

Business Plan and Growth Potential Explanatory Material

October 30, 2024

Premier Anti-Aging Co., Ltd.
TSE Growth Market 4934





01 | Corporate Overview

02 | Market Environment

03 | Characteristics and Strengths

04 | FY2024 Results and FY2025 Earnings Forecast

05 | Growth Strategy

06 | Risk Information

07 | Appendix



01 | Corporate Overview

Company Profile

Name	Premier Anti-Aging Co., Ltd.
Established	December 2009
Head office	Toranomon Hills Station Tower 34F, 2-6-1 Toranomon, Minato-ku, Tokyo
Board members	<p>Kiyoshi Matsuura, President Yoichiro Ito, Director and Managing Executive Officer, CFO Takuyuki Fukumoto, Independent Outside Director Sakiko Sakai, Independent Outside Director Motoyasu Ishihara, Independent Audit and Supervisory Board Member Akira Ide, Independent Audit and Supervisory Board Member Yosuke Kondo, Independent Audit and Supervisory Board Member Keigo Uemura, Executive Officer Yuka Uehara, Executive Officer Masahiro Noda, Executive Officer Mitoshi Habara, Executive Officer Hirotaka Mukubayashi, Executive Officer</p>
Consolidated number of employees	229 (as of July 31, 2024)
Line of business	Planning, development, import/export, mail-order/EC, wholesale and retail business of cosmetics, health food products and recovery wear
Group companies	Premier Anti-Aging (Shanghai) Co., Ltd. Venex Co., Ltd.



Corporate Identity

✓ In 2023, we redefined our slogan, purpose and promises

Slogan

Forever vivid

^{とき}
人の時間を、解き放つ。

Untether time.

Purpose

Uniqueな感性と思考で生み出した製品やサービスで、
すべての人を年齢から解き放ち、新たな価値観で輝かせる。

Create original products and services of unique value that untether
people from their age and brighten their lives.

Corporate Logo



PREMIER ANTI-AGING

Wonder Watch

^{とき}
時間を解き放つ。そのとき、人生は鮮やかに輝きはじめる。

Untether time. For the time of your life.

Promises

No limits

プロフェッショナルとして、自らの壁を超え成長し続ける。
Be a professional, pushing your boundaries and seeking growth.

Never boring

決まりきった方法を疑い、新たな驚きと発想を生み出す。
Question the status quo and welcome surprising new ideas.

Always true

自分に、仲間に、社会に、妥協なく誠実に向き合う。
Be sincere and honest with everyone—including yourself.

Corporate History

Established
Premier Anti-Aging
Co., Ltd.
2009

2010– Skin care business

2010

- Started mail-order/e-commerce sales of “DUO The Cleansing Balm”



2019

- Launched “CANADEL,” an aging care brand for mature consumers
- Renewed the “DUO” brand



2020

- Launched the “sitrana” brand for sensitive skin



2010

- “DUO The Cleansing Balm” won the Monde Selection Gold Quality Award.
- “DUO The Cleansing Balm” won first place in the Other cleansing category at Japan’s largest cosmetics and beauty review website (and held the top spot for 10 consecutive years).

2011

- Started sales to variety stores and other retailers.

2012

- The number of retail stores handling our products exceeded 1,000.

2015

- Became an official sponsor of Miss World.

2016

- Cumulative sales of the “DUO The Cleansing Balm” series exceeded 1 million units.

2018

- The number of retail stores handling our products exceeded 5,000.
- The first TV commercial for “DUO” aired.
- Became a main sponsor of Miss Universe.

2019

- Became a special partner of TGC AUDITION 2020.

- Cumulative sales of the “DUO The Cleansing Balm” series exceeded 10 million units.

2020

- The first TV commercial for “CANADEL” aired, featuring Ryoko Yonekura.
- Listed on the Tokyo Stock Exchange Mothers.

2022– Hair care business

2022

- Launched the “clayence” hair care brand



- Launched the “DUO MEN” skin care brand for men



- Launched the “Ko” brand with CBD as a key ingredient

2021

- Established Premier Anti-Aging (Shanghai) Co., Ltd.
- Cumulative sales of the “DUO The Cleansing Balm” series exceeded 30 million units.

2022

- Launched the “Reinca” skin care brand



2023

- Launched the “SINTO” inner care brand



2022

- Cumulative sales of the “DUO The Cleansing Balm” series exceeded 40 million units.
- Cumulative sales of the “CANADEL” all-in-one beauty serum series exceeded 5 million units.
- The first TV commercial for “clayence” aired, featuring Rei Dan.
- The number of retail stores handling our products exceeded 18,000.

2023

- Venex Co., Ltd. became a consolidated subsidiary.



2023– Recovery business

2023– Inner care business

2023

- Venex Co., Ltd. became a consolidated subsidiary. Developed the recovery business



- Launched the “C+mania” vitamin skin care brand

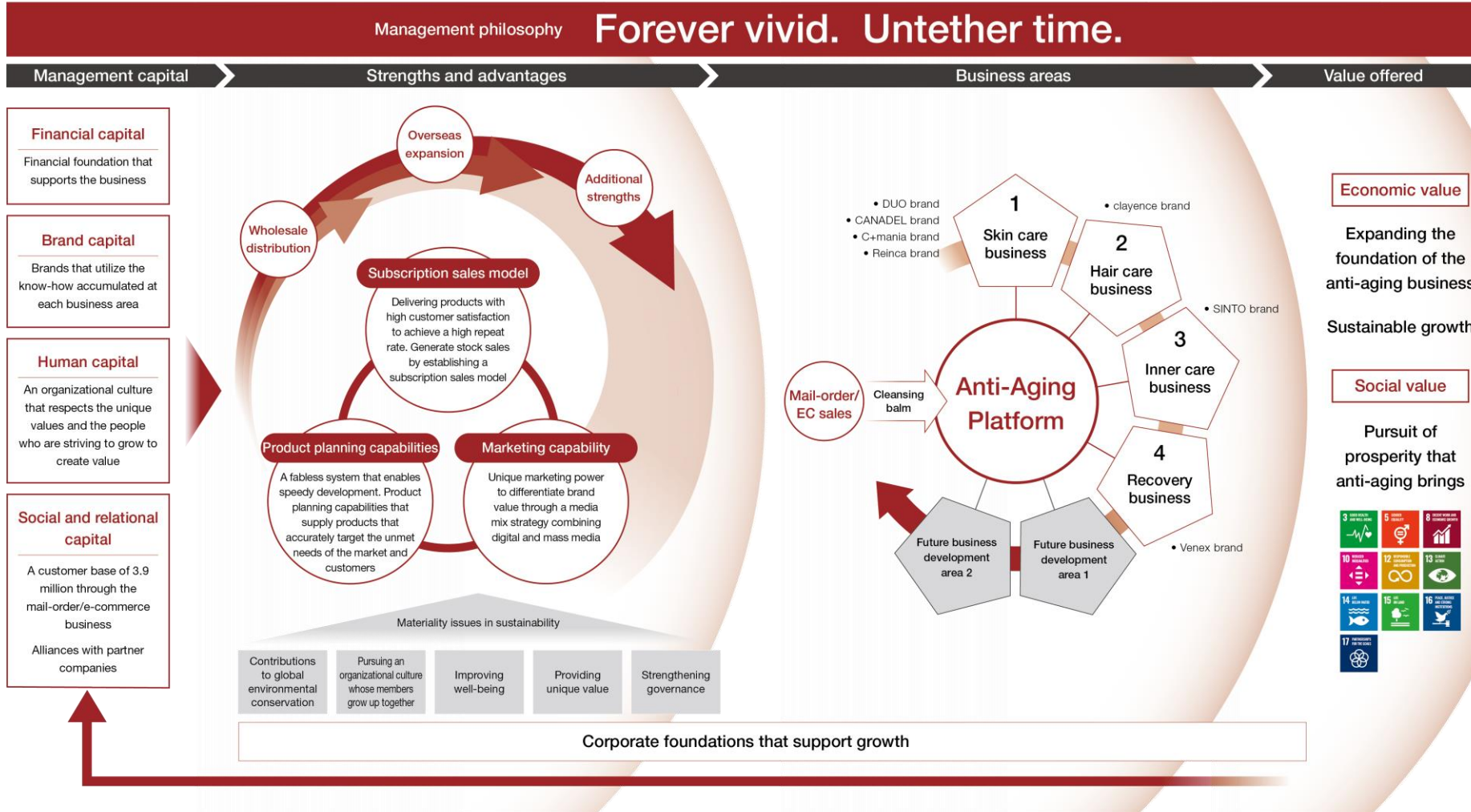


2024

- “DUO The Cleansing Balm” achieved status as No. 1 brand* in cleansing sales for five consecutive years.
- Cumulative sales of the “DUO The Cleansing Balm” series exceeded 50 million units.
- Cumulative sales of the “CANADEL” all-in-one beauty serum series exceeded 9 million units.

* Share ranking survey by cleansing brand by TPC Marketing Research Co., Ltd. (survey period: April 2019 through March 2024/survey time: April 2024)

Value Creation Process



Key Brands and Sales Composition Ratio

- ✓ In the anti-aging business, skin care brands "DUO" and "CANADEL" and hair care brand "clayence" drive sales
- ✓ The recovery business operated through subsidiary Venex Co., Ltd. is steadily growing

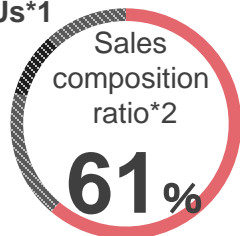
Anti-aging Business

Skin Care

DUO



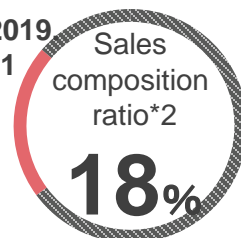
- ✓ Main brand since our founding. Has driven sales for our company as a pioneer in the cleansing balm market
- ✓ Launched February 2010
- ✓ Offering 19 SKUs*1



CANADEL



- ✓ Being nurtured as the second key brand after DUO
- Addresses needs of contemporary women by saving time
- ✓ Launched April 2019
- ✓ Offering 8 SKUs*1

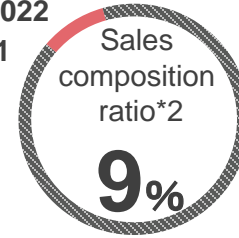


Hair Care

clayence



- ✓ Applying brand nurturing know-how gained through DUO and CANADEL
- ✓ Home hair care brand that focuses on young generation with graying hair
- ✓ Launched March 2022
- ✓ Offering 11 SKUs*1

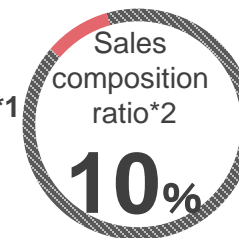


Recovery Business

VENEX
THE RECOVERY BRAND



- ✓ As a pioneer in the recovery field, Venex has developed products using fabrics made with its unique patented technology
- ✓ Joined the Group in January 2023
- ✓ Offering 87 SKUs*1

