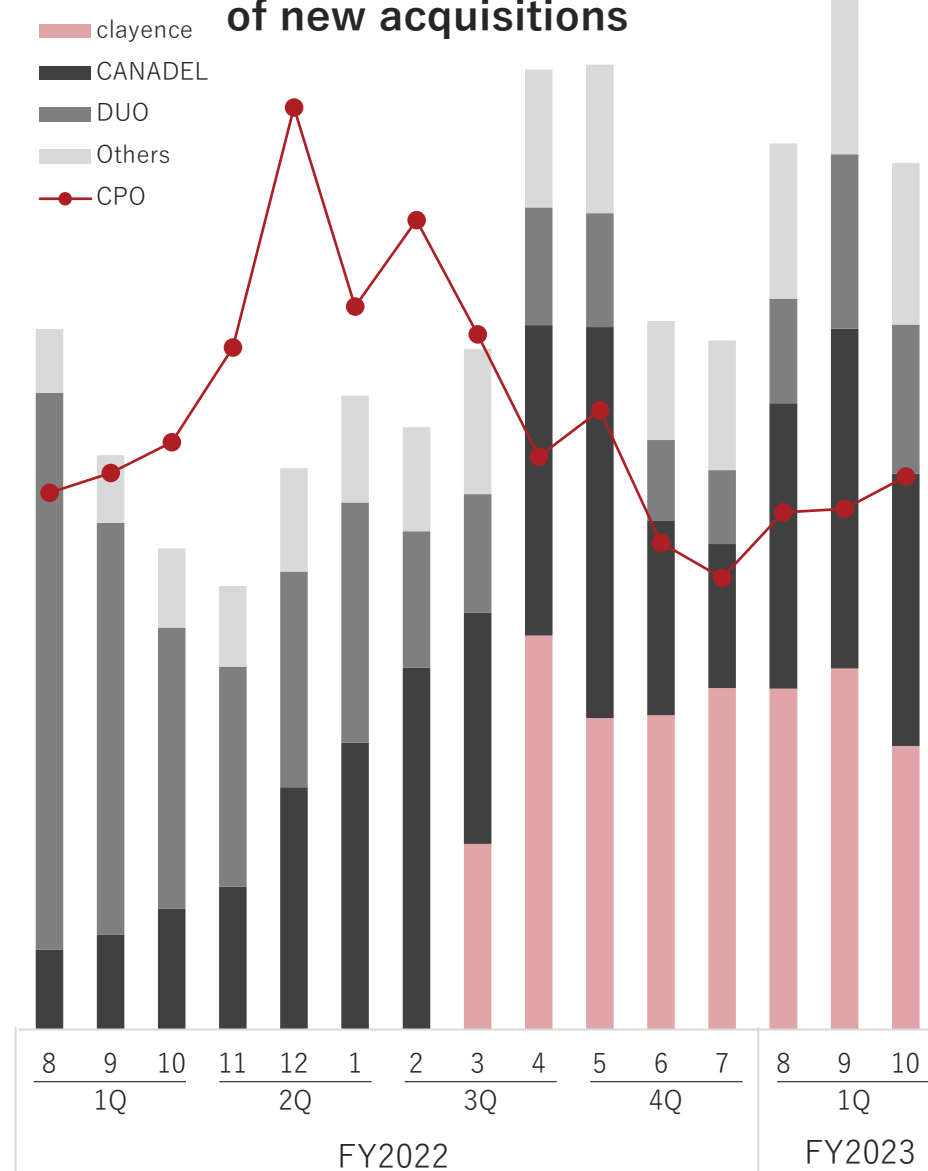
# Advertising expenses

- ✓ The amount base is at the same level as the same period of the previous year, and the sales ratio greatly exceeded the same period of the previous year but progressing according to plan
- ✓ Although overall CPO is on an upward trend, it still maintains a favorable level, and new acquisitions centered on CANADEL and clayence are at a record high

Advertising expenses/net sales and breakdown



Change in mail order/EC CPO and number of new acquisitions



# 03 | FY2023 Revised Plan



# FY2023 Revised Forecast

- ✓ Based on the results of 1Q, we revised sales to 30.0 billion yen, down 11.5% year on year, and operating profit to 1.5 billion yen, down 37.9% year on year
- ✓ Implement company-wide cost reforms and aim for a lean corporate structure that enables sustainable growth with profit

Millions of yen

	FY2022 Actual Results	FY2023 Initial Forecast (A)	FY2023 Revised Forecast (B)	Increase/ Decrease (B) – (A)	Rate of Change (B)/(A)	
<b>Full year</b>	<b>Net sales</b>	33,911	37,000	30,000	(7,000)	(18.9%)
	<b>Operating profit</b>	2,414	3,000	1,500	(1,500)	(50.0%)
	<b>Operating profit margin (%)</b>	7.1%	8.1%	5.0%	(3.1pts)	–
	<b>Ordinary profit</b>	2,572	2,985	1,520	(1,465)	(49.1%)
	<b>Profit attributable to owners of parent</b>	1,424	1,820	820	(1,000)	(54.9%)
<b>Six months</b>	<b>Net sales</b>	17,970	16,700	14,500	(2,200)	(13.2%)
	<b>Operating profit</b>	2,248	930	0	(930)	–
	<b>Operating profit margin (%)</b>	12.5%	5.6%	–	–	–
	<b>Ordinary profit</b>	2,321	930	20	(910)	(97.8%)
	<b>Profit (loss) attributable to owners of parent</b>	1,360	550	(60)	(610)	–

# 04 | Initiatives for 2Q and Beyond

- ✓ As a mature brand, strengthen approaches to existing customers and aim to further improve brand value

### 1Q Topics

- ✓ Downward trend continues due to fading out of “DUO The Cleansing Balm Black Repair” boom and intensified competition
- ✓ New product “DUO The Cleansing Balm Hot” launched in September backed by TV commercials and other proactive advertising investments



### Challenges

- ✓ Focus on branding as a mature brand  
Approaching existing customers is in a more important phase

### Initiatives for 2Q and beyond

- ✓ Implement a loyalty program for existing customers and measures to promote continued use
- ✓ Cross-sell the DUO brand to customers purchasing other brand products
- ✓ Launch limited-edition products and increase brand recognition through TV commercials and other methods



- ✓ **Promote cross-selling and up-selling by developing and launching highly appealing and unique new products**

## 1Q Topics

- ✓ Unique new products such as the highly appealing “Premium Barrier Fix” drove sales growth
- ✓ Achieving high level of new customer acquisition through active investment in advertising
- ✓ Expand to the main target segment of the all-in-one cosmetics market through further recognition

## Challenges

- ✓ Develop highly appealing products that can respond to intensifying competition in the online advertising environment



## Initiatives for 2Q and beyond

- ✓ Aim to expand new acquisitions by developing and introducing new products that can appeal to customer concerns
- ✓ Introducing unique new products that can promote upselling for existing subscription customers
- ✓ Cross-sell the CANADEL brand to customers purchasing other brand products

- ✓ Improve the retention rate by developing and launching new products that make use of our strength of direct communication with customers

## 1Q Topics

- ✓ Maintaining a high level of new customer acquisitions, surpassing DUO and CANADEL
- ✓ Expanded into retail outlets with TV commercials airing from October, completing shipment to 8,000 stores by month-end
- ✓ Sales growing in both mail order/EC and wholesale sales

## Challenges

- ✓ Eliminate dissatisfaction with the feeling of use peculiar to color treatment and improve the retention rate

## Initiatives for 2Q and beyond

- ✓ Promote cross-selling and up-selling by developing and launching new products based on customer feedback, leveraging D2C's strength of communication with customers
- ✓ Enlightenment of correct usage by strengthening the contact center and enclosing leaflets on how to use
- ✓ Cross-sell the clayence brand to customers purchasing other brand products



# Cost structure reform

- ✓ Maintain sales growth momentum through strategic advertising investment and review SG&A expenses other than advertising investment
- ✓ Carry out company-wide cost structure reforms and aim for a lean corporate structure

## Marketing cost (1)

Implement a digital marketing strategy that emphasizes investment efficiency using CDP\*

## Marketing cost (2)

Be aware of target segmentation and execute a mass marketing strategy aimed at maximizing the media mix effect

## Delivery cost

Reduce costs by developing packages with shipping costs in mind

## Logistics cost

Optimize inventory management and build a lean product management system that matches supply and demand

