

FY2022 2Q

2022 · 3 · 14

Premier Anti-Aging Co., Ltd.

FY2022 2Q Results



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0 1 EXECUTIVE SUMMARY

*Premier Wellness Science Co., Ltd. established in FY2021 2Q and Beianmei (Shanghai) Cosmetics Company established in FY2021 3Q have been included in the scope of consolidation. Results before FY2021 1Q referenced in this document refer to those of only Premier Anti-Aging Co., Ltd. whilst FY2021 2Q results include those of the abovementioned two companies, and comparisons described herein are between Premier Anti-Agent's stand-alone figures and consolidated figures. Moreover, sales in China have been calculated based on the following exchange rate: 1 Chinese yuan = 18.13 yen.

Executive Summary

- ✓ Factors that led to curtailed ad placement in 1Q were gradually resolved in 2Q, thus we saw strong mail Order/EC sales.
- ✓ DUO's Wholesale was higher than the same quarter previous year, although it decreased from the previous quarter due to the reaction to the increase in shipments as a result of the product layout change at retail outlets and because the demand for Black Balm has slowed down.
- ✓ Canadel performed well due to new TVCMs that aired from October and coordinated web marketing initiatives. We saw record high Mail Order/EC net sales and monthly sales nearly reached 400 million yen.
- ✓ Net sales was higher than the same quarter previous year, but SG&A temporarily increased (especially Consignment and Others). Operating profit was lower than the same quarter previous year.
- ✓ We will launch a hair care brand (clayence) in March and men's cosmetics brand (DUO Men) in April 2022.
- ✓ We were ranked 2nd, with a high score of 20.0 among all Japanese cosmetics companies in the Sustainalytics' ESG Risk Ratings.

Premier Anti-Aging Co., Ltd.

Industry Group: **Healthcare** Country/Region: **Japan**

Identifier: **TKS:4934**

Premier Anti-Aging Co Ltd is engaged in planning, development, selling of cosmetic products and health foods. Its brands include DUO and CANADEL. It also provides information and consulting services related to anti-aging, beauty, and health.

Full time employees: 152

ESG Risk Rating CORE

20.0

Medium Risk

Negligible
Low
Medium
High
Severe

0-10 10-20 20-30 30-40 40+

Ranking

Industry Group (1st = lowest risk)

Healthcare **83** out of 627

Universe

Global Universe **3435** out of 15125

Last Update: **Jan 28, 2022**

0 2 BUSINESS HIGHLIGHTS

Unit: Millions of Yen

Business Highlights

P&L Statement (YOY)

- ✓ Net Sales grew YOY in all channels.
- ✓ SG&A increased temporarily, thus the operating profit was lower than the same quarter previous year.

	FY2021 1Q-2Q	FY2022 1Q-2Q	Increase/ Decrease	YOY
Net Sales	15,310	17,970	+ 2,659	117.4%
L Mail Order/EC	10,537	12,397	+ 1,860	117.7%
L Wholesale	4,436	4,923	+ 486	111.0%
L Others	336	648	+ 312	192.7%
Operating Profit	2,461	2,248	△213	91.3%
Operating Profit Margin	16.1%	12.5%	△3.6pt	
Ordinary Profit	2,454	2,321	△132	94.6%
Net Income for the Quarter Attributable to Owners of the Parent	1,573	1,360	△212	86.5%

Business Highlights

SG&A (YOY)

- ✓ Factors that temporarily curtailed ad placement in 1Q were gradually resolved, thus 2Q investments were strong.
- ✓ We invested in systems to strengthen our business foundation and accelerated spending for recruiting and training, thus Consignment and Others increased.
- ✓ Investments overseas, including China, have also contributed to the increase in SG&A, however, we will rein in future investments until we finalize a new strategy for overseas expansion.

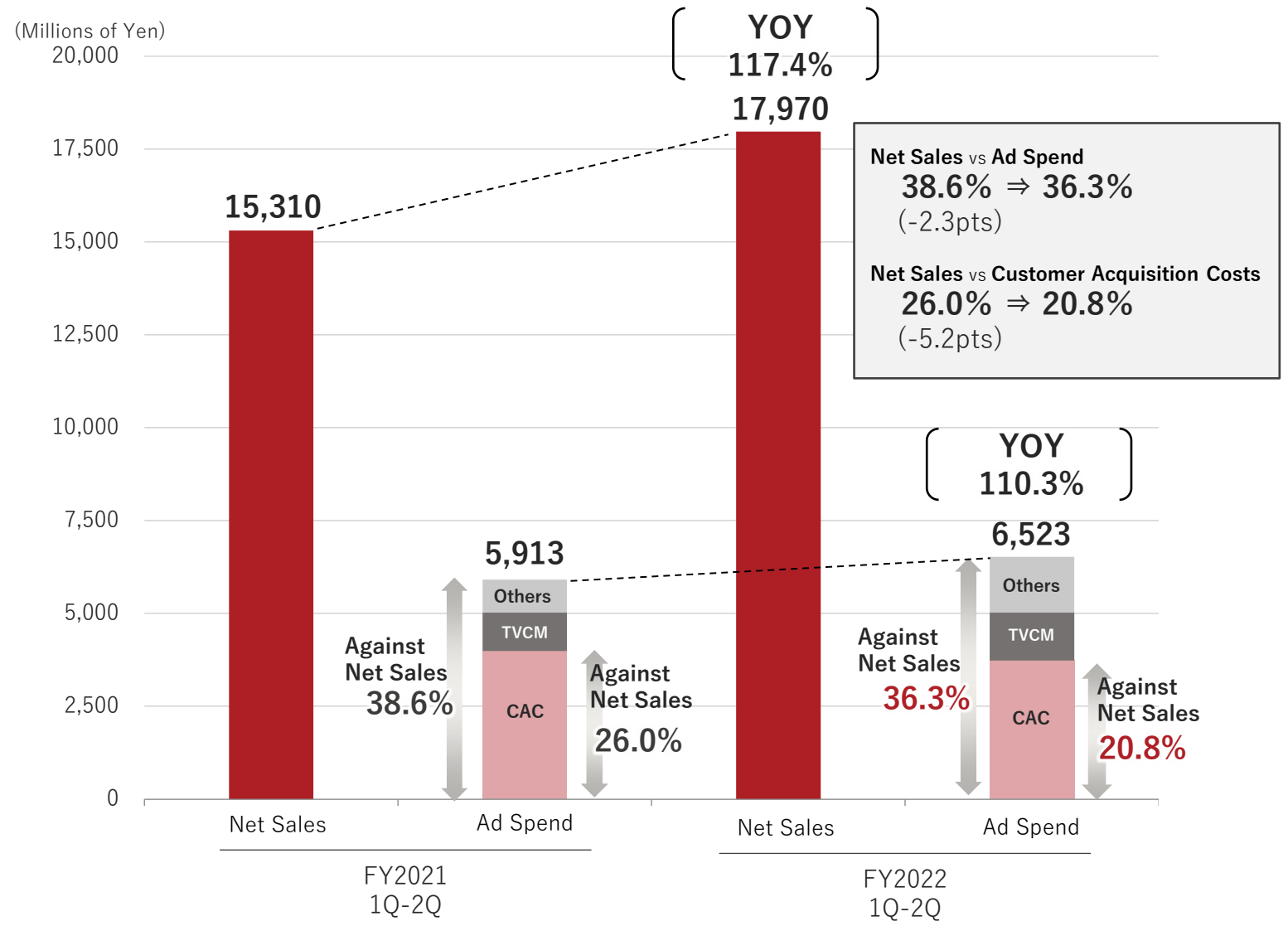
Unit: Millions of Yen

	FY2021 1Q-2Q	FY2022 1Q-2Q	Increase/ Decrease	YOY
SG&A	9,888	12,251	+ 2,362	123.9%
L Advertising & Promotion	5,913	6,523	+ 610	110.3%
L Consignment	2,226	3,015	+ 788	135.4%
L Salaries & Allowances	278	497	+ 218	178.2%
L R&D	67	194	+ 127	288.3%
L Others	1,402	2,020	+ 618	144.1%

Business Highlights

Advertising and Promotional Expenses (YOY)

- ✓ Factors that temporarily curtailed ad placement in 1Q were gradually resolved and new customer acquisition costs (CAC) increased against net sales (Net Sales vs CAC was 15.3% in 1Q).
- ✓ Of the Advertising and Promotional Expenses, “Others” rose due to the increase in promotional costs from changes in fixtures, etc. for the new face wash series and investment in ads for overseas businesses.



Business Highlights

P&L Statement (QonQ)

- ✓ Mail Order/EC performed well, but QonQ net sales of Wholesale decreased due to sluggish sell-through.
- ✓ Spent the ad budget remaining from 1Q in 2Q. In addition, SG&A such as Consignment temporarily increased, thus the operating profit decreased QonQ.

Unit: Millions of Yen

	FY2021 2Q	FY2021 3Q	FY2021 4Q	FY2022 1Q	FY2022 2Q	
Net Sales	8,099	8,455	9,049	9,865	8,104	82.2%
Gross Profit*	6,668	6,887	7,192	7,924	6,575	83.0%
SG&A	5,095	4,921	6,940	5,849	6,401	109.4%
L Advertising and Promotional Costs of the SG&A	3,014	2,701	4,197	2,950	3,572	121.1%
Operating Profit	1,573	1,966	252	2,074	173	8.4%

((% = comparison against FY2022 1Q)

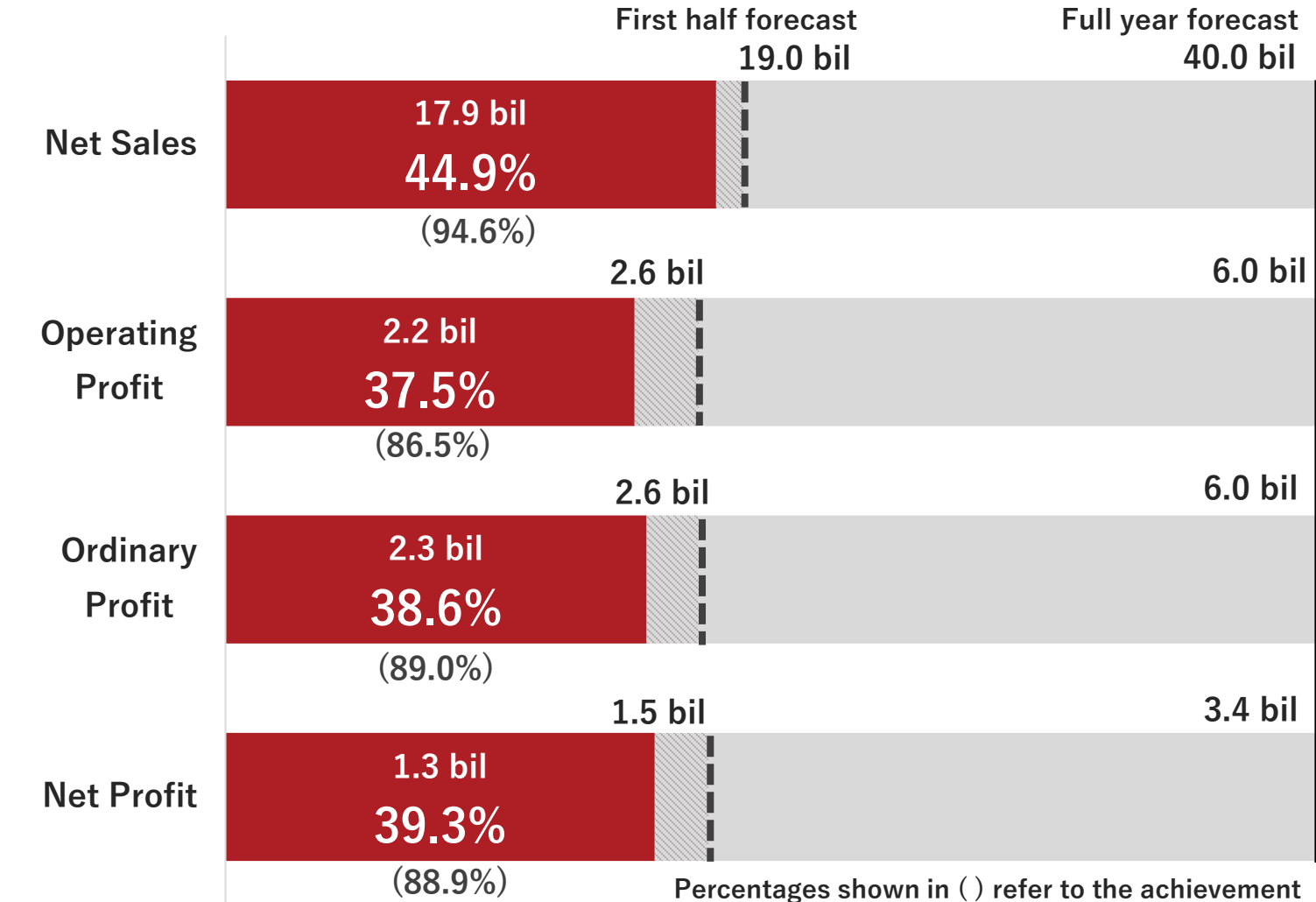
*In FY2021 we provided Gross Profit – Net figures.

Business Highlights

P&L Statement (vs. Business Forecast)

✓ New customer acquisition for Mail Order/EC is recovering and the increase in SG&A mainly due to increase in Consignment costs is temporary, thus we expect to finish the full year on track.