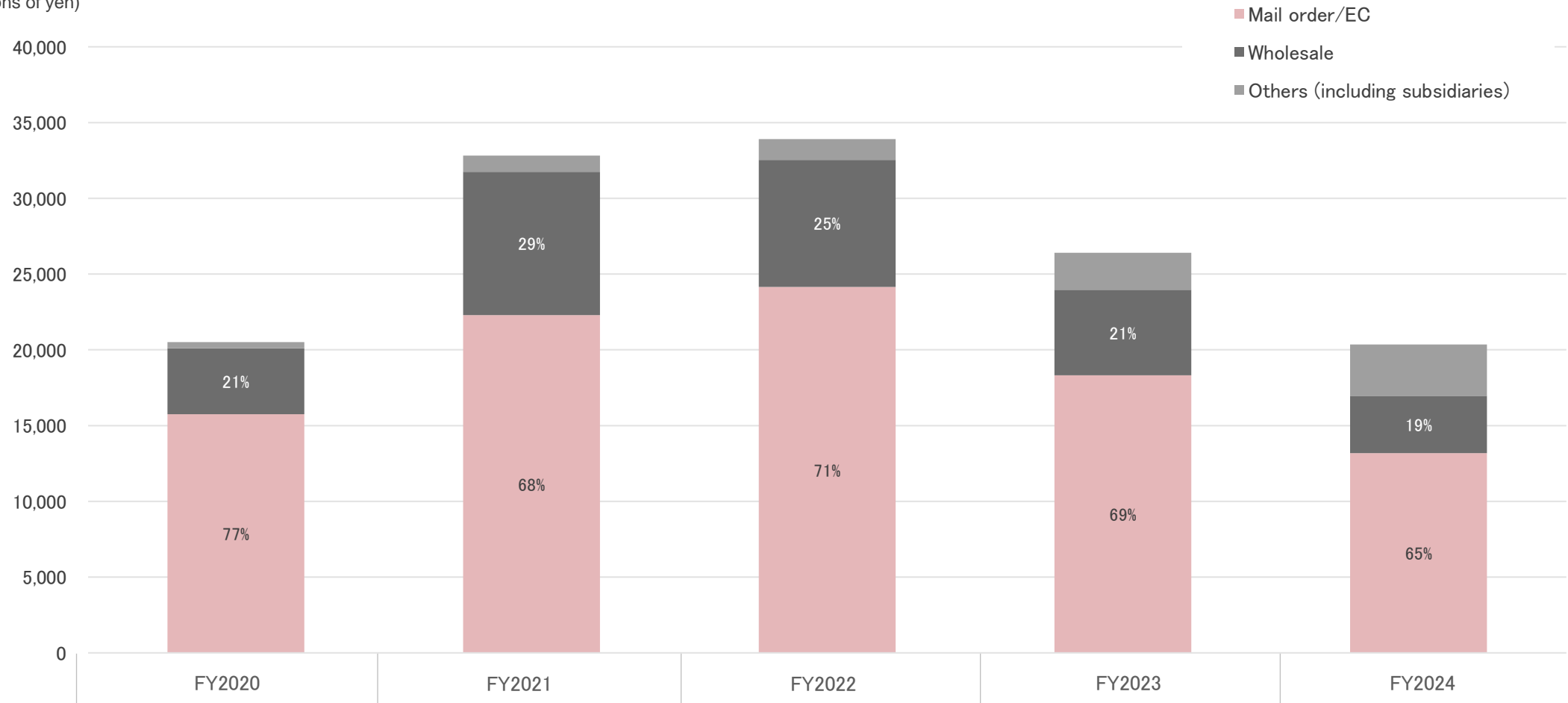


*1: SKU refers to the number of regular products as of July 31, 2024, excluding limited editions and different sizes *2: Calculated based on FY2024 net sales.

Net sales by channel

- ✓ Our mainstay mail order/EC sales, which we have been engaged in since our founding, account for approximately 65% of sales in FY2024
- ✓ Wholesale sales, which are responsible for sales to retail stores such as variety shops, account for approximately 19% of sales in FY2024

(Millions of yen)

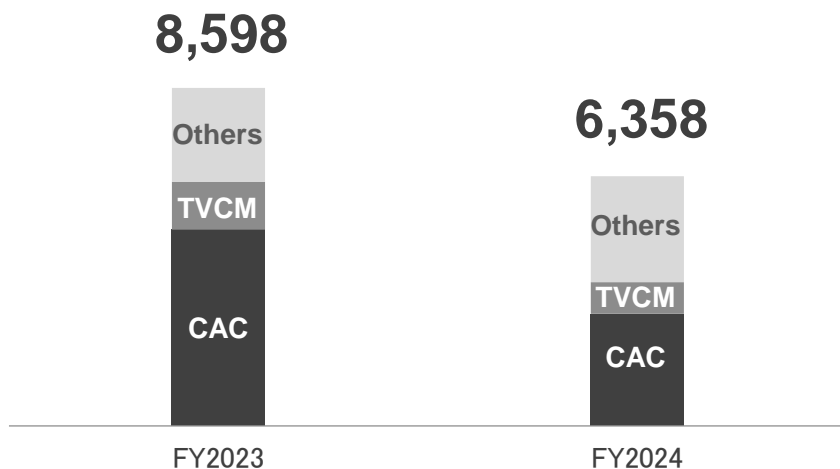


Advertising Expenses

- ✓ Promoting acquisition of new customers using performance-based digital marketing
- ✓ In the fiscal year ended July 2024, advertising expenses for new customer acquisition decreased as a result of operations based on a policy that emphasizes acquisition efficiency and conversion rate
- ✓ Continue to carefully consider the balance between CPO and LTV while promoting disciplined investment in new acquisitions

Breakdown of advertising expenses

(Millions of yen)



- ✓ Ad expenses/net sales 32.6% ➔ 31.2%
- ✓ Customer acquisition costs/net sales 18.9% ➔ 14.0%

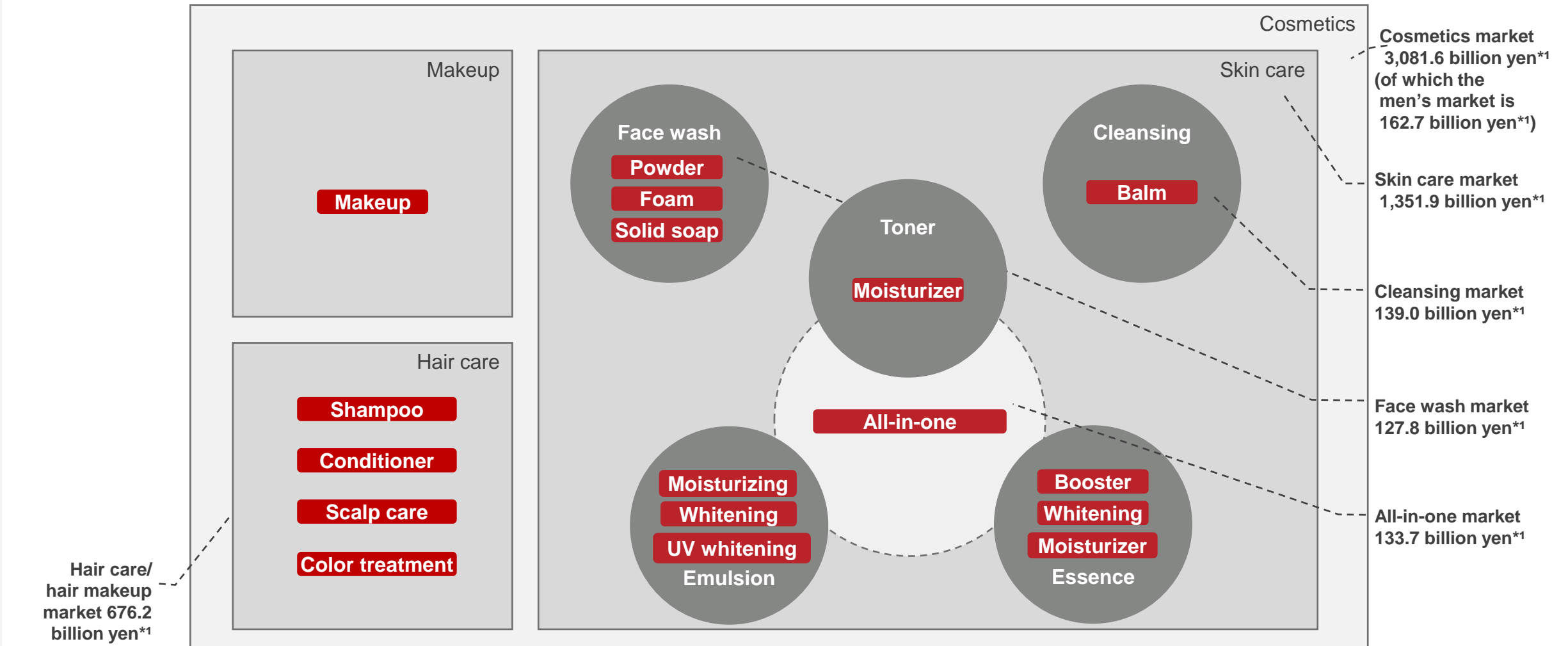
cf. QoQ ad expenses to net sales
 FY2024 3Q) **30.6%** ➔ FY2024 4Q) **25.7%**



02 | Market Environment

Market Size of the Domestic Cosmetics Market

✓ The domestic cleansing market, which includes balms, totaled 139.0 billion yen in 2023



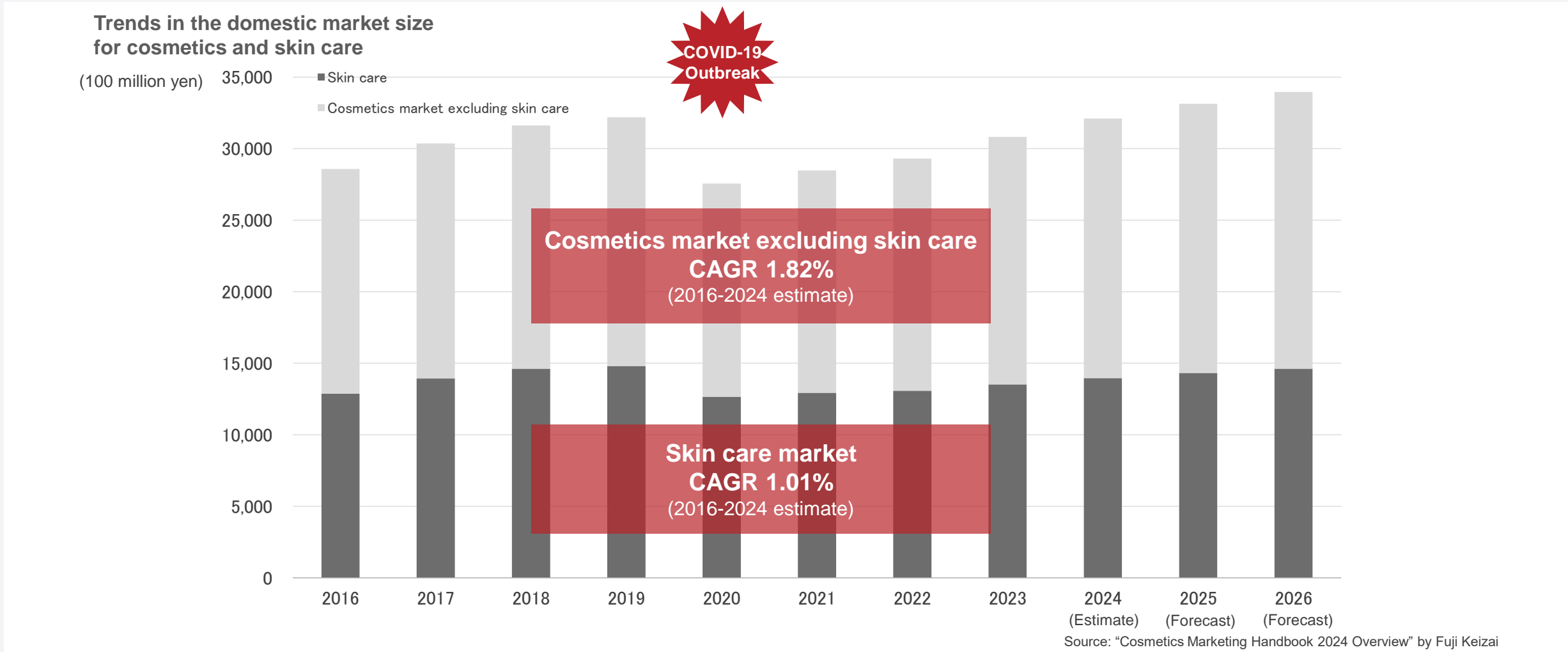
Note: Gray circles indicate the markets, and red boxes represents our products.