## System cost

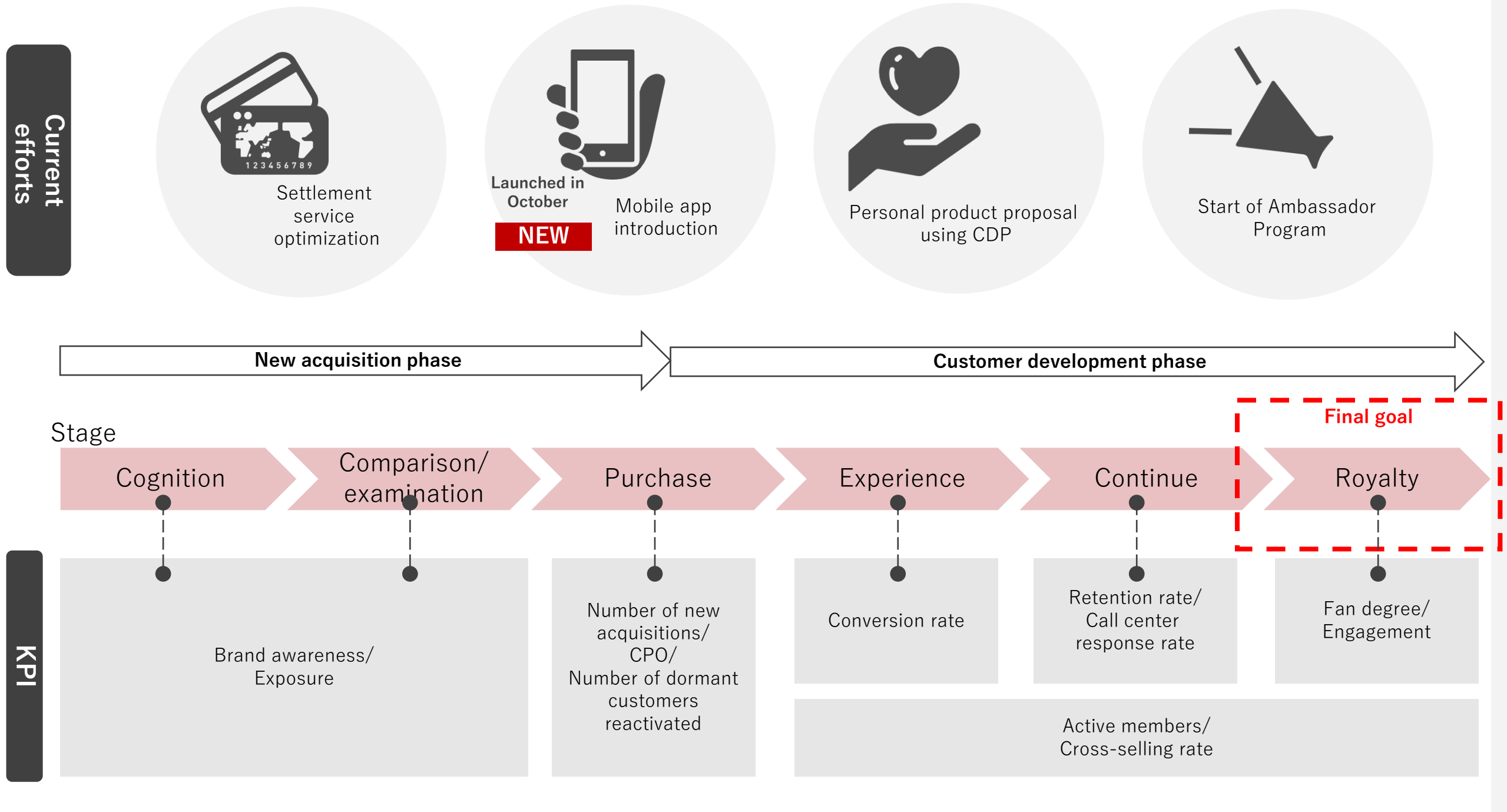
Implement optimal system investments based on an IT grand design that can withstand future business growth. Aiming to streamline operations from a medium- to long-term perspective

\*CDP stands for customer data platform



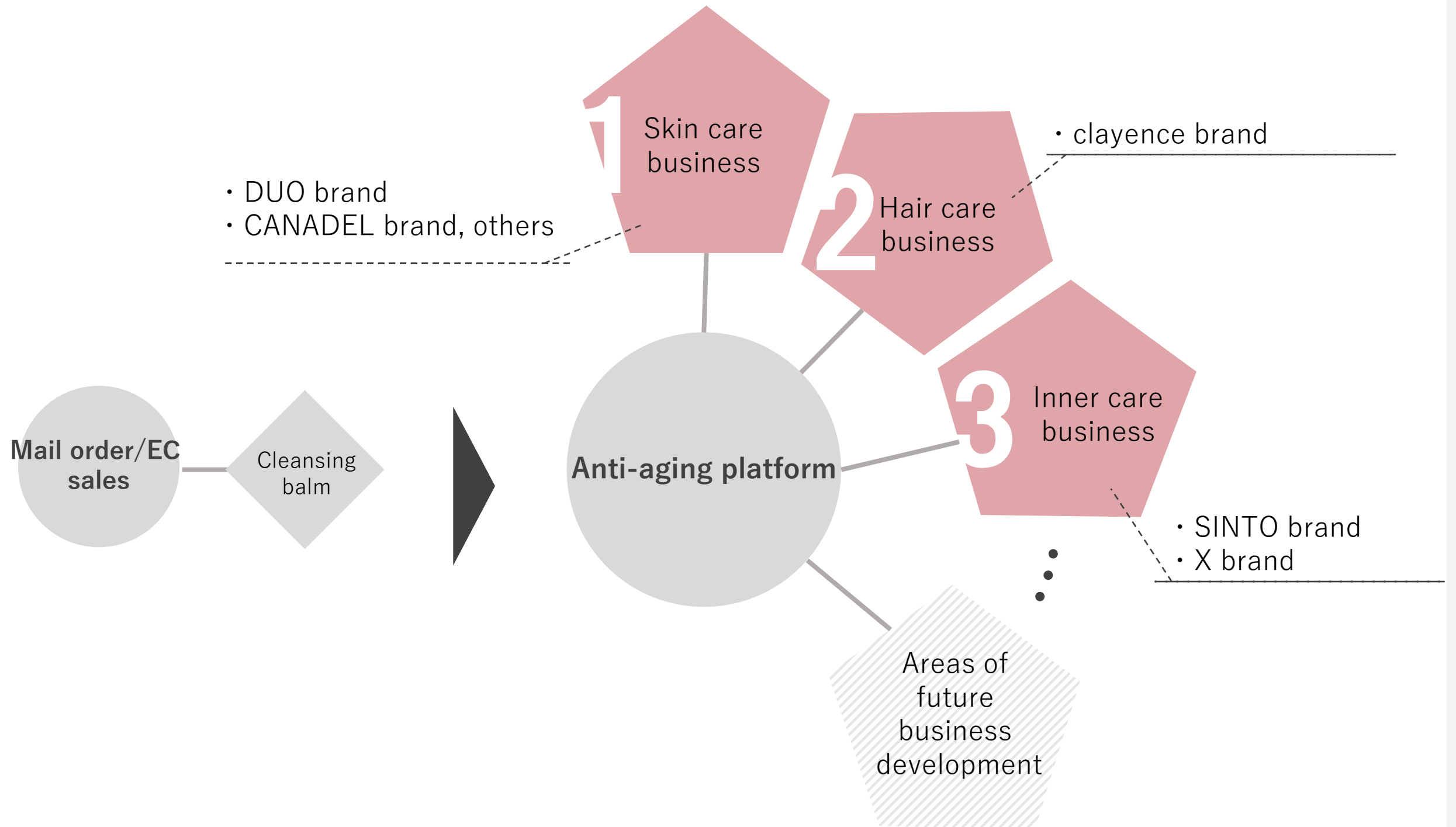
# CX Promotion: Customer experience stages and key KPIs

- ✓ Recognizing different issues depending on the stage and extracting priority issues
- ✓ Focus on strengthening the stage related to the customer development phase in the future and implement each measure



# Transformation into an anti-aging company

- ✓ To become an anti-aging company, expand our business domain into the inner care field
- ✓ Aim for a comprehensive anti-aging approach to a customer base of 3.6 million

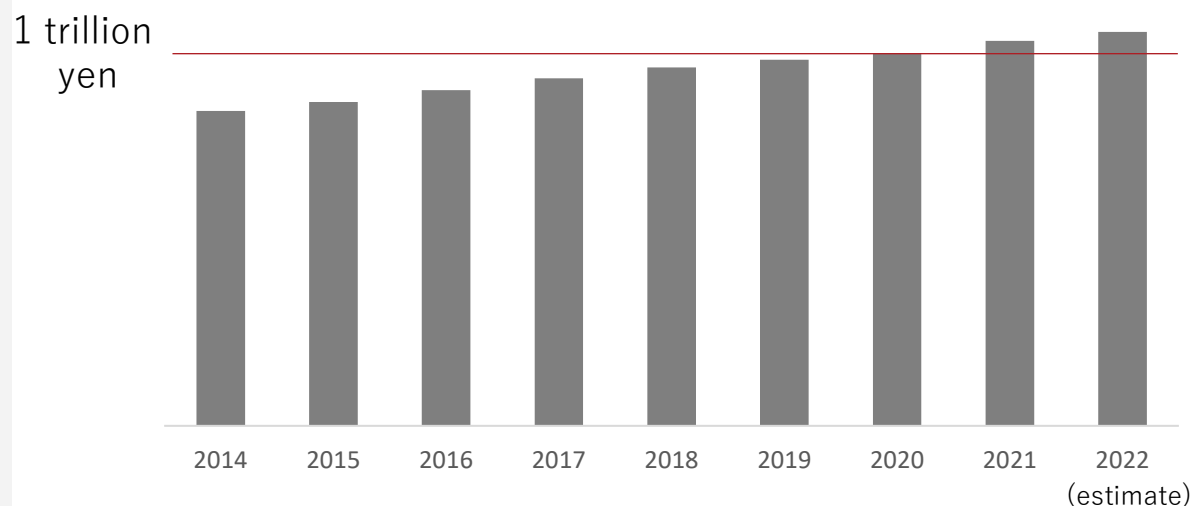




# Background of the entry into the new business “Inner Care Business”

- ✓ Of all health and beauty foods\*, the market for “functional foods” designed to address a specific function grew to over 1 trillion yen in 2021. Mail-order/EC sales accounted for over 60% of sales by channel, showing high affinity with our main channel
- ✓ According to a survey of our customers, 77.4% are using inner care, but about half are dissatisfied with the effects

