

Financial Results for the First Nine Months of the Year Ending December 31, 2025

November 7, 2025



Executive Summary

Q3 Performance

Net sales: ¥34.36 bn (+9.8% YoY)

- Substantial YoY growth in the Skincare and Others category (+434.9% YoY)
- Growth in online sales (+53.6% YoY)

EBITDA: ¥3.50 bn (+7.9% YoY) / Operating profit: ¥2.20 bn (-25.4% YoY)

- Despite lower operating profit due to amortization from two major FY2024 acquisitions (up 5.1% YoY before amortization), EBITDA rose year on year.

FY2025 Forecast and Shareholder Returns

FY2025 Forecast

- There is a risk to the achievement of the full-year targets; however, net profit for the year is expected to be in line with the target^{*1}.

Major expansion of shareholder benefits and higher year-end dividend

- ¥10,000 worth of Digital-gift® points will be awarded to shareholders with 100 to 499 shares, and ¥20,000 worth of points to those with 500 or more shares.
- Increase in the year-end dividend from ¥13.5 to ¥15.0 per share.
- Shareholder benefit yield has been set at a high level of 8.1%^{*2}, with the total shareholder return, including dividends, of 9.3%^{*2}.

Future Policy

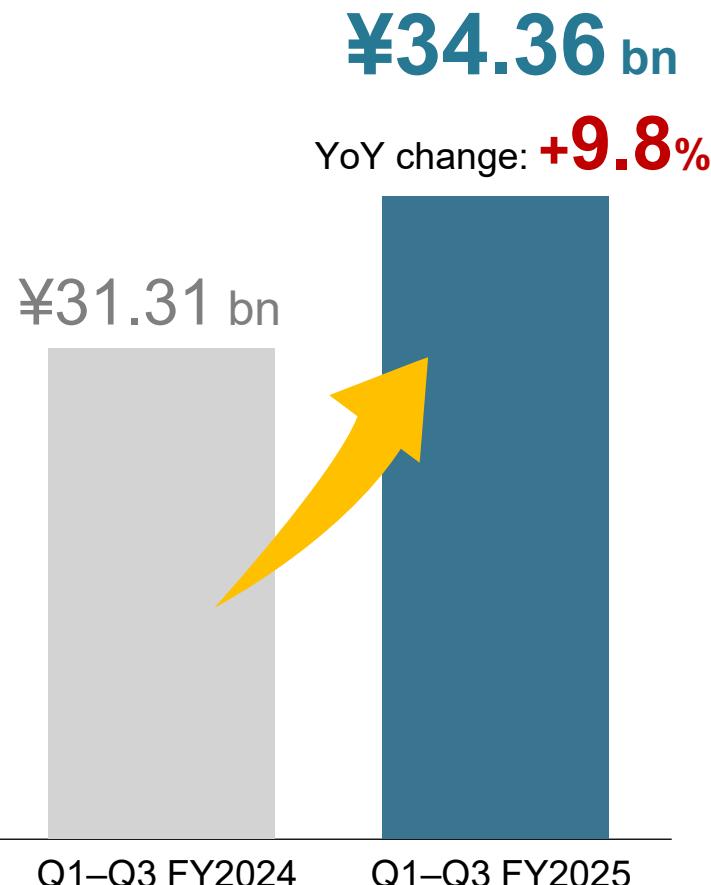
Progress and Direction Toward Achieving ¥100 Bn in Net Sales

- Our business portfolio transformation is steadily progressing thanks to the strong performance of our new strategic business “Skincare and Others.” (The sales composition ratio of the same category is expected to expand from approximately 5% in 2023 to around 20% in 2025.)
- We are currently working to address identified challenges with the aim of achieving the regrowth of our existing core businesses “Haircare” and “Beauty Devices.”

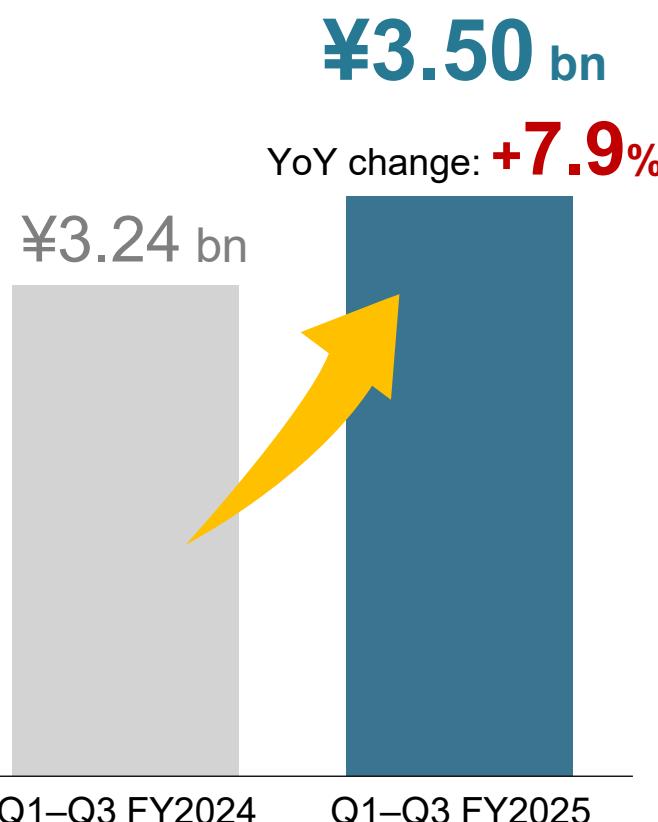
- 01 Consolidated Results Highlights**
- 02 Progress in Respective Categories**
- 03 FY2025 Forecast and Enhancement of Shareholder Return**
- 04 Progress and Direction Toward Achieving ¥100 Bn in Net Sales**
- 05 Appendix**

Consolidated Net Sales, Consolidated EBITDA, Consolidated Operating Profit

Consolidated net sales



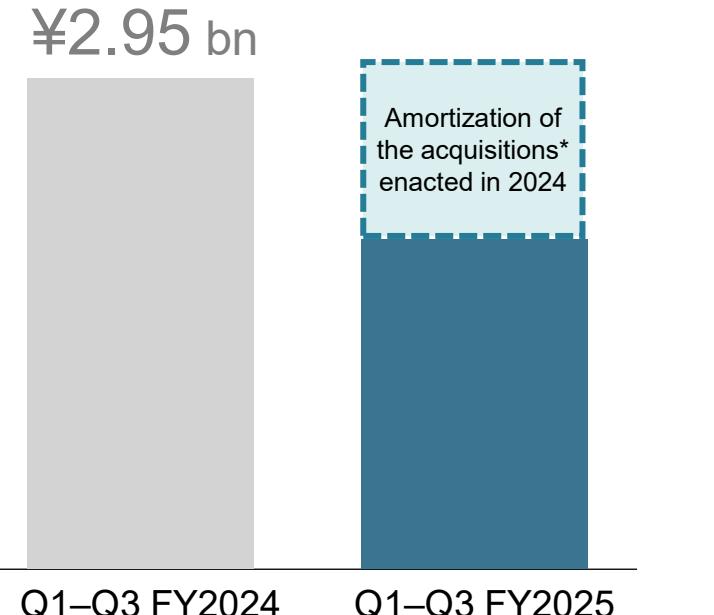
Consolidated EBITDA



Consolidated operating profit

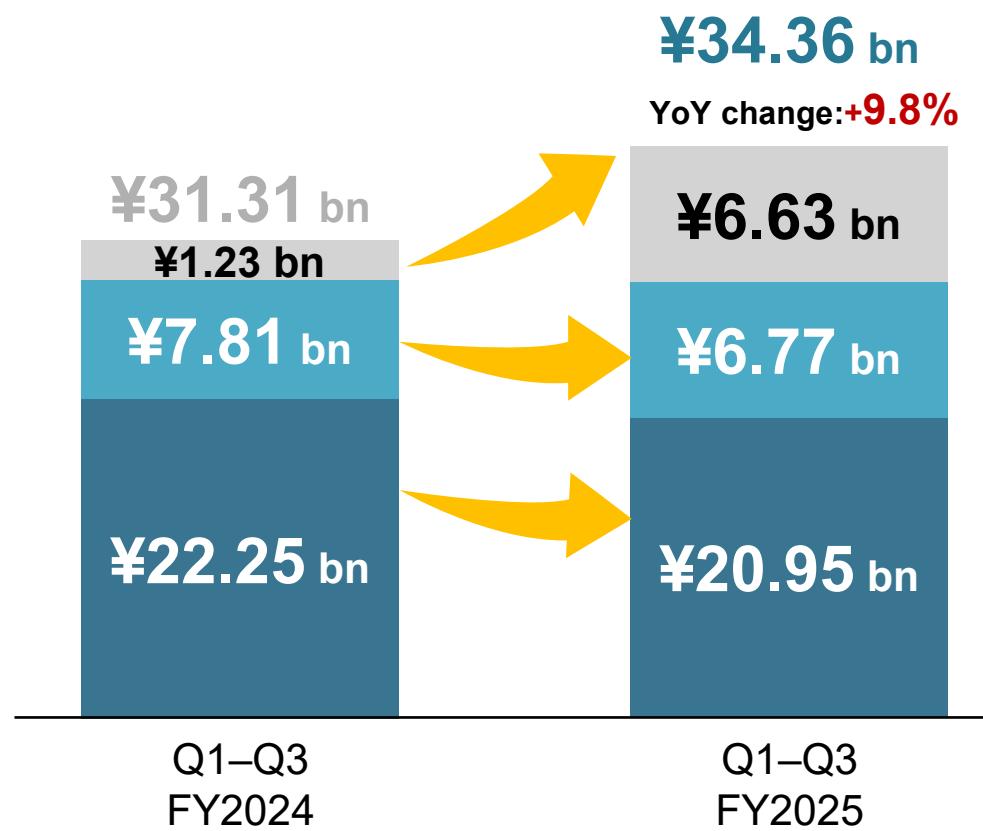
Before amortization of the acquisitions* enacted in 2024
¥3.10 bn YoY change: **+5.1%**

After amortization of the acquisitions* enacted in 2024
¥2.20 bn YoY change: **-25.4%**



Net Sales by Category

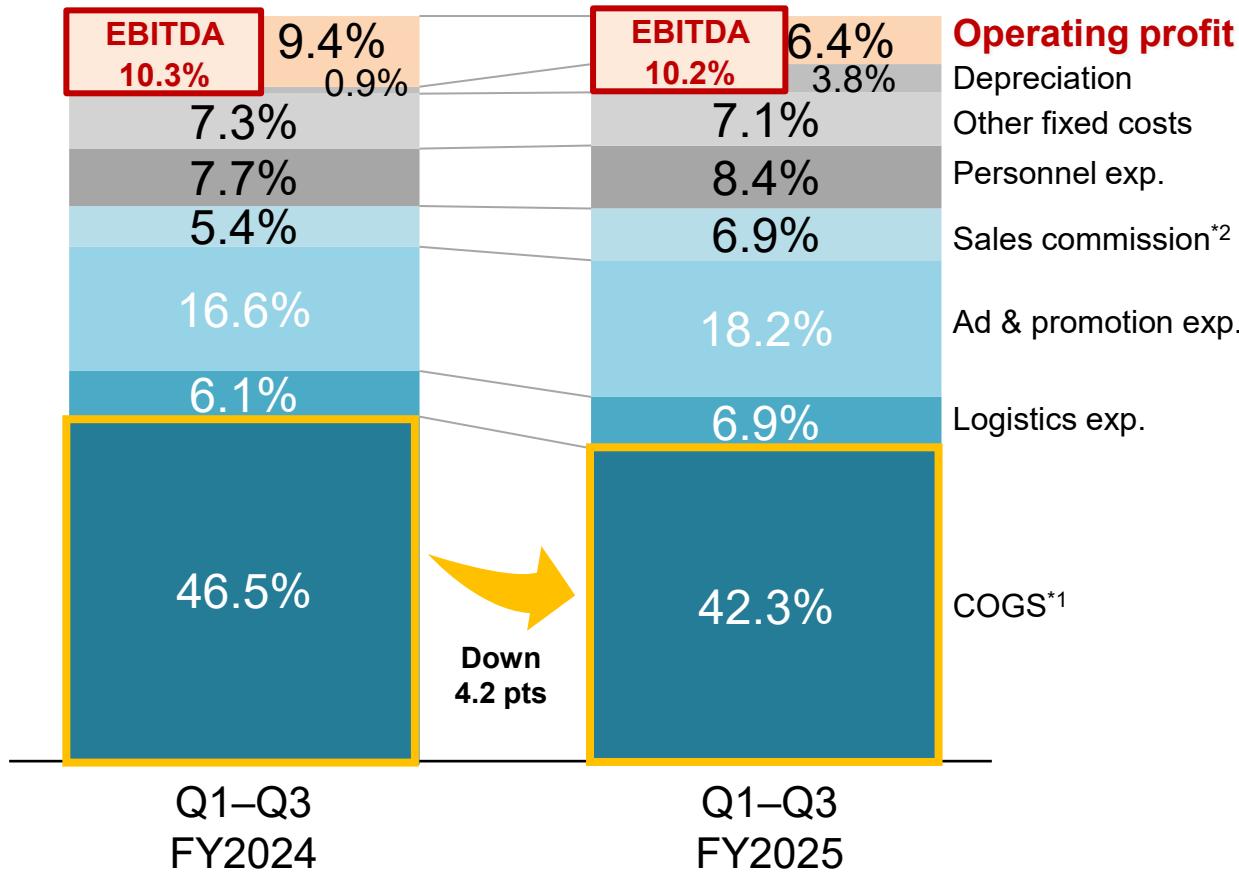
- “**Skincare and Others**” achieved substantial YoY growth of **434.9%** with the inclusion of Tout Vert (acquired in October 2024) in consolidation, coupled with the growth of brands other than TOUT VERT.
- Online sales increased in all categories, resulting in huge YoY growth in company-wide sales of 53.6%.** Meanwhile, online sales ratio improved from approx. 32% to 44%.



