FY2026 Second Quarter Financial Results Presentation Q&A (Summary)

Monday, August 10, 2026, 16:00 – 17:00

Responses by:

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■ Domestic Business

1. **The new color brand PRETOWA, scheduled for release in September, has a sales target of 700 million yen over four months. How are you approaching sales for this fiscal year, and what is your outlook for next fiscal year?**

PRETOWA will be delivered to distributors in bulk, and revenue will be recognized upon delivery, so we expect September sales to be significant. Although early feedback has been positive, actual repeat sales will be reflected in October through December, so we will carefully monitor the strength of those repeat sales. PRETOWA's product positioning is differentiated from existing hair color brands, including a different price range; however, we expect it to have some impact on existing products. Taking that impact into account, we will formulate our overall hair color strategy for the next fiscal year and beyond.

2. **Regarding domestic sales, after factoring in the reduction due to the delayed launch of PRETOWA, the forecast has been increased by 470 million yen. It was explained that the revised plan reflects the first-half upside. Is it correct to understand that H1 sales, excluding PRETOWA, exceeded the plan by approximately 500 million yen?**

As shown on the slide on page 9, strong performance of Suwae and Nigelle was a key factor, and hair care sales exceeded the plan in Q2. Although the launch of PRETOWA was postponed, strong sales of Villa Lodola Color and other products also contributed to the upside in hair color. Regarding the revised plan, we factored in the 300-million-yen reduction in PRETOWA sales due to the shortened sales period and directly reflected the remaining upside from H1.

3. **Given that the new product launch was postponed and related sales activities were constrained, are there differences in the demand and consumption environment or specific factors that account for such strong domestic performance? It was mentioned that the beauty spending coefficient has declined slightly. What are your views of the underlying market conditions?**

Sales activities were planned based on the expectations that PRETOWA would be launched in June, so the postponement led to the temporary cancellation of PRETOWA-related sales activities. In response, we leveraged the frontline capabilities of our Field Persons and focused our sales efforts on Villa Lodola Color, a high-value-added color product with strong demand. As a result, we minimized the decline in the domestic hair color category, and we believe this was a key factor in exceeding the overall domestic plan.

■ **Overseas Business**

4. **Regarding the competitive environment, I believe that hair care brands sold at salons within Ulta Beauty and at Sephora in Europe and the US are also competitors. Could you explain why the Company continues to perform well? Also, could you comment on whether the timeline for achieving profitability in the US is accelerating?**

There are differences in sales methods and business models. Currently, we do not sell our products at retailers such as Ulta and Sephora. We believe that one of the key drivers and strengths of our US business is that beauty techniques provided in hair salons create a compelling customer experience, which leads to sales of our hair care products. We intend to further strengthen this advantage to enhance our presence. At this time, we do not believe we are at the stage of expanding our sales channels.
Regarding the US financial outlook for this fiscal year, we currently expect to post an operating profit even after the allocation of corporate overhead.

■ **Impact of the Situation in the Middle East and Rising Raw Material Costs**

5. **I understand that the impact of the situation in the Middle East was limited to just over 500 million yen for the full fiscal year and that the supply system has been secured. I would like to ask for more details on the factors that allowed the impact to be kept to a minimum, such as whether you had shared or alternative procurement routes in place in advance.**

As a manufacturer of professional-use products, we place great importance on ensuring stable supply and avoiding stockouts. We have our own factories in three regions—Japan, China, and Thailand—each with its own procurement department. Each procurement department has been sharing information on raw materials and supplies that could become difficult to procure or be subject to supply disruption. If there were raw materials or supplies that were difficult to obtain, we examined whether alternative procurement routes were available from a global SCM perspective. As a result, when alternative candidates were identified, the R&D department immediately verified whether they could serve as substitutes, enabling us to secure raw materials and supplies and maintain a stable supply system. We believe we were able to demonstrate the strength of our production system and procurement departments when risks arose and fulfill our mission as a manufacturer of professional-use products.

6. **Merchandise and products on the balance sheet have increased, and I believe this includes portions related to the situation in the Middle East and inventory build-up ahead of the launch of PRETOWA. Could you give a rough estimate of each? Also, I expect that some of PRETOWA's inventory will be shipped out by the end of the fiscal year. To what extent will that reduce inventory levels? Additionally, I would like to confirm whether you plan to maintain the inventory built up in response to the situation in the Middle East for the time being, or whether your current earnings and cash flow projections are based on the expectation that the situation will normalize by the end of this fiscal year.**

Regarding PRETOWA, the current inventory level reflects the fact that we have secured sufficient stock to

ensure a stable supply. We expect this figure to fluctuate depending on future sales and developments in the situation in the Middle East. At present, we intend to maintain a higher level of inventory than usual to ensure a stable supply and avoid stockouts,
based on the assumption that the current situation may continue for some time.