Changes in market size of functional foods

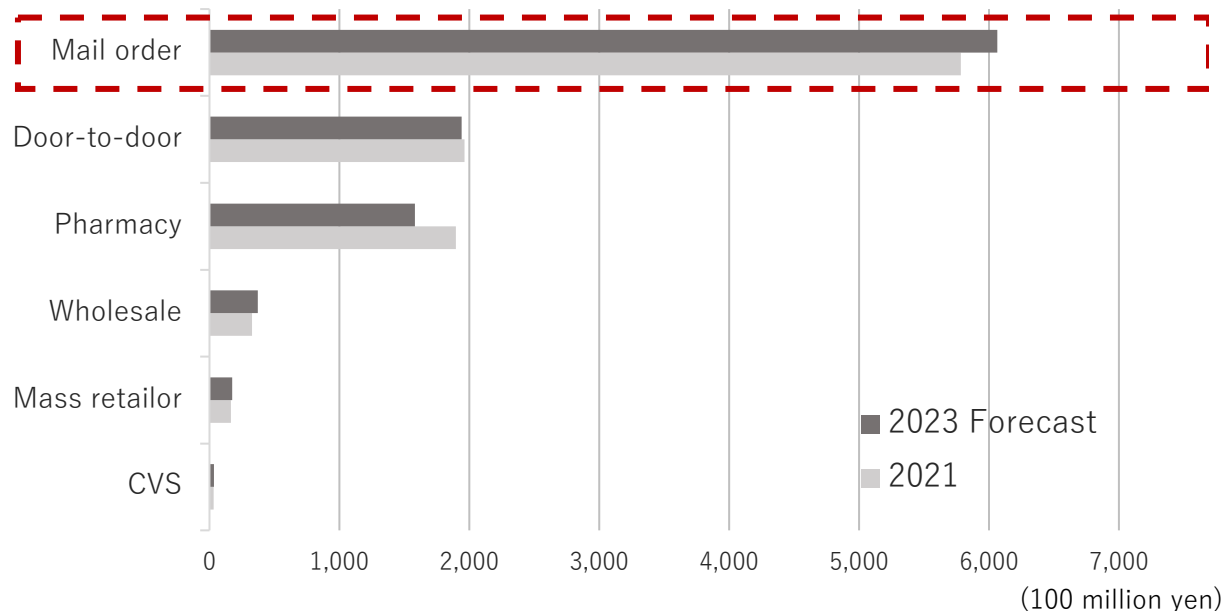


Survey results for our customers

Yes, working on  
**77.4%**

Are you working to achieve health and beauty from the inside of your body?  
(n=1,206)

Functional food sales by channel



Can't feel the effect  
**51.7%**

What kind of dissatisfaction do you have with diet supplements?  
(n=826)

\*In-house research

\* Foods consumed for the purpose of maintaining/promoting/restoring health and beauty  
Source: Fuji Keizai\_H · B Foods Marketing Handbook 2023 No.1

## New business “Inner Care Business”

- ✓ With a development philosophy of “respond with results”, we are launching two functional food brands. We have applied for patents for both brands to gain objective proof of our product’s superiority
- ✓ Offering a comprehensive anti-aging approach to our 3.6 million members

# SINTO



Available  
January 2023

- Release of two products: “SINTO Liposome Vitamin C” with vitamin C as the main ingredient, and “SINTO Liposome NMN” based on NMN
  - Improved absorption and permeability through liposomal technology – a drug delivery system (DDS) technology adopted in medical settings
  - To offer a sense of efficacy, our formulation has industry-high levels of each useful component

# X



Available  
February 2023

- Introducing two products: “X2 BURN” for those who want to start exercising and “X4 SLIM” for people wishing to improve their eating habits
  - Special coating technology reduces the bitterness and smell of active ingredients while ensuring it dissolves easily
  - The first of its kind in Japan to employ a mechanism that helps reduce body fat

✓ Implement proactive measures for sustainability

## Sales of refills

Sales of product refills starting with CANADEL helping reduce plastic by approximately 70%



## Support for SDGs event

Inaugural cooperation in the HAPPY EARTH FESTA – Japan’s largest SDGs Week event



## Formulation of a Health Management Declaration

“For lives that shine with health and beauty for all”

As an anti-aging pioneer, we will promote initiatives that enable our employees, their families, and people worldwide, irrespective of age, to shine bright with health and beauty.

## 2022 GP Environmental Semi Grand Prize Winner

Awarded a prize for three consecutive years through the GP certification system\*, which recognizes companies and organizations for their deep understanding and active application of the Green Printing service standards.



\*The GP certification system provides certification to factories and equipment that meet our independent environmental standards and enables printed materials made at certified factories to display the GP mark.

# 05 | Appendix

# Company Profile

Name	Premier Anti-Aging Co., Ltd.
Established	December 2009
Head office	Toranomon Hills Mori Tower 8F, 1-23-1 Toranomom, Minato-ku, Tokyo
Board members	<p>Kiyoshi Matsuura, President          Koji Kawabata, Director and Managing Executive Officer          Yoichiro Ito, Director and Managing Executive Officer, CFO          Takahiro Toya, Director and Executive Officer          Takuyuki Fukumoto, Independent Outside Director          Sakiko Sakai, Independent Outside Director          Motoyasu Ishihara, Independent Audit and Supervisory Board Member          Akira Ide, Independent Audit and Supervisory Board Member          Yosuke Kondo, Independent Audit and Supervisory Board Member          Keigo Uemura, Executive Officer          Kiyoshi Iwakawa, Executive Officer          Yuka Uehara, Executive Officer</p>
Employees	216 (as of October 31, 2022)
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.          Premier Anti-Aging (Shanghai) Co., Ltd.</p>





## Unleashing Time

Time is fleeting, and it passes equally,  
whether you are young or old.

Hours become days, days become the future.

We want to be an integral part of people's time.

By offering an exceptionally **“unique value,”**  
we want to enrich people's lives and change the future.

Let us unleash your future.

- 2009** – December: Established Premier Anti-Aging Co., Ltd. in Toranomom, Minato-ku, Tokyo
- 2010** – February: Started sales of cosmetic products with the launch of the DUO brand and began selling The Cleansing Balm through Mail-order/EC service
- 2012** – July: Relocated the head office to Roppongi Hills Keyakizaka Terrace
- 2018** – September: Started airing TV commercials (featuring KinKi Kids, a popular male duo), the first such ad for DUO
- 2019** – April: Launched the CANADEL brand, an aging care brand for adults  
– October: Cumulative sales of the DUO “The Cleansing Balm” series exceeded 10 million units
- 2020** – March: Relocated the head office to Toranomom Hills Mori Tower  
– September: Launched “sitrana,” a new brand for sensitive skin  
– September: Started airing the first round of TV commercials for CANADEL (featuring actress Ryoko Yonekura)  
– October: Launched “immuno,” a new organic cosmetic brand  
– October: Listed on the Tokyo Stock Exchange Mothers market  
– December: Established Premier Wellness Science Co., Ltd.
- 2021** – February: Established Premier Anti-Aging (Shanghai) Co., Ltd.
- 2022** – March: Launched the “clayence” hair care brand  
– April: Launched “DUO MEN,” a men’s skin care brand  
– August : Cumulative sales of the DUO “The Cleansing Balm” series exceeded 40 million units  
– October : Started airing the first round TV commercials for clayence (featuring actress Rei Dan)

## Balance Sheet (Comparison with the End of the Previous Fiscal Year)

- ✓ The ratio of non-current assets to total assets remained controlled at about 7% while asset-light operations continue

(Millions of yen)

	FY2022	FY2023 1Q	Increase/ decrease	Compared with the end of FY2022
<b>Total assets</b>	12,300	12,483	182	1.5%
L Current assets	11,516	11,565	48	0.4%
L Non-current assets	783	917	134	17.1%
<b>Total liabilities</b>	3,952	4,329	377	9.5%
L Current liabilities	3,220	3,654	434	13.5%
L Non-current liabilities	731	675	(56)	(7.8%)
<b>Total net assets</b>	8,348	8,153	(194)	(2.3%)
<b>Total liabilities and net assets</b>	12,300	12,483	182	1.5%
<b>Equity ratio (%)</b>	67.9%	65.3%	—	(2.6pts)

