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September 12, 2024

Consolidated Financial Results for the Fiscal Year Ended July 31, 2024 (Under Japanese GAAP)

Company name: Premier Anti-Aging Co., Ltd.
 Listing exchange: Tokyo Stock Exchange
 Securities code: 4934
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 Scheduled date for next annual general shareholders meeting: October 29, 2024
 Scheduled date for commencing dividend payments: -
 Scheduled date to file annual securities report: October 30, 2024
 Preparation of supplementary materials on financial results: Yes
 Holding of 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 fiscal year ended July 31, 2024 (from August 1, 2023 to July 31, 2024)

(1) Consolidated operating results

(Percentage figures indicate year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2024	20,359	(22.9)	139	-	161	-	(1,483)	-
July 31, 2023	26,400	(22.1)	(611)	-	(631)	-	(733)	-

Note: Comprehensive income Fiscal year ended July 31, 2024: (1,484) million yen [- %]
 Fiscal year ended July 31, 2023: (738) million yen [- %]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating profit/net sales
	Yen	Yen	%	%	%
July 31, 2024	(170.10)	-	(21.6)	1.4	0.7
July 31, 2023	(84.17)	-	(9.2)	(5.2)	(2.3)

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

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
July 31, 2024	11,002	6,124	55.7	702.33
July 31, 2023	12,135	7,609	62.7	872.60

Reference: Total shareholders' equity
 As of July 31, 2024: 6,124 million yen
 As of July 31, 2023: 7,609 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
July 31, 2024	425	(540)	183	4,753
July 31, 2023	2,422	(900)	179	4,659

2. Cash dividends

	Annual dividends per share					Total cash dividends	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended July 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended July 31, 2024	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending July 31, 2025 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated earnings forecasts for the fiscal year ending July 31, 2025 (from August 1, 2024 to July 31, 2025)

(Percentage figures indicate year-on-year changes for full year and for six months)

	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
Six months ending January 31, 2025	8,500	(20.2)	(150)	-	(160)	-	(160)	-	(18.35)
Full year	17,500	(14.0)	150	7.9	130	(19.4)	130	-	14.91

* Notes

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

(2) 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

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

- i. Number of shares issued and outstanding at the end of the fiscal year (including treasury shares)

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

- ii. Number of treasury shares at the end of the fiscal year

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

- iii. Average number of shares outstanding during the fiscal year

Fiscal year ended July 31, 2024	8,720,379 shares
Fiscal year ended July 31, 2023	8,720,379 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended July 31, 2024 (from August 1, 2023 to July 31, 2024)

(1) Non-consolidated operating results

(Percentage figures indicate year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2024	18,387	(27.7)	(82)	-	(51)	-	(1,567)	-
July 31, 2023	25,434	(25.1)	(230)	-	(930)	-	(1,347)	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
July 31, 2024	(179.75)	-
July 31, 2023	(154.51)	-

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

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
July 31, 2024	9,732	5,864	60.3	672.55
July 31, 2023	11,041	7,432	67.3	852.30

Reference: Total shareholders' equity

As of July 31, 2024: 5,864 million yen

As of July 31, 2023: 7,432 million yen

* The report on 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 on the fiscal year ended July 31, 2024, (4) Future outlook" 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 have also been changed to units of millions of yen.

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1. Qualitative information on the fiscal year ended July 31, 2024

(1) Consolidated financial results

In the consolidated fiscal year ended July 31, 2024 (the “current fiscal year”), the Japanese economy continued to recover at a moderate pace, although there were signs of stagnation in some areas. There have been signs of recovery in personal consumption due to the economic recovery, but consumer sentiment remains stagnant due to factors such as price increases exceeding wage increases. 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 continued 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, strengthening brand management and improving cost structure in order to establish a lean and robust corporate structure that can steadily generate profits even in a tough business environment.

During the current fiscal year, sales of the recovery business conducted through the subsidiary Venex Co., Ltd. (“the Venex”) increased, but sales of the anti-aging business conducted by the Company decreased, resulting in overall sales of 20,359 million yen (down 22.9% year-on-year). Although gross profit decreased due to a decrease in sales in the anti-aging business, operating profit was 139 million yen (operating loss of 611 million yen in the previous fiscal year) due to an increase in profits in the recovery business, as well as efficient management of sales expenses, mainly advertising expenses, based on a new customer acquisition policy that emphasizes acquisition efficiency and conversion rate in the mail order business, and efforts to optimize fixed costs such as labor costs and system expenses in line with the scale of the business. Ordinary profit was 161 million yen (ordinary loss of 631 million yen in the previous fiscal year) due to an increase in foreign exchange gains due to the weak yen. Loss attributable to owners of parent was 1,483 million yen (loss attributable to owners of parent of 733 million yen in 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.

