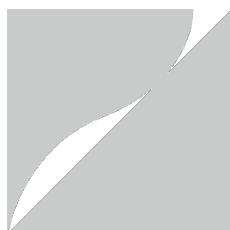


FY2023 2Q Results Briefing Q&A  
for the Fiscal Year Ending July 2023



PREMIER ANTI-AGING

Premier Anti-Aging Co., Ltd.

March 17, 2023

Summary of Q&A for Financial Results Briefing  
of the First Six Months of Fiscal Year Ending July 31, 2023  
(held on March 14, 2023)

- 1. I would like to ask about your overall impression. The second quarter results were in line with the revised forecast , but sales declined for two consecutive quarters, and in order to achieve the full-year forecast, it is necessary to increase sales in the second half and increase operating profit by 1.4 billion yen. What are your expectations for achieving the forecast?**

In the second half, we see the situation will continue to be extremely tough. In acquiring new customers in the mail-order channel, it is necessary to control CPO (Note 1)/LTV (Note 2) relationship and continue efficient advertising investment to increase sales. We will drive advertising investment in brands that maintain good CPO/LTV levels. For existing customers, we will continue to promote CX to further increase the number of loyal customers. Including the newly launched SINTO and X brands, we will promote cross-selling and up-selling to increase LTV. We also see the acquired Venex brand as a cross-selling opportunity.

We will focus on structuring better sales floor in the wholesale sales channel. We will have rounders (Note 3) to round powerful retailers and work together with them to create attractive sales floors and steadily increase sales.

In terms of profits, we will continue to promote company-wide cost reductions in addition to the efficient advertising investments.

- 2. You have not revised your full year forecast this time, but from the results in the first half, it seems that it will be difficult to achieve the sales forecast of 30 billion yen. What are your commitments to achieving sales and profits?**

We want to increase our sales while also securing profits. Efficient advertising investment does not mean stopping advertising to secure profits. There are various types of digital advertising, but we will increase LTV by stopping inefficient advertising and stepping up

efficient advertising investment. Rather than focusing solely on sales or profits, we aim to achieve our sales and profit forecasts through well-balanced investments.

### **3. What is the status and future outlook for each brand?**

CANADEL's sales are growing steadily, centered on highly appealing products such as Barrier Fix, and effective advertising investment continues to attract new customers at a high level. After the new TV commercial aired, the recognition rate is rising at a speed that surpasses the DUO at the time, which aired the same number of commercials. In the second quarter, we launched high-value-added Night Mask targeting for loyal customers, building a good CPO/LTV relationship. Going forward, we would like to further increase sales through measures such as converting the existing Premier Lift into a quasi-drug to enhance its product appeal.

clayence has increased sales year-on-year in both mail-order sales and wholesale sales, but since the LTV was not as high as expected, we reviewed the CPO setting and restarted new acquisition. We are also implementing measures to improve LTV, such as introducing new products developed through communication with customers. We will continue to increase sales by investing in advertising that emphasizes the relationship between CPO and LTV.

DUO continues to face difficult conditions, and it is important to find a way to stop the decline in sales. As shown in the slides in the results briefing materials, we will proceed with four measures. In the mail order channel, we changed the method of acquiring new customers. We will stop appealing by emphasizing discounts, emphasize the quality of DUO, and increase the number of customers with high LTV. In the wholesale sales channel, we will increase the number of rounders and work with retailers to create attractive sales floors. A new TV commercial, "King of Balm," has been aired, and promotion will be carried out through mail order and wholesale sales channel. We will release a new matcha (green tea) balm as an inbound countermeasure. Through these measures, we believe it is important for branding to keep the DUO brand fresh.

**4. What is the competitive landscape for DUO by channel? President Matsuura has repeatedly said that it is important to continue to polish the DUO brand, but what does it mean to polish the brand?**

Subscription sales account for the majority of mail order sales, and sales have not declined that much. In the wholesale sales channel, we are strengthening our strategy to increase the number of rounders. We believe that it is also important to capture inbound demand, which we have not dealt with so far, and we would like to introduce matcha balm and promote distribution to airport duty-free shops and stores. By polishing the brand, DUO's brand recognition has increased to the level of national brands.

If the recognition of Cleansing Balm = DUO is established, sales of DUO will continue as long as the cleansing balm does not disappear. In the past, some brands have disappeared due to neglect of branding.

**5. Please explain the market size, target segment, competitive situation, and factors that differentiate your company in the newly entered inner care business.**

The function-oriented food market, in which the inner care business is developed, grew to exceed 1 trillion yen in 2020, and will continue to grow in the future. In terms of sales by channel, mail order sales accounted for over 60%, showing a high degree of affinity with our main sales channel. We estimate that the market size of the targeted vitamin C and diet segments is close to 100 billion yen, and we would like to develop it by making full use of our strengths in digital marketing strategies.

**6. Please explain the size of the recovery wear market, the competitive situation, and the sales volume of the newly acquired Venex.**

The recovery market is a new market and difficult to define, but we expect the clothing segment in the recovery solution market to grow to below 100 billion yen within the large recovery market. We started consolidating the balance sheet of Venex from the second quarter, but we have not disclosed the income statement.

**7. Ko and Reinca don't seem to be growing as expected. Is there anything beyond expectations? What are you going to do next?**

Both Ko and Reinca are more expensive than our conventional products. DUO and CANADEL are competing in the 3,000 yen range, but the prices of Ko and Reinca are set at nearly twice the price of DUO and CANADEL, and since they are new products made from CBD and stem cells, we are working on them as a new challenge.

**8. As competition in the retail sector continues to be extremely severe, can you say that the investment in the wholesale sales channel make sense for your company? Do you want to work hard to sell DUO through wholesale sales channel and aim to achieve sales of 30 billion yen?**

It takes time to collect profits from mail-order sales, but wholesale sales can generate profits faster. Having said that, it is possible to obtain a return even if management resources are invested and the personnel structure is strengthened.

Today, we announced a release regarding the change in duties of directors, but all directors will be responsible for sales and marketing. I, the president, Matsuura will be in charge of brand management, Kawabata will be in charge of retail business, and Toya will be in charge of direct marketing, and we will work to achieve sustainable sales growth.

(Note 1) CPO: It is the cost required to acquire one new subscription sales account, and is an abbreviation of Cost Per Order.

(Note 2) LTV: Short for Life Time Value, it shows the profit over the period from the first purchase to the end of a subscription by a customer.

(Note 3) Rounder: A person in charge of building sales floors for their own products at each retail store for proper branding expression.

## Disclaimer Regarding Forecasts and Projections

- ✓ The document and information provided as part of our results announcement include forward-looking statements, which reflect our current expectations and assumptions about forecasts and risks. Our actual results may materially differ from those described in the forecast due to unknown risks and uncertainties.
- ✓ These risks and uncertainties include domestic and international economic conditions such as general industry and market conditions, interest, and currency exchange rate fluctuations.
- ✓ Cosmetics mail order/EC market trends may prove to be a major risk factor that impacts our growth and execution of business plans, but through active promotions and application of our understanding of customers' potential needs to product planning, we will do our utmost to mitigate such risks and hone our competitive edge. 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 to reflect new information or future events.

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