2Q Results vs. Business Forecast Achievement Rate PREMIER ANTI-AGING



Business Highlights

Balance Sheet (Comparison Against End of FY2021)

- ✓ Once again, our fixed assets only amounted to approximately 4% of our total assets, thus we are continuing to practice asset-light management.

Unit: Millions of Yen

	FY2021	FY2022 2Q	Increase/ Decrease	Percentage Increase
Total Assets	13,071	13,689	+ 618	104.7%
L Current Assets	12,479	13,055	+ 575	104.6%
L Fixed Assets	591	634	+ 42	107.3%
Total liabilities	6,168	5,424	△743	88.0%
L Current Liabilities	5,591	5,008	△583	89.6%
L Fixed Liabilities	576	416	△160	72.2%
Total Net Assets	6,903	8,265	+ 1,362	119.7%
Total Liabilities and Net Assets	13,071	13,689	+ 618	104.7%
Equity Ratio	52.8%	60.4%	+ 7.6pt	

0 3 STATUS BY BRAND

Brand Introduction

- ✓ We currently offer 4 cosmetics brands.

- ✓ Our key and inaugural brand. Pioneer in the cleansing balm market and continues to drive sales.
- ✓ Launched in February 2010.
- ✓ Currently have 27 SKUs.*1



DUO

- ✓ Nurturing as the second brand after DUO. Focuses on shortening time required for skin care to address needs of busy modern women.
- ✓ Launched in April 2019.
- ✓ Currently have 6 SKUs.*1



CANADEL

- ✓ Cosmetic brands for sensitive skin with cica*3 substance in every product. Has been introduced to the Chinese market.
- ✓ Launched September 2020.
- ✓ Currently have 13 SKUs.*1

sitrana

- ✓ An SDG-conscious organic cosmetics brand that promotes sustainable development.
- ✓ Launched in October 2020.
- ✓ Currently have 8 SKUs.*1

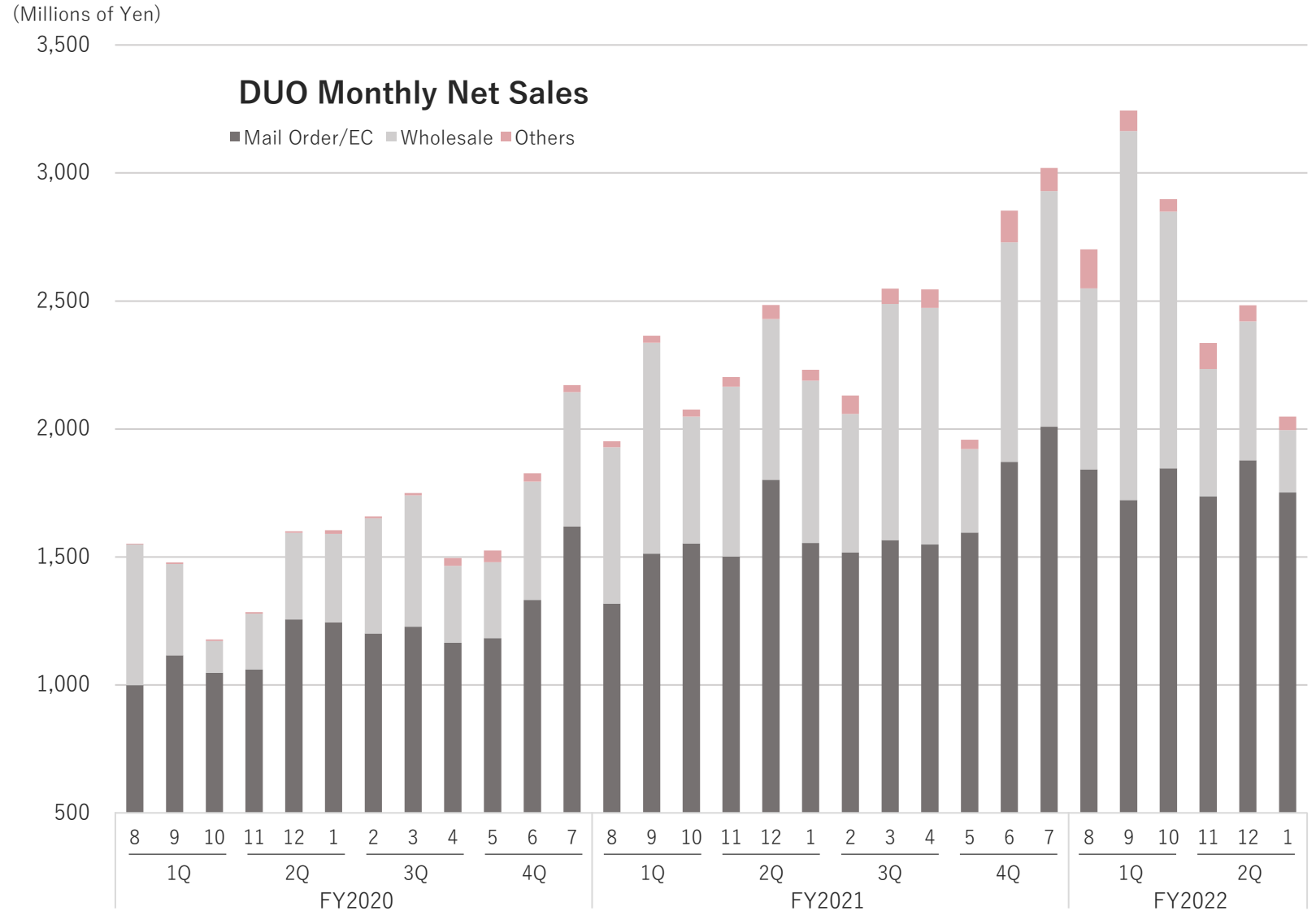
immuno

*1: SKU numbers refer to the number of regular products as of end of January 2022. Limited editions, different sizes not included. *2: Calculated based on FY2022-2Q net sales.

*3: Cica refers to the substance extracted from the plant, Centella asiatica.

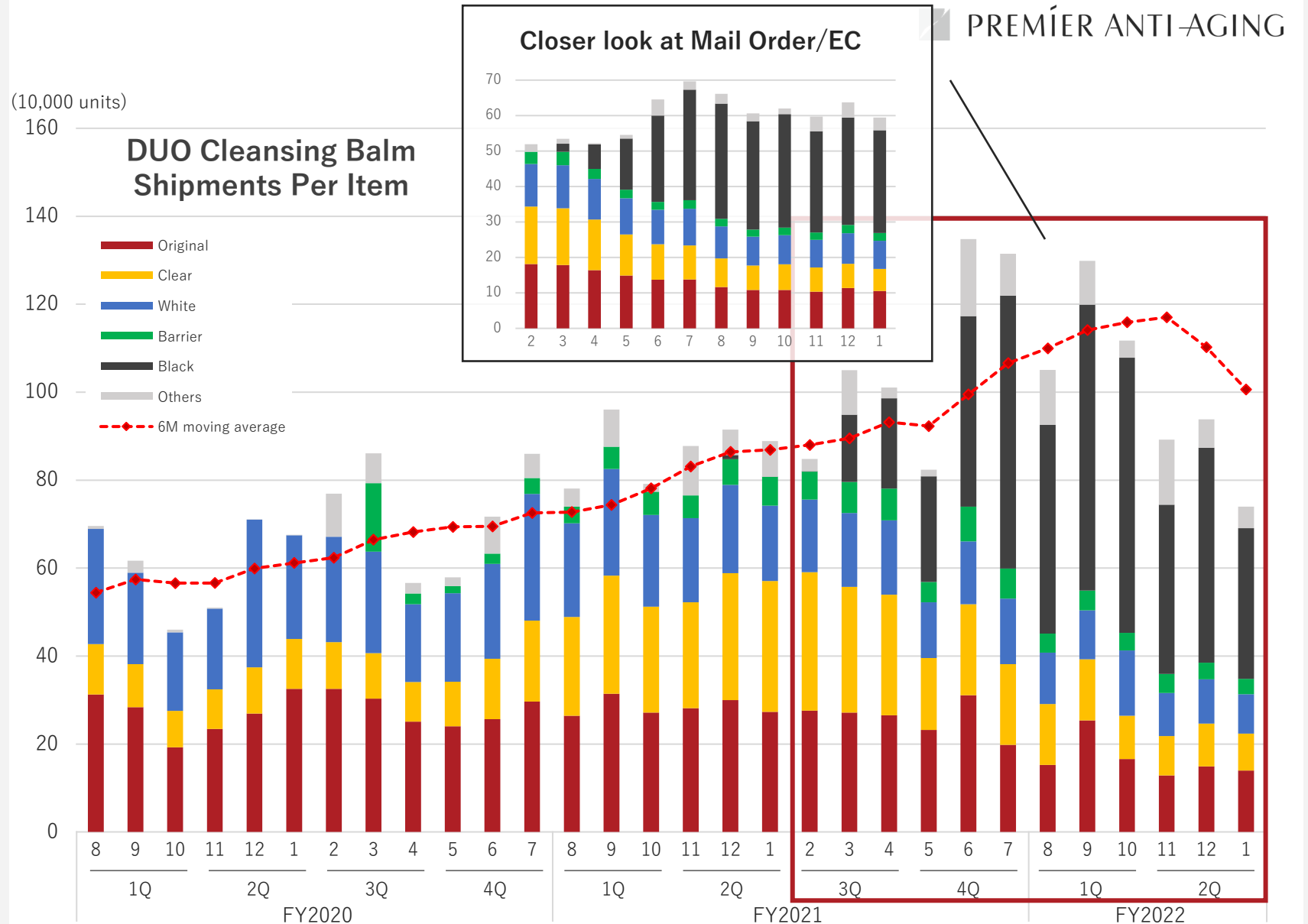
DUO Brand Monthly Net Sales

- ✓ Mail Order/EC continues to grow strongly, mainly around Black Balm.
- ✓ Sell-through was sluggish for Wholesale due to the reaction to the increase in shipments in 1Q as a result of the product layout change at retail outlets and because the demand for Black Balm has slowed down.



DUO Cleansing Balm Monthly Shipments

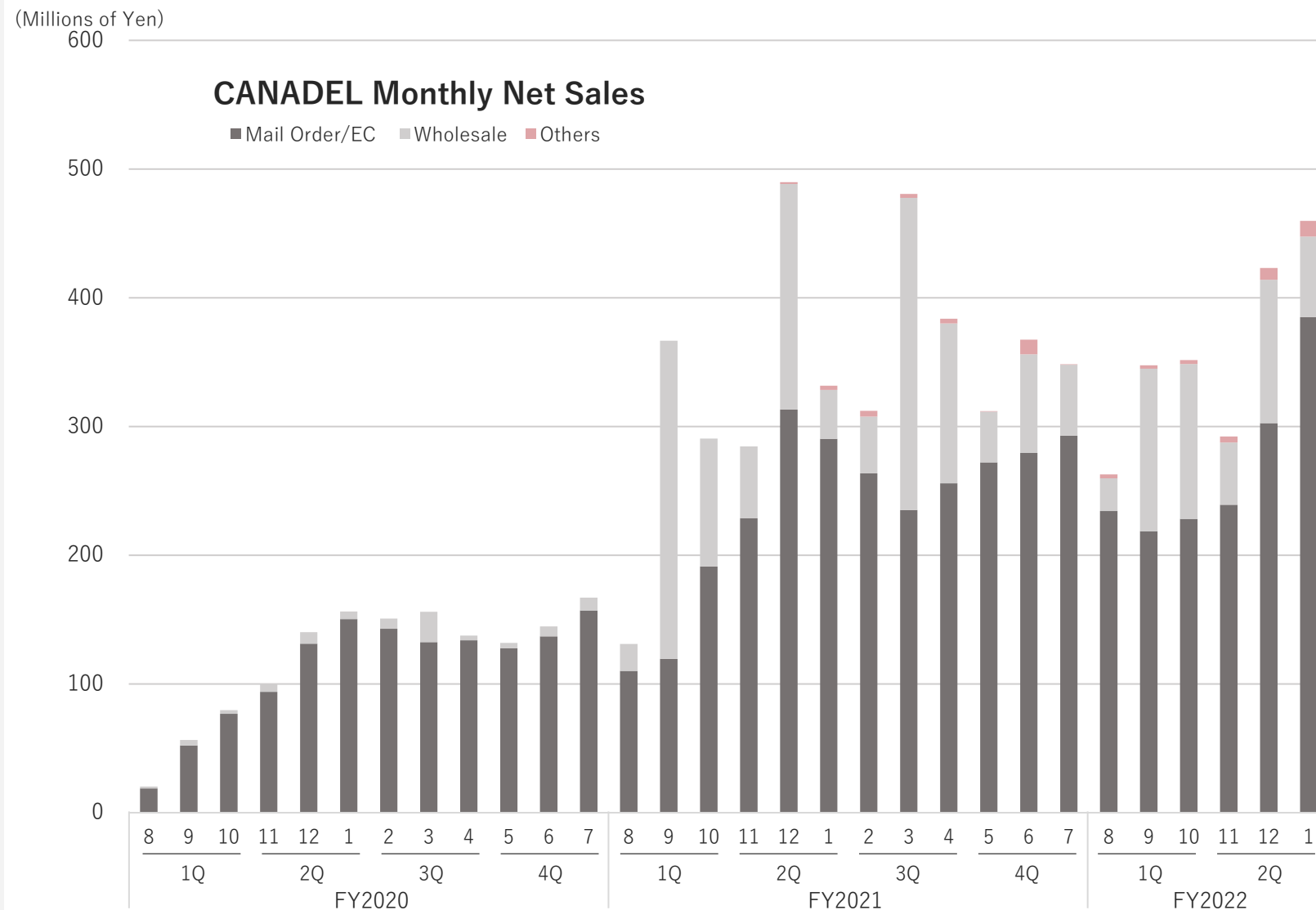
- ✓ Wholesale shipments this quarter decreased due to the reaction to the increase in shipments in 1Q as a result of product layout change at retail outlets.
- ✓ Supported by the subscription business model, total shipments for Mail Order EC remained strong despite changes in the product mix to Black Balm.