Business results by segment are as follows.

Anti-aging business

	Previous fiscal year (From August 1, 2022 to July 31, 2023)	Current fiscal year (From August 1, 2023 to July 31, 2024)	Year-on-year change (%)
Net sales	25,501	18,338	(28.1)
Operating profit (loss)	(719)	(139)	-

Net sales

Anti-aging business sales amounted to 18,338 million yen (down 28.1% year-on-year).

In the "DUO" brand, "The Cleansing Balm" has been ranked No. 1*¹ 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 continued to shift from balm formulations to oil formulations, and competition with low-priced balm products was 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. In addition, the Company focused on measures to increase retention rates and encourage loyal customers to continue using our services in the mail order business, while in the retail business, the Company implemented measures to increase awareness by linking digital media and in-store promotions. However, as these measures require a certain period of time to produce sufficient effects, their impacts were still limited.

In the "CANADEL" brand, the Company continued to appeal to customers' value through posting and video distribution using beauticians and influencers. In addition, in the mail-order business, the Company thoroughly implemented a new customer acquisition policy that emphasizes acquisition efficiency and subsequent conversion rates, and in the retail

business, in addition to collaborating with beauticians and influencers, the Company has implemented point campaigns and other measures in stores to strengthen our in-store appeal. However, sales were lower than in the previous fiscal year as the all-in-one market remained highly competitive.

Although the “clayence” brand was affected by intensifying competition in the color treatment market and persistently high advertising costs, sales were almost in line with plan. With an emphasis on customer acquisition efficiency, the Company was limiting new customer acquisition and focusing on improving conversion rates by strengthening CRM measures. The Company also utilized beauticians and influencers to continue communicating with customers to promote understanding of products, including correct usage.

In addition, the inner care supplement “SINTO Liposomal Vitamin C” 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 efficiently utilizing sales expenses centered on advertising expenses based on a new acquisition policy that emphasizes acquisition efficiency and conversion rate in the mail order business and optimizing fixed costs such as personnel expenses and system expenses in line with the business scale, gross profit decreased due to lower sales, resulting in an operating loss of 139 million yen (operating loss of 719 million yen in the previous fiscal year).

Recovery business

	(Millions of yen)		
	Previous fiscal year (From August 1, 2022 to July 31, 2023)	Current fiscal year (From August 1, 2023 to July 31, 2024)	Year-on-year change* ² (%)
Net sales	899	2,020	-
Operating profit	106	278	-

Net sales

Net sales reached a record high of 2,020 million yen, driven by sales of new products such as the flagship product Standard Dry Plus and Recovery Move, which proposes a new way to rest while traveling, as well as contributions from business collaboration with Premier Anti-Aging and strengthening of the supply chain.

Operating profit

Thanks to the increase in sales, operating profit also reached a record high of 278 million yen.

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

*² 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, liabilities and net assets at the end of the current fiscal year were as follows.

(Assets)

Total assets at the end of the current fiscal year decreased by 1,132 million yen from the end of the previous fiscal year to 11,002 million yen. The main factors of increase and decrease were as follows.

Current assets decreased by 347 million yen from the end of the previous fiscal year to 8,882 million yen.

This was mainly due to a decrease of 353 million yen in accounts receivable - trade.

Non-current assets decreased by 785 million yen from the end of the previous fiscal year to 2,120 million yen. This was mainly due to a decrease of 475 million yen in software in progress and a decrease of 517 million yen in deferred tax assets.

(Liabilities)

Total liabilities at the end of the current fiscal year increased by 352 million yen from the end of the previous fiscal year to 4,877 million yen. The main factors of increase and decrease were as follows.

Current liabilities increased by 742 million yen from the end of the previous fiscal year to 3,759 million yen. This was mainly due to an increase of 440 million yen in short-term borrowings and an increase of 308 million yen in provision for contract loss.

Non-current liabilities decreased by 390 million yen from the end of the previous fiscal year to 1,118 million yen. This was mainly due to a decrease of 385 million yen in long-term borrowings.

