

FY2025 2Q Results Briefing Q&A



PREMIER ANTI-AGING

Premier Anti-Aging Co., Ltd.

March 18, 2025

Summary of Financial Results Briefing Q&A
for the First Six Months of the Fiscal Year Ending July 31, 2025
(held on March 13, 2025)

[Notes]

The "Summary of Financial Results Briefing Q&A" is not a verbatim transcription of the questions and answers that took place at the briefing but has been summarized concisely at our discretion for those who were unable to attend.

1. Why did you maintain your full-year earnings forecast for the fiscal year ending July 2025?

While sales for the second quarter of the fiscal year ending July 2025 ended largely in line with projections, operating profit was much larger than expected, resulting in the posting a profit.

The business environment surrounding the anti-aging business remains tough heading into the second half of this fiscal year, and we are cautiously monitoring the Chinese market as well as mail order/EC and wholesale sales. Advertising efficiency in mail order/EC sales may not improve sufficiently, and the situation for new customer acquisition may continue to be difficult. There will also be costs associated with the renewal of DUO and advertising and promotional investment for the new brand "Laraskin." The recovery market is growing, and we plan to make additional marketing investments to increase awareness of the Venex brand. It is also necessary to anticipate the impact of returning old products due to the DUO renewal. After taking these factors into consideration, we have decided not to revise our full-year forecasts at this time.

We could firmly achieve our targets in the second quarter of the fiscal year ending July 2025, with a large contribution from the recovery business. On the other hand, the anti-aging business has not yet hit bottom. We will continue to work to achieve full-year sales and profits in line with our initial projections.

2. Operating profit for the second quarter of the fiscal year ending July 2025 exceeded the plan, following the first quarter. I would like you to explain the reasons for this by breaking down each factor, such as selling expenses, fixed costs, and cost of sales.

While we refrain from disclosing detailed figures, selling expenses in the first quarter were

significantly lower than planned. On the other hand, in the second quarter, restraints in selling expenses and reductions in fixed costs made a similar contribution. Cost of sales are on the rise because the prices of goods are rising, but logistics costs are generally as expected thanks to cooperation with partners.

3. Sales in the anti-aging business have been declining. Please explain the reasons for the decline in sales in both mail order/EC and wholesale sales.

In mail order/EC sales, a major factor was the inability to acquire new customers because advertising efficiency was not sufficiently improved. We are working on measures to build long-term, deep relationships with existing customers, and we are gradually starting to see the effects of these efforts, but the effects of these measures need to be viewed over the long term.

In wholesale, store sales of DUO (before renewal), CANADEL, and clayence have been sluggish. CANADEL has launched a new commercial, which has had some effects, such as a short-term increase in POS and improved brand awareness, but they have not yet led to a significant increase in in-store sales, so we are currently working on various measures from a medium to long term perspective.

4. Sales of DUO continue to decline. How do you plan to rebuild?

Rebuilding DUO is a high priority. This is the first renewal of DUO in its 15th anniversary, but the reason why it has not been renewed in the past is because of its high quality products and customer satisfaction. This renewal has further strengthened the product's appeal and has been well received by customers.

In addition to the regular 90g size priced at 3,600 yen, we have also started selling a 66g size priced at 2,700 yen exclusive for retail sales, strengthening our competitiveness in stores. The 18g mini size, priced below 1,000 yen, is also selling well.

We will continue to prepare various measures for the second half and into next fiscal year, aiming for a turnaround for DUO.

5. Sales of CANADEL continue to decline. How do you plan to rebuild?

CANADEL continues to face tough conditions as competition in the all-in-one cosmetics market continues to intensify. The new TV commercial featuring Mr. Takuya Kimura as the new brand character has been effective, and social media and in-store initiatives linked to the commercial have also achieved some results, but we believe that a medium- to long-term effort is necessary.

In April, we will expand our brand lineup with the launch of "CANADEL tuning lotion." From

the second half of this fiscal year to the next fiscal year, we will roll out new measures and aim for recovery.

6. You are planning to launch a new brand "Lalaskin," but competition in the fast beauty medical skincare market seems quite tough. If rebuilding DUO is the top priority, shouldn't you focus your marketing investments on DUO instead of introducing a new brand?

We have been developing our business mainly through mail-order/EC sales, but since the unit price of mail-order/EC products tends to be in the range of 3,000 yen, we wanted to create a brand that would be supported by customers not only in terms of functionality and quality, but also in terms of price in the retail market.

This time, we have created a high quality product based on a fast beauty medical concept, we believe that we can compete in the retail market by combining this with our marketing capabilities. We sell DUO in over 18,000 stores and have established connections with stores and customers through them.

7. Why is sales of the recovery business rapidly growing? Are there any changes in the number of stores handling the product?

Sales in the recovery business in the second quarter of the fiscal year ending July 2025 reached a record high. November and December, which are included in the second quarter, are gift-giving seasons, and sales of relatively high-priced Venex products tend to increase. In addition, the effects of the active rollout of TV commercials featuring Ms. Ai Tominaga since November and digital marketing measures also contributed to sales growth.

Furthermore, social awareness of the recovery wear and recuperation markets is increasing, and we believe we have benefited from the market expansion.

Although there is no significant change in the number of stores carrying the product, the number of customers visiting each store is steadily increasing. In addition to physical stores, Venex sells its products through E-commerce, and the number of sales is also increasing due to the effects of digital marketing and other measures.

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.

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