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June 13, 2024

## **Consolidated Financial Results** **for the First Nine Months of the Fiscal Year Ending July 31, 2024** **(Under Japanese GAAP)**

Company name: Premier Anti-Aging Co., Ltd.  
Listing exchange: Tokyo Stock Exchange  
Securities code: 4934  
URL: <https://www.p-antiaging.co.jp/en>  
Representative: Kiyoshi Matsuura, President  
Inquiries: Yuka Uehara, Head of Corporate Communication Division and Executive Officer  
Phone: +81-3-3502-2020  
Scheduled date to file quarterly securities report: June 13, 2024  
Scheduled date for commencing dividend payments: -  
Preparation of supplementary materials on quarterly financial results: Yes  
Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

### **1. Consolidated financial results for the first nine months of the fiscal year ending July 31, 2024 (from August 1, 2023 to April 30, 2024)**

#### **(1) Consolidated operating results (cumulative)**

(Percentage figures indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
April 30, 2024	15,439	(25.1)	3	(92.4)	44	1.3	(1,450)	-
April 30, 2023	20,609	(20.4)	42	(97.8)	43	(98.0)	(153)	-

Note: Comprehensive income  
Nine months ended April 30, 2024: (1,452) million yen [ - %]  
Nine months ended April 30, 2023: (165) million yen [ - %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
April 30, 2024	(166.37)	-
April 30, 2023	(17.58)	-

Note: Although there are dilutive shares, diluted earnings per share are not indicated due to net loss per share.

#### **(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
April 30, 2024	11,169	6,156	55.1
July 31, 2023	12,135	7,609	62.7

Reference: Total shareholders' equity  
As of April 30, 2024: 6,156 million yen  
As of July 31, 2023: 7,609 million yen

## 2. Cash dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended July 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending July 31, 2024	-	0.00	-		
Fiscal year ending July 31, 2024 (Forecast)				0.00	0.00

Note: Revisions to the most recently announced cash dividends forecast: None

## 3. Consolidated earnings forecasts for the fiscal year ending July 31, 2024 (from August 1, 2023 to July 31, 2024)

(Percentage figures indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	20,000	(24.2)	(1,000)	-	(1,000)	-	(2,500)	-	(286.68)

Note: Revisions to the most recently announced earnings forecast: None

### \* Notes

(1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Adoption of accounting treatments specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatements

- i. Changes in accounting policies due to revisions to accounting standards, etc.: None
- ii. Changes in accounting policies other than those in i. above: None
- iii. Changes in accounting estimates: None
- iv. Restatements: None

(4) Number of shares issued and outstanding (common shares)

i. Number of shares issued and outstanding at the end of the period (including treasury shares)

As of April 30, 2024	8,720,534 shares
As of July 31, 2023	8,720,534 shares

ii. Number of treasury shares at the end of the period

As of April 30, 2024	155 shares
As of July 31, 2023	155 shares

iii. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended April 30, 2024	8,720,379 shares
Nine months ended April 30, 2023	8,720,379 shares

\* The report on quarterly financial results is not subject to audit procedures by a certified public accountant or an auditing firm.

\* Explanation regarding appropriate use of earnings forecasts, and other notes

(Caution regarding forward-looking statements, etc.)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to, and certain assumptions that are deemed to be reasonable by the Company. Such statements are not intended as a promise by the Company that they will be achieved. Actual results may differ from the forecasts in this document due to various factors. For the conditions forming the assumptions used in forecasting earnings and precautions regarding the use of earnings forecasts, please refer to "1. Qualitative information for the first nine months of the fiscal year ending July 31, 2024, (3) Forward-looking information including consolidated earnings forecasts" on page 4 of the Attachment.

(Change of amount display unit)

The amounts of account items and other items shown in the Company's consolidated financial statements were previously stated in units of thousands of yen. However, starting from the current fiscal year, the amount has been changed to be stated in units of millions of yen. For ease of comparison, figures for the previous fiscal year and the first nine months of the previous fiscal year have also been changed to units of millions of yen.

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## 1. Qualitative information for the first nine months of the fiscal year ending July 31, 2024

### (1) Consolidated financial results

In the first nine months of the fiscal year ending July 31, 2024, the Japanese economy continued to recover at a moderate pace, although there were signs of stagnation in some areas. While there were signs of recovery in personal consumption due to the economic recovery, consumer confidence remained stagnant due to rising prices. In the domestic cosmetics market, personal consumption recovered due to increased opportunities to go out, and inbound demand increased due to the weaker yen. On the other hand, the polarization of the domestic cosmetics market has become clear since the COVID-19 pandemic, and the low-price market continues to expand.