(Net Assets)

Net assets at the end of the current fiscal year decreased by 1,484 million yen from the end of the previous fiscal year to 6,124 million yen. This was mainly due to a decrease of 1,483 million yen in retained earnings.

As a result, the equity ratio was 55.7%.

(3) Consolidated cash flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to 4,753 million yen (increased by 94 million yen from the end of the previous fiscal year).

The status of cash flows and their factors during the current fiscal year were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities in the current fiscal year amounted to 425 million yen (cash inflow of 2,422 million yen in the previous fiscal year). The major factors of cash inflows were a decrease of 353 million yen in trade receivables and a decrease of 323 million yen in inventories, while the major factors of cash outflows were a loss before income taxes of 902 million yen, a decrease of 270 million yen in accounts payable - other and a decrease of 252 million yen in accrued consumption taxes.

(Cash flows from investing activities)

Net cash used in investing activities in the current fiscal year amounted to 540 million yen (cash outflow of 900 million yen in the previous fiscal year). The major factor of cash inflow was proceeds from collection of lease and guarantee deposits of 277 million yen, while the major factor of cash outflow was purchase of property, plant and equipment of 629 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities in the current fiscal year amounted to 183 million yen (cash inflow of 179 million yen in the previous fiscal year). The major factor of cash inflow was an increase of 440 million yen in short-term borrowings, while the major factor of cash outflow was repayments of long-term borrowings of 230 million yen.

(4) Future outlook

Looking to the future, the Japanese economy is expected to recover moderately led by domestic demand, and with favorable corporate earnings, wage increases that exceed inflation and expansion of capital investment are expected. In addition, personal consumption is expected to recover gradually thanks to improvements in the employment and income environment. However, there is a risk that a downturn in overseas economies, such as the continued high interest rates in Europe and the United States and the continued stagnation of the real estate market in China, could put downward pressure on Japan's economy, and it is necessary to pay close attention to the effects of rising prices, the situation in the Middle East, and fluctuations in financial and capital markets. The domestic cosmetics market is also expected to continue its recovery trend, supported by favorable factors such as recovery from the COVID-19 pandemic, rising wages, and recovery in inbound tourism.

Under these circumstances, in the anti-aging business, we aim to grow the business by optimizing brands, products, and channels through collaboration between brand management and each channel.

In the brand management, we will redefine the value we deliver to customers, launch new products and brands, and implement new communications and promotions that emphasize our brand value.

As for the channel strategy, we will promote optimal marketing and product strategies for each channel, including not only the mail order but also the retail.

First, in the mail order channel, we will continue to thoroughly improve customer acquisition efficiency, which we have

been working on since the previous fiscal year and will further expand CRM measures to strengthen our customer base. In the retail channel, we will promote tie-up measures with new brand promotions to strengthen in-store appeal and deepen ties with retailers to drive growth.

Overseas, we will closely monitor market trends and strengthen cross-border e-commerce and general trade in mainland China, while also developing other Asia-Pacific markets. Furthermore, we will also work to develop new sales channels domestically

In addition, in order to establish a lean and robust corporate structure that can steadily generate profits, we will continue to work on controlling variable costs and optimizing fixed costs in line with our business scale during the fiscal year ending July 2025.

In the recovery business, we will focus on expanding the business in growth markets. We will further strengthen collaboration as the Premier Anti-Aging group and work harder on branding, digital marketing, CRM and new product development, etc., aiming to increase sales.

With these endeavors, we expect to achieve consolidated net sales of 17,500 million yen (down 14.0% year-on-year), operating profit of 150 million yen (up 7.9% year-on-year), ordinary profit of 130 million yen (down 19.4% year-on-year) and profit attributable to owners of parent of 130 million yen (loss attributable to owners of parent of 1,483 million yen for the previous fiscal year) for the fiscal year ending July 31, 2025.

The earnings forecast 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 Group. Actual results may differ from the forecast due to various factors. The Company will promptly disclose any events that may affect the Group's business results.