YoY change in net sales	
Total	+9.8%
(online)	+53.6%
Skincare and Others	+ 434.9%
Beauty Devices	△13.4%
Haircare	△5.8%

Cost Structure

- COGS*1 ratio decreased by as much as 4.2 pts YoY**, with the two acquisitions enacted in FY2024, increased online sales, and ongoing engagement with OEM partners.



Operating profit

Variable costs

- COGS ratio improved YoY for the third consecutive fiscal year.
- Advertising and promotion expenses to sales ratio rose by 1.6 pts YoY by strengthening investments in such expenses to achieve growth in Q4 and over the medium-to long-term.
- Sales commission to sales ratio increased by 1.5 pts YoY, driven by an increase in the ratio of online sales.

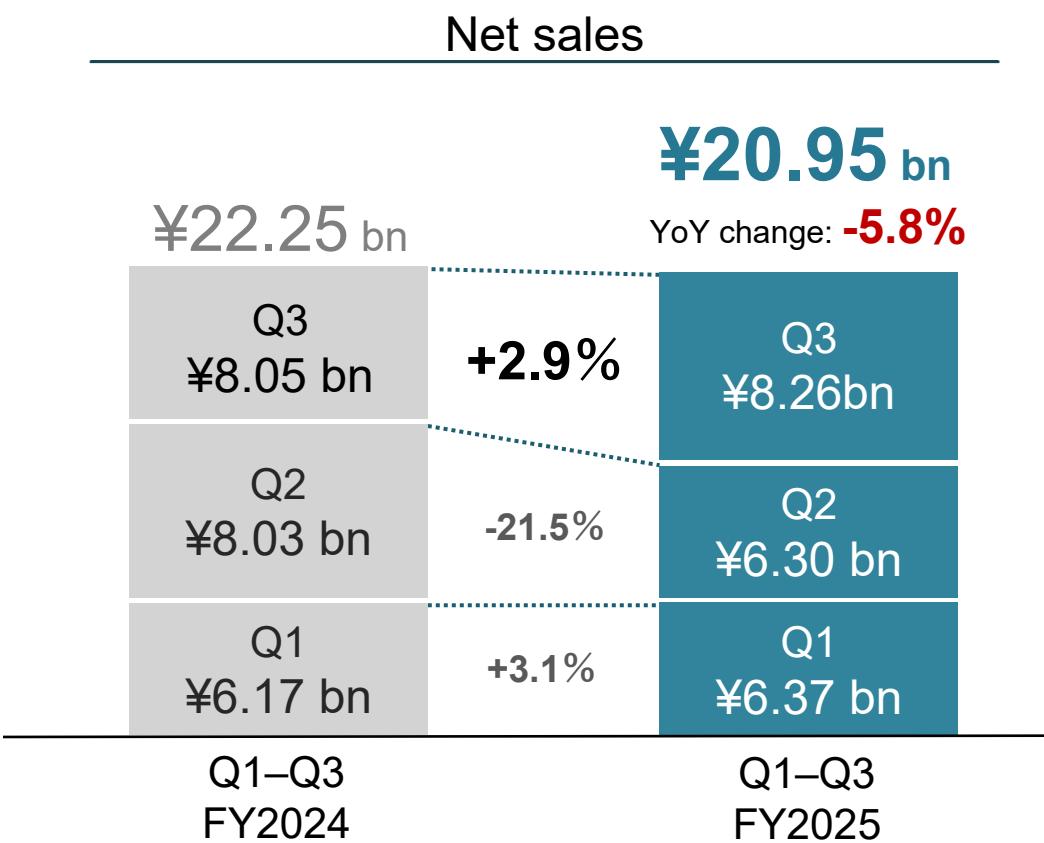
Fixed costs

- Depreciation to sales ratio increased after we **recorded amortization of goodwill and intangible assets** in the acquisitions enacted in Q4 FY2024 (see Appendix).
- Personnel expenses to sales ratio increased, affected by last year's wage increases and staff expansion for new market penetration. However, we expect the ratio to improve over the medium-term with the growth of sales and the promotion of digital transformation and AI utilization, among other measures.

- 01 Consolidated Results Highlights**
- 02 Progress in Respective Categories**
- 03 FY2025 Forecast and Enhancement of Shareholder Return**
- 04 Progress and Direction Toward Achieving ¥100 Bn in Net Sales**
- 05 Appendix**

Progress in Haircare Category

- We saw a temporary decline in Q2 quarterly sales mainly due to the withdrawal from the Chinese market as well as to a delay in building market recognition of the revamping of YOLU in April. However, **sales have been on a recovery trend in Q3 toward achieving the full-year target, chiefly supported by the launch of new products, which incorporated the review of our decision-making process.**
- Online sales increased by 19.5% YoY, as all main brands recorded higher revenue compared to the same period last year.**



Topics

- BOTANIST performed firmly, with Q3 quarterly sales increased by 4.8% YoY.
- We launched “BOTANIST SANTAL” in September, **achieving 193%*1 of the initial sales plan** from pre-sale through e-commerce. The product won **a total of 10 sales ranking titles*2 on different e-commerce websites**.
- Despite a slight YoY decrease of 2.2%, YOLU showed a **substantial recovery with sales increased by 71.4% QoQ**. A skin care line launched in July **achieved shipments to 11,000 offline stores**, while winning four online sales ranking titles*3 on e-commerce websites.

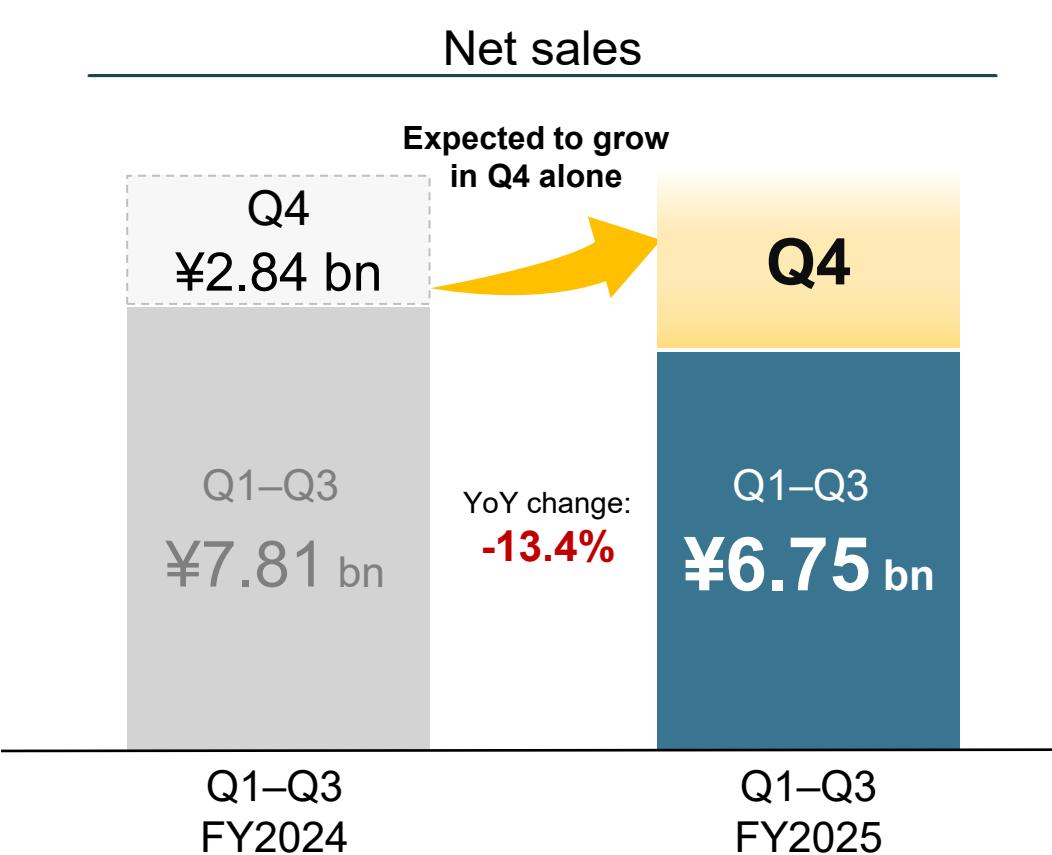


*1 The number of pre-orders placed through Rakuten Ichiba as of August 25, 2025. *2 Rakuten Ichiba's daily ranking

*3 Rakuten Ichiba's daily ranking (data collection period: July) and Amazon's new arrivals ranking (surveyed in July)

Progress in Beauty Devices Category

- The medium- to high-price-end items^{*1} recorded a 16.8% year-on-year increase in revenue, with its share of total sales within SALONIA rising to 45% (from 33% in the previous year). On the other hand, sales of staple items^{*2} decreased more than expected, adversely affected by the reduction of investments.
- Q4 quarterly **sales are expected to increase significantly compared to Q3 quarterly sales** by strengthening investments in the staple items^{*2} and launching new products (Q1–Q3: 5 products ⇒ Q4 alone: 7 products^{*3} (plan)).



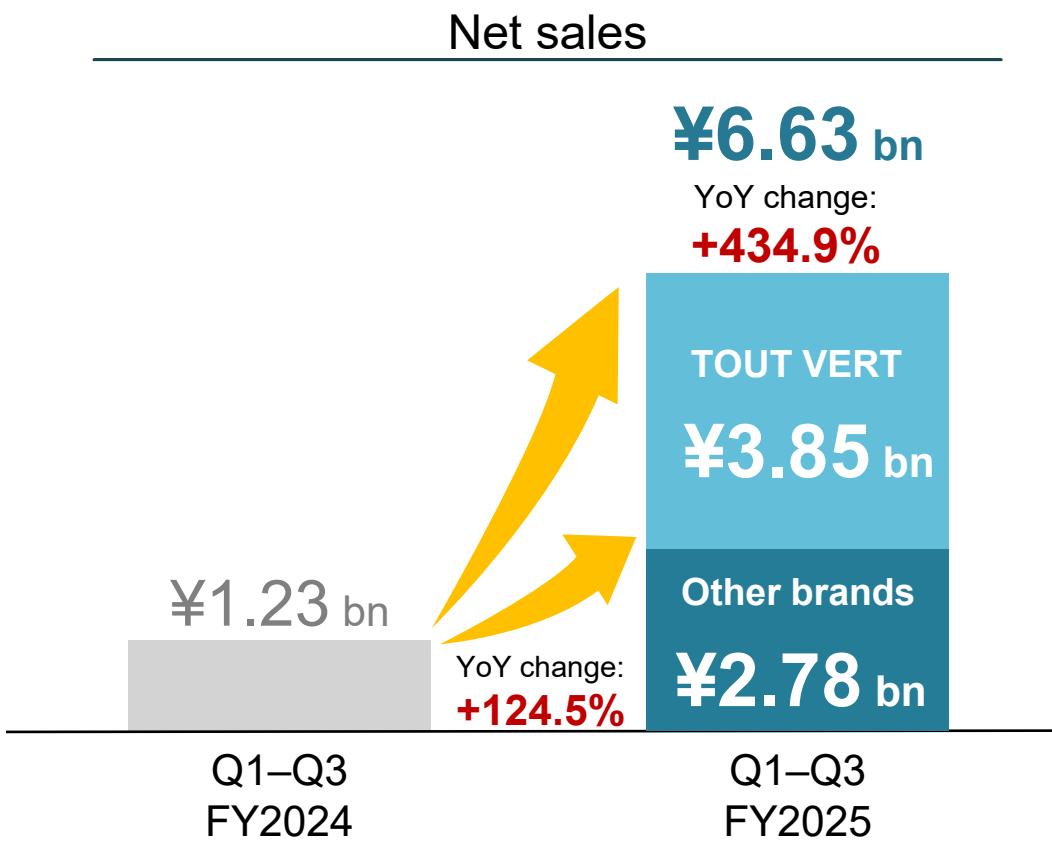
Topics

- Medium- to high-end items: Sales of the Smooth Shine Dryer **increased by 121.4% YoY**, whereas the Glossy Care Dryer performed strongly with sales **increased 143.1% YoY**, driving the growth of medium- to high-end items.
- Products to be launched in Q4: We will roll out collaboration products with a nine-member girl group NiziU, in addition to releasing products with further added value, including a compact metal Gua Sha comb, a codeless hair iron equipped with a smartphone charging function, and a I-shaped hair dryer.