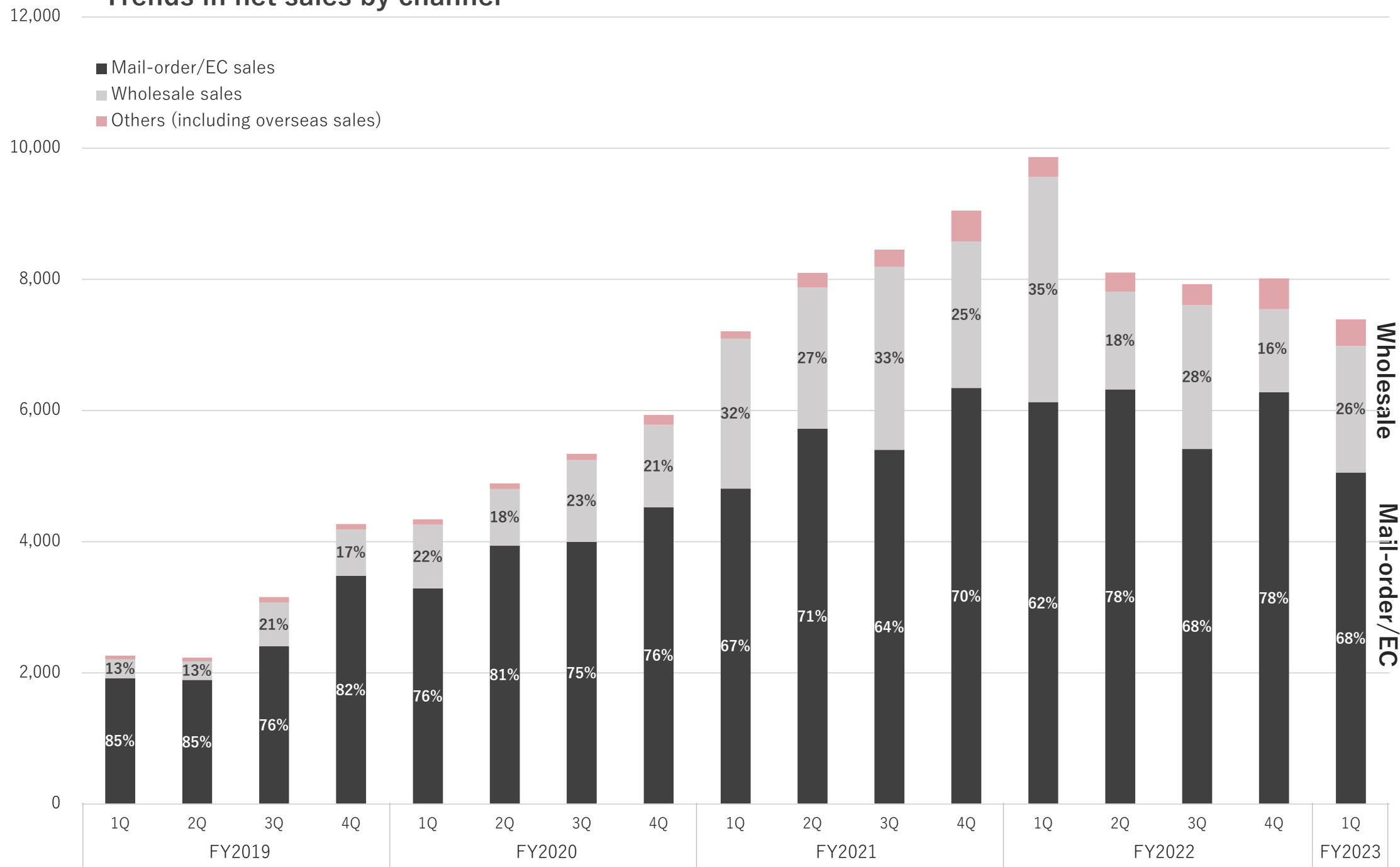


# Net Sales by Channel

- ✓ Wholesale sales increased due to the success of media mix strategy in line with the time of shelf replacement and retail development of clayence.
- ✓ Mail-order/EC sales declined due to DUO struggles

(Millions of yen)