2. Basic principle on the choice of accounting standards

The Group has adopted Japanese GAAP for accounting standards, in consideration of comparability of financial statements from period to period and between companies. As for the adoption of IFRS (International Financial Reporting Standards), the Group will appropriately consider it by taking into account the domestic and international circumstances.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Millions of yen)

	Previous fiscal year (As of July 31, 2023)	Current fiscal year (As of July 31, 2024)
Assets		
Current assets		
Cash and deposits	4,670	4,760
Accounts receivable - trade	2,080	1,727
Finished goods	1,464	1,112
Raw materials and supplies	444	474
Prepaid expense	306	251
Other	262	556
Total current assets	9,229	8,882
Non-current assets		
Property, plant and equipment		
Buildings, net	29	431
Vehicles, net	1	1
Tools, furniture and fixtures, net	24	178
Land	0	-
Construction in progress	21	-
Total property, plant and equipment	77	610
Intangible assets		
Goodwill	394	352
Patent rights	205	187
Software	415	404
Software in progress	486	10
Other	9	44
Total intangible assets	1,511	999
Investments and other assets		
Investment securities	19	10
Long-term prepaid expenses	11	-
Deferred tax assets	517	-
Leasehold deposits	729	471
Other	111	105
Allowance for doubtful accounts	(73)	(77)
Total investments and other assets	1,316	510
Total non-current assets	2,905	2,120
Total assets	12,135	11,002
Liabilities		
Current liabilities		
Accounts payable - trade	258	204
Short-term borrowings	568	1,008
Current portion of long-term borrowings	230	385
Current portion of bonds payable	26	26
Accounts payable - other	1,171	871
Income taxes payable	22	23
Accrued consumption taxes	164	-
Contract liabilities	114	171
Provision for bonuses	53	81
Provision for contract loss	-	308
Other	406	677
Total current liabilities	3,016	3,759

(Millions of yen)

	Previous fiscal year (As of July 31, 2023)	Current fiscal year (As of July 31, 2024)
Non-current liabilities		
Bonds payable	70	43
Long-term borrowings	1,366	980
Deferred tax liabilities	34	34
Provision for contract loss	-	52
Asset retirement obligations	38	6
Total non-current liabilities	1,509	1,118
Total liabilities	4,525	4,877
Net assets		
Shareholders' equity		
Share capital	1,351	1,351
Capital surplus	1,351	1,351
Retained earnings	4,888	3,404
Treasury shares	(1)	(1)
Total shareholders' equity	7,590	6,106
Accumulated other comprehensive income		
Foreign currency translation adjustment	19	17
Total accumulated other comprehensive income	19	17
Total net assets	7,609	6,124
Total liabilities and net assets	12,135	11,002

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Millions of yen)

	Previous fiscal year (From August 1, 2022 to July 31, 2023)	Current fiscal year (From August 1, 2023 to July 31, 2024)
Net sales	26,400	20,359
Cost of sales	7,157	4,258
Gross profit	19,242	16,100
Selling, general and administrative expenses	19,854	15,961
Operating profit (loss)	(611)	139
Non-operating income		
Interest income	1	1
Profit on currency exchange	-	35
Commission received	5	-
Miscellaneous income	17	12
Total non-operating income	25	49
Non-operating expenses		
Interest expenses	18	22
Loss on currency exchange	4	-
Provision of allowance for doubtful accounts	20	-
Miscellaneous losses	0	5
Total non-operating expenses	44	27
Ordinary profit (loss)	(631)	161
Extraordinary losses		
Loss on retirement of non-current assets	3	36
Impairment loss	24	495
Loss on valuation of shares of affiliated company	0	2
Contract loss	-	147
Provision of allowance for contract loss	-	361
Other	-	19
Total extraordinary losses	28	1,063
Profit (loss) before income taxes	(659)	(902)
Income taxes - current	543	62
Income taxes - deferred	(469)	518
Total income taxes	74	581
Profit (loss)	(733)	(1,483)
Profit (loss) attributable to owners of parent	(733)	(1,483)

(Consolidated statement of comprehensive income)

(Millions of yen)

	Previous fiscal year (From August 1, 2022 to July 31, 2023)	Current fiscal year (From August 1, 2023 to July 31, 2024)
Profit (loss)	(733)	(1,483)
Other comprehensive income		
Foreign currency translation adjustment	(4)	(1)
Total other comprehensive income	(4)	(1)
Comprehensive income (loss)	(738)	(1,484)
Comprehensive income (loss) attributable to		
Owners of parent	(738)	(1,484)
Non-controlling interests	-	-