Source: "Cosmetics Marketing Handbook 2024 No. 1", "Cosmetics Marketing Handbook 2024 Overview" by Fuji Keizai.

*1 The figures for cosmetics market, men's market, skin care market, cleansing market, face wash market, all-in-one market and hair care/hair makeup market are actual figures for 2023.

Domestic Market Size for Cosmetics and Skin Care

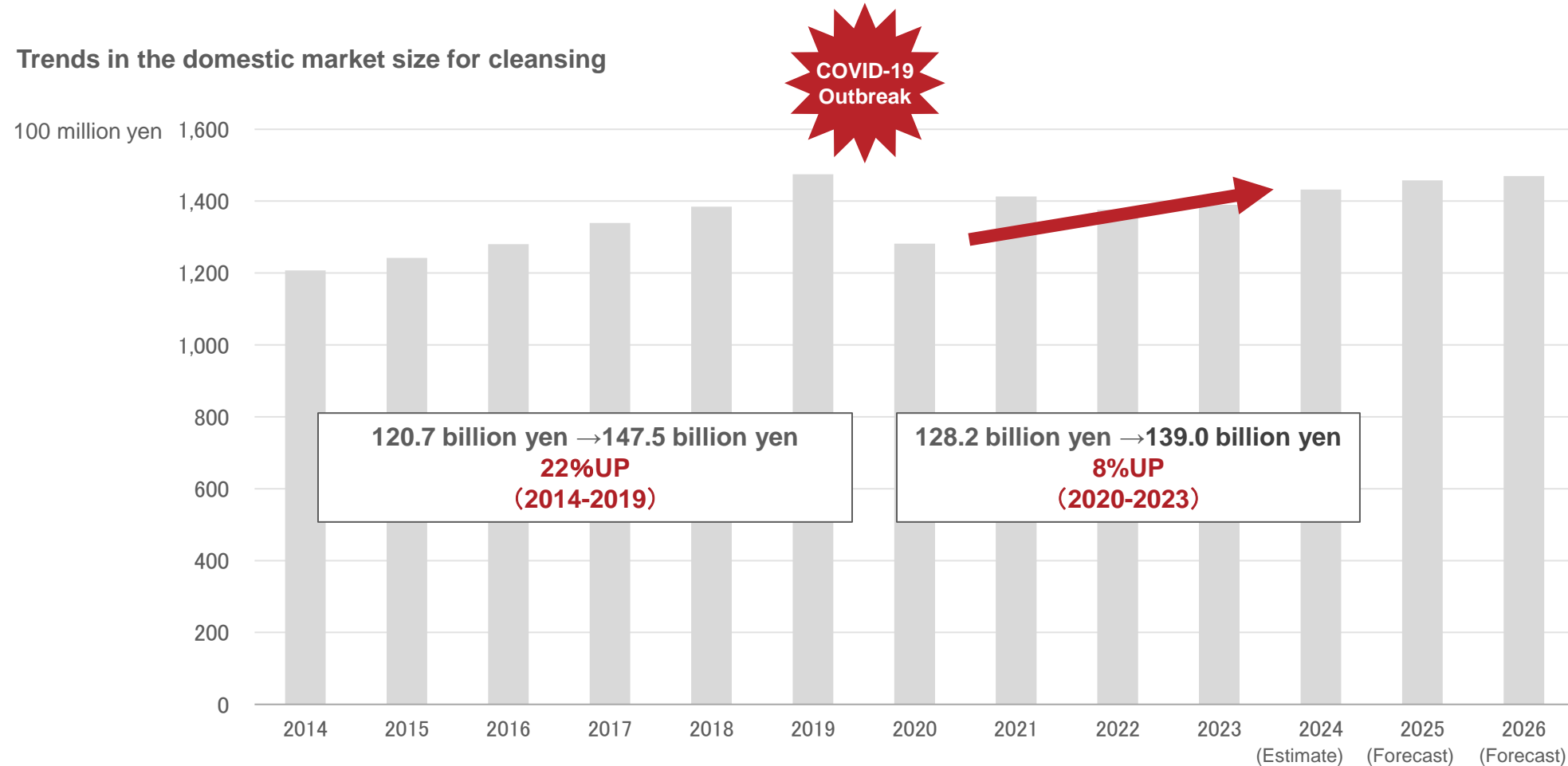
- ✓ The domestic cosmetics market, which declined significantly due to the COVID-19 pandemic, has been recovering moderately since 2020



Domestic Market Size for Cleansing

- ✓ Domestic cleansing market plummeted due to disappearance of inbound demand caused by COVID-19 in 2020
- ✓ The position of cleansing has changed from makeup remover to skin care product, and the market has been gradually expanding since 2021

Trends in the domestic market size for cleansing



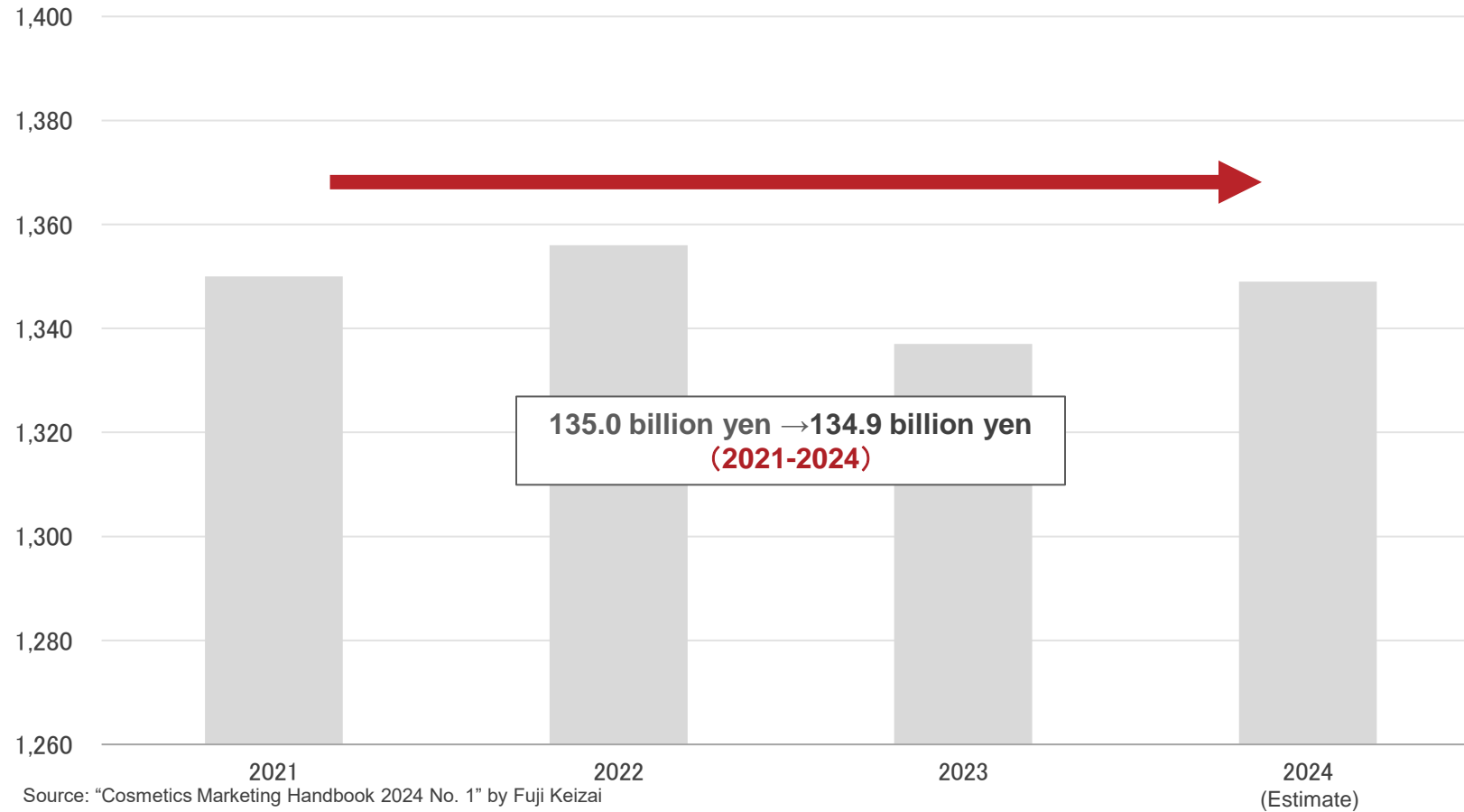
Source: "Cosmetics Marketing Handbook 2024 No. 1" by Fuji Keizai

Domestic Market Size for All-in-one Cosmetics

- ✓ A product that promotes the ability to complete skin care after washing face with just one item
- ✓ Market size remains stable

