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September 14, 2023

Consolidated Financial Results for the Fiscal Year Ended July 31, 2023 (Under Japanese GAAP)

Company name: Premier Anti-Aging Co., Ltd.
 Listing exchange: Tokyo Stock Exchange
 Securities code: 4934
 URL: <https://www.p-antiaging.co.jp/en>
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 Scheduled date for next annual general shareholders meeting: October 27, 2023
 Scheduled date for commencing dividend payments: -
 Scheduled date to file annual securities report: October 30, 2023
 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, 2023 (from August 1, 2022 to July 31, 2023)

(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, 2023	26,400	(22.1)	(611)	-	(631)	-	(733)	-
July 31, 2022	33,911	3.3	2,414	(48.4)	2,572	(44.7)	1,424	(49.0)

Note: Comprehensive income Fiscal year ended July 31, 2023: (738) million yen [- %]
 Fiscal year ended July 31, 2022: 1,453 million yen [(47.9) %]

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, 2023	(84.17)	-	(9.2)	(5.2)	(2.3)
July 31, 2022	163.35	163.11	18.7	20.3	7.1

Note: Although there are dilutive shares, diluted earnings per share for the fiscal year ended July 31, 2023 is not indicated due to net loss per share for the fiscal year ended July 31, 2023.

(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, 2023	12,135	7,609	62.7	872.60
July 31, 2022	12,300	8,348	67.9	957.30

Reference: Total shareholders' equity
 As of July 31, 2023: 7,609 million yen
 As of July 31, 2022: 8,348 million yen

(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, 2023	2,422	(900)	179	4,659
July 31, 2022	(3,322)	(297)	501	2,963

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, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended July 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending July 31, 2024 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated earnings forecasts for the fiscal year ending July 31, 2024 (from August 1, 2023 to July 31, 2024)

(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, 2024	11,800	(17.2)	(800)	-	(800)	-	(500)	-	(57.34)
Full year	26,000	(1.5)	100	-	100	-	200	-	22.93

* Notes

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

(Note) Venex Co., Ltd., whose shares were acquired on January 31, 2023, has been included in the scope of consolidation from the current fiscal year, although it does not fall under the category of change in specified subsidiary.

(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: None
- 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, 2023	8,720,534 shares
As of July 31, 2022	8,720,534 shares

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

As of July 31, 2023	155 shares
As of July 31, 2022	155 shares

- iii. Average number of shares outstanding during the fiscal year

Fiscal year ended July 31, 2023	8,720,379 shares
Fiscal year ended July 31, 2022	8,720,265 shares

[Reference] Overview of non-consolidated financial results**1. Non-consolidated financial results for the fiscal year ended July 31, 2023 (from August 1, 2022 to July 31, 2023)****(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, 2023	25,434	(25.1)	(230)	-	(930)	-	(1,347)	-
July 31, 2022	33,976	3.6	3,156	(38.4)	2,739	(46.4)	1,436	(55.6)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
July 31, 2023	(154.51)	-
July 31, 2022	164.70	164.46

Notes: Although there are dilutive shares, diluted earnings per share for the fiscal year ended July 31, 2023 is not indicated due to net loss per share for the fiscal year ended July 31, 2023.

(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, 2023	11,041	7,432	67.3	852.30
July 31, 2022	12,692	8,779	69.2	1,006.81

Reference: Total shareholders' equity

As of July 31, 2023: 7,432 million yen

As of July 31, 2022: 8,779 million yen

* 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, 2023, (4) Future outlook" on page 3 of the Attachment.

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1. Qualitative information on the fiscal year ended July 31, 2023

(1) Consolidated financial results

In the consolidated fiscal year ended July 31, 2023 (the “current fiscal year”), the Japanese economy gradually recovered as economic activities normalized. As the employment and income environment gradually improves, consumer confidence is showing signs of recovery, and personal consumption is also on a recovery trend. Under these environments, the domestic cosmetics market is also recovering for both Japanese and inbound tourists due to an increase in the flow of people in the city due to the reduction of COVID-19 to category 5 infectious diseases from May. Under such circumstances, Premier Anti-Aging Co., Ltd. (“the Company”) and its consolidated subsidiaries (“the Group”) have been committed to “being unique” since establishment and have been striving to expand its core cosmetics business by combining our strengths in “product planning capability” and “marketing capability” with “channel mix model.” In addition, the Company has promoted the expansion of business areas related to anti-aging, such as newly entering the inner care business and the recovery business.