(3) Consolidated statement of changes in shareholders' equity
 Previous fiscal year (From August 1, 2022 to July 31, 2023)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,351	1,351	5,622	(1)	8,324	24	24	8,348
Changes of items during period								
Profit (loss) attributable to owners of parent			(733)		(733)			(733)
Net changes in items other than shareholders' equity						(4)	(4)	(4)
Total changes of items during period	-	-	(733)	-	(733)	(4)	(4)	(738)
Balance at end of period	1,351	1,351	4,888	(1)	7,590	19	19	7,609

Current fiscal year (From August 1, 2023 to July 31, 2024)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,351	1,351	4,888	(1)	7,590	19	19	7,609
Changes of items during period								
Profit (loss) attributable to owners of parent			(1,483)		(1,483)			(1,483)
Net changes in items other than shareholders' equity						(1)	(1)	(1)
Total changes of items during period	-	-	(1,483)	-	(1,483)	(1)	(1)	(1,484)
Balance at end of period	1,351	1,351	3,404	(1)	6,106	17	17	6,124

(4) Consolidated statement of cash flows

(Millions of yen)

	Previous fiscal year (From August 1, 2022 to July 31, 2023)	Current fiscal year (From August 1, 2023 to July 31, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	(659)	(902)
Depreciation	184	209
Amortization of goodwill	24	41
Loss on retirement of non-current assets	3	36
Impairment loss	24	495
Loss on valuation of shares of affiliated company	0	2
Increase (decrease) in allowance for doubtful accounts	20	3
Increase (decrease) in provision for contract loss	-	361
Interest income	(1)	(1)
Interest expenses	18	22
Decrease (increase) in trade receivables	1,174	353
Decrease (increase) in inventories	2,564	323
Increase (decrease) in trade payables	(223)	(54)
Increase (decrease) in accounts payable - other	(435)	(270)
Increase (decrease) in accrued expenses	69	208
Decrease (increase) in prepaid expenses	119	54
Increase (decrease) in accrued consumption taxes	239	(252)
Other, net	77	(2)
Subtotal	3,201	630
Interest received	1	1
Interest paid	(19)	(21)
Income taxes paid	(760)	(184)
Net cash provided by (used in) operating activities	2,422	425
Cash flows from investing activities		
Decrease (increase) in time deposits	(1)	4
Purchase of property, plant and equipment	(27)	(629)
Purchase of intangible assets	(751)	(191)
Payments for acquisition of shares of subsidiaries due to change in scope of consolidation	(124)	-
Proceeds from collection of loans	1	2
Payments of leasehold and guarantee deposits	(2)	(0)
Proceeds from collection of lease and guarantee deposits	5	277
Payments of insurance funds	(1)	(1)
Other	-	(2)
Net cash provided by (used in) investing activities	(900)	(540)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	178	440
Proceeds from long-term borrowings	500	-
Repayments of long-term borrowings	(484)	(230)
Payments of redemption of bonds	(13)	(26)
Net cash provided by (used in) financing activities	179	183
Effect of exchange rate changes on cash and cash equivalents	(5)	26
Net increase (decrease) in cash and cash equivalents	1,696	94
Cash and cash equivalents at beginning of period	2,963	4,659
Cash and cash equivalents at end of period	4,659	4,753

(5) Notes to 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.

(Changes in presentation)

(Consolidated balance sheet)

"Rights to use facilities" under "intangible assets," which were stated separately in the previous fiscal year, are now included in "other" from the current fiscal year, as their monetary significance has decreased.

(Notes on going concern assumption)

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, Calculation method for the amounts of sales, profit or loss, assets and other items for each reporting segment

The accounting methods for the reporting segments are in accordance with the accounting policies adopted for preparing the consolidated financial statements.

Reporting segment profits are based on operating profit.

Internal profit and transfers between segments are based on prevailing market prices.

3. Information on the amounts of sales, profit or loss, assets and other items for each reporting segment.

I. Previous fiscal year (From August 1, 2022 to July 31, 2023)

(Millions of yen)

	Reporting segment			Adjustment amount*	Amount recorded in consolidated statement of income
	Anti-aging business	Recovery business	Total		
Sales					
Sales to external customers	25,501	899	26,400	-	26,400
Internal sales and transfers between segments	-	-	-	-	-
Total	25,501	899	26,400	-	26,400
Segment profit (loss)	(719)	106	(612)	0	(611)
Segment assets	10,642	1,492	12,135	-	12,135
Other items					
Depreciation	171	12	184	-	184
Amortization of goodwill	-	24	24	-	24

Note: The adjustment amount of 0 million yen for segment profit or loss is the elimination of intersegment transactions.