Progress in Skincare and Others Category

- The category achieved **astonishing YoY growth of 434.9%**, mainly contributed by TOUT VERT, WrinkFade, and ReWEAR. **Even if excluding TOUT VERT, YoY growth would still be impressive at 124.5%.**
- The Skincare and Others category has grown to be the third business pillar** after the Haircare and Beauty Devices categories. **Sales of fabric softeners, health foods, and other such products, a potential fourth pillar, have also steadily expanded.**



Topics

- TOUT VERT: Hit record high sales for a Q1–Q3 period with progress exceeding the target. Launched a new type of best-selling items in August.
- WrinkFade: Achieved huge YoY growth of 30.7% with strong growth in new subscriptions and increasing online-mall sales.
- Teaflex: Achieved substantial QoQ growth of 320.7%, boosted by an increase in customers acquired through such means as enhanced influencer measures. Decided to start selling products offline.
- ReWEAR: Enjoyed strong performance of not only staple items but also summer limited items released in August, resulting in steady QoQ growth of 17.2%.



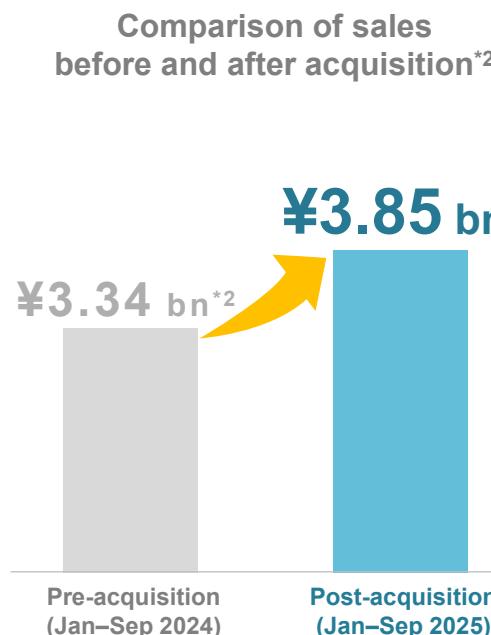
PMI Progress

- PMI is proceeding well in Tout Vert and Artemis^{*1}.** In the Q1–Q3 period, we achieved an increase in net sales and improvement in gross profit.
- We will continue our efforts to generate further synergies by leveraging our business management expertise and resources from Q4 and beyond.

Designs and sells cosmetics

Tout Vert Co., Ltd.

TOUT VERT



PMI actions

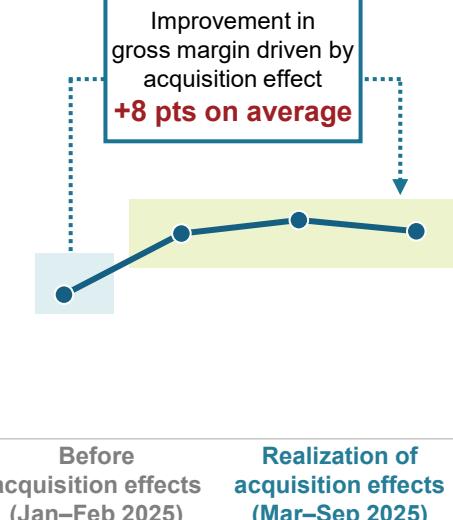
✓	Gain opportunities for immediate growth
✓	Improve online sales
✓	Expand offline sales
In progress	Strengthen digital marketing
✓	Optimize supply chain
In progress	Improve business management capability

Designs, manages production of, exports, and sells beauty devices

Artemis Co., Ltd.^{*1}

Artemis

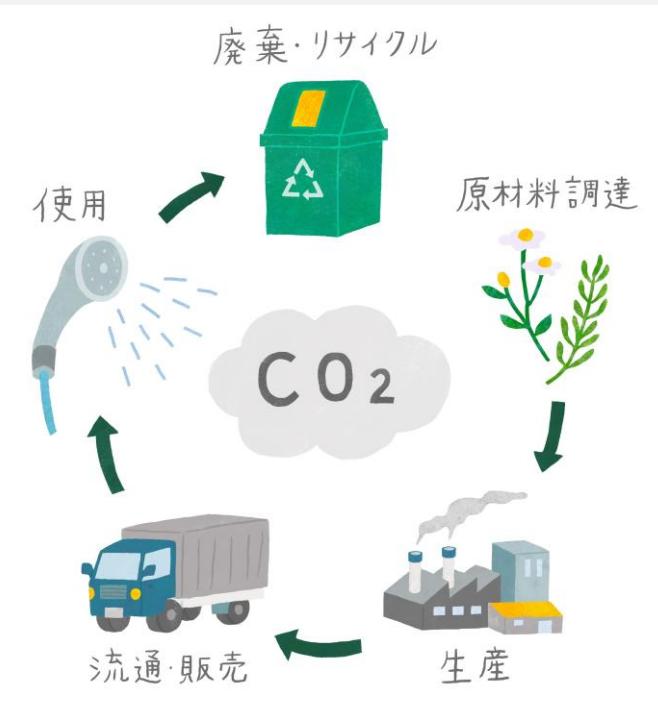
Gross margin of Beauty Devices business^{*3}
(Jan–Sep 2025)



PMI actions

✓	Undertake process to change product specifications and supply-chain partners
✓	Standardize integrated process flow
In progress	Accelerate development
✓	Improve QCD
In progress	Improve business management capability

Sustainability Initiatives



We participated in the Model Project for
Carbon Footprints of Products and Services
(Support for Industry Associations and Corporate Groups)
sponsored by the Ministry of the Environment.



BOTANIST Foundation has decided to grant subsidies to
Osaka Municipal Nagai Botanical Garden and Sanson Juku.

- 01 **Consolidated Results Highlights**
- 02 **Progress in Respective Categories**
- 03 **FY2025 Forecast and Enhancement of Shareholder Return**
- 04 **Progress and Direction Toward Achieving ¥100 Bn in Net Sales**
- 05 **Appendix**

Latest Forecast

- A delay in adapting to changes in the external environment and other factors may pose a risk to the achievement of the full-year targets.
- Despite increased strategic investments for future regrowth, net profit for the year is projected to be in line with the target.

Net sales

- While the Skincare and Others category is expected to record higher net sales than the target, the following factors may lead to overall net sales falling below the target:
 - A delay in building recognition of the revamping of YOLU
 - A delay in sales promotion of new haircare products
 - Excessive reduction of investments in staple items^{*1} resulting from the concentration of investments in medium- to high-end beauty device items^{*2}.



EBITDA / Operating profit

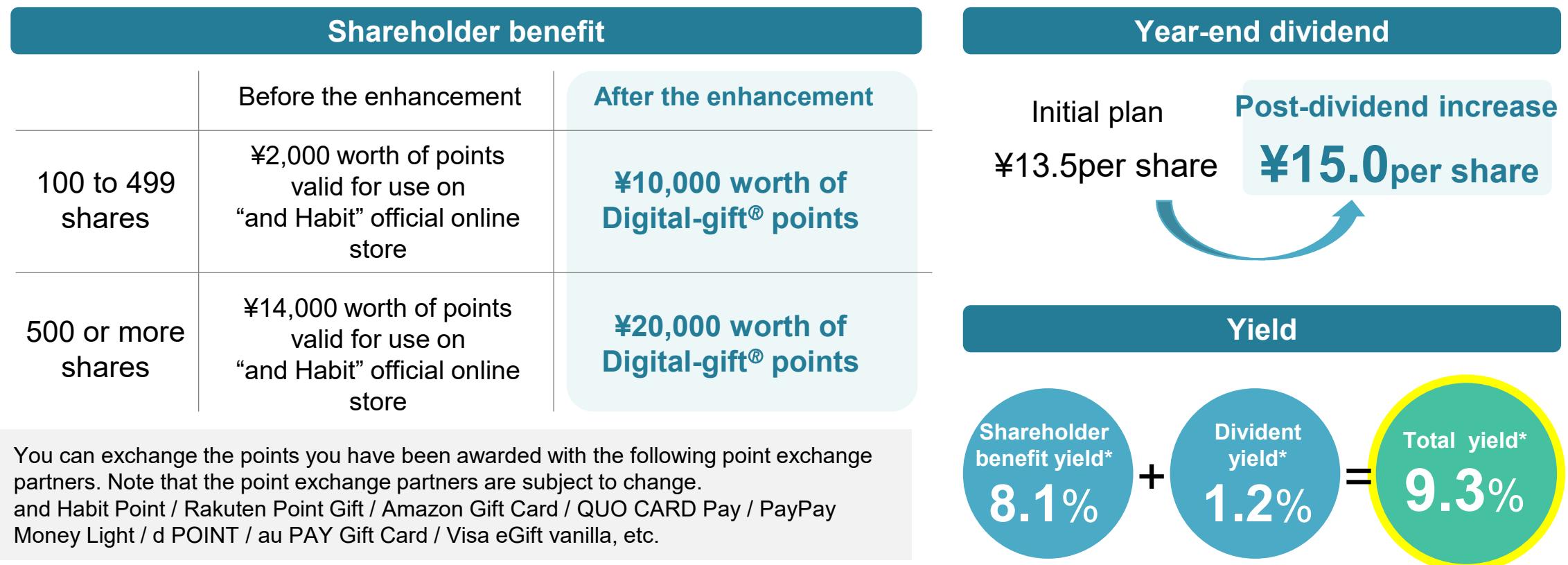
- Although COGS and fixed cost reductions progressed better than the initial targets, EBITDA and operating profit are at risk of falling below their targets due to the impact of progress toward achieving the net sales target and strategic investments in advertising and promotion expenses to achieve the medium- to long-term strategy.

Net profit for the year

- Net profit for the year^{*3} is projected to be in line with the target as the above-mentioned risk for EBITDA and operating profit will be absorbed by the effects of a reduction in tax expenses resulting from the absorption-type merger of a subsidiary announced on October 22 and the tax system for promoting wage increase.