Trends in the domestic market size for all-in-one cosmetics

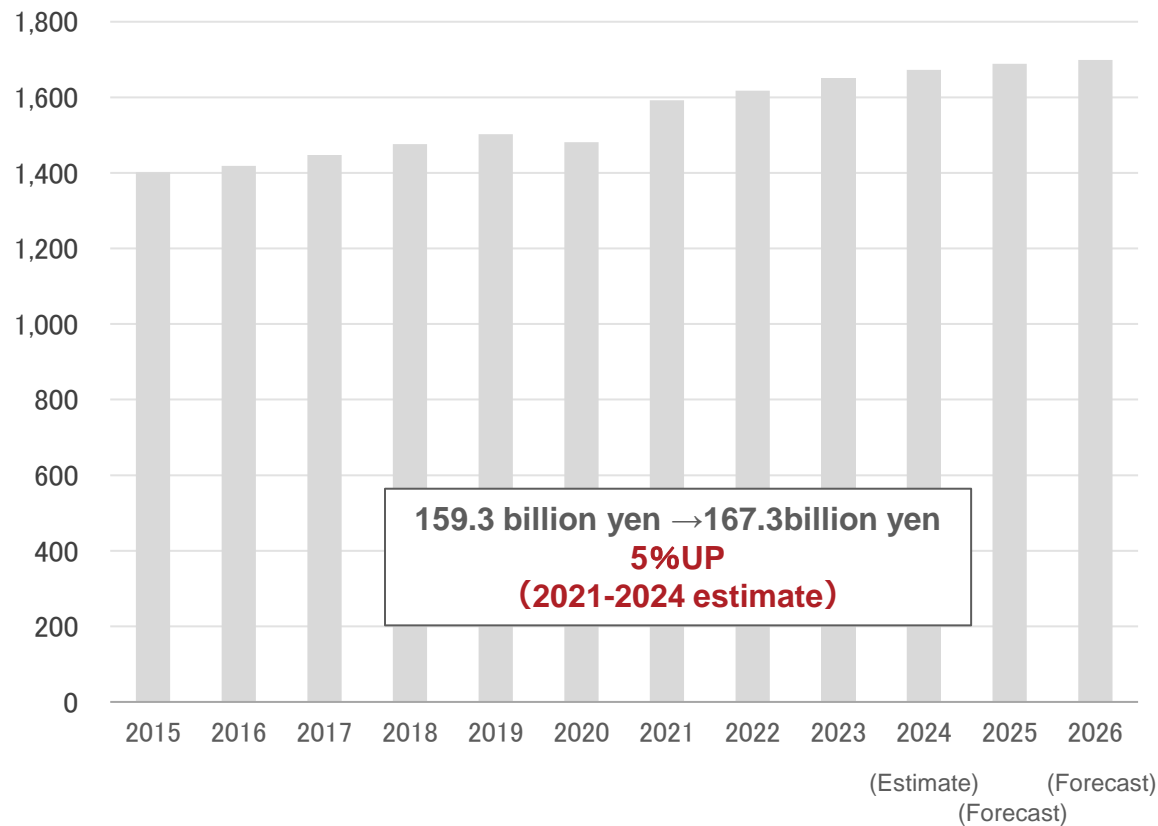
(100 million yen)



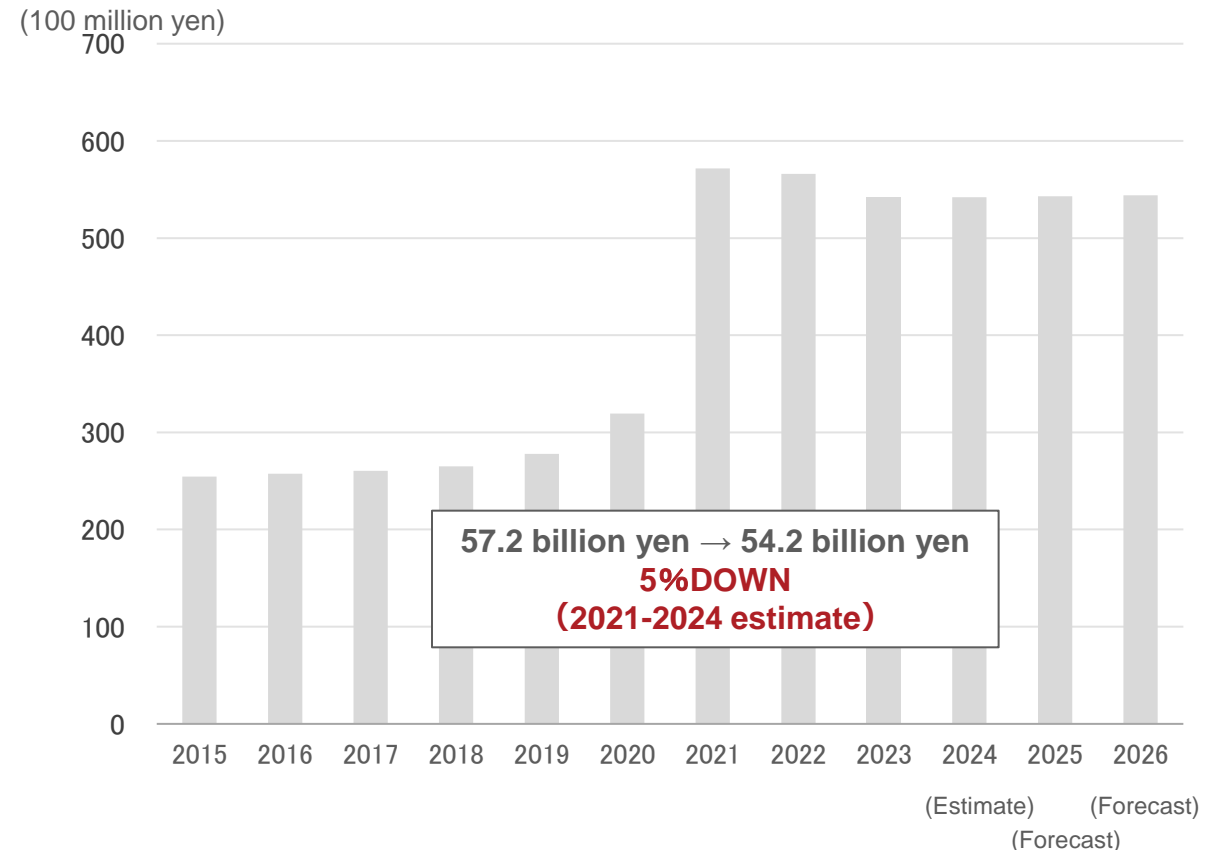
Domestic Market Size for Hair Color and Female Scalp Care

- ✓ The hair color market remains strong from 2022 onwards, with the entry of highly convenient color treatments for gray hair
- ✓ The female scalp care market has expanded rapidly since the COVID-19 outbreak due to increased time at home and heightened awareness of scalp care

Trends in the domestic market size for hair color



Trends in the domestic market size for female scalp care

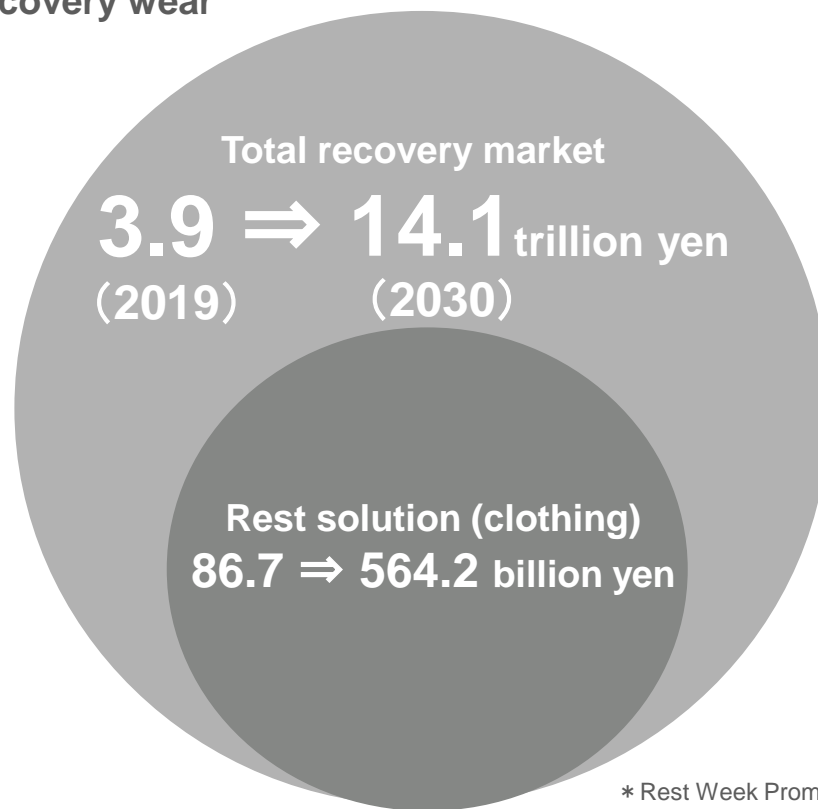


Source: "Cosmetics Marketing Handbook 2024 No. 2" by Fuji Keizai

Domestic Market Size for Recovery Wear

- ✓ The recovery market is expected to grow approximately 3.6 times from 2019, and the rest solution (clothing) is expected to grow approximately 6.5 times

Domestic market size for recovery wear

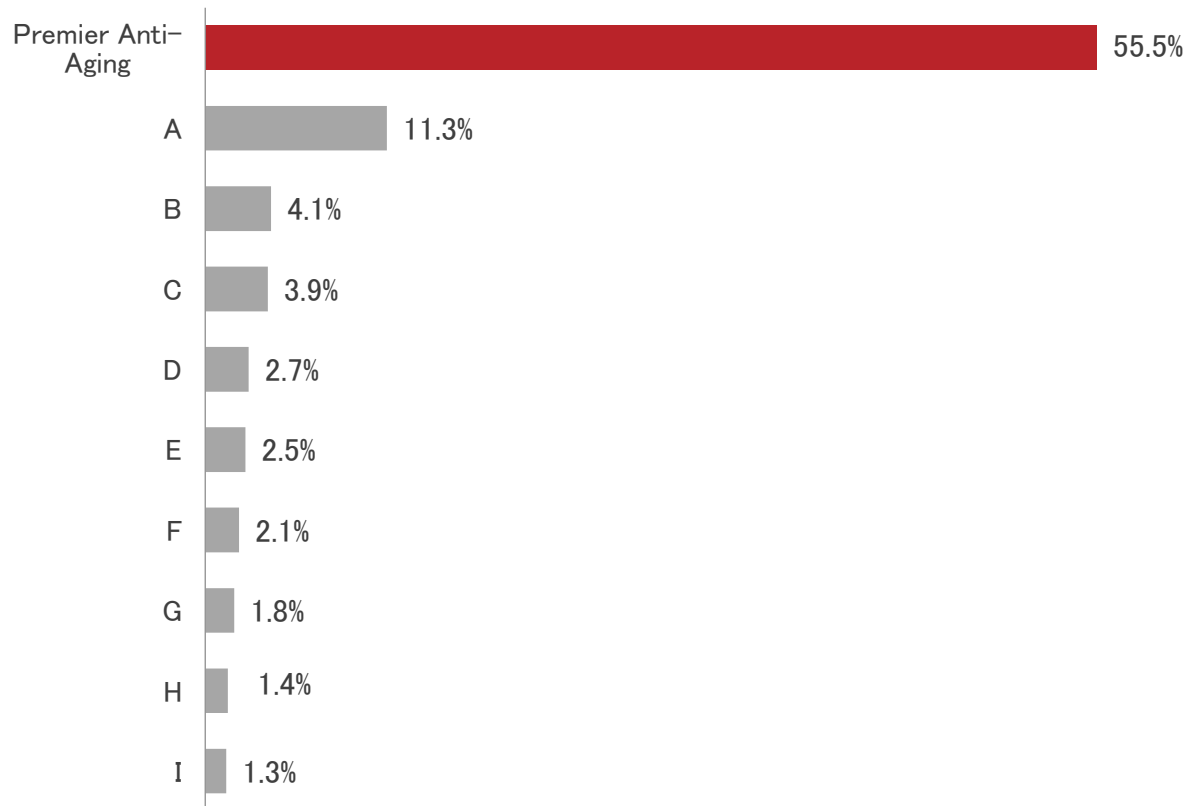


* Rest Week Promotion Secretariat: In collaboration with the Kanagawa Prefecture Meiyou Industry Research Group, we estimate the market size of the three elements of health, "recovery," for the first time in Japan. The recovery market in 2030 will be worth 14.1 trillion yen.