II. Current fiscal year (From August 1, 2023 to July 31, 2024)

(Millions of yen)

	Reporting segment			Adjustment amount	Amount recorded in consolidated statement of income
	Anti-aging business	Recovery business	Total		
Sales					
Sales to external customers	18,338	2,020	20,359	-	20,359
Internal sales and transfers between segments	-	-	-	-	-
Total	18,338	2,020	20,359	-	20,359
Segment profit (loss)	(139)	278	139	-	139
Segment assets	9,134	1,867	11,002	-	11,002
Other items					
Depreciation	188	21	209	-	209
Amortization of goodwill	-	41	41	-	41

4. 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 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."

Please note that segment information for the previous fiscal year has been prepared based on the revised classification.

[Related information]

Previous fiscal year (From August 1, 2022 to July 31, 2023)

1. Information by product and service

The information is omitted as the same information is disclosed in the segment information.

2. Information by area

(1) Net sales

The information is omitted as sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted as the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by main customers

(Millions of yen)

Name of customers	Net sales	Related segments
Ida Ryogokudo Co., Ltd.	4,188	Anti-aging business

Current fiscal year (From August 1, 2023 to July 31, 2024)

1. Information by product and service

The information is omitted as the same information is disclosed in the segment information.

2. Information by area

(1) Net sales

The information is omitted as sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted as the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by main customers

(Millions of yen)

Name of customers	Net sales	Related segments
Ida Ryogokudo Co., Ltd.	2,542	Anti-aging business

[Information on impairment losses on non-current assets by reporting segment]

Previous fiscal year (From August 1, 2022 to July 31, 2023)

(Millions of yen)

	Anti-aging business	Recovery business	Other	Elimination	Total
Impairment loss	24	-	-	-	24

Current fiscal year (From August 1, 2023 to July 31, 2024)

(Millions of yen)

	Anti-aging business	Recovery business	Other	Elimination	Total
Impairment loss	495	-	-	-	495

[Information on amortization and unamortized balance of goodwill by reporting segment]

Previous fiscal year (From August 1, 2022 to July 31, 2023)

(Millions of yen)

	Anti-aging business	Recovery business	Other	Elimination	Total
Amortization	-	24	-	-	24
Unamortized balance	-	394	-	-	394

Current fiscal year (From August 1, 2023 to July 31, 2024)

(Millions of yen)

	Anti-aging business	Recovery business	Other	Elimination	Total
Amortization	-	41	-	-	41
Unamortized balance	-	352	-	-	352

[Information on gain on negative goodwill by reporting segment]

Not applicable

(Per share information)

	Previous fiscal year (From August 1, 2022 to July 31, 2023)	Current fiscal year (From August 1, 2023 to July 31, 2024)
Net assets per share	872.60 yen	702.33 yen
Basic earnings (losses) per share	(84.17) yen	(170.10) yen

Notes: 1. Although there are dilutive shares, diluted earnings per share are not indicated due to net losses per share.

2. The basis for calculating net assets per share is as follows.

(Millions of yen)

	Previous fiscal year (As of July 31, 2023)	Current fiscal year (As of July 31, 2024)
Total net assets	7,609	6,124
Amount deducted from total net assets	-	-
Net assets related to common shares at the end of the period	7,609	6,124
Number of common shares used in the calculation of net assets per share at end of period	8,720,379 shares	8,720,379 shares

3. The basis of calculating basic earnings (losses) per share is as follows.

(Millions of yen)

	Previous fiscal year (From August 1, 2022 to July 31, 2023)	Current fiscal year (From August 1, 2023 to July 31, 2024)
Basic earnings (losses) per share		
Profit (loss) attributable to owners of parent	(733)	(1,483)
Amount not attributable to common shareholders	-	-
Profit (loss) attributable to owners of parent for common shares	(733)	(1,483)
Average number of common shares during period	8,720,379 shares	8,720,379 shares

(Significant subsequent events)

[Stock acquisition rights]

At the Board of Directors meeting held on September 12, 2024, it was resolved to submit a proposal regarding the determination of remuneration related to stock options for the Company's directors (excluding outside directors) to the 15th Ordinary General Meeting of Shareholders to be held on October 29, 2024. For details, please refer to the "Notice concerning (stock options (stock acquisition rights))" announced on the same day.