Enhanced shareholder returns (expanded benefits and higher dividends)

- To enhance investment appeal and promote medium- to long-term shareholding, the Company decided to expand shareholder benefits and raise the year-end dividend. **The benefit yield is 8.1%* and the total yield including dividends is 9.3%***

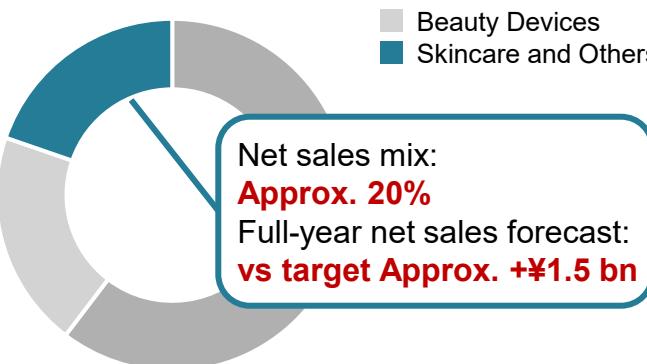


Vesting date: End of December; Record date: December 31; Dispatch of Notification: Early March

- 01 **Consolidated Results Highlights**
- 02 **Progress in Respective Categories**
- 03 **FY2025 Forecast and Enhancement of Shareholder Return**
- 04 **Progress and Direction Toward Achieving ¥100 Bn in Net Sales**
- 05 **Appendix**

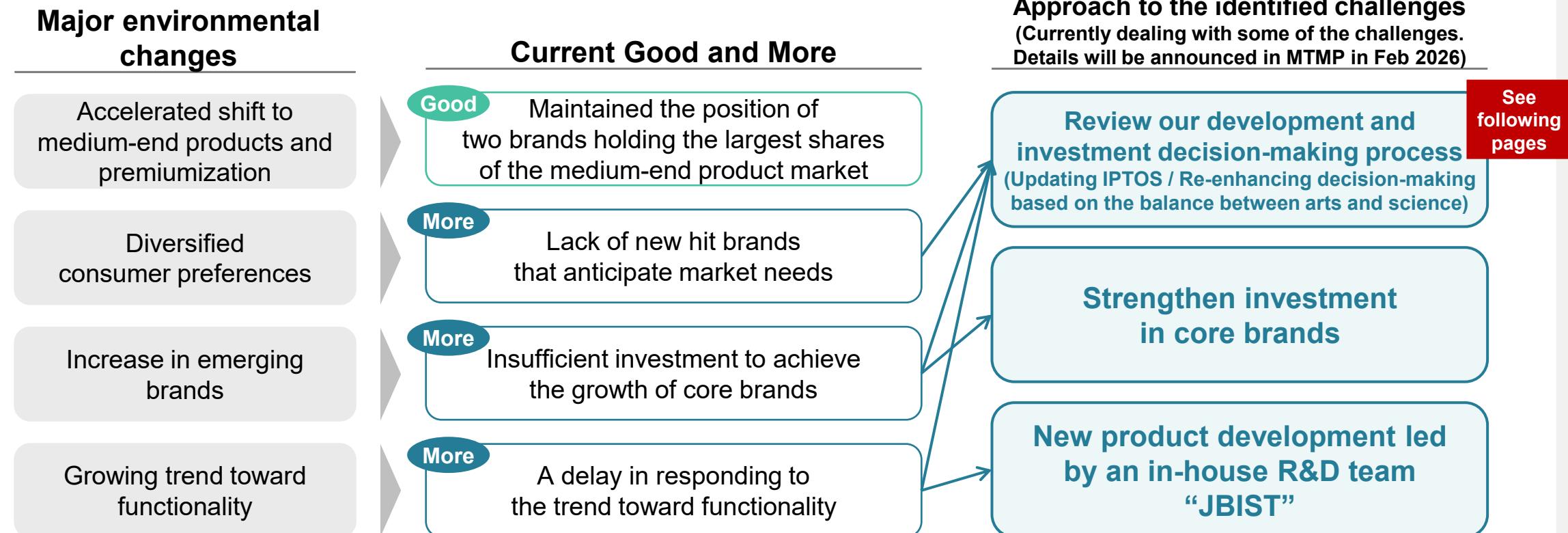
Progress in Transforming Our Business Portfolio and Actions to Address Challenges

- The “Skincare and Others” category is showing substantial growth at a higher pace than the target (about 1.5 billion yen above the full-year plan is expected), resulting in **steady progress in the construction of a new business pillar toward transforming our business portfolio**.
- We are currently implementing an organizational reform to solve the challenge** of a slowdown of growth of the “Haircare” and “Beauty Devices” categories.

Net sales mix by category			Progress toward achieving ¥100 bn in net sales		
FY2025 forecast		Category		Actual results	Factors
 <p>FY2025 forecast</p> <p>Net sales mix: Approx. 20% Full-year net sales forecast: vs target Approx. +¥1.5 bn</p>	 <p>FY2023 actual results</p> <p>Net sales mix: Approx. 5%</p>	<p>New strategic businesses = Skincare and Others</p>	<p>Growing substantially at a higher pace than the target</p>	<ul style="list-style-type: none"> The acquisition of Tout Vert and steady progress in its PMI Multiple potential hit products created by a team directly reporting to the President “New Business Development Office” and a subsidiary Endeavour* (ReWear, SKN REMED, TeaFlex, Collatein, etc.) 	
	<p>Existing core businesses = Haircare, Beauty Devices</p>	<p>Slower than the initial forecast</p> <p>↓ Implanting an organizational reform to achieve regrowth</p>		<p>(See next page for details)</p>	

Challenges Identified and Actions Taken in the Haircare Category

- The domestic haircare market has continued to expand, driven by an accelerated shift to medium-end products and premiumization. We see this situation as a business opportunity.
- We aim to achieve the regrowth of this category by drastically reviewing our organizational structure and investment policy, taking into account changes in consumer presences and increase of competition.**



Challenges Identified and Actions Taken in the Beauty Devices Category

- The domestic beauty devices market is showing a significant growth in medium-to high-end products, and we see this situation as a business opportunity.
- Against a backdrop of the above market trends and the progressively weaker yen, we have achieved a certain level of success by making strategic investments in medium- to high-end items. **On the other hand, however, the lower-than-expected sales of staple items and decreased brand equity are challenges we are currently facing. With these in mind, we aim to achieve the regrowth of this category by drastically reviewing our organizational structure and investment policy.**

Major environmental changes

Growth of the medium-to high-end product market

Progressively weaker yen

Current Good and More

Good

Expansion of medium- to high-end items and their revenue contribution

Good

Revenue improvement and stabilization through the acquisition of Artemis and forward exchange contracts

More

Lower-than-expected sales resulting from reduced investments in staple items with low gross margins
(A decline in brand equity as a result of ROAS*-driven investments)

Approach to the identified challenges
(Currently dealing with some of the challenges. Details will be announced in MTMP in Feb 2026)

See following pages

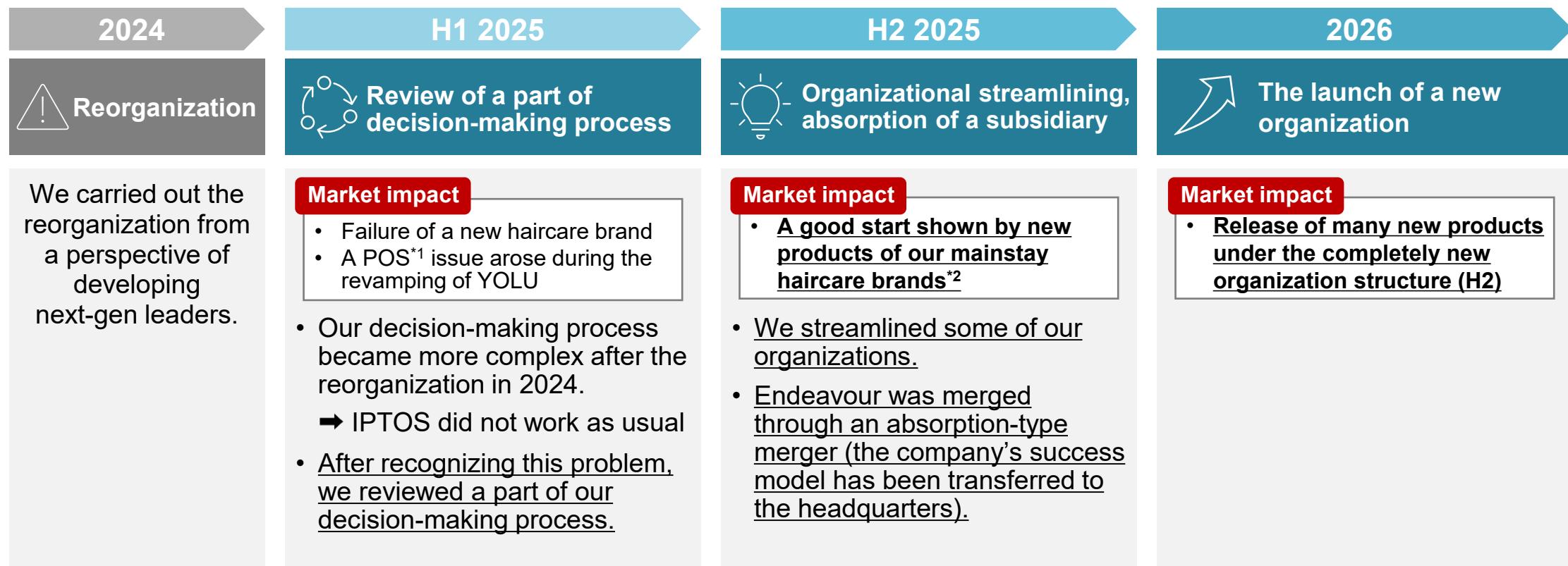
Review our development and investment decision-making process
(Updating IPTOS / Re-enhancing decision-making based on the balance between arts and science)

Strengthen investment in staple items

Strengthen investment to improve brand equity

Review of Development and Investment Decision-making Process (Re-enhancement of IPTOS)

- A reorganization carried out in 2024 caused a problem where our proprietary brand management system “IPTOS” did not work properly in our existing core businesses—i.e., Haircare and Beauty Devices.
- As a result of measures we have taken to solve the problem since 2025, we have been witnessing signs of recovery in newly launched haircare products. We will release new products under a new organizational structure developed through a structural reform in H2 2026.



*1: Point-of-sale (POS) is revenue recognized when a consumer purchases the product at a drugstore. POS revenue serves as an indicator for the sales and consumption performance to the brands.

*2: Refer to BOTANIST SANTAL, YOLU 4th “MELLOW NIGHT REPAIR”

Innovation Never Ends / Next mid-term plan: Feb 2026 (scheduled)

Innovation Never Ends

FY2028-2030

Becoming Japan's Leading Beauty Mega Venture

Financial
Target

Net sales: ¥100.0 bn, EBITDA: 14.0 bn, Operating profit: 11.0bn

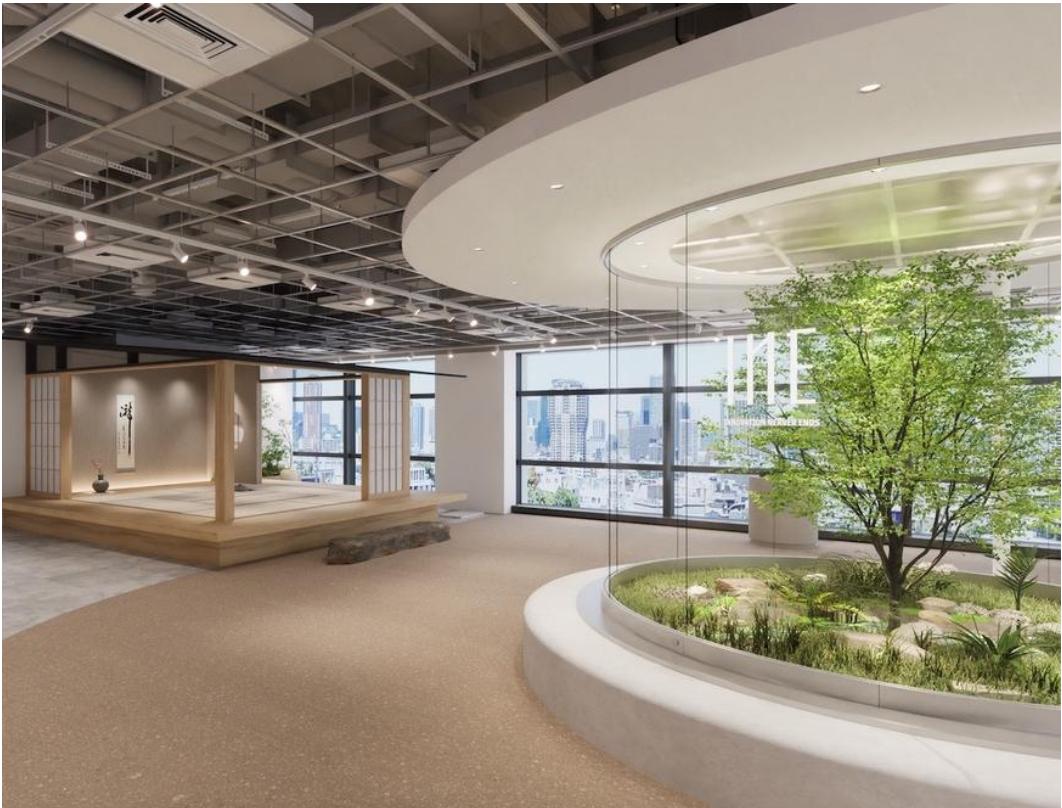
- 01 Consolidated Results Highlights**
- 02 Progress in Respective Categories**
- 03 FY2025 Forecast and Enhancement of Shareholder Return**
- 04 Progress and Direction Toward Achieving ¥100 Bn in Net Sales**
- 05 Appendix**