Note: For accounting reasons, shipments for some transactions and the timing when the relevant sales was booked do not match up.

Canadel Monthly Net Sales

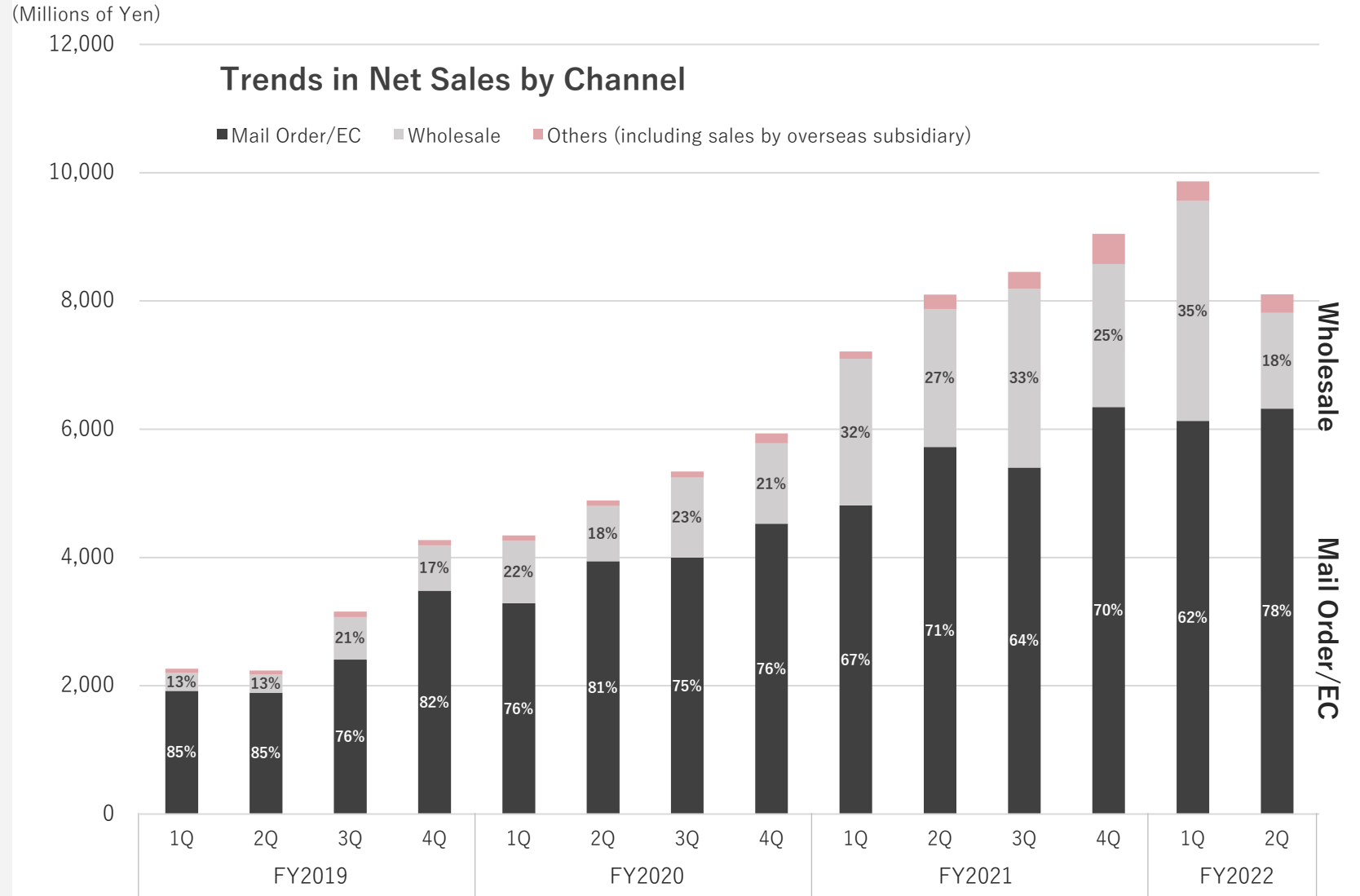
✓ Canadel performed well due to new TVCMs that aired from October and coordinated web marketing initiatives. We saw record high Mail Order/EC net sales and monthly sales nearly reached 400 million yen.



0 4 STATUS BY SALES CHANNEL

Net Sales by Channel

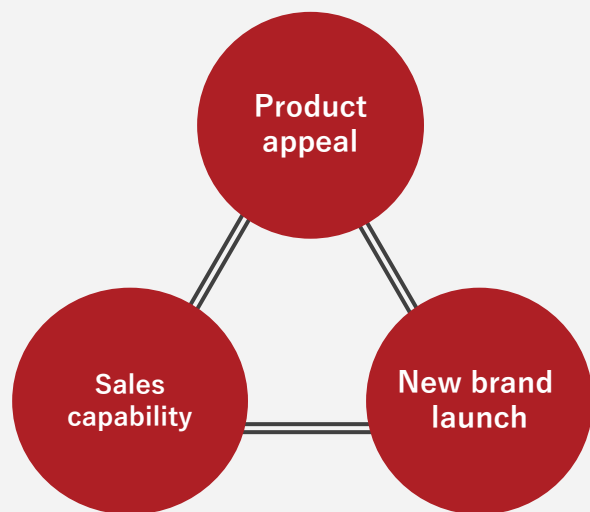
- ✓ Factors that curtailed new customer acquisition efforts in 1Q were gradually resolved in 2Q, thus Mail Order/EC performed well.
- ✓ Sell-through was sluggish for Wholesale due to the reaction to the increase in shipments in 1Q as a result of the product layout change at retail outlets and because the demand for Black Balm has slowed down.



Status by Sales Channel

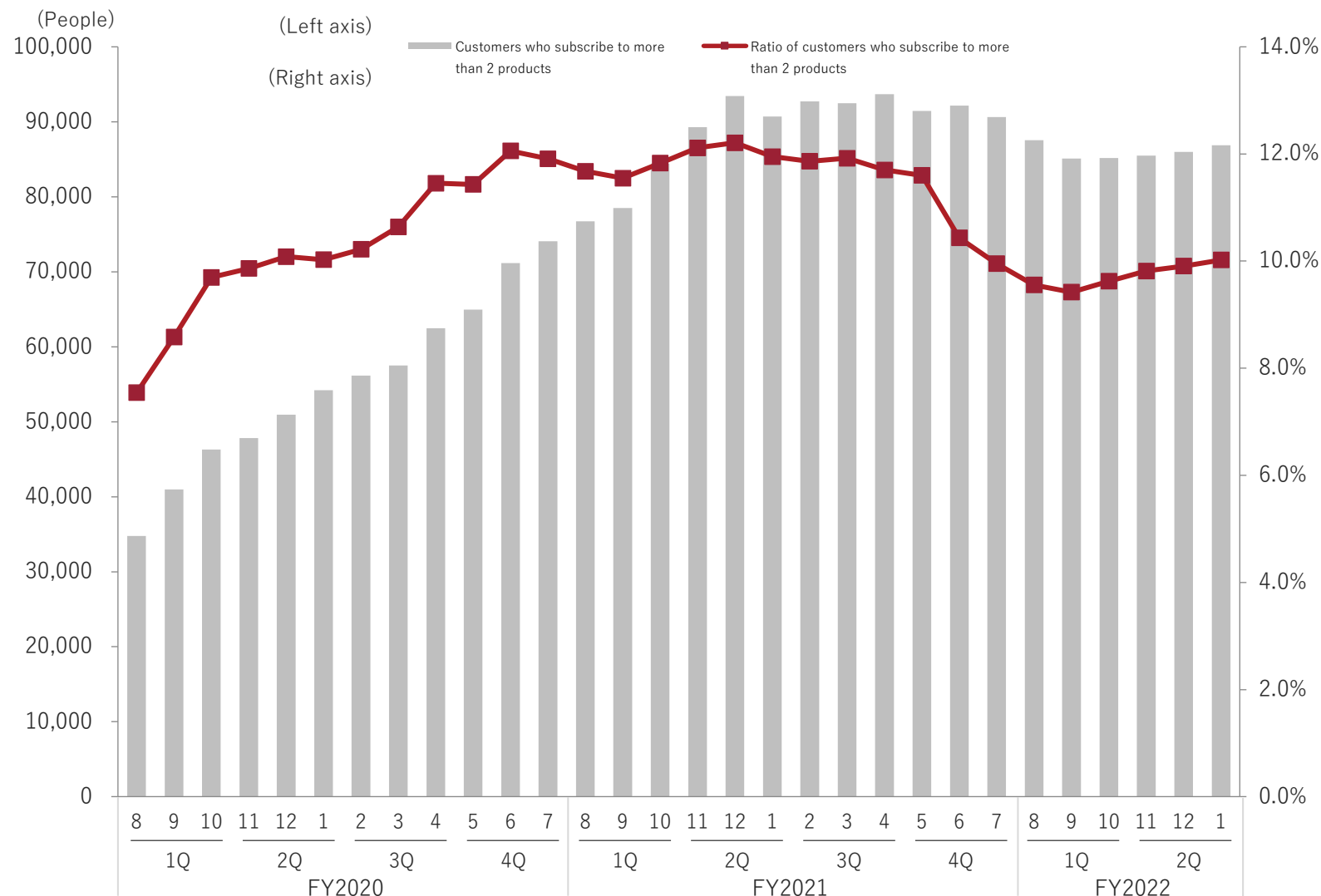
Mail Order/EC (Promoting Cross Selling Initiatives)

✓ With the recovery of new customer acquisition, we saw an increase in customers who subscribe to more than 2 products as well as a ratio of customers who subscribe to more than 2 products.



Areas we will strengthen to improve cross selling

Trends in Customers Who Subscribe to More Than 2 Products and the Relevant Ratio

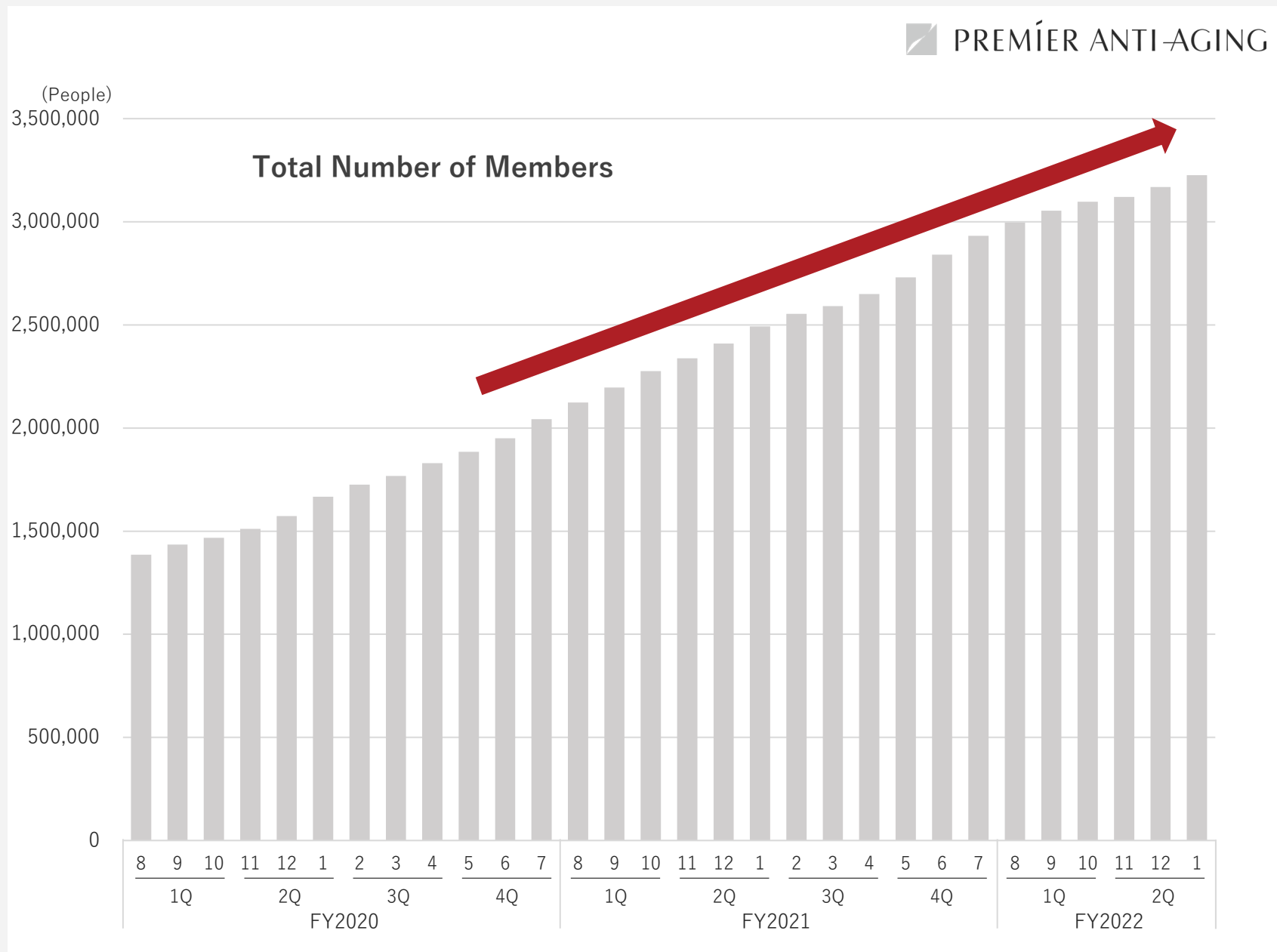


* Customers who subscribe to more than two products refer to customers who have subscribed to products in more than two categories (balm and beauty essence, etc.)