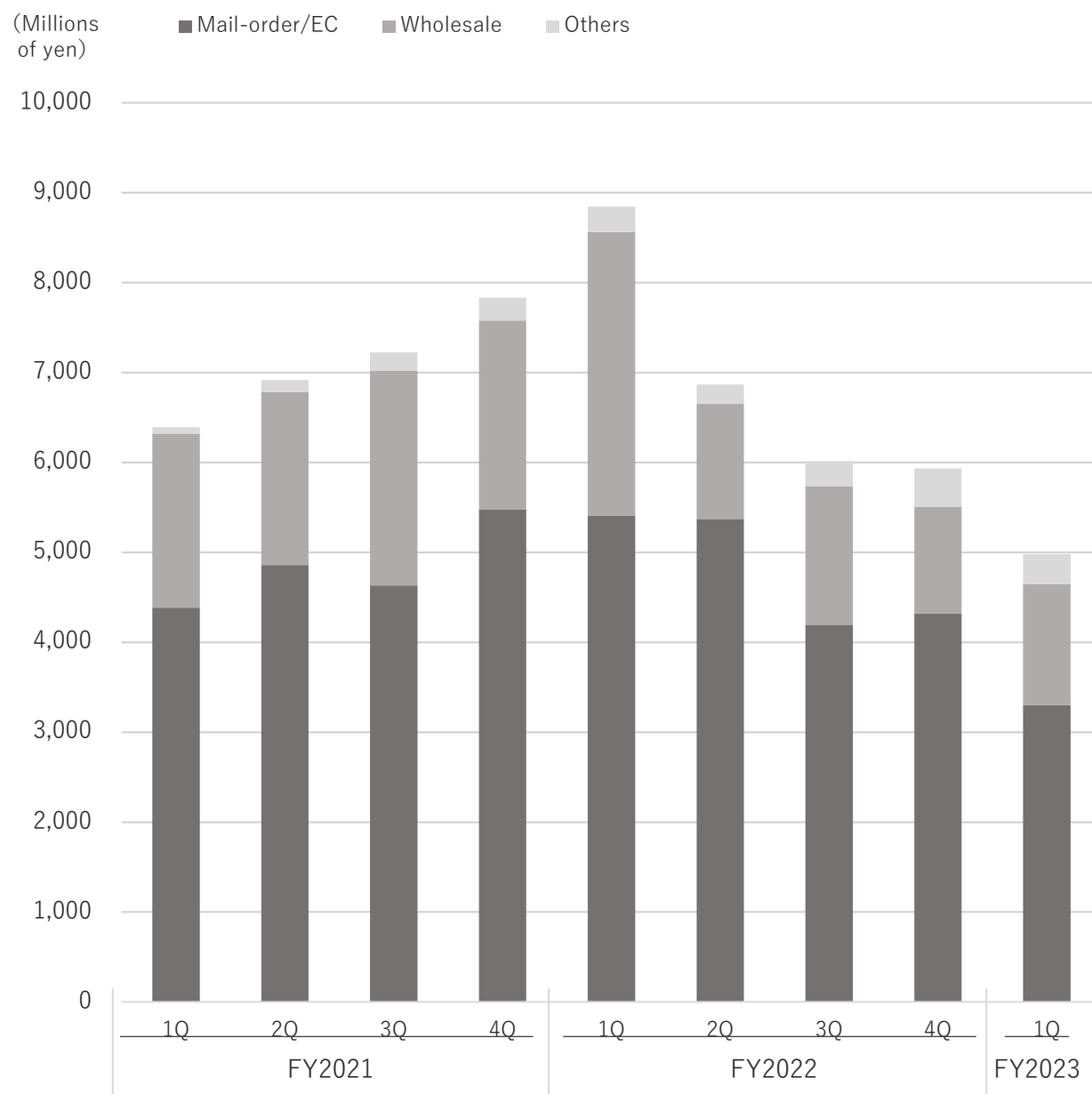
Trends in net sales by channel



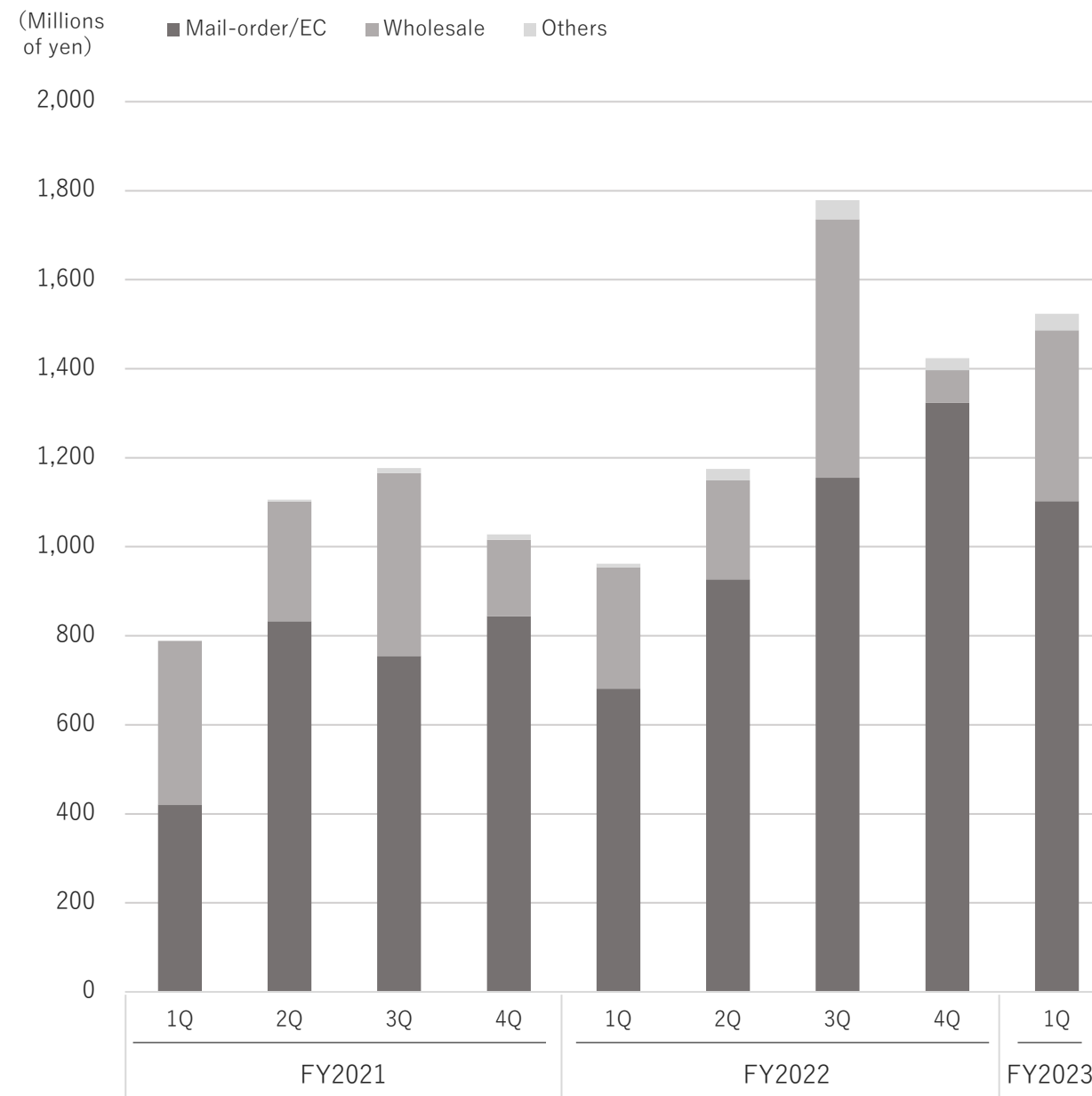
# Net Sales by Major Brands

- ✓ DUO sales continued to decline due to the end of the black balm boom and intensifying competition
- ✓ Unique new products such as the highly appealing “Premier Barrier Fix” drove sales growth for CANADEL

DUO quarterly sales trends

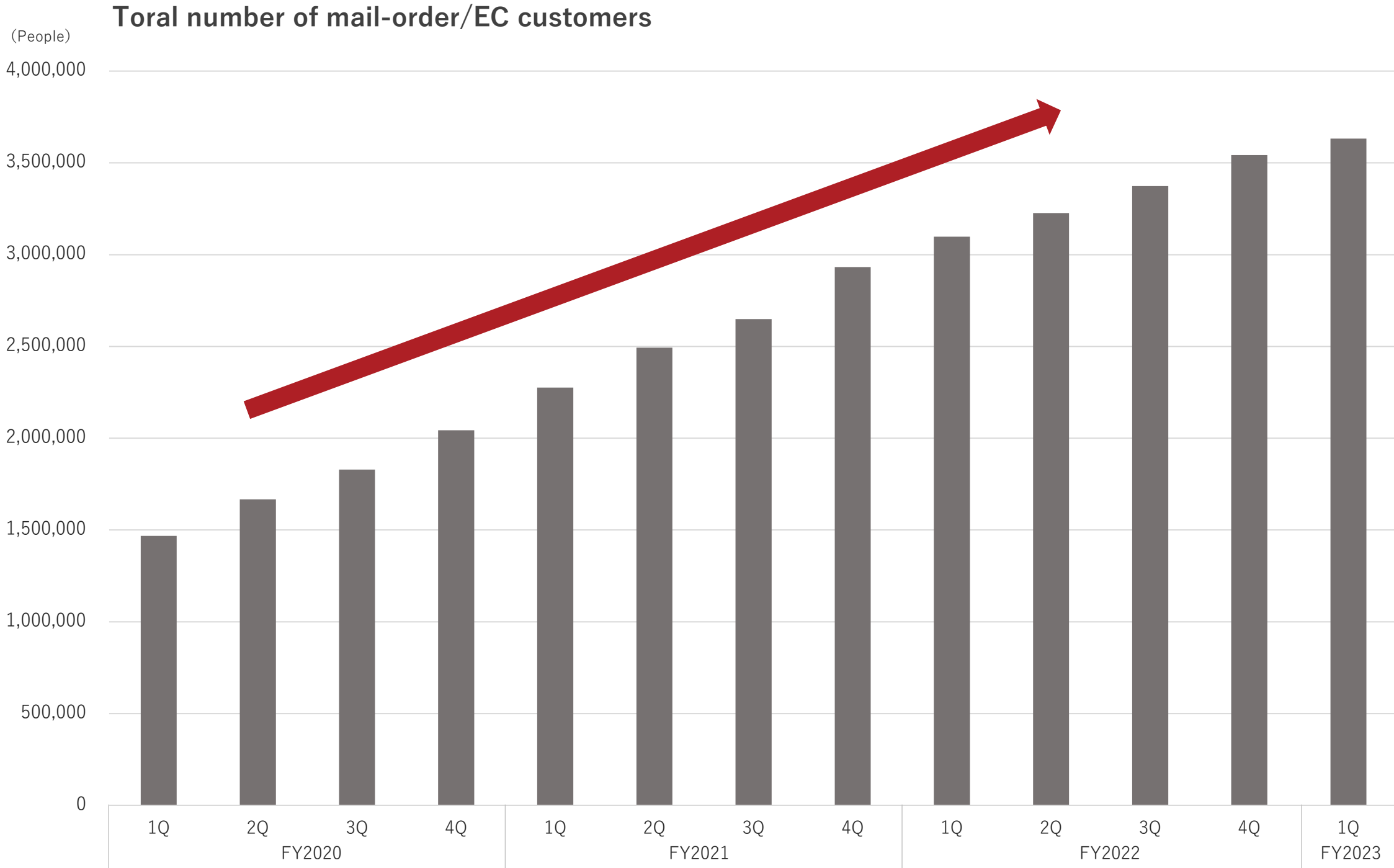


CANADEL quarterly sales trends



# Total Number of Mail-order/EC Customers

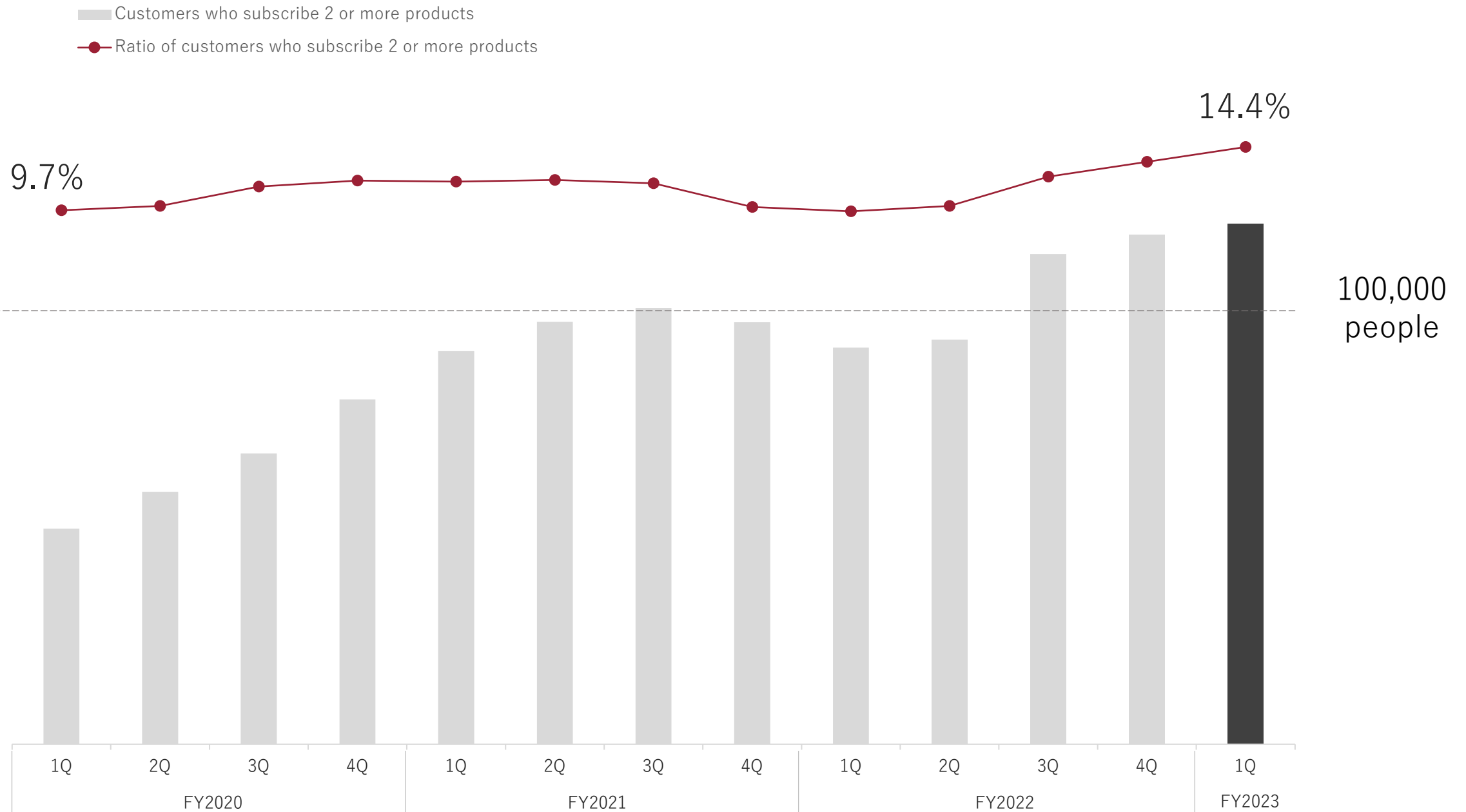
- ✓ The total number of members exceeds about 3.6 million
- ✓ Acquired record-high new customers centered on CANADEL and clayence in the first quarter of FY2023