Company Profile



INNOVATION NEVER ENDS

Name	I-ne Co., Ltd. <small>Securities code: 4933</small>
Established	March 2007
Capital	50 million yen <small>(as of September 30, 2025)</small>
Head office	8F Midosuji Daibiru, 4-1-2, Minami Kyuhojimachi, Chuo-ku, Osaka-shi, Osaka 5410058 JAPAN
Employees	452 <small>(as of September 30, 2025, excludes temporary employees)</small>
Representative	Yohei Onishi (President and CEO)
Subsidiaries	4 in Japan, 2 overseas <small>(as of September 30, 2025)</small>

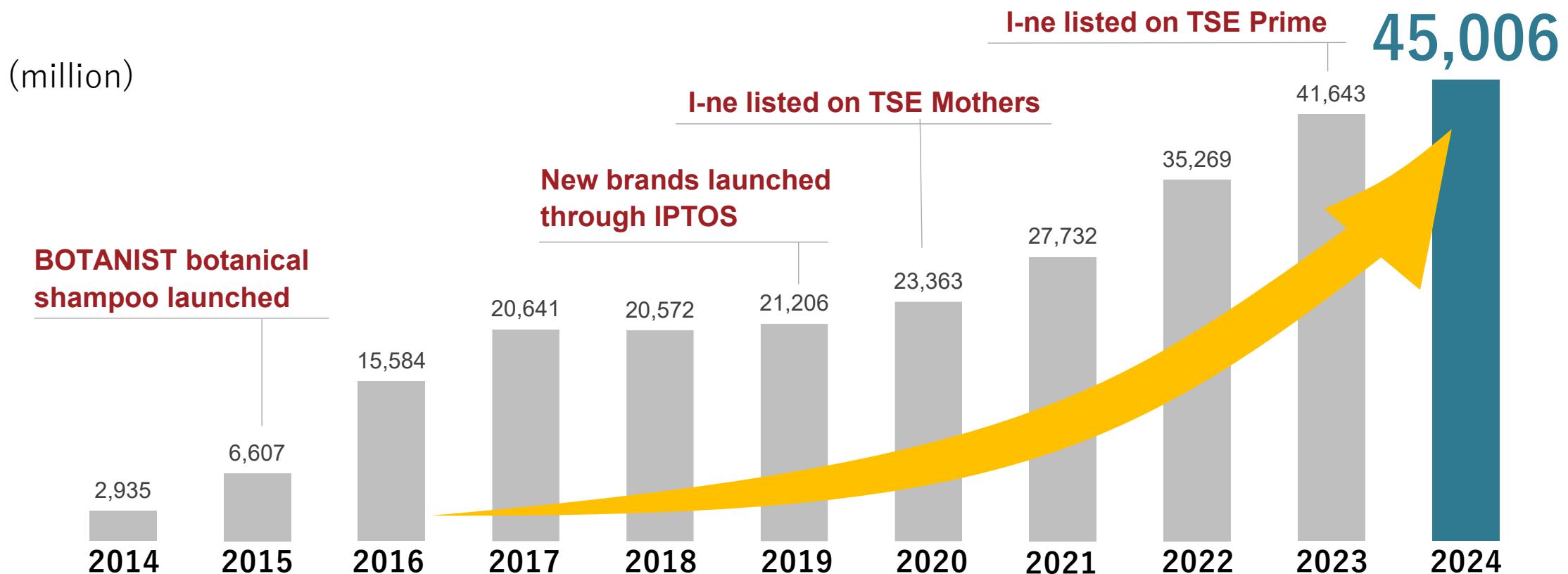


We are
**Social Beauty
Innovators**
for
Chain of Happiness

We will continue challenging
ourselves to bring a society
overflowing with the *“Chain of
Happiness”* through beautiful
and innovative approaches.

Top-Line Growth: Net Sales

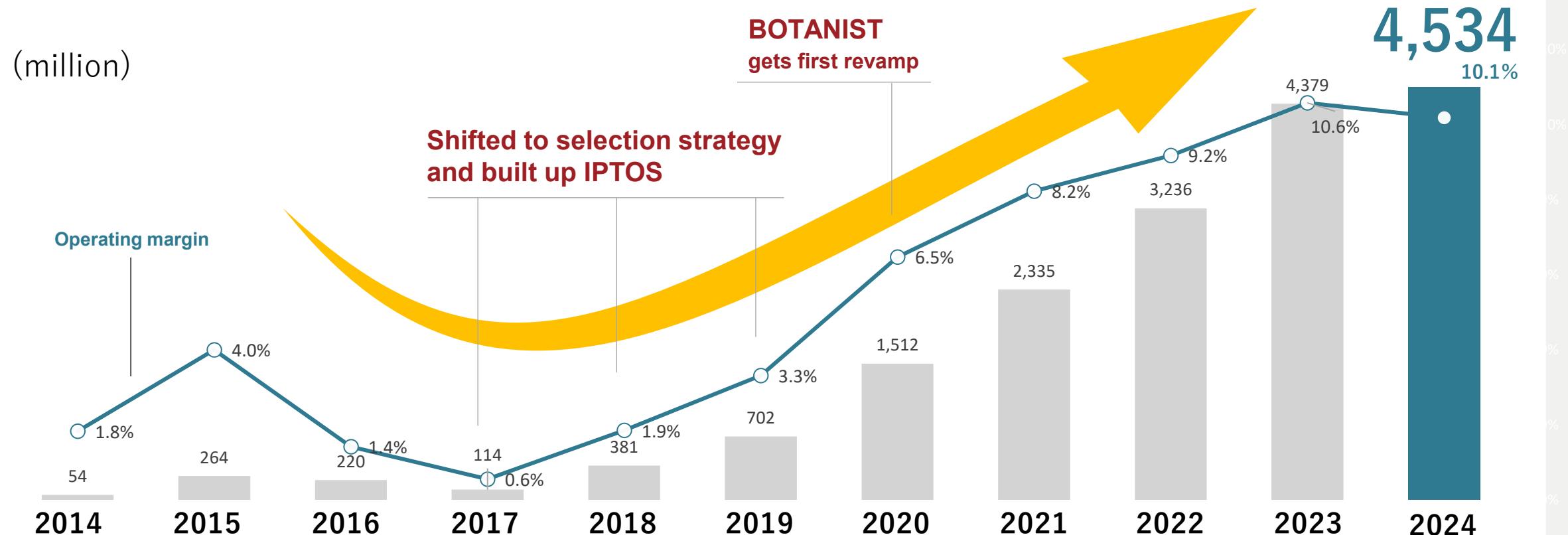
Launch of BOTANIST heralded start of top-line growth trend. We got listed on TSE Prime in September 2023. To further accelerate growth, we'll maintain growth in haircare and beauty devices, expand skincare and other businesses, and go further in our global expansion.



- 2014/12-2016/12 uses non-consolidated figures. 2017/12-2021/12 uses consolidated figures.
- 2014/12-2017/12: Reference (unaudited data)
- 2014/12-2020/12: Before application of revenue recognition standard. /2021/12: After application of new revenue recognition standard
- The standard has been retroactively applied to FY 12/21 (but the retroactive results remain unaudited).

Bottom-Line Growth: Operating Profit, Operating Margin

Since 2018, we've seen impressive bottom-line growth. This is the result of a selection strategy and IPTOS. We'll work to get profitability up to global standard.



- 2014/12-2016/12 uses non-consolidated figures. 2017/12-2021/12 uses consolidated figures.
- 2014/12-2017/12: Reference (unaudited data)
- 2014/12-2020/12: Before application of revenue recognition standard. /2021/12: After application of new revenue recognition standard
- The standard has been retroactively applied to FY 12/21 (but the retroactive results remain unaudited).

Membership of Board of Directors



Yohei Onishi
Chief Executive Officer



Yoshinori Hara
Director

Previously no. 2 in P&G Japan's finance division, Hara has experience in leading business and developing organization. He joined I-ne in 2022 and became CFO. He has served on I-ne's Board of Directors since 2024.



Ken Horikawa
Outside Director
(full-time member of the Audit and Supervisory Committee)

Horikawa previously served executive roles (strategic planning, finance, legal & general) at Pola Orbis Holdings. He has served on I-ne's Audit and Supervisory Committee since 2022.



Koichi Mizutome
Outside Director

Served as a Trustee Representative in formulating the rehabilitation plan for Japan Airlines, and as former President of Akindo Sushiro*, led its overseas expansion and business recovery. Currently serves as Special Advisor to the Board of Directors at the same company. He has served on I-ne's Board of Directors since 2025.



Noriko Yamanaka
Outside Director
(member of the Audit and Supervisory Committee)

Yamanaka previously served as an auditor/supervisor at KPMG Azsa, Suntory Holdings, and Pronto Corporation. She has served on I-ne's Audit and Supervisory Committee since 2024.



Hiroshi Sasamata
Outside Director

Sasamata works at Kearney, where he helps manufacturers of groceries, non-essential consumables, and household goods to build a portfolio strategy and reform their organizational structures. He also leads Kearney's energy practice in Tokyo. He has served on I-ne's Board of Directors since 2022.



Yuiko Furumoto
Outside Director
(member of the Audit and Supervisory Committee)

Yuiko Furumoto is a member of the New York State Bar Association. She serves as an outside director on the boards of Nippon Steel, Mitsubishi Corporation, and Kanro, and as an audit/supervisor at Mitsubishi Corporation Life Sciences. She has served on I-ne's Audit and Supervisory Committee since 2024.

Categories

Haircare





BOTANIST

YOLU

DROAS

Beauty devices





SALONIA

Skincare (and other businesses)




WrinkFade

TOUT VERT

Products of BOTANIST / SALONIA (excerpt)