Status by Sales Channel

Mail Order/EC (Total Number of Members)

- ✓ The impact from the change in advertising laws that led us to curtail new customer acquisition in 1Q gradually dissipated in 2Q, thus total number of members grew strongly.

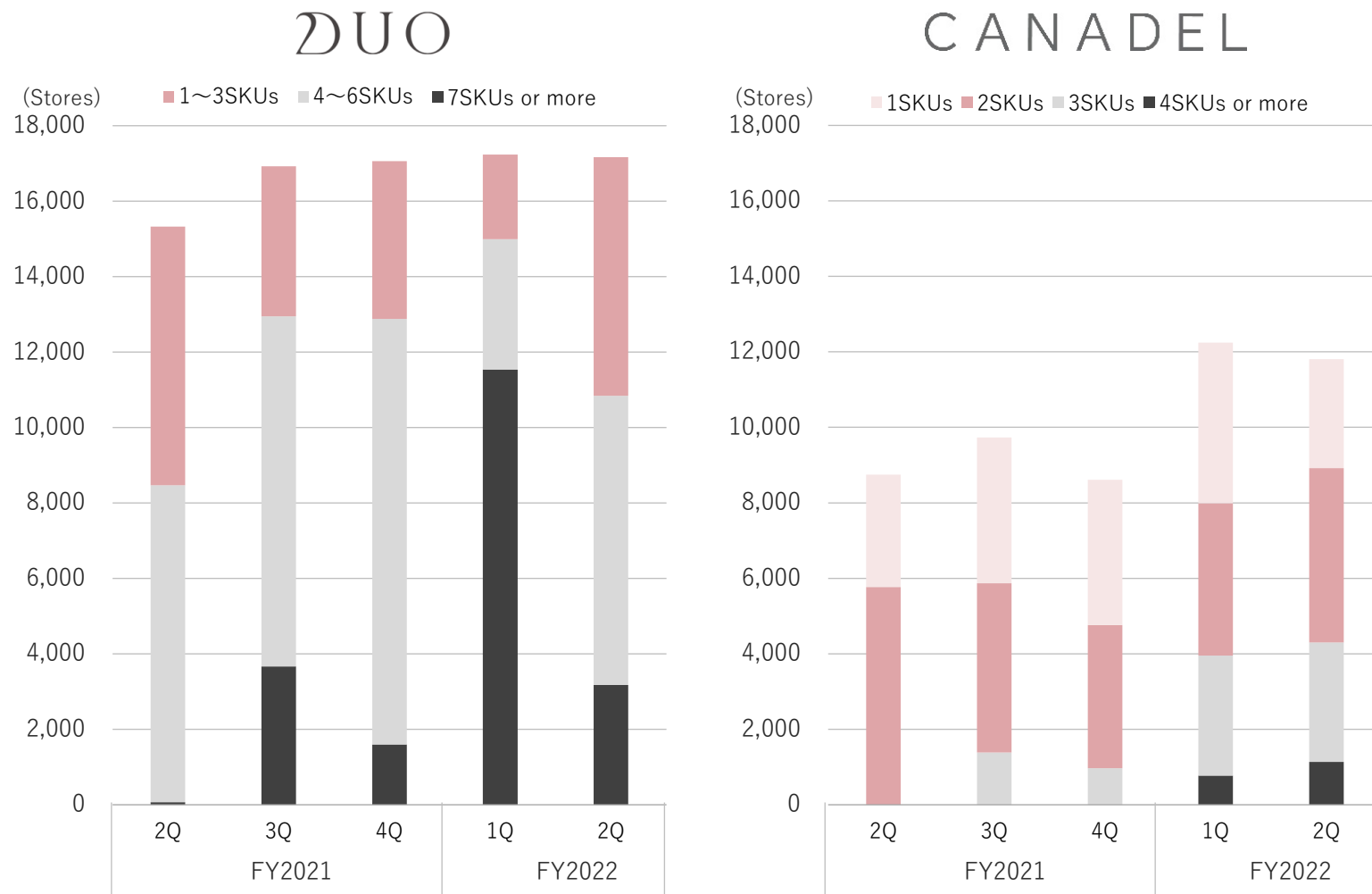


Status by Sales Channel

Wholesale (Shipments)

- ✓ Shipments of DUO's face wash series increased in 1Q, and the DUO line-up grew to more than 7 SKUs, however in 2Q shipments mainly focused on cleansing balm.
- ✓ TVCMs contributed to the increase in number of stores that carried more than 2 SKUs of Canadel. Initiatives to drive sales are steadily making headway.

Stores that Carry Our Products* & Number of Items Shipped per Store



*Until FY2021, we counted the number of stores that are selling these products within the relevant period. Above data represents the number of stores to which we shipped our products within each quarter. *Only regular products, limited editions excluded.

ESG Initiatives

✓ We were ranked 2nd, with a high score of 20.0 among all Japanese cosmetics companies in the cosmetics industry by Sustainalytics' ESG Risk Ratings.

Premier Anti-Aging Co., Ltd.

Industry Group: Healthcare Country/Region: Japan
 Identifier: TKS:4934

Premier Anti-Aging Co Ltd is engaged in planning, development, selling of cosmetic products and health foods. Its brands include DUO and CANADEL. It also provides information and consulting services related to anti-aging, beauty, and health.

Full time employees: 152

ESG Risk Rating CORE

20.0 Medium Risk

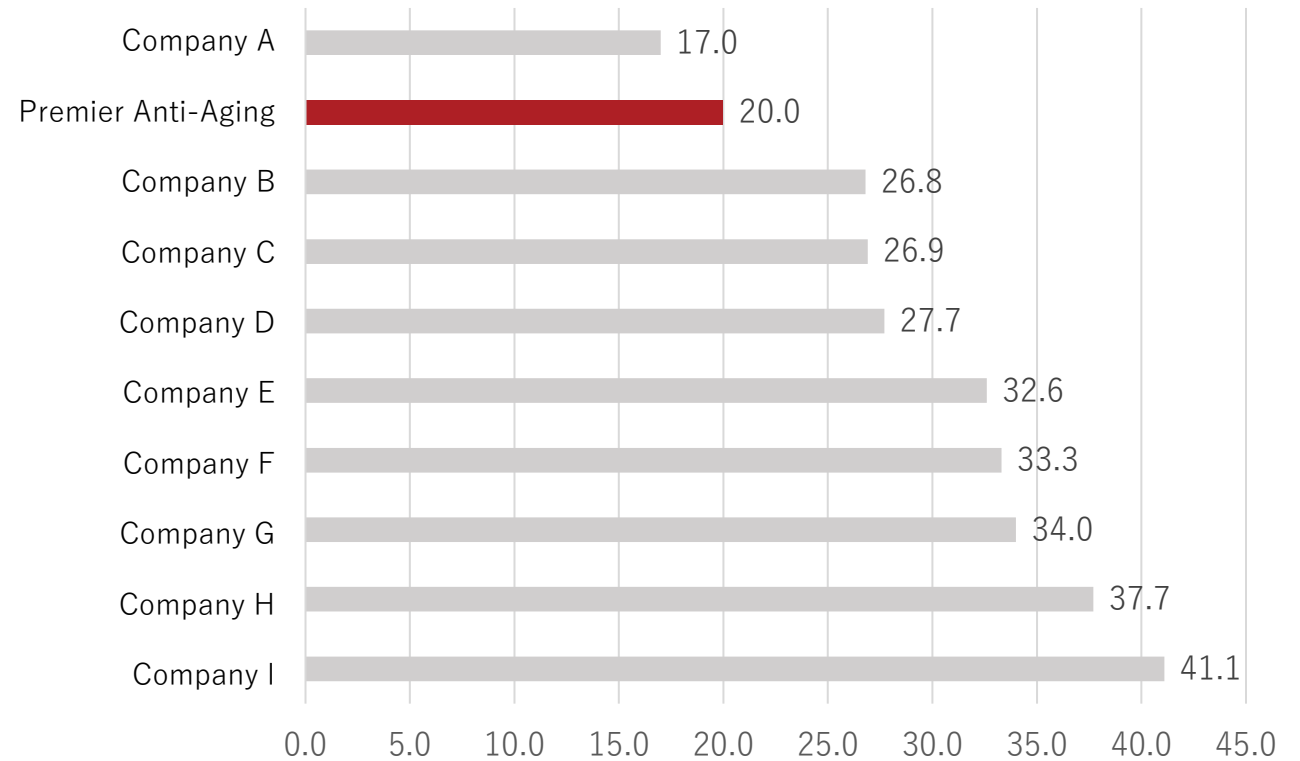
Negligible Low Medium High Severe
0-10 10-20 20-30 30-40 40+

Ranking
 Industry Group (1st = lowest risk)
 Healthcare **83** out of 627

Universe
 Global Universe **3435** out of 15125

Last Update: Jan 28, 2022

Sustainalytics' ESG Risk Ratings for Japanese Cosmetics Companies



*The industry was defined by SPEEDA and has been extracted based on Consumer Goods → Personal Care → Cosmetics and Retail → Mail Order/Door-to-Door Sales → Mail Order/Door-to-Door Sales (Cosmetics).

0 5 INITIATIVES FOR 3Q AND BEYOND

Initiatives for 3Q and Beyond



Initiatives for 3Q and Beyond

Canadel Promotional Initiatives

- ✓ Canadel is well recognized in the market, but the level of recognition varies depending on the region.
- ✓ We will continue to expand our presence by focusing on the main target, the metropolitan area, and adding other regions to our target.

01

Canadel's Recognition by Region

Region	Awareness
Kinki	43.0%
Kanto	41.0%
Hokkaido	40.4%
Chubu	37.1%
Tohoku	36.8%
Chugoku	32.0%
Kyushu	31.0%
Shikoku	10.6% Target

Canadel has potential to grow outside the metropolitan area

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TVCMs



&



Retail Promotions
(Ito-Yokado Shinyurigaoka store)

Macromill "CANADEL February 2022 TVCM Research Summary"; 30-59 year-old women nationwide who took part in the web survey (women x by region x not working in non-relevant sectors)

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Initiatives for 3Q and Beyond

Canadel Promotional Initiatives

- ✓ We will launch the Canadel “Premier Barrier Fix” as a whitening x wrinkle care quasi-drug in April 2022.
- ✓ Because it is a quasi-drug, we will be able to use expressions that directly make references to the effect of the product.

Further strengthen both our product appeal and ability to make proposals

Appeal how dipotassium glycyrrhizinate suppresses inflammation and promotes prevention of rough skin



Appeal how niacinamide whitens and improves wrinkles

All-in-one product with a mixture of 2 active substances

Cosmetics

Quasi-drug

Expressions regarding wrinkle improvement

- Makes skin supple
- Makes tiny creases due to dryness less visible



- Improve wrinkles

Expressions regarding whitening

- Transparency



- Whitening
- Prevents blemishes



Initiatives for 3Q and Beyond

Strategies for 3 New Key Categories

- ✓ Drawing on our know-how of nurturing new brands proven with Canadel (Canadel sales grew to 4 billion yen in size in 2 years) we will launch 3 new key categories one after the other.

02



Brand launch in late April

Brand launch on March 22

Coming Soon

Brand name: To be unveiled immediately before launch
Concept: To be unveiled immediately before launch
Core substance: CBD(Cannabidiol)
Co-developed with: Showa University

Men's Category

Hair Care Category

Wellness, a Rapidly Growing Market

Initiatives for 3Q and Beyond

Strategies for 3 New Key Categories ~DUO MEN~

- ✓ We will launch a new men's cosmetics category by capitalizing on DUO's high brand awareness.
- ✓ With this new line, we will help solve men's skin problems with a few easy steps, so that men who lead busy lives can continue skin care in an enjoyable way.

DUO
men

While staying true to DUO's brand concept - "Beauty is reborn from skin care" - we took a close look at skin problems and damage men are experiencing from an ecological, bioscience point of view. We want to offer effective skin care that only involves a few easy steps so men who lead busy lives can continue skin care in an enjoyable way.