# Number of Cross-selling Customers

✓ Number of customers who subscribe 2 or more products has increased, mainly in clayence

Number of customers who subscribe 2 or more products and the relevant ratio

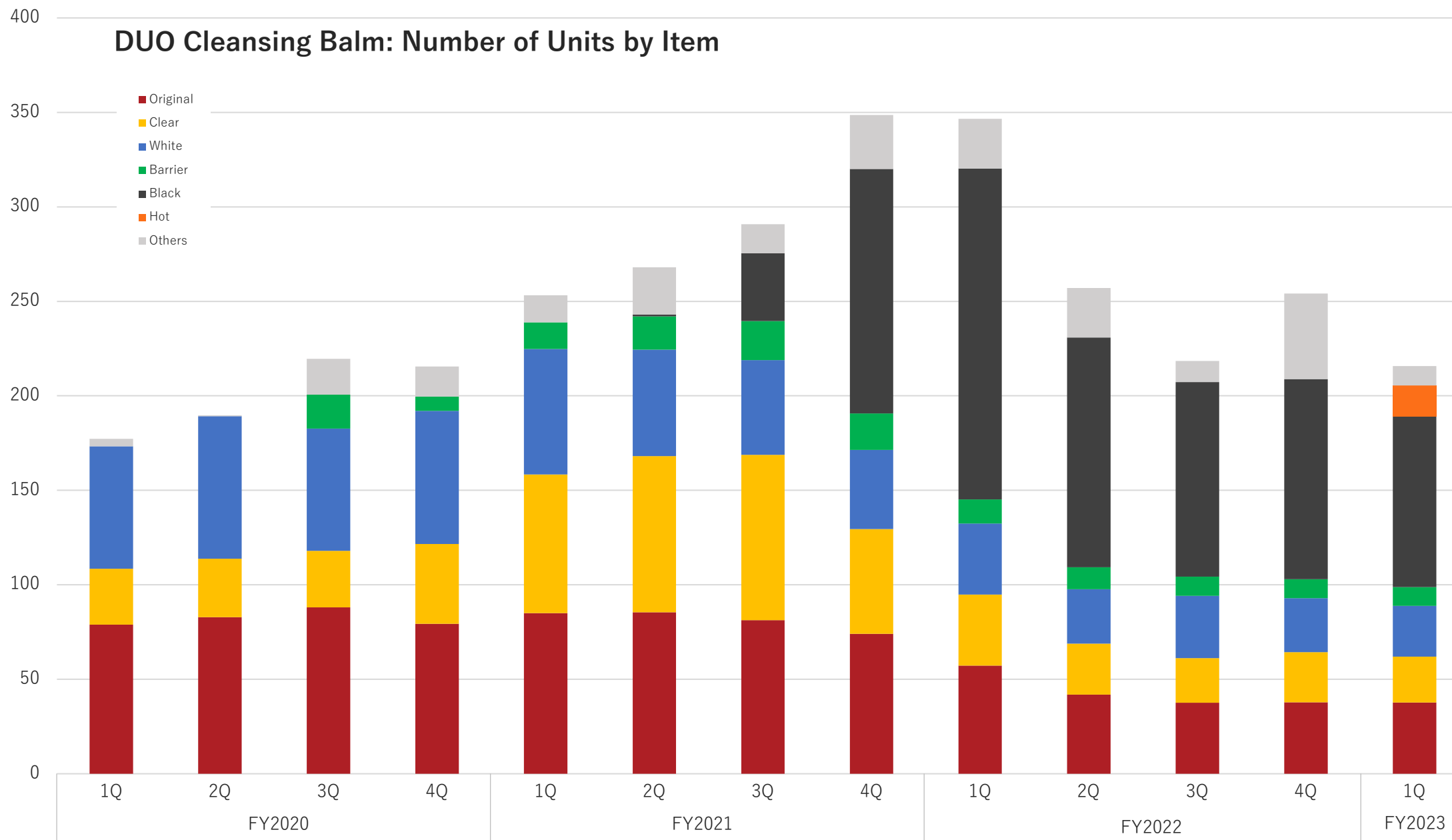


Note: The number of customers who subscribe 2 or more products refers to customers who are purchasing 2 or more product categories (e.g., balms and serums) on a regular basis.

# DUO Cleansing Balm Shipment Trends by Item

- ✓ The hot balm released in September 2022 is off to a steady start. Aiming to expand the fan base as a new standard product
- ✓ Although the downward trend continued due to intensifying competition, the total number of shipments exceeded 40 million in August. Remain solid as the No. 1 brand

(10 thousands units)



Note: Due to accounting processing, the timing of recording shipments and sales in some transactions does not match.

# Key Brands and Sales Composition Ratio

- ✓ Skin care brands “DUO” and “CANADEL” and hair care brand “clayence” drove sales
- ✓ Making steady progress on our path to transforming our business structure to one that is supported by multiple brands.

**SKIN CARE**

- ✓ Main brand since our founding. Has driven sales for our company as a pioneer in the cleansing balm market.
- ✓ Launched February 2010.
- ✓ Offering 35 SKUs\*1

Sales composition ratio\*2  
**67%**

**SKIN CARE**

- ✓ Being nurtured as the second key brand after DUO. Addresses needs of contemporary women by saving time.
- ✓ Launched April 2019.
- ✓ Offering 11 SKUs\*1

Sales composition ratio\*2  
**21%**

**HAIR CARE**

- ✓ Applying brand nurturing know-how gained through DUO and CANADEL.
- ✓ Home hair care brand that focuses on young generation with graying hair.
- ✓ Launched March 2022.
- ✓ Offering 5 SKUs\*1

Sales composition ratio\*2  
**11%**

**clayence**

\*1: SKU refers to the number of regular products as of October 31, 2022, excluding limited editions and different sizes \*2: Calculated based on FY2023 1Q net sales.

# 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 35 SKUs\* centering on cleansing balm.

Major cosmetics awards granted in the first half of 2022



**MAQUIA September issue**  
Everyone's Best Cosmetics Skin Care Category  
Cleansing category  
1st place



**WWD JAPAN**  
Published on June 21  
Best Cosmetics in 1H of 2022  
Variety Drugstore Edition  
Cleansing and Face Cleansing Category  
1st place  
**+20 more awards**

\*The SKU figure refers to the number of regular products as of October 31, 2022, 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 11 SKUs\* centering on all-in-one cosmetics.

Major cosmetics awards granted in the first half of 2022



**LIPS June 1 issue**  
LIPS Best Cosmetics  
First Half of 2022  
New Category Award  
All-in-One Category  
2nd place



**LEE August issue**  
Immediate solutions to  
your skin problems! Best  
Cosmetics 2022 Summer  
Fluctuating & Acne-prone  
Skin Care  
Grand Prize

+5 more awards



\*The SKU figure refers to the number of regular products as of October 31, 2022, excluding limited items and different sizes.



# Situation by Brand: sitrana

✓ 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. We currently have 14 SKUs\*2.

Major cosmetics awards granted in the first half of 2022



**MAQUIA September Issue**  
Everyone's Best Cosmetics  
Maquia Influencers  
BEST COSMETICS



**LEE August issue**  
Immediate solutions to  
your skin problems!  
Best Cosmetics 2022  
Summer  
Skincare for pores category  
+3 more awards



\*1: Cica refers to the substance extracted from a plant called Centella asiatica. \*2: The SKU figure refers to the number of regular products as of October 31, 2022, excluding limited items and different sizes.



# Situation by Brand: immuno

- ✓ A functional organic cosmetics brand, immuno takes SDGs into consideration and promotes sustainable development.

## immuno

While reflecting the comfort, aroma and eco-consciousness of organic products, the immuno brand was developed to achieve “desired results for skin” from a scientific perspective, not just for “feeling great.” It offers “functional aging care” that allows users to sense the difference after use rather than feeling somehow good. We currently have 9 SKUs\*.

Major cosmetics awards granted in the first half of 2022



**LEE August issue**  
 Immediate solutions to your skin problems!  
 Best Cosmetics 2022 Summer  
 Beauty Wise Men's  
 Best-Loved Cosmetics



**&ROSY August issue**  
 The 20 beauty experts  
 The best cosmetics that meet the aesthetic sense  
 The best cosmetics of the 20 beauty experts!  
 Oil category 1st place

+3 more awards



\*The SKU figure refers to the number of regular products as of October 31, 2022, excluding limited items and different sizes.

# 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.



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 5 SKUs\*.

Major cosmetics awards granted in the first half of 2022



**LEE August issue**  
 Immediate solutions to your skin problems!  
 Best Cosmetics 2022 Summer Beauty Wise Men's Best-Loved Cosmetics Department



**MAQUIA August Issue**  
 MAQUIA 2022 First Half Best Cosmetics Announcement Shampoo & Conditioner category 3rd place

+4 more awards

\*The SKU figure refers to the number of regular products as of October 31, 2022, 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 4 SKUs\*.