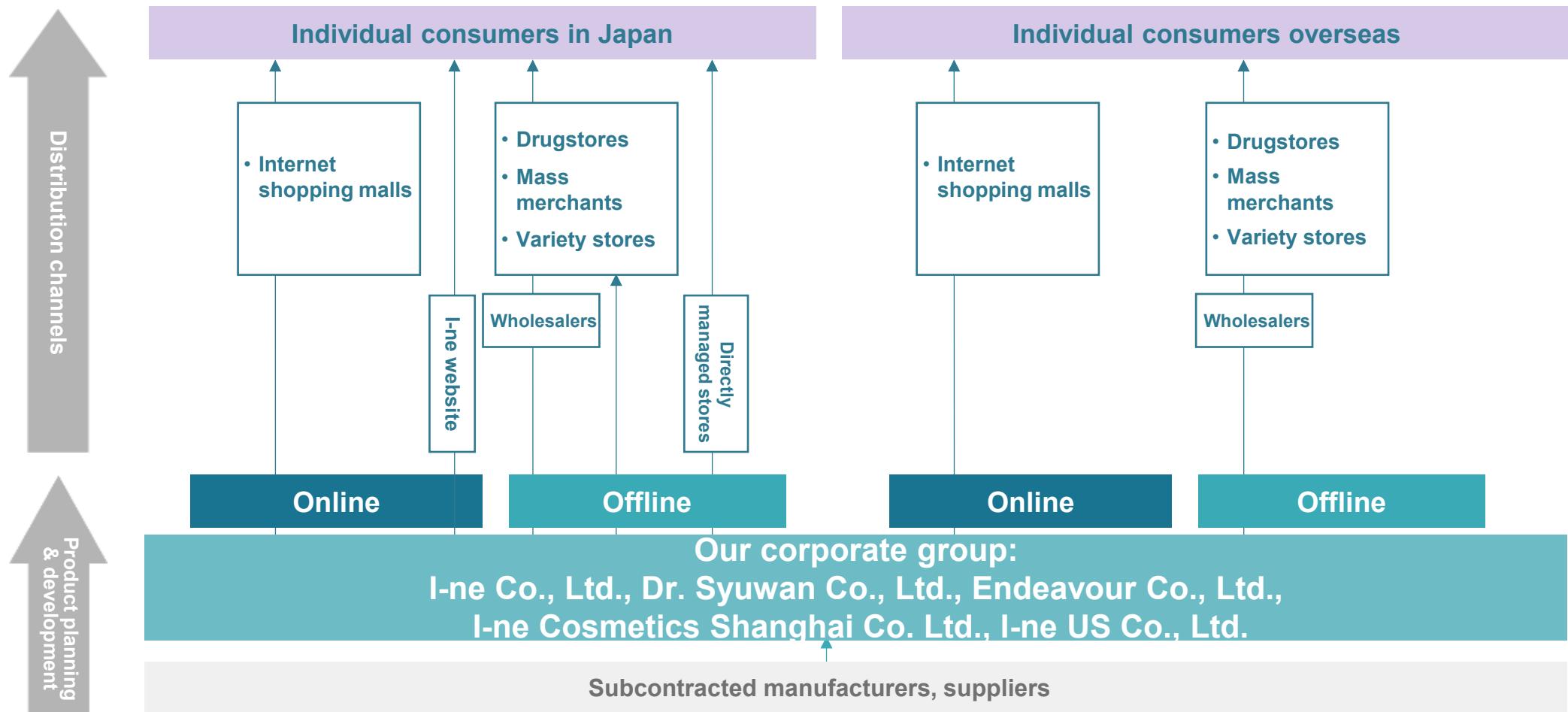
BOTANIST

SALONIA

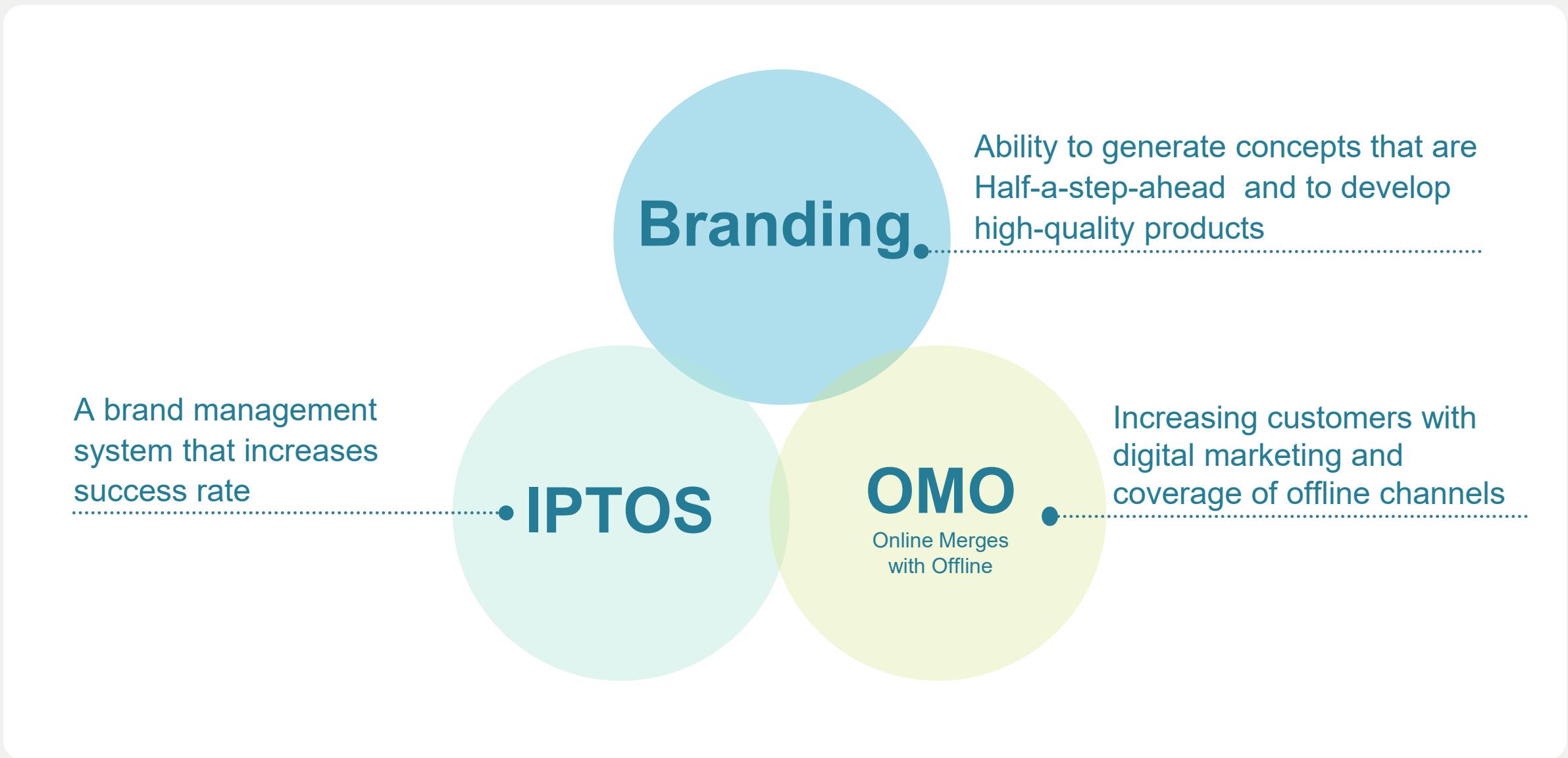
Glossy care hair straightener	Standard hair straightener	Smooth Shine hair straightener	
7,678 yen	3,828 yen	13,200 yen	
Air treatment dryer	Smooth shine dryer	Glossy care dryer	Speedy ion dryer
29,700 yen	13,200 yen	7,678 yen	5,918 yen

Business Transaction Diagram

We outsource manufacturing and deliver products to consumers via online and offline distribution channels in Japan and overseas.



Three Strengths for Creating Hit Brands



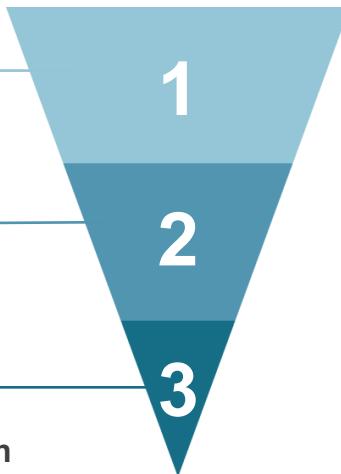
Strength1. Branding

■ Concept design

Ideas
10,000

Science
Innovativeness
×
Market Demand

Art
Judging on I-ne's own
culture



Half-a-step-ahead concepts



BOTANIST
Botanical



YOLU
Night-time
beauty care

■ Creativity



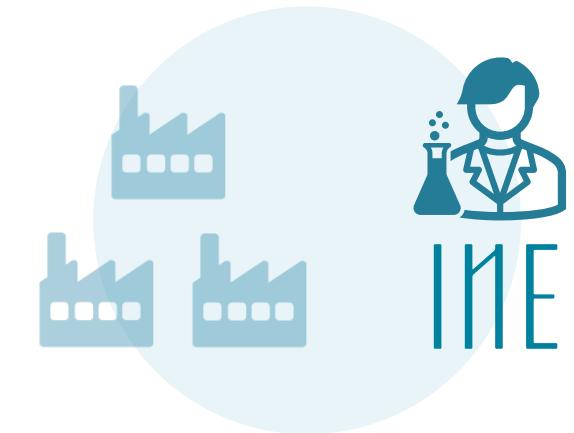
Number of in-house creatives:

87

*1

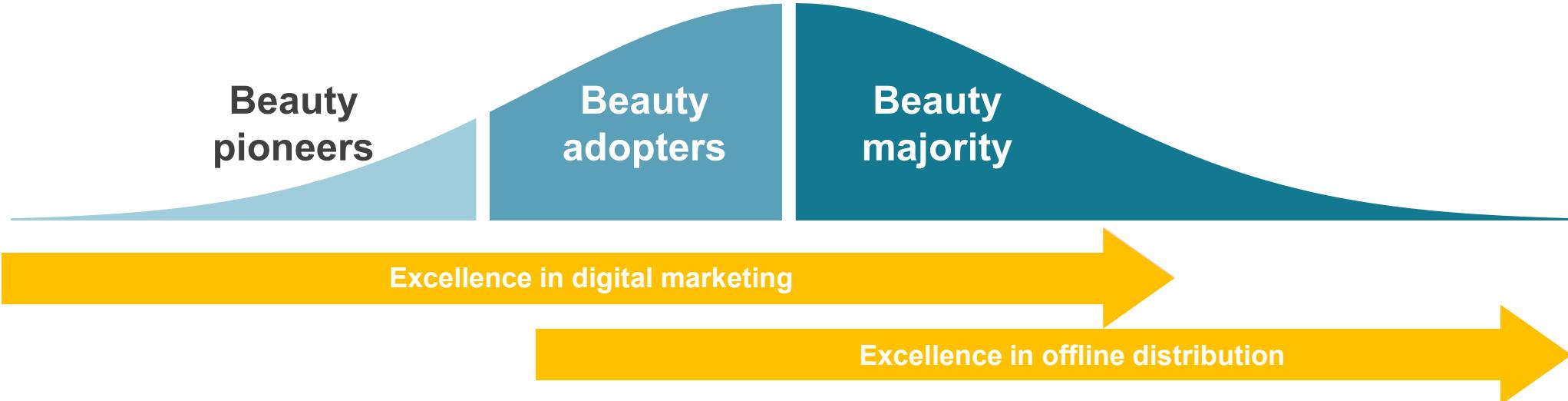
*1 As of June 30, 2025. The number includes temporary employees.

■ Product Development



Choosing the best OEM from
over **200 partners**
and developing
with **I-ne's experts.**

Strength2. OMO (Online Merges with Offline)



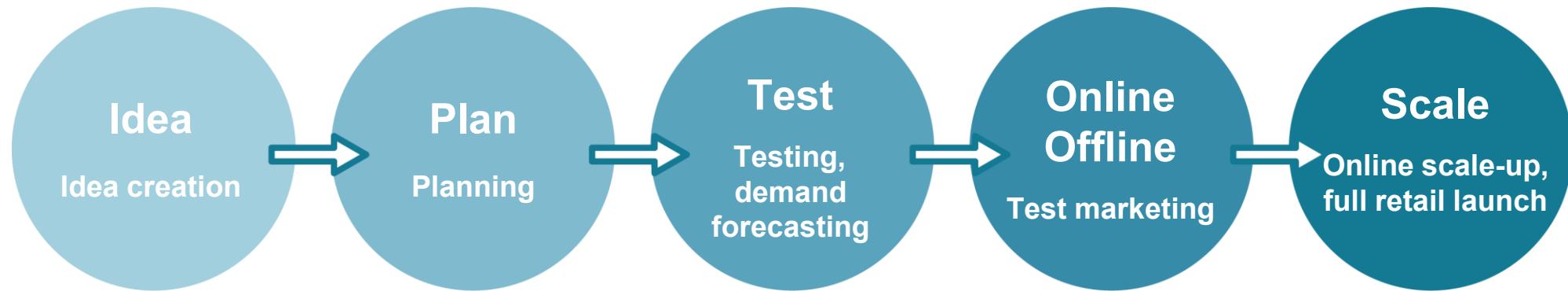
99^{*1}
in-house digital marketers

Our products have stocked in
65,000^{*2}
offline stores

*1 As of June 30, 2025. Includes temporary employees.

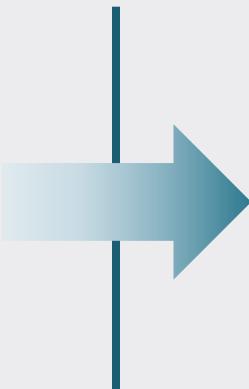
©2025 I-ne Ltd. All rights reserved. *2 As of December 31, 2023. "Offline stores" includes drugstores, supermarkets, home centers (DIY stores), convenience stores, and electric stores. Sources: METI, Current Survey of Commerce; JACDS; corporate websites. 32

Strength3. IPTOS (Brand Management System)



Features

- ✓ Setting KPIs at each gate
- ✓ Accumulation of success and failure experience data
- ✓ Rapid PDCA cycle operation



Benefits

- ✓ Risk mitigation
- ✓ Improved reproducibility of hits
- ✓ Enhanced demand forecasting accuracy