Under such circumstances, Premier Anti-Aging Co., Ltd. (“the Company”) and its consolidated subsidiaries (“the Group”) have been working on measures such as rebuilding the mail order business and improving brand management and cost structure in order to establish a lean and robust corporate structure that can steadily generate profits even in a tough business environment.

Although sales of the recovery business conducted through the subsidiary Venex Co., Ltd. (“the Venex”) increased, sales of the anti-aging business conducted by the Company decreased, resulting in overall sales of 15,439 million yen (down 25.1% year-on-year). Operating profit was 3 million yen (down 92.4% year-on-year) due to the increase in profits in the Recovery Business, the high level of advertising costs in the mail order market, and the control of advertising investments based on a new customer acquisition policy that emphasized acquisition efficiency and retention rate, despite a decrease in gross profit due to a decrease in sales in the anti-aging business. Ordinary profit was 44 million yen (up 1.3% year-on-year) due to an increase in foreign exchange gains due to the weak yen. Loss attributable to owners of parent was 1,450 million yen (loss attributable to owners of parent of 153 million yen in the same period of the previous fiscal year) due to the recording of impairment loss related to software in progress, contract loss, and provision of allowance for contract loss as extraordinary losses, and the reversal of deferred tax assets and recording them as income taxes – current during the second quarter of the current fiscal year.

Business results by segment are as follows.

Anti-aging business

	(Millions of yen)		
	Nine months ended April 30, 2023	Nine months ended April 30, 2024	Year-on-year change (%)
Net sales	20,303	14,102	(30.5)
Operating profit (loss)	56	(166)	-

Net sales

Anti-aging business sales amounted to 14,102 million yen (down 30.5% year-on-year).

In the "DUO" brand, "The Cleansing Balm" has been ranked No. 1\*<sup>1</sup> in cleansing sales for five consecutive years, and the cumulative number of units shipped in the series has exceeded 50 million units as of the end of February 2024. However, since the cleansing market as a whole continues to shift from balm formulations to oil formulations, and competition with low-priced balm products is intensifying, sales decreased for both mail order and wholesale sales. In order to overcome this situation, the Company has strengthened communication to promote understanding of the brand and product value through new TV commercials, as well as utilizing events and various Social Networking Services (SNS) by beauticians and influencers and has focused on measures to improve retention rate and promote loyal customer retention. However, as these measures require a certain period of time to produce sufficient effects, their impacts are currently limited.

In the "CANADEL" brand, the Company launched "CANADEL Cleansing Water" that removes oil-like makeup and "CANADEL Gelee Lotion [quasi-drug product]" that moisturizes instantly in March 2024, and expanded brand lineups. However, as the competitive environment in the all-in-one market continued, and new acquisitions were lower than planned due to intensifying competition in advertising auctions, resulting in lower sales compared to the same period of the previous fiscal year.

Although the "clayence" brand was affected by intensifying competition in the color treatment market and persistently high advertising costs, sales have been gradually expanding as planned. Sales of quasi-drug foamy gray hair color

“Clayspa Quick Color” that dyes deeply introduced last year are also increasing through test marketing. As a result, quarterly sales have continued to increase.

In addition, the inner care supplement “SINTO” brand has increased the number of new customers through strengthened influencer initiatives, and the high-concentration vitamin C skin care brand “C+mania” has expanded the number of sales stores to 6,300, both launched previous fiscal year. Both brands were performing well through test marketing, but they have not been able to compensate for the decline in sales of core brands.

#### Operating profit (loss)

Despite controlling advertising expenses for new acquisitions against a backdrop of soaring advertising costs in the mail order market, gross profit decreased due to lower sales, resulting in an operating loss of 166 million yen (operating profit of 56 million yen in the same period of the previous fiscal year).

#### Recovery business

(Millions of yen)			
	Nine months ended April 30, 2023* <sup>2</sup>	Nine months ended April 30, 2024	Year-on-year change* <sup>2</sup> (%)
Net sales	306	1,337	-
Operating profit (loss)	(13)	163	-

#### Net sales

Net sales reached a record high of 1,337 million yen in the third quarter, thanks to the continued strengthening of supply chain management and the utilization of group synergies in the development of new sales channels. The Venex appointed Ayako Imoto as its new brand ambassador in March 2024 and has increased its advertising investment to raise brand awareness, which has resulted in a significant increase in the number of visitors to its website.

#### Operating profit

Thanks to the increase in sales, operating profit also reached a new record high in the third quarter, reaching 163 million yen.

\*<sup>1</sup> Survey on cleansing products by brand conducted by TPC Marketing Research Co., Ltd. (Survey period: April 2019 to March 2024 / Survey time: April 2024)

\*<sup>2</sup> As the recovery business began operations in the third quarter of the previous fiscal year, no year-on-year change in sales and operating profit is stated.