The performance of each brand is as follows.

The “DUO” brand has achieved No. 1 *1 in cleansing sales for four consecutive years. We aimed to acquire new customers by introducing products such as "DUO the Mermaid Cleansing Balm," a collaboration product with Disney, and "DUO the Cleansing Balm Matcha," a new product aimed at capturing inbound demand. We have also strengthened our approach to new and existing customers through communication that promotes understanding of product value. However, the overall cleansing market continued to shift from balm formulations to oil formulations, and the outflow to low-priced balm products continued. As a result, both mail-order sales and wholesale sales decreased.

Although the competitive environment in the all-in-one cosmetics market intensified, sales of the “CANADEL” brand steadily increased year on year, mainly due to the highly appealing quasi-drugs “Premier Barrier Fix” and “Premier White.” In the fourth quarter, we rolled out a renewed version of "Premier Lift" as a quasi-drug to the mail order channel in addition to wholesale sales channel, completing a lineup that can address customers' skin concerns and needs.

The “clayence” brand has increased its recognition through a media mix strategy that utilizes mass marketing such as TV commercials and achieved the No. 1 color treatment sales position*2 in about a year after its release through mail order and wholesale sales channels. The “clayence” has achieved strong growth, with annual sales exceeding 2 billion yen. Recently, we have started test marketing of the quasi-drug foamy gray hair color “Clay Spa Quick Color” and the scalp care series and are working to develop it into a comprehensive hair care brand.

On the financial front, sales of some products fell short of sales plans and inventories remained behind due to a decline in sales, the withdrawal of some brands, and a review of overseas business strategies. Therefore, in order to maintain a strong financial position and solidify the foundation for future growth, we recorded a loss on inventory valuation in the third and fourth quarters of the consolidated cumulative period by taking into consideration the sales status of some products.

As a result of the above activities, net sales for the current fiscal year amounted to 26,400,665 thousand yen (down 7,511,237 thousand yen year-on-year), operating loss was 611,681 thousand yen (operating profit of 2,414,318 thousand yen for the previous fiscal year), ordinary loss was 631,229 thousand yen (ordinary profit of 2,572,326 thousand yen for the previous fiscal year), and loss attributable to owners of parent was 733,974 thousand yen (profit attributable to owners of parent of 1,424,422 thousand yen for the previous fiscal year).

Note that descriptions by segment are omitted, as the Group is engaged in the manufacturing and sales of cosmetics and other businesses, but other businesses are not important in monetary terms.

*1 Share ranking survey by cleansing brand by TPC Marketing Research Corp. (target period: April 2019 to 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)

(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 165,384 thousand yen from the end of the previous fiscal year to 12,135,063 thousand yen. The main factors of increase and decrease were as follows.

Current assets decreased by 2,287,207 thousand yen from the end of the previous fiscal year to 9,229,725 thousand yen. This was mainly due to a decrease of 2,320,135 thousand yen in finished goods.

Non-current assets increased by 2,121,823 thousand yen from the end of the previous fiscal year to 2,905,337 thousand yen. This was mainly due to an increase of 475,976 thousand yen in software in progress, an increase of 394,052 thousand yen in goodwill, an increase of 205,518 thousand yen in patent rights, an increase of 449,184 thousand yen in leasehold deposits, and an increase of 437,324 thousand yen in deferred tax assets.

(Liabilities)

Total liabilities at the end of the current fiscal year increased by 573,223 thousand yen from the end of the previous fiscal year to 4,525,650 thousand yen. The main factors of increase and decrease were as follows.

Current liabilities decreased by 204,104 thousand yen from the end of the previous fiscal year to 3,016,436 thousand yen. This was mainly due to a decrease of 397,190 thousand yen in accounts payable - other and an increase of 178,000 thousand yen in short-term borrowings.

Non-current liabilities increased by 777,327 thousand yen from the end of the previous fiscal year to 1,509,213 thousand yen. This was mainly due to an increase of 665,313 thousand yen in long-term borrowings.