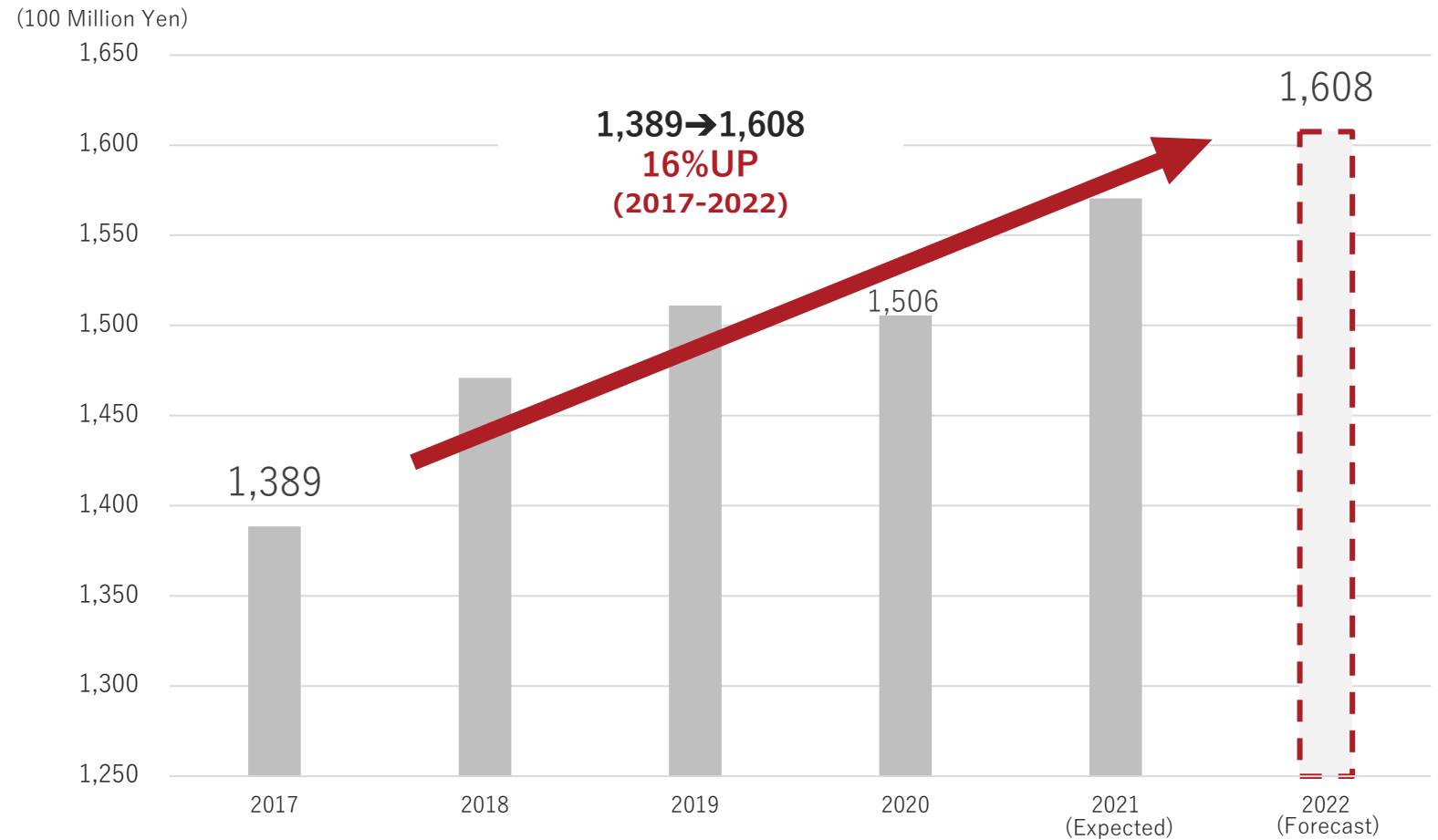
Initiatives for 3Q and Beyond

Strategies for 3 New Key Categories ~DUO MEN~

- ✓ The men's cosmetics market is estimated to grow to 160.8 billion yen in 2022, growing 16% in comparison to 2017. This market is expected to grow further.



Men's Cosmetics Market Trends



Source: Fuji Keizai "Cosmetics Marketing Handbook 2021 No.2". Men's cosmetics market includes: men's shampoo/conditioner, men's styling products, men's scalp care, men's shaving products, men's face wash, men's skin conditioner, men's body care products. 2021 figure is the expected market size, 2022 figure is the forecasted market size.

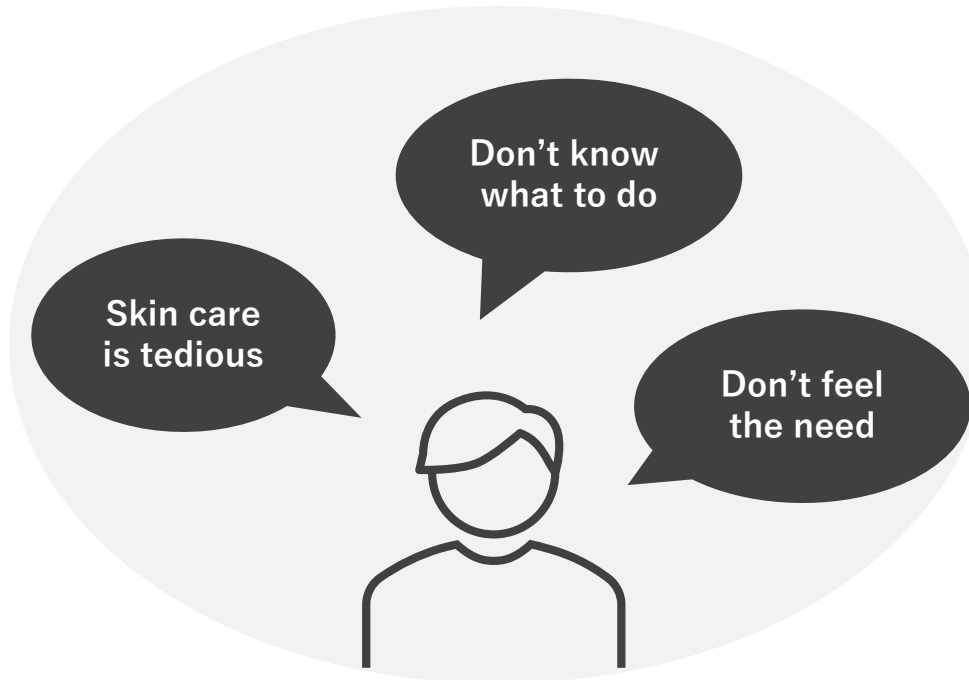
Initiatives for 3Q and Beyond

Strategies for 3 New Key Categories ~DUO MEN~

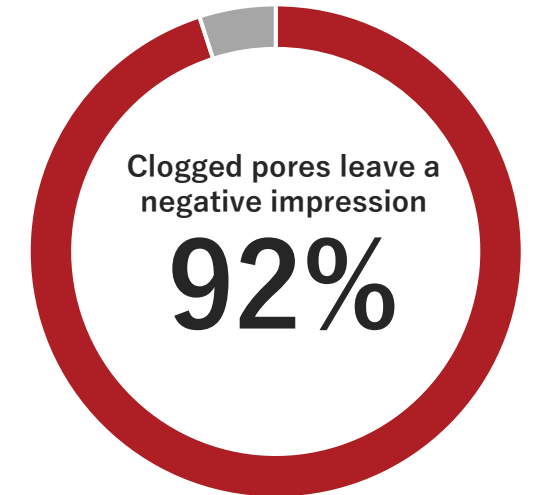
- ✓ Men are hesitant to use cosmetics because they “Don’t know what to do”, “Skin care is tedious”, or they “Don’t feel the need”.
- ✓ Many men do not feel the need however, many women want men to take better care of their skin.



Key reasons why men hesitate using cosmetics



Women's view of men with clogged pores



92% of women answered that clogged pores leave a negative impression

Source: Based on our research.

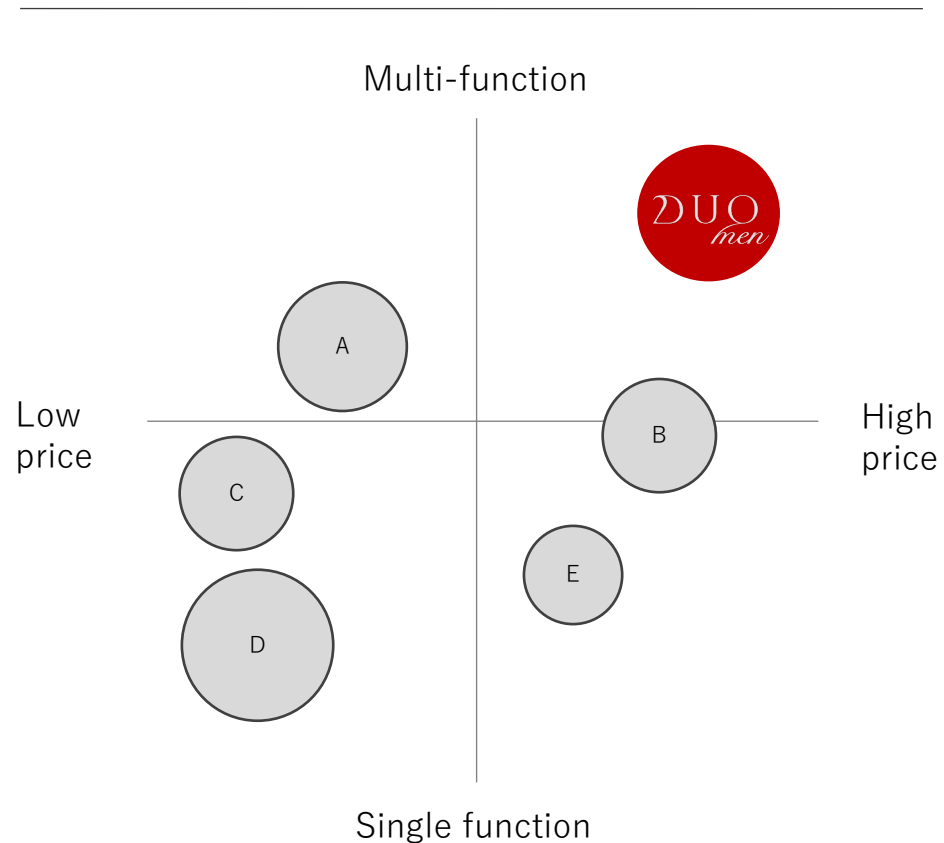
Initiatives for 3Q and Beyond

Strategies for 3 New Key Categories ~DUO MEN~

- ✓ DUO cleansing balm is multi-functional. Drawing on this feature, we will target men who “Don’t know what to do”, who feel “Skin care is tedious”.



Brand positioning of the men’s cosmetics market



Cleansing Balm



- Cleansing
- Treatment
- Massage
- Exfoliating
- Face wash

All-in-One Lotion



- Moisturizer
- Essence
- Shiny skin
- Transparency
- Conditioning

Source: Based on our independent research. 1. Price mapping is based on research of the sales prices of other companies' products. 2. Mapping of functions is based on research of other companies' product functions. 3. Size of circles are based on other brands' sales data.

Initiatives for 3Q and Beyond

Strategies for 3 New Key Categories ~clayence~

- ✓ With our unique clay spa method, we developed a clay spa inspired new hair care brand that allows people to enjoy coloring their hair while treating their hair and scalp.
- ✓ Dying gray hair is thought to be something that “older people do”. We want to transform this perception to something positive and offer hair care that people can feel positive about even from within.



By combining the power of clay and cutting-edge science, we created a clay spa inspired hair care brand that provides hair and scalp treatment and colors gray hair. In addition to carefully selected clay and beauty substances, the calming aroma will transform tedious hair care into luxurious time at the spa.

02

Initiatives for 3Q and Beyond

Strategies for 3 New Key Categories ~clayence~

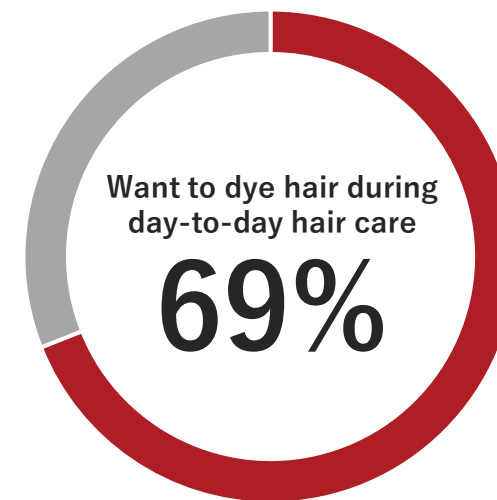
- ✓ There are many concerns about scalp and hair care, however gray hair is number one amongst all 30 and above age groups.
- ✓ 69% of respondents said that they would like to dye hair as part of their day-to-day hair care. And the household hair color market is expected to be 90.3 billion yen in 2021.