Brand Share for Cleansing (Balm type) and All-in-one Cosmetics

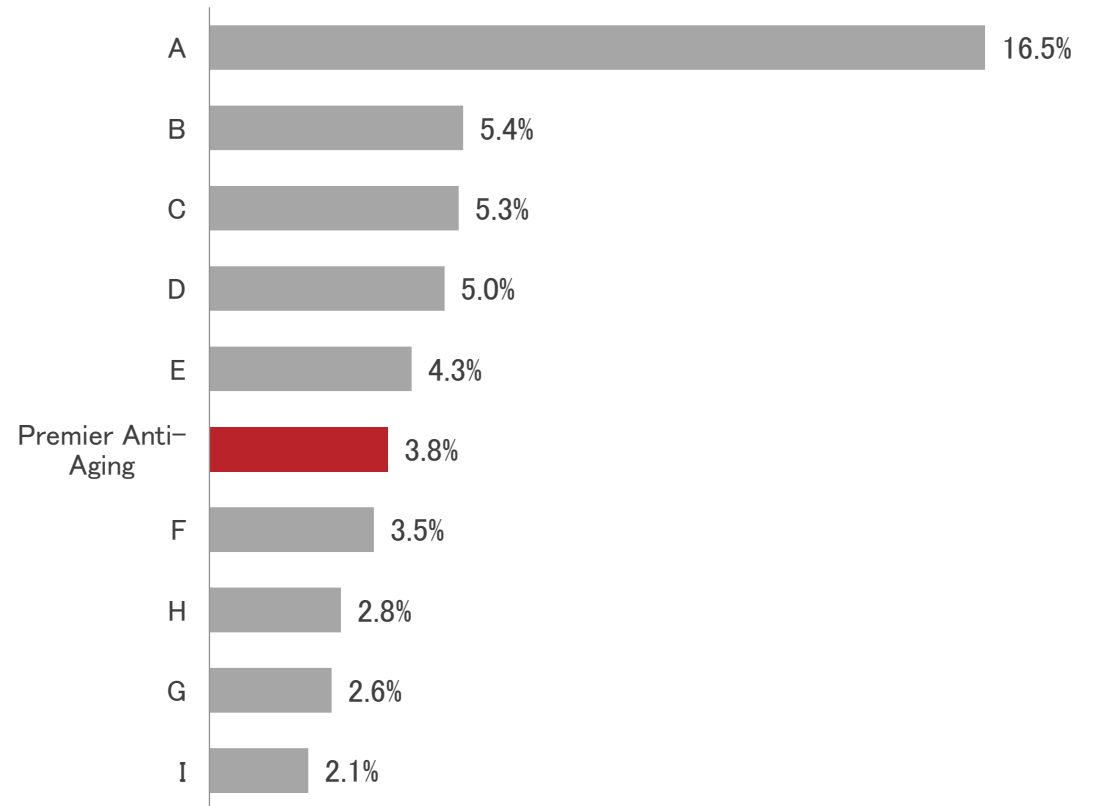
✓ Established a competitive position with cleansing (balm type) by DUO and all-in-one by CANADEL

Cleansing (Balm type)



Source: "Cosmetics Marketing Handbook 2024 No. 1" Cleansing <Balm: Brand Share> 2023 by Fuji Keizai

All-in-one



Source: "Cosmetics Marketing Handbook 2024 No. 1" Moisture <All-in-one: Brand Share> 2023 by Fuji Keizai



03 | Characteristics and Strengths

Management Assets

In the process of growth, we have built some assets that will serve as the foundation of our business going forward

Our Management Assets

1. Brand Portfolio

DUO , CANADEL and clayence leading the way, we've launched numerous new brands
Sales from brands other than DUO represent about 39%

2. Diverse Channels Centered on Mail Order Sales

Achieved a multi-faceted channel combining both online sales and wholesale
Successfully created a model seamlessly linking brands originated online to their next growth stage in wholesale

3. Membership Assets

A foundation supporting our sustainable growth. We are grateful to our over 3.9 million members, enabling continuous dialogue with highly responsive customers for new product development and improvements to existing products

4. Platform Evolution (Entry into New Area & Cross-branding)

Acquired the recovery wear brand Venex
Launched new inner-care brands SINTO
Continued growth in cross-utilization between brands

Management Assets: 1. Brand Portfolio

We have proposed various Unique Values and solutions in the field of Anti-Aging

DUO



CANADEL



clayence



DUO men



SINTO



C⁺mania



VENEX



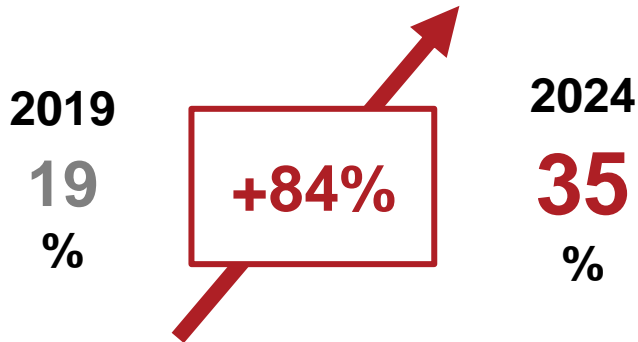
Management Assets: 2. Channel / 3. Membership / 4. Platform

Steadily built up each asset as a foundation for growth

Diverse Channels Centered on Mail Order Sales

Expanding channels as a mechanism to create brands and grow into major players through mail order

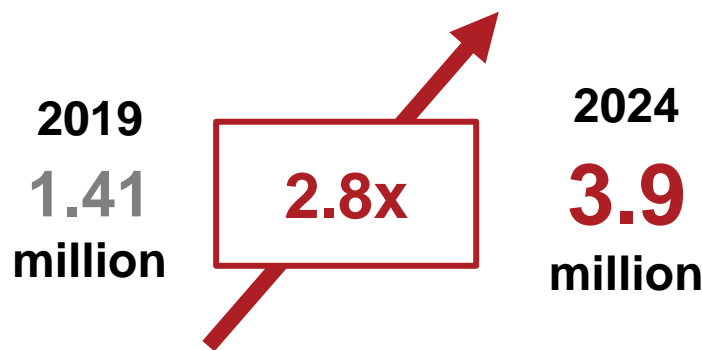
Ratio of non-mail order sales to total sales



Membership Assets

Memberships for each brand have accumulated and grown into a large membership base for the Company as a whole

Number of membership



Platform Evolution

Continued growth of cross-use among brands and categories. Entry into new business areas

Ratio of cross-selling customers



New business areas total sales





04 | FY2024 Results and FY2025 Earnings Forecast

FY2024 Results: Statement of Income

- ✓ Although sales grew steadily in the recovery business, sales fell below the previous fiscal year due to continued struggles in the anti-aging business. Still, achieved company-wide targets as sales advanced in line with full-year projections
- ✓ Posted operating profit exceeding previous fiscal year results and full-year projections despite lower gross profit due to decreased anti-aging business sales. Achieved through efficient selling expense operations, especially ad spending based on acquisitions policy focused on efficiency and subsequent conversion rates, optimization of fixed costs like HR and system costs to fit business scale, and profit growth in the recovery business
- ✓ Loss attributable to owners of parent significantly worsened due to posting of extraordinary loss for impairment of software in progress and contract loss and the complete reversal of deferred tax assets during 2Q. However, great improvement relative to projections due to improvement in operating profit

(Millions of yen)

	FY2023 Results	FY2024 Projection	FY2024 Results	YoY increase/ (decrease)	YoY percentage change	Increase/ (decrease) cf. projection	Percentage change cf. projection
Net Sales	26,400	20,000	20,359	(6,041)	(22.9%)	359	1.8%
└ Mail order/EC	18,316	—	13,178	(5,138)	(28.1%)	—	—
└ Wholesale	5,641	—	3,780	(1,861)	(33.0%)	—	—
└ Other	2,443	—	3,401	958	39.2%	—	—
Operating profit (loss)	(611)	(1,000)	139	750	—	1,139	—
Operating profit margin (%)	(2.3%)	(5.0%)	0.7%	—	3.0pts	—	5.7pts
Ordinary profit (loss)	(631)	(1,000)	161	792	—	1,161	—
Loss attributable to owners of parent	(733)	(2,500)	(1,483)	(749)	—	1,016	—

FY2024 Results: Performance by Segment (Anti-aging Business)

- ✓ Despite clayence sales being in line with projections, DUO and CANADEL experienced declines due to intensified competition, causing mail order/EC and wholesale net sales figures to fall below last year's
- ✓ Lower gross profit from lower net sales prompted more efficient management of ad spending and other selling expenses and optimization of fixed costs related to HR and system costs, but still posted an operating loss

(Millions of yen)

	FY2023	FY2024	Increase/ (decrease)	Percentage change
Net sales	25,501	18,338	(7,162)	(28.1%)
└ Mail order/EC	18,316	13,178	(5,138)	(28.1%)
└ Wholesale	5,641	3,780	(1,861)	(33.0%)
└ Others	1,543	1,380	(163)	(10.6%)
Operating profit (loss)	(719)	(139)	580	—
Operating profit margin (%)	(2.8%)	(0.8%)	—	(2.0pts)

FY2024 Results: Performance by Segment (Recovery Business)

- ✓ Accelerated brand awareness with digital marketing measures from 3Q onward and posted record sales and record profits in 4Q standalone and across the full year
- ✓ Sales driven by flagship product Standard Dry+ and new Recovery Move products developed under the new concept of recuperation while on the move. Added benefit of major advances in business collaboration with Premier Anti-Aging and strengthened supply chains

(Millions of yen)

	FY2023*	FY2024
Net sales	899	2,020
Operating profit	106	278
Operating profit margin (%)	11.9%	13.8%

* FY2023 sales and operating profit are cumulative figures from the third quarter, as the recovery business began in the third quarter of the previous fiscal year.