(Net Assets)

Net assets at the end of the current fiscal year decreased by 738,607 thousand yen from the end of the previous fiscal year to 7,609,413 thousand yen. This was mainly due to a decrease of 733,974 thousand yen in retained earnings.

As a result, the equity ratio was 62.7%.

(3) Consolidated cash flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to 4,659,173 thousand yen (increased by 1,696,005 thousand yen from the end of the previous fiscal year).

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

(Cash flows from operating activities)

Net cash provided by operating activities in the current fiscal year amounted to 2,422,540 thousand yen (cash outflow of 3,322,340 thousand yen in the previous fiscal year). The major factors of cash inflows were a decrease in trade receivables of 1,174,676 thousand yen and a decrease in inventories of 2,564,254 thousand yen, while the major factors of cash outflows were income taxes paid of 760,763 thousand yen, a decrease in accounts payable - other of 435,814 thousand yen and a decrease in trade payables of 223,287 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities in the current fiscal year amounted to 900,970 thousand yen (cash outflow of 297,682 thousand yen in the previous fiscal year). The major factor of cash inflow was proceeds from collection of lease and guarantee deposits of 5,657 thousand yen, while the major factors of cash outflows were payments for acquisition of shares of subsidiaries due to change in scope of consolidation of 124,013 thousand yen and purchase of intangible assets of 751,191 thousand yen.

(Cash flows from financing activities)

Net cash provided by financing activities in the current fiscal year amounted to 179,774 thousand yen (cash inflow of 501,623 thousand yen in the previous fiscal year). The major factor of cash inflow was proceeds from long-term borrowings of 500,000 thousand yen, while the major factor of cash outflow was repayments of long-term borrowings of 484,926 thousand yen.

(4) Future outlook

Looking to the future, the economy is expected to continue to recover at a moderate pace, with the employment and income environment improving and various government policies having an effect. However, amid the global tightening of monetary policy, there is a risk that a downturn in overseas economies will put downward pressure on the Japanese economy, and it is necessary to pay sufficient attention to the effects of rising prices and fluctuations in financial and capital markets. In addition, the domestic cosmetics market has continued to recover since March, when the obligation to wear masks was lifted. However, it is expected that the trend of polarization in the price range will continue, with

the high and low price ranges growing, and the mid-range being weak.

Under these circumstances, in the mail order channel, we will review the targets and appeal points for each brand and strengthen communication to promote understanding of product value through beauticians and influencers. Furthermore, in the wholesale sales channel, we will strengthen measures for each wholesaler company and change in-store sales promotions to match the actual sales target demographic.

Regarding the “DUO” brand, we will maintain our position as No. 1 in sales in the cleansing category. In addition, we will aim for a reversal of sales by strengthening measures for beauticians and influencers and developing various measures for subscription sales for new customers, and by reforming measures to improve the continuation rate for existing customers.

The “CANADEL” brand, which is being developed as a second pillar of earnings, now has a lineup that responds to customer concerns in all directions. We will implement measures to further increase awareness from both digital marketing and mass marketing, and aim to expand our customer base.

Regarding the hair care brand "clayence," we will continue to raise awareness through a media mix strategy that utilizes mass marketing such as TV commercials and expand sales through mail order and wholesale sales channels. Furthermore, we will develop “clayence” as a comprehensive hair care brand through the development of quasi-drug gray hair color and scalp care series.

In addition, we will strengthen marketing measures for the inner care and recovery businesses that we entered in the previous fiscal year and aim to strengthen our business foundation in order to become an anti-aging company.

With these endeavors, the Company expects to achieve consolidated net sales of 26,000 million yen (down 1.5% year-on-year), operating profit of 100 million yen (operating loss of 611 million yen for the previous fiscal year), ordinary profit of 100 million yen (ordinary loss of 631 million yen for the previous fiscal year) and profit attributable to owners of parent of 200 million yen (loss attributable to owners of parent of 733 million yen for the previous fiscal year) for the fiscal year ending July 31, 2024.

