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December 14, 2023

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending July 31, 2024 (Under Japanese GAAP)

Company name: Premier Anti-Aging Co., Ltd.
 Listing exchange: Tokyo Stock Exchange
 Securities code: 4934
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 Scheduled date to file quarterly securities report: December 14, 2023
 Scheduled date for commencing dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 first three months of the fiscal year ending July 31, 2024 (from August 1, 2023 to October 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentage figures indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
October 31, 2023	5,264	(28.8)	(35)	-	(26)	-	(35)	-
October 31, 2022	7,391	(25.1)	(244)	-	(224)	-	(198)	-

Note: Comprehensive income Three months ended October 31, 2023: (36) million yen [- %]
 Three months ended October 31, 2022: (194) million yen [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
October 31, 2023	(4.09)	-
October 31, 2022	(22.71)	-

Note: Although there are dilutive shares, diluted earnings per share is not indicated due to net loss per share.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
October 31, 2023	12,908	7,573	58.7
July 31, 2023	12,135	7,609	62.7

Reference: Total shareholders' equity
 As of October 31, 2023: 7,573 million yen
 As of July 31, 2023: 7,609 million yen

2. Cash dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended July 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending July 31, 2024	-				
Fiscal year ending July 31, 2024 (Forecast)		0.00	-	0.00	0.00

Note: Revisions to the most recently announced cash dividends forecast: None

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

Note: Revisions to the most recently announced earnings forecasts: None

* Notes

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

(2) Adoption of accounting treatments specific to the preparation of quarterly consolidated financial statements: Yes

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

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

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

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

As of October 31, 2023	8,720,534 shares
As of July 31, 2023	8,720,534 shares

- ii. Number of treasury shares at the end of the period

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

- iii. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended October 31, 2023	8,720,379 shares
Three months ended October 31, 2022	8,720,379 shares

* The report on quarterly 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

(Caution regarding forward-looking statements, etc.)

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 for the first three months of the fiscal year ending July 31, 2024, (3) Forward-looking information including consolidated earnings forecasts" on page 3 of the Attachment.

(Change of amount display unit)

The amounts of account items and other items shown in the Company's consolidated financial statements were previously stated in units of thousands of yen. However, starting from the current fiscal year, the amount has been changed to be stated in units of millions of yen. For ease of comparison, figures for the previous fiscal year and the previous first quarter have also been changed to units of millions of yen.

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1. Qualitative information for the first three months of the fiscal year ending July 31, 2024

(1) Consolidated financial results

In the first three months of the consolidated fiscal year ending July 31, 2024, the Japanese economy continued to recover at a moderate pace due to improvements in the employment and income environment and the effects of various policies. In the domestic cosmetics market as well, demand is recovering as consumers gradually have more opportunities to go out.

Under such circumstances, Premier Anti-Aging Co., Ltd. ("the Company") and its consolidated subsidiaries ("the Group") have formulated a new medium-term management plan, "2024-2027 +Beyond," and have begun the first year of laying the foundations for renewed growth through structural reforms.

Net sales in the first three months ended October 31, 2023 included sales of recovery business, which was newly conducted through subsidiary Venex Co., Ltd. ("the Venex"), but sales of anti-aging business such as skin care, hair care, and inner care, which are conducted by the Company itself, decreased due to severe competition. As a result, total net sales decreased to 5,264 million yen (down 28.8% year-on-year). Operating loss amounted to 35 million yen (operating loss of 244 million yen in the same period of the previous fiscal year) due to a decline in sales and low advertising expenses caused by a deterioration in the customer acquisition environment due to increased advertising by competitors. Ordinary loss was 26 million yen (ordinary loss of 224 million yen in the same period of the previous fiscal year) and loss attributable to owners of parent was 35 million yen (loss attributable to owners of parent of 198 million yen in the same period of the previous fiscal year).

Business results by segment are as follows.

Anti-aging business

(Millions of yen)

	Three months ended October 31, 2022	Three months ended October 31, 2023	Year-on-year change (%)
Net sales	7,391	4,924	(33.4)
Operating loss	(244)	(53)	-

Net sales

Anti-aging business sales amounted to 4,924 million yen (down 33.4% year-on-year).

The "DUO" brand has strengthened communication to promote understanding of brand value and product value by utilizing beauticians and influencers. However, as the entire cleansing market continued to shift from balm formulations to oil formulations, as well as a continued shift toward lower-priced balm formulations, sales decreased in both mail order and wholesale sales.

The "CANADEL" brand has a lineup that can respond to customers' skin concerns and needs and has strengthened its approach to new and existing customers. However, sales decreased compared to the same period of the previous fiscal year due to a worsening advertising environment caused by an increase in advertising for competing skin care products. The "clayence" brand is developing as a comprehensive hair care brand tailored to customers' hair concerns, with the newly introduced quasi-drug foamy gray hair color "Clayspa Quick Color" has achieved certain results and the scalp care series has received high praise from beauty experts. As a result, although sales were lower than the same period of the previous fiscal year, sales increased compared to the fourth quarter of the previous fiscal year.