FY2024 Results: Balance Sheet

- ✓ Large inventory write-downs in second half of FY2023. Continued controls on inventory figures
- ✓ This year, addressed system impairment, etc. and completed overall financial review. Improved asset transparency and soundness
- ✓ Posting of net loss decreased shareholder equity, but we continue to maintain a healthy equity ratio

(Millions of yen)

	FY2023 4Q	FY2024 4Q	Increase/ (decrease)	Percentage change
Total assets	12,135	11,002	(1,132)	(9.3%)
└ Current assets	9,229	8,882	(347)	(3.8%)
└ Inventories*	1,909	1,586	(323)	(16.9%)
└ Non-current assets	2,905	2,120	(785)	(27.0%)
└ Intangible assets	1,511	999	(512)	(33.9%)
Total liabilities	4,525	4,877	352	7.8%
└ Current liabilities	3,016	3,759	742	24.6%
└ Non-current liabilities	1,509	1,118	(390)	(25.9%)
Total net assets	7,609	6,124	(1,484)	(19.5%)
Total liabilities and net assets	12,135	11,002	(1,132)	(9.3%)
Equity ratio (%)	62.7%	55.7%	—	(7.0pts)

*Inventories = finished products + raw materials and supplies

FY2024 Results: Review of Main Brands

- ✓ Sales of DUO and CANADEL decreased due to intensifying competition. Sales of clayence was in line with the plan
- ✓ The recovery business operated through our subsidiary Venex has steadily increased sales and achieved record profits

DUO

- ✓ Achieved No.1 cleansing sales for 5 consecutive years*1
- ✓ In mail order/EC, persistent focus on measures to improve retention rate and loyal customer retention
- ✓ Continue to promote value through beauty experts and influencers
- ✓ In retail, implement measures to improve awareness by linking digital media and shopfront promotions. In addition, strengthen rounder activities to expand the sales floor space of each retailer
- ✓ Overseas, sales of “DUO The Cleansing Balm” began in China’s general market from early July at the top 1,000 WATSONS stores in terms of sales in Mainland China. Implementing measures focused on creating customer experience opportunities in-store

clayence

- ✓ Sales in line with projections despite growing competition in color treatments and persistently high advertising costs
- ✓ Focus on acquisition efficiency suppressing new acquisitions; efforts to improve conversion rates through strengthened CRM measures
- ✓ Engaging beauty experts and influencers for ongoing communications to promote better understanding and correct usage of our products. At the same time, we continue to communicate using enclosed items
- ✓ A new color treatment color “Rose” was released on October 11th for the fall/winter season, expanding the brand lineup

CANADEL

- ✓ Thorough implementation of new acquisition policy emphasizing acquisition efficiency and subsequent conversion rates in the mail order/EC channel, as with DUO
- ✓ Continue to promote value to customers through posts and videos by famous beauty experts and influencers
- ✓ In retail, in addition to linking with the above beauty expert/ influencer measures, we have implemented point-based initiatives to bolster the appeal of our products in shopfronts

Venex

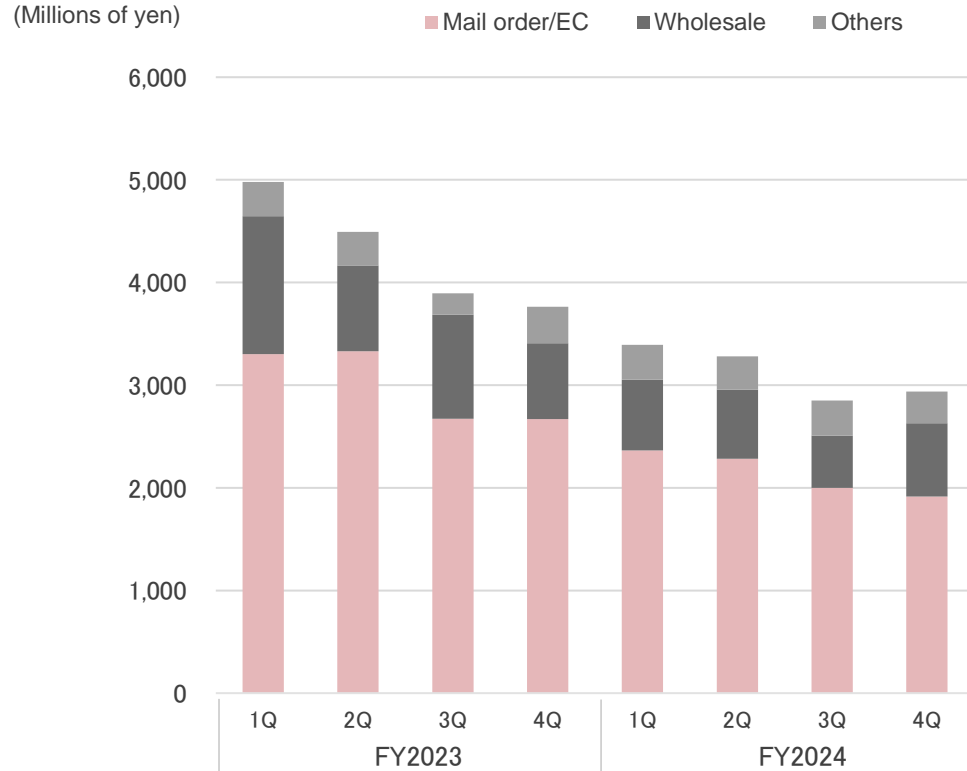
- ✓ In line with digital marketing initiatives, we have expanded our creative product lineup to match the various purchasing needs and recuperation scenes of our customers. New product groups launched in addition to year-round flagship products make great progress
- ✓ Continue to sign new contracts with top sports teams. Conduct recuperation seminars when providing products to promote understanding of the need for recuperation to improve performance
- ✓ Ongoing product development based on industry-leading evidence and recuperation expertise, and promotion of an environment making recovery results more tangible for users and for better understanding of recovery mechanisms and merits

* Survey on cleansing products by brand conducted by TPC Marketing Research Co., Ltd. (Survey period: April 2019 to March 2024 / Survey time: April 2024)

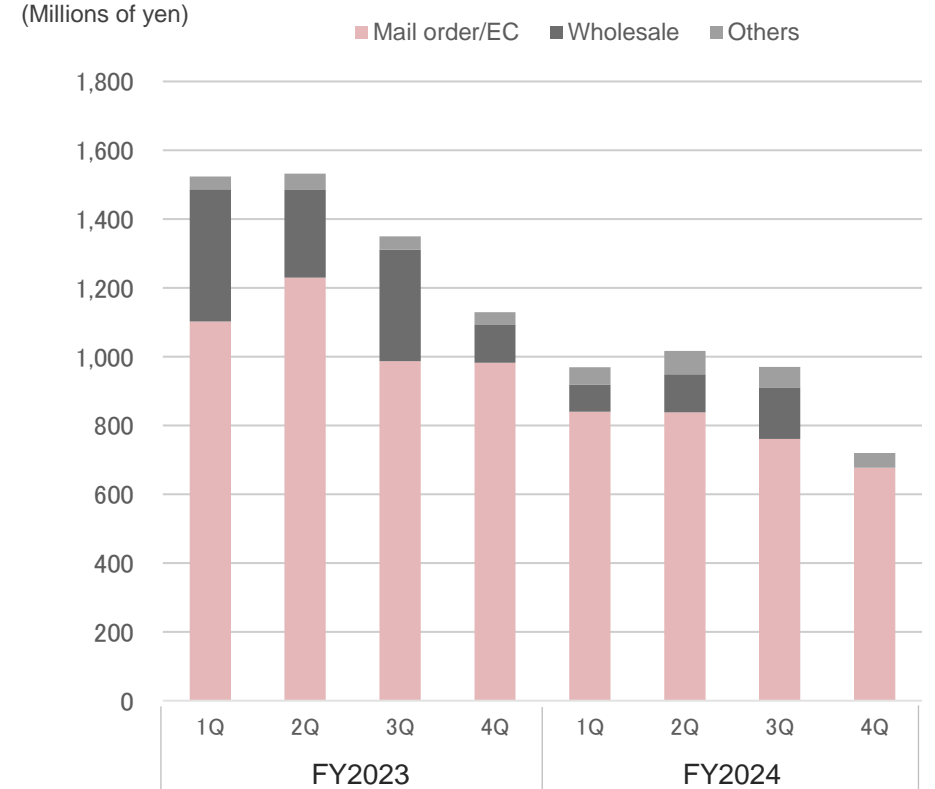
FY2024 Results: Sales trends of DUO and CANADEL

- ✓ Demand for oil formulations continues to be strong in the overall cleansing market, and the shift away from balm formulations continues. The trend of declining sales of DUO continues due to continued shift to low-priced balm products
- ✓ Persistent tight competition in the all-in-one market, net sales lower than last year

Quarterly net sales of DUO



Quarterly net sales of CANADEL



FY2024 Results: Structural Reforms

- ✓ The progress of structural reforms undertaken in the fiscal year ended July 2024 is as follows
- ✓ Financial concerns have been removed, and we will continue to promote reforms to our business structure to pave the way for renewed growth

Issues	Initiatives	Progress of structural reforms
<p>1. Emphasis on sales expansion measures, assuming the continuation of rapid growth</p>	<ul style="list-style-type: none"> • Developing KPIs other than sales, such as investment discipline • Reduce Financial Concerns incurred as a result of past 	<ul style="list-style-type: none"> ☑ Establish and begin implementing discipline regarding key financial KPIs and new investments ☑ Implemented valuation losses on accumulated inventory and system impairments, eliminating financial concerns
<p>2. Brakes on the traditional growth model centered on new acquisitions due to the intensifying market competition for DUO</p>	<ul style="list-style-type: none"> • Reinforce DUO brand • Rebalanced new acquisitions and increased investment in continuing customers 	<ul style="list-style-type: none"> ☑ Preparing measures to re-strengthen the DUO brand ☑ Thoroughly ensure efficient new acquisition and strengthen CRM measures for existing customers
<p>3. Organizational communication loss resulting from rapid expansion</p>	<ul style="list-style-type: none"> • Improve information distribution within the organization combined with evaluation • Organizational culture penetration project 	<ul style="list-style-type: none"> ☑ Conducted evaluator training, established and promoted 1-on-1 and evaluation feedback guidelines ☑ Launched a new culture section on the corporate website and implemented various initiatives aimed at improving employee engagement
<p>4. Insufficient penetration of core values and the mid-to-long term vision within the organization</p>	<ul style="list-style-type: none"> • Establishment of new corporate identity • Establishment of mid-term management plan and rolling planning 	<ul style="list-style-type: none"> ☑ Establish a slogan, purpose, and promises, and continue to promote awareness within the company ☑ Withdraw major financial KPIs from the mid-term management plan, but maintain mid- to long-term management policy

FY2025 Earnings Forecast

✓ Expect a decrease in sales and an increase in profits for the fiscal year ending July 2025

(Millions of yen)

	FY2024 Actual	FY2025 Forecast	Increase/ (decrease)	Percentage change	
Full Year	Net sales	20,359	17,500	(2,859)	(14.0%)
	Operating profit	139	150	10	7.9%
	Operating profit margin (%)	0.7%	0.9%	—	0.2pts
	Ordinary profit	161	130	(31)	(19.4%)
	Profit (loss) attributable to owners of parent	(1,483)	130	1,613	—
Half Year	Net sales	10,649	8,500	(2,149)	(20.2%)
	Operating profit (loss)	(205)	(150)	55	—
	Operating profit margin (%)	(1.9%)	(1.8%)	—	0.1pts
	Ordinary profit (loss)	(199)	(160)	39	—
	Profit (loss) attributable to owners of parent	(1,685)	(160)	1,525	—

FY2025 Earnings Forecast (Initiatives in each business)

- ✓ Aim to optimize brands, products, and channels through collaboration between brand management and each channel
- ✓ Even with declining sales amid a tough business environment, we aim to achieve a lean and robust corporate structure that can create steady profits

Anti-Aging Business

Brand Management

- ✓ Redefine the brand and introduce new products and brands
- ✓ Implement new communications and promotions to emphasize brand value

×

Channel Strategies

- | | |
|--|---|
| <p>Mail order</p> <ul style="list-style-type: none"> ✓ Continuation of thorough acquisition efficiency ✓ Further expansion of CRM measures to strengthen customer structure | <p>Over seas</p> <ul style="list-style-type: none"> ✓ Strengthening cross-border e-commerce and general trade in mainland China ✓ Developing the Asia-Pacific market |
| <p>Retail</p> <ul style="list-style-type: none"> ✓ Implementing tie-up measures with new promotions ✓ Deepening collaboration with retailers to secure growth potential | <p>New channel</p> <ul style="list-style-type: none"> ✓ Expansion of new sales channels |

+

Appropriate Cost Management

- ✓ Continue to control variable costs and optimize fixed costs (HR, outsourcing, systems) to fit business scale

Recovery Business

- ✓ Expanding business in growing markets
- ✓ Strengthening cooperation as a group
- ✓ Strengthening branding, digital marketing, CRM, new product development, etc.