We use bioplastic bottles



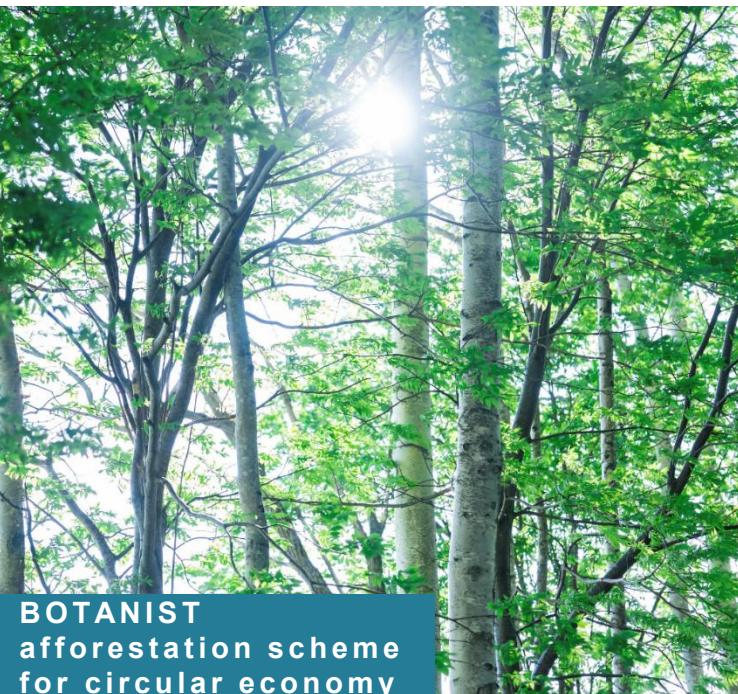
We use FSC-approved paper



We participate in CosmeBank projects



We support More Trees' efforts to conserve forests



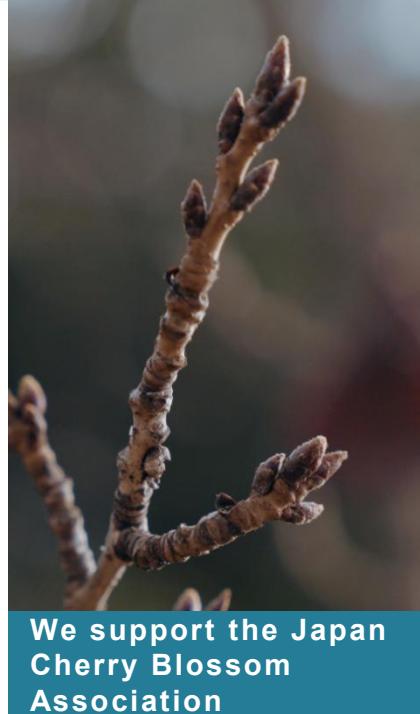
BOTANIST afforestation scheme for circular economy



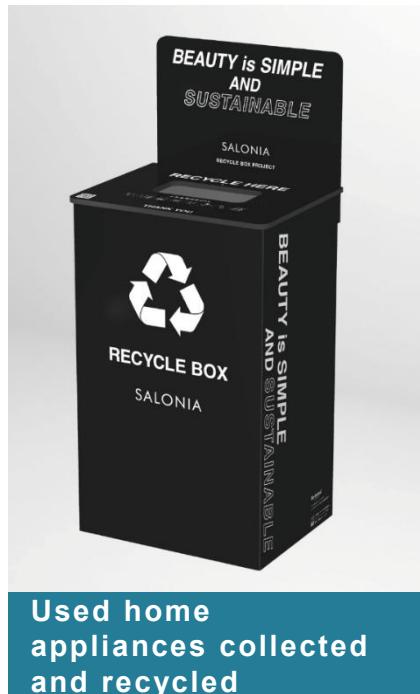
BOTANIST Forest in Bihoro, Hokkaido



We reduce waste by selling in outlets and organizing family & friends sales.



We support the Japan Cherry Blossom Association



Used home appliances collected and recycled

[Mid-term Strategy] Growth Strategy to Achieve ¥100 Bn in Net Sales in 2028–2030

- In light of recent changes in the business environment, we updated our strategy and KPIs for achieving ¥100 bn in net sales in 2028–2030.
- We aim to become a top-tier mega-venture in Japan by acquiring new strengths and expanding business domains through M&As while driving further growth in skincare and new categories.

Long-term vision announced
at Full-Year 2022 Financial Results Announcement

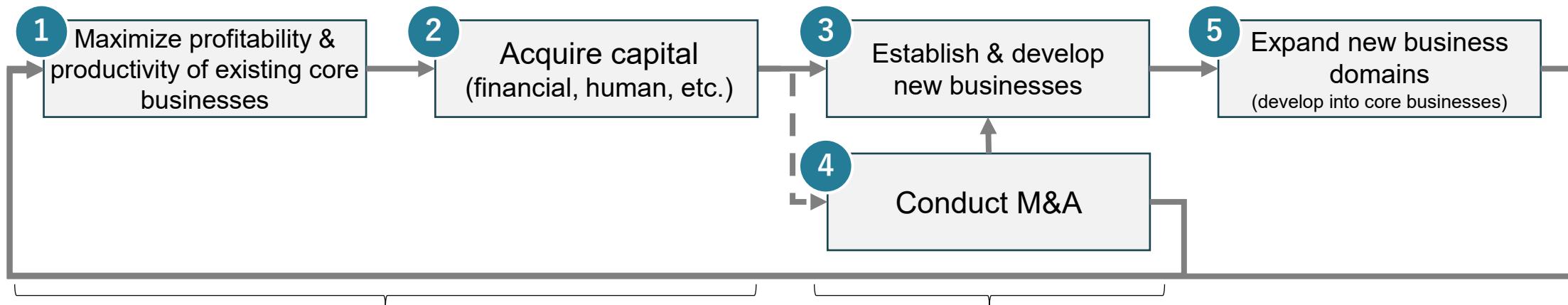
Updated vision for 2028–2030 (**major updates in bold**)

Target	Net sales Operating margin	¥100 bn 15%	Target	Net sales EBITDA margin Operating margin	¥100 bn 14% 11%
Growth strategy	1. Maintain growth in haircare and beauty devices 2. Expand skincare and other categories 3. Further accelerate global expansion		Growth strategy	1. Maintain sustainable growth in haircare and beauty devices 2. Develop businesses to serve as new pillars of growth ➤ Skincare ➤ New categories 3. Acquire new strengths and expand business domains through M&A 4. Establish foundation in global markets (Southeast Asia, U.S., etc.)	

[Mid-term Strategy] Growth Strategy Implementation Cycle and Profitability Outlook

- We'll reinvest capital generated from maximizing existing core business profitability and productivity into fostering new businesses to drive a cycle of further business growth.
- The target for existing core business operating/EBITDA margin is approx. 15–17% of net sales, while the target for costs associated with new business establishment/development and M&A activities is approx. 4–6% of net sales.

Growth strategy implementation cycle to achieve ¥100 bn in net sales, 11% operating margin, and 14% EBITDA margin



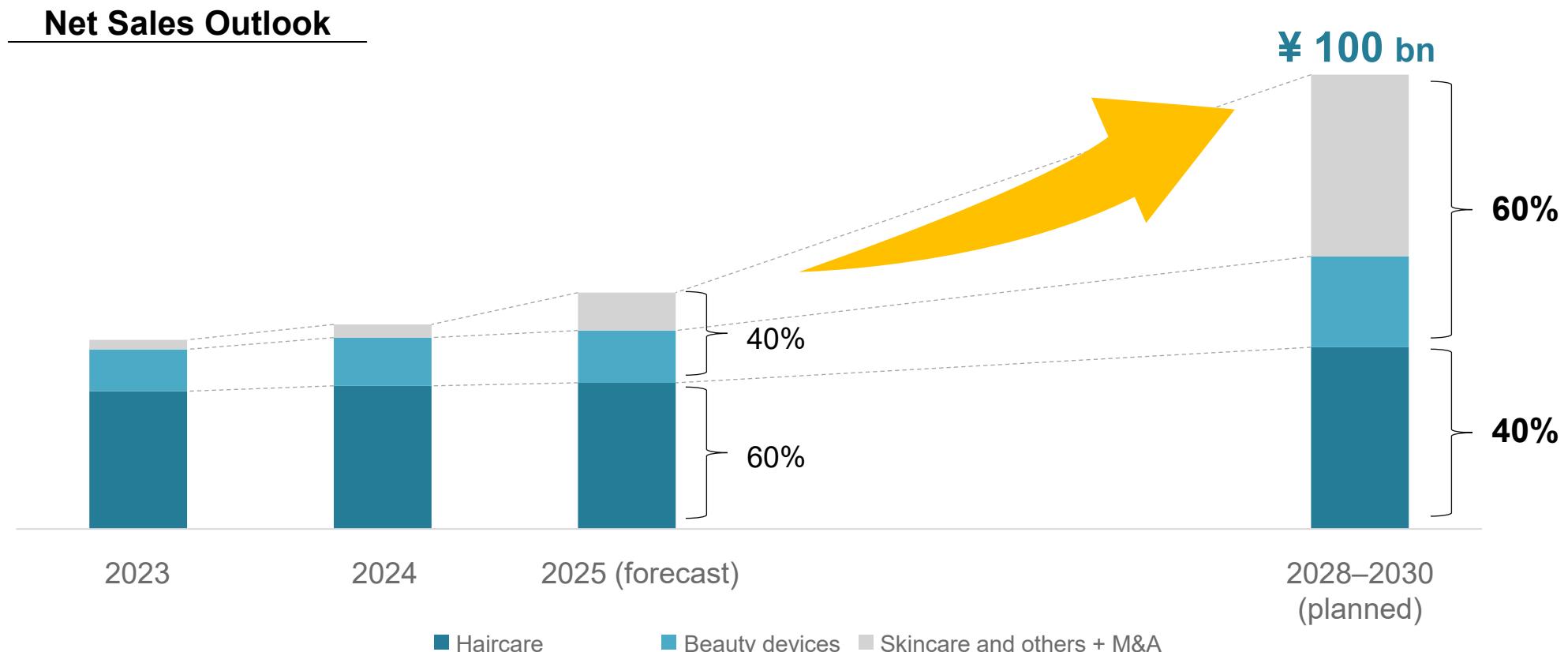
Returns Operating/EBITDA margin: **approx. 15–17%**

Cost New business establishment costs as a percentage of sales: **approx. 1–2%**

Cost M&A-related costs^{*1} as a percentage of sales: **approx. 3–4%**

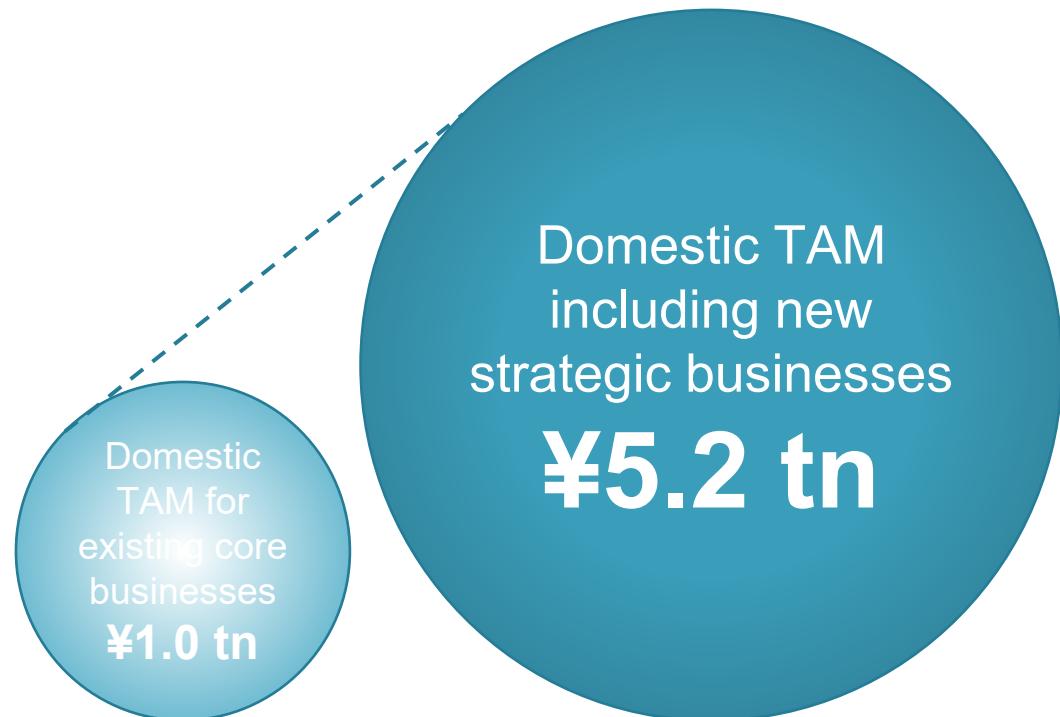
[Mid-term Strategy] Transforming Our Business Portfolio

- The haircare category currently accounts for 60–70% of sales. Moving forward, we'll develop skincare and new categories as new pillars of growth while continuously pursuing M&A. In doing so, we aim to transform our business portfolio so that the haircare category will account for approx. 40% of total sales in 2028–2030.



[Mid-term Strategy] Domestic Target Market Size

- Future total addressable market (TAM) in Japan is expected to be approx. ¥5.2 tn including newly targeted strategic business areas.
- We'll carefully select markets and products where we can make the most of I-ne's expertise and strengths, and work to create and acquire markets in new categories by driving innovation.