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. Since the timing of the convergence of COVID-19 and the scope of its impact may change significantly in the future, 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, 2022)	Current fiscal year (As of July 31, 2023)
Assets		
Current assets		
Cash and deposits	2,973,269	4,670,475
Accounts receivable - trade	3,071,846	2,080,874
Finished goods	3,784,814	1,464,679
Raw materials and supplies	576,394	444,856
Prepaid expense	418,908	306,561
Other	691,698	262,278
Total current assets	11,516,933	9,229,725
Non-current assets		
Property, plant and equipment		
Buildings, net	79,874	29,514
Vehicles, net	2,374	1,583
Tools, furniture and fixtures, net	27,504	24,966
Land	492	492
Construction in progress	-	21,132
Total property, plant and equipment	110,246	77,688
Intangible assets		
Software	243,431	415,171
Software in progress	10,611	486,587
Right to use facilities	6,360	6,209
Patent rights	-	205,518
Goodwill	-	394,052
Other	5,864	3,680
Total intangible assets	266,267	1,511,219
Investments and other assets		
Investment securities	19,990	19,990
Long-term prepaid expenses	20,400	11,591
Leasehold deposits	279,952	729,137
Deferred tax assets	80,305	517,629
Other	6,350	111,619
Allowance for doubtful accounts	-	(73,540)
Total investments and other assets	407,000	1,316,429
Total non-current assets	783,514	2,905,337
Total assets	12,300,447	12,135,063
Liabilities		
Current liabilities		
Accounts payable - trade	435,845	258,584
Short-term borrowings	390,000	568,000
Current portion of long-term borrowings	322,114	230,244
Current portion of bonds payable	-	26,600
Accounts payable - other	1,568,285	1,171,094
Income taxes payable	165,723	22,877
Accrued consumption taxes	-	164,253
Provision for bonuses	18,607	53,415
Other	319,964	521,367
Total current liabilities	3,220,541	3,016,436
Non-current liabilities		
Bonds payable	-	70,300
Long-term borrowings	701,114	1,366,427
Asset retirement obligations	30,772	38,438
Deferred tax liabilities	-	34,048
Total non-current liabilities	731,886	1,509,213
Total liabilities	3,952,427	4,525,650

(Thousands of yen)

	Previous fiscal year (As of July 31, 2022)	Current fiscal year (As of July 31, 2023)
Net assets		
Shareholders' equity		
Share capital	1,351,544	1,351,544
Capital surplus	1,351,544	1,351,544
Retained earnings	5,622,227	4,888,253
Treasury shares	(1,313)	(1,313)
Total shareholders' equity	8,324,004	7,590,029
Accumulated other comprehensive income		
Foreign currency translation adjustment	24,016	19,383
Total accumulated other comprehensive income	24,016	19,383
Total net assets	8,348,020	7,609,413
Total liabilities and net assets	12,300,447	12,135,063

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

(Thousands of yen)

	Previous fiscal year (From August 1, 2021 to July 31, 2022)	Current fiscal year (From August 1, 2022 to July 31, 2023)
Net sales	33,911,903	26,400,665
Cost of sales	7,282,948	7,157,776
Gross profit	26,628,955	19,242,889
Selling, general and administrative expenses	24,214,636	19,854,571
Operating profit (loss)	2,414,318	(611,681)
Non-operating income		
Interest income	1,392	1,602
Surrender value of insurance policies	35,693	-
Profit on currency exchange	136,111	-
Commission received	-	5,780
Miscellaneous income	2,683	17,667
Total non-operating income	175,881	25,049
Non-operating expenses		
Interest expenses	14,879	18,794
Loss on currency exchange	-	4,809
Provision of allowance for doubtful accounts	-	20,000
Miscellaneous losses	2,994	993
Total non-operating expenses	17,873	44,597
Ordinary profit (loss)	2,572,326	(631,229)
Extraordinary losses		
Loss on retirement of non-current assets	-	3,660
Impairment loss	-	24,222
Loss on valuation of shares of affiliated company	-	373
Total extraordinary losses	-	28,256
Profit (loss) before income taxes	2,572,326	(659,485)
Income taxes - current	1,099,631	543,513
Income taxes - deferred	48,272	(469,025)
Total income taxes	1,147,904	74,488
Profit (loss)	1,424,422	(733,974)
Profit (loss) attributable to owners of parent	1,424,422	(733,974)