05 | Growth Strategy

Medium-Term Management Plan “2024-2027 +Beyond”

- ✓ Based on the first-year results, achieving the Medium-Term Management Plan quantitative targets set for the end of FY2027 will be difficult, thus we withdrew the financial KPIs
- ✓ Continue to aim to achieve our mid- to long-term management policies other than numerical targets, such as “Progress to an anti-aging company”
- ✓ Revised medium-term management plan to be announced once they are ready, but for the time being, earnings forecast will be announced for each fiscal year as information disclosure on management policy and financial status

Review of the first year of the medium-term plan (FY2024)

Progressing steadily

Achieving Profitability

In the first year, which was positioned as a restructuring phase, we worked to eliminate financial concerns, and by promoting business structure transformation and financial discipline in both mail order sales and retail, we achieved an operating profit

Growth Investment

Venex Co., Ltd., a recovery wear company, has achieved steady growth, achieving record highs in sales and profits

Issues in progress

Main business slowdown

Before the effects of our efforts to strengthen our brand value and review the balance of investments between new and existing customers became apparent, mail order sales fell far short of our initial plan, mainly due to changes in the business environment and intensifying competition

Overseas business

The impact of treated water issue and the slowdown in the Chinese market forced us to make major revisions to our plans

Medium-term management plan structure

Timeline

FY2024

FY2027

Financial KPIs

Not achieved

Plan Actual

Sales

Y26bil Y20.3bil

Achieved

Operating profit margin

0.4% 0.7%

Withdrew

Sales

Y400bil

OPM

over10%

Equity Ratio

over 50%

ROE

12-15% level

Continue to aim to achieve these policies

- Mid-term management policy: “Commit to unique value”
- Mid- to long-term goal: “Progress to an anti-aging company”
- Grow DUO and other major brands through a channel mix, and develop and build new growth areas related to anti-aging (recovery business, etc.)

**Qualitative policy that will not be withdrawn in the medium-term management plan:
Medium- and Long-term Strategy**

**No change to the major policy that is the most important for management
Continue to work together to achieve it**

Commit to Unique Value

- **No change to “Commit to Unique Value” as a mid-term management guideline**
- **Looking back on past management, leveraging the management assets we have accumulated, reconsidering the issues that need to be overcome, and steadily moving forward with management**
- **Reconstructing the company into one that can move forward as a team toward the vision we aim for**
- **We will once again focus on the “Unique Value” that has been the source of our strength and growth, and continue to overcome changes in the market environment and our own reforms to achieve sustainable growth as a company and contribute to society**

**Qualitative policy that will not be withdrawn in the medium-term management plan:
Brand Strategy**

Strengthen brand management across channels. We will strengthen the DUO brand as our foundation and expand our brand portfolio to become an anti-aging company

Medium- to long-term brand portfolio growth



Qualitative policy that will not be withdrawn in the medium-term management plan: Channel Strategy

- ✓ Implement strategies optimized for the changing environment of each channel

Mail order / EC

Market

While the DtoC/EC market grows, rising competition from more entrants has intensified. With diverse customer values and media, ad costs have surged. In this challenging environment, acquiring new customers and retaining existing subscribers become crucial

Strategy

- Shift to a subscription-based sales structure; enhance CRM for improved retention and LTV
- Leverage multi-brand strategy and bolster cross-brand sales to raise customer value
- Strengthen member community initiatives in planning and marketing

Wholesale

Market

In the retail market, personal consumption remains strong due to the recovery from the COVID-19 pandemic and a recovery in inbound demand, but consumer sentiment remains stagnant due to price increases that exceed wage increases. Competition with major rivals is also intensifying

Strategy

- Shift from sell-in to sell-out; strengthen collaboration with retailers
- Optimize customer touchpoints based on POS data to boost average store sales
- Intensify joint marketing efforts with retailers

Overseas

Market

With the domestic inbound market reviving, we aim to focus on key countries and regions. However, given the ongoing instability, the future remains uncertain

Strategy

- Strengthening cross-border e-commerce and general trade in mainland China
- Developing the Asia-Pacific market

New channel

Strategy

Collaborate with other companies to explore optimal channels tailored to brand stages and customer segments, like clinics and professional shops, etc.

Basic Sustainability Policy

- ✓ In April 2023, we established the "Basic Sustainability Policy," which describes our group's basic approach to sustainability

~Enabling unique pathways through life~

Forever vivid. Untether time.

As humanity approaches the era of 100-year live spans, we aim to create a world where every individual can pursue new challenges with confidence and curiosity, free from preconceived notions of age and gender. Working together with our stakeholders, we will think outside the square to provide unique value that can change the world, addressing social issues for a brighter, sustainable future.

Initiatives for Each Materiality – Progress toward Goals

Theme	Materiality	Focus Area	Initiative	KPI	Target	Target Year	FY2024 Results
Pursue prosperity through anti-aging	Contributing to global environment conservation	Contribute to resource recycling and circular economy	Use eco-friendly paper	Eco-friendly paper usage rate	100%	Every year	100%
		Initiatives/contributions for a decarbonized society	Reduce CO2 emissions	Scope 1 and 2 reduction rates	50% reduction (cf. FY2023)	End FY2027	Implementing reduction initiatives*1
	Pursuing a collaborative and nurturing corporate culture	Develop human resources who strive to create value and continue to grow	Improve employee engagement	Engagement scores	10% improvement (cf. FY2023)	End FY2027	4.7% improvement (compared to July 2023)
			Create a more supportive environment toward an organization where people grow together and nurture each other	Revise training system and programs and expand content accordingly	Implement initiative on left	Every year	Promote review and expansion
	Improving well-being	Achieve physical and mental health	Promote health support for employees	Acquire health management certification	Continuous selection	Every year	Certified as a Healthy Business Enterprise in 2024
	Providing unique value	Pursue the essence of Premier Anti-Aging	Spread anti-aging ideas among employees	Number of anti-aging qualifications held by employees	75 or more newly acquired qualifications	End FY2027	Number of newly acquired qualifications: 31
				Expand systems for facilitating anti-aging	Implement initiative on left	End FY2027	Under consideration
				Participate in social action facilitating anti-aging	Ongoing implementation	Every year	Continued implementation
		Collaborate with suppliers	Formulate procurement policy incorporating sustainability elements	Procurement policy formulation	Disclose procurement policy	End FY2024	Completed disclosure
	Corporate foundation to support growth	Strengthening governance	Improve and strengthen corporate governance systems	Enhance disclosure and improve transparency on corporate governance	Consider and promote the items listed on the left	–	–
Thorough compliance and risk management			Attendance rate for compliance and information security training sessions*2		Attendance rate	100%	Every year
Protect information security and privacy							

*1The target is being reconsidered due to the relocation of offices and the increase in stores. *2Excluding contracted and temporary employees.

*3An extension period was set up for those who have not taken the course, and 100% of participants took the course.

Progress to an Anti-Aging Company

✓ Aiming to be an Anti-Aging company demanded in the 100-year life era

Understanding of Society & Era

We are entering an era termed the "100-year life", where average and healthy life expectancies are extending worldwide. As society embraces this unprecedented longevity, the meaning of age evolves with time. We believe that the most crucial element for maximizing societal happiness is for individuals to maintain their curiosity and continue to challenge themselves in society.

Corporate Identity

Slogan

Purpose

Promises

FY27 Target

Commit to Unique Value
Return to sustained growth

+Beyond
Progress to an Anti-Aging Company

Anti-Aging Company

Unique brands responsible for addressing challenges across the Anti-Aging sector converge to create a platform trusted by those who, freed from the constraints of time, continue to take on challenges.

(Imagining the expansion in the Anti-Aging sector)

Inner care, recovery, regenerative medicine, wellness tourism, sleep and exercise, long-term societal engagement, finance, insurance, etc.

Collaborative strategy to become an Anti-Aging Company

✓ Collaborative strategy to become an Anti-Aging Company

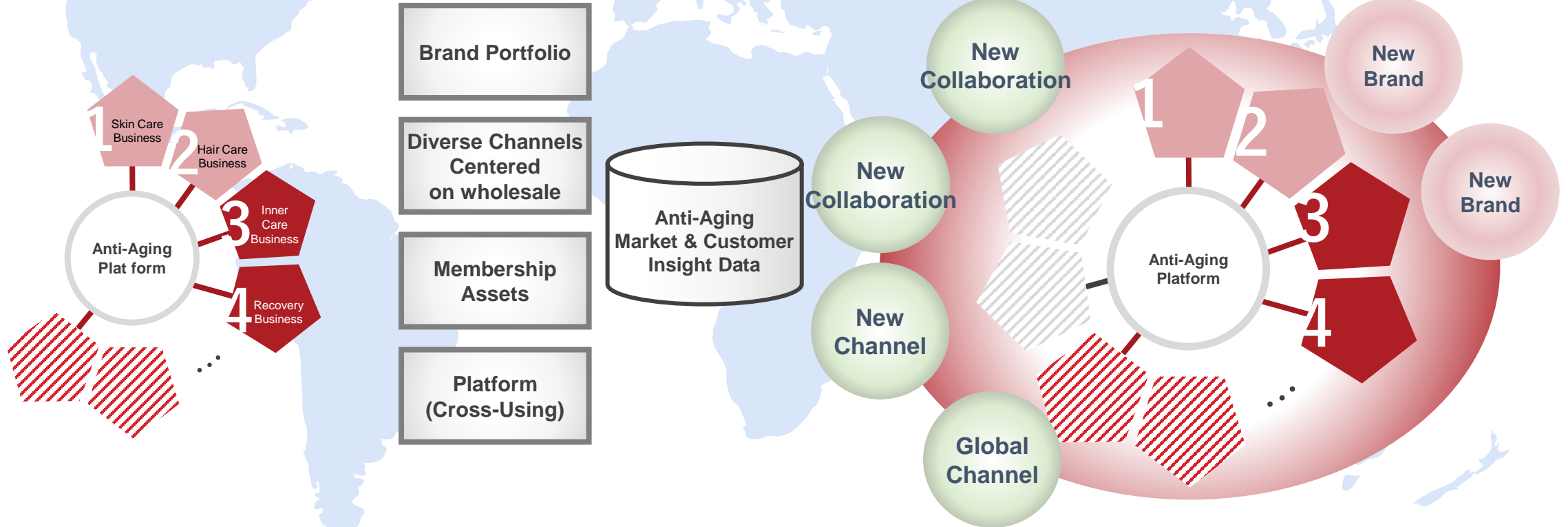
Mid to long term
Return to sustained growth

While establishing our foundation, we plan to grow our existing business portfolio and simultaneously create new businesses through collaboration.