## (2) Consolidated financial position

#### (Assets)

Total assets at the end of the first nine months of the current fiscal year decreased by 966 million yen from the end of the previous fiscal year to 11,169 million yen. The main factors of increase and decrease were as follows.

Current assets decreased by 271 million yen from the end of the previous fiscal year to 8,958 million yen. This was mainly due to a decrease of 427 million yen in accounts receivable - trade and an increase of 163 million yen in unreceivable refund income tax included in “other” current assets.

Non-current assets decreased by 694 million yen from the end of the previous fiscal year to 2,210 million yen. This was mainly due to an increase of 550 million yen in property, plant and equipment, a decrease of 465 million yen in software in progress included in “other” intangible assets, and a decrease of 517 million yen in deferred tax assets included in investments and other assets.

#### (Liabilities)

Total liabilities at the end of the first nine months of the current fiscal year increased by 486 million yen from the end of the previous fiscal year to 5,012 million yen.

Current liabilities increased by 750 million yen from the end of the previous fiscal year to 3,766 million yen. This was

mainly due to an increase of 171 million yen in accounts payable - trade, an increase of 407 million yen in short-term borrowings and an increase of 155 million yen in current portion of long-term borrowings.

Non-current liabilities decreased by 263 million yen from the end of the previous fiscal year to 1,245 million yen. This was mainly due to a decrease of 313 million yen in long-term borrowings.

(Net Assets)

Net assets at the end of the first nine months of the current fiscal year decreased by 1,452 million yen from the end of the previous fiscal year to 6,156 million yen. This was mainly due to recording loss attributable to owners of parent of 1,450 million yen.

As a result, the equity ratio was 55.1%.

### **(3) Forward-looking information including consolidated earnings forecasts**

The consolidated earnings forecast for the fiscal year ending July 31, 2024 remains unchanged from the forecast announced in the "Notice concerning difference between consolidated earnings forecasts and actual results for the first six months of the fiscal year ending July 31, 2024, recording extraordinary losses (impairment loss, etc.), reversal of deferred tax assets and revision of full-year consolidated earnings forecasts" dated March 14, 2024. The Company will promptly disclose it if it becomes necessary to revise the earnings forecast.

## 2. Quarterly consolidated financial statements and major notes

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of July 31, 2023	As of April 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	4,670	4,482
Accounts receivable - trade	2,080	1,652
Finished goods	1,464	1,363
Raw materials and supplies	444	591
Other	568	868
Total current assets	9,229	8,958
Non-current assets		
Property, plant and equipment	77	628
Intangible assets		
Goodwill	394	362
Other	1,117	693
Total intangible assets	1,511	1,055
Investments and other assets	1,316	526
Total non-current assets	2,905	2,210
Total assets	12,135	11,169
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	258	430
Short-term borrowings	568	975
Current portion of long-term borrowings	230	385
Current portion of bonds payable	26	26
Accounts payable - other	1,171	954
Income taxes payable	22	35
Provision for bonuses	53	46
Provision for contract loss	-	144
Other	685	768
Total current liabilities	3,016	3,766
Non-current liabilities		
Bonds payable	70	50
Long-term borrowings	1,366	1,053
Provision for contract loss	-	106
Asset retirement obligations	38	6
Other	34	29
Total non-current liabilities	1,509	1,245
Total liabilities	4,525	5,012
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,351	1,351
Capital surplus	1,351	1,351
Retained earnings	4,888	3,437
Treasury shares	(1)	(1)
Total shareholders' equity	7,590	6,139
Accumulated other comprehensive income		
Foreign currency translation adjustment	19	17
Total accumulated other comprehensive income	19	17
Total net assets	7,609	6,156
<b>Total liabilities and net assets</b>	<b>12,135</b>	<b>11,169</b>

**(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income**  
**(Quarterly consolidated statement of income)**  
(Nine months ended April 30)

(Millions of yen)

	Nine months ended April 30, 2023 (From August 1, 2022 to April 30, 2023)	Nine months ended April 30, 2024 (From August 1, 2023 to April 30, 2024)
Net sales	20,609	15,439
Cost of sales	4,924	3,083
Gross profit	15,684	12,356
Selling, general and administrative expenses	15,642	12,353
Operating profit	42	3
Non-operating income		
Interest income	1	1
Profit on currency exchange	-	53
Commission income	5	-
Miscellaneous income	15	8
Total non-operating income	22	63
Non-operating expenses		
Interest expenses	12	16
Loss on currency exchange	7	-
Miscellaneous losses	0	5
Total non-operating expenses	21	22
Ordinary profit	43	44
Extraordinary losses		
Impairment loss	-	492
Contract loss	-	147
Provision of allowance for contract loss	-	250
Other	-	18
Total extraordinary losses	-	908
Profit (loss) before income taxes	43	(864)
Income taxes - current	196	585
Profit (loss)	(153)	(1,450)
Profit (loss) attributable to owners of parent	(153)	(1,450)