Future concerns about scalp and hair*1

	#1	#2	#3
20s	Hair loss	Gray hair	Damaged hair
30s	Gray hair	Hair loss	Thin hair
40s	Gray hair	Dry hair	Hair loss
50s	Gray hair	Thin hair	No volume
60s	Gray hair	Thin hair	No volume
70s	Gray hair	No volume	Thin hair

Want to dye hair during day-to-day hair care*1



Household hair color market
90.3 bil yen (2021, expected)*2

Sources: *1. Based on our research on dyeing gray hair (n=449). *2. Fuji Keizai "Cosmetics Marketing Handbook 2021 No.2"

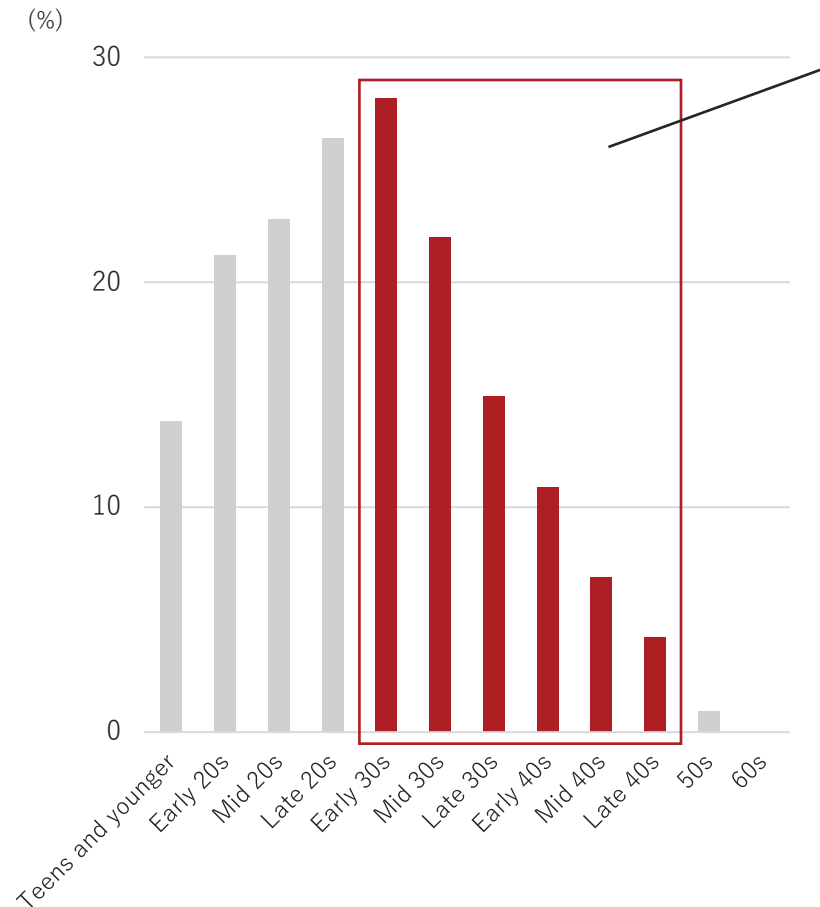
Initiatives for 3Q and Beyond

Strategies for 3 New Key Categories ~clayence~

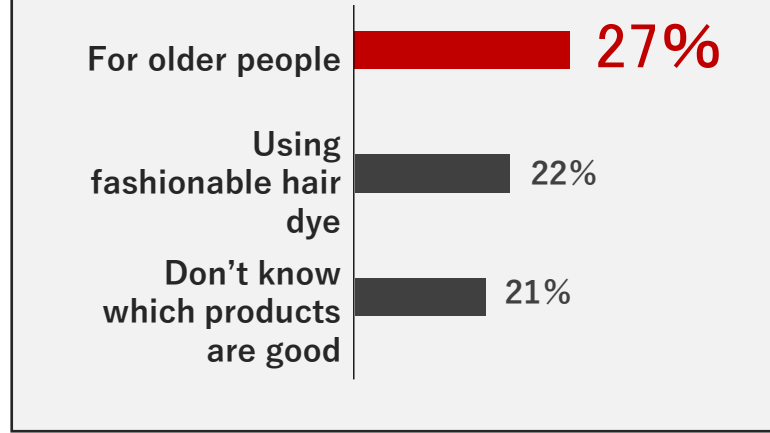
- ✓ Since many believe coloring gray hair is for “older people”, they don’t begin dyeing their hair until later.
- ✓ All-in-one cosmetics were thought of as something for senior people, but Canadel made them popular among younger consumers. Drawing on this know-how, we will target a new audience with hair care.



Ratio of people who have gray hair, but have not colored their hair*1



Reasons why they don’t want to use off-the-shelf coloring products*2



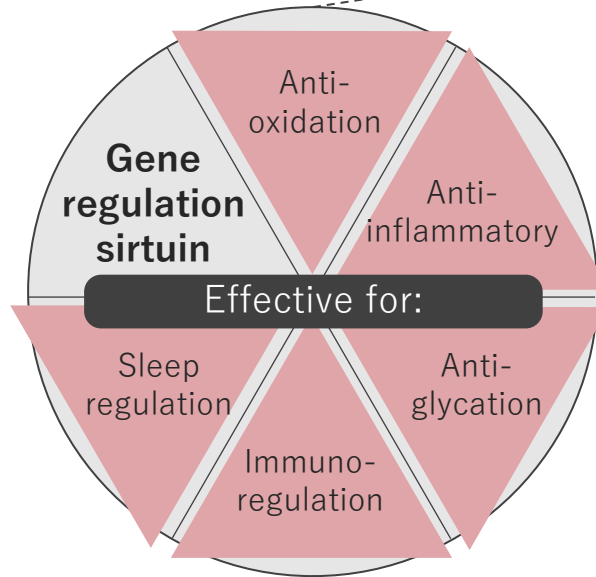
*1. Source: Based on our research on dying gray hair (n=449). Calculated the ratio of people who have gray hair but have not used hair coloring based on when they first found a gray hair and their age when they started using hair coloring for gray hair. *2. Source: Hoyu research "Gray Hair Awareness Research". Research overview: Internet survey conducted by Neo Marketing Inc. from September 26 to 28, 2017 nationwide. 600 participants total from 20 to 59 years old.

Initiatives for 3Q and Beyond

Strategies for 3 New Key Categories ~Wellness Market~

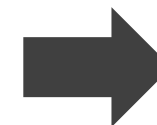
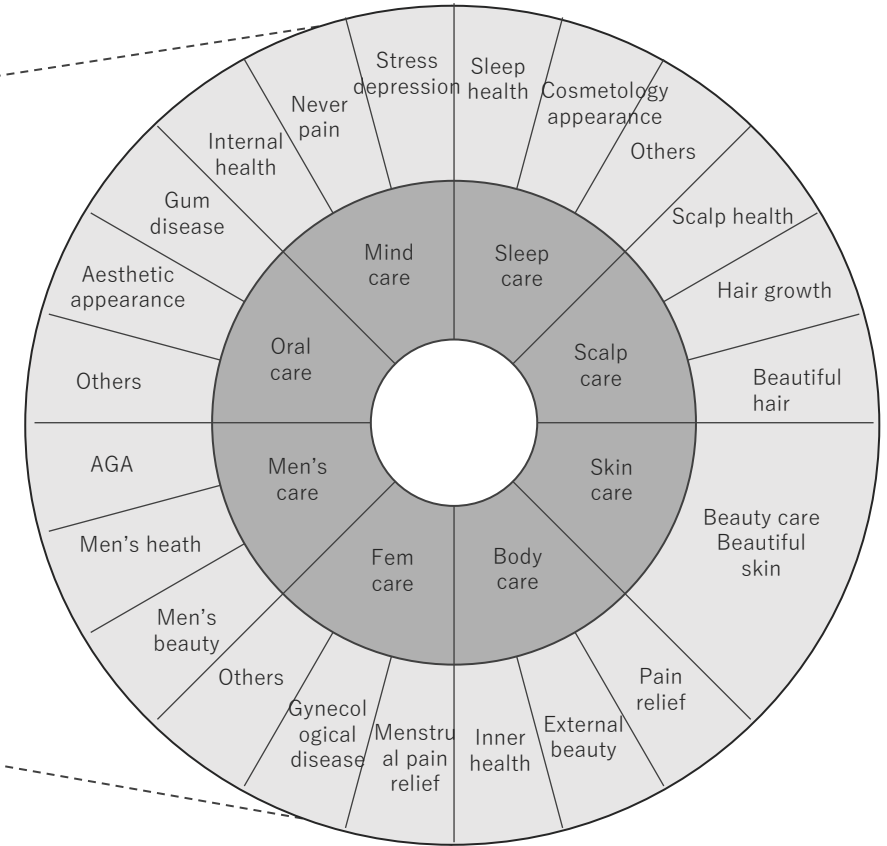
- ✓ CBD has a broad range of efficacy from beauty to health and may be used to develop many food and cosmetics products.
- ✓ By conducting literature research on market size, consumer trends, and efficacy and by defining market entry criteria including difficulty of commercialization we will start developing products that have high profitability.
- ✓ We have cleared various test conducted by third-party testing institutions and since we also have exclusive agency rights for a high quality, key ingredient, we are already in conversation with multiple large corporations.

03



PREMIER ANTI-AGING

Possible product categories



Launch of the first product this fiscal year

Initiatives for 3Q and Beyond

ESG Initiatives

- ✓ As an initiative to realize one of the 17 SDGs, “Achieve gender equality and empower all women and girls”, we showed our support to the International Women’s Day by donating a part of our proceeds.
- ✓ By organizing both external and internal events, we will promote “diversity and inclusion” and “encourage communication”.

03

Donation and Sponsorship of HAPPY WOMAN®



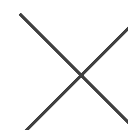
OUTER

PREMIER ANTI-AGING

Organization of Internal Events



INNER



Promote “Diversity and Inclusion”, one of the themes of our SDG Project.

06 APPENDIX

Company Profile

Name	Premier Anti-Aging Co., Ltd.
Established	December 2009
HQ	Toranomon Hills Mori Tower, Toranomom 1-23-1, Minato-ku, Tokyo
Board Members	<p>President and CEO Kiyoshi Matsuura</p> <p>Managing Executive Officer Koji Kawabata</p> <p>Managing Executive Officer Takahiro Toya</p> <p>Independent Outside Director Takuyuki Fukumoto</p> <p>Independent Outside Director Sakiko Sakai</p> <p>Audit & Supervisory Board Member Motoyasu Ishihara</p> <p>Audit & Supervisory Board Member Akira Ide</p> <p>Audit & Supervisory Board Member Yosuke Kondo</p> <p>Executive Officer Keigo Uemura</p>
Employees	196 (As of January 31, 2022)
Business Description	Planning, development, import/export, mail order/EC, wholesale, and retail business of cosmetics and health food products.
Group Companies	<p>Premier Wellness Science Co., Ltd.</p> <p>Premier Anti-Aging (Shanghai) Co., Ltd.</p>



Business Philosophy

Unleashing Time

Time is fleeting, and it passes equally,
whether you are young or old.

Hours become days, days become the future.

We want to be an integral part of people's time.

By offering an exceptionally “**unique value**”,
we want to enrich people's lives and change the future.

Let us unleash your future.

沿革

-
- 2009**
 - Dec : The company was established (Toranomom , Minato-ku)
 - 2010**
 - Feb : Began sales of cosmetic products. Launch of DUO: Began selling The Cleansing Balm through mail order service
 - Nov : The Cleansing Balm won the first prize for the first time in Other Cleansers category at @cosme, Japan's largest cosmetics and beauty review website
 - 2011**
 - Oct : Signed agency contracts with cosmetics wholesalers and began selling the products to retail shops mainly including variety stores
 - 2012**
 - Jul : Relocated the head office to Keyakizaka Terrace, Roppongi, Minato-ku, Tokyo
 - 2016**
 - May : Cumulative sales of the balm series exceeded 1 million units
 - 2018**
 - Sept : Started airing TV commercials (KinKi Kids)
 - 2019**
 - Apr : Launch of a sister brand CANADEL
 - Oct : Cumulative sales of the balm series exceeded 10 million units
 - 2020**
 - Mar : Relocated the head office to Toranomom Hills, Toranomom, Minato-ku, Tokyo
 - Sept : Launch the new brand, "sitrana".
 - Sept : Started airing the first round of TV commercials (Ms. Ryoko Yonekura)
 - Oct : Launched the new brand, "immuno".
 - Oct : Became listed on the Tokyo Stock Exchange Mothers.
 - Dec : Established Premier Wellness Science Co., Ltd.
 - 2021**
 - Feb : Established Premier Anti-Aging (Shanghai) Co., Ltd.
 - Sep : Cumulative sales of the balm series exceeded 30 million units

Situation by Brand DUO

- ✓ Key brand since our foundation. Continues to drive sales as a pioneer in the cleansing balm market.

Key best cosmetics awards we have received in the first half of 2021



MORE Aug
2021 First Half MORE Best Cosme
Best Cosme for Office Ladies in their 20s for Self Improvement
2021 First Half Treatment for Unstable Skin
No. 1



MAQUIA Sep
No.1 in the Face Wash Division
Best Cosmetics Chosen by MAQUIA Readers in the first half of 2021
+24 awards



DUO

We have combined natural ingredients that are kind to the skin, body, and nature and advanced science based on dermatology to develop highly effective products. DUO is an aging care brand with “nourishing the skin from its foundation” as its concept. We currently have 27 SKUs*, mainly focusing on cleansing balm.

※SKU numbers refer to the number of regular products as of January 2022. Limited editions, different sizes not included.

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Situation by Brand CANADEL

- ✓ Nurturing as a second key brand. CANADEL focuses on modern women's needs to save time spent on skin care.

Key best cosmetics awards
we have received in the first half of 2021



LEE Aug

Bright Skin and Spirit!
"Best Cosme" for Me
Summer 2021
Useful Cosme Grand
Prize, Care Shortening
Cosme Category



LIPS June 1

LIPS Best Cosme 2021
First Half
All-in-One Category No. 2

CANADEL

Based on the concept to "continuously pursue beauty, to be true to oneself, and enjoy life", we launched this highly advanced aging care brand in April 2019 to address the changing skin care needs of mature consumers. Bearing in mind the busy lifestyles of modern women, we currently offer 4 types of all-in-one creams and eye cream. We currently have 5 SKUs* focusing mainly on all-in-one cosmetics.



※SKU numbers refer to the number of regular products as of January 2022. Limited editions, different sizes not included.