Management Assets

+ Beyond
Progress to an Anti-Aging Company

By realizing collaboration across broader industries and channels, unique businesses and brands addressing comprehensive Anti-Aging challenges will gather, building a platform that people trust.





06 | Risk Information

Risk Information

✓ The major risk factors and countermeasures are listed below

Major risk factors*	Major risks	Occurrence Likelihood	Impact	Countermeasures
Dependence on specific brands and intensifying competition	Our Group's purpose is to "create original products and services of unique value that untether people from their age and brighten their lives," and we are engaged in a wide range of businesses, including skin care, hair care, inner care, and recovery. However, most of its sales are dependent on the DUO brand, centered on its flagship cleansing balm. If the DUO brand loses support from customers due to the introduction of new products by competitors, changes in consumer tastes, damage to reputation, etc., the Group's business performance may be seriously affected.	High	High	The Group is promoting the diversification of its business portfolio by developing and nurturing new brands. At the same time, we are focusing on continuous product improvement of existing brands and new product development and are strengthening our marketing activities to capture changes in customer needs. Furthermore, we are striving to maintain and improve our competitiveness by implementing strategic advertising activities to enhance our brand value.
Risks related to laws and regulations	The Group's business must be conducted in compliance with various laws and regulations, including the Act on Ensuring Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, etc. (Pharmaceuticals and Medical Devices Act), the Food Sanitation Act, and the Act against Unjustifiable Premiums and Misleading Representations (Premiums and Representations Act). The Group's business activities may be restricted due to amendments to these laws, the enactment of new laws and regulations, or changes in the interpretation of laws and regulations.	Medium	Medium	The Group strives to understand legal and regulatory trends by strengthening our legal department and collaborating with external experts. We have implemented thorough company-wide compliance education and have established a strict screening system for product labeling and advertising content. We also strive to grasp regulatory trends at an early stage by exchanging information with industry associations, and to respond promptly and appropriately.
Risks related to advertising and marketing	Our Group is actively engaged in advertising activities, investing 31.2% of our sales in FY2024. However, if our advertising activities do not achieve the expected results, we may not be able to acquire customers, and this may affect our Group's business performance.	Medium	Medium	The Group strives to measure the effectiveness of a variety of advertising media and create an optimal media mix. We develop marketing strategies based on detailed analysis of target customers and carry out effective advertising and promotional activities. We are also strengthening risk management by formulating and thoroughly implementing SNS operation guidelines.

* Major risk factors are excerpts from the "Business Risks, etc." section of the Company's Annual Securities Report.



07 | Appendix

Major Brands: DUO

- ✓ The core brand since inauguration, DUO continues to drive sales as the pioneer in the cleansing balm market

DUO



DUO is an aging care brand with the concept of “nourishing the skin from its foundation,” created under the policy of developing highly effective products by combining natural ingredients that are kind to the skin, body and nature with advanced science based on dermatology.

We currently have 19 SKUs* centering on cleansing balm.

Major cosmetics awards granted by 2024



MAQUIA May Issue

MAQUIA Brightening/UV
Grand Prix 2024
Sensitive Skin Category
1st Place



LEE August/September Combined Issue

LEE Best Cosmetics Awards 2024 First Half
Promising Happiness for Your Skin and Mind
Well-Aging Skin Care Category
Brightening Care
Grand Prize

+10 more awards

*The SKU figure refers to the number of regular products as of July 31, 2024, excluding limited items and different sizes.

Major Brands: CANADEL

- ✓ Being fostered as the second brand following DUO, CANADEL focuses on the busy modern women's needs for spending less time on skin care

CANADEL



Based on the concept of “continuously pursuing beauty, being true to oneself, and enjoying life,” CANADEL is a highly advanced aging care brand launched in April 2019 to address the changing skin care needs of mature consumers. Four types of all-in-one creams and eye cream are currently available, taking in mind the lifestyles of modern women proactively living busy daily lives.

We currently have 8 SKUs* centering on all-in-one cosmetics.

Major cosmetics awards granted by 2024



Biteki August issue

Best cosmetics selected by beauty experts in the first half of 2024
Petit Plus Skincare/Haircare category
Petit Plus Cleansing edition
1st place



InRed July issue

“Dorabara” cosmetics awards for the first half of 2024
all-in-one category 1st place

+11 more awards

*The SKU figure refers to the number of regular products as of July 31, 2024, excluding limited items and different sizes.

Major Brands: sitrana

- ✓ A cosmetics brand for sensitive skin with cica substance* in all products

sitrana



Featuring a unique anti-pollution capability, the sitrana products protect the skin from dryness that causes skin irritation and such external stimuli as air pollution and dirt/grime. The cica substances* under our original blending help fix the damaged skin and facilitate users to attain their ideal skin.

*Cica substances refers to the substance extracted from a plant called Centella asiatica.

Major cosmetics awards granted by 2024



MAQUIA September Issue

Everyone's Best Cosmetics
Maquia Influencers
BEST COSMETICS



BAILA August issue

Best Cosmetics Grand Prize
for Working 30s
in the first half of 2022
Skin Care Category Award

+4 more awards

Major Brands: clayence

- ✓ A home hair care brand that focuses on young generation with graying hair, clayence was developed by applying the brand nurturing know-how gained through DUO and CANADEL



A hair care brand inspired by a clay spa, clayence was created by combining the power of clay and cutting-edge science to provide hair and scalp treatment while coloring gray hair. With calming aroma on top of carefully selected clay and beauty substances, the product transforms tedious hair care into luxurious time at the spa.

We currently have 11 SKUs*.

Major cosmetics awards granted by 2024



VOCE March issue

Bath beauty is the best
in time performance!

VOCE Bath Best cosmetics
Shampoo & Treatment Category
First place



MAQUIA January issue

Best cosmetics
in the second half of 2023
Shampoo & Conditioner Category
First place

+21 more award

*The SKU figure refers to the number of regular products as of July 31, 2024, excluding limited items and different sizes.

Major Brands: DUO MEN

- ✓ With DUO men, we newly entered the fast-growing men's cosmetics market by taking advantage of the high awareness of DUO brand

DUO
men



While staying true to DUO's brand concept of "Beauty is reborn from skin care," we took a close look at skin problems and damage specific for men from the viewpoint of ecological and biological science. DUO MEN offers secure and effective skin care requiring only a few easy steps, allowing all men living busy lives to continue skin care in an enjoyable way. We currently have 5 SKUs*.

Major cosmetics awards granted by 2024



**MEN'S NON-NO
December issue**

Men's Non-No Beauty Award 2023
Face Wash Category
2nd place



**MEN'S NON-NO
December issue**

Men's Non-No Beauty Award 2023
All-in-one Category
2nd place

+5 more award

*The SKU figure refers to the number of regular products as of July 31, 2024, excluding limited items and different sizes.

Major Brands: SINTO

- ✓ Developing inner care brand based on the development philosophy of “response with results”

SINTO



Based on the idea that bodily sensations are the essence of supplements, we adopted the same DDS technology as in the medical field. Thoroughly sticking to the "experience" of the ingredients, we aim to renew the relationship between the body and the ingredients from the area of "penetration". It is a health care supplement for adults who enjoy aging that pursues a high experience with a high amount of compounding (high compounding) and high absorption and high penetration type (liposomes).

We currently have 2 SKUs*.

Major cosmetics awards granted by 2024



Biteki.com

November 22nd issue

Biteki HEN 2023 Best cosmetics of the year
Biteki HEN Annual Sage Inner care ranking
First place



LEE Jan/Feb issue

LEE Best Cosmetics Award 2nd half of 2023
Beauty Sage's Beloved Cosmetics Award
Inner care category

+15 more awards

*The SKU figure refers to the number of regular products as of July 31, 2024, excluding limited items and different sizes.

Major Brands: C+mania

- ✓ A high-concentration vitamin skin care brand for “consumers with high beauty information literacy” who pursue reliable effects



An “aggressive” vitamin skin care brand that focuses on high purity, high penetration, and high concentration, with carefully selected vitamin C from over 70 types and add α that enhances C. Based on the concept of "enjoying vitamin C for maniacs", we aim to propose skin care products with high immediate effect in order to maximize the power of vitamin C.

We currently have 3 SKUs*.

Major cosmetics awards granted by 2024



an•an No. 2365
2023 Autumn Anan Mote
Cosmetics Award
Skin care category

The power of VC that everyone loves
An award you can feel



LEE January/February issue
Close to your skin and feelings
LEE Best Cosmetics Award 2023 Second Half
Cleansing/Facial Wash Award

+13 more award

*The SKU figure refers to the number of regular products as of July 31, 2024, excluding limited items and different sizes.

Major Brands : Reinca

- ✓ A skin care brand that uses a unique stem cell extract as a core ingredient created through joint research with the University of Tokyo

Reinca



Based on the brand concept of “Facing the source of skin and sensibility with the power of SKIN & SENSE science,” we advocate skin cell care born from advanced skin research and care for the five senses that pursues the comfort of physical sensations.

We have developed a brand based on our original dental pulp stem cell culture supernatant "ENGY Stem S", which was successfully commercialized through joint research with the University of Tokyo. We currently have 5 SKUs*.

*The SKU figure refers to the number of regular products as of July 31, 2024, excluding limited items and different sizes.

Major Brands: VENEX

- ✓ As a pioneer in the recovery field, Venex has developed products using fabrics made with its unique patented technology



Based on the concept of "maximizing the self-healing power that humans have," we propose clothing for recovery. With our proprietary special fiber "PHT (Platinum Harmonized Technology)" and a non-compression design that does not constrict the body, it supports high-quality recovery just by wearing it. We currently have 87 SKUs*.

*The SKU figure refers to the number of regular products as of July 31, 2024, excluding limited items and different sizes.

Disclaimers and Notes on Forecasts and Projections

- ✓ The materials and information provided in this disclosure include forward-looking statements, which are based on our current expectations, forecasts and assumptions involving risks. As such, there are uncertainties that may cause actual results to practically differ from what are described in such statements.
- ✓ These risks and uncertainties include general industry and market conditions as well as general domestic and international economic conditions such as interest rate and currency exchange rate fluctuations.
- ✓ The Company considers mail-order cosmetics market trends to be a major risk that may materially impact its growth and execution of business plans. However, the Company endeavors to mitigate such risks and maintain the competitive edge of its products by actively conducting promotions and understanding customers' potential needs to reflect on product planning. For other types of risks, please refer to the “Business Risks, etc.” as highlighted in our Annual Securities Report.
- ✓ This document will be updated and disclosed around October after the end of the fiscal year.

Contact: Corporate Communication Division
E-mail : ir@p-antiaging.co.jp

Forever vivid

とき
人の時間を、解き放つ。

Untether time.