In addition, products such as "SINTO" brand, a supplement in the inner care business, and "C+mania" brand, a high-concentration vitamin C skin care, both launched previous fiscal year, were performing well in the test market, but they have not been able to compensate for the decline in core brands.

Operating loss

Operating loss amounted to 53 million yen (operating loss of 244 million yen in the same period of the previous fiscal year) due to a decline in sales and low advertising expenses caused by a deterioration in the customer acquisition environment due to increased advertising by competitors.

Recovery business

(Millions of yen)

	Three months ended October 31, 2022	Three months ended October 31, 2023	Year-on-year change (%)
Net sales	-	340	-
Operating profit	-	15	-

Net sales

Sales in the recovery business were strong, reaching 340 million yen, as we strengthened supply chain management, established an additional production system, and demonstrated group synergy in marketing and new product development.

Operating profit

Operating profit after deducting goodwill and patent rights amortization associated with the acquisition was 15 million yen.

(Note) Sales and operating profit of the recovery business for the first quarter of the previous fiscal year have not been disclosed as the recovery business started from the third quarter of the previous fiscal year.

(2) Consolidated financial position

(Assets)

Total assets at the end of the first three months of the current fiscal year increased by 773 million yen from the end of the previous fiscal year to 12,908 million yen. The main factors of increase and decrease were as follows.

Current assets increased by 706 million yen from the end of the previous fiscal year to 9,936 million yen. This was mainly due to an increase of 780 million yen in cash and deposits and a decrease of 173 million yen in accounts receivable - trade.

Non-current assets increased by 66 million yen from the end of the previous fiscal year to 2,971 million yen. This was mainly due to a decrease of 16 million yen in property, plant and equipment, an increase of 90 million yen in intangible assets due to investment in software and renewal of the corporate logo, etc. and a decrease of 7 million yen in investments and other assets due to leasehold deposits.

(Liabilities)

Total liabilities at the end of the first three months of the current fiscal year increased by 809 million yen from the end of the previous fiscal year to 5,335 million yen. The main factors of increase and decrease were as follows.

Current liabilities increased by 889 million yen from the end of the previous fiscal year to 3,905 million yen. This was mainly due to an increase of 205 million yen in accounts payable - other and an increase of 582 million yen in short-term borrowings.

Non-current liabilities decreased by 79 million yen from the end of the previous fiscal year to 1,429 million yen. This was mainly due to a decrease of 73 million yen in long-term borrowings.

(Net Assets)

Net assets at the end of the first three months of the current fiscal year decreased by 36 million yen from the end of the previous fiscal year to 7,573 million yen. This was mainly due to loss attributable to owners of parent of 35 million yen.

As a result, the equity ratio was 58.7%.

(3) Forward looking information including consolidated earnings forecasts

The consolidated earnings forecast for the fiscal year ending July 31, 2024 remains unchanged from the forecast announced on September 14, 2023. The Company will promptly disclose it if it becomes necessary to revise the earnings forecast.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of July 31, 2023	As of October 31, 2023
Assets		
Current assets		
Cash and deposits	4,670	5,451
Accounts receivable - trade	2,080	1,907
Finished goods	1,464	1,363
Raw materials and supplies	444	460
Other	568	755
Total current assets	9,229	9,936
Non-current assets		
Property, plant and equipment	77	60
Intangible assets		
Goodwill	394	383
Other	1,117	1,218
Total intangible assets	1,511	1,602
Investments and other assets	1,316	1,308
Total non-current assets	2,905	2,971
Total assets	12,135	12,908
Liabilities		
Current liabilities		
Accounts payable - trade	258	364
Short-term borrowings	568	1,150
Current portion of long-term borrowings	230	263
Current portion of bonds payable	26	26
Accounts payable - other	1,171	1,376
Income taxes payable	22	7
Provision for bonuses	53	37
Other	685	678
Total current liabilities	3,016	3,905
Non-current liabilities		
Bonds payable	70	63
Long-term borrowings	1,366	1,293
Asset retirement obligations	38	38
Other	34	34
Total non-current liabilities	1,509	1,429
Total liabilities	4,525	5,335
Net assets		
Shareholders' equity		
Share capital	1,351	1,351
Capital surplus	1,351	1,351
Retained earnings	4,888	4,852
Treasury shares	(1)	(1)
Total shareholders' equity	7,590	7,554
Accumulated other comprehensive income		
Foreign currency translation adjustment	19	18
Total accumulated other comprehensive income	19	18
Total net assets	7,609	7,573
Total liabilities and net assets	12,135	12,908