Target market size

Existing core businesses	Haircare ¥702.4 bn ^{*1}	Beauty devices & general goods ¥333.5 bn ^{*2}
New strategic businesses	Skincare ¥1,432.4 bn ^{*1}	New categories ¥2,700 bn ^{*3}

Targeting markets and products where I-ne can fully leverage its three key strengths

- 1 **Brand Creation Power:** Concept that is one half-step ahead of the times
× high-quality product development
- 2 **OMO:** Digital marketing × coverage of offline channels
- 3 **IPTOS:** A system to continue creating hits

*1 Source: Fuji Keizai Group, Cosmetics Marketing Handbook 2024

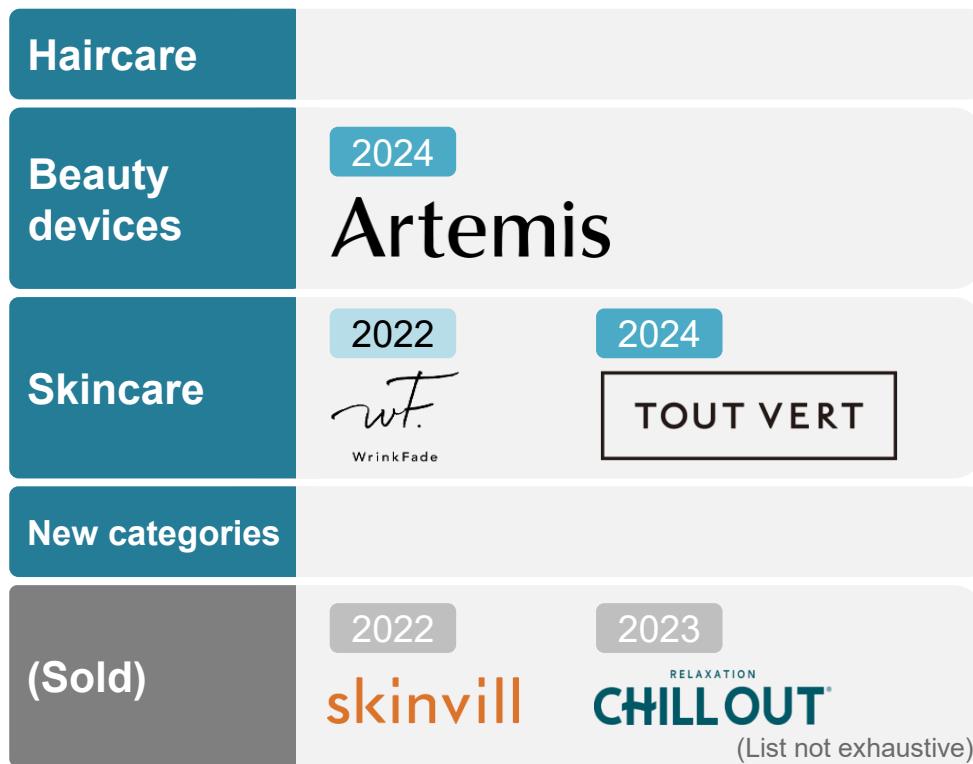
*2 Source: Fuji Keizai Group, Beauty & Health Appliances Market and Related Service Trend Data 2023–2024

*3 In-house research

[Mid-term Strategy] Promoting M&A Strategy

- In October 2024, two M&A transactions were conducted: one in the beauty device category, one in the skincare category.
- We'll further drive business expansion by acquiring new strengths and creating synergies that benefit both parties by emphasizing financial discipline in M&A deals.

Achievements in M&A field



Proactive implementation of M&A strategy

Stronger organizations

- Strengthen the specialized M&A team, which enhances corporate value
- Secure talent with a focus on PMI and ensure strong commitment from business coordinators

Financial discipline principles

Investment is considered based on the following financial discipline principles:

1. Improving consolidated EPS
2. Setting EBITDA multiples
3. Maintaining a net debt EBITDA of 2x or lower

Cash Allocation Policy and Shareholder Returns

- While maintaining a cash allocation policy that prioritizes growth investment, **we plan to implement shareholder return initiatives as appropriate considering cash balance and stock price.**
- A common dividend has been distributed since last fiscal year. **In FY2025, the common dividend per share will be increased by ¥2.0 to ¥15.0.**

Policy for capital allocations (order of priority)	Shareholder return initiatives			
	FY2023	FY2024	FY2025	
<p>1) Investment in organic growth aligned with medium-term business plan</p> <ul style="list-style-type: none"> ➤ Marketing for brand growth ➤ Developing sustainable brands and skincare brands ➤ Expanding globally ➤ Developing human capital and boosting operational productivity <p>2) Investment in inorganic growth</p> <ul style="list-style-type: none"> ➤ New business development, M&A deals <p>3) Shareholder returns considering balance sheet management and stock price level</p> <ul style="list-style-type: none"> ➤ Stable, continuous shareholder returns in line with business growth ➤ Continuation of common dividends and the shareholder benefit program 	<div style="background-color: #1a3d54; color: white; padding: 5px; text-align: center;">Dividends</div>	<div style="background-color: #1a3d54; color: white; padding: 5px; text-align: center;">TSE Prime listing commemorative dividend ¥13.0/share</div>	<div style="background-color: #1a3d54; color: white; padding: 5px; text-align: center;">Common dividend ¥13.0/share</div>	<div style="background-color: #1a3d54; color: white; padding: 5px; text-align: center;">Common dividend ¥15.0/share</div>
	<div style="background-color: #1a3d54; color: white; padding: 5px; text-align: center;">Other measures</div>	<div style="background-color: #1a3d54; color: white; padding: 5px; text-align: center;">—</div>	<ul style="list-style-type: none"> • Share buyback (approx. ¥0.5 bn) • Shareholder benefits (points worth ¥2,000 redeemable on company website) 	<ul style="list-style-type: none"> • Significant enhancement of shareholder benefits (100-499 shares: Digital gift worth ¥10,000, 500 shares or more: Digital gift worth ¥20,000)

Recognition of Goodwill and Intangible Assets from M&A deals

- The PPA^{*1} assessment is completed^{*2} for the two M&A deals conducted in October 2024. Annual amortization is largely in line with the initial forecasts for FY2025.

	Artemis ^{*3}			Tout Vert		
Recognized amount of goodwill and intangible assets	Pre-PPA ^{*1} estimates	Post-PPA ^{*1} finalized values		Pre-PPA ^{*1} estimates	Post-PPA ^{*1} finalized values	
Accumulated amortization						
Intangible assets	¥0.03 bn	¥0.07 bn	¥0.40 bn	¥0.11 bn	¥2.57 bn	¥2.40 bn
Goodwill	¥1.90 bn	¥3.24 bn	¥2.99 bn	¥7.00 bn	¥5.34 bn	¥4.93 bn
	Dec. 31, 2024	Dec. 31, 2024	September 30, 2025	Dec. 31, 2024	Dec. 31, 2024	September 30, 2025
Amortization period	Goodwill: 10 years; contract-related assets: 10 years			Goodwill: 10 years, customer-related assets: 8 years, trademarks: 15 years		
Annual amortization	¥0.43 bn (Goodwill: ¥0.10 bn, contract-related assets: ¥0.33 bn)			¥0.76 bn (Goodwill: ¥0.54 bn, customer-related assets: ¥0.09 bn, trademarks: ¥0.12 bn)		

*1 Purchase price allocation: a corporate accounting term referring to the process of determining the fair value of assets, etc. identifiable from the acquired company as of the acquisition date. Must be distinguished from goodwill.

*2 When the assessment is finalized, we will retrospectively adjust the Q4 and full-year FY2024 results.

*3 Artemis was formerly known as TTrading Co., Ltd. It adopted its current name following the M&A.

Historical Financial Data

All amounts rounded
to nearest million yen

	FY2023					FY2024					FY2025		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q* ²	FY* ²	1Q* ²	2Q	3Q
Net Sales	9,716	9,801	10,951	11,174	41,643	9,082	11,228	10,999	13,695	45,006	11,116	11,205	12,044
Cost of Sales	4,911	4,419	5,048	5,019	19,399	4,245	5,197	5,210	6,306	20,959	4,875	4,576	5,110
…to sales ratio	50.5%	45.1%	46.1%	44.9%	46.6%	46.7%	46.3%	47.4%	46.0%	46.6%	43.9%	40.8%	42.4%
Advertising/promotion expenses	1,366	1,955	2,042	1,731	7,096	1,438	1,846	1,910	1,853	7,049	1,753	2,021	2,482
…to sales ratio	14.1%	20.0%	18.7%	15.5%	17.0%	15.8%	16.4%	17.4%	13.5%	15.7%	15.8%	18.0%	20.6%
Logistics cost	695	730	751	715	2,892	648	631	630	784	2,694	729	782	854
…to sales ratio	7.2%	7.5%	6.9%	6.4%	6.9%	7.1%	5.6%	5.7%	5.7%	6.0%	6.6%	7.0%	7.1%
Sales commission	383	407	502	758	2,052	532	513	657	949	2,652	682	818	859
…to sales ratio	3.9%	4.2%	4.6%	6.8%	4.9%	5.9%	4.6%	6.0%	6.9%	5.9%	6.1%	7.3%	7.1%
Personnel cost	599	589	685	697	2,572	744	821	834	993	3,394	940	1,008	948
…to sales ratio	6.2%	6.0%	6.3%	6.2%	6.2%	8.2%	7.3%	7.6%	7.3%	7.5%	8.5%	9.0%	7.9%
Other fixed expenses	728	810	789	921	3,250	834	821	834	1,222	3,712	1,246	1,198	1,269
…to sales ratio	7.5%	8.3%	7.2%	8.2%	7.8%	9.2%	7.3%	7.6%	8.9%	8.2%	11.2%	10.7%	10.5%
Operating profit	1,031	887	1,130	1,330	4,379	638	1,396	922	1,585	4,542	888	800	519
Operating margin	10.6%	9.1%	10.3%	11.9%	10.5%	7.0%	12.4%	8.4%	11.6%	10.1%	8.0%	7.1%	4.3%
EBITDA* ¹	1,104	961	1,214	1,419	4,700	719	1,491	1,037	1,949	5,196	1,316	1,231	958
EBITDA margin	11.4%	9.8%	11.1%	12.7%	11.3%	7.9%	13.3%	9.4%	14.2%	11.5%	11.8%	11.0%	8.0%

*1 EBITDA = Operating profit + Depreciation and amortization expenses

*2 In Q1 and Q2 of FY2025, we completed the Purchase Price Allocation (PPA) assessments for Artemis Co., Ltd. and Tout Vert Co., Ltd., which was acquired in October 2024. Accordingly, we have retrospectively adjusted the financial figures for Q4 and the full year of FY2024, as well as Q1 FY2025.

Historical Financial Data (Cont.)

All amounts rounded
to nearest million yen

	FY2023					FY2024					FY2025		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	2Q	4Q	FY	1Q	2Q	3Q
Net Sales	9,716	9,801	10,951	11,174	41,643	9,082	11,228	10,999	13,695	45,006	11,116	11,205	12,044
Haircare	6,290	7,160	8,588	8,286	30,326	6,176	8,031	8,049	9,247	31,505	6,371	6,303	8,281
LBOTANIST	3,170	3,456	4,140	3,822	14,589	2,274	3,709	3,190	4,409	13,584	1,906	3,315	3,344
LYOLU	2,474	3,001	3,962	4,231	13,669	3,248	3,593	4,390	4,216	15,449	3,832	2,505	4,295
Beauty Devices	2,899	2,050	1,865	2,406	9,222	2,481	2,807	2,527	2,844	10,661	2,577	2,728	1,466
Skincare and Others	526	590	496	481	2,094	424	389	421	1,603	2,839	2,167	2,173	2,295

All amounts rounded
to nearest million yen

	FY2023					FY2024					FY2025		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q
Global	131	424	218	355	1,128	310	370	274	388	1,345	180	388	224

Disclaimers

No investment advice

We produced this document for informational purposes only. Nothing in this document constitutes an offer or solicitation to buy or sell any securities or other financial instruments in the USA, Japan, or any other jurisdiction.

Forward-looking statements

You should consider any statement in this document as forward-looking statement unless the statement concerns only the past or present. Forward-looking statements are often identifiable by language such as “we believe,” “we forecast,” “target,” “strategy,” “we expect,” “we foresee,” “we anticipate,” and “potentially.” They can also include descriptions of future business activities, future performance, or future events or conditions. However, a statement might still be forward-looking even if it contains no such language or description.

All forward-looking statements are based on assumptions that the management considered reasonable at the time in light of information that was available then. No forward-looking statement constitutes a guarantee of future performance. Actual performance depends upon a myriad of risks and uncertainties, and could therefore differ markedly from what the forward-looking statements stated or implied. You should avoid relying upon forward-looking statements to guide your investment decisions. We have no obligation to update or alter any forward-looking statements.