Situation by Brand Sitrana

- ✓ Cosmetics brand for sensitive skin with cica substance*1 in every product.

Key best cosmetics awards we have received in the first half of 2021



BAILA March

Especially for Women in their 30s
Excellent Petite Price Best Cosme
Excellent Petite Price Special Skin Care Category
Sheet Mask Grand Prize



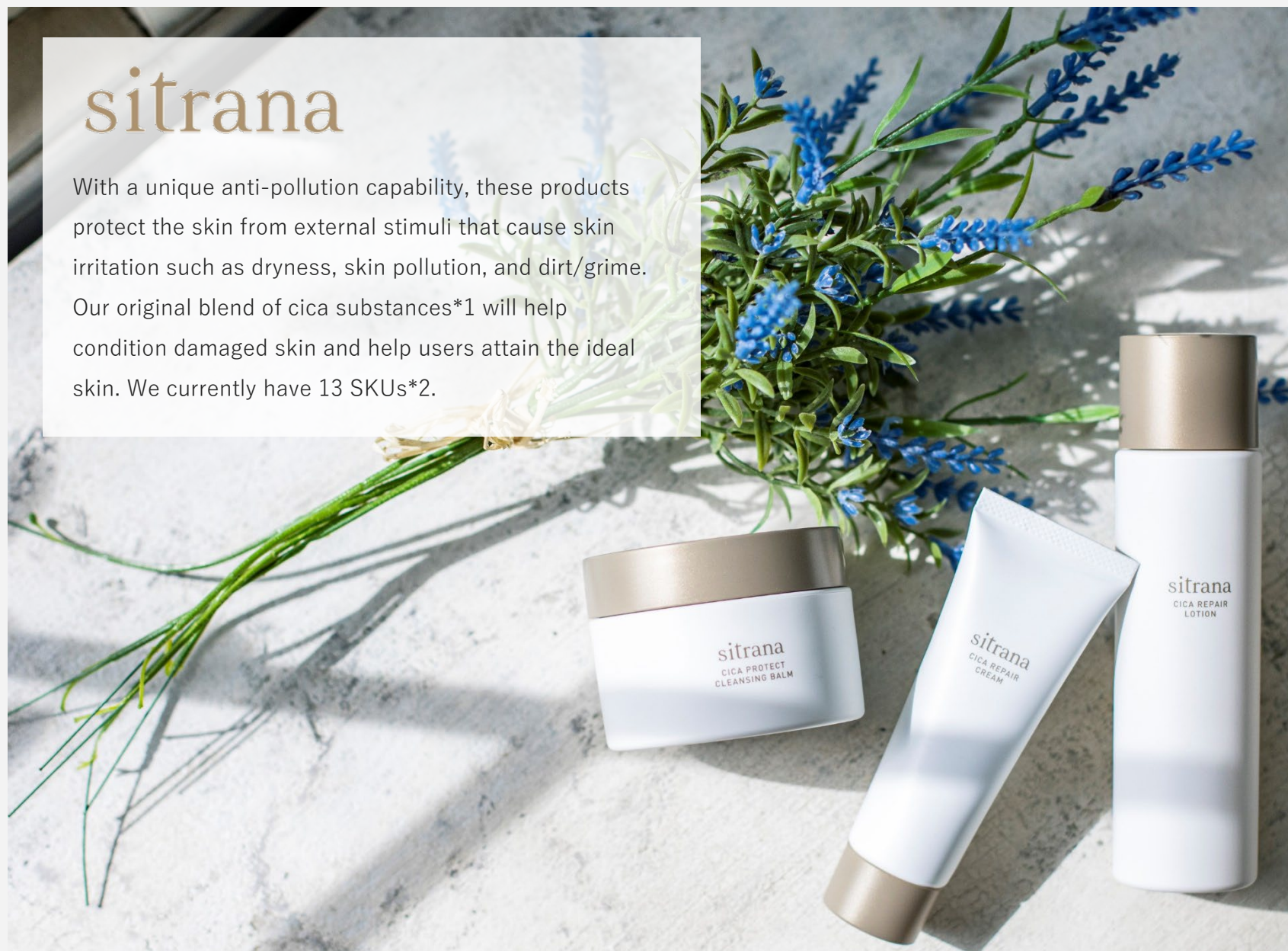
&ROSY Aug

2021 First Half Best Cosme
&ROSY Editing Team's Choice
Piques Interest of Beauty Savvy Users
Amazing Products

+2 awards

sitrana

With a unique anti-pollution capability, these products protect the skin from external stimuli that cause skin irritation such as dryness, skin pollution, and dirt/grime. Our original blend of cica substances*1 will help condition damaged skin and help users attain the ideal skin. We currently have 13 SKUs*2.



*1: Cica refers to the substance extracted from the plant, Centella asiatica. *2: SKU numbers refer to the number of regular products as of January 2022. Limited editions, different sizes not included.

Situation by Brand Immuno

- ✓ Organic cosmetics brand that takes SDGs into consideration and promotes sustainable development.

Key best cosmetics awards we have received in the first half of 2021



MAQUIA May
【MAQUIA Brightening / UV Grand Prize 2021】
Sensitive Skin Category
1位



LEE Aug
Bright Skin and Spirit!
“Best Cosme” for Me
Summer 2021
Perfect Brightening
Grand Prize

+4 awards

immuno

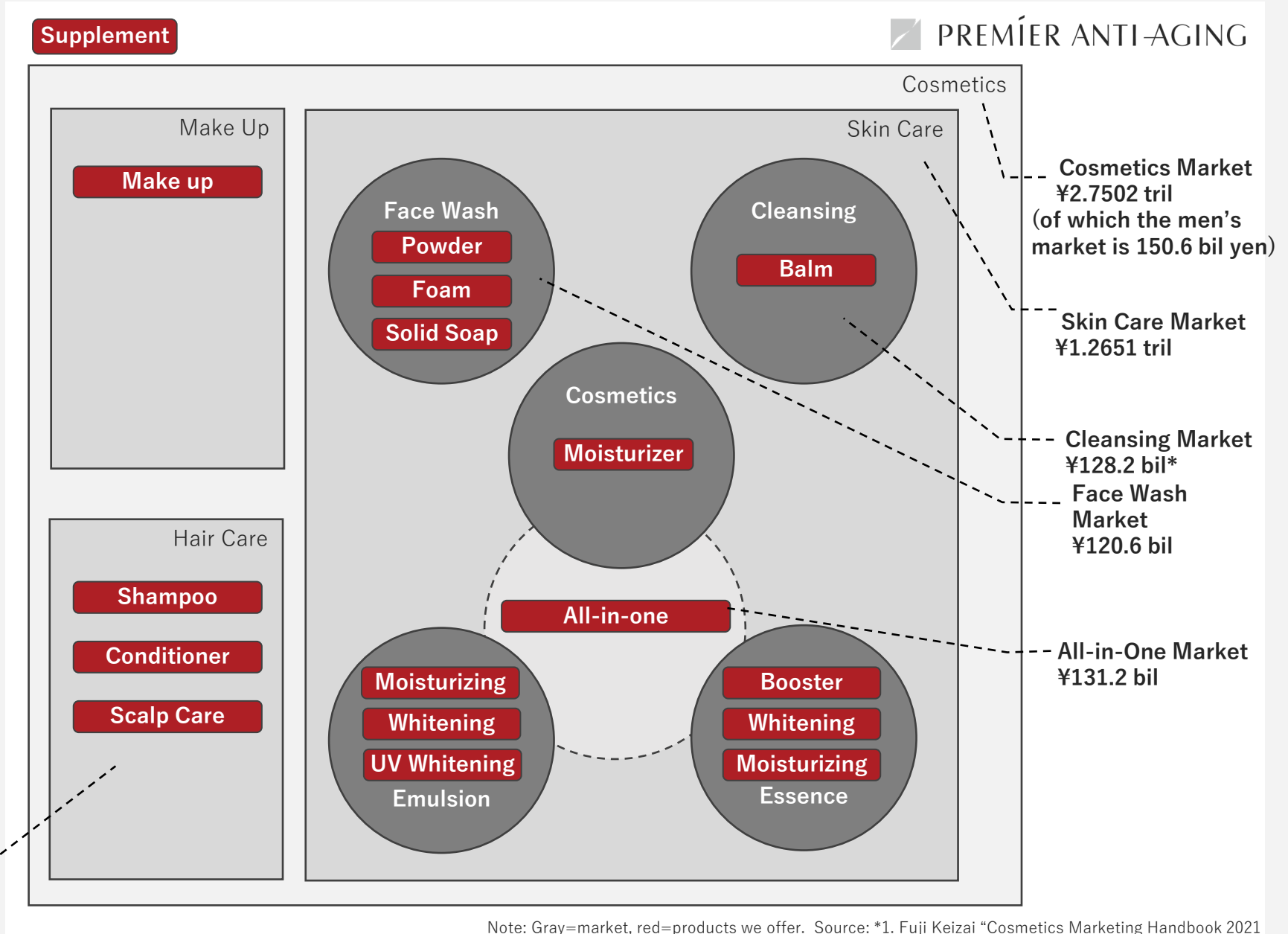
These products reflect the comfort, aroma, and eco-conscious of organic products. They not only “seem great”, they are also backed by scientific evidence and deliver “desired results for skin”. User sense that these functional aging care products are “good for the skin,” and “feel the difference”. We currently have 8 SKUs*2.

※SKU numbers refer to the number of regular products as of January 2022. Limited editions, different sizes not included.

Market Trends (Cosmetics Overall)

✓ The domestic cleansing market including balms in 2020 was 128.2 billion yen.

Hair care/hair make up market
576.7 bil yen



Note: Gray=market, red=products we offer. Source: *1. Fuji Keizai "Cosmetics Marketing Handbook 2021"

Environmental initiatives

✓ We are actively promoting eco-conscious initiatives.

DUO

CANADEL

sitrana

immuno

We are using FSC® certified packaging materials for all of our brands.

FSC® certification is a system through which products made of wood from well-managed forests and other low-risk sources can be marked with the FSC® label and sold as certified.



The mark of responsible forestry

CANADEL

We won the GP Eco Award again, but this year we won the Grand Prix!

The GP mark certifies that every activity from printing materials and manufacturing process undertaken by a printing company is eco-conscious.



DUO

We have implemented green nano technologies to cleansing balm products and are currently testing stability so that we will be able to apply it to other products.

Green nano technologies refers to the addition of green nano substances to reduce CO2 emitted when these materials are burned by approximately 60%.



immuno

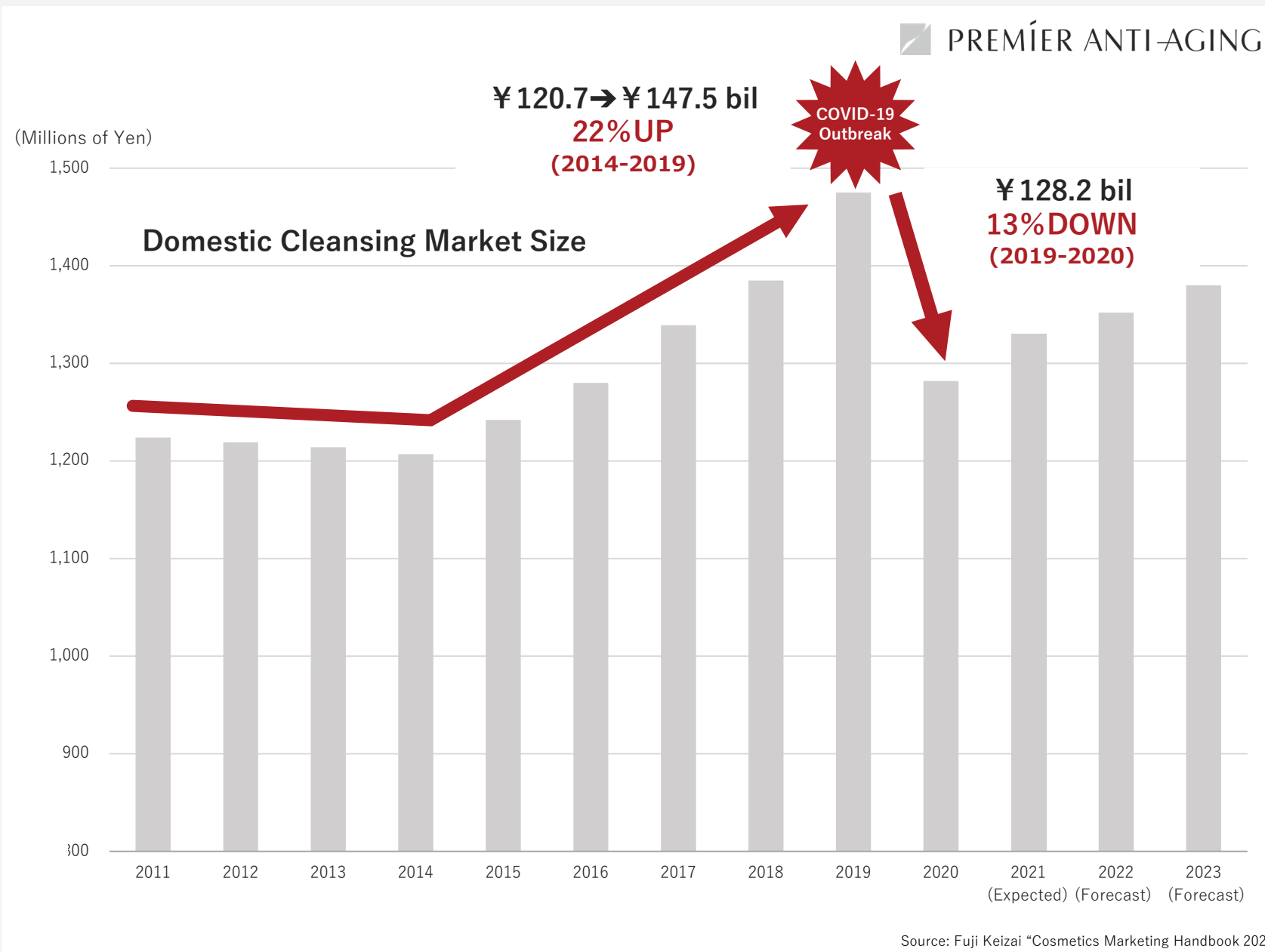
immuno's proactive sustainable initiatives



- Taking part in the Plastics Smart Campaign (Ministry of the Environment) by reducing microplastic waste.
- Proactively using recycled plastics and bio plastics.
- Proactively using bagasse paper and FSC® certified materials.
- Proactively using recycled and biodegradable materials.