**(Quarterly consolidated statement of comprehensive income)**

(Nine months ended April 30)

(Millions of yen)

	Nine months ended April 30, 2023 (From August 1, 2022 to April 30, 2023)	Nine months ended April 30, 2024 (From August 1, 2023 to April 30, 2024)
Profit (loss)	(153)	(1,450)
Other comprehensive income		
Foreign currency translation adjustment	(11)	(2)
Total other comprehensive income	(11)	(2)
Comprehensive income	(165)	(1,452)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(165)	(1,452)

### **(3) Notes to quarterly consolidated financial statements**

(Changes in scope of consolidation or scope of equity method application)

During the first six months of the current fiscal year, an absorption-type merger was carried out in which the Company became the surviving company and Premier Wellness Science Co., Ltd., which was a wholly owned subsidiary of the Company, became the dissolved company, so it was excluded from the scope of consolidation.

(Notes on going concern assumption)

Not applicable

(Notes when there are significant changes in accounts of equity)

Not applicable

(Application of accounting treatments specific to the preparation of quarterly consolidated financial statements)

(Calculation of income tax expense)

Income tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, including the first nine months under review, and multiplying profit (loss) before income taxes by the estimated effective tax rate. However, if tax expenses calculated using the estimated effective tax rate result in significantly lacking rationality, the statutory effective tax rate is used.

(Changes in accounting policies)

Not applicable

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

(1) Method of determining reporting segments

The Company's reporting segments are aggregates of the Company's constituent units according to certain standards. These components have separate financial information available and are subject to periodic review by the highest management decision-making body to determine resource allocation and evaluate performance.

Since the Company mainly evaluates business performance by consolidated subsidiary, this is the unit for identifying business segments. Reporting segments are determined by aggregating those business segments that have similarities in terms of economic characteristics, markets in which products and services are sold, types of customers, etc.

(2) Types of products and services belonging to each reporting segment

The main products and services handled by each segment are listed below.

• Anti-aging business

The business primarily manufactures and sells skin care, hair care, and inner care products, and includes brands such as DUO, CANADEL, and clayence.

• Recovery business

This business primarily manufactures and sells recovery wear through Venex Co., Ltd..

2. Information regarding the amount of sales and profit (loss) by reporting segment

I. Nine months ended April 30, 2023 for the previous fiscal year (From August 1, 2022 to April 30, 2023)

(Millions of yen)

	Reporting segment			Adjustment amount	Amount recorded in quarterly consolidated statement of income
	Anti-aging business	Recovery business	Total		
Sales					
Sales to external customers	20,303	306	20,609	-	20,609
Internal sales between segments	-	-	-	-	-
Total	20,303	306	20,609	-	20,609
Segment profit (loss)	56	(13)	42	-	42

Note: Segment profit (loss) is consistent with operating profit in the quarterly consolidated statement of income.

II. Nine months ended April 30, 2024 for the current fiscal year (From August 1, 2023 to April 30, 2024)

(Millions of yen)

	Reporting segment			Adjustment amount Note 1	Amount recorded in quarterly consolidated statement of income Note 2
	Anti-aging business	Recovery business	Total		
Sales					
Sales to external customers	14,102	1,337	15,439	-	15,439
Internal sales between segments	-	-	-	-	-
Total	14,102	1,337	15,439	-	15,439
Segment profit (loss)	(166)	163	(2)	5	3

Note 1. The adjustment amount of 5 million yen for segment profit (loss) is the elimination of intersegment transactions.

Note 2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

3. Change in reporting segment

Previously, the Group's reporting segment was only the "cosmetics manufacturing and sales business," and other business segments were of little importance, so segment information was omitted. However, from the first quarter of the current fiscal year, segment information has been disclosed for "recovery business" as its importance has increased among the Group.

Additionally, starting from the first quarter of the current fiscal year, the name of the reporting segment that was previously called "cosmetics manufacturing and sales business" has been changed to "anti-aging business."

Furthermore, the segment information for the first nine months of the previous fiscal year is disclosed based on the revised classification.

4. Information regarding impairment losses on non-current assets or goodwill, etc. for each reporting segment (Significant impairment loss on non-current assets)

An impairment loss was recorded on some software in progress in the "anti-aging business" segment. The amount of impairment loss recorded was 492 million yen.

(Significant changes in the amount of goodwill)

Not applicable