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Previous fiscal year (From August 1, 2021 to July 31, 2022)	Current fiscal year (From August 1, 2022 to July 31, 2023)
Profit (loss)	1,424,422	(733,974)
Other comprehensive income		
Foreign currency translation adjustment	29,549	(4,632)
Total other comprehensive income	29,549	(4,632)
Comprehensive income (loss)	1,453,971	(738,607)
Comprehensive income (loss) attributable to		
Owners of parent	1,453,971	(738,607)
Non-controlling interests	-	-

(3) Consolidated statement of changes in shareholders' equity
 Previous 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 (loss) 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

Current fiscal year (From August 1, 2022 to July 31, 2023)

(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	1,351,544	1,351,544	5,622,227	(1,313)	8,324,004	24,016	24,016	8,348,020
Changes of items during period								
Profit (loss) attributable to owners of parent			(733,974)		(733,974)			(733,974)
Net changes in items other than shareholders' equity						(4,632)	(4,632)	(4,632)
Total changes of items during period	-	-	(733,974)	-	(733,974)	(4,632)	(4,632)	(738,607)
Balance at end of period	1,351,544	1,351,544	4,888,253	(1,313)	7,590,029	19,383	19,383	7,609,413

(4) Consolidated statement of cash flows

(Thousands of yen)

	Previous fiscal year (From August 1, 2021 to July 31, 2022)	Current fiscal year (From August 1, 2022 to July 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	2,572,326	(659,485)
Depreciation	85,453	184,037
Amortization of goodwill	-	24,410
Loss on retirement of non-current assets	-	3,660
Impairment loss	-	24,222
Loss on valuation of shares of affiliated company	-	373
Increase (decrease) in allowance for doubtful accounts	-	20,724
Interest income	(1,392)	(1,602)
Interest expenses	14,879	18,794
Decrease (increase) in trade receivables	327,717	1,174,676
Decrease (increase) in inventories	(1,662,060)	2,564,254
Increase (decrease) in trade payables	(374,179)	(223,287)
Increase (decrease) in accounts payable - other	(391,318)	(435,814)
Increase (decrease) in accrued expenses	66,899	69,999
Decrease (increase) in prepaid expenses	(235,619)	119,105
Increase (decrease) in accrued consumption taxes	(521,607)	239,385
Other, net	(597,387)	77,867
Subtotal	(716,288)	3,201,321
Interest received	1,391	1,601
Interest paid	(15,459)	(19,619)
Income taxes paid	(2,591,984)	(760,763)
Net cash provided by (used in) operating activities	(3,322,340)	2,422,540
Cash flows from investing activities		
Decrease (increase) in time deposits	(1,200)	(1,200)
Purchase of property, plant and equipment	(26,452)	(27,131)
Purchase of intangible assets	(176,887)	(751,191)
Purchase of investment securities	(9,984)	-
Payments for acquisition of shares of subsidiaries due to change in scope of consolidation	-	(124,013)
Proceeds from collection of loans	-	1,169
Payments of leasehold and guarantee deposits	(161,476)	(2,919)
Proceeds from collection of lease and guarantee deposits	1,566	5,657
Payments of insurance funds	-	(1,340)
Proceeds from cancellation of insurance funds	76,752	-
Net cash provided by (used in) investing activities	(297,682)	(900,970)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	390,000	178,000
Proceeds from long-term borrowings	474,000	500,000
Repayments of long-term borrowings	(362,184)	(484,926)
Payments of redemption of bonds	-	(13,300)
Purchase of treasury shares	(192)	-
Net cash provided by (used in) financing activities	501,623	179,774
Effect of exchange rate changes on cash and cash equivalents	29,412	(5,338)
Net increase (decrease) in cash and cash equivalents	(3,088,987)	1,696,005
Cash and cash equivalents at beginning of period	6,052,155	2,963,167
Cash and cash equivalents at end of period	2,963,167	4,659,173

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Changes in accounting policies)

(Application of implementation guidance on accounting standard for fair value measurement)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, the "Implementation Guidance on Accounting Standard for Fair Value Measurement") is applied from the beginning of the current fiscal year, and in accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Group has decided to apply prospectively the new accounting policies established by the Implementation Guidance on Accounting Standard for Fair Value Measurement. This change has no impact on the consolidated financial statements.

(Segment information, etc.)

(Segment information)

The information is omitted as the Group is engaged in the manufacturing and sales of cosmetics and other businesses, but other businesses are not important in monetary terms.