Major cosmetics awards granted in the first half of 2022



**FINEBOYS August issue**  
The 15th FINEBOYS  
Men's Beauty Awards!  
Facial Cleanser Category  
2nd place



**MEN'S CLUB August issue**  
MEN'S CLUB BEAUTY  
the best of the best 2022  
Facial Cleansing Category  
3rd place

+1 more awards



\*The SKU figure refers to the number of regular products as of October 31, 2022, excluding limited items and different sizes.

# Premier Wellness Science's brand : Ko

- ✓ 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 October 31, 2022, excluding limited items and different sizes.

# Premier Wellness Science's 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 & SENCE science,” we advocate skin cell care born from advanced skin research and care for the five senses that pursues the comfort of physical sensations.

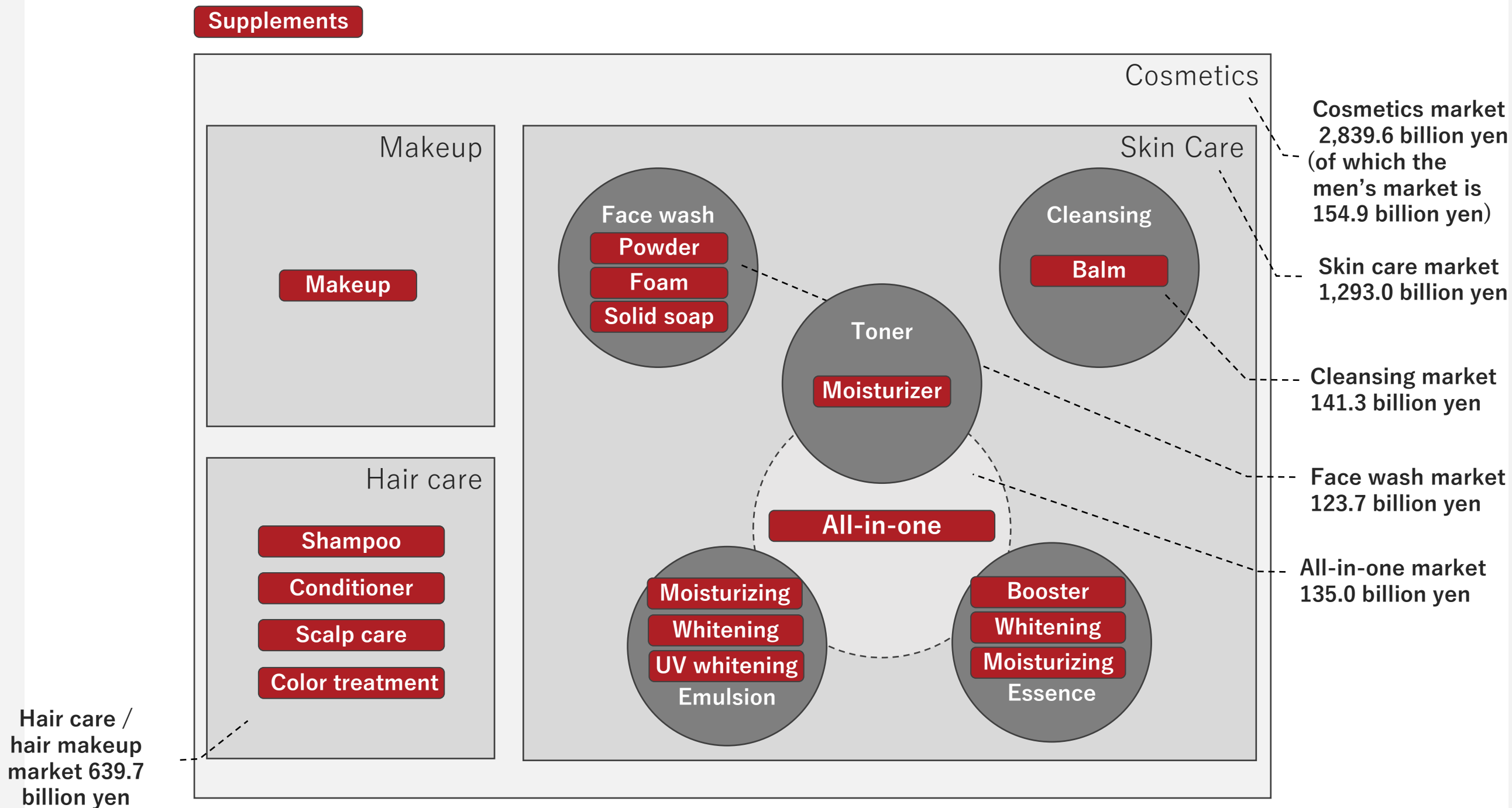
We have developed a brand based on our original dental pulp stem cell culture supernatant "ENGY Stem S", which was successfully commercialized through joint research with the University of Tokyo. We currently have 5 SKUs\*.



\*The SKU figure refers to the number of regular products as of October 31, 2022, excluding limited items and different sizes.

# Market Size of the Domestic Cosmetics Market

✓The domestic cleansing market, which includes balms, totaled 141.3 billion yen in 2021.



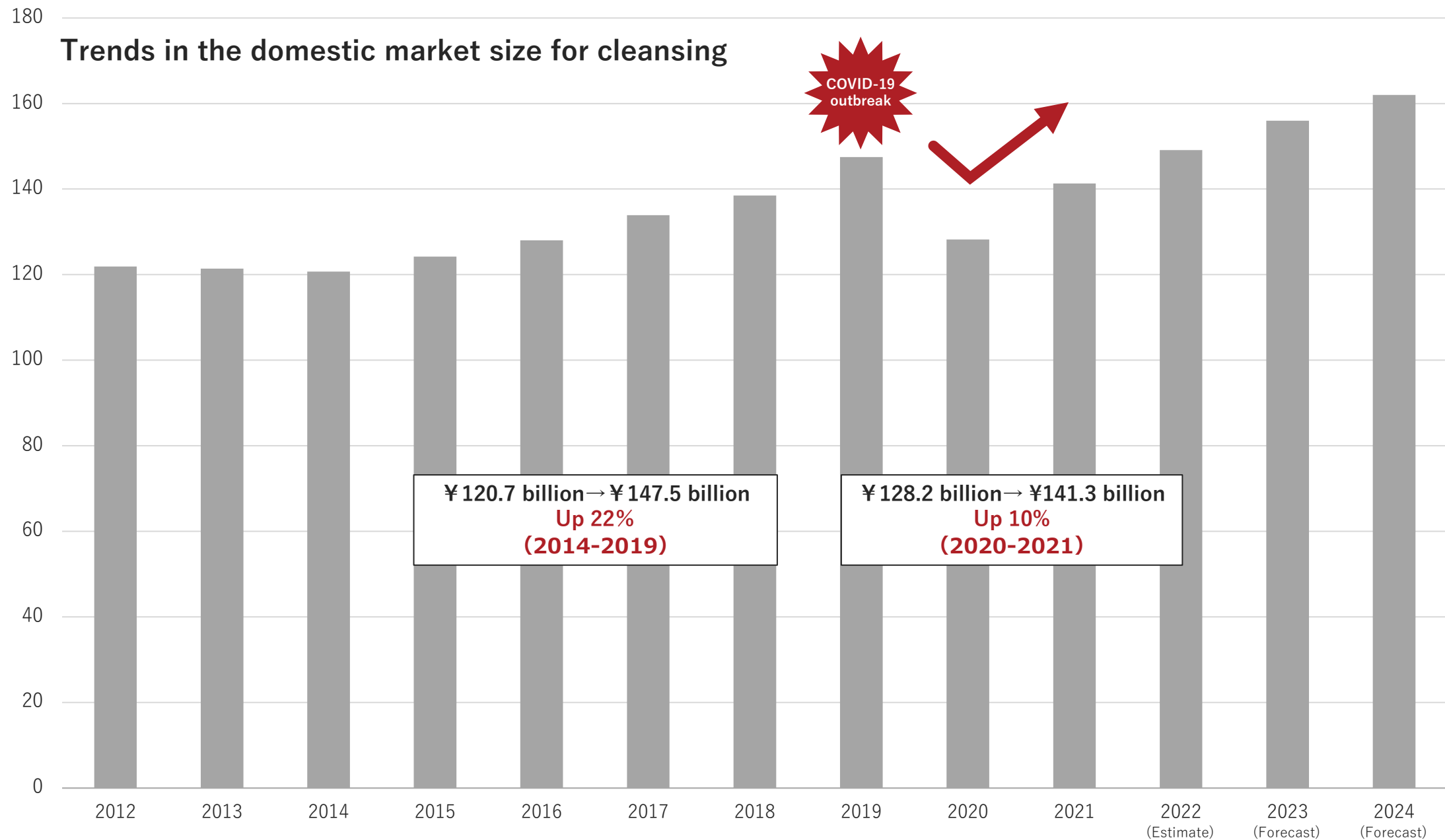
Note: Gray circles indicate the markets, and red boxes represents our products. Source: "Cosmetics Marketing Handbook 2021" by Fuji Keizai



# 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.

(Billions of yen)