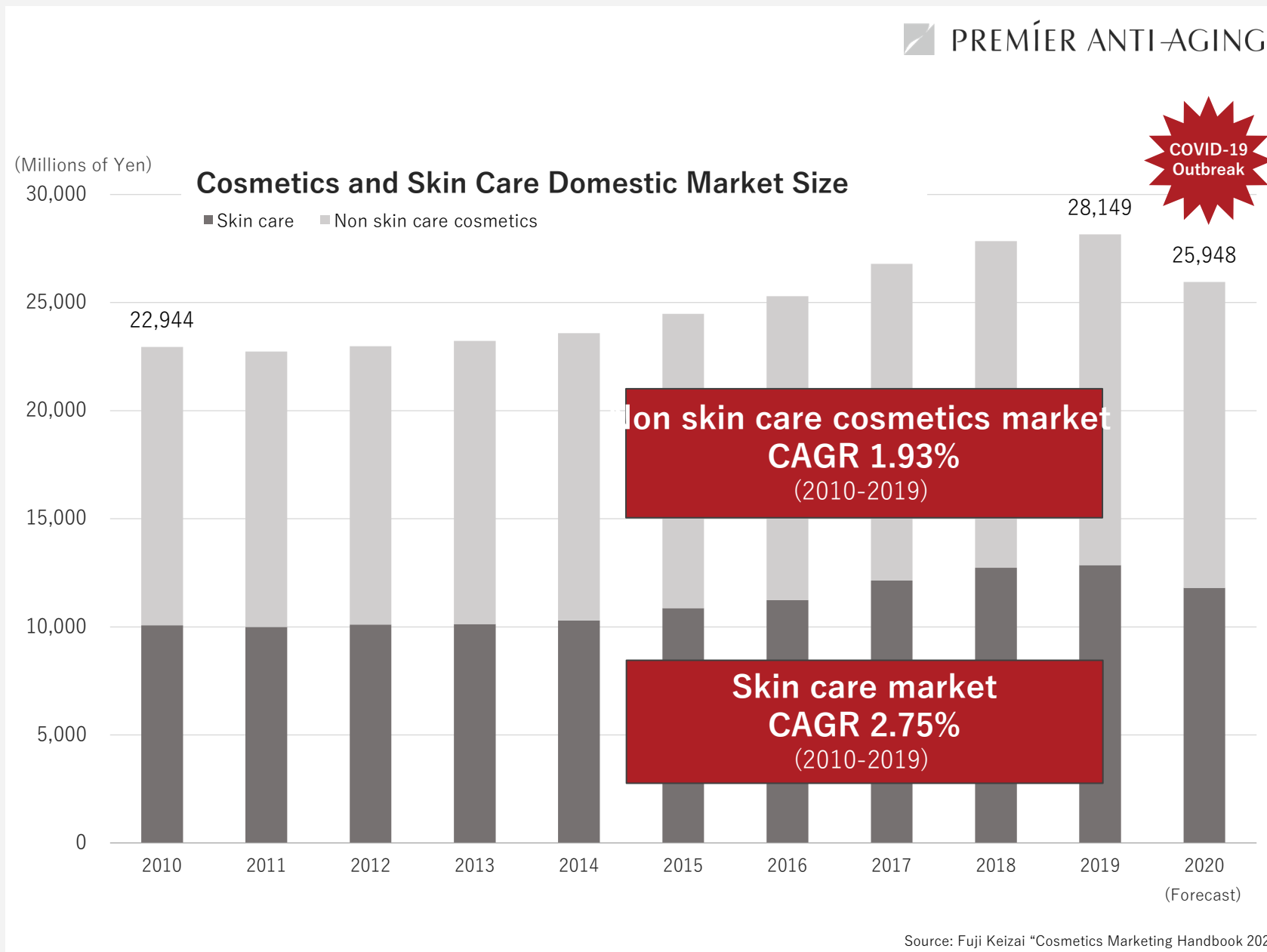
Domestic Cleansing Market Size

- ✓ The domestic cleansing market expanded in 2014 as a result of inbound demand, however, due to the COVID-19 pandemic, the market has contracted.



Cosmetics and Skin Care Domestic Market Size

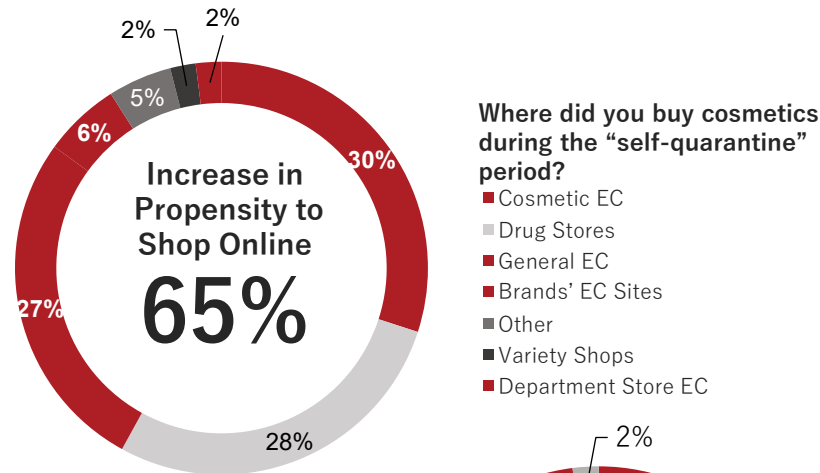
✓ Until 2019 the domestic cosmetics market had continued to grow gradually, but post pandemic, it has significantly contracted.



Increase in Propensity to Shop Online

✓ EC in the skin care market has experienced a tailwind since people have been spending more time at home during the COVID-19 pandemic.

Increase in Propensity to Shop Online

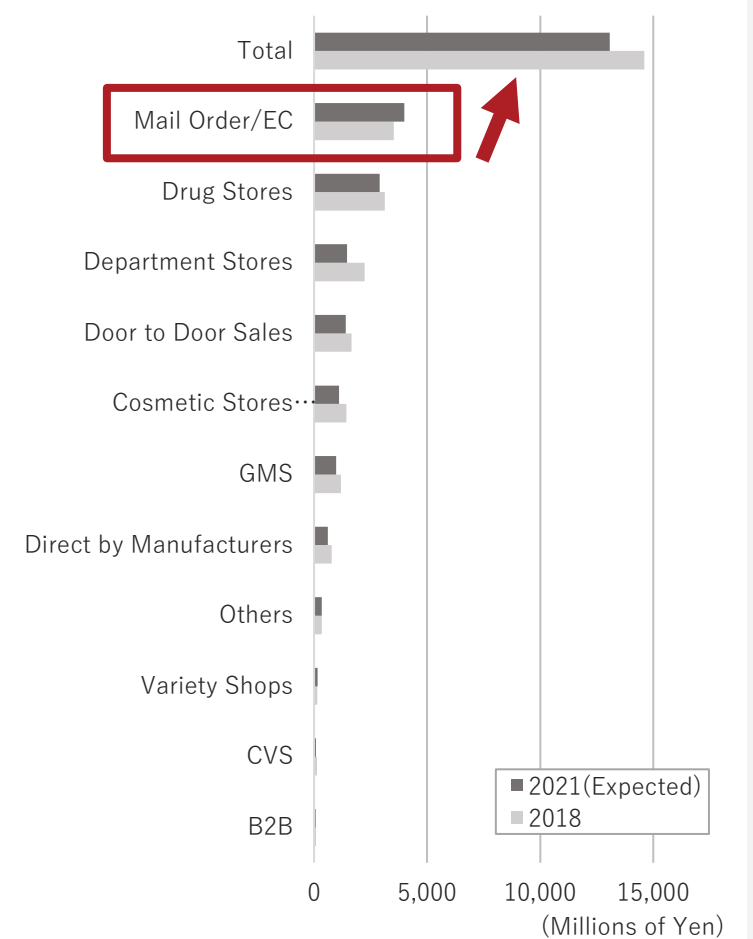


Will you continue to buy cosmetics online even when you are free to go out?

- Will continue to shop online
- Only want to shop offline



Cosmetic Sales in Japan by Channel



Source: Cosmetics EC platform, NOIN, "Awareness research on purchasing cosmetics before and after self quarantine"
 *1. Participants: Users registered on cosmetics EC platform, NOIN. 2. Method: Survey within app. 3. Region: Nationwide. 4. Period: May 28 – June 3, 2020. 5. Responses: 2,350

Source: Fuji Keizai "Cosmetics Marketing Handbook 2022"

Organizational Characteristics

- ✓ We have created an organization that specializes in the core operations. This has realized excellent productivity and mobility.

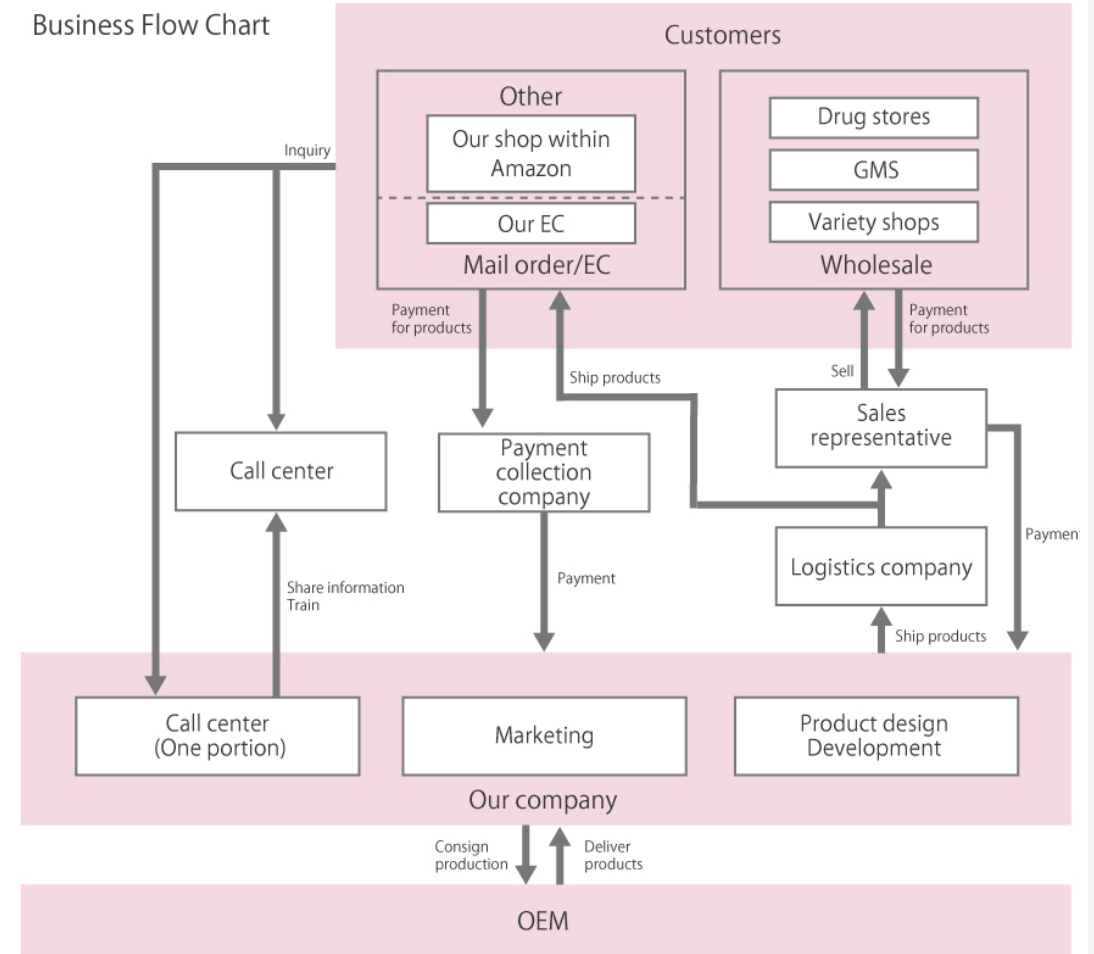
1. Fables Management

We select the optimal OEM for each product from among the nationwide network of OEM manufacturers we have built. By outsourcing production, we can maintain a flexible production system that can adapt to environmental changes.

2. Net Sales Per Employee

We will focus on core operations such as product development and marketing and outsource logistics, manufacturing, and most of the call center operations, etc. By doing so, the fixed asset ratio can be kept low, and the net sales per employee higher than that of competitors.

Business Flow Chart



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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