

**Financial Results Meeting for the First Quarter of the Fiscal Year Ending February 28,
2026 and Explanatory Meeting of Medium-term Management Plan**
Q&A Session (Summary)
(Held on July 16, 2025)

[Question] What is the Company's evaluation of the status of new customers acquisitions by J NORTH FARM in the first quarter?

[Answer] Although our evaluation is that new customer acquisitions in the first quarter were stronger than expected and remained generally in a positive state, we believe there will be some fluctuations in new customer acquisitions going forward and will continue to closely monitor the situation.

[Question] The medium-term management plan appears to be ambitious in terms of both net sales and operating profit for FY2027/2028. If you were unable to achieve these goals, what would you consider to be the main factors behind this?

[Answer] If the release of new products does not go as planned, or if the released products do not sell as well as expected, it will have an impact on our progress.

[Question] Does this mean that there may be a delay in the number of new products to be released in FY2026-2028? Also, what kind of situations would result in released products not selling as well as expected?

[Answer] While there is the potential for a certain amount of deviation from the plan, we do not anticipate any significant delays.

Although we release products based on theoretical projections of expected sales, these estimates are not guarantees, and actual performance may diverge once we reach that point. Furthermore, we have witnessed cases in the past in which there was a positive initial response immediately after launch, only for sales to stall shortly thereafter. In order to improve the accuracy of our projections, we will continue to refine our approach through the PDCA cycle. At the same time, we recognize the importance of showing the status of new products after launch not just in terms of the initial reception, but on a regular basis.

[Question] Of the two products scheduled to be released in FY2026, is my understanding correct in that the first product has already been launched to market? Also, when is the second product scheduled to be released?

[Answer] As you are aware, we have already launched the first product, "LIFIST." The second product is scheduled to be released near the end of the fiscal year.

[Question] Sales profit for J NORTH FARM in the first quarter decreased by ¥200 million year on year. What were the main factors behind this? Also, which products are currently the mainstay sellers, and how much are they expected to drive performance going forward?

[Answer] The decrease in net sales and sales profit is due to a decrease in regular sales as a result of the decrease in the number of new customer acquisitions in the previous year. We are not disclosing the specific names of mainstay products or individual product forecasts at this point in time.

[Question] How many new products have been launched in the past? Also, what types of new product categories are being considered going forward?

[Answer] In the past, we released around five or six new products annually. However, our current scheme for progressing from product planning to launch has since changed, so please consider this figure to be for reference purposes only. In terms of new products going forward, we will continue to focus primarily on cosmetics while also examining the potential of areas such as pharmaceuticals and advanced medical devices.

- [Question] The medium-term management plan shows considerable growth in both net sales and operating profit by FY2028. In particular, how should we interpret the increase in the operating profit margin and growth of operating profit?
- [Answer] Currently, fixed costs such as personnel expenses and operating expenses will not increase in any significant manner due to the fact that our structure ensures they are generally covered by the increased sales in the medium-term plan, leading to an increase in operating profit in line with increased sales under the improved operating profit margin.
- [Question] Regarding new customer acquisitions, you mentioned challenges with landing pages in the fourth quarter of FY2025. Have these issues been resolved at the current point in time?
- [Answer] We recognize that our creative ability has improved to a certain extent.
- [Question] Are there any existing products that you are particularly confident in? If so, what is the basis for that confidence?
- [Answer] Although we are confident in all of the products we release, to highlight specific examples, we are particularly proud of “HYALO DEEP PATCH” and the “DEEP PATCH Series,” having been recognized by the Guinness World Records™ for six consecutive years as the brand that holds the world’s highest market share for sales in micro-needle cosmetic skin patches.
- [Question] Some companies are selling micro-needle cosmetics on TV shopping channels. Does this present competition? Also, what is your status in terms of patents?
- [Answer] While there is competition to a certain extent, our recognition is that it does not pose a significant threat due to the authority afforded to us by Guinness certification and our strengths in terms of pricing and product quality. As for patents, some are held by our OEM partners, while others are owned by us.
- [Question] What is your schedule for using AI in the production of creative content?
- [Answer] We are actively promoting the utilization of the rapidly-evolving potential of AI. In particular, AI is already being used frequently in areas such as image production. That said, we have determined that it is still difficult to substitute the conceptual work involved in “what to communicate, and to whom” with AI, and believe that at the current point in time, the most effective approach is to have skilled human beings well-versed in conceptual work use generative AI as a tool to maximize results.
- [Question] Regarding the changes in search behaviors resulting from the spread of AI, what initiatives are you adopting and what impact do you expect?
- [Answer] Seeing as we do not employ SEO (search engine optimization) measures in the first place, we do not believe there will be any negative impact caused by changes in search behaviors.
- [Question] What initiatives are you adopting regarding the release of TikTok Shop in Japan?
- [Answer] We recognize TikTok Shop as simply another sales method, and have not implemented any initiatives in this area at the current point in time. Seeing as there does not seem to be significant benefits for early-adopters, we have determined that it will be more efficient to engage with this platform once successful examples and sales schemes by other companies have been more clearly established.
- [Question] Why are micro-needle products not being sold in international markets?
- [Answer] We are currently prioritizing domestic sales, and have therefore refrained from international expansion. Since regulations differ by country, we may consider entering markets in countries where potential exists.

[Question] In a stage of rapid sales expansion, would your manufacturing capabilities be able to keep up with the actual demand?

[Answer] Our policy is to accumulate sales through multiple mainstay products instead of relying on a specific large-scale product that accounts for a high percentage of sales. Furthermore, we basically select a different OEM partner for each product, so our manufacturing is not concentrated with any specific OEM partner. As such, our recognition is that this will not be an issue going forward.

(Note)

This document is not a direct transcript of the Q&A session held at the meeting.

Please note that partial corrections and revisions have been made based on the judgement of the Company to improve understanding.