

FY2025 3Q Results Briefing Q&A



PREMIER ANTI-AGING

Premier Anti-Aging Co., Ltd.

June 18, 2025

**Summary of Financial Results Briefing Q&A
for the First Nine Months of the Fiscal Year Ending July 31, 2025
(held on June 12, 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. You have revised your full-year sales forecast for the fiscal year ending July 31, 2025 to 16 billion yen. What was the reason for this?

We have revised our full-year sales forecast for the fiscal year ending July 31, 2025 downward by 1.5 billion yen from the initial plan of 17.5 billion yen to 16 billion yen. The main factors are thought to be: 1) the business environment surrounding the anti-aging business remains severe, resulting in lower sales than planned for the anti-aging business; 2) a decrease in sales in the Chinese market due to the economic downturn, etc.; and 3) the impact of old product returns associated with renewal. Although the impacts are not exactly equal, we expect each to have a corresponding impact.

2. You have revised your full-year operating profit forecast for the fiscal year ending July 31, 2025 upward to 300 million yen. However, since third quarter operating profit was 1.26 billion yen, your fourth quarter operating profit forecast is expected to be a loss of 960 million yen. Please explain the reasons for this.

In the fourth quarter, we will actively invest in advertising and promotions for the renewed DUO and the nationwide launch of Lalaskin, and will continue to make additional marketing investments to increase awareness of Venex and promote further sales growth. In addition, due to the anticipated impact of old product returns following the renewal of DUO, we expect to record an operating loss for the fourth quarter alone.

3. Was the renewal of DUO a success? How do you see DUO performing next fiscal year?

DUO completed the relaunch of five new products in its "The Cleansing Balm" series by April, and sales of the 66g, which was newly introduced exclusively in-store, and 18g mini sizes have been steady, so the renewal is going smoothly. However, third quarter sales include

initial retail shipments, and fourth quarter sales will be affected by old product returns, so we need to be more careful in our assessment. DUO won two awards at the @cosme Best Cosmetics Awards for Best New Cosmetics of the First Half of 2025, winning first place in the Best Cleansing Product category and first place in the Mid-Price Cleansing Product category in the Price-Based Awards, and launched a marketing campaign linked to this award yesterday. We are also considering planning several new products and will work hard to turn things around from next fiscal year onwards.

4. The all-in-one market appears to be shrinking at present. How do you think this will affect CANADEL's sales?

The appendix for FY2025 3Q Results Briefing Material, page 36, includes a report from Fuji Keizai on the changes in the size of the all-in-one market. The all-in-one market had been growing steadily until 2022 due to the need to save time and the impact of the COVID-19 outbreak, but is currently showing a slight downward trend. We have grown sales by launching CANADEL, capturing the time-saving needs of the relatively young new generation, but the all-in-one market is dominated by a competitor who has built its customer base through offline advertising targeting a relatively older customer demographic. We also launched CANADEL tuning lotion in April, which encourages use in combination with CANADEL's all-in-one gel, and the refreshing CANADEL Premier Moist Cool, a limited-edition product for the hot season, in an attempt to make a comeback.

5. The cleansing market is expected to expand, excluding balm formulation, but what will happen to DUO in the future?

The cleansing market has grown at 10% from 2020 to 2024, and is expected to continue to grow in the future. On the other hand, the share of balm formulation products has decreased from 21.2% in 2022 to 15.9% in 2024, while the share of oil formulation products, which are inexpensive and good at removing makeup, have been growing. [Source: "Cosmetics Marketing Handbook 2025 No. 2" by Fuji Keizai] We intend to emphasize the appeal of a balm formulation, which not only cleanses but also moisturizes, with the aim of bottoming out and then reversing the market share of cleansing balms.

6. Why not consider entering the face wash market, which is seeing an increase in the number of companies entering and a growing market?

The cleansing market has grown by 2.5% from 2023 to 2024, but the skin care market, which includes cleansing, has grown at a higher rate of 4.5%. The market size is also huge, with the cleansing market exceeding 140 billion yen and the skincare market exceeding 1.4

trillion yen, so there is great potential. [Source: “Cosmetics Marketing Handbook 2025 No. 2” by Fuji Keizai] We have established a solid position with DUO in the face wash/cleansing category, which serves as the gateway to skin care, and we also sell products in the areas of face wash, lotions and serums, but we would like to have serious discussions about expanding our business into the skin care market in order to achieve further growth.

7. How much cross-selling is happening across brands?

Although the cross-selling rate across brands has not been disclosed, the overall figure of 12% is still not sufficient. We are aware that some of our competitors have disclosed higher figures. We will continue to aim to improve cross-selling rates by introducing products that go well with the cleansing DUO.

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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