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income
(Quarterly consolidated statement of income)
(Three months ended October 31)

(Millions of yen)

	Three months ended October 31, 2022 (From August 1, 2022 to October 31, 2022)	Three months ended October 31, 2023 (From August 1, 2023 to October 31, 2023)
Net sales	7,391	5,264
Cost of sales	1,644	1,070
Gross profit	5,747	4,194
Selling, general and administrative expenses	5,991	4,230
Operating loss	(244)	(35)
Non-operating income		
Interest income	0	0
Profit on currency exchange	19	18
Miscellaneous income	2	0
Total non-operating income	22	19
Non-operating expenses		
Interest expenses	3	5
Miscellaneous losses	0	4
Total non-operating expenses	3	10
Ordinary loss	(224)	(26)
Loss before income taxes	(224)	(26)
Income taxes - current	(26)	9
Loss	(198)	(35)
Loss attributable to owners of parent	(198)	(35)

(Quarterly consolidated statement of comprehensive income)
(Three months ended October 31)

(Millions of yen)

	Three months ended October 31, 2022 (From August 1, 2022 to October 31, 2022)	Three months ended October 31, 2023 (From August 1, 2023 to October 31, 2023)
Loss	(198)	(35)
Other comprehensive income		
Foreign currency translation adjustment	3	(0)
Total other comprehensive income	3	(0)
Comprehensive income	(194)	(36)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(194)	(36)

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Notes when there are significant changes in amounts of equity)

Not applicable

(Application of accounting treatments specific to the preparation of quarterly consolidated financial statements)

(Calculation of income tax expense)

Income tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, including the first three months under review, and multiplying profit (loss) before income taxes by the estimated effective tax rate. However, if tax expenses calculated using the estimated effective tax rate result in significantly lacking rationality, the statutory effective tax rate is used.

(Changes in accounting policies)

Not applicable

(Segment information, etc.)

1. Overview of reporting segments

(1) Method of determining reporting segments

The Company's reporting segments are aggregates of the Company's constituent units according to certain standards. These components have separate financial information available and are subject to periodic review by the highest management decision-making body to determine resource allocation and evaluate performance.

Since the Company mainly evaluates business performance by consolidated subsidiary, this is the unit for identifying business segments. Reporting segments are determined by aggregating those business segments that have similarities in terms of economic characteristics, markets in which products and services are sold, types of customers, etc.

(2) Types of products and services belonging to each reporting segment

The main products and services handled by each segment are listed below.

- Anti-aging business

The business primarily manufactures and sells skin care, hair care, and inner care products, and includes brands such as DUO, CANADEL, and clayence.

- Recovery business

This business primarily manufactures and sells recovery wear through Venex Co., Ltd..

2. Information regarding the amount of sales and profit or loss by reporting segment

I. Three months ended October 31, 2022 for the previous fiscal year (From August 1, 2022 to October 31, 2022)

The descriptions by segment are omitted as the Group has a single business segment, anti-aging business.

II. Three months ended October 31, 2023 for the current fiscal year (From August 1, 2023 to October 31, 2022)

(Millions of yen)

	Reporting segment			Adjustment amount Note 1	Amount recorded in quarterly consolidated statement of income Note 2
	Anti-aging business	Recovery business	Total		
Sales					
Sales to external customers	4,924	340	5,264	-	5,264
Internal sales between segments	-	-	-	-	-
Total	4,924	340	5,264	-	5,264
Segment profit (loss)	(53)	15	(37)	1	(35)

Notes: 1. The adjustment amount of 1 million yen for segment profit (loss) is the elimination of intersegment transactions.

2. Segment profit or loss is adjusted with operating profit in the quarterly consolidated statement of income.

3. Change in reporting segment

Previously, the Group's reporting segment was only the "cosmetics manufacturing and sales business," and other business segments were of little importance, so segment information was omitted. However, from the first quarter of the current fiscal year, segment information has been disclosed for "recovery business" as its importance has increased among the Group.

Furthermore, regarding the segment information for the first quarter of the previous fiscal year, which was created using the reporting segment classification method for the first quarter of the current fiscal year, it is not disclosed as the "recovery business" started in the third quarter of the previous fiscal year.

4. Information regarding impairment losses on non-current assets or goodwill, etc. for each reporting segment

(Significant impairment loss on non-current assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Significant subsequent events)

(Absorption-type merger of a consolidated subsidiary)

At the Board of Directors meeting held on September 14, 2023, the Company resolved to merge its wholly owned subsidiary Premier Wellness Science Co., Ltd. ("the Premier Wellness Science") and the absorption-type merger took place on November 1, 2023.

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

(3) Method of the merger

The merger was an absorption-type merger in which the Company was the surviving company and Premier Wellness Science was 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 merged Premier Wellness Science in order to improve the efficiency of the Group's management.

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 was treated as a transaction under common control.