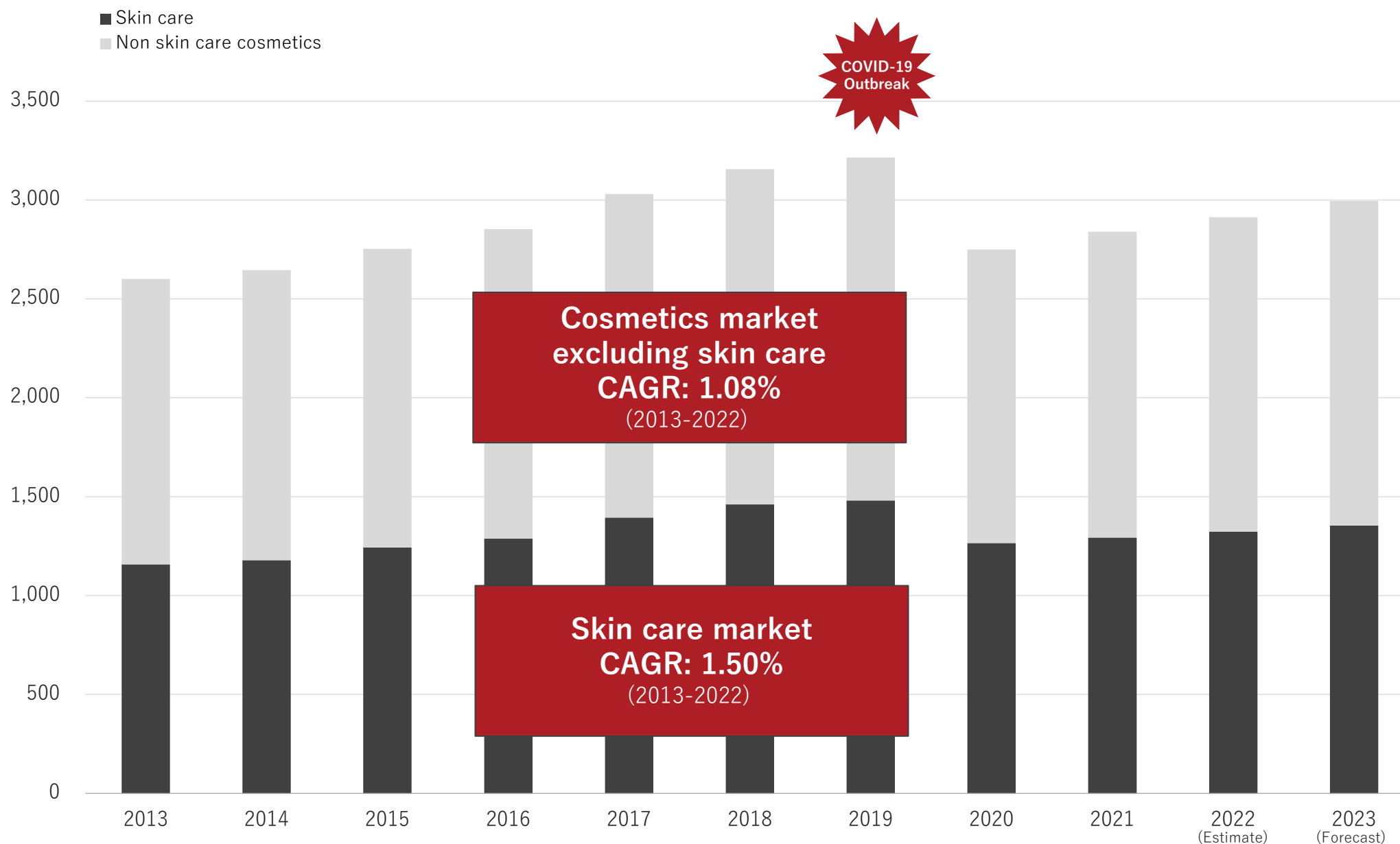
# Domestic Market Size for Cosmetics and Skin Care

Domestic cosmetics market, which continued to grow moderately through 2019, declined significantly with COVID-19.

Recovery trend in 2021 due to reassessment of the importance of skin care under masked lifestyles.

Trends in the domestic market size for cosmetics and skin care

(Billions of yen)



# Organizational Characteristics

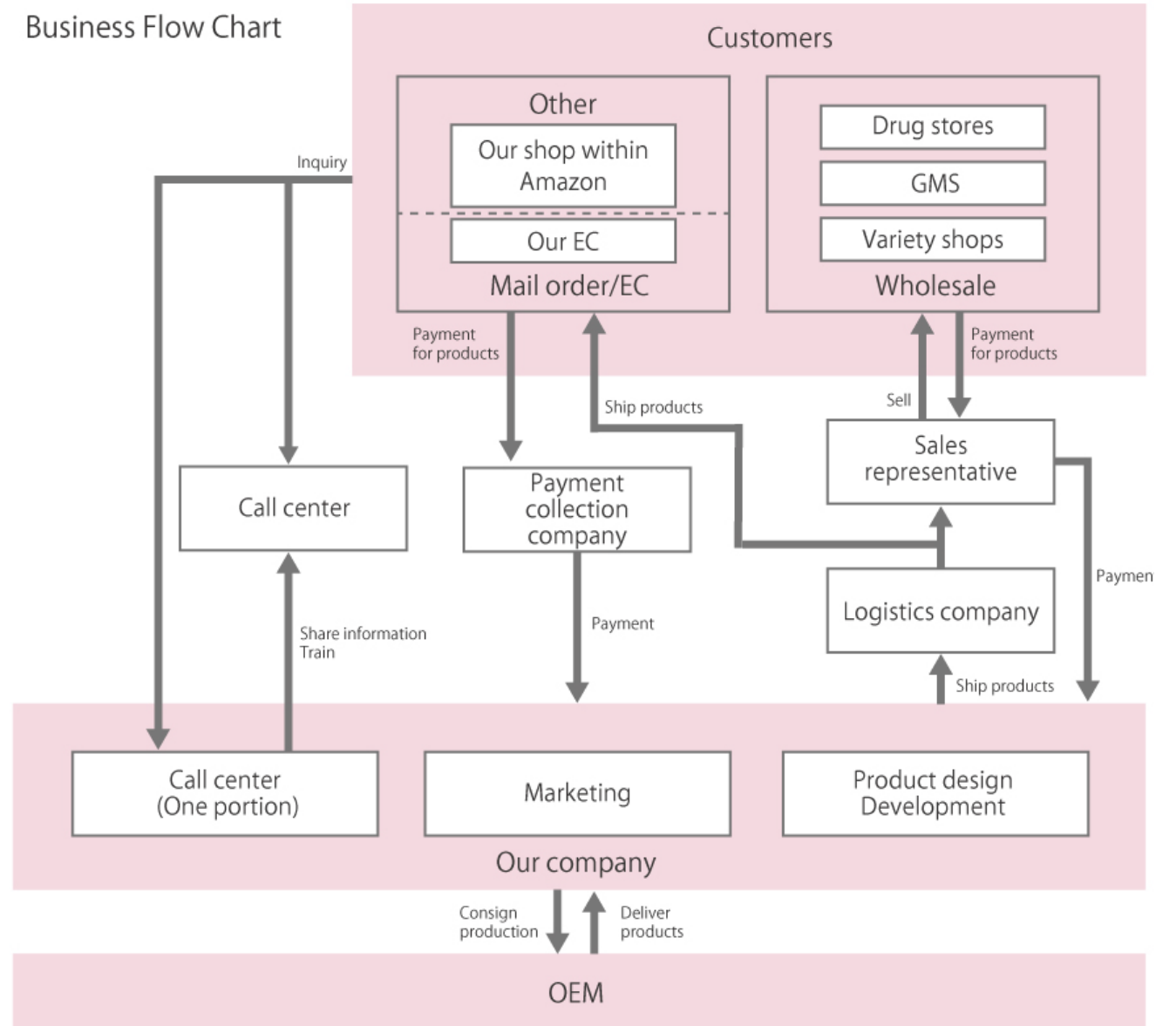
- ✓ We have created an organization that focuses on core operations to achieve high productivity and mobility.

## 1. Fables manufacturing

We have built a nationwide network of OEM manufacturers and select the optimal OEM production system for each product. By outsourcing production, we can maintain a flexible production system highly adaptable to environmental changes.

## 2. Sales per employee

We focus on core operations such as product development and marketing, while outsourcing logistics, manufacturing, and most of the call center operations, etc. By doing so, the ratio of non-current assets is kept low and sales per employee is at a higher level than our competitors.



# Environmental Initiatives

✓ We are actively promoting eco-conscious initiatives.

## Common to all brands

FSC® certified packaging materials are used for all of our brands

FSC® certification is a system in which the FSC® label is attached to wood products produced from forests deemed to be well-managed or other products using low-risk wood, allowing them to be sold as certified products.



The mark of responsible forestry

## CANADEL

Received the semi grand prize of "2021GP Environmental Grand Prize"

The GP mark certifies that printing materials, manufacturing process and all activities undertaken by a printing company is eco-conscious.



## DUO

We have applied green nano technology to cleansing balm products and are conducting stability tests to investigate application to other products

Green nano technology can reduce CO2 emissions from burning materials by approximately 60% by adding green nano substances to the materials.



## immuno

Proactive sustainability initiatives with immuno



- Participate in the Plastics Smart Campaign by the Ministry of the Environment by reducing microplastic wastes
- Proactively use recycled plastics and bioplastics.
- Proactively use bagasse paper and FSC® certified materials.
- Proactively use recycled and biodegradable materials.



- ✓ 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.
- ✓ The Company does not undertake any obligation to revise or update these forward-looking statements included in this material even in the face of new information or future events.

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PREMIER ANTI-AGING