(Related information)

Previous 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 sales of 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	Manufacturing and sales of cosmetics

Current fiscal year (From August 1, 2022 to July 31, 2023)

1. Information by product and service

The information is omitted as the Group is engaged in the manufacturing and sales of cosmetics and other businesses, but other businesses are not important in monetary terms.

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.	4,188,392	Manufacturing and sales of cosmetics

(Information on impairment losses on non-current assets by reportable segment)

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

Not applicable

Current fiscal year (From August 1, 2022 to July 31, 2023)

The amount of impairment loss on non-current assets was 24,222 thousand yen.

The information by reportable segment is omitted as the Group is engaged in the manufacturing and sales of cosmetics and other businesses, but other businesses are not important in monetary terms.

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

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

Not applicable

Current fiscal year (From August 1, 2022 to July 31, 2023)

The amortized amount for the current fiscal year was 24,410 thousand yen, and the unamortized balance was 394,052 thousand yen.

The information by reportable segment is omitted as the Group is engaged in the manufacturing and sales of cosmetics and other businesses, but other businesses are not important in monetary terms.

(Information on gain on negative goodwill by reportable segment)

Not applicable

(Per share information)

	Previous fiscal year (From August 1, 2021 to July 31, 2022)	Current fiscal year (From August 1, 2022 to July 31, 2023)
Net assets per share	957.30 yen	872.60 yen
Basic earnings (losses) per share	163.35 yen	(84.17) yen
Diluted earnings per share	163.11 yen	- yen

Notes: 1. Although there are dilutive shares, diluted earnings per share for the current fiscal year is not indicated due to net loss per share for the current fiscal year.

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

(Thousands of yen)

	Previous fiscal year (As of July 31, 2022)	Current fiscal year (As of July 31, 2023)
Total net assets	8,348,020	7,609,413
Amount deducted from total net assets	-	-
Net assets related to common shares at the end of the period	8,348,020	7,609,413
Number of common shares used in the calculation of net assets per share at end of period	8,720,379 shares	8,720,379 shares

3. The basis of calculating basic earnings (losses) per share and diluted earnings per share is as follows.

(Thousands of yen)

	Previous fiscal year (From August 1, 2021 to July 31, 2022)	Current fiscal year (From August 1, 2022 to July 31, 2023)
Basic earnings (losses) per share		
Profit (loss) attributable to owners of parent	1,424,422	(733,974)
Amount not attributable to common shareholders	-	-
Profit (loss) attributable to owners of parent for common shares	1,424,422	(733,974)
Average number of common shares during period	8,720,265 shares	8,720,379 shares
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	-	-
Increase in the number of common shares	12,707 shares	-
(Of which, share subscription rights)	(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)

(Absorption-type merger of a consolidated subsidiary)

At the Board of Directors meeting held on September 14, 2023, the Company has resolved to merge its wholly owned subsidiary Premier Wellness Science Co., Ltd. (“the Premier Wellness Science”) and to waive a portion of its claims against it prior to the merger.

1. Summary of the merger

(1) Name of the company involved in the merger and outline of the business

Name of the company: Premier Wellness Science Co., Ltd.

Outline of the business: Research and development and product development related to health, beauty, anti-aging, and sports, as well as contract consulting services for these

(2) Date of the merger

November 1, 2023 (Scheduled)

(3) Method of the merger

The merger will be an absorption-type merger in which the Company will be the surviving company and Premier Wellness Science will be the dissolved company.

(4) Name of the company after the merger

Premier Anti-Aging Co., Ltd.

(5) Other matters related to summary of the merger

The Company will merge Premier Wellness Science in order to improve the efficiency of group management.

The Company plans to waive a part of claims it has against Premier Wellness Science, and the simplified merger procedure will take place after the insolvency situation is resolved.

Contents of claims to be waived: Long-term loans to affiliated companies

Amount of claims to be waived: 700,000 thousand yen

Implementation date: October 31, 2023 (scheduled)

2. Summary of accounting treatment to be implemented

Based on the “Accounting Standards for Business Combinations” (Business Accounting Standards No. 21, January 16, 2019) and “Application Guidelines for Business Combination Accounting Standards and Business Separation Accounting Standards” (Business Accounting Standards Application Guidelines No. 10, January 16, 2019), the transaction will be treated